PERIODIC REPORT FOR THE YEAR 2023

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.

MIGDAL

TABLE OF CONTENTS

Chapter 1	Description of corporate affairs
Chapter 2	Board of Directors Report on the State of Corporate Affairs
Chapter 3	Consolidated financial statements
Chapter 4	Separate financial information
Chapter 5	Additional information regarding the Corporation
Chapter 6	Report and certifications with regard to effectiveness of internal control over financial reporting and disclosure
Chapter 7	Appendixes regarding Migdal Insurance Company Ltd.

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.
Conpany no.: 52-002998-4 **Adress:** 4 Ef'al st. Petah Tikva
Telephone: 076-8868182 **Faximilia:** 03-9238988
E-mail: migdalhold@migdal.co.il **Internet:** www.migdalholdings.co.il

Description of corporate affairs

Note regarding application of Securities Regulations (Periodic and immediate reports), 1970 ("Securities Regulations") to this report

In conformity with Regulation 8c of the Securities Regulations, provisions of Regulations 8(b), 8a and 8b of the Securities Regulations do not apply to information on the periodic report of a corporation which has consolidated an insurer, or which has an associate that is an insurer, insofar as such information refers to the insurer.

The primary holding of Migdal Insurance and Financial Holdings Ltd. ("the ***Company****") is Migdal Insurance Company Ltd., which is an insurer, as defined in the Supervision of Financial Services Act (Insurance), 1981 and the key material company in the Group. Moreover, as of the Report Date, Company operations in the pension and provident fund segment are conducted through Migdal Makefet Pension and Provident Funds Ltd., which holds an insurer license and a provident fund management company license.*

This report, with regard to the aforementioned insurance, pension and provident fund businesses, was prepared in conformity with directives of the Supervisor of the Capital Market, Insurance and Savings, as revised from time to time, and in conformity with the Regulation Codex – Volume 5, Part 4, Chapter 1 titled "Public Reporting", with respect to description of corporate affairs on the periodic report of insurance companies.

This chapter is an integral part of the periodic report, and the entire periodic report should be read as a single document.

Forward-looking information in this report

*In this report, the Company provided forward-looking information as defined in the Securities Act, 1968 ("****the Securities Act****"). Such information includes, inter alia, forecasts, objectives, assessments and estimates regarding future events or matters, whose materialization is uncertain and outside the Group's control. Forward-looking information in this report may typically be evidenced by phrases such as "the Company anticipates", "the Company expects", "the Company estimates", "the Company believes", "the Company intends", "the Company reviews", "the Company plans" and similar phrases, but such information may also be presented with different wording.*

Furthermore, materialization or non-materialization of forward looking information is uncertain and affected by factors which cannot be evaluated ahead of time and which are not under the Company's control, including risk factors typical of Company operations listed in this report and the application of regulatory provisions and response of the relevant parties, including consumers and institutional entities there to, developments in the general environment and in external factors which impact Company operations, as set forth in this report.

Actual outcomes may differ, or even materially differ, from the outcomes estimated or implied by information presented in this report.

Monetary values listed in this chapter and in the Board of Directors' Report are typically NIS in millions (unless otherwise noted). Monetary values listed on the financial statements are typically NIS in thousands (unless otherwise noted).

Company business is in areas that require significant professional knowledge, involving many professional terms crucial for understanding of Company business. In order to present the description of company business as clearly as possible, the description of corporate affairs makes required use of these professionals terms, along with elucidation and explanation as clear as can be. The description below of insurance products and insurance coverage, as set forth in this chapter, is merely for the purpose of this report and the complete, binding terms and conditions are those listed in the insurance plans or in Bylaws of the relevant pension funds and provident funds, and does not constitute advice nor to be used for interpretation of such insurance plans or Bylaws.

Chapter 1 – Description of Corporate Affairs

Table of contents

Introduction to chapter Description of Corporate Affair 3
1. Legend – definitions 3
Part A – Group operations and evolution of its business 6
2. Group operations and evolution of its usiness........7
3. Group operating segments........15
4. Investments in Company capital and transactions in Company shares........16
5. Dividend distribution........16
Part B – Description and information about the Company's operating segments........17
Segment A – Life insurance and long-term savings........18
6. Products and services........18
7 Competition 34
8 Customers........38
Segment B – Health insurance 40
9 Key products and services........40
10 Competition........45
11 Customers........46
Segment C – Non-life insurance........47
12 Key products and services........47
13 Competition........55
14 Customers........58
Segment D – Financial services........60
15 Overview........60
16 Financial information for financial services segment 60
17 General Information about the financial services segment........60
18 Key products and services in this segment........63
19 Composition of revenues and profitability of products and services........63
20 Customers........64
21 Marketing and distribution........64
22 Competition........65
23 Seasonality........66
24 Suppliers and service providers........66
25 Working capital........66
26 Restrictions on and supervision of the financial services segment........66
Part C – Additional information about insurance sectors not included in the operating segments – None 67
Part D – Additional information for entire company........68
27 Restrictions on and supervision of Company operations........69
28 Barriers to entry and exit........75
29 Critical success factors........78
30 Investments........79
31 Re-insurance........81
32 Human resources........89
33 Marketing and distribution........96
34 Suppliers and service providers........ 100
35 Fixed assets and information about investments in computer systems........101
36 Seasonality........103
37 Intangible assets........104
38 Discussion of risk factors........105
39 Material agreements and collaboration agreements........108
Part E – Corporate governance aspects........109
40 External Board members........110
41 Corporate governance aspects........110
42 Disclosure with regard to Internal Auditor........117
43 Independent Auditor........119
44 Effectiveness of internal control over financial reporting and disclosure........120

Introduction to chapter Description of Corporate Affairs

1. Legend – definitions

The following definitions are used in this report, as set forth below for the reader's convenience:

"Designated debentures"	CPI-linked Government debentures issued by the Government to insurance companies and to pension funds, bearing fixed interest for pre-determined terms. In life insurance: HETZ debentures. In pension funds: MERON and ARAD debentures.
"Eliyahu Issuance"	Eliyahu Issuance Ltd.
"Eliyahu 1959"	Eliyahu 1959 Ltd. (formerly: Eliyahu Insurance Company Ltd.)
"Institutional Entity"	Insurer and management company, as defined in the Supervision Act.
"Gan Ha'Ir"	Gan Ha'Ir Project Ltd.
"Contributions"	Amounts deposited by (or on behalf of) the fund member into a pension or provident fund.
"Fees"	Amounts included in the premium, designated to cover insurer expenses (registration fee, insurance policy fee, levy fee).
"Stock Exchange"	Tel Aviv Stock Exchange Ltd.
"2022 Annual Report"	The Company's annual report for 2022.
"the Company" and/or "the Corporation" and/or "Migdal Holdings"	Migdal Insurance and Financial Holdings Ltd.
"the Unified Circular"	The regulatory codex of the Capital Market, Insurance and Savings Authority.
"the Supervisor" or "the Capital Market Supervisor"	The Supervisor of the Capital Market, Insurance and Savings.
"The Group" and/or "Migdal Group"	Migdal Holdings and investees thereof, wholly or partially owned, whose financial statements are consolidated with the Company's.
"Reported Quarter"	The fourth quarter of 2023.
"the Authority" or "Capital Market Authority"	Capital Market, Insurance and Savings Authority.
"Free Investments"	The share of assets not invested in designated debentures.
"Reported Period"	2023.
"Management Company"	Company engaged in management of provident funds or pension funds, duly licensed by the Supervisor pursuant to Section 4 of the Provident Fund Act.
"Insurance Contracts"	As defined in Note 1 to the consolidated financial statements as of December 31, 2023, under Definitions.
"Investment Contracts"	As defined in Note 1 to the consolidated financial statements as of December 31, 2023, under Definitions.
"Solvency Circular"	The Solvency II circular, issued by the Supervisor in June 2017, as revised from time to time.

"Corporate Act"	The Corporate Act, 1999.
"Investment Advisory Occupation Act"	Investment Advisory Occupation Act (Investment marketing and investment portfolio management), 1995.
"Supervision Act"	Supervision of Financial Services Act (Insurance), 1981.
"Securities Act"	The Securities Act, 1968.
"Provident Fund Act"	Supervision of Financial Services Act (Provident Funds), 2005.
"Yozma" or "Yozma for the self-employed"	Yozma pension fund for the self-employed, managed by Migdal Makefet since April 2021.
"Insured Party" and/or "Member"	The insured party in life insurance or by another insurance policy issued by Migdal Insurance, and member of pension fund or provident fund managed by Migdal Makefet.
"Mivtach Simon"	Mivtach Simon Insurance Agencies Ltd. (Subsidiary of Migdal Agencies).
"Migdal Insurance"	Migdal Insurance Company Ltd.
"Migdal Health"	Migdal Health and Quality of Life Ltd.
"Migdal Capital Raising"	Migdal Insurance Capital Raising Ltd.
"Migdal Value"	Migdal Value Ltd.
"Migdal Makefet" or "Makefet"	Migdal Makefet Pension and Provident Funds Ltd.
Migdal Makefet Complementary	New comprehensive pension fund – Migdal Makefet Complementary.
"Migdal Real Estate"	Migdal Real Estate Holdings Ltd.
"Migdal Portfolio Management"	Migdal Investment Portfolio Management (1998) Ltd.
"Migdal Agencies"	Migdal Holdings and Management Insurance Agencies Ltd.
"Migdal Funds"	Migdal Mutual Funds Ltd.
"Migdal Capital Markets"	Migdal Capital Markets (1965) Ltd.
"Midroog"	Midroog Ltd.
"Long-term Savings Assets"	As defined in Section 31a of the Supervision Act.
"Peltours"	Peltours Insurance Agencies Ltd.
"Premium"	Insurance fee and other payments payable by the insured party to the insurer, in conformity with terms and conditions of the insurance policy, including fees.
"Earned Premium"	Premium referring to the reported period.
"Migdal Capital Markets Group"	Migdal Capital Markets and entities controlled thereby.
"Insurance Fund"	Insurance plan approved pursuant to the Provident Fund Act as a provident fund for payment of lump sum, severance pay or pension.

"Provident Fund"	Fund or insurance plan for which a Provident Fund Approval was issued pursuant to provisions of Section 13 of the Provident Fund Act, including as provident fund for payment of lump sum, severance pay or pension, for investment or as a study fund.
"Pension Paying Provident Fund"	Provident fund designated for payment of pensions.
"General Fund"	Provident fund designated for payment of pensions, that is not eligible to invest in designated debentures.
"Study Fund"	Provident Fund allowing members to accumulate money for study purposes, with money available for withdrawal after 6 years of membership. This product is considered both a retirement product and a financial product.
"Pension Fund"	Legacy pension fund, new general pension fund and new comprehensive pension fund.
"Legacy Pension Fund"	Provident fund for payment of pensions, other than an insurance fund, initially approved prior to January 1, 1995.
"New Pension Fund"	Provident fund for payment of pensions, other than an insurance fund and other than a central provident fund for pension payment, initially approved after January 1, 1995 (as for "New General Fund" – not specified as a fund eligible to purchase ARAD designated debentures; as for "New Comprehensive Fund" – specified as a fund eligible to purchase ARAD designated debentures).
"Sagi Yogev"	Sagi Yogev Insurance Agencies (1998) Ltd.
"Shaham Orlan"	Shaham Orlan Insurance Agency Ltd.
"New Plans"	Life insurance policies marketed as from January 1, 2004.
"Capital Regulations"	Financial Service Supervision Regulations (Insurance) (Minimum equity required of insurer), 1998.

Part A – Group operations and evolution of its business

2. Group operations and evolution of its business

2.1. Company Description

The Company was incorporated in Israel on August 13, 1974. Company shares have been traded on the Stock Exchange since 1997. The Group operates in insurance, pension and provident funds and in the capital market and financial services. The Group's insurance operations are carried out by Migdal Insurance, and the Group's pension and provident fund operations are carried out by Migdal Makefet (subsidiary of Migdal Insurance). The Group's financial services operations are carried out by Migdal Capital Markets and subsidiaries thereof.

The Group also owns insurance agencies, primarily through Migdal Agencies, a subsidiary of Migdal Insurance.

2.2. Control structure over the Company

As of the report issue date, Mr. Shlomo Eliyahu, who jointly with Ms. Chaya Eliyahu holds 64.28% of the Company's issued and paid-in share capital, through private companies controlled thereby (Eliyahu Issuance Ltd., holding 58.13% of the Company's issued and paid-in share capital, and Gan Ha'Ir Project Ltd., holding 6.15% of the Company's issued and paid-in share capital), is the ultimate controlling shareholder of the Company. For more information about the control structure over the Company, including a transaction to sell part of the Company's shares, during the reported period – see Note 1.B to the financial statements, Regulation 21a in Chapter "Additional information about the corporation" and section 4 below.

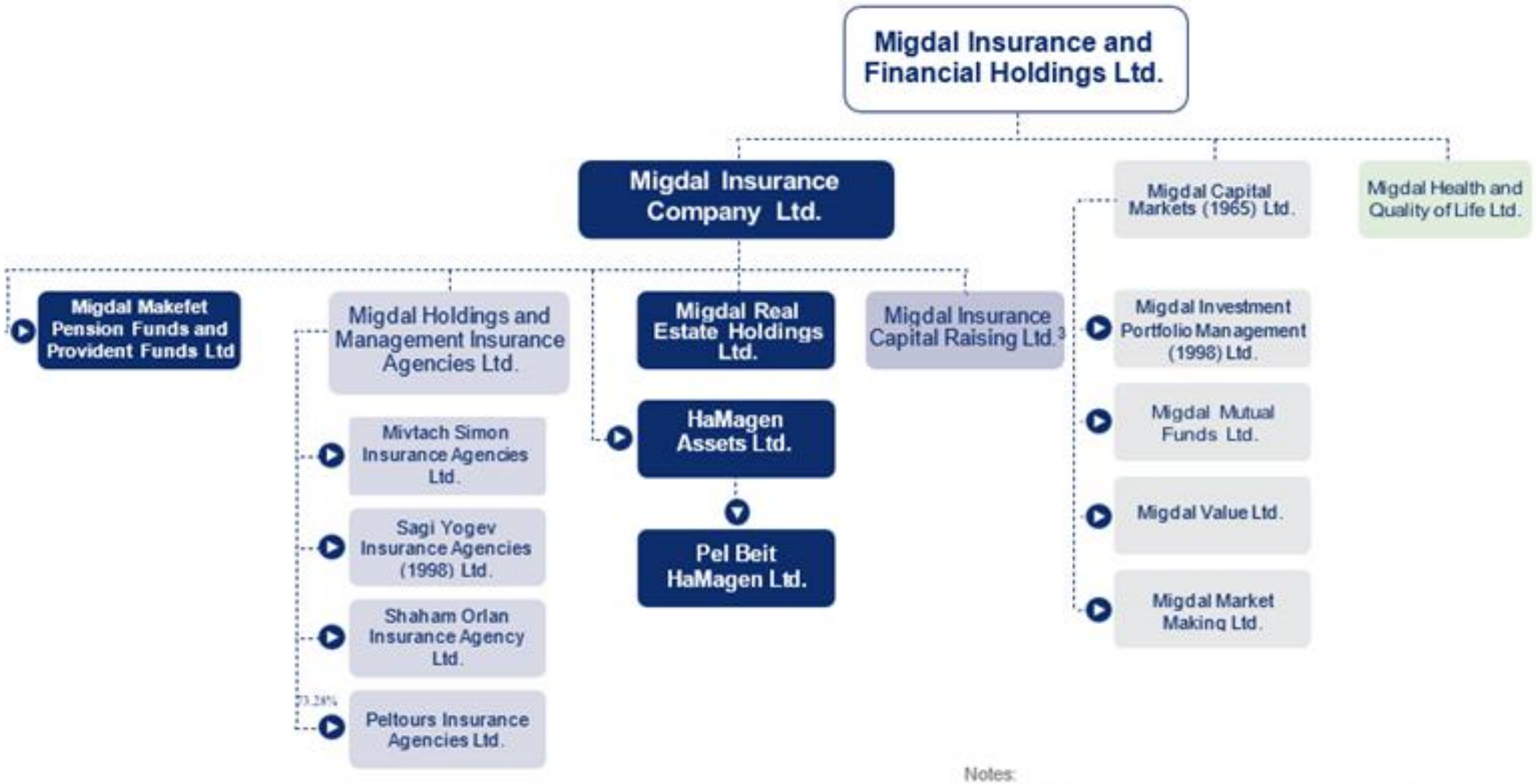
2.3. Company holding structure chart

The following is the Company's holding structure chart for key Group entities, soon prior to the report issue date[1].

[1] For the full list of subsidiaries and associated as of the report date, see Regulation 11 under "Additional Information Regarding the Corporation".

Group Holding Chart

As of March 19, 2024



Notes:

1. Group holding structure includes major active Group companies. For more information about holdings of subsidiaries and affiliates – see Regulation 11 in Part "Additional Information Regarding the Corporation".
2. The companies listed are 100% owned, unless otherwise indicated.
3. The company is primarily engaged in secondary equity issuance for Migdal Insurance.
4. Operations of this company and investees thereof are adjacent to Group operations

2.4. Key material developments in the Group in 2023 and through the report issue date.

2.4.1. Effect of the economic environment and interest curve volatility

The Group's operating results are significantly affected by the capital markets, including by interest rates, which have implications for yields of financial assets managed by the Group, and for Group revenues from the financial margin and variable management fees in yield-dependent insurance policies. Migdal Insurance is exposed to higher inflation, since most of the insurance obligations in non yield-dependent insurance policies are linked to the CPI. Moreover, as collection of variable management fees in the profit sharing portfolio depends on the real yield achieved, higher inflation may impact Group revenues from management fees.

In the reported period, the increase in the interest curve continued, concurrently with increase in yield to maturity of Government and corporate debentures in Israel. Conversely, equity prices overseas rallied, led by technology shares, compared to moderate increase in equity benchmarks in Israel.

In the Reported Quarter, with outbreak of the Iron Swords war in October 2023, prices of equity benchmarks in Israel dropped sharply, with higher yields on government debentures, which were mostly offset in November and December 2023. Thus, the effect of the war was not material. As of December 31, 2023, spreads of corporate debentures, which increased at the outbreak of war, returned close to their pre-war levels, but market volatility and the country's risk premium remained high.

For more information, including developments in the economic environment subsequent to the report date, see section 2 of the Board of Directors Report.

For more information about Company sensitivity to market risk – change in interest rate and inflation, see Note 37.B.1(a) to the financial statements.

For developments in the economic environment subsequent to the balance sheet date, see section 3.1 of the Board of Directors Report and Note 1 to the financial statements.

2.4.2. Effect of various actuarial assumptions in operating segments of Migdal Insurance

In life insurance, increase in the interest curve and revised assumptions with regard to composition of the asset portfolio have mostly resulted in increase in expected yield from the current and anticipated asset portfolio[2]. Consequently, assumptions with regard to discount interest rate used to calculate provision for pension payments, including change in the discount factor K[3] have been revised, resulting in decrease in life insurance reserves and increase in comprehensive income in the reported period and quarter.

Moreover, following research conducted by Migdal Insurance regarding pension realization rates and retirement age composition, insurance obligations decreased along with increase in comprehensive income.

Conversely, in the reported year, Migdal Insurance revised the reserve for disability claims, based on actual experience regarding the duration of payment of claims in recent years.

For more information see section 2.4 of the Board of Directors' Report and Note 37.B.3.b.5 to the financial statements

In non-life insurance, the effect of decrease in the interest curve over the short and medium terms, including effect of the non-liquidity premium and allocation of excess fair value of assets over the carrying amount thereof, resulted in increase in insurance obligations on

---

[2] Including effect of change on reserve with respect to Migdal Batuach plan. For more information see Note 37.B.3.b.5 to the financial statements.

[3] The provision for additional reserve for pensions is made gradually, using the discount factor K. For more information see Note 37.B.3.b.5 to the financial statements.

retention in mandatory auto and liability sectors, and in decrease in comprehensive income for the reported period and quarter. For more information see section 2.4 of the Board of Directors' Report and Note 37.B.3.c.9 to the financial statements

2.4.3. **Full early redemption of debentures (Series C and D) by Migdal Capital Raising, initiated by Migdal Capital Raising.**

On March 31, 2023, Migdal Capital Raising conducted full early redemption of outstanding debentures (Series C and D) of Migdal Insurance Capital Raising Ltd. (a special-purpose wholly-owned subsidiary of Migdal Insurance), amounting to NIS 1.9 billion, in conformity with terms and conditions of these debentures. Upon said early redemption of the debentures, the aforementioned debentures were de-listed from trading on the stock exchange, and Migdal Capital Raising no longer has any obligations towards holders of such debentures. For more information see immediate report by the Company dated March 6, 2022 (reference no. 2023-01-024267), included herein by way of reference, and Note 24 to the financial information.

2.4.4. **Issuance of debentures (Series K and L)**

In July 2023, Migdal Capital Raising raised NIS 660 million by public issue of two new debenture series (Series K and L) (in this paragraph: "the **Debentures**") pursuant to the Migdal Capital Raising shelf offering report dated July 2, 2023 (reference no. 2023-01-073662) ("the **Shelf Offering Report**"), issued pursuant to the Migdal Capital Raising shelf prospectus dated July 29, 2022 (reference no. 2022-01-096607) ("the **Shelf Prospectus**"). The Debentures bear annual interest at 5.4%. In conformity with terms and conditions set forth in the Shelf Prospectus pursuant to which these debentures were issued and in the Shelf Offering Report, the amount raised was deposited with Migdal Insurance, to be used at its discretion and responsibility, and Migdal Insurance is obligated to the Trustee for debentures to comply with payment conditions for the debentures. Moreover, debentures issued were recognized by the Supervisor as Tier II capital instrument for Migdal Insurance, subject to restrictions set forth in the Supervisor's instructions, all as set forth in the shelf prospectus and in the shelf offering report. For more information see immediate report by the Company dated June 15, 2023 (reference no. 2023-01-074361) and dated July 2, 2023 (reference no. 2023-01-073665), included herein by way of reference, and Note 24 to the financial information.

2.4.5. **Exchange of Series E by expansion of Series K and L**

On December 20, 2023, debentures (Series E) amounting to NIS 497 million were exchanged for allocation of 241,665,606 debentures (Series K) and 241,665,606 debentures (Series L) ("the **Debentures**"), pursuant to the revised Shelf Offering Report dated December 13, 2023. For more information, see immediate report dated December 13, 2023 (reference no. 2023-01-135846), included herein by way of reference. As of said date, and after the aforementioned exchange, outstanding debentures issued by Migdal Capital Raising include 403,860,666 debentures (Series E), 571,506,606 debentures (Series K) and 571,506,606 debentures (Series L).

In conformity with terms and conditions set forth in the Shelf Offering Report, the amount raised was deposited with Migdal Insurance, to be used at its discretion and responsibility, and Migdal Insurance is obligated to the Trustee for debentures to comply with payment conditions for the debentures. Moreover, debentures issued were recognized by the Supervisor as Tier II capital instrument for Migdal Insurance, subject to restrictions set forth in the Supervisor's instructions, all as set forth in the shelf prospectus and in the shelf offering report.

For more information see immediate reports by the Company dated December 13, 2023 (reference no. 2023-01-135855 and dated December 19, 2023 (reference no. 2023-01-137784) and dated December 21, 2023 (reference no. 2023-01-139164), included herein by way of reference, and Note 24 to the financial information.

2.4.6. **Rating of issued debentures and rating of Migdal Insurance**

Further to section 2.4.4 above, on July 2, 2023, Migdal Capital Raising announced that Midroog Ltd. ("**Midroog**") assigned a rating of A1.il (hyb) to issue of Tier II capital instruments, by way of issue of new debentures (Series K and Series L), amounting up to NIS 700 million par value. For more information see immediate report by the Company dated July 2, 2023 (reference no. 2023-01-067944 and 2023-01-073266).

On November 22, 2023, Migdal Insurance received a rating monitoring report from Midroog. Midroog maintained the IFS rating of Migdal Insurance unchanged at Aa2.il, and maintained its rating of A1.il (hyb) for subordinated notes (hybrid Tier II capital and Tier II capital instruments) issued by Migdal Capital Raising. Rating outlook – Stable. For more information see immediate report by the Company dated November 22, 2023 (reference no. 2023-01-126993).

Further to section 2.4.5 above, in December 2023, Migdal Insurance received a rating monitoring report from Midroog. Midroog maintained unchanged Migdal Insurance's IFS rating of Aa2.il, and assigned a rating of A1.il (hyb) for issue of subordinated notes (Series K and L) by way of series expansion, by exchange purchase offer for debentures (Series E) amounting up to NIS 620 million par value. For more information see immediate report by the Company dated December 11, 2023 (reference no. 2023-01-134790).

2.4.7. **Implementation of economic solvency regime of insurance company, based on Solvency II**

Migdal Insurance is subject to an economic solvency regime based on Solvency II, pursuant to implementation provisions issued in the Solvency Circular. The Company's Board of Directors Report provides data from Migdal Insurance's solvency ratio report as of June 30, 2023. This report was calculated and prepared in conformity with the Supervisor's directives with regard to economic solvency regime of insurance company, based on Solvency II, and was approved by the Board of Directors of Migdal Insurance. For more information see section 3.2 of the Board of Directors' Report and Note 7.C to the financial statements

2.4.8. **Formulating a strategic plan for the Group**

With regard to formulating a strategic plan for the Group, see section 4 of the Company's Board of Directors Report.

2.4.9. **Limit on contribution to retirement insurance programs**

On July 12, 2023, the amendment to Income Tax Regulations (Rules for approval and management of provident funds), 1964 was published, whereby contributions to an insurance fund (also known as "**Retirement Insurance Program**") would be limited to twice the portion of salary beyond the average salary in the market ("**Monthly Contribution Limit**"), with the portion up to the Monthly Contribution Limit to be contributed to a Provident fund for payment of pensions, other than an insurance fund. Furthermore, on July 12, 2023, the amendment to Supervision of Financial Services Act (Provident Funds) (Transfer of funds between Provident Funds), 2008 was published, limiting transfer of funds from a provident fund other than an insurance fund to an insurance fund, such that the balance of accumulated funds not transferred would be at least, after transfer of the funds to the insurance fund, the product of the Monthly Contribution Limit and the number of months elapsed since the first payment to the provident fund. The aforementioned amendments became effective on September 1, 2023.

As set forth in section 6.4 below, the long-term savings sector underwent many changes in recent years, which affected retirement products, the nature of operations of distribution channels and the product mix in this field, as well as the nature of competition and profitability in this area. These changes were due, *inter alia*, to regulatory directives which resulted in increased competition ("**Trend in the Sector**").

The Company believes that as of this date, setting the contribution limit for Retirement Insurance Programs increases the Trend in the Sector by significantly reducing new sales and outflows from this product in recent years, but may have a positive impact on the Group's retirement operations.

Group assessment with regard to implications of implementation of the aforementioned amendment to the regulations, including assessment with regard to effect of the contribution limit to Retirement Insurance Programs, constitute forward-looking information, as this term is defined in the Securities Act, based on information currently available to Migdal Insurance and on assessments and assumptions by Group management at this time, whose materialization is uncertain and not fully within the control of Migdal Insurance. These assessments may fail to materialize, and actual results may differ from the estimated results considering, *inter alia*, actions by various market entities.

2.4.10. **Effect of the Iron Swords war on the Group**

On October 7, 2023, the Iron Swords war broke out between Israel and terror organization Hamas in Gaza (hereinafter: "the **War**"). The War has various implications, including temporary closure of businesses, restrictions on gatherings and temporary disruption of the educational system and institutions of higher education. Moreover, many civilians were drafted into the military by emergency draft and many civilians were evacuated from towns near the Gaza and Northern borders. These steps reduced economic activity in Israel. The outbreak of the War also resulted in sharp fluctuations on financial markets, primarily in Israel. For more information about effect of changes in the capital market due to the War on assets under management and insurance obligations, see sub-section (c) below.

Group operations expose it to declines on the financial markets, to economic slow-down in Israel and to other risk arising from the War, as set forth below.

Currently, there is significant uncertainty with regard to the War's development, scope and duration. Therefore, it is not currently possible to assess the full impact of the War on the Group and on Group results, including for the immediate and medium terms, which may also result, based on past experience, in significant recovery of the markets.

For developments in the economic environment subsequent to the report date, see section 3.1 of the Company's Board of Directors Report.

The War affects Migdal Group on multiple levels. Below are assessments with regard to effect of the War through soon prior to the report issue date.

Business continuity

Group companies ensured that during the War, operating and business processes are fully maintained, as is their capacity to continue providing high-quality service to agents, insured parties and customers.

Group management receives status updates, as required, and convenes as needed to make the business and management decisions required based on the current status update. The Board of Directors of the Company and of Migdal Insurance also receive current updates, based on developments.

The Group acts to identify, quantify and assess all of the risk factors arising from these events, including in reference to assets under management, capital adequacy, changes to risk-free interest, liquidity aspects of member portfolios and nostro portfolios, exposures in insurance and re-insurance operations as well as operating risk. The Group has taken multiple steps designed to protect from cyber threats and to promote controls in this area, in conformity with directives of the Cyber Unit and cyber consulting firms.

Management continues to promote diverse measures in human resources, designed to support employees and their families, in particular employees who are resident in the Southern region, including by providing a response to special needs at this time.

Insurance underwriting operating results

Through the report date, exposure to insurance risk is as follows:

(1) Life insurance and long term savings sector

Primary exposure of Migdal Insurance operations is due to death risk and disability insurance. As of soon prior to the report issue date, the increase in cost of claims in these sectors amounted to NIS 80 million before tax.

Note that operations in this sector may be negatively affected by significantly higher unemployment, both in terms of new business sales and in terms of collection of premium and contributions in the existing portfolio. Moreover, although by soon prior to the report issue date, there was no material change to withdrawals and redemptions due to the War, the War may result in higher withdrawals and redemptions, as well as arrears in premium / contribution payments in savings and financial products (primarily in study funds and individual savings products).

In pension funds managed by the Group, increase in death claims and expected increase in disability claims due to the War had a negative effect, although not material, on actuarial balancing provisions among fund members and on fund excess / shortfall, resulting from demographic factors and from investment results of pension fund assets, and does not affect the Group's financial results.

(2) Health insurance sector

As of soon prior to the report issue date, the increase in cost of claims in this sector amounted to NIS 14 million before tax.

(3) Non-life insurance sector

In general, property damage arising from the War is covered by the State Property Tax and is not covered by property insurance policies. Therefore, the increase in exposure in this sector due to the War is not material.

Effects of the capital market, including changes to interest curve, on assets under management and insurance obligations

In the Reported Quarter, with outbreak of the War in October 2023, prices of equity benchmarks in Israel dropped sharply, with higher yields on government debentures, which were offset in November and December 2023. Thus, the effect of the War in this regard was not material. As of December 31, 2023, spreads of corporate debentures, which increased at the outbreak of war, returned close to their pre-war levels, but market volatility and the country's risk premium remained high.

Migdal Insurance believes that soon prior to the report issue date, the Iron Swords war should not materially impact its solvency ratio as of December 31, 2023.

For analysis of the Company's financial results in the reported quarter, see section 2.3 of the Company's Board of Directors Report.

For effects subsequent to the balance sheet date, see Note 1 to the financial statements and section 3.2 of the Company's Board of Directors Report.

(d) **Liquidity, financial standing and financing sources**

Note that in the Reported Period and thereafter, the War had no material impact on Group liquidity. Furthermore, as of December 31, 2023 and as of the approval date of the financial statements, the Group was in compliance with financial covenants with respect to its obligations.

(e) **Risk management**

As part of risk management, the Group acts to identify, quantify and assess all of the risk factors arising from the War and from the geo-political situation, including effects on assets under management, capital adequacy, changes to risk-free interest, liquidity of member portfolios and nostro portfolios, exposures in insurance and re-insurance operations.

Concurrently with review of business and insurance risk, which are reviewed in the course of normal operations, the operating risk arising from the War and from the geo-political situation are also reviewed, with reference, *inter alia*, to changes in work processes, business decisions, regulatory changes, changes to control activities in view of the current circumstances and incorporating remote work. As deficiencies are found by this review, the Company acts to resolve them.

As part of catastrophe risk management in life and health insurance, several changes were made to renewal of re-insurance contracts for 2024 in cases of death and disability, including reducing the Company's share on retention, increasing the coverage beyond the share on retention and partial exclusion of war coverage. Note that the increase in claims due to events of the Iron Swords war does not exceed the Company's share on retention of the contract. For more information see section 31 below.

(f) **Financial Services (operations of Migdal Capital Markets)**

As of December 31, 2023 and through the report issue date, there was no material change to assets of mutual funds and to assets in managed portfolios (including ETFs) managed by Migdal Capital Markets.

(g) **Insurance agencies**

As of the report issue date, there was no material change to operations of insurance agencies, and no material effect is expected on business volume of these agencies. Therefore, no material impact is expected due to these operations at Group level.

(h) **Social responsibility**

Migdal Group has announced its long-term support for the city of Sderot. In this regard, the Group would provide to the city financial support amounting to NIS 10 million in the coming years, and would provide to the city hall human and professional resources, based on needs to be agreed with the city hall, in order to help the city with recovery after the war.

Furthermore, since the war started, Migdal Group assisted, and continues to assist, in resolving specific issued and has made payments earlier to most of its suppliers (small and medium businesses). Under the circumstances, Migdal Insurance used its Facebook page to create Hamal Migdal, designed to answer questions of concern to the public on matters of investments, insurance, retirement and finance. Migdal Insurance has further announced a range of relief measures, benefits and insurance policy expansions in non-life insurance, at no cost, so as to provide a preliminary response to those evacuated from the Southern region border, to security forces and to those on military reserve duty.

For more information about regulatory directives due to the war, see section 27.4 below.

The foregoing is based on information available to the Company as of the report issue date. Note also that Group results are mostly affected by events external to the Group, including capital market volatility and changes to the interest curve. Therefore, sharp volatility of the financial markets and the interest curve due to the war, or due to other events, may result in significant increase or decrease in the aforementioned data.

Assessments by the Company and by Group companies with regard to the aforementioned implications on Group operations, including potential implications of the war, its development and the geo-political situation, after the balance sheet date, are uncertain and their materialization, or the extent of such materialization, is not within control of Group companies, constituting forward-looking information as defined in the Securities Act. These assessments are based, *inter alia*, on information on this matter available to the Company and to Group companies, on potential scenarios reviewed by the Company and to Group companies, at their discretion, including with regard to directives by regulators and conduct of the insurance sector. Such assessments and scenarios may fail to materialize, in whole or in part, or may materialize differently, or even materially differently than anticipated.

2.4.11. **Taxation**

For change in the VAT rate for transactions and concurrent increase in the profit tax and payroll tax rate applicable to financial institutions, as from 2025, see Note 21 to the financial statements.

3. Group operating segments

The Group's primary operating segments, reported as business segments on the Company's consolidated financial statements, are as follows (see also Note 3.A to the financial statements):

3.1. Life insurance and long-term savings sector

The life insurance and long-term savings sector includes the Group's insurance operations in life insurance sectors and Group operations in management of pension funds and provident funds. Operations in this segment are primarily focused on savings for retirement (in various insurance policies, pension funds and provident funds, including study funds) ("Savings") and on insurance coverage for various risk types, such as: death and disability ("Risk"). This is the Group's primary operating segment.

3.2. Health insurance sector

The health insurance sector includes the Group's insurance operations in the following sub-sectors: medical expense insurance (such as surgery, treatment *in lieu* of surgery, medications and implants), severe illness insurance, nursing insurance, dental insurance, overseas travel insurance and personal accident insurance for terms longer than one year.

3.3. Non-life insurance sector

The non-life insurance sector includes all insurance sectors in which the Group is engaged, other than the life Insurance and long-term savings and health insurance sectors. This sector primarily consists of the following sub-sectors: mandatory auto insurance, auto property insurance and other non-life insurance sectors (including liability insurance and other property insurance).

3.4. Financial services sector

The financial services sector consists of multiple operations, primarily management of financial assets (mostly management of mutual funds and market making for ETFs, as well as portfolio management). This sector also includes investment marketing and other operations, such as: investment banking, distribution and nostro operations.

3.5. Other operations

The Company has some other operations, listed on its consolidated financial statements under Other Operating Segments or under Not Attributed to Operating Segments. These operations include holding of insurance agencies and investment operations not conducted against various insurance reserves, but rather against shareholder equity required for insurance business and excess capital of Group companies. There are also various operations adjacent to Group operations[4].

[4] These operations are mostly carried out by Migdal Health (subsidiary of Migdal Insurance). The extent of these operations is not material for the Company, and their results are not attributed to the operating segments.

4. **Investments in Company capital and transactions in Company shares**

Transactions conducted in the past two years and through the report issue date, and other material transactions conducted by an interested party in the Company off the stock exchange:

Change date	Security	Change volume	Nature of change	Transaction rate	Reference to immediate report	Percentage of share capital and
September 1, 2022	Shares	28,659,173	Transfer of shares from Eliyahu Issuance	NIS 5.69	2022-01-113224 September 4, 2022	2.72%
September 10, 2023	Shares	36,141,907	Transfer of shares from Eliyahu Issuance	NIS 4.51	2023-01-105237 September 10, 2023	3.43%

5. **Dividend distribution**

As of the report date, retained earnings (as defined in Section 302 of the Corporate Act) amounted to NIS 8,283 million. Note that this balance is no indication of the Company's capacity and/or intentions with regard to any future distribution. For more information about statutory and regulatory restrictions applicable to the Company and to Group institutional entities with respect to dividend distribution, see Note 7.C to the financial statements.

On April 4, 2023 and November 23, 2023, the Company announced dividend distributions as follows, and on May 8, 2023 and December 25, 2023, the Company distributed to shareholders thereof dividends amounting to NIS 32 million and NIS 25 million, respectively, payable from dividends received from the subsidiary, Migdal Capital Markets, in conformity with approval by the Company's Board of Directors and General Meeting of Company shareholders. For more information see immediate reports by the Company dated April 4, 2023 (reference no. 2023-01-038532 and dated April 9, 2023 (reference no. 2023-01-039237 and dated April 27, 2023 (reference no. 2023-01-045336 and dated November 23, 2023 (reference no. 2023-01-127347) and dated December 13, 2023 (reference no. 2023-01-135630), included herein by way of reference, and Note 14.D to the financial statements.

Part B – Description and information about the Company's operating segments

Segment A – Life insurance and long-term savings

6. Products and services

6.1. Overview

The life insurance and long-term savings sector typically involves savings products for retirement ("**Savings**"), individual savings products and insurance coverage for death and disability risk ("**Risk**").

The Group market diverse products in the life insurance and long-term savings sector: life insurance, pension funds and provident funds of different kinds, as well as short- or medium-term products, such as: individual life insurance policies, investment provident funds and study funds. Group operations in this sector are conducted by Migdal Insurance and its subsidiary: Migdal Makefet, which manages the Group's new pension funds ("**Makefet Ishit**", "**Makefet Mashlima**"), study funds, provident funds and the legacy pension fund "Yozma". For more information about these products, see section 6.2 below.

The product mix in the life insurance and long-term savings sector is subject to regulation in laws, regulations, circulars and directives of the Supervisor, which govern the sector, promote long-term savings by the public, specify rules and limitations, by providing incentives, such as tax benefits, for retirement savings and conditions for withdrawals, specify provisions in labor laws that require employers to provide retirement insurance for their employees, issue designated debentures (this feature of pension funds, in conformity with provisions of the Economic Streamlining Act, is being replaced by a guaranteed yield provision) and so forth, which are a prime consideration for customers selecting products in this sector.

As of September 30, 2023, and based on insurance obligations in life insurance, and on assets under management in new pension funds and in provident funds, the Group is ranked first in this sector[5]. For more information on market shares in the life insurance and long-term savings sector, see section 7.3 below. For the Group's share of the long-term savings sector, as defined in the Supervisory Act, see section 0 below.

Regulations that came into effect in recent years, including in matters concerning reduction of management fees (including from pension recipients and their survivors in pension funds and in insurance policies), contracting of default agreements, allocation of designated debentures and replacement of designated debentures allocated to pension funds by a guaranteed yield provision, as well as revision of mortality tables, have resulted in material changes in the life insurance and long-term savings sector, and in particular in the product mix therein. For trends and material changes in this sector, and for more information about the aforementioned regulations and their implications on the Company, see sections 6.3 and 6.4 below.

6.2. Products in this sector, their main features and key differences between them

Life insurance: This product includes risk coverage or pure savings and/or a combination thereof, offered pursuant to a contract between insurer and insured party (insurance policies).

In life insurance, the insurance company undertakes to pay the insurance payout upon materialization of the risk event, even if external changes, for better or for worse, have occurred in parameters incorporated in the insurance policy terms and conditions, including longevity risk, if such risk is included in the pension conversion factor specified in the applicable pension track. This includes marketing of retirement insurance policies for salaried employees and for the self-employed, as well as non-retirement insurance policies that include risk and/or savings.

Pension funds: In general, this product includes a combination of mutual risk insurance coverage and savings (pension, disability pension and survivor pension), which are incorporated in the fund Bylaws.

---

[5] Based on processing of reports by the Ministry of Finance, as of September 30, 2023, provided on the Ministry of Finance website (Management Reports, Pensia-Net, Gemel-Net).

Provident funds: This product consists of savings for short, medium or long term – depending on the product. Note that the provident fund product includes both study funds and investment provident funds, which are short- to medium-term savings products carrying certain tax benefits.

Primary differences between long-term savings products – the key features that differentiate the products marketed by the Group in the long-term savings sector are as follows:

	Insurance fund[6]	Pension funds	Provident funds[7]
Contracting type	Contract (insurance policy)	Bylaws	Bylaws
Changes to contracting terms and conditions	May only be changed in conformity with terms and conditions of the contract and subject to statutory provisions.	May be changed from time to time, subject to approval by the Supervisor.	May be changed from time to time, subject to approval by the Supervisor.
Designation of accumulated savings[8]	Funds contributed until 2008 and designated for savings in the lump sum track may be withdrawn as a lump sum. As from 2008, contributions to the lump sum track have been discontinued. Funds contributed after 2008 may only be withdrawn as a pension as from the retirement age.	Pension as from retirement age. Pension capitalization (lump sum withdrawal) is possible for accrued funds beyond the amount designated as minimum pension payment.	Funds contributed until 2008 may be withdrawn as a lump sum. Funds contributed after 2008 may be withdrawn as a pension, by transfer to a pension fund (pension fund / insurance fund).
Risk insurance coverage	As part of life insurance, coverage may be purchased for death, disability and longevity. These can be adapted to needs of the insured party, in conformity with terms and conditions of the insurance policy.	Pension funds typically offer coverage for survivors in case of death, as well as disability coverage, and the coverage can be adapted to needs of the insured party, in conformity with provisions of the Bylaws.	Any insurance coverage is specified in Bylaws of each fund. A provident fund management company may obtain a collective insurance policy to cover death and disability risk. Moreover, a provident fund management company may market to its members insurance coverage through individual insurance policies for death risk, disability risk and payment waiver. As of this date, the Group does not market such insurance coverage.

6 Insurance program approved as a provident fund (for avoidance of doubt, this excludes any individual program not approved as a provident fund).

7 A provident fund, in this context, is a savings provident fund (contributions to such fund are designated for withdrawal as a pension, as from 2008), or a provident fund (contributions to such fund, through 2008, may also be withdrawn as a lump sum). Note that, as stated above, this table lists the key differences between long-term savings products marketed by the Group, and does not make reference to saving funds and investment provident funds.

8 Note that rules are in place to allow for lump sum withdrawal, such as severance pay and full / partial capitalization of pension amounts.

	Insurance fund[6]	Pension funds	Provident funds[7]
Mutual insurance	There is no mutual insurance in place. Contracting between the insurer and the insured party is by contract.	Mutual insurance fund between members / retiree members of the fund. Actuarial assumptions, forming the basis for rights of members / retirees, are reviewed from time to time based on actual conditions. In case of any change, for better or for worse, the rights of members / retirees are affected by such change, and they bear the actuarial surplus or shortfall of the fund, in conformity with the fund Bylaws.	There is no mutual insurance in place.
Pension factor	For insurance policies marketed through 2012, the insured parties in a pension program benefit, in some pension tracks, from a guaranteed pension factor, secure against changes in life expectancy, in conformity with terms and conditions of the insurance policy. As from January 2013, insurance policies with guaranteed pension factor are only marketed to new members aged 60 or above. New members aged under 60 are offered insurance policies with integrated risk, with no guaranteed pension factor – and the pension factor for these would be determined upon retirement. In January 2023, Migdal Insurance started using a new pension conversion factor, due to new regulation in this sector.	Pension factor not guaranteed, and affected by demographic and financial variables, as specified in each fund's Bylaws.	There is no pension factor.
Beneficiary identity	Full flexibility in selection of beneficiaries, except for severance pay funds which are paid to survivors, as defined in the Severance Pay Act.	The identity of survivors is specified in the Bylaws. In absence of any survivors, there is flexibility in choosing the beneficiaries.	Full flexibility in selection of beneficiaries, except for severance pay funds which are paid to survivors, as defined in the Severance Pay Act.

	Insurance fund[6]	Pension funds	Provident funds[7]
Issue of designated debentures and yield guarantee provision	**For insurance policies sold through 1990** – Insurance companies are issued designated Government debentures that guarantee linkage to CPI plus interest ("**HETZ debentures**"). Accordingly, most of the life insurance programs sold through that date are guaranteed-return programs (linked to CPI + interest), with insurance companies investing most of the reserves in HETZ debentures and the remainder – invested in free investments, subject to restrictions set forth in legislation. These programs are known as "**guaranteed-return**" or "**non-sharing**"[9]. In these insurance policies, no management fee was specified out of accrual, and the insurance company benefits from the difference created between its obligations to insured parties, as set forth in the insurance policies, and gain from its investments (both free investments and investments in HETZ debentures) ("**Spread**" and/or "**Financial Spread**"). **For insurance policies sold in 1991 and thereafter** – The insurance programs offered do not guaranteed returns to the insured party, and issue of HETZ debentures to the insurance company for such insurance policies was reduced, and was discontinued in 1992[10]. Savings funds are invested in free investments (other than funds invested in HETZ debentures in insurance policies marketed in 1991), and the accrued savings balance depends on results of the insurer's investments ("**sharing program**" or "**profit sharing**" or "**yield-dependent programs**" or "**yield-dependent insurance**").	As from 2004, comprehensive new pension funds and legacy pension funds (closed to new members)[11] may invest 30% of total assets in designated debentures[12]. As from July 2017, the aforementioned investment is composed as follows: 60% of pension recipients' assets are invested in designated debentures, and the remaining designated debentures are held for assets of active and suspended members[13]. In October 2022, the new "Guaranteed yield provision" became effective, gradually replacing the issue of designated debentures.	Provident funds managed by the Group are not issued any designated debentures[14] and are not subject to the guaranteed yield provision.

14 Except for special arrangements in several specific funds (not managed by the Group).

6.3. **Composition of profitability in this sector**

In life insurance – Profitability, as reported by Migdal Insurance on its financial statements, is affected *inter alia* by accounting rules with respect to revenue recognition, expense deferment and asset revaluation, as well as by evolution of actuarial provisions due to regulatory requirements and to changes in actuarial assumptions arising *inter alia* from demographic changes that affect longevity, mortality, morbidity, pension realization rates, changes to the interest rate environment and so forth.

Basic profitability in life insurance is affected by the following key sources:

Insurance profit: The difference between premium charged for risk coverage and the cost of risk (as reflected in payments for claims, expenses with respect to claim settlement, including pending claims and reserves there for, as well as pension payments or transfer of risk to re-insurance).

Financial spread and management fee: For guaranteed return insurance policies – The spread between actual return achieved and the return guaranteed to the insured party (in case of any positive difference). For profit-sharing insurance policies – Management fee from premium and management fee from accrual in insurance policies that include savings, including fixed and variable management fee (as percentage of accumulated positive real return only, from yield-dependent programs marketed through 2003).

Expenses (marketing and operating expenses):

Migdal Insurance's profitability from sale of life insurance policies is primarily based on the aggregate outcome of the aforementioned components, over the term of the insurance policy. Therefore, the insurance policy preservation rate ("**portfolio preservation**") is highly important for Migdal Insurance's profitability over time.

Gain / loss from investments held against insurance reserves have material impact on earnings of insurance companies, due to the large scale of assets and reserves of insurance companies invested in the capital market.

Moreover, changes in the capital market, in inherent returns and in other investments in the market have material impact on Group profitability, due to their impact on management fee from accrual and on the aforementioned financial spread.

Pension funds – Revenues of the management company in the Group are derived from management fee collected (from contributions and from accrual), and profitability is the difference between the management fee and the actual marketing and operating expenses. Insurance is mutual and the members bear the claim risk, rather than the management company.

Provident funds – Revenues of the management company are derived from management fee collected from accrual, and profitability is the difference between the management fee and the actual marketing and operating expenses.

For pension funds and provident funds, all returns on investment of member funds, net of management fee from accrual, is credited to members, therefore the impact of investment results on earnings of the pension fund / provident fund management company is limited to an indirect impact, derived from total accrual in the pension fund / provident fund, from which the management company's management fee

---

[10] With respect to programs sold through said date, the Government continues to issue designated debentures for funds which, in conformity with terms and conditions of the insurance program, may be contributed to such insurance policies after the date of this change.

[11] Legacy pension funds receive additional Government subsidies with respect to reduced share of designated debentures and terms thereof, as well as a safety cushion with respect to potential changes to the interest rate curve.

[12] In new pension funds and legacy pension fund, the effective interest rate guaranteed by designated debentures is currently 4.86% (plus linkage differentials). Note that in the legacy fund, there are series of designated debentures previously issued bearing effective interest at 5.57%. As from October 2022, the effective interest rate is 5.15% (plus linkage differentials).

[13] As of the report date, 26% of assets of active and suspended members are invested in designated debentures.

[14] Except for special arrangements in several specific funds (not managed by the Group).

is derived. The management company also has gain / loss from investments with respect to the nostro portfolio.

6.4. **Key trends and changes in the sector**

The long-term savings sector underwent many changes in recent years, which affected retirement products, the nature of operations of distribution channels and the product mix in this field, as well as the nature of competition and profitability in this sector. These changes were due *inter alia* to regulatory directives which resulted in increased competition in this sector, including the following key directives: (1) Provisions to eliminate the option of marketing new life insurance policies with guaranteed pension factor; (2) Provisions for launch of default pension funds and elimination of default agreements which, according to Migdal Insurance, have resulted in increased competition in pension funds; (3) Provisions with regard to consolidation of dormant accounts of a member with their active account, and allowing account portability by members; (4) Capping the cumulative cost of all insurance coverage to be purchased by an insurance fund, at 35% of total contributions for the pension component, in disability insurance purchased out of contributions by the employee and employer; (5) Provisions for gradual replacement of issue of designated debentures in pension funds, by "yield guarantee provision"; (6) Provisions with regard to reduction if maximum management fee charged to pension recipients and their survivors in pension funds, and to insured parties and beneficiaries in insurance policies issued by insurance funds.

The Supervisor also took action to encourage entry of competitors to major management companies and arrangement managers in providing operating services, and has been increasingly involved i approval of programs and tariffs. Other regulatory changes in this field were due to various provisions with regard to agents and licensed entities, to promote competition between agents, such as limiting agents and arrangement agencies in their capacity to engage in both marketing and operations simultaneously, prohibition of linkage between the commission paid to an agent and management fee, and extension of the reimbursement period for volume commission in risk products, in case of termination of an insurance policy.

Key regulatory changes published and which came into effect (in whole or in part) during the reported period are as follows: (1) Limits on contributions to retirement insurance programs (as set forth in section 2.4.9 above); (2) Revision of Direct Expenses Regulations, with regard to charging fund assets for investment expenses (as set forth in section 6.4.2 below); (3) Revision of the Investment Tracks circular and the list of investment tracks which institutional entities may establish (as set forth in section 6.4.4 below).

As a result of all the aforementioned changes, the trend in competition continued in the reported period, affecting this sector in multiple aspects, such as: Significant increase in net funds transfer in life insurance to other institutional entities (for more information see section 6.7 below), further growth in operations of pension products, and continued erosion trend in tariffs and management fee received for products in this sector.

The aforementioned decrease in profitability may continue in future, as estimated by the Company, due *inter alia* with regulatory changes in recent years, as described above and below, resulting in continued significant trend of outgoing portability from retirement insurance to pension funds over the coming years, along with management fee erosion. The Group is acting to moderate this trend, by bolstering activity and means of preservation.

Note that provisions of the Solvency Circular also affect *inter alia* the cost of capital for products sold in this sector and, consequently, their profitability and pricing.

Company assessments with regard to implications of regulatory changes in the long term savings sector constitute forward-looking information, as defined in the Securities Act, based on information available to the Company as of the report date, on wording of regulations known as of the report date, and on Group assessments and assumptions, whose materialization is uncertain and not fully within the control of Migdal Insurance, with regard to actions to be taken by market players and/or with regard to the final wording of regulatory changes yet to become effective, final and binding. Such assessments may not materialize, and actual results may differ from estimated ones should *inter alia* the directives be changed or revised or implemented other than as anticipated or existing today, and in conformity with actions taken by market players, including insured parties, institutional entities, agents and distributors, which may differ from those anticipated.

Key developments in the business environment of this sector, including material changes to legislation:

6.4.1. **Revision of actuarial assumptions and parameters regarding calculation of reserves**

In 2023, Migdal Insurance decreased the additional reserve for pensions, due to impact of the increase in interest rates and revision of assumptions with regard to composition of the asset portfolio, as set forth in section 2.4.1 above.

Moreover, following research conducted by Migdal Insurance regarding pension realization rates and retirement age composition, insurance obligations decreased along with increase in comprehensive income.

Conversely, in the reported year, Migdal Insurance increased the reserve for disability claims, based on actual experience regarding the duration of payment of claims in recent years.

For more information see section 2.6 of the Company's Board of Directors Report and Note 37.B.3.b. to the financial statements.

For Company sensitivity to changes in the interest curve, see Note 37.B.1.a) to the financial statements. For sensitivity to changes in other insurance parameters, see Note 37.B.3.b.7 to the financial statements.

6.4.2. **Presentation of direct expenses with respect to conducting transactions**

Further to publication of legislation with regard to direct expenses with respect to conducting transactions, as listed in section 6.4.2 in chapter "Description of Corporate Affairs" of the 2022 annual report, including revision of Expense Regulations with regard to direct expense components which may be charged to fund assets by track classification, and the draft circular regarding presentation of total expected annual cost payable by the member or insured party in that year, due to management fee and direct expenses, including external management fee, if charged in the track ("**expected annual cost**"), in July 2023, the circular "Presentation of expected annual cost to member or insured party" was published, which governs the requirement to present to the member or insured party the expected annual cost rate for each investment track in which they have funds invested, based on the calculation, wording and format as set forth in the circular. The circular became effective on January 1, 2024.

6.4.3. **Economic Streamlining Act**

Following Government decisions in the Economic Streamlining Act (Legislative amendments for achieving the budget objectives for budget years 2023-2024), 2023 ("**Economic Streamlining Act**" or "**Economic Streamlining**", as the case may be), the following directives were made public with regard to the life Insurance and long term savings sector:

(a) **Amendment to Income Tax Regulations (Rules for approval and management of provident funds), 1964 and amendment to Supervision of Financial Services Act (Provident Funds) (Transfer of funds between Provident Funds), 2008.**

For this regulation and its implications, see section 2.4.9 above.

(b) **Draft Supervision of Financial Services Regulations (Provident Funds) (Distribution commission to retirement insurance agent)**

On April 3, 2023, the Draft Supervision of Financial Services Regulations (Provident Funds) (Distribution commission to retirement insurance agent), 2023 was published, stipulating that a management company may only pay a one-time commission to a retirement insurance agent if the parties agreed, in the distribution agreement signed between them, that the agent would be required to refund the commission to the management company in case of occurrence of any of the listed cases, in the 72 months following enrollment of the member in the provident fund, or following the agent appointment date: (1) The member moved their funds to another provident fund; (2) The member withdrew their funds from the provident fund (other than withdrawal from investment provident fund); (3) The member terminated the agent appointment. The refund rate to the management company, in such cases, would be *pro rata* to the year in which the action occurred, based on the graduated refund rate listed in the table in addendum to the draft regulations.

(c) **Draft circular "Discounts and terminations in life insurance"**

On April 3, 2023, the Supervisor issued the draft circular regarding "Discounts and terminations in life insurance", stipulating as follows: (1) The discount period for life insurance premium shall be at least from the insurance start date to the insurance period end date; (2) The insurance agent shall make a *pro rata* refund to the insurance company of the one-time commission, based on rates and guidelines specified in the draft circular, in case of termination of the insurance policy or termination of the agent appointment within 6 years after start of the insurance period.

As of the report issue date, current directives and/or final regulations or final circular have yet to be issued with regard to the draft regulations and draft circular, as set forth in paragraphs (b) and (c) above, hence it is not clear when and if they would become effective.

As of this date, Migdal Insurance is studying the proposed amendments as set forth in sections (b) and (c) above. The Company believes that these amendments, should they be enacted as proposed, may reduce the cancellation rates for the relevant products, while reducing sales of new products of the same type. As these proposed amendments have yet to be enacted and/or approved, Migdal Insurance is unable to assess their impact and materiality, should they be actually approved and applied.

The Company's assessment with regard to implications of the aforementioned amendments, should they be enacted and become effective, constitutes forward-looking information, based on assumptions and assessments by Migdal Insurance as of this date, which may actually differ due to a long list of factors, including the final wording of the amendments to regulatory directives, if any, and actions taken by market players, including insured parties, license holders and institutional entities.

6.4.4. **Investment tracks circular and list of investment tracks**

List of investment tracks – draft

Further to publication of legislation regarding amendment of investment tracks in provident funds, as listed in section 6.4.3 of chapter "Description of Corporate Affairs" on the 2022 annual report, in March 2024, the Supervisor issued a draft circular "List of investment tracks – amendment", proposing multiple changes to investment tracks, by adding new investment tracks, such as: (1) Halacha track for current pension recipients; (2) Credit and debentures with shares track (up to 25% shares); (3) Negotiable track – debentures with shares track (up to 25% shares); (4) Index tracking track – debentures with shares track (up to 25% shares). Note that tracks (2) and (4) only apply to savings products where funds are not required to be paid out as pension. For index tracking tracks, including such tracks for pension recipients, the following amendments were proposed: (1) the rate of monitoring for each of three indexes or more, which are dissimilar, would be 10% to 50% of track assets; and (2) Expansion of the list of assets allowed for investment, for contributions, withdrawals and transfer of funds or handling collateral with respect to derivatives. This draft also proposed to eliminate the "Specialized flexible" track, which applies to specialized, actively managed tracks. As of the report issue date, the final wording of the list of investment tracks has yet to be published.

Investment tracks circular – delay

Due to the Special Homeland Situation declared due to the Iron Swords war, the Supervisor directed, in interim directives issued on October 23, 2023, to delay the effective start date of provisions of the circular "List of investment tracks – amendment", from January 1, 2024 to July 1, 2024. For more information about the interim directives issued by the Supervisor in October 2023, see section 27 below.

Migdal Insurance is preparing to apply the circular "List of investment tracks – amendment" in conformity with the delay announced in October due to the Iron Swords war.

6.4.5. **Legislation published due to the Iron Swords war**

For legislation published in view of the Special Homeland Situation declared due to the Iron Swords war and implications thereof, see section 27.4 below.

6.5. **Description of key products / insurance coverage**

6.5.1. **Life insurance**

Liability insurance programs are of two major types: Insurance policies containing only risk components, and insurance policies with a savings component and potentially insurance coverage.

Insurance policies containing only risk components

Such insurance does not include a savings component and does not accrue any redemption values. Such insurance is offered as individual insurance or as part of collective insurance agreements. The difference between a collective insurance policy and an individual insurance policy lies in these key features of a collective insurance policy:

Policy owner – may be employer / corporation. Insurance amounts are pre-defined for insured parties in the collective, determined by criteria such as marital status and others. The tariff is calculated *inter alia* based on the actuarial age of the collective and its occupations. The insurance contract is valid for a short term, agreed in advance by the policy owner and the insurance company, and premium is typically collected by a single payment on behalf of all insured parties in the collective. Once an insured party leaves the collective, provided they purchased life insurance in the minimum amount specified in regulations, they must be allowed to continue their insurance by an individual insurance policy.

Savings insurance policies which may include insurance coverage

Such insurance policies are of two main types – those recognized as a provident fund and designated for retirement savings (designated for salaried employees and the self-employed, and classified in legislation as an insurance fund), and insurance policies not recognized as a provident fund and designated for individual savings (individual programs). The key difference in designation of savings insurance policies as a provident fund has to do mostly with tax benefits granted to those who save in such programs, as set forth in legislation, along with ruled on withdrawal, which only allow funds to be withdrawn as a pension, at retirement age only and subject to conditions set forth in legislation. Conversely, accrual in insurance policies not recognized as a provident fund is liquid and may be withdrawn at any time. The nature of insurance policies including savings has changed over time, due to regulations initiated by the Supervisor from time to time.

Below are details of key products / insurance coverage currently being marketed, which only include a risk component:

Program	Nature of coverage
Pure risk insurance	Liability insurance in case of death, with no savings component. This insurance guarantees the insured party would receive a pre-defined insurance amount should they die during the insurance period. The insurance amount may be a lump sum or monthly payment for a pre-defined period, depending on the specific insurance program. Insurance is provided in exchange for payment of a premium that is linked to the CPI and variable annually. The insurance may include extensions or additional riders, such as accidental death, accidental disability, disability compensation and so forth. This coverage is also offered in the Mortgage Insurance program, where the insurance amount decreases over time, which is offered to those taking out a housing loan.
Disability insurance	Coverage offering monthly compensation at up to 75% of salary and waiver of premium payments in case of disability. This coverage is marketed in different programs which refer to different definitions of disability, such as being unable to engage in any other reasonable occupation, or being unable to engage in a specific profession / occupation. Compensation is payable for as long as the insured party is disabled, or through the insurance period. Employers and the self-employed are eligible for tax benefits for contributions to this coverage, subject to certain limitations. The program allows for modular purchase of expansions to the coverage being marketed, such as shorter waiting period, definition of occupation, no offset of compensation from Government entity and so forth. For more information about the expansions being offered, see the Company website.

Below is information about key insurance programs currently offered, which combine savings and insurance coverage for death or disability and/or savings only:

Program type	Nature of coverage
"Migdal LeKitzba" and "Keshet"	Insurance programs "Migdal LeKitzba" and "Keshet" offered by the Company are divided into insurance programs recognized as a provident fund and those not recognized as a provident fund. All programs separate the savings component from the risk component and the expense (management fee) component. Programs recognized as a provident fund are designated for pension payment only, and may only include insurance coverage for death and disability. Such insurance programs offer a range of investment tracks, to be selected by the insured party. Such programs are a continuation of insurance policies offered as from 2004, as set forth below ("Migdalor"), adapted from time to time to legislation. The programs were adapted for the reform in pension factors and the reform in management fee, effective since January 2013. As from January 2016, the investment tracks in these insurance policies which are recognized as an insurance fund have been adapted for provisions of the circular "Investment tracks in provident funds", issued in 2015, and currently include an age-based managed investment model. As from February 2019, the Company ceased marketing death risk insurance as part of the aforementioned programs. Notwithstanding the foregoing, in March 2023, due to no objection by the Supervisor, Migdal Insurance re-started offering death risk insurance as part of retirement insurance.
"Chayim Chadashim" insurance policies	In the "Chayim Chadashim" insurance policies, the Company provides customized insurance policies to employers who wish to make payments to their employees taking early retirement, prior to receiving pension payments.
Previously marketed programs	
"Migdalor" insurance policies	Insurance policies marketed in 2004-2016. These insurance policies include separation of savings, risk and management fee components. Moreover, insurance programs combined with savings are divided into insurance programs recognized as a provident fund and those not recognized as a provident fund. Such insurance policies allow the insured party to select from multiple investment tracks. Some of the insurance programs marketed guaranteed, subject to terms and conditions set forth in the relevant insurance programs, guaranteed interest or minimum return.

Program type	Nature of coverage
"Adif" insurance policies (under the commercial name "Yoter" at the Group)	This was the primary life insurance policy sold in 1989-2003. The goal of this insurance policy was *inter alia* to provide a solution for employers who made contributions to retirement insurance linked to salary (rather than linked to CPI). Key features of this program are as follows: (a) Premium divided into two components: A specified percentage of the premium is assigned to savings, and the remainder is designated for purchase of death risk insurance and for operating and marketing expenses. The insured party determines the division of premium to these components; (b) The insurance coverage component is re-calculated monthly, based on the premium paid and the age of the insured party in that month, and savings accrue separately. Savings accrued are typically used for pension payment. As from October 2001, the Group allowed a choice of multiple investment tracks in this program.
Classic (legacy) insurance policies (primarily "Meorav", "Pension" and "Pure savings")	These insurance policies include mixed insurance with two components – savings and risk – which are specified in pre-determined amount based on the age of the insured party and underwriting conditions specified upon enrollment in insurance. The cost of savings and risk coverage is mixed. The insurance amount is paid at the end of the insurance policy term as accrued savings, or in case of death prior to end of the insurance policy term. The Meorav insurance policies sold through the early 1990s were typically linked to the CPI for both insurance amount and premium. In such insurance policies, because the premium was linked to the CPI, in case of salary increase beyond the increase in CPI, it was not possible to contribute additional amounts to reflect such salary increase. Pension insurance is a legacy insurance policy with most of the premium designated for pension payment upon retirement.
Pure risk insurance (other than at annually variable premium)	Liability insurance in case of death, with no savings component (as described above), for payment of fixed CPI-linked premium, or variable premium (once every five years).
Accidental disability insurance	This insurance guarantees payment of a lump sum in case of disability caused by accident.

For more information about results by insurance policy type, see Note 18 to the financial statements.

6.5.2. **Pension fund products**

Pension funds managed by Migdal Makefet are as follows:

Legacy pension fund	
The Group has a legacy pension fund, "Yozma Keren Pensia LeAtzma'im", managed by Migdal Makefet. This is a legacy pension fund based on individual actuarial balancing. This fund was closed to new members due to regulation of pension funds in 1995.	
New pension fund	
Migdal Makefet Ishit – This is a pension fund for current contributions by salaried and self-employed members, up to the maximum allowed contribution. The fund offers diverse pension tracks, including insurance coverage for death and disability, as well as various investment tracks. Some of the savings in this fund is paid out as old age pension, as from the retirement age. This fund is eligible for designated debentures. Ads from October 2022, the new "Guaranteed yield provision" was incorporated in this fund, gradually replacing the designated debentures.	**Migdal Makefet Mashlima** – This is a general pension fund for current contributions, including contributions exceeding the maximum allowed contribution for an individual pension fund. Non-recurring contributions may also be made to this fund. As from January 2008, in addition to the savings track for old age pension as from age 60, this fund offers a range of retirement tracks, including insurance coverage for death or disability, and operated as a comprehensive pension fund as from said date. This fund is not eligible for designated debentures and would not be subject to the "Guaranteed yield provision".

6.5.3. Provident fund products

Migdal Makefet is the Group's management company for provident funds. Provident funds managed by the Group are as follows:

Fund type	Nature
Study fund	This fund is intended for salaried and self-employed members. It allows members to accrue funds for study purposes, with tax benefits. Funds accrued in the fund may be withdrawn for study purposes after three years of fund membership. After six years of fund membership, funds may be withdrawn for any purpose.
Savings provident fund	This fund is intended for salaried and self-employed members. Contributions to this fund are monthly for salaried employees. Self-employed members may make contributions periodically.
Investment provident fund	This provident fund allows for contribution on aggregate (for all investment provident funds of the same member) of up to NIS 79 thousand (as of 2024). Funds may be withdrawn at any time. In case of lump sum withdrawal, the withdrawal amount would be subject to real capital gain tax at 25%. In case of withdrawal as a pension, funds would be exempt from capital gain tax.
Long-term savings provident funds for every child	This fund is for members who are children, for which the parent is entitled to a child allowance from the National Insurance Institute. Contributions to this fund are made by the National Insurance Institute from its own budget. The parent may provide an increased contribution for their child, with the increase amount deducted from the child allowance.
Sick pay provident fund	Allows employers to accrue funds for payment for sick leave.
Central provident fund for budgetary pension participation	This fund is intended for management of amounts deducted by the employer from salary of an employee of said employer, as specified in the Economic Reform Act (Legislation amendments for achieving budget objectives and economic policy for fiscal 2003-2004), 2003. This applies to employers subject to a budgetary pension arrangement. The deduction rate, as from 2005, is at 2% of the employee's salary.
Central severance pay provident fund	This fund is closed for new contributions as from January 2011. The fund is intended for employers wishing to accrue funds to secure severance pay for their employees. The employer is the member, and accrual is on aggregate, in the employer's name on behalf of their employees.

6.6. Details of pension funds and provident funds managed by the Group

Below is key data for 2021-2023 (NIS in millions)[15]:

Year	Assets under management	Contributions	Net accrual	Management fee as percentage of assets (1)	Management fee as percentage of contributions
New pension funds					
Migdal Makefet Ishit					
2023	115,314	9,123	7,156	0.20%	1.68%
2022	98,330	8,158	4,364	0.21%	1.77%
2021	97,003	7,478	2,545	0.20%	1.90%
Migdal Makefet Complementary					
2023	3,175	509	893	0.35%	0.89%
2022	2,035	427	393	0.42%	0.82%
2021	1,827	292	220	0.45%	0.73%
Legacy pension fund (Yozma Legacy)					
2023	1,990	9	(68)	0.60% %	8.51%
2022	1,991	10	(62)	0.60%	9.00%
2021	2,278	11	(56)	0.60%	9.10%
Provident funds and study funds					
Provident funds – study funds					
2023	19,689	2,140	1,603	0.56%	–
2022	16,635	1,748	1,534	0.59%	–
2021	16,470	1,568	(66)	0.62%	–
Provident funds – provident and severance pay funds					
2023	7,329	305	1,464	0.48%	–
2022	5,312	256	1,246	0.49%	–
2021	4,507	214	463	0.51%	–
Provident funds – long-term savings provident funds for every child					
2023	754	112	86	0.23%	
2022	616	100	81	0.23%	–
2021	588	95	83	0.23%	–
Provident funds – investment provident funds					
2023	1,121	251	242	0.62%	–
2022	779	250	256	0.63%	–
2021	598	216	159	0.66%	–
Provident funds – other (2)					
2023	223	5	(40)	0.53%	–
2022	245	9	(32)	0.50%	–
2021	308	8	(4)	0.51%	–

Total pension funds and provident funds

Year	Assets under management	Contributions	Net accrual
2023	149,595	12,454	11,337
2022	125,943	10,956	7,781
2021	123,580	9,881	3,345

(1) The details with regard to management fee as percentage of assets refers to insured parties other than pension recipients.
(2) This includes: Central severance pay provident fund, central provident fund for budgetary pension participation and sick pay provident fund.

For more information and analysis of results with reference *inter alia* to changes in management fees in pension and provident funds, see section 2.6 of the Board of Directors Report.

15 "Net accrual" is defined as contributions plus net member transfer less redemptions and pension payments.

6.7. Information about fund transfers (portability)

Below is key data for 2021-2023 (NIS in millions)[16]:

2023	Life insurance	Provident funds	Pension funds	Total
Transfers to the Group from other entities:				
Transfers from other insurance companies	396	481	2,298	3,176
Transfers from pension funds	112	373	5,523	6,008
Transfers from provident funds	207	3,248	239	3,694
Total transfers to the Group	**715**	**4,102**	**8,060**	**12,877**
Transfers from the Group to other entities:				
Transfers to other insurance companies	439	48	94	580
Transfers to pension funds	2,955	87	6,678	9,722
Transfers to provident funds	1,805	1,465	419	3,688
Total transfers from the Group	**5,199**	**1,600**	**7,191**	**13,990**
Net transfers for 2023	**(4,484)**	**2,502**	**869**	**(1,113)**

2022	Life insurance	Provident funds	Pension funds	Total
Transfers to the Group from other entities:				
Transfers from other insurance companies	259	376	1,288	1,923
Transfers from pension funds	148	194	3,764	4,107
Transfers from provident funds	248	2,784	173	3,205
Total transfers to the Group	**655**	**3,354**	**5,225**	**9,235**
Transfers from the Group to other entities:				
Transfers to other insurance companies	625	33	161	819
Transfers to pension funds	2,024	81	6,260	8,365
Transfers to provident funds	1,579	1,146	414	3,140
Total transfers from the Group	**4,227**	**1,260**	**6,835**	**12,323**
Net transfers for 2022	**(3,572)**	**2,094**	**(1,610)**	**(3,088)**

16 "Net accrual" is defined as contributions plus net member transfer less redemptions and pension payments.

2021	**Life insurance***	**Provident funds**	**Pension funds**	**Total**
Transfers to the Group from other entities:				
Transfers from other insurance companies	333	127	393	853
Transfers from pension funds	266	117	2,568	2,951
Transfers from provident funds	225	1,044	89	1,358
Total transfers to the Group	**824**	**1,288**	**3,050**	**5,162**
Transfers from the Group to other entities:				
Transfers to other insurance companies*	536	36	123	695
Transfers to pension funds*	1,319	22	5,710	7,050
Transfers to provident funds*	1,686	1,652	370	3,708
Total transfers from the Group*	**3,541**	**1,710**	**6,203**	**11,453**
Net transfers for 2021*	**(2,717)**	**(422)**	**(3,153)**	**(6,292**

* Re-stated.

7. Competition

7.1. Overview

This sector sees strong competition between providers and segments within this sector (insurance, pension funds and provident funds) due *inter alia* to the nature of retirement products which are interchangeable, with specific emphasis and unique features to each one of them. Legislation in this are, over the past years, was intended *inter alia* to remove various barriers, resulting in increased transparency and competition in this field. Competition in this sector is typically focused on management fees, returns, cost of insurance coverage and features that distinguish between products and service levels within this sector. The Company believes that the fierce competition between pension funds, which increased in recent years, and the competition for retirement insurance and various savings products, would continue.

7.2. Changes to scope of activity in the market[17]

For life insurance, in the first nine months of 2023, total premiums in the market decreased by 7% compared to the corresponding period last year, due to decrease in non-recurring premium as well as to decrease in current premium.

For pension funds, contributions increased by 15% in 2023, compared to an increase by 17% in 2022, compared to 2021. For provident funds (including study funds), contributions decreased by 1% in 2023, compared to a decrease by 12% in 2022, compared to 2021.

For total operations on aggregate, in terms of assets under management, as of September 2023, total products in this area increased by 12% compared to September 2022, due to capital market returns and increase in net pension accruals, compared to no change in September 30, 2022 compared to September 30, 2021.

[17] Based on data from Ministry of Finance websites, including Bituach-Net, Pensia-Net and Gemel-Net.

The market share of life insurance, in terms of assets under management (excluding obligations with respect to investment contracts) as of September 30, 2023 was 25% (compared to 26% as of September 30, 2022). The market share of new pension funds as of September 30, 2023 was 38% (compared to 36% as of September 30, 2022). The market share of provident funds as of September 30, 2023 was 37% (compared to 38% as of September 30, 2022).

As of September 30, 2023, total insurance obligations for the life insurance sector (excluding obligations with respect to investment contracts) increased by 4% compared to September 30, 2022.

As of December 31, 2023, total assets in profit-sharing life insurance increased by 5% compared to December 31, 2022. Total assets under management in new pension funds increased by 21% compared to December 31, 2022. Total assets under management by provident funds increased by 11%. The increase in total assets under management was primarily due to positive returns in capital markets in 2023, and to positive current accrual in pension funds and provident funds.

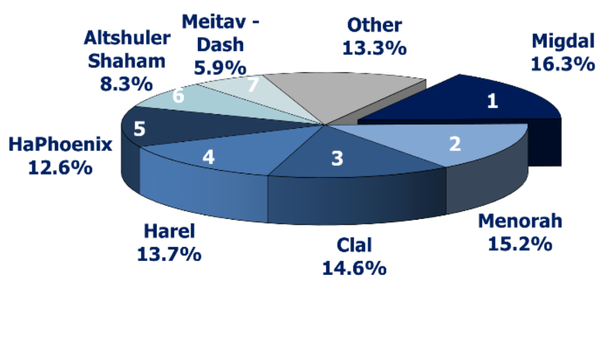
7.3. **Market data**[18]

As of September 30, 2023, the Group is ranked first based on insurance obligations in life insurance, and on assets under management in new pension funds and in provident funds, among all entities operating in this sector. The Group's major competitors are: Menora Mivtachim Holdings Ltd. ("Menora"), Clal Insurance Business Holdings Ltd. ("Clal"), Harel Investments in Insurance and Financial Services Ltd. ("Harel"), HaPhoenix Holdings Ltd. ("HaPhoenix") and Altshuler Shaham Provident Funds and Pension Ltd.

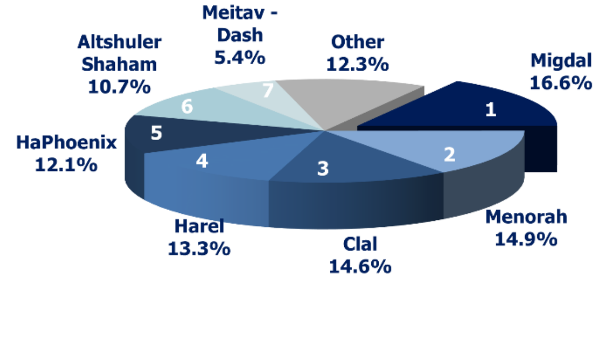
Sector overall

Based on insurance obligations in life insurance, and on assets under management in new pension funds and provident funds

As of September 30, 2023

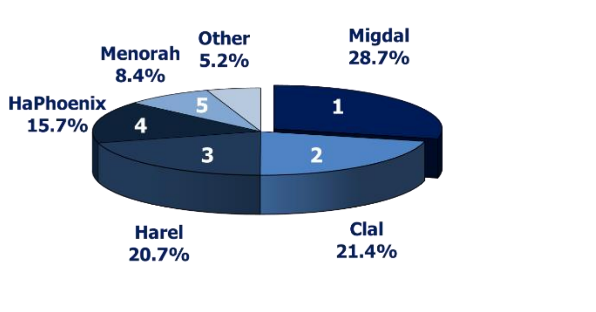


As of September 30, 2022

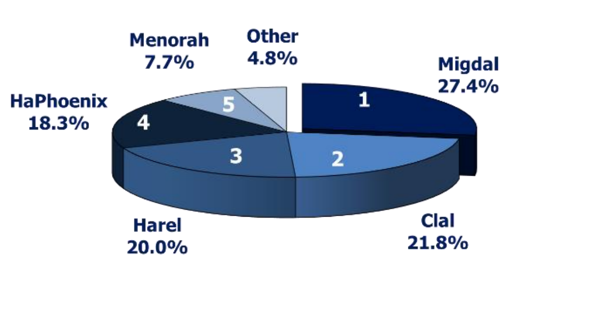


Life insurance – premium composition:

For January-September 2023



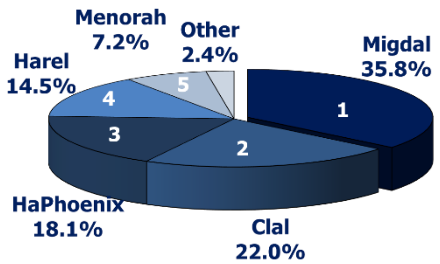
For January-September 2022

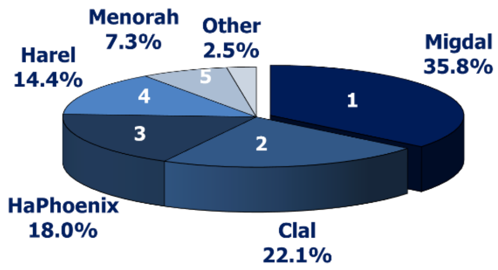


[18] Market data in this section is based on processing of reports by the Ministry of Finance provided on the Ministry of Finance website ("**Management Reports**", "**Pensia-Net**", "**Gemel-Net**"), unless otherwise specified. Moreover, premiums and insurance obligations in life insurance, according to data in Management Reports, excludes receipts with respect to investment contracts, classified as such by the various insurance companies.

Life Insurance – composition of insurance obligations:

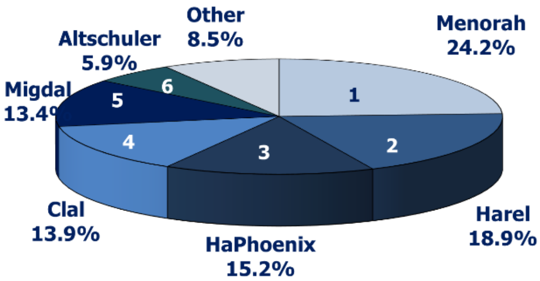
As of September 30, 2023 | As of September 30, 2022

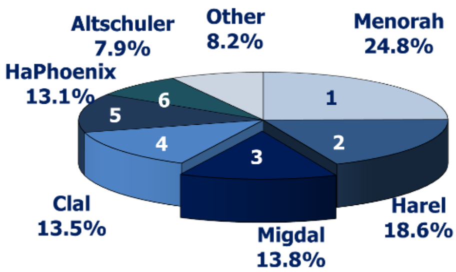




New pension funds – composition of contributions

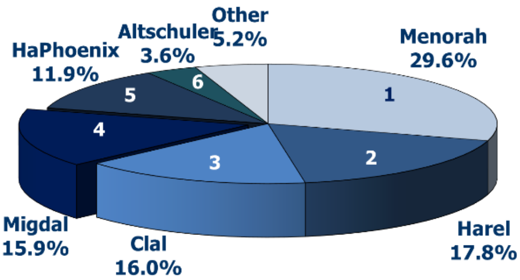
For January-December 2023 | For January-December 2022

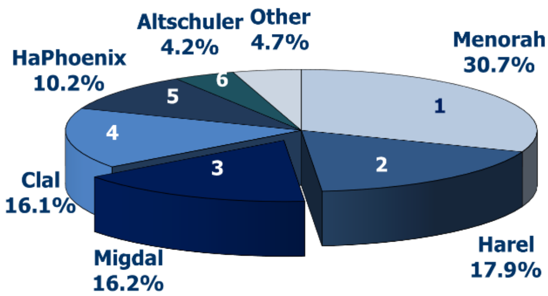




New pension funds – composition of assets under management

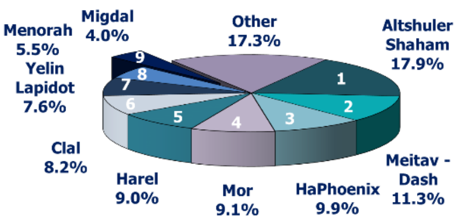
December 31, 2023 | December 31, 2022

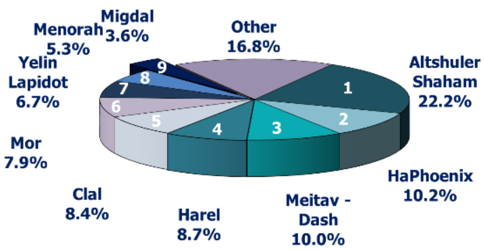




Provident funds and study funds – composition of assets under management at provident funds and study funds:

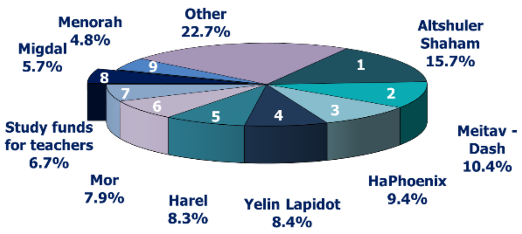
December 31, 2023 | December 31, 2022



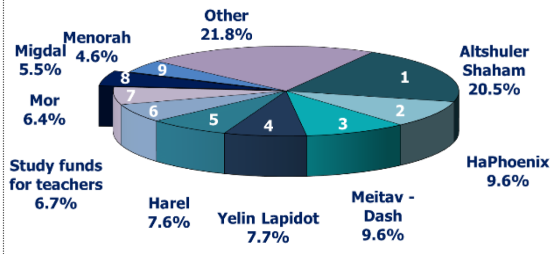


Provident funds and study funds – composition of assets under management at study funds:

December 31, 2023



December 31, 2022



7.4. Major ways by which the Group addresses competition

Migdal Group has extensive experience, knowledge and reputation in the life insurance and long term savings sector, and is the largest and leading group in this field[19], which allows the Group to leverage these advantages to bolster its position in this market.

The Group is involved in all products in this sector, and has a platform used to offer customers a variety of products in this sector, including combinations of insurance and retirement products, by which the Group extends the product offering to its customers, allowing the Group to customize one or more products for each customer, to match their unique needs and attributes, within a simpler sales process.

In view of regulatory changes and increased competition in this field, the Group is preparing to adapt its current products with the evolving regulatory and competitive reality. The Company also markets a wide range of products in this sector, for all age groups. In order to adapt to developments in distribution, the Group strives to improve and expand its direct sales capacity in pension and provident funds, and invests resources in developing its digital sales and service capabilities.

In this regard, the Group collaborates with distribution channels and supports them by *inter alia* providing efficient sales tools, including digital tools used by agents, employers and operators for enrollment and program management, as well as digital tools for Group customers (insured parties and members), allowing them to enroll in insurance or provident fund, as the case may be, obtain current information, make changes, apply for loans, file claims and monitor the status of their inquiries, redeem funds and so forth. The Group also has a cell phone app in the insurance and retirement savings market, allowing customers to view information and conduct all of the aforementioned transactions. The Group constantly improves its digital tools through *inter alia* advanced technologies used for analysis and to maximize customer potential.

The Group strives to improve customer and agent satisfaction by *inter alia* the service provided to them, and by increasing the customer share while establishing a long-term relationship with the end customer. The Group markets additional products to current customers, through sales promotion by Company agents and marketing of additional Group products to current customers of those agents. The Group also acts to increase sales of individual products, and in particular risk products, by expanding the range of products and insurance bundles offered, by recruiting agents specialized in this area, and through an independent sales platform, including operation of a dedicated sales call center for sale of risk products.

The Group expands its operations while emphasizing expansion of actuarial information and analysis thereof for achieving Group objectives.

The Group also has experience in managing a long-term asset portfolio, through diverse investment operations and with emphasis on development of capabilities and professional skills in investment management, both in Israel and overseas, including in real estate and credit, so as to achieve

[19] As of September 30, 2023, based on data for insurance obligations in life insurance and assets under management in pension funds and provident funds.

appropriate risk-adjusted returns for insured parties and members. The Group also invests in branding and advertising, in order to increase customer awareness in areas where the Group does business, including advertising in various media. Due to regulatory changes and increased competition in this sector, the Group strives to improve operating and service efficiency to customers and distribution channels of the Group through *inter alia* innovation and application of advanced IT systems and ensuring high-quality staff, along with review of enterprise-wide processes and cost structure.

8. Customers

8.1. Life insurance

Below is information about gross premium composition in life insurance for 2021-2023 (excluding receipts with respect to investment contracts):

	2023		2022		2021	
	million NIS	Composition In %	million NIS	Composition In %	million NIS	Composition In %
Insured parties who are salaried employees	6,170	74	6,229	72	6,216	65
Insured parties who are individuals or self-employed	2,176	26	2,381	28	3,335	35
Group insurance	21	0	25	0	23	0
Total	**8,367**	**100**	**8,635**	**100**	**9,574**	**100**

Note that as from 2022, due to change in the structure of insurance policies issued by Migdal Insurance, most of the savings insurance policies produced are classified as investment contracts, rather than as insurance contracts.

Below is information about gross premium composition, including receipts with respect to investment contracts, for 2021-2023:

	2023 million NIS	Composition In %	2022 million NIS	Composition In %	2021 million NIS	Composition In %
Insured parties who	6,170	63	6,229	58	6,216	58
Insured parties who	3,632	37	4,533	42	4,515	42
Group insurance	21	0	25	0	23	0
Total	**9,823**	**100**	**10,787**	**100**	**10,754**	**100**

8.2. Pension funds

	2023 million NIS	Compositi on	2022 million NIS	Compositi on	2021 million NIS	Compositi on
Members who are	8,838	92	7,881	92	7.140	92
Members who are self-	802	8	714	8	640	8
Total	**9,640**	**100**	**8,595**	**100**	**7,781**	**100**

8.3. Provident funds

	2023		2022		2021	
	million NIS	Composition In %	million NIS	Composition In %	million NIS	Composition In %
Members who are salaried employees[20]	2,273	81	1,814	77	1,619	77
Members who are individuals or self-employed[21]	540	19	548	23	481	23
Total	**2,813**	**100**	**2,362**	**100**	**2,100**	**100**

20 Includes fund for sick leave pay and Makefet Taktzivit, in amounts that are not material for each of these years.

21 Includes provident fund for investment and Savings for Every Child.

8.4. **Redemption rate**[22]

In life insurance, the redemption rate out of average reserve in 2023 was 4.8%, compared to 3.8% in 2022 and to 3.4% in 2021.

In pension funds[23], the redemption rate out of average accrual[24] in 2023 was 8.0%, compared to 8.3% in 2022 and 8.4% in 2021.

For provident funds, the redemption rate out of average accrual[25] in 2023 was 13.5%, compared to 11.4% in 2022 and 14.1% in 2021.

Migdal Insurance is not dependent on any single customer or small number of customers in life insurance and long term savings. Moreover, the Company has no single customer where Company revenues from such customer exceed 10% of total revenues of Migdal Insurance Group on the consolidated financial statements.

[22] Redemption rate includes outgoing portability.

[23] Data is for new pension funds.

[24] Average accrual is the average of net asset balance at start of period and net asset balance at end of period in the fund.

[25] Average accrual is the average of net asset balance at start of period and net asset balance at end of period in the fund.

Segment B – Health insurance

9. **Key products and services**

9.1. Overview of the operating segment

The health insurance sector includes the Group's insurance operations in the following sub-sectors: medical expense insurance (such as surgery, medications and implants), severe illness insurance, nursing insurance, dental insurance, overseas travel insurance and personal accident insurance for terms longer than one year.

The health insurance sector is evolving and growing, and is subject to extensive regulation. Supply and demand in this sector are affected *inter alia* by Government policy in respect to healthcare, including expansion or reduction of the healthcare basket[26] and other services provided as part of SHABAN (additional healthcare services)[27], by increase in quality of life and in life expectancy, and by technological developments in healthcare that allow for use of advanced medications and medical treatments.

9.2. Key segment attributes

Health insurance is designed to indemnify or compensate the insured party in case of illness or accident impacting their health.

Insurance coverage offered by insurance companies in this sector are primarily classified under the following tiers:

(a) Alternative insurance (alternative to services included in healthcare basket / additional healthcare services);

(b) Complementary insurance (insurance coverage beyond the coverage included in healthcare basket / additional healthcare services);

(c) Additional insurance (insurance not included in current coverage in healthcare basket / additional healthcare services).

The insurance coverage is typically offered as a separate insurance policy, or as an insurance component added to another insurance policy, or by a group combining multiple insurance coverages.

Insurance premiums are fixed or variable during the insurance period based *inter alia* on the age and health of the insured party.

Health insurance is offered as an individual insurance policy for to the insured party ("**individual insurance**") and as part of collective insurance agreements ("**collective insurance**").

Individual insurance – Typically, individual insurance consists of insurance programs offered for long periods (for the insured party's lifetime or through a pre-determined age), even in case of change in the insured party's health during this period. As from February 2016, most of the health insurance programs marketed are subject to provisions whereby the insurance period would be automatically renewed once every two years.

Since these insurance programs are typically for long periods, and some accrue significant reserves over such periods, changes to actuarial assumptions and projections with regard to future risk, such as morbidity rates, evolution of life expectancy and evolution of claim expectancy, may result in material changes to provision amounts. Given the significant weight of such reserves, income from investments held against insurance reserves in this sector have material impact on profitability of this sector.

Moreover, due to the fact that medical expense insurance programs are typically for longer periods, insurance companies may, in insurance policies marketed prior to February 2016, modify the terms and conditions and/or the premium table for current insured parties, subject to approval by the Supervisor. However, as for insurance policies marketed as from February 2016 and their provisions

[26] The basic healthcare basket provided to all residents in Israel, pursuant to the National Healthcare Insurance Act, 1994.

[27] Programs for additional healthcare services provided by HMOs (as expansion / alternative to the healthcare basket).

for revision of prices and coverage, it is uncertain for how long the Supervisor would approve a tariff update, and therefore product profitability is also uncertain.

Collective insurance – Terms and conditions for collective insurance are negotiated between the insurer and the entity representing the collective, and apply to all individuals included in the collective. These agreements are signed for pre-determined terms, typically of several years. Premiums may include provisions for adjusting the premium over the insurance period. Premium collection in collective insurance is typically by a single payment on behalf of all insured parties in the collective. Terms and conditions of a collective insurance policy may be more extensive than those of an individual insurance policy. Once an insured party leaves the collective, typically they must be offered the right to continue with a similar individual insurance policy, at the same terms and conditions of the collective insurance policy.

9.3. Key changes

Below are significant changes in this sector during the reported period:

9.3.1. Legislation applicable to the health insurance sector

The Economic Streamlining Act and guidelines issued by the Supervisor include legislation amendments and directives with regard to the health insurance sector, as follows:

Amendment to the Insurance Supervision Act

The amendment to the Insurance Supervision Act, included in the Economic Streamlining Act, includes mandatory payment by the insurance company to the HMO if the insured party is both covered by a surgery insurance policy classified as "Insurance starting from NIS 1", marketed after February 2016, and is a member of the HMO's additional healthcare services program (hereinafter: "**SHABAN**"), and has elected to apply the SHABAN for the surgery. That is the case, provided that such surgery is covered by the insured party's insurance policy, and the clinician performing the surgery has a surgery agreement in place with the insurer, or is included in the insurer's list of expert clinicians. Subject to the foregoing, the insurance company shall provide payment to the HMO, equal to the lower of the surgery price listed in the Ministry of Health tariff or the surgery price for the insured party, as specified by the Minister of Health in an ordinance, if specified, net of the deductible payable by the insured party to the HMO. The insurance company may appeal the payment notice, based on the provision and by the dates specified in legislation.

The Capital Market Authority shall operate and maintain a secure online interface to be used for transfer of the required information between insurance companies and HMOs, and may specify directives that would be applicable to insurance companies and HMOs with regard to operation of the online interface and transfer of information using this interface.

The amendments described in this section (a) shall apply to surgery insurance programs sold or renewed on or after October 1, 2023.

Moreover, upon renewal of an individual surgery insurance policy marketed after February 2016 classified as "Insurance starting from NIS 1" (on June 1, 2024), the insurance company shall move insured parties who are members of additional healthcare services programs, from this insurance policy to a surgery insurance policy of type "Complementary to additional healthcare services", without re-assessment of any prior medical condition and without any waiting period. This would be done unless the insured parties informed the insurance company, within one year, that they do not wish to move to a surgery insurance policy of type "Complementary to additional healthcare services", but would rather stay with their original "Insurance starting from NIS 1" insurance policy.

Amendment to Economic Streamlining Act (Legislative amendments for achieving the budget objectives for budget years 2015-2016)), 2016

In addition to provisions of section (a) above, this amendment also stipulates as follows: The insurance company shall establish a single list of surgeons with whom it has a surgery agreement in place, which would apply to all insurance programs that include surgery insurance, which are marketed by the insurance company; The insurance company shall list the clinicians such that at least one half of all clinicians on the list are active clinicians on clinician lists of HMOs, and the insurance company shall not revise or terminate a surgery agreement with any surgeon if such change would reduce the overlap with one or more HMOs, unless such change is approved by the Supervisor. This legislation amendment became effective on October 1, 2023.

Health insurance reform

On October 1, 2023, the comprehensive health insurance reform, first issued by the Supervisor in 2022, became effective through various regulatory directives, that include a host of changes to health insurance intended *inter alia* to make it easier for insured parties to compare health insurance products from different insurance companies and their costs, thus allowing the insured party to make an informed decision with regard to the insurance product that is most appropriate for them ("the **regulation**"). For more information about the content of this regulation, see section 9.3.2 of the 2022 annual report.

Amendment of the Unified Circular, volume 6, part 3, chapter 2 "Mandatory offering of a program with insurance coverage complementary to additional healthcare services"

In March 2024, as part of the regulation and as part of the Government decision regarding reduction of duplicate insurance in individual health insurance, and in order to specify the coverage set in the insurance policy so as to provide the optimal insurance coverage for the insured party, the Supervisor issued an amendment revising the terms and conditions of insurance policies for surgery and surgery-substitute treatments in Israel, complementary to additional healthcare services ("**Complementary to additional healthcare services insurance policy**"). According to this amendment, the insurance company shall only indemnify an insured party for private surgery in Israel in the following cases: (1) The additional healthcare services program in which the insured party is enrolled does not have insurance coverage for the insurance expenses; (2) The surgeon does not have a surgery agreement with the HMO and does have one with the insurance company.

The amendment further stipulates as follows: (1) The insurance policy shall indemnify an insured party for the deductible they paid for a surgery financed by the additional healthcare services program, even if the clinician is not listed as having an agreement with the insurance company; (2) The insurance policy shall indemnify an insured party for purchase of any device that is no covered by the additional healthcare services program, but is covered by the insurance policy of the insurance company.

These provisions shall apply to any complementary to additional healthcare services insurance policy (individual or collective) to be contracted or renewed as from the issue date of this amendment.

Circular regarding "Transfer of insured parties to complementary to additional healthcare services insurance policy"

In March 2024, the Supervisor issued a circular regarding "Transfer of insured parties to complementary to additional healthcare services insurance policy" (hereinafter: "the **circular**"), which stipulates provisions and ruled that govern the transfer of insured parties from a surgery insurance policy of type "Insurance starting from NIS 1" ("the **original insurance policy**") to a surgery policy of type "Complementary to additional healthcare services insurance policy", further to legislation in this regard enacted in the amendment to the Supervision Act, as set forth in section (d) above. The circular stipulates provisions with regard to notifications and how the insurance company is to contact the insured parties; rules for maintaining insurance continuity and discount rates; how the insured party is to contact the insurance company with regard to cancellation of such transfer, and rules for cancellation of such transfer; as well as rules regarding disclosure and advertising required of the insurance company as part of the transfer process of insured parties to a complementary to additional healthcare services insurance policy, as noted above. The circular is effective as from the publication date thereof.

Migdal Insurance is acting to apply the directives as set forth in the above paragraphs. In this regard, it started marketing insurance products adapted to statutory provisions, some of which have been re-priced.

As of the report date, given the scope and material nature of the aforementioned provisions, and given the preliminary implementation stages of these provisions, the Company is unable to fully assess the impacts of applying these provisions considering *inter alia* potential changes to services to be provided by the additional healthcare services and the scope thereof, the scope of sales and preservation of such insurance policies, the conduct of the health insurance market and the public due to changes included in the aforementioned provisions and in contracting terms and conditions with suppliers.

9.4. **Description of key insurance coverage / services offered by the Group:**

Program type	Nature of coverage
	Medical expenses insurance
Health insurance – surgery in Israel*	Provides coverage for expenses involved in private surgery in Israel. Insurance policies marketed as from January 2014, in conformity with the Supervisor's directives, do not allow the insured party an option to obtain monetary compensation should they elect to have surgery under the additional healthcare services, or in a public facility. Coverage for surgery in Israel is offered in multiple tiers, including coverage for surgery in Israel with deductible, complementary to additional healthcare services and coverage "Insurance starting from NIS 1". As from February 1, 2016, surgery coverage is offered as part of a uniform insurance policy across all insurance companies, under the "Insurance starting from NIS 1" track or as complementary to additional healthcare services. As from July 1, 2016, coverage is only provided for surgery conducted by service providers included in the agreement.
Health insurance – surgery overseas*	Provides coverage for expenses involved in private surgery overseas. Further to section 9.3.1(c), as from October 2023, such insurance is offered by a uniform insurance policy.
Health insurance – implants*	Provides coverage for expenses involved in organ implants and/or special treatment overseas. Further to section 9.3.1(c), as from October 2023, such insurance is offered by a uniform insurance policy.
Medication insurance*	Provides coverage for medications not included in the healthcare basket. Further to section 9.3.1(c), as from October 2023, such insurance is offered by a uniform insurance policy.
Dental insurance	Provides coverage for expenses involved in dental treatment, in multiple coverage tiers: Preservative treatment, gum treatment, restorative treatment, implant treatment and orthodontics. As of the report date, this coverage is

Program type	Nature of coverage
	offered by Migdal Insurance only for collective insurance and for set terms.
Healthcare riders	These primarily provide coverage for ambulatory services and reimbursement of additional medical expenses, other than during hospitalization.
Service riders	Medical services, primarily provided by medical providers, and include *inter alia* rapid diagnostics services, online consulting and unconventional medicine treatments.

* In individual insurance programs marketed through February 1, 2016, such insurance coverage was offered for life. Individual insurance programs for medical expenses, marketed after February 1, 2016, are renewed once every two years, on June 1 of the applicable calendar year, as from 2018, automatically or at terms and conditions set forth in the applicable legislation.

Program type	Nature of coverage
	Severe illness insurance
Severe illness	Insurance coverage providing insurance payout to the insured party (primarily monetary compensation, as opposed to indemnification) in case of any severe illness or severe medical event, listed in a pre-defined list included in the insurance program. Insurance programs marketed through February 1, 2016 offered this coverage for a specified term. Insurance programs marketed after February 1, 2016 are renewable, as from 2018, once every two years up to the age specified in the insurance policy.
	Nursing care insurance
Nursing care insurance	Insurance coverage providing insurance payout should the insured party require nursing care, as defined in the insurance policy, after a waiting period as set forth in the insurance policy. Insurance payout is provided for a specified term, or for life – depending on terms and conditions of the insurance policy. In insurance programs marketed until 2012, the monthly payout was linked to the investment portfolio, in conformity with terms and conditions set forth in the program. As from 2012, the insurance program linked the monthly payout in cases requiring nursing care, to the Consumer Price Index in conformity with terms and conditions of the program. Under certain conditions, in case premium payments are discontinued prior to end of the insurance period, the insured party is eligible for partial insurance coverage, in conformity with terms and conditions set forth in the insurance policy. In individual insurance, this coverage is offered for life. As from November 13, 2019, Migdal Insurance no longer markets individual nursing care insurance policies. The insurance policies marketed by Migdal Insurance through said date shall remain valid, and Migdal Insurance shall continue to fulfill its obligations pursuant there to.
	Personal accident insurance (for terms longer than one year)
Personal accident	This program provides insurance payout to the insured party for damage (compensation) or medical expenses (indemnification) resulting from an accident. This coverage is multi-annual and provided for cases of death, burns, fractures, situations requiring nursing care, hospitalization or disability, and for medical expenses caused by an accident. It may also include coverage for temporary disability resulting from an accident. This insurance coverage is offered for a specified term. Note that the Company no longer markets this product as from May 2021.

Program type	Nature of coverage
	Travel insurance
Overseas travel	Provides indemnification for expenses involving medical events that occurred overseas, as well as for third party damage, luggage, trip cancellation or shortening, as well as a rider adapted for COVID, including expense reimbursement in case of trip cancellation or shortening during a pandemic, all in conformity with terms and conditions of the specific insurance policy.

For more information about results by health insurance policy type, see Note 19 to the financial statements.

10. Competition

10.1. Overview

Major competitors in this sector are in two key groups: Insurance companies, most of which operate in this sector, and HMOs, which offer some of the insurance coverage as part of additional healthcare services (SHABAN). There is fierce competition in this sector between insurance companies due *inter alia* to the multitude of competitors and product similarity.

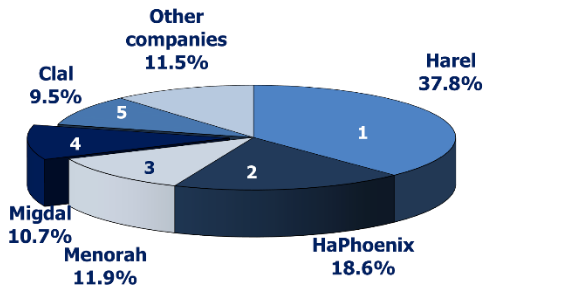
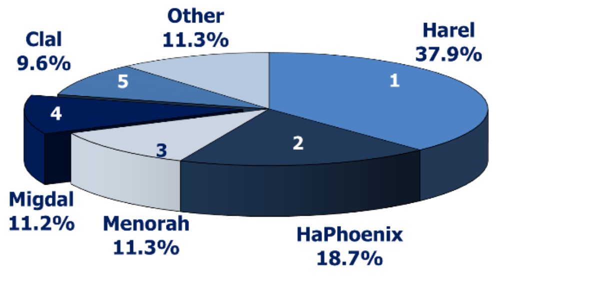
The health insurance sector in Israel is dominated by the top five insurance groups: Harel, HaPhoenix, Clal, Migdal and Menora, with Harel being the most dominant with a 38% market share of premiums, for the period ended September 30, 2023.

Collective insurance accounts for 43% of all premiums in this sector in 2022[28]. Collective nursing care insurance accounted for 25% of all premiums in this sector, primarily nursing care insurance for HMO members. The Group's share of the Collective nursing care insurance market is small, and the Group has no agreements in place with HMOs for nursing care insurance.

10.2. Market data

Below is market data in terms of premium:

Total health insurance business[29]:

For January-September 2023	For January-September 2022-
	

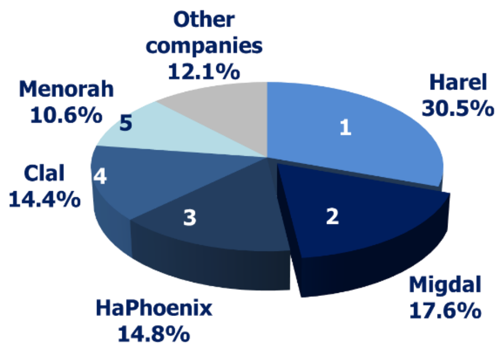
Individual and collective insurance[30] for 2022:

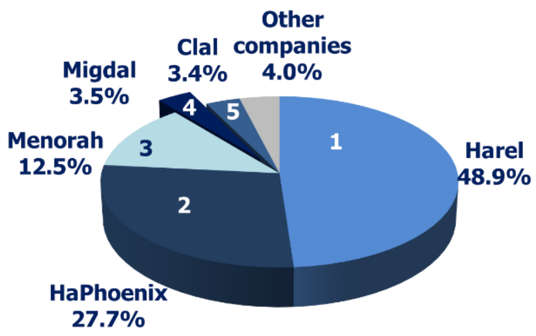
[28] Based on 2022 annual report by the Capital Market, Insurance and Savings Authority Excludes disability insurance, foreign workers, personal accidents and other.

[29] Market share based on processing of reports by the Ministry of Finance on the website ("**Management Reports").**

[30] Market share for individual and collective insurance based on 2022 annual report by the Capital Market, Insurance and Savings Authority. Excludes disability insurance, foreign workers, personal accidents and other.

Individual insurance | **Group insurance**





10.3. **Major ways by which the Group addresses competition in this segment**

The Group addresses the competition through branding in the health insurance market and additional services, and by fairly and correctly pricing its products, with emphasis on innovation in products and providing high-quality, professional service to both insurance agents and insured parties.

The Group strives to expand the offered products and services, and to improve current products offered by the Group, while maintaining its high quality service to customers and agents, with operating efficiency achieved through *inter alia* development and use of digital tools to help provide simple, rapid service at enrollment and during the insurance period – most notably in case of filing a claim.

The Group strives to expand its business *inter alia* by directing its agents to this operating segment, and recruiting new agents specialized in health insurance products, who provide personalized service to their customers. Through these agents, the Company targets other target audiences and sells additional coverage to existing insured parties.

Concurrently, the Group strives to preserve insurance policies of current customers, and to take part in collective insurance tenders with appropriate potential for profitability. All this is done with emphasis on underwriting policy, expanding the actuarial data base as a tool for risk management and efficient claim management.

11. **Customers**

Below is information about gross premium composition in health insurance for 2021-2023:

	2023		**2022**		**2021**	
	NIS in millions	**Composition in %**	**NIS in millions**	**Composition in %**	**NIS in millions**	**Composition in %**
Individual insurance	1,723	88	1,624	88	1,518	88
Collective insurance	227	12	219	12	198	12
Total	**1,950**	**100**	**1,843**	**100**	**1,716**	**100**

For individual nursing care insurance policies, the cancellation rate in terms of premium, out of insurance policies in effect at start of year, was 1.8% in the reported period, compared to 1.7% in 2022 and 1.2% in 2021.

For other individual health insurance policies (other than nursing care insurance and including other sub-sectors of insurance policies for terms longer than one year), the cancellation rate in terms of premium, out of insurance policies in effect at start of year, was 11.0% in the reported period, compared to 9.2% in 2022 and 9.0% in 2021.

The Group is not dependent on any single customer or small number of customers in health insurance. Moreover, the Company has no single customer where Company revenues from such customer exceed 10% of total revenues of the Company on the consolidated financial statements.

Segment C – Non-life insurance

12. **Key products and services**

12.1. **Overview**

The non-life insurance sector includes mandatory auto, auto property and other non-life insurance sectors (see details below), which are not included in the life insurance and long term savings sector (listed in section 6 above) nor in the health insurance sector (listed in section 9 above), as follows:

Mandatory auto insurance – Focused on coverage for bodily injury, which vehicle owners or drivers are required by law to purchase (Motor Vehicle Insurance Ordinance [New Version], 1970). For more information about specific features of the mandatory auto insurance sector, see sections 12.3 and 12.4 below.

Auto property insurance – Focused on coverage for property damage caused to the insured vehicles, and property damage caused by the insured vehicle to a third party. For more information about specific features of the auto property insurance sector, see section 12.3 below.

Other non-life insurance sectors – Of the other non-life insurance sectors not listed above, the Group is primarily focused on property and liability insurance sectors, providing coverage for specific risk, or bundled coverage for homes, businesses and so forth, combining multiple types of insurance coverage. For more information about specific features of the other non-life insurance sectors, see section 12.4 below.

12.2. **Key changes in this sector during the reported period**

12.2.1. **Government's economic plan for 2023-2024**

In February 2023, the Government passed resolutions with regard to the economic plan including the following resolutions applicable to the non-life insurance sector.

Reduction of insurance expenses – auto spare parts

In accordance with explanations of the aforementioned Government resolutions, under current regulations, auto assessors are required by the Ministry of Transportation to provide their assessment based on the list price set by car importers, and spare part suppliers and insurance companies are charged the amount specified by the appraiser. Consequently, the cost of car repair in a claim is higher, and some vehicles are needlessly scrapped, and the public ultimately bears this cost by way of higher insurance cost.

The Government resolutions specify that the Minister of Transportation and Road Safety shall submit for consultation with the Auto Appraisers' Advisory Commission, draft professional directives based on the professional guidelines for auto appraisers, which would specify that car appraisal shall list the market price for spare parts required for replacement or repair. As noted in the explanation of this proposed resolution, this price shall be based on the expected price for a willing buyer and a willing seller, which may be estimated based on contracting between insurance company and car repair service center, or between insurance company and spare part supplier, with due attention to the price of spare parts available upon preparing the appraisal. The explanation of this proposed resolution further notes that this resolution shall not derogate from any authority conferred by law on insurance companies to act to reduce the damage for which the insurance company is liable.

Reduction of Court case load – car claims

As part of the Government's resolutions, a decision was made designed to reduce the case load at Courts of Law, to promote legislative amendment to require insurance and leasing companies to settle auto property claims, which are typically litigated by rapid litigation proceeding, through a mandatory arbitration proceeding. The ruling in such proceeding would not require a hearing, and would be based on filing documents, digital documentation and statements of claim, unless the arbitrator should deem such a hearing necessary.

As of the report date, no directives and/or legislative amendments have been made public with respect to the resolutions listed in sections (a) and (b) above. It is unclear if and when they would be made public, and therefore Migdal Insurance is unable to fully assess the materiality and impact of these resolutions on its operations, if any.

12.2.2. **Supervisor's ruling on amounts deducted from insurance payout for auto property insurance, with respect to difference in spare part prices for vehicles repaired in a service center not listed in the agreement with the insurance company**

In September 2023, the Supervisor ruled on payment of reduced insurance payout for auto property insurance, with respect to difference in spare part prices for vehicles repaired in a service center not listed in the agreement with the insurance company. This ruling followed public inquiries addressed to the Supervisor, which revealed that in auto property insurance policies, some of the insurance companies partially deducted from the insurance payout the difference between the spare part importer's price list, as quoted by the appraiser in their appraisal, and the amount payable by the insurance company for these spare parts, had they been purchased from spare part suppliers with which the insurance company has contracted.

The ruling stipulates *inter alia* that the insurance company may not deduct from the insurance payout, nor take similar action, for any insured party who informed their insurance company of the insurance event immediately after learning about it, has collaborated with the insurance company, has acted in good faith to repair their vehicle in a service center not listed in the agreement with the insurance company and was not clearly informed by the insurance company in advance of their rights, obligations and the implications thereof.

The ruling also stipulated that the insurance company must provide to the insured party clear disclosure with regard to the conduct expected of them upon occurrence of any insurance event, and must ensure that when a claim is settled, the insured party received clear instructions how to act in order to minimize the damage, and that this was conveyed to the insured party in such time and manner as to allow them to take reasonable action prior to making the repairs.

As for reduction of the deductible, the ruling stipulated that prior to making such reduction, the insurance company shall consider, under the circumstances, to allow the insured party the option of paying a lower deductible, as they would have paid had the vehicle been repaired in a service center listed in the agreement with the insurance company.

As of the report date, Migdal Insurance started to apply the principles set forth in the Supervisor's ruling.

12.2.3. **Filing an insurance program in the auto property sector – draft**

In February 2024, following the publication of the Supervisor's ruling, as set forth in section 12.2.2 above, and after considering the comments made to the Authority following the request for comments issued with regard to payment of reduced insurance payout in auto property insurance, with respect to the difference in spare part prices when the vehicle is repaired in a service center not listed in the agreement with the insurance company, the Supervisor issued a draft insurance circular regarding "Filing an insurance program in the auto property sector" (hereinafter: "the **Draft Circular**"). In the Draft Circular, it is proposed to clarify that an insurance company acting to minimize the damage in auto property insurance, should do so while acting fairly and in good faith. Thus it is proposed to stipulate, that in cases where the insured party collaborated with the insurance company, resulting in cost savings, or in cases where the insurance company reduced the insurance payout in conformity with rules on minimizing the damage, the insurance company shall deduct from the insurance payout a deductible amount as if the insured party had the vehicle repaired in a service center listed in the agreement with the insurance company. It is further suggested that, in order to avoid a situation where the average claim cost increases after vehicles are classified as deemed total loss, rather than having the damage repaired by an authorized service center, that insurance companies would not include in their insurance programs an optional compensation for deemed total loss, and that vehicles would only be scrapped in case of total loss which requires the damaged vehicle to be taken off the road.

As of this date, the final wording of the circular has yet to be published, and Migdal Insurance is unable to fully assess the implications on its operations of this draft, should it materialize into a finalized circular.

12.3. **Description of key insurance coverage offered by the Group and key features thereof**

Program type	**Nature of coverage**
	Auto insurance
	Mandatory auto insurance
Providing insurance coverage pursuant to the Motor Vehicle Insurance Ordinance [New Version], 1970 ("**Motor Vehicle Insurance Ordinance**").	The product is an insurance policy to cover bodily injury due to use of the vehicle, and it is mandatory pursuant to the Motor Vehicle Insurance Ordinance. Mandatory auto insurance covers, in conformity with the Auto Insurance Ordinance, the owner and driver of the vehicle against any liability they may incur pursuant to the Road Accident Victim Compensation Act, 1975 ("**RAVCA**") for any bodily injury sustained due to use of a motor vehicle, by the driver, passengers in the vehicle or pedestrians impacted by the vehicle. This is a standard insurance policy, that must be issued in conformity with provisions of the Supervision Regulations for Financial Services (Insurance) (Contractual terms for mandatory motor vehicle insurance), 2010. The insurance payout is not capped, except for certain damage headings, such as "pain and suffering", which are capped, as well as compensation for loss of wages, all subject to coverage limitations set forth in the RAVCA. Amendments to the RAVCA and/or verdicts regarding interpretation thereof affect the coverage. Mandatory auto insurance policies are typically issued for a one-year term. However, claims in this sector are longer and may take several years to resolve, due to the time elapsed from occurrence of the event subject of the claim, and final formulation of the damage and settlement of the claim. Tariff principles are based on the Supervisor's guidelines, grouped under the Unified Circular. According to these principles, the parameters are set, to be used by an insurer in setting their tariff and procedures to be applied by an insurer with regard to approval of the insurance premium. The Group applies a differential tariff, based on some of the relevant variables which the Group elected as most appropriate for risk assessment and for setting the premium.
	Auto property insurance
Property auto insurance includes property damage coverage for the insured vehicle and property damages that the insured vehicle may cause to third parties.	This product is an auto insurance policy, providing coverage for damage that may be incurred by the vehicle or by third party property. There are multiple types of auto property insurance: (a) Third party auto insurance, which only covers damage to third party property. (b) Comprehensive coverage for damage to both third party property and to the insured vehicle, such as theft. (c) Partial comprehensive coverage, which excludes damage due to accident or theft. Auto property insurance policies are in two major classes, by type of vehicle: • Insurance for private and commercial vehicles weighing up to 3.5 tonnes – provides insurance coverage pursuant to the

Program type	Nature of coverage
	standard insurance policy terms and conditions, as set forth in provisions of the Supervision Regulations for Insurance Business (Contractual terms for private auto insurance), 1986. Riders may be added to the standard insurance policy, with respect to coverage and the risk covered (these riders offer various coverage options such as glass breakage, roadside and towing service, substitute vehicle and so forth). The tariff is a differential actuarial tariff (risk-adjusted, non-uniform), based on multiple parameters: Those related to the insured vehicle (such as type, model etc.) and to the insured party (number of permitted drivers, their age, claims experience and so forth). • Insurance for other types of vehicles not included above, such as: Trucks weighing over 3.5 tons, motorcycles, taxis, heavy machinery, buses, farm equipment and so forth. Insurance policies for these vehicles are not subject to terms of the standard insurance policy.
	Other non-life insurance
	This sector primarily includes two types of insurance: Property insurance, providing coverage for loss or physical damage to property of the insured party, and liability insurance, providing coverage for monetary indebtedness by law, owed by the insured party to a third party for bodily injury or damage to property incurred as set forth below. This sector also include personal accident insurance policies, for a one-year period.
	Property insurance
	Property Insurance is designed to provide coverage for the insured party against loss or physical damage to their property. Major risk types covered by property insurance policies are: fire, explosion, burglary, earthquake and natural disaster. Property insurance often include coverage for consequential damage (loss of earnings) due to physical damage to property. This is a component of home insurance, merchant insurance, engineering insurance, cargo in transit (sea/land/air) insurance and so forth. In most cases, property insurance policies are issued for a one-year term. Note that merchant insurance policies are issued for a term of 12 to 18 months. Furthermore, in most cases, claims with respect to such insurance policies are resolved soon after the insurance event occurrence. Insurance coverage in this sector is provided to individual and business customers. Key products in property insurance are as follows:
Home insurance	Includes insurance for the building and content of residential homes, based on property insurance as set forth below, plus liability insurance related to a residential home (third party liability and employer liability with respect to household employees). The home insurance policy is based on terms of the standard home insurance policy, as set forth in provisions of the Supervision Regulations for Insurance Business (Contractual terms for home and content insurance), 1986. Riders may be added to the standard insurance policy, with regard to scope of coverage. Coverage

Program type	Nature of coverage
	offered by the Group includes *inter alia* water damage. The tariff is a differential actuarial tariff (risk-adjusted), based on features of the insured property. Furthermore, under home insurance, the Group offers a "**Building incidental to mortgage**" insurance policy, which only covers the building, in conformity with the standard insurance policy, with the key target audience being mortgage borrowers.
Merchant insurance	Merchant insurance is typically an insurance program providing multiple types of coverage (property insurance and liability insurance), designed to combine in a single insurance policy all of the coverage required for the merchant. Property insurance, building and content used for business, against fire risk and associated risk (cover for other risk, sold together with fire risk coverage, such as: coverage for burglary, explosion, earthquake). This coverage may be expanded to cover consequential damage, such as loss of revenues, as well as liability insurance. Underwriting for this product is primarily based on analysis of the specific risk, and for large merchant insurance, also in conformity with terms and conditions of re-insurance of the risk covered.
Other property insurance	Under other property insurance, the Group offers insurance coverage such as maritime and air insurance (ships, airplanes, cargo transport), contractor work insurance, insurance for engineering machinery, trustee insurance and all risk insurance. Operations in these insurance sectors are not material.
	Personal accident insurance (for one-year term)
	Personal accident insurance provides compensation to the insured party for damage incurred due to an accident they had. Coverage is provided for accidental death or disability, and may include coverage for temporary disability. The non-life insurance sector includes personal accident insurance policies for a one-year term only, as personal accident insurance for terms longer than one year are included under the health insurance sector. Note that Migdal Insurance no longer markets personal accident insurance policies, as from February 1, 2021.
	Liability insurance
	Liability insurance is intended to cover any lawful liability of the insured party, for any damage they may cause to any third party. Liability insurance policies are typically issued for a one-year term. Note that merchant insurance policies are issued for a term of 12 to 18 months. However, claim resolution in this sector is longer, up to several years, due to multiple reasons: Damage covered by the insurance policy is sustained by a third party other than the insured party on the insurance policy, the time elapsed, from occurrence of the event subject of the claim to incurring the liability and damage and filing the claim, is relatively long. In many cases, this involves a relatively complex factual and legal elaboration, both with regard to liability of the insured party and with regard to extent of the damage. The statute of limitations with regard to the cause of claim is longer

Program type	Nature of coverage
	than customary for property insurance. In third party liability and employer liability insurance, coverage is provided on per case basis (as opposed to insurance policies based on claim made, i.e. coverage is provided for events that occur during the insurance period, and the claim may be filed after expiration of the insurance period, subject to the statute of limitations. In professional liability, product liability and officer liability insurance, coverage is provided on claim made basis, i.e. coverage is provided for events that occur during the insurance period, or since a retroactive date listed, and the claim must be filed during the insurance period.
Third party liability insurance	This product is designed to protect the insured party from any liability they may incur for damage negligently caused to any third party. Coverage is customized for the insured party's activity, and the liability cap in the insurance policy is set by the insured party, at their discretion. This product is sold either as a single, stand-alone insurance policy (third party liability coverage only), or as part of an insurance policy consisting of multiple chapters (liability and property chapters), designed to consolidate in a single insurance policy all coverage required for a merchant.
Employer liability insurance	This product is designed to protect the insured party (employer) from any liability they may incur for damage negligently caused to any of their employees, in the course of their work. Coverage in such insurance policies is provided beyond the amounts covered by the National Insurance Institute, which handles work-related accidents. This product is sold either as a single, stand-alone insurance policy (employer liability coverage only), or as part of an insurance policy consisting of multiple chapters (liability and property chapters), designed to consolidate in a single insurance policy all coverage required for a merchant.
Other liability insurance	Insurance coverage is offered for product liability, professional liability and Board member and officer liability insurance.

12.4. **Specific arrangements for mandatory auto insurance sector**

12.4.1. **Residual insurance arrangement ("the Pool")**

Since, on the one hand, vehicle owners must insure their vehicle pursuant to the Motor Vehicle Insurance Ordinance, but on the other hand, insurance companies may refuse to insure any vehicle at their discretion, vehicle owners rejected by the insurance companies may purchase insurance under the Pool – Israeli auto insurance pool, a corporation jointly owned by the insurance companies. The pool creation, management and operations, obligations, each insurance company's share of the arrangement, settlement of co-insurance, including arrangements with regard to setting the tariff – all are governed by the Motor Vehicle Insurance Regulations (Residual insurance pool and tariff setting provision), 2001. All insurance companies doing business in the mandatory auto insurance sector are part of the Pool, and each one shares in profit or loss of the Pool, *pro rata* to its share of the mandatory auto insurance market, as determined at the end of the current year. For Group's share of Pool results, see section 2.8 of the Board of Directors Report.

12.4.2. **Karnit**

The Road Accident Victim Compensation Fund ("**Karnit**") is a corporation established pursuant to the RAVCA, in order to compensate injured parties who are eligible for compensation pursuant to this Act, but who are unable to claim such compensation from insurance companies due to any of the following: The liable driver is unknown, the liable driver has no mandatory auto insurance, or the insurance does not cover the liability, the vehicle insurer is in dissolution or an Authorized Administrator has been appointed to them. As from January 1, 2023, the insurance companies are required to transfer to Karnit 1% of net premium and the "NII component" (as set forth in section 12.4.4 below) charged for mandatory auto insurance policies. They are also required to transfer to HMOs, through Karnit, 12.66% of net premium and the NII component, whereas HMOs are liable for providing medical services for bodily injury sustained in a road accident (note that through said date, the amounts charged and transferred to Karnit did not include the NII component).

12.4.3. **"Light Heavy" settlement outline**

As part of mandatory auto insurance operations, the Association of Insurance Companies operates a settlement system for transfer of payments electronically between auto insurers, in conformity with the RAVCA and the Compensation for Road Accident Victims Ordinance (Arrangements for sharing compensation burden among insurers), 2001. All insurers are parties to this settlement system, and the arrangement applies to accidents involving vehicles insured under insurance policies. The Outline Administrator is authorized to conduct arbitration with regard to liability, from both legal and factual aspects.

12.4.4. **Subrogation right of the National Insurance Institute ("NII")**

Pursuant to Section 328 of the National Insurance Institute Act [Combined Version], 1995 ("**NII Act**"), the NII has a subrogation right, allowing them to individually sue the insurance companies for amounts paid or to be paid to their insured parties. Accordingly, as from January 2014, insurance companies are required to report to the NII in any case where the insurer deducted, or was entitled to deduct, from the compensation amount any pension amount paid or to be paid by the NII by law, which the NII may demand from the insurer. The directives also govern when and how such reporting should be made. Should the insurer not report this to the NII within the period set forth in the statute, the statute of limitations for claims by the NII with respect to the right of subrogation, would start upon receiving such report, or when the NII became aware of the proceedings whereby the insured party is eligible for compensation, whichever is sooner ("**original subrogation arrangement**"). In July 2021, a new arrangement was agreed by the insurance companies (including Migdal Insurance) and the NII ("the **Agreement**"), with regard to implementation of the NII right of subrogation pursuant to Section 328 of the NII Act, in cases where a third party is liable for compensation pursuant to the RAVCA. The Agreement stipulates that the parties would continue to operate their current resolution and settlement mechanism, for cases occurred from January 1, 2014 through December 31, 2022, which required the NII to pay compensation by law, giving cause to charging Migdal Insurance to pay compensation pursuant to the RAVCA. Migdal Insurance provided to the NII an advance payment on account of such cases, equal to 4.027% of premium charged by Migdal Insurance from 2014 to 2018 (amounting in total to NIS 103.2 million), to be offset by NII claims as aforesaid pursuant to the Agreement. Beyond this advance payment, settlement would continue in conformity with the existing mechanism. Moreover, an amendment to Section 328a of the NII Act stipulates a fixed percentage of premium which all insurers must transfer to NII with respect to road accidents occurring in or after 2023, *in lieu* of individual claim subrogation. In conformity with the aforementioned, the percentage of premium to be charged and transferred to NII in each year are as follows: In 2023 and 2024: 10% of premium; as from 2024: 10.95% of premium. Migdal Insurance believes that the aforementioned arrangements should not materially impact its financial results. Migdal Insurance also believes that in 2024, settlement between NII and insurance companies, as described above, should once again be resumed in conformity with the original subrogation arrangement.

Migdal Insurance believes that the arrangements set forth in this section 12.4 should not materially impact its financial results.

Company assessment whereby the arrangements set forth should not materially impact its financial results constitutes forward-looking information as defined in the Securities Act, based on information available to the Company as of the report date, as well as on assessments and assumptions by the Group, which are not certain to materialize and are not within the Company's control. These assessments may fail to materialize, and actual results may differ from those anticipated.

13. Competition

13.1. Overview

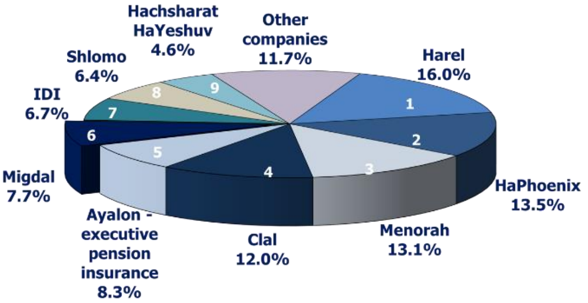
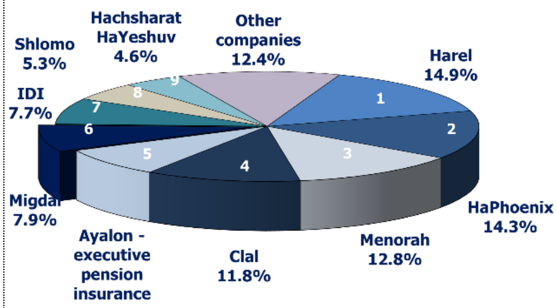
The non-life insurance sector sees fierce on-going competition, reflected in recent years in new entrants, primarily in individual insurance. Moreover, operations in this sector typically involve price fluctuations and changes to cost of claims. This market, including for individual insurance, is highly price-sensitive, and insurance companies compete by offering discounts, promotions and benefits to insured parties and in service provided to the insured parties, as well as in commission rates paid by these companies to insurance agents, which may result in lower profitability in this sector. Entry of competitors with digital operations, directly vis-à-vis the insured party, along with significant increase in direct operations of legacy insurance companies, resulted in significantly higher competition in these sectors.

According to data from the Ministry of Finance[31], in the first nine months of 2023, total gross premiums in the non-life insurance market increased by 13% compared to the corresponding period last year. In the first nine months of 2022, total premiums increased by 9% compared to the corresponding period in 2021. In the mandatory auto insurance sector, total premiums remained stable compared to the corresponding period last year. In the auto property insurance sector, premiums increased by 24%, in liability insurance – increased by 10% and in other (non auto) property insurance – increased by 12%. The Group's market share, as reflected in gross premiums in the first nine months of 2023, was 8%, with the Group ranked sixth in this period among those entities doing business in this sector, as set forth below. For details of change to Group premium in non-life insurance, see section 2.8 of the Board of Directors Report.

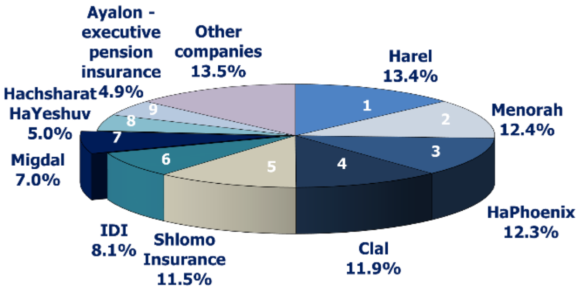
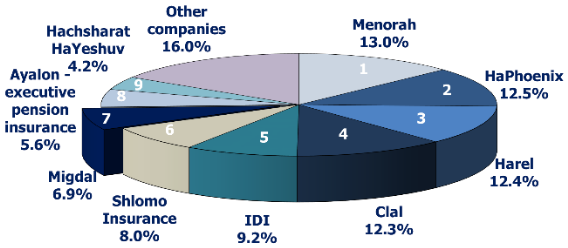
[31] Market share based on processing of reports by the Ministry of Finance on the website ("**Management Reports").**

13.2. Market share in gross premium terms[32][33]

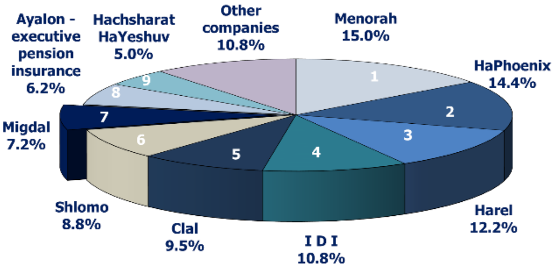
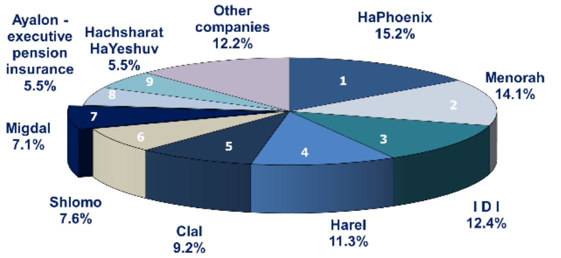
Non-life insurance sector in Israel overall:

For January-September 2023	For January-September 2022
	

Mandatory auto insurance:

For January-September 2023	For January-September 2022
	

Auto property insurance:

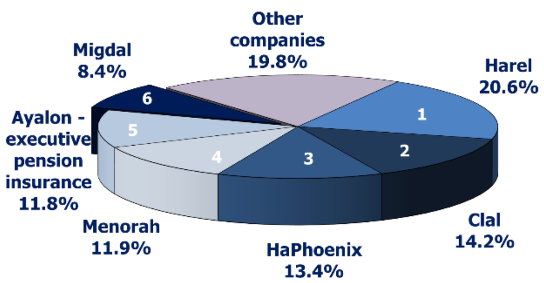
For January-September 2023	For January-September 2022
	

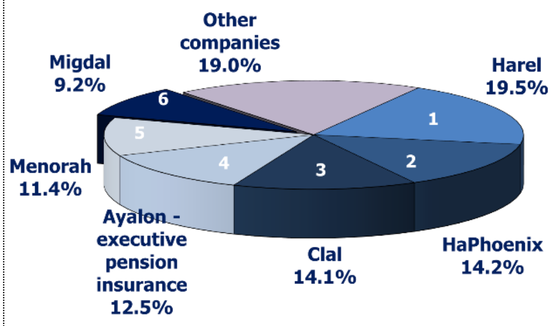
32 Data in this section is based on processing of reports by the Ministry of Finance on the website ("**Management Reports**"), unless otherwise explicitly specified.

33 Other Companies include The Fund for Natural Disaster Insurance in Agriculture Ltd., whose market share in January-September 2023 is 1.4%.

Other non-life insurance sectors:

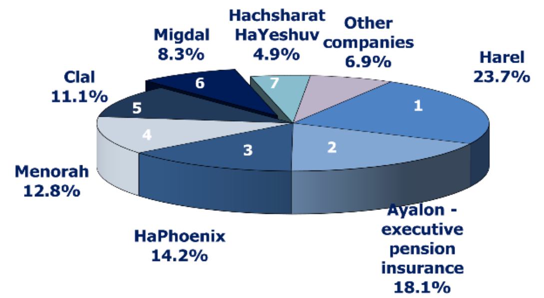
For January-September 2023 | For January-September 2022

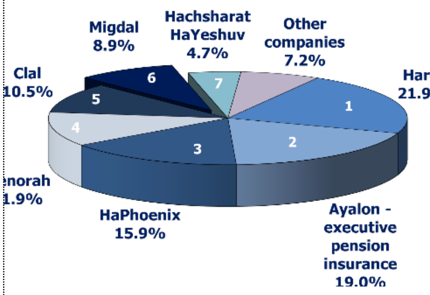




Liability sectors (other than mandatory auto):

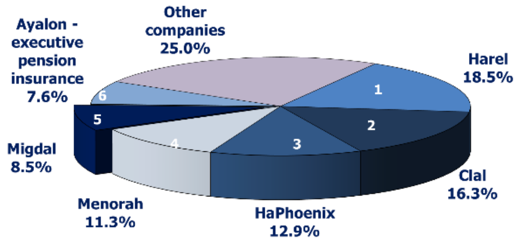
For January-September 2023 | For January-September 2022

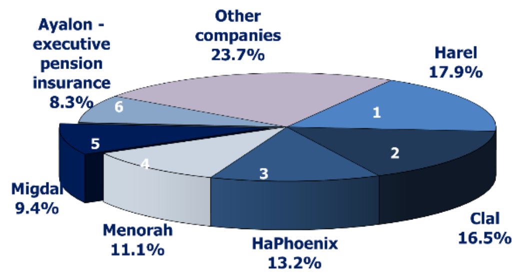




Property sectors (other than auto)[34]:

For January-September 2023 | For January-September 2022





13.3. Major ways by which the Group addresses competition

The Company addresses the competition in the non-life insurance sector on multiple levels:

13.3.1. Management of tariff in individual and business insurance – The Group manages the tariff in individual and business insurance so as to allow the Group to compete for market share and customers in which it is interested, while analyzing the information accumulated by the Group in the non-life insurance sector, which allows the Group to respond to market changes. The Company reviews from time to time new actuarial pricing models, including improvements to underwriting.

13.3.2. Refresh and diversify insurance coverage – From time to time, the Company reviews the insurance coverage it offers, refreshes and diversifies it in order to provide an accurate solution to customers, in line with changes to customer preferences.

[34] Other Companies include The Fund for Natural Disaster Insurance in Agriculture Ltd., whose market share in January-September 2023 is 5.5%.

13.3.3. Re-branding – From time to time, the Company re-brands its products in line with market trends, so as to ensure effective marketing and to improve its competitiveness.

13.3.4. Improvements to sales and marketing processes, including by using technology

13.3.5. Improving efficiency of claim settlement processes and improving service to agents and insured parties of the Company with regard to claims.

13.3.6. Making service accessible to customers and agents through technology – The Company strives to improve service and make it accessible to its customers and agents through operational streamlining, deployment and use of advanced IT systems, including development of various digital tools for agents, designed to make their work easier and more efficient.

14. Customers

14.1. Composition of non-Life Insurance operations

Below is information about composition of non-life insurance operations, by gross premium, in 2021-2023 (NIS in millions and in percent):

	2023		2022		2021	
	NIS in millions	Composition in percent	NIS in millions	Composition in percent	NIS in millions	Composition in percent
Individual insured parties and small business customers	1,755	74	1,522	73	1,378	74
Collective insurance and large enterprises[(1)]	617	26	549	27	494	26
Total	**2,372**	**100**	**2,071**	**100**	**1,872**	**100**

(1) Includes car fleets and car-related companies.

The increase in premiums in 2023, compared to 2022, was due to increase in number of insurance policies across most of the non-life insurance sectors, and to higher average premium in the auto property sector.

The Group is not dependent on any single customer or small number of customers in non-life insurance. Moreover, the Group has no single customer where Company revenues from such customer exceed 10% of total revenues of the Company on the consolidated financial statements. For more information about premium composition by sector in non-life insurance, see Note 3 to the financial statements.

14.2. Customer seniority and perseverance

14.2.1. Mandatory auto insurance

In 2023, the renewal rate in mandatory auto insurance, in terms of premium for insurance policies effective in the previous year, was 61%, compared to 69% in 2022 and to 57% in 2021. Below is information about composition of customer seniority in mandatory auto insurance, in terms of premium, for 2021-2023:

Number of years of insurance	2023	2022	2021
First year of insurance (no	41%	43%	34%
Second year of insurance (one year	19%	16%	19%
Third year of insurance (two years of	10%	11%	11%
Three years of seniority or longer	30%	30%	36%
Total	100%	100%	100%

(1) In 2022, the increase in share of premium with respect to new customers (no seniority) was primarily due to increase in number of new insurance policies, including due to Migdal Insurance being awarded a portion of the auto insurance tender for Government employees in 2022.

14.3. Auto property insurance

In 2023, the renewal rate in auto property insurance, in terms of premium for insurance policies effective in the previous year, was 82%, compared to 81% in 2022 and to 60% in 2021.

Below is information about composition of customer seniority in auto property insurance, in terms of premium, for 2021-2023:

Number of years of insurance	2023	2022	2021
First year of insurance (no	41%	40%	29%
Second year of insurance (one year	19%	16%	21%
Third year of insurance (two years of	10%	12%	11%
Three years of seniority or longer	30%	32%	39%
Total	100%	100%	100%

(1) In 2022, the increase in share of premium with respect to new customers (no seniority) was primarily due to increase in number of new insurance policies, including due to Migdal Insurance being awarded a portion of the auto insurance tender for Government employees in 2022.

14.3.1. Customers shared by mandatory auto and auto property insurance

In 2023, customers shared by mandatory auto and auto property insurance accounted for 85% of those insured in mandatory auto insurance, compared to 81% in 2022 and in 2021.

In 2023, customers shared by mandatory auto and auto property insurance accounted for 93% of those insured in auto property insurance, similar to 2022 and 2021.

14.3.2. Home insurance

In 2023, the renewal rate in home insurance[35], in terms of premium for insurance policies effective in the previous year, was 96%, compared to 95% in 2022 and to 91% in 2021. Below is information about composition of customer seniority in home insurance[36], in terms of premium, for 2021-2023 as percentage:

Number of years of insurance	2023	2022	2021
First year of insurance (no seniority)	15%	14%	10%
Second year of insurance (one year	12%	9%	10%
Third year of insurance (two years of	7%	8%	11%
Three years of seniority or longer	66%	69%	69%
Total	**100%**	**100%**	**100%**

[35] Excludes insurance for bank assistance in mortgages, which is part of collective run-off insurance.

[36] Excludes insurance for bank assistance in mortgages, which is part of collective run-off insurance.

Segment D – Financial services

15. Overview

Group operations in the financial services segment are carried out by Migdal Capital Markets and investees thereof ("**Migdal Capital Markets Group**"). Migdal Capital Markets was founded in 1965 and was acquired by the Group in 2001. Migdal Capital Markets Group is primarily involved in providing management services for financial assets, such as mutual funds, and market making in ETFs, investment portfolio management, management and marketing of alternative equity funds and hedge funds, marketing investments in Israel and overseas, investment banking and distribution, retirement marketing and management of the nostro portfolio.

16. Financial information for financial services segment[37]

Below are financial results of the financial services segment in 2021-2023 (NIS in millions):

	2023	**2022**	**2021**
Revenues from external parties	250	248	240
Revenues from other operating segments(1)	2	3	1
Total revenues	**252**	251	**241**
Costs not constituting revenues of other operating	197	192	180
Costs constituting revenues of other operating	3	3	3
Total costs	**200**	195	**183**
Income (loss) for the period before tax	**52**	56	**59**
Comprehensive income (loss) for the period before	**52**	56	**59**
Total assets on balance sheet	**628**	662	**588**

(1) Revenues of Migdal Capital Markets Group from: (1) Services provided to other Group companies with respect to distribution services related to debenture issues by Migdal Capital Raising in 2021-2023; (2) Inter-company interest of non-material amounts.

(2) Includes cost of rent paid by Migdal Capital Markets Group to another Group company.

The increase in revenues was primarily due to increase in revenues from alternative products and in revenues from financial and financing transactions, as well as by increase in variable management fees in mutual funds. The increase in revenues was mostly offset by decrease in fixed management fees due to change in asset mix and to decrease in revenues from investment banking and distribution operations.

17. General Information about the financial services segment

17.1. Overview

As noted above, Migdal Capital Markets Group is primarily involved in providing management services for financial assets, such as mutual funds, and market making in ETFs, investment portfolio management, management and marketing of alternative equity funds and hedge funds, marketing investments in Israel and overseas, investment banking and distribution, retirement marketing and management of the nostro portfolio. Note that Migdal Capital Markets Group considers from time to time entering into other operations in the finance sector.

17.2. Operating segment structure and changes there in

17.2.1. Overview

The financial services segment is subject to extensive regulation, including to decisions by various capital market regulators: The Israel Securities Authority, the stock exchange, Bank

[37] Information provided in this section is information which, according to the Securities Regulations, appears in Part B of description of corporate affairs. Because the periodic report was compiled in conformity with the Supervisor's circular, as mentioned in the introduction to this chapter, the financial information is presented as required by the Securities Regulations at the start of description of the financial services segment.

of Israel and the Supervisor. The segment involves constant, severe competition and is affected, to a very large extent, by high volatility in capital markets in Israel and overseas, including due to political and economic events that affect prices of securities on stock exchanges and on regulated markets.

17.2.2. **Operations of asset management, investment marketing and market making in ETFs**

Operations in this segment are focused on asset management and investment marketing for Migdal Capital Markets Group, and primarily consist of management and marketing of mutual funds through Migdal Funds, management of investment portfolios and investment marketing through Migdal Portfolio Management, as well as investment marketing to qualified clients in Israel and overseas through other Migdal Capital Markets Group companies. Migdal Capital Markets is involved in mutual fund management, including management of ETFs and market making for such operations. Such market making is conducted by Migdal Market Making Ltd. ("**Migdal Market Making**" or "the **Market Maker**"), a company wholly owned and controlled by Migdal Capital Markets.

17.2.3. **Other operations in this operating segment which are not material for Group operations**

Issuance and underwriting – On September 4, 2023, Migdal Issuances Ltd. ("**Migdal Issuances**"), a subsidiary of Migdal Value and indirect subsidiary of Migdal Capital Markets, was registered in the Underwriters Registry and holds an underwriter license. Migdal Issuances primarily operates in distribution and management of public and private offerings by companies to the public and to institutional investors, as well as transaction brokerage services – investment banking, which operations include assistance in M&A transactions, raising capital, financing and distribution.

Nostro – These operations include nostro investments, including nostro investments by Migdal Market Making, which are not related to market making operations in ETFs, and nostro investments of other subsidiaries.

Alternative investments – As part of its asset management operations, Migdal Value, which is a subsidiary of Migdal Capital Markets, is involved in management and distribution of alternative equity funds of various kinds, including feeder funds, equity fund clusters and hedge funds (hereinafter jointly: "**Equity Funds**"). Equity Funds are mostly a corporation, incorporated as a partnership, where investors are Limited Partner and invest in the fund pursuant to the fund's Articles of Association and enrollment agreements. Migdal Capital Markets Group may have nostro investments in such funds. Operations of Equity Funds are not and have not been subject to specific regulation. Equity Funds may be set up and managed in collaboration / partnership with third parties.

Retirement marketing and other insurance products – Migdal Capital Markets Group wholly owns an insurance agency, involved in retirement marketing and other insurance products (other than non-life insurance), and in distribution of alternative investment products, including those offered or managed by Migdal Capital Markets Group.

17.3. **Restrictions, legislation, standards and special constraints applicable to operating segment.**

See section 26 below.

17.4. **Developments in macro-economic environment and implications thereof on the operating segment**

17.4.1. **Overview**

For more information about developments in the economy and capital markets, see section 3.1 of the Board of Directors Report.

17.4.2. **Asset management and investment marketing**[38]

A mutual fund is created pursuant to the Mutual Investment Act, 1994 ("**Mutual Investment Act**"), as agreed by the fund manager and the trustee, and pursuant to the fund prospectus. It is an instrument for mutual investment in securities and financial assets, so as to derive mutual gain from holding them and from any transaction in such assets, and are typically highly liquid. The mutual fund sector is divided into two types of management: (1) Traditional investment management (known as active management); and (2) tracking management through tracking funds (known as passive management), which are open-ended or closed-ended funds (ETFs), with an objective to achieve results based on the change in price of an index or commodity in Israel or overseas. Below are details of assets in the mutual fund industry and benchmark products (NIS in billions):

	Active management		**Tracking / passive management**	**Total assets**
	Legacy funds	**Money market funds**		
2023	145	106	190.	441
2022	169	43	161	374
Change in % in 2023 compared to 2022	(14%)	147%	18%	18%

In 2023, assets under management in money market funds increased significantly, along with a decrease in assets under management in legacy funds, and transition to investment in passive management funds (tracking funds and ETFs), in view of the higher interest rates and declines in capital markets in 2022.

17.4.3. **Total operations of the financial services segment**

Below is the development in assets in mutual funds managed by Migdal Capital Markets Group in 2022-2023:

	2023	**2022**
Total assets in mutual funds (NIS in	61,288	45,180

In 2023, total assets in mutual funds managed by Migdal Capital Markets increased by NIS 16 billion.

Below are developments in total assets in managed portfolios and/or under investment marketing (hereinafter jointly: "**Portfolios**") by Migdal Capital Markets Group in 2022-2023 (NIS in millions):

	2023	**2022**
Total assets in Portfolios*	8,081	7,955

* Includes assets in mutual funds held in Portfolios.

Revenues in the financial services segment are primarily derived from management fees, calculated as percentage of assets under management, from spreads in market making in ETFs and from commissions in investment banking and distribution business.

17.5. **Developments and changes to client characteristics in the operating segment**

For changes in market shares of players in the mutual fund sector, and for more information about operations of companies licensed for investment portfolio management, see section 22.1 below.

[38] Data with regard to the mutual fund sector and benchmark products are based on data on the Bizportal system. With regard to the portfolio management sector, as there are no official data published about this sector, the Company is unable to comment on developments in this sector.

17.6. Alternatives for operating segment products and changes there to

The key alternative to asset management and investment marketing is investment by the client themselves, including with assistance from external investment consulting. Savings plans and deposits from the banking system and from insurance companies, as well as structured products, are also to some extent alternatives for financial asset management services.

Direct purchase of securities is an alternative for mutual funds. Moreover, investment in mutual funds is, to some extent, an alternative for investment portfolio management services.

17.7. Competitive layout in operating segment and changes there in

Competition in this segment is primarily with banking corporations (including foreign ones), companies owned by institutional entities, private investment houses, foreign fund managers and financial institutions, and with savings channels and investment policies of financial institutions. For more information about competition in this segment, see section 22.1 below.

18. Key products and services in this segment

Below is a description of key products and services provided by Migdal Capital Markets Group:

18.1. Mutual fund management

These operations include management of mutual funds – legacy funds, money market funds and open-ended or closed-ended tracking funds (ETFs). For information about assets in mutual funds managed by Migdal Capital Markets Group, see section 17.4.3 above.

18.2. Investment portfolio management and investment marketing

These operations include management of investment portfolios and marketing of investments, as described below.

Investment portfolio management involves conducting transactions in securities and financial assets, at the discretion of the portfolio manager, for the client account managed by a bank or stock exchange member, in conformity with the investment policy agreed with the client and aligned with their needs, in conformity with provisions of the Investment Advisory Occupation Act. Such operations involve direct contact and familiarity with clients. For total portfolios managed by Migdal Capital Markets, see section 17.4.3 above. Investment marketing involves investment consulting in securities and financial assets, where the consultant has affinity with the financial asset or the manager thereof. Such operations at Migdal Capital Markets Group primarily involve marketing investments to Group clients in Israel and overseas, with regard to their investment portfolio, as well as marketing investments to qualified clients in Israel for foreign mutual funds issued or managed by foreign corporations. In the reported year, these operations were not material.

18.3. Other operations not material for Migdal Capital Markets Group

18.3.1. **Alternative equity fund management – for more information see section 17.2.3 above.**

18.3.2. **Investments in securities (nostro) – Migdal Capital Markets invests and may invest from time to time as part of its nostro portfolio.**

19. Composition of revenues and profitability of products and services

In the financial services segment, there is no product group where revenues from such group exceed 10% of total revenues of Migdal Holdings.

20. **Customers**

Mutual fund management operations typically involve management distance between investors and fund managers, with most public investments in mutual funds made through banks, therefore the identity of investors is unknown to the fund manager.

Customers in the portfolio management and investment marketing operations are of three main types:

(a) Individual – retail.

(b) Qualified – as set forth in the Investment Advisory Occupation Act (primarily study funds, provident funds, pension funds, insurance companies and corporations – that meet the definition in the Act).

(c) Corporations (non-qualified).

The last two client types typically involve large-scale asset management, but with low management fees.

Migdal Capital Markets Group is not dependent on any single client, nor on any few clients, whose loss would materially impact the financial services segment. Migdal Capital Markets Group has no client from which the Group derives 10% or more of its total revenues.

21. **Marketing and distribution**

Primary marketing and distribution channels of Migdal Capital Markets Group are as follows:

Marketing and distribution through investment advisors of banking corporations

This is the primary channel for mutual fund management. Marketing is primarily through contact between Migdal Capital Markets and investment advisors at the banks, providing information and marketing materials as appropriate. As of the report date, Migdal Funds has signed distribution agreements with most banks. These distribution agreements stipulate that the distribution commission payable to these banks would be at the maximum rate which banks may lawfully charge from time to time.

Marketing and distribution through Group sales and marketing staff, and by referrals from various brokers and insurance agents

This is the primary distribution channel for individual retail customers in portfolio management and in equity funds. This distribution channel includes referrals from financial planners (family office) and from insurance agents and retirement savings marketing agents, both within Migdal Capital Markets Group and outside of it. Some of the financial brokers in this distribution channel are remunerated by commissions, primarily as percentage of management fee charged to referred customers, or as percentage of the customer's investment in equity funds.

Direct contact with customers or corporations by Migdal Capital Markets Group staff

This distribution channel is primarily used to contact customers for portfolio management (including by bidding on tenders for investment portfolio management, issued by corporations and other entities), customers in the investment banking sector, qualified customers for marketing investments of foreign mutual funds in Israel, where Migdal Capital Markets Group has signed marketing agreements with the managers thereof, and customers in alternative equity funds (subject to legal restrictions on contacting investors).

Holding professional / marketing conferences, including online.

Advertising in the media and online.

Migdal Capital Markets Group did not confer exclusivity on any entity in the aforementioned marketing and distribution channels.

22. Competition

This sector sees fierce competition. The competition is primarily for returns achieved for customers (risk-adjusted), management fee or commissions and quality of service.

22.1. Mutual fund management services[39][40]

Key competitors in the mutual fund sector	December 31, 2023	December 31, 2022	December 31, 2021
Competitor name			
Meitav Dash Group	16. 85%	16.33%	16.32%
Kessem Excellence	15.44%	13.59%	14.08%
Harel	15.24%	11.72%	10.94%
Migdal Capital Markets	**13.35%**	**12.36%**	**12.78%**
Psagot / Value Capital One[1]	10.83%	12.89%	12.17%
Yelin Lapidot	4.49%	6.79%	7.12%
Mor	6.26%	6.59%	5.82%
Altshuler Shaham	2.85%	4.18%	6.48%
Analyst	3.17%	2.86%	1.36%
IBI	3.65%	2.81%	2.93%

[1] As from August 26, 2021, mutual fund operations of Psagot were transitioned to Value Capital One (who acquired Psagot Securities Ltd. in 2021). As reported by Value Capital One (Psagot), HaPhoenix and IBI on the MAGNA website, mutual fund operations managed by Psagot Mutual Funds Ltd. Should be acquired by IBI Mutual Funds and by Kessem of HaPhoenix Group, subject to obtaining the required permissions.

At the end of 2023, total assets in this sector amounted to NIS 441 billion, invested in thousands of mutual funds, managed by many mutual fund management companies, of which 11 companies with assets under management in excess of NIS 10 billion each[41]. At the end of 2023, assets under management by Migdal Mutual Funds amounted to NIS 61 billion, ranked fourth among all fund managers. For more information about assets under management in this sector, including Migdal Capital Markets, see section 17.4.3 above.

22.2. Investment portfolio management and investment marketing services

Many portfolio managers are involved in portfolio management operations, some affiliated with banking corporations, and others with major portfolio management companies (including Migdal Portfolio Management) and other portfolio management companies, in conformity with the classification set forth in the Investment Advisory Occupation Act. For more information about assets under management in portfolios managed by Migdal Capital Markets, see section 17.4.3 above.

The major competitors of Migdal Capital Markets Group, to the best of the Group's knowledge, are: Peilim Investment Portfolio Management Ltd., Altschuler Shacham Ltd., IBI – Amban Investment Management Ltd., Yelin Lapidot Investment Portfolio Management Ltd., Analyst Investment Portfolio

---

39 Data with regard to the mutual fund sector are based on data on the Bizportal system.

40 The share of fund managers listed in this table, out of total assets under management, was calculated excluding funds managed by external investment managers not affiliated with the relevant fund manager ("**hosting**") and including money market funds. For the sake of clarity, note that total assets under management used in the aforementioned calculation includes assets under external management ("**hosting**") as noted.

41 The data in this paragraph include hosted mutual funds.

Management Ltd., Harel Finance Investment Management Ltd., Excellence Nessuah Investment Management Ltd. And Meitav Dash Investment Management Ltd.

22.3. **Major ways by which Migdal Capital Markets Group address competition, in all financial services segments, are as follows:**

Migdal Capital Markets address competition in this field primarily through raising awareness of the quality and performance of Migdal Capital Markets Group products, primarily among investment advisors at banks; by adapting the product offering to the customer and through diversification, including with regard to overseas asset management; new product develop; highlighting quality of customer service; maintaining professional contact with institutional investors in Israel; professional skills and high level of integrity.

23. **Seasonality**

The Company believes that the financial services segment is not subject to seasonality.

24. **Suppliers and service providers**

As of the report date, Migdal Capital Markets Group has no major service provider in this operating segment.

25. **Working capital**

Supplier credit – average supplier credit in 2023 is not material.

26. **Restrictions on and supervision of the financial services segment**

As noted in section 17.2.1 above, the financial services segment is subject to extensive regulation, including to decisions by various capital market regulators: The Israel Securities Authority, Bank of Israel and the Supervisor. Mutual fund management and portfolio management operations are typically subject to stringent regulation, supervised by the Israel Securities Authority, pursuant to the Mutual Investment Act and the Investment Advisory Occupation Act. Such regulation governs *inter alia* the licensing required, the obligations of fund managers and portfolio managers, fiduciary duty and duty of care, corporate governance rules applicable to them, qualification conditions, how to set up a mutual fund or to establish a contract with the customer and how assets are to be managed, elaboration of customer needs and aligning their needs with portfolio management and investment policy, review of the reliability of supervised entities and arrangement of supervisory and enforcement authority of the regulator. Moreover, portfolio management is subject to regulation pursuant to the AML Act, 2000 which governs *inter alia* mandatory customer identification and know your customer for portfolio managers. Note that the regulatory directives listed in this section are not an exhaustive list of all statutory provisions applicable to financial services, but rather only the key ones, according to Migdal Capital Markets.

26.1. **Licenses and permits**

Migdal Capital Markets Group is licensed as follows: Investment portfolio management license from ISA, fund manager license from ISA, insurance agency license.

26.2. **Barriers to entry and exit – For barriers to entry and exit, see section 28 below.**

Part C – Additional information about insurance sectors not included in the operating segments – None

Part D – Additional information for entire company

27. Restrictions on and supervision of Company operations

27.1. Regulation and supervision – overview

Group operations in the various sectors are subject to extensive regulation and strict supervision by various supervisory authorities, as follows:

Insurance, pension and provident fund operations

The Group's insurance, pension and provident fund operations, through Migdal Insurance and subsidiaries thereof, are supervised by the Supervisor who is authorized, by various statutes, to issue directives with regard to operation and management of entities under their supervision.

Pursuant to the Supervision Act, conducting insurance business, including insurance brokerage, is subject to licensing. The Supervision Act stipulates provisions with regard to licensing of insurers and insurance agents, including the authority to revoke such licenses. Holding of means of control over an insurer or insurance agency is subject to obtaining permits. The Supervision Act stipulates provisions with regard to obtaining such control and holding permits. The Group's pension fund operations are subject to obtaining an insurer license and a management company permit. The Group's provident fund operations are also subject to obtaining a management company permit. For more information about such licenses and permits, see section 28.1.1 below.

Note that the regulatory directives listed below are not an exhaustive list of all statutory provisions applicable to the Group, but rather only the key ones, according to the Company.

Financial services operations

The Group's financial services operations, through Migdal Capital Markets Group, are subject to the Investment Advisory Occupation Act, to the Mutual Investment Act and to regulations based there upon, and are subject to supervision by the Israel Securities Authority. For more information about legislation specific to financial services, see section 26 above.

Public company operations

Moreover, being a public company with securities issued to the public, the Company is subject to provisions of securities laws and corporate laws applicable to public companies, and is subject to supervision by the Israel Securities Authority.

Regulatory directives applicable to multiple operating segments and/or which are not described in detail under description of any specific operating segment, shall be described in detail below in this section.

Note that the regulatory directives listed below are not an exhaustive list of all statutory provisions applicable to the Group, but rather only the key ones, according to the Company.

27.2. Ruling in principle on complaints, conducting audits, requests for information, monetary sanctions

Complaints are filed from time to time against the Group and against other insurance groups, some of which are filed with the Supervisor. The Supervisor seldom rules with regard to such complaints as systemic rulings applicable to groups of insured parties.

The Supervisor, as part of their supervisory authority, conducts from time to time audits and reviews at institutional entities of the Group. In this regard, demands and/or directives may be received with regard to how the Group handles various products, including instructions to remedy deficiencies or to take action, and in exceptional cases – to make monetary refunds to insured parties and to members. Based on audit findings on information provided, the Supervisor may occasionally impose monetary sanctions pursuant to their supervisory authority.

27.3. Group operations in general

Below are material statutory provisions (including drafts) issued in the reported period through the report issue date, with regard to Group operations in general.

27.3.1. **Proposed review of control by institutional entities over insurance agent or financial insurance agent**

Further to section 33.1.1 of the 2022 annual report, chapter "Description of Corporate Affairs", in July 2023, the inter-ministerial team issued a call for opinion on review of holdings by institutional entities in insurance agencies, established to review the effects of holdings by institutional entities in insurance agencies on the operations of such agencies and on their objectivity in marketing products. In this call for opinion, public comments were sought on the relevant aspects being considered by the team.

In addition to the team's work, a decision was made to enact an interim directive, to be valid through December 31, 2024, which would prohibit acquisition of 20% or more of any type of means of control over further insurance agencies by institutional entities, pending recommendations and legislation as required.

As of the report issue date, the inter-ministerial team has yet to issue any directives and/or recommendations and/or legislative amendments, designed to govern holdings by institutional entities in insurance agencies, and it is unclear if and when such would be issued. Therefore, the Company is unable to assess the materiality and impact of the team's recommendations, if any, on operations of Migdal Insurance.

27.3.2. **Directives with regard to financial information sources which are institutional entities**

On June 14, 2022, the Financial Information Service Act, 2021 became effective ("**Financial Information Service Act**"). The act governs operations involved in providing financial information service, both by entities providing this service and by financial entities that hold financial information of their customers.

The act is primarily designed to promote an "open finance system" ("**Open Finance**"), that would allow customers to obtain all of the financial information about them, in an efficient, accessible and convenient manner, in line with global trends, whereby different countries enact such regulation over other financial entities and information.

The act requires information sources holding financial information about customers, to allow financial information service providers online access to financial information of the customer, subject to customer consent.

The Group's institutional entities are also considered financial information sources, and are required to provide access to financial information of the types specified in the Financial Information Service Act.

In June 2023, the Supervisor issued a circular with regard to information sources which are institutional entities. This circular stipulates directives for implementation of the obligations of an institutional entity, as an information source, towards a financial information service provider, with regard to information about customer credit.

27.3.3. **Proposed bill – Supervision of Financial Services Law (Insurance) (Amendment – Prohibited refusal of contracting between institutional entity and insurance agent)**

In January 2024, the proposed bill – Supervision of Financial Services Law (Insurance) (Amendment – Prohibited refusal of contracting between institutional entity and insurance agent), 2024 was published. The bill proposes an amendment to Section 41 of the Supervision Act, whereby institutional entities would be prohibited from unreasonably refusing to contract with insurance agents an agreement under similar terms and conditions to those agreed with another insurance agent with which the institutional entity has contracted and/or such refusal based on the number of customers, attributes of customers or total amounts of customers of such agent. It is further proposed that any refusal to contract, or termination of contracting, shall be made in writing to the insurance agent, listing the reasons for such refusal. It is further proposed to stipulate that any refusal based on the agreement not being profitable for the institutional entity, with regard to terms and rates of commissions for any particular type of insurance product, would not be deemed unreasonable refusal – provided that no agreement is in place with any other insurance agent with such terms and conditions.

As of this date, the final wording of the proposed legislation has yet to be published, and Migdal Insurance is unable to fully assess the implications on its operations of this proposed bill, should it materialize into finalized legislation.

27.4. Regulatory directives due to the war

In view of the Iron Swords war and the declaration of Special Homeland Situation, and given the need to stipulate special directives to provide relief to the public and to conduct of institutional entities, as well as the need to stipulate special directives with regard to operations of institutional entities at this time, several laws, updates and amendments to existing legislation, administrative directives and professional directives have been issued by the Government and by the Supervisor. Below is a summary of such legislation issued due to the Iron Swords war through the report issue date, as applicable to operations of Group companies:

27.4.1. Directives for institutional entities due to the Iron Swords war

On October 17, 2023, the Supervisor issued highlights and directives with regard to operations of institutional entities during the Special Homeland Situation, with regard to service provided to insured parties and members, and to operational aspects of such entities, including with regard to availability, accessibility and continuity of services provided; Handling of customer inquiries in view of the war and implications thereof; Renewal of insurance policies and solutions for insurance continuity; Suspension of insurance and relief for premium payment; Settlement of claims in nursing care insurance; Loans to members and insured parties. These directives include highlights with regard to corporate governance aspects and risk management by institutional entities, due to implications of the war and the Special Homeland Situation.

In November 2023, the Supervisor issued further directives due to the continued war, including the following: (1) Added call router to the existing call center, designed to help those affected by the war and relatives thereof to identify and get priority in the queue, to provide them with quick, sensitive and adapted service; (2) Requirement to strive to identify deaths during the war, and to adapt location activities for each particular case (location of members and beneficiaries); (3) Making the utmost effort to increase the chance of receiving mailings which an institutional entity is required to send, including also sending letters and notices to an email address, if known to the institutional entity (even where the member did not elect this option for receiving mail); (4) Refund of premium and maintaining insurance continuity for vehicles commandeered by the military; (5) Directives with regard to settlement of claims in home insurance for a vacant home, whereby the insurance company is expected not to deny an insurance claim by an insured party due to the home being vacant for longer than 60 days for reasons which precluded use of the home.

27.4.2. Directives of the Supervisor of the Capital Market, Insurance and Savings (hereinafter: "Interim Directives")

On October 23, 2023, the Supervisor issued multiple Interim Directives, designed to adapt operations of institutional entities to the Special Homeland Situation. The Interim Directives, enacted by way of amendment to the Supervisor's circulars, involve multiple operations of institutional entities, primarily directives with regard to insurance contract renewal in non-life insurance; delay of the effective start date of the Investment Tracks circular, from January 1, 2024 to July 1, 2024; delay by 30 days of the deadline for sending the quarterly report to insured parties and to members for the third quarter of 2023; and extension of deadlines for various publications and reports by institutional entities, including periodic and actuarial reports, own risk and solvency assessment (ORSA); moreover, relief was provided allowing for flexibility in making investments in the capital market, specifically with respect to the scope of required analysis prior to making acquisitions on the secondary market and granting an extension for validation of existing analysis.

On December 3, 2023, the Supervisor issued additional Interim Directives, which stipulated *inter alia* delay of the deadline for sending notices to insured parties pursuant to provisions of the Unified Circular regarding "Preparation of health insurance program", such that such notices would be sent together with the insurance company's notices to insured parties prior to the next insurance policy renewal date in June 2024; and amendment of provisions of the circular "Power of attorney for license holder", whereby a power of attorney granted to a license holder, pursuant to Appendix B to the circular for a term of ten years, which expired between October 1, 2023 and January 1, 2024, would be valid through two months after declaration of the end of the Special Homeland Situation, or through six months after expiration of the power of attorney, whichever is sooner.

27.4.3. **Delayed Deadlines Act (Interim directive) (Iron Swords) (Contract, verdict or payment to authorities)**

On October 18, 2023, the Delayed Deadlines Act (Interim directive) (Iron Swords) (Contract, verdict or payment to authorities), 2023 was issued (hereinafter: "**Delayed Deadlines Act**"), stipulating provisions for an extension by 30 days for taking action and making payments due from October 7, 2023 to November 7, 2023 (hereinafter: "the Effective Period"), including pursuant to any contract and verdict to eligible parties as listed in the Act. On November 7, 2023, an ordinance was issued, extending the Effective Period through December 7, 2023 and extending the delay in taking such action and making such payments by 60 days (*in lieu* of 30 days). Consequently, on December 7, 2023, another ordinance was issued, extending the Effective Period through December 31, 2023 and and extending the delay in taking such action and making such payments by 85 days (*in lieu* of 60 days) or through December 31, 2023, whichever is sooner.

Further to the foregoing with regard to the Delayed Deadlines Act and ordinances issued pursuant there to, for the period from October 7, 2023 to December 31, 2023 (hereinafter: "the **First Effective Period**"), on December 31, 2023, the Delayed Deadlines Act (Interim directive) (Iron Swords) (Contract, verdict or payment to authorities) (Amendment) (Delayed deadlines in the second effective period), 2023 was issued (hereinafter: "**Amendment to the Delayed Deadlines Act**"), stipulating further arrangements applicable to the period from January 1, 2024 to February 29, 2024 (hereinafter: "the **Second Effective Period**"), stipulating as follows:

Eligibility for delay of payments or obligations included within the scope of the Act in the First Effective Period, by 145 days or through February 29, 2024, whichever is sooner;

Eligibility for delay of payments or obligations in the Second Effective Period, by 31 days, for eligible parties listed in the Amendment to the Delayed Deadlines Act.

27.4.4. **Delayed Deadlines Act (Interim directive) (Iron Swords) (Administrative proceedings, terms in office and corporations)**

In November 2023, the Delayed Deadlines Act (Interim directive) (Iron Swords) (Administrative proceedings, terms in office and corporations), 2023 was issued, stipulating *inter alia* relief and extensions by three months with regard to convening an annual General Meeting, terms in office of external Board members and independent Board members, and validity of transactions subject to special approvals, where the relevant dates are within the effective periods, as set forth in the Act.

27.4.5. **Amendment to Statute of Limitations (Amendment No. 8 – Interim Directive – Iron Swords)**

In view of the Special Homeland Situation and implications thereof on the economy, and the challenge faced by Israeli citizens in conducting civil law court cases, in January 2024

Amendment No. 8 to the Statute of Limitations, 1958 ("the Amendment") was issued. The Amendment stipulates that the period from October 7, 2023 through April 6, 2024 shall not be taken into account in counting the days with regard to a cause for claim pursuant to the statute of limitations.

Migdal Insurance is prepared to apply the provisions of the regulators arrangements issued due to the war, as set forth in sections 27.4.1 through 27.4.5 above.

27.5. **Life insurance and long term savings sector**

Below are material statutory provisions applicable to this sector, as well as legislation made public during the reported period and through the report issue date

27.5.1. **Supervision of Financial Services Act (Insurance), 1981 ("Supervision Act")**

The Supervision Act includes provisions with regard to supervision of insurance business, including restrictions on conducting business, provisions regarding corporate governance, organs and officers of insurers, laws and accounts, supervisory and administrative hearing authorization, provisions with regard to separation of life insurance business from other business of the insurer, provisions regarding safeguarding the interests of insured parties, provisions with respect to maintaining the capacity to fulfill obligations and proper management, provisions authorizing the Minister of Finance and/or the Supervisor of the Capital Market to enact regulations and issue directives, within the authority vested in them, on various matters related to supervision of insurance operations in all its different aspects and so forth. Pursuant to such authority, regulations have been enacted on various matters, and the Supervisor issued from time to time various directives that govern the operations of entities subject to their supervision.

The Supervision Act includes provisions where violation thereof constitutes a criminal felony, and authorizes the Supervisor to impose significant monetary sanctions using the administrative powers which the Act confers on the Supervisor.

27.5.2. **Supervision of Financial Services Act (Provident Funds), 2005 ("Provident Funds Act")**

The Act governs the creation of provident funds, types of provident funds, how they are managed and operations of the management companies, and the relationship between members and the management company. The Provident Funds Act applies some provisions of the Supervision Act to management companies as well. The Provident Funds Act includes provisions with regard to the Supervisor's authority to issue proper conduct of business directives, similar to the Supervisor's authority to issue such directives for insurers, and similar provisions with respect to monetary sanctions and criminal felonies, similar to the Supervision Act. Provisions of the Act also regulate the rights of employees to choose the type of retirement savings product and the institutional entity from which they wish to purchase their selected product. Insurance programs recognized as insurance funds are also subject to some of the directives in the Provident Funds Act.

27.5.3. **Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012 ("the Investment Regulations" and the Unified Circular – chapter "Management of investment assets"**

The Investment Regulations stipulate a uniform framework for investment rules applicable to all institutional entities, which governs the investment principles for assets of institutional entities, and authorizes the Supervisor to issue directives on various matters related to investment rules applicable to institutional entities (nostro, management company, funds in profit-sharing insurance policies and in pension and provident funds). The Investment Regulations stipulate various restrictions on investments by institutional entities and institutional investors, such as restrictions on exposure to any corporation or corporate group (with respect to value of assets under management, type of liability or shareholder equity, and with respect to holding stake in means of control over a corporation), as well as exposure restrictions to certain investment channels.

Investment management by institutional entities are also subject to provisions of the Unified Circular – chapter "Management of investment assets". This chapter stipulates *inter alia* provisions with regard to the organizational and operating infrastructure of institutional entities, management of credit and debt instruments, contracting with related parties, requirement for the institutional investor to publish in advance their investment policy and additional directives to regulations applicable to institutional entities, stipulated by the authority vested in the Supervisor (such as with regard to direct expenses and voting at General Meetings).

27.5.4. **Insurance Contract Act, 1981**

The Act primarily governs the relationship between insurer and insured party, including the standing of the insurance agent, and also stipulates various provisions on the following topics: Nature of the insurance contract, mandatory disclosure and outcome of failure to disclose, insurance period and the conditions for terminating or shortening it, standing and rights of beneficiaries, provisions with regard to premium payments and dates thereof (including special interest applied to avoidance of payment of undisputed insurance payout), provisions regarding changes to the insured risk, provisions with regard to payment of insurance payout (including the statute of limitations in this respect) and various directives specific to insurance types, such as life insurance, accident, illness and disability insurance, property insurance, liability insurance and so forth.

27.5.5. **Financial Services Supervision Act (Consulting, Marketing and Pension Settlement System), 2005**

This Act governs two key areas:

Provisions regarding providing advice and marketing of retirement savings products and supervision thereof.

Provisions regarding the central pension settlement system.

Providing advice and marketing of retirement savings products – The Act specifies two occupations that require training and licensing: (1) Providing advice on retirement savings products; and (2) marketing of retirement savings products. The distinction between providing advice and marketing is based on the existence of "affinity" between the license holder and the product being marketed thereby. The Act stipulates provisions with regard to mandatory licensing of pension advisor and of pension marketer, the conditions for such licensing, obligations of the license holder, prohibitions and restrictions applicable to the occupation of pension advisor and of pension marketer (including provisions regarding provision of pension advice by a banking corporation), provisions with regard to supervision of license holders, including the Supervisor's authority to issue directives regarding proper conduct and safeguarding the interests of insured parties, provisions regarding the relationship between pension advisor / pension marketer and the institutional entity intended to align with relevant statutory provisions applicable to agents also to pension advisors / marketers, as well as provisions conferring on the Supervisor the authority to impose monetary and criminal sanctions.

Regulation of the pension clearinghouse – The Act includes provisions that govern the establishment and operation of the pension clearinghouse, including permits required for establishing it, and directives with regard to mandatory use of the pension clearinghouse system.

27.5.6. **Supervision of Financial Services Regulations (Provident Funds) (Management Fee), 2012**

These regulations are part of the regulatory arrangement for management fee in this sector, effective as from January 1, 2013, and stipulate a uniform model for charging management fees for three retirement savings products (insurance policies recognized as provident fund, pension fund and provident fund), such that the management fee is charged out of both contributions and accrual, and further stipulating the maximum management fee that may be charged for retirement savings products.

27.5.7. **Supervision of Financial Services Regulations (Provident Funds) (Transfer of Funds between Provident Funds), 2008**

These regulations govern the transfer of funds between provident funds ("**Transfer of Funds**") and include provisions on the following key matters: Terms and conditions for Transfer of Funds, dates for Transfer of Funds (including compensation for any delay in such transfer), how funds are to be transferred, transfer of insurance obligation if the member had death or disability insurance coverage, avoiding illegitimate tax planning through Transfer of Funds and so forth.

27.5.8. **Supervision of Financial Services Regulations (Provident Funds) (Payments to Provident Funds), 2014**

In February 2016, the Supervision of Financial Services Regulations (Provident Funds) (Payments to Provident Funds), 2014 ("Payment Regulations") gradually became effective. The Payment Regulations govern the flow of information among all parties involved, with regard to making deposits and attributing them to provident fund account components (employers, institutional entities and operating companies).

28. **Barriers to entry and exit**

28.1. **Barriers to entry**

Key barriers to entry in the Group's various operating segments are specified in applicable statutory provisions that require licenses and permits to be obtained.

28.1.1. **Licenses and permits**

Insurance, pension fund and provident fund operations

Pursuant to the Supervision Act, any insurance business (including holding of a pension fund management company) is subject to obtaining an insurer license pursuant to the Supervision Act ("**Insurer License**"), holding of 5% or more of any type of means of control over an insurer is subject to obtaining a permit for holding means of control from the Supervisor[42] ("**Holding Permit**"), and control over an insurer or corporate agent is also subject to obtaining a control permit from the Supervisor ("**Control Permit**").

Among other considerations for grant of Insurer License, Corporate Agent, Holding Permit or Control Permit, the Supervisor takes into consideration a wide range of considerations including *inter alia* presentation of the applicant's operating plans, officers being adequate for their office, financial means, experience and business background of applicants for such license or permit, competition in the market, including in the insurance sector, and the service quality thereof, the Government's economic policy, arrangements with regard to re-insurance, staffing and so forth. The Supervisor may set terms and restrictions with regard to granting permits, including with regard to establishing a

---

42 Entities that mnage customer funds (insurer, management company, fund or ETF, as defined in the Mutual Investments Act) may receive a Holding Permit, not to exceed 7.5% of means of control over an institutional entity, subject to terms and conditions stipulated in policy of the Capital Market Authority for award of Holding Permit for holding means of control over an institutional entity to entities that manage customer funds.

permanent, stable controlling stake in an insurer, prohibition of pledging means of control included in the control chain over the insurer, maintaining the control group, including setting terms and restrictions with regard to sale or transfer of means of control to another.

In conformity with the Provident Funds Act, management of provident funds require a management company license, and holding 5% or more of any type of means of control over a provident fund management company is subject to obtaining a Holding Permit and/or Control Permit, as the case may be. The aforementioned considerations with regard to granting licenses and permits for an insurer also apply, *mutatis mutandis*, to provident funds. A provident fund for payment of pensions is deemed to be an insurer.

Moreover, in conformity with section 32(c1) of the Supervision Act, **it is forbidden to hold a material holding in the long term savings sector[43].** A material holding is defined as holding market share in excess of 15% of total long term savings assets, as defined in the Supervision Act.

According to data published by the Supervisor in a circular dated December 2023, total long term savings assets as of September 30, 2023 amounted to NIS 1,893.2 billion. Therefore, based on the aforementioned calculation and as of said date, the maximum market share is NIS 284 billion. As of September 30, 2023, the Group held, based on data used to calculate the aforementioned asset value, a 14.6% share of all long term savings assets.

Minimum equity required of insurer

In April 2018, the Financial Service Supervision Regulations (Insurance) (Minimum equity required of insurer for obtaining insurer license), 2018 were published (hereinafter in this section: "**Minimum Equity Regulations for Obtaining Insurer License**"), which superseded the Capital Regulations, as follows: With regard to minimum equity for obtaining insurance company license, the Minimum Equity Regulations for Obtaining Insurer License would apply, whereby the equity required to obtain an insurance company license was reduced. Thus, a company wishing to engage in life insurance or in long term health insurance requires minimum equity amounting to NIS 15 million; A company wishing to engage in non-life insurance or in short term health insurance requires minimum equity amounting to NIS 10 million; A company wishing to engage in liability insurance requires minimum equity amounting to NIS 15 million.

Permit for holding means of control over institutional entities in the Group

As part of transfer of holdings of Eliyahu 1959 to Eliyahu Issuance, on September 19, 2017, the latter was granted by the Supervisor a permit to hold means of control and control over Migdal Insurance, Migdal Makefet and Yozma (hereinafter: "the **New Permit**"). The New Permit stipulates terms and restrictions as customary for a control permit over insurers. For more information about equity required of institutional entities controlled by Eliyahu Issuance, see Note 14D to the financial statements.

Moreover, Mr. Shlomo Eliyahu provided to the Supervisor a letter of commitment, signed September 18, 2017. In conformity with said letter of commitment (where validity of the Control Permit was contingent on providing said letter), Mr. Shlomo Eliyahu committed, as the controlling shareholder of Migdal Insurance, Migdal Makefet and Yozma ("the **Insurers**"), to make up shareholder equity of Migdal Insurance up to the amount stipulated by the Insurance Business Supervision Regulations (Minimum equity required of insurers), 1998 or any other laws or regulations to supersede it, and to make up the

43 For calculation of material holding in the long term savings sector for grant of permit as aforesaid, the following shall not be taken into account: (1) Change in market value of long term savings assets under management; (2) Change in total value of long term savings assets; (3) Enrollment of insured parties / members in insurance programs / provident funds so as to increase total assets, other than enrollment resulting from contracting or merging with another institutional entity.

shareholder equity of Migdal Makefet and Yozma up to the amount stipulated in the Capital Regulations or any other laws or regulations to supersede it. This commitment is irrevocable and valid for as long as Mr. Shlomo Eliyahu has direct or indirect control of the aforementioned Insurers.

Due to the merger of Yozma and Migdal Makefet in 2021, and due to a request filed with the Supervisor, a revised permit for control and holding means of control was received, which no longer includes Yozma as one of the companies to which the permit applies.

Permits and restrictions due to acquisition of control over the Company

Permit from the Supervisor of Competition – On June 12, 2012, approval was granted by the Supervisor of Competition (or, as known at the time, the Anti-Trust Supervisor) for the merger or Mr. Shlomo Eliyahu, Eliyahu 1959 and the Company. The Permit from the Supervisor of Competition was amended on December 7, 2014. According to terms and conditions of the merger (including the amendment dated December 7, 2014), as from the transaction closing date, the Company may not contract (directly or indirectly)[44] any agreement with related commercial companies[45] to conduct transactions in member assets, where the consideration for such agreement is payable out of member assets, other than by way of a competitive proceeding which grants an equal opportunity to any commercial company to participate in such proceeding ("**the Competitive Proceeding**"), with at least four commercial companies taking part in the Competitive Proceeding.

The bid by a related commercial company to conduct certain transactions in member funds may only be selected in the Competitive Proceeding if at least four commercial companies have bid on conducting such transactions, and the commissions offered by the related commercial company are the lowest of all these bids.

The Company may not negotiate with any related commercial company or anyone on behalf thereof, with regard to details and terms of the Competitive Proceeding, prior to publication of the Competitive Proceeding documents and thereafter, through selection of the winning bidders, except for obtaining clarifications with regard to bids submitted by participants in the Competitive Proceeding.

Upon the date of acquisition of control, this provision applied to Bank Leumi and Union Bank. As of the report date, this provision is no longer relevant. For more information see Note 38.A.1 to the financial statements.

Financial service operations

In conformity with the Mutual Investments Act, a fund manager may not accept and manage a fund from another fund manager if, consequently, their market share would exceed 20%. Control over fund managers is prohibited if the total market share (sum of all market shares of all fund managers controlled thereby) would exceed 20%, if one fund manager controlled thereby would accept and manage a fund from another fund manager. It is not possible to obtain a permit to control and hold means of control in a fund manager if, after award of such permit, the total market share would exceed 20%.

28.1.2. **Shareholder equity and restrictions on dividend distribution**

For more information about required equity of institutional entities in the Group, and restrictions on dividend distribution, including retained earnings that are not distributable, see section 5 in Part A above, and Note 7.C to the financial statements.

---

[44] For this matter, the Company means the Company, including any related person, as this term is defined in Anti-Trust Rules (General Provisions and Definitions), 2006.

[45] Related Commercial Company is defined as a commercial company where at least 5% of its shares are directly or indirectly held by a controlling shareholder of Migdal, including holding by Trustee, except for a commercial company which, upon the closing date of the transaction to acquire control over the Company by Mr. Shlomo Eliyahu, all of its shares were directly or indirectly held by the Company.

28.1.3. **Expertise, knowledge and experience**

Insurance and financial operations of the Group require specific professional knowledge, primarily in actuary and risk management, as well as familiarity with markets, including the capital market, the financial products market and the re-insurance market. Moreover, accumulating experience with such operations and extensive actuarial information and data base are highly important for setting tariffs and for underwriting of new business. Moreover, the Group's insurance and financial operations require a professional technology infrastructure supportive of Group operating segments, and professional, skilled staff of appropriate size.

28.1.4. **Minimum size (critical mass)**

In order to cover the high fixed operating expenses associated with operation of insurance and investment systems, including the need to comply with changing regulatory requirements in the various sectors, minimum revenues are required to cover the operating costs.

28.2. **Barriers to exit**

Key barriers to exit from Group operations are also set forth in applicable statutes.

28.2.1. **Insurance, pension and provident fund operations**

Dissolution of an insurer's insurance business is subject to supervision by the Supervisor, who may instruct the insurer to take certain action in dissolution of their business, or may apply to a Court of Law seeking an injunction whereby such dissolution would be conducted or supervised by the Court.

Any merger, spin-off, discontinuation of management or voluntary dissolution are subject to prior approval by the Supervisor, including grant of a new control permit to any entity acquiring such operations. If a motion has been filed for an injunction to appoint a permanent or temporary Receiver for a management company, or if management has not been transferred to another management company within the period stipulated by law, the Supervisor may exercise their authority with regard to safeguarding the stability of the provident fund, including appointment of an Authorized Manager, pursuant to rules stipulated with respect to insurance companies.

For life insurance and retirement business, and for non-life and health insurance in sectors associated with "long tail claims" – discontinuation of operations involves continued handling of the existing customer portfolio and insurance claims arising there from over long periods (Run Off).

28.2.2. **Financial services**

Typically, there are no significant barriers to exit in this sector. However, dissolution of mutual funds managed by a fund manager is subject to stipulations pursuant to the Mutual Investments Act, whereby a mutual fund may only be dissolved in conformity with terms and conditions of the fund agreement, or by a Court of Law and subject to provisions of the Mutual Investments Act.

Sale or transfer of means of control over some companies in the financial services sector requires the acquiring entity to obtain the permits listed in section 26.1, *mutatis mutandis*.

29. **Critical success factors**

The factors listed below affect success in Group operations ("**Success Factors**").

General success factors:

Positive changes to state of the economy, employment and capital market; regulatory requirements, including supervision of tariffs; competition in the sector; customer loyalty and portfolio preservation; investment performance, including management of risk associated with all Group operating segments; distribution channels, including their capacity to increase demand and to create new markets; range of products and the capacity to adapt the products to market conditions and to customer needs, including providing combined solutions for customers involving the range of Group products; quality of service experience for insured parties, members and other customers and for agents; positioning the Company as a leader in life insurance and long term savings, while establishing a brand supportive of its competitive position; preserving and recruiting high-quality staff; IT and technology level; efficient operations and expense level for operations, sales and marketing; applying efficient control and constant review and improvement of operating processes; resilience and stability; long-term capital planning and informed inclusion of capital considerations in the business strategy.

Success factors specific to insurance and long term savings:

Management fees permitted by law and actually charged, and tariffs approved by the Supervisor; underwriting quality; quality of actuary in pricing, in calculating reserves and in managing these; claim frequency and severity, including catastrophic events; quality of claim management, including management of agreements with service providers and fraud control; scope and terms of coverage and cost of re-insurance; scope of tax benefits for customers (in life insurance and long term savings); technological and other developments in medicine; changes to the healthcare basket and preservation of insured parties / members.

30. Investments[46]

30.1. Structure of investment management by institutional entities of the Group

Investments by institutional entities of the Group are conducted by the Investments Division, a hub of knowledge, expertise and staff required for investment management. For more information see section 32.1 below.

Setting investment policy – The Board of Directors of each institutional entity sets the overall investment policy for their operations. In the overall investment policy, the Board of Directors of the relevant institutional entity specified the strategy, objectives and exposure framework for different investment channels in each of the portfolios managed by institutional entities of the Group.

The Members Investment Committee, as defined below, is responsible for funds against yield-dependent obligations managed by the insurer, and for member funds managed by the management company of pension funds and provident funds. The Members Investment Committee sets the specific investment policy for each of these entities at the Group, within the overall investment policy set by the Board of Directors.

The Nostro Investment Committee, as defined below, sets the insurer's investment policy, within the overall investment policy set by the Board of Directors.

Investment committees at Migdal Insurance – In conformity with legislation, Migdal Insurance operates two investment committees.

One is the committee responsible for management of the investment portfolio for funds against yield-dependent obligations (member funds) ("Profit-sharing Investment Committee"). The other is the investment committee for the insurer's shareholder equity and for investment of funds held against insurance obligations other than yield-dependent obligations ("Nostro Investment Committee").

Members Investment Committee at Migdal Makefet – Migdal Makefet operates an investment committee for management of member funds under management by Migdal Makefet (pension fund portfolio and provident fund portfolio of institutional entities).

Members Investment Committee – The Profit-sharing Investment Committee and the Members Investment Committee at Migdal Makefet, with the same composition.

Credit Sub-committee – The Group operates the Credit Sub-committee (shared by all institutional entities), composed of members with proven expertise and experience in this field, who have the required qualifications pursuant to the Corporate Act for being an external board member. Its primary

46 This section only refers to investment management by institutional entities of the Group.

role is to discuss credit transactions and troubled debt, as set forth in legislation applicable to institutional entities. Furthermore, an internal credit committee has been appointed, consisting of members who are Group employees with proven expertise and experience in extending or approving credit. Its primary role is to make recommendations to the Credit Sub-committee and to the investment committees with respect to credit transactions.

Investments Division – The Investments Division is tasked with investment management for the nostro portfolio and for member investment portfolios (profit-sharing portfolio, pension fund portfolio and provident fund portfolio of institutional entities of the Group). For member portfolios, a designated investment manager is assigned for overall investment management for those portfolios. For the nostro portfolio, a designated investment manager is assigned to this portfolio.

Group holding restrictions – In conformity with various regulatory provisions in Israel and overseas, which stipulate holding restrictions for corporations in certain operating sectors (such as: banking corporations, insurers, media companies), holdings of the institutional entities are accounted for on aggregate with holdings of other entities controlled by the Group. Consequently, such aggregate holdings (for both nostro funds and member funds) may be restricted, and the Group may occasionally be precluded from increasing its holdings in securities of such corporations, or may even be required to sell existing holdings, including those held by the Group on behalf of others and in investment portfolios managed by the Group.

Restrictions on investment in related parties – Due to the fact that institutional entities have different features, not found in any public company, and which warrant a different approach due *inter alia* to the fact that institutional entities manage members' funds, the Company has adopted a procedure for location and approval of transactions with related parties of the Company, applicable *inter alia* to interested parties in the Company, Board members and others. This procedure stipulates provisions for approval of transactions with related parties and for investments in related parties, as well as exposure limits to related parties. For more information about control over the Company, see section 28.1.1 above. For more information about related party procedure, see chapter "Additional information regarding the corporation" under Regulation 22.

30.2. Composition of assets under management

Below is composition of assets under management for institutional entities at the Group, as of December 31, 2023 and as of December 31, 2022 (NIS in millions):

	December 31, 2023		**December 31, 2022**	
Institutional investor	**Nostro**	**Yield-dependent**	**Nostro**	**Yield-dependent**
Migdal Insurance[(2)]	54,977	142,443	53,544	132,997
Migdal Makefet – pension funds	205	120,479	201	102,357
Migdal Makefet – provident funds		29,116		23,586
Total	**55,182**	**292,038**	**53,745**	**260,940**

(1) "Yield-dependent funds" for insurer – assets held against yield-dependent obligations; for pension and provident funds – member funds.

(2) As of December 31, 2023, total liabilities with respect to yield-dependent contracts at Migdal Insurance for life and health insurance amounted to NIS 140,210 million, of which: NIS 135,016 million with respect to yield-dependent insurance contracts and NIS 5,194 million with respect to yield-dependent investment contracts, compared to total liabilities with respect to yield-dependent contracts as of December 31, 2022 amounting to NIS 133,029 million, of which: NIS 128,469 million with respect to yield-dependent insurance contracts and NIS 4,560 million with respect to yield-dependent investment contracts.

(3) For more information about composition of investment classes, see Company website:

https://www.migdal.co.il/He/MigdalTeam/investments/Pages/nustro.aspx

https://www.migdal.co.il/He/MigdalMakefet/Investments/Nechasim/Pages/default.aspx

30.3. Advance statement of investment policy

The Unified Circular, in chapter "Management of investment assets", stipulates that an institutional investor must state their investment policy for a non-specialized investment track and for a specialized investment track, in conformity with provisions set forth in the Circular, including report of any change.

The statement of investment policy should also include ESG aspects.

For link to website containing statements by institutional investors, see:

https://www.migdal.co.il/He/MigdalTeam/investments/Pages/InvestmentPolicy.aspx
https://www.migdal.co.il/He/MigdalMakefet/Investments/InvesPolicy/Pages/default.aspx
https://www.migdal.co.il/He/PensionarySavings/pensia/Yozma/Pages/InvestPlicty.aspx

30.4. Primary nostro investments in investees, partnerships and ventures other than subsidiaries[47]

The balance of Group investments in associates was NIS 19 million as of December 31, 2023, compared to NIS 28 million as of December 31, 2022. The decrease is primarily due to realized investment by an overseas company. For more information about associates and investments therein, see also Notes 7.B and 38.F to the financial statements.

31. Re-insurance

31.1. Overview

As an integral part of insurance business and risk management, Migdal Insurance has part of the insurance risk assumed be covered by re-insurance overseas. The remaining risk which Migdal Insurance bears after transfer of part of the risk to the re-insurer is known as "on retention".

Contracting with a re-insurer offers multiple benefits, primarily diversification of insurance risk to which Migdal Insurance is exposed, safeguarding Migdal Insurance's equity from high exposure risk and volatility in underwriting results, and contribution to reducing the capital which the Company is required to attribute as part of an economic solvency regime based on Solvency II. Another advantage lies in the support by re-insurers for product pricing, where they share their experience with Migdal Insurance.

Re-insurance is customized for different risk types, based on the nature and extent of the risk.

Re-insurance is purchased for insurance policies or sectors where, according to Migdal Insurance, it is more efficient to transfer the risk than use Migdal Insurance's capital. Internal actuarial assessments, various actuarial or statistical models and claims experience help Migdal Insurance estimate the required re-insurance level. Re-insurance agreements signed by Migdal Insurance do not detract from the insurance company's obligation towards insured parties, hence the financial stability of re-insurers may affect Migdal Insurance. For more information see Notes 37.A.3.b) and 37.B.1.4 to the financial statements.

Re-insurance transactions are conducted in various operating segments by Migdal Insurance – life insurance and long term savings, health insurance and non-life insurance (property and liability insurance).

The Migdal Insurance Board of Directors annually approves the re-insurance portfolio and policy on exposure to re-insurers for the coming year.

Moreover, as part of Migdal Insurance efforts to comply with capital targets pursuant to an economic solvency regime based on Solvency II, Migdal Insurance reviews from time to time its current re-insurance contracts, their alignment with capital requirements applicable to Migdal Insurance and the need to contract new types of re-insurance in conformity with business operations. For more information see Note 14D. to the financial statements.

In general, there are two types of re-insurance:

Contractual re-insurance

---

[47] For definition of investee, subsidiary and associate, see Note 1 "Definitions" to the financial statements.

This re-insurance contract means that the re-insurer accepts in advance an agreed portion of the risk undertaken by the direct insurer, as included in various insurance policies in the sector as agreed, for the duration of the contract and for insurance amounts specified in the contract ("**Re-insurance Contracts**"). Re-insurance Contracts are typically signed and/or renewed annually (usually at the start of the calendar year) and cover, subject to terms and conditions specified therein, all of the risk included on the various insurance policies sold by Migdal Insurance during the term of the contract. Claims of insured parties are paid pursuant to and subject to terms and conditions of such Re-insurance Contracts.

Discretionary re-insurance

Contracting with the re-insurer is done to cover inherent risk in specific insurance policies ("**Discretionary Contracts**"). Typically, businesses are covered by such insurance, where the insurance amount exceeds that covered by Re-insurance Contracts as mentioned above, and/or when the risk is excluded from a Re-insurance Contract and/or for individual underwriting considerations.

At times, for non-life insurance, where customers have global operations (in Israel and overseas), Migdal Insurance enters into more complex transactions, where insurance coverage is provided not only for the operations in Israel, but also for overseas operations ("**Multi-national Transaction**").

The customary re-insurance structures include:

31.1.1. **Proportional re-insurance – there are two key types of proportional re-insurance:**

Quota share agreement – whereby the re-insurance shares in the premium, risk and claims at an equal, pre-determined rate.

Surplus agreement – where the participation rate of the re-insurer varies by risk, depending on the insurance amount for the particular risk. The re-insurer participation rate is the ratio of the amount in excess of the amount on retention (which is pre-defined) to the total insurance amount. The re-insurance shares in the premium, risk and claims at the aforementioned participation rate.

31.1.2. **Non-proportional re-insurance – the re-insurer shares in the risk beyond the amount on retention. The primary contract for non-proportional re-insurance is a Per Risk Excess of Loss contract, whereby the re-insurer receives a premium based on total premium for the sector subject to the contract, for which they cover damage in excess of a certain amount, up to a cap, as pre-defined in the contract.**

Contract term:

Re-insurance contracts in non-life insurance are typically for a one-year term.

In life insurance and health insurance, where the insurance policies are for a long term, re-insurance contracts cover the insurance policies sold in the operating period to which the contract applies, but they are valid for the duration of the insurance policies sold until Natural Expiry. In some re-insurance contracts for health insurance, the re-insurer may require changes to be made to the agreement with respect to existing insured parties, subject to fulfillment of certain conditions set forth in the agreement.

Settlement with re-insurers:

In re-insurance transactions, Migdal Insurance pays to re-insurers the premium, net of commissions. Re-insurers pay to Migdal Insurance for claims, based on the structure of the re-insurance transaction.

Commissions payable by re-insurers to Migdal:

For proportional re-insurance, Migdal Insurance is entitled to commissions payable by re-insurers, at a fixed percentage of the premium transferred to re-insurers ("Re-insurance Commissions"). There are also proportional re-insurance contracts whereby Migdal Insurance is entitled, in addition to the fixed rate Re-insurance Commissions, to a profit commission, which depends on underwriting results (profitability) of the business transferred. That is to say: Migdal Insurance received a profit commission, calculated as percentage of the underwriting profit for said risk.

For non-proportional re-insurance, Migdal Insurance does not receive any commissions from the re-insurer.

Below is a summary of re-insurance arrangements at Migdal Insurance for 2023, by sector:

31.2. Life insurance

Migdal Insurance acquires re-insurance for the risk component of life insurance policies (death, disability and work-related disability risk).

Re-insurance contracts for death and disability risk are surplus or quota share contracts or a combination thereof, as follows:

Death and disability risk – surplus contracts.

Work-related disability risk – surplus and quota share contracts.

The overall commission structure for all of the aforementioned contracts with respect to the risk component of life insurance policies, includes commission payment in the first calendar year of the contract term, and profit commission payable annually in subsequent calendar years.

On January 1, 2023, the Company renewed for a further one year term the re-insurance contract for catastrophic events in life insurance (including earthquake events and nuclear, biological or chemical warfare events). No re-insurance commission or profit commission are payable pursuant to this contract. The Company has no coverage by re-insurers for pandemic events.

On January 1, 2024, the re-insurance contract for catastrophic events was renewed, with exclusion of active war coverage and additional coverage for work-related disability.

Migdal Insurance also has discretionary re-insurance contracts, to cover risk inherent in specific insurance policies.

Insurance amounts per insured party are capped in re-insurance contracts. Typically, the Company does not sell coverage exceeding this cap without discretionary re-insurance in place.

For information about premium payable to re-insurers, re-insurers' share of claims and commissions payable by re-insurers, see Notes 3.B, 3.C and 3.D to the financial statements.

Migdal Insurance has multiple re-insurers whose share of premium exceeds 10% of total re-insurance premium for life insurance, as set forth below[48]:

Re-insurer name	Rating byS&P	2023 Re-insurance premium transferred to re-insurer (NIS in millions)	Percentage of total re-insurance premium for life insurance In %	2022 Re-insurance premium transferred to re-insurer (NIS in millions)	Percentage of total Re-insurance premium for life insurance In %
Swiss Re	AA-	63	43	134	50
Munich Re	AA-	36	24	70	26
Partner Re	A+	19	13	24	9

31.3. Pension fund

31.3.1. Migdal Makefet Ishit

The Migdal Makefet Ishit pension fund has a Per Risk Excess of Loss re-insurance contract in place, to cover death and permanent disability in catastrophic events. The re-insurance premium is payable out of fund assets. No re-insurance commission or profit commission are payable pursuant to this contract.

48 The rating in the above table is as of soon prior to the report issue date.

On January 1, 2024, the re-insurance contract was renewed for another one year term, with exclusion of active war coverage and additional coverage for all cases of disability.

31.3.2. Migdal Makefet Complementary

The Migdal Makefet Complementary pension fund has a quota share re-insurance contract in place, providing obligatory 90% coverage for death or disability of active fund members who are not in the Basic Old Age track, payable in conformity with the fund bylaws ("the Insured Parties"). Coverage per death or disability event is capped at NIS 10 million. A profit commission is also payable.

31.4. Health insurance

In health insurance, Migdal Insurance acquires re-insurance for the risk component of severe illness insurance policies.

Severe illness – the Company has a quota share contract in place. The commissions in this contract include commission payment in the first calendar year of the contract term, and profit commission payable annually in subsequent calendar years.

Insurance amounts per insured party are capped in re-insurance contracts. Typically, the Company does not sell coverage exceeding this cap without discretionary re-insurance in place.

Migdal Insurance has multiple re-insurers whose share of premium exceeds 10% of total re-insurance premium for health insurance, as set forth below[49]:

		2023		2022	
Re-insurer name	**Rating byS&P**	**Re-insurance premium transferred to re-insurer (NIS in millions)**	**Percentage of total re-insurance premium for life insurance In %**	**Re-insurance premium transferred to re-insurer (NIS in millions)**	**Percentage of total Re-insurance premium for life insurance In %**
Hannover Re	AA-	86	52	82	53
Swiss Re	AA-	64	38	57	37

31.5. Non-life insurance

31.5.1. Mandatory auto insurance

Obligations of Migdal Insurance in mandatory auto insurance for 2023 are covered by a per risk excess of loss re-insurance contract, with unlimited liability by most of the re-insurers, or alternatively, with liability capped at an amount considered to be sufficiently high. No commissions are payable by re-insurers in the mandatory auto insurance sector.

Migdal Insurance's obligations have not reached the limits stipulated in re-insurance contracts in the reported period, and there are no pending claims with amounts close to the specified limits.

31.5.2. Other non-life insurance sectors

The key sectors in which Migdal Insurance acquires re-insurance are various property sectors, including: fire and associated risk, contractors, engineering and maritime, as well as coverage for various liability sectors. The set of re-insurance contracts and re-insurance policy of Migdal Insurance have great importance for Migdal Insurance's capacity to insure large or unusual risk. Due to various re-insurance contracts, Migdal Insurance limits its exposure to any single claim, capped at amounts agreed by Migdal Insurance and re-insurers, including the amounts on retention. Maximum exposure amounts and amounts on retention are determined based on estimated damage or anticipated events by Migdal Insurance.

[49] The rating in the above table is as of soon prior to the report issue date.

In business where the insurance amount exceeds the agreed capacity in the applicable contract and/or where the risk is excluded from the contract with the re-insurer and/or for specific underwriting considerations, in line with contract frameworks, terms and conditions, discretionary re-insurance is acquired.

In property, contractor, engineering and maritime insurance sectors[50] – Migdal Insurance acquires proportional quota share and/or surplus re-insurance, where the re-insurer's participation is set at an equal percentage of premium and claims.

In property and contractor contracts, re-insurers cap their participation in earthquake risk coverage at a maximum exposure per event, which is higher than the maximum possible loss (MPL) as estimated by Migdal Insurance.

In the engineering sector contract for 2023, the cap on re-insurer exposure to earthquake risk was revised to a cumulative insurance amount of NIS 14 billion. Moreover, re-insurers in this contract cap their exposure to any single event, at 4% of this cumulative insurance amount, which is higher than the maximum possible loss (MPL) as estimated by Migdal Insurance.

In the proportional re-insurance contract for property sectors, re-insurer exposure to earthquake risk is capped at a cumulative insurance amount of NIS 76 billion, and exposure to any single event, is higher than the maximum possible loss (MPL) as estimated by Migdal Insurance.

This contract also includes coverage for terrorism events, capped at a cumulative insurance amount which is lower than the contract capacity.

In the contract for home insurance sector for 2023 (a quota re-insurance contract), the re-insurance was revised, with re-insurer exposure to earthquake risk capped at a cumulative insurance amount of NIS 85 billion.

Moreover, re-insurers in this contract cap their exposure to any single earthquake event, at 2.35% of this cumulative insurance amount, which is higher than the maximum possible loss (MPL) as estimated by Migdal Insurance.

The catastrophic event contract for 2023 was revised in line with changes to the aforementioned contracts.

In 2023, all re-insurance commissions for which Migdal Insurance is eligible are at a fixed percentage of premium. Furthermore, a variable result-based commission is payable in the home insurance contract.

In liability sectors – Migdal Insurance assesses the risk, based on actuarial models and claims experience, and acquires protection beyond the amount on retention and up to the required limit, according to Migdal Insurance, based on cumulative exposure in insurance policies sold by Migdal Insurance.

In liability sectors, Migdal Insurance acquires per risk excess of loss re-insurance contracts with a fixed amount on retention, and the re-insurer covers any damage beyond the amount on retention up to the limit specified in the contract per single damage and up to the limit for cumulative claim amount for the contract term.

Migdal Insurance's obligations have not reached the limits stipulated in re-insurance contracts in the reported period, and there are no pending claims with amounts close to the specified limits.

No commissions are payable by re-insurers in liability sectors.

---

50 Including coverage for third party liability risk.

31.5.3. **Overview**

Migdal Insurance has no re-insurers whose share of premium in the reported period exceeds 10% of total re-insurance premium for non-life insurance, except as set forth below:

		2023		2022	
Re-insurer name	**Rating byS&P**	**Re-insurance premium transferred to re-insurer (NIS in millions)**	**Percentage of total re-insurance premium for life insurance In %**	**Re-insurance premium transferred to re-insurer (NIS in millions)**	**Percentage of total Re-insurance premium for life insurance In %**
Mapfre	A+	65	11	37	8

31.5.4. **Re-insurance agreement between Migdal Insurance and Swiss RE for management of run-off portfolio.**

Migdal Insurance has a re-insurance agreement in place with Swiss RE, whereby Swiss RE provides insurance coverage for the non-life insurance claim portfolio acquired from Eliyahu Insurance in 2016, covering all insurance obligations of Migdal Insurance in this portfolio. For more information see Note 38.E.1 to the financial statements.

31.6. **Policy on exposure to re-insurers**

31.6.1. **Overview**

The policy on exposure to re-insurers is approved annually by the Board of Directors of Migdal Insurance.

There are two types of exposure to re-insurers:

Exposure to open balances, i.e. the risk of re-insurer being unable to meet their current and future obligations. This exposure is monitored by regular monitoring of re-insurers on the global market, as well as monitoring their compliance with their financial obligations towards Migdal Insurance.

Exposure to single large damage or accumulation of damage with respect to an unusually large event. This accumulation is estimated based on the maximum possible loss ("MPL"). This exposure is managed by individual assessment of each re-insurer separately.

In order to reduce the risk associated with exposure to re-insurers, Migdal Insurance applies the following principles:

The basic rule followed by Migdal Insurance in setting policy, is risk diversification across different re-insurers. In this regard, the total exposure to a single re-insurer is capped relative to their shareholder equity and to shareholder equity of Migdal Insurance. Migdal Insurance also considers the financial resilience of the re-insurer, as reflected in their credit rating, which is reviewed based on ratings by Standard & Poor's (S&P). If the re-insurer is not rated by S&P, the rating by A.M. Best or by Moody's[51] is considered. In this regard, the Company takes into account the rating outlook.

Moreover, in reviewing exposure to re-insurers, the Company takes into account other considerations, such as the location of the re-insurer.

Migdal Insurance has in place management and control mechanisms for exposure to re-insurers.

---

51 Occasionally, overall insurance arrangements may include non-material re-insurance arrangements with un-rated re-insurers.

Migdal Insurance believes that the re-insurance market continued to be tougher for renewal of re-insurance contracts for 2024. This trend in the re-insurance market is enhanced by increasing emerging risk, including war, climate and cyber risk. The Iron Swords war affects the risk appetite of re-insurers with respect to further contracting of re-insurance contracts and discretionary transactions in Israel. Note, in view of these developments, that several re-insurers have decided to reduce their re-exposure to the Israeli market and no new re-insurers have entered this market.

With regard to managing insurance risk and counter-party risk, the Migdal Insurance Board of Directors specified a risk appetite with regard to exposure by Migdal Insurance to various sectors, as well as policy on exposure to re-insurers. This policy specifies the maximum total exposure to a re-insurer, as well as risk diversification and is based *inter alia* on ratings. Migdal Insurance closely monitors developments at this time and the required measures.

31.6.2. **In its re-insurance policy, Migdal Insurance distinguishes between the following business types:**

Short tail business[52]

Such business includes the various property sectors, for which Migdal Insurance primarily acquires proportional re-insurance. The cumulative amount on retention is protected against catastrophic events by a per risk excess of loss contract.

For such business type, contracting is with re-insurers rated BBB+ or higher by S&P.

Long tail business[53]

The risk covered is primarily in the liability and mandatory auto sectors. Many of these claims end up in Court, and sometimes setting the liability and indemnification amount may take many years. For long tail business, since Migdal Insurance must contract with re-insurers which, Migdal believes, would be solvent for the long term, the number of re-insurers Migdal may rely upon is fairly limited. Therefor, in 2023 Migdal Insurance set policy of contracting, for such business, with re-insurers rated A or higher by S&P[54].

In the policy on exposure to re-insurers for 2023, the Board of Directors resolved that should the rating outlook of a re-insurer be changed to Negative, Migdal Insurance would consider such change to be equivalent to a one notch lowering of the re-insurer's overall rating (even though the relevant rating agency made no such change).

For more information about exposure to re-insurers, see Note 37.B.1.4 to the financial statements.

31.6.3. **Re-insurer exposure to earthquake and natural disaster catastrophic events in non-life insurance**

For earthquake and natural disaster catastrophic events, Migdal Insurance acquired, in addition to coverage provided in proportional re-insurance contracts, a per risk excess of loss re-insurance contract for property, contractor, engineering and auto property sectors with respect to the cumulative amount on retention, by a specified amount per exposure arising from such event, based on estimates by Migdal Insurance with regard to anticipated damage due to catastrophic event. In assessing such risk, Migdal Insurance used *inter alia* dedicated international software based on mathematical models for assessment of catastrophic risk. In case of any event causing damage in excess of this estimate, Migdal Insurance would be exposed to loss not covered by re-insurance.

52 Short tail sectors are those in which the time elapsed between the insurance occurrence and the final formation of the damage and payment for it is relatively short.

53 Long tail sectors are those in which the time elapsed between the insurance occurrence and the final formation of the damage and payment for it is relatively long.

54 This is except for one company, where the contract with said company was specifically approved by the Board of Directors.

According to these models, Migdal Insurance is protected against earthquake events of a magnitude that occurs once every 400 years.

In 2023, non-proportional coverage was acquired at 1.8%, reflecting a 5% MPL (before insured party deductible) for an event expected to occur once every 400 years. Insurance amounts covered by proportional re-insurance (contractual and discretionary) for earthquake, as of December 31, 2023, amounted to NIS 271 billion. Insurance amounts on retention, which Migdal Insurance protects by a non-proportional re-insurance contract, amounted to NIS 89 billion.

Exposure to earthquakes is mostly covered by insurers rated A or higher by S&P, in conformity with the re-insurance policy set forth in section 31.6.1 above. The re-insurer taking part in re-insurance coverage for catastrophic events, whose share of total exposure exceeds 10%, is Swiss RE.

31.7. Summary of re-insurance results in non-life insurance (NIS in millions)

Sectors	Mandatory auto sector[1][2]			Auto property sector			Other property sectors[3]		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Premium transferred	6.2	7.1	6.8	7.6	5.1	3.9	483.3	382.9	337.0
Re-insurer results – Profit /(Loss)	(5.6)	(14.6)	(5.2)	3.5	1.7	1.5	79.2	106.4	128.2

	Other liability sectors[4][5]						Total		
	2023	2022	2021				2023	2022	2021
Premium transferred	114.5	83.6	114.0				611.6	478.7	461.7
Re-insurer results – Profit /(Loss)	(35.8)	(58.1)	(26.7)				41.3	35.4	97.8

Other property sectors by premium type	2023	2022	2021
Re-insurance premium – proportionate	323.7	260.2	230.0
Re-insurance premium – non-proportionate	1.4	1.0	0.9
Re-insurance premium – coverage for [illegible][6]	158.2	121.7	106.1
Total re-insurance premium	483.3	382.9	337.0

(1) For mandatory auto and liability sectors, results of re-insurers reflect the profit (loss) in the current underwriting year, as well as changes to pending claims of re-insurers in previous underwriting years.

(2) Loss for re-insurers in the mandatory auto sector in 2021-2023 was affected by negative development in claim experience of Migdal Insurance.

(3) Profit for re-insurers in property sectors is typically more volatile than claim experience for business insurance.

(4) In liability sectors, the relatively low premium amount in 2022 was primarily due to change in renewal dates of insurance policies in which the insurance period is longer than one year, for several large businesses.

(5) The loss for re-insurers in liability sectors in 2022 and 2023 was mostly in third party liability insurance. In 2021, the loss was due to several discretionary claims.

(6) The premium includes all types of re-insurance contracts covering catastrophic risk (proportional re-insurance, discretionary re-insurance and excess of loss re-insurance to cover the cumulative amount on retention).

32. Human resources

32.1. Group organizational structure

As of December 31, 2023, the Group organizational structure was as follows:

Long-term Savings Division – as from May 2023, divided into to divisions: **Long-term Savings and Health Division** – tasked with headquarters operations in life insurance and long-term savings and in health insurance; **Long-term Savings and Health Operations Division**, tasked with operations regarding life insurance and long-term savings and health insurance, as well as handling claim payments in those sectors.

Customers and Distribution Channels Division – tasked with Group activity vis-à-vis insurance agencies, insurance agents and retirement savings marketing agents for various insurance products. Operations are organized by region and by nation-wide sales for the various distribution channels of the Group, as well as by the business and medical underwriting unit.

Non-life Insurance Division – tasked with non-life insurance operations, including individual underwriting, business underwriting, re-insurance and assistance with regulatory aspects of this sector. Operations include product management and setting policy and underwriting guidelines for Company distribution channels. Moreover, in 2023, the Division also handles claims operations for the individual insurance sector.

Non-life Claims Sector – In 2023, a change took place whereby the sector which handled all non-life insurance claims (individual and business) now only handles merchant insurance claims.

Note: in 2023, 100 employees from the Individual Claims and Regulation Unit were transferred to the Non-life Insurance Division.

Investment Division – tasked with investment management for institutional entities of the Group, including member investments, nostro investments, real estate, credit, analysis, real investments, equity funds and finance department.

Service and Resource Division – In 2023, the Service and Resource Division was divided into four separate headquarters units: (1) Service and Customer Experience was transferred to the Strategy, Marketing, Service and Customer Experience Unit (headcount listed under Company Management and Service and Resources Sector); (2) Public Inquiries and Privacy Protection was transferred to Legal Counsel and Enforcement (headcount listed under Company Management and Service and Resources Sector); (3) Digital was transferred to the Technology Division; and (4) Administration, Logistics and Procurement was transferred to the Finance and Resources Division.

Finance and Resources Division – tasked with finance matters. In 2023, following a re-organization, the Division is also tasked with administration, logistics and procurement for the Company (after this was transfered from the Service and Resources Division).

Actuarial Department – in conformity with provisions of Institutional Entity Circular 2022-9-23 "Appointed actuary and chief actuary", in 2023 the Actuarial Department was transferred from the Finance and Resources Division to a separate unit directly reporting to the CEO of Migdal Insurance. This unit contains all employees involved in actuarial work for the Company.

Technology Division – previously tasked with IT services for the Group and information security, in 2023 is also tasked with digital (after this was transfered from the Service and Resources Division).

Group management and Service and Resources – includes, *inter alia*, with the corporate secretary's office, tasked with assisting the work of the Board of Directors and public reporting, and human resources, tasked with management of human resources at the Company, including: recruitment, well-being, training and organizational development, payroll budget and control, benefits and corporate responsibility. For organizational changes after the balance sheet date, see section 0 below.

Internal Audit Department – responsible for internal audit for the Group. The Internal Auditor reports to the Chairman of he Company Board of Directors (headcount listed under Company Management and Service and Resources Sector).

Risk Management Unit – this unit sets and actually deploys Migdal Insurance policy on risk management, risk management methodology, including operating procedures, reporting processes and supporting IT tools, and provides guidance on risk management at Migdal Insurance across all divisions (headcount listed under Group Management and Service and Resources Sector).

Strategy, Marketing, Service and Customer Experience Unit – tasked with operations involving strategy, marketing and service and customer experience (headcount listed under Group Management and Service and Resources Sector). For organizational changes after the balance sheet date, see section 0 below.

Legal Counsel and Enforcement Unit – tasked with legal assistance for Company business, legal risk management and compliance with statutory and regulatory provisions applicable to the Company. In 2023, following the re-organization, it also includes protection of privacy and public inquiries (headcount listed under Group Management and Service and Resources Sector). For organizational changes after the balance sheet date, see section 0 below.

Financial Services for the Group is mostly handled through Migdal Capital Markets, which operates as a separate entity.

Insurance agency operations for the Group are mostly handled by Migdal Agencies.

Other operations, primarily operations of Migdal Health, are carried out as separate units (headcount listed under Other below).

32.2. Group headcount[55]

In accordance with operating segments listed in Part B of this report, there are some divisions / units (such as employees of the Client and Distribution Channels Division, Investments, Finance, Service and Resources, Technology and so forth) that provide services to multiple operating segments. Therefore, the Group has no clear distinction as to employee association with the aforementioned operating segments.

As of December 31, 2023, the Group had 4,583 employees, compared to 4,592 employees as of December 31, 2022[56]. The Group headcount as of said date (in terms of full-time position equivalence, including employees employed by labor contractors) may be divided as follows:

Division / unit -ם	**December 31, 2023**	**December 31, 2022**
Long-term Savings and Health Division	44	39
Long-term Savings and Health Operations Division	1,096	1,114
Client and Distribution Channels Division	713	686
Non-life Insurance Division	203	93
Non-life Insurance Claims	28	127
Investment Division	94	86
Finance and Resources Division	206	150
Actuarial Unit	35	33
Technology Division	382	350
Group management and Service and Resources	490	634
Internal Audit Department	19	18
Financial Services sector	209	199
Group insurance agencies	968	973
Other	96	90
Total	**4,583**	**4,592**

55 Note that this section refers to data about employees employed by the Group, or employed by labor contractors, and excludes employees otherwise employed, such as those employed by service providers to the Company. Group headcount also includes employees on maternity leave and on furlough. As of December 31, 2023, these included 212 employees, compared to 214 employees as of December 31, 2022. Note that daily employees are accounted for based on full-time position equivalence.

56 Headcount data excludes employees employed by non-material companies that are up to 50% owned.

32.3. **Organizational changes subsequent to the balance sheet date**

On January 2024, further to notice given by Ms. Anat Atlas, Manager, Business Development, Data and Digital Division of Migdal Insurance, of her wish to conclude her office, as set forth in section 0 below, and as part of preparing to implement the strategic plan, marketing and service operations were to be consolidated.

As from said date, the Technology Division is also responsible for Customer Experience. This is based on a holistic view of service being technology-driven, and in order to accelerate the profound service digitization processes carried out by Migdal Insurance, as well as incorporation of advanced technology in the service domain. Concurrently, Migdal Insurance consolidated brand and corporate reputation, led by Ms. Dalit Wecshelbaum, integrating marketing, spokesperson, corporate communication and investor relations, as well as internal communication.

Moreover, further to section 32.7.5 below, upon departure of Attorney Tali Kassif, the Corporate Secretary, this function would be transferred to the Legal Counsel and Enforcement Unit.

32.4. **Description of Company investments in training and organizational development**

The Group invests in professional training for employees and agents, based on the employee role and division. The Group acts based on a training and organizational development program supportive of achieving the business targets set by the Group for all organizational units regularly, flexibly and in accordance with needs. The Group sends employees to attend relevant professional workshops, conferences and training.

The Group has dedicated training programs to promote management and professional staff, as well as professional training for new hires in service and operations units, customized for the Group's professional requirements. The Group also delivers from time to time extra-curricular workshops to Group employees on various topics.

32.5. **Benefits and nature of employment contracts / signing of collective bargaining agreement**

Most employees of Migdal Insurance and Migdal Makefet are employed pursuant to a collective bargaining agreement, as set forth in section 32.5.1 below. All other Group employees are employed pursuant to individual contracts, as set forth in section 32.5.2 below.

32.5.1. **Collective bargaining agreement at Migdal Insurance and Migdal Makefet**

On June 12, 2023, a new collective bargaining agreement was signed by Migdal Insurance and Migdal Makefet (subsidiary of Migdal Insurance) and the New Histadrut HaOvdim Haclalit and the Migdal Insurance employee union, for four years through December 31, 2026. The estimated average increase in total payroll and associated expenses, in each year covered by the agreement compared to the previous year as applicable, is NIS 23.6 million. For more information about highlights of the agreement, see immediate report by the Company dated June 12, 2023 (reference no. 2023-01-064359), included herein by way of reference, and Note 32 to the financial information.

Information regarding the collective bargaining agreement, and in particular the estimated average increase in overall cost of payroll and benefits, as aforesaid, constitutes forward-looking information, as this term is defined in the Securities Act, 1968, based on assessment by Migdal Insurance regarding implementation of the collective bargaining agreement and depends, *inter alia*, on employee headcount, overtime, actuarial implications of severance pay and paid leave, utilization of the voluntary retirement program, as well as operations and business results of Migdal Insurance.

32.5.2. **Individual employment contracts**

Employment relations between Group companies and their employees, who are not subject to the collective bargaining agreement and extension thereof, as set forth in section 32.5.1

above, are based on individual employment contracts. Individual employment contracts specify their employment terms, including base salary, social and other benefits, as well as termination of their employment.

The Group has several employee groups remunerated in addition to their base salary, whose pay depends on performance or on achievement of targets.

For remuneration of officers, see section 32.6 below.

32.6. Officer remuneration policy and principles

32.6.1. Company's remuneration policy and remuneration policy of institutional entities

On May 28, 2023, the General Meeting of Company shareholders approved the Company's remuneration policy for 2023-2025. For more information see immediate report by the Company dated April 23, 2023 (reference no. 2023-01-044019), dated May 15, 2023 (reference no. 2023-01-051789) and dated May 28, 2023 (reference no. 2023-01-056577), included herein by way of reference.

On July 5, 2023, the General Meeting of Company shareholders approved an update to the Company's remuneration policy for 2023-2025 ("the **Revised Remuneration Policy**"), including, *inter alia*, the option to award equity-based remuneration, which may be exercised for Company shares or for shares of subsidiaries of the Company, to officers of the Company as part of their total remuneration package. For more information see immediate reports by the Company convening an extraordinary General Meeting of Company shareholders and the outcome thereof dated May 31, 2023 (reference no. 2023-01-058452), June 1, 2023 (reference no. 2023-01-060060), dated June 28, 2023 (reference no. 2023-01-071295) and dated July 5, 2023 (reference no. 2023-01-075333), included herein by way of reference.

Note that as the Company is, directly or indirectly, the controlling shareholder of institutional entities, and given that most Company officers also serve as officers of institutional entities in the Group, as part of formulating the Company's remuneration policy, the remuneration policy of institutional entities in the Group was also taken into consideration. The latter is an independent remuneration policy, put together and approved by organs of the relevant entities, in conformity with statutory provisions applicable to institutional entities in the Group ("**Remuneration Policy of Institutional Entities**"). Highlights of the Remuneration Policy of Institutional Entities are available on the Migdal Insurance website at: https://www.migdal.co.il/about/reward-policy

For more information about the Company's remuneration policy and Remuneration Policy of Institutional Entities in the Group, see Note 38.G.3 to the financial statements.

32.6.2. Approval of equity-based remuneration plan for the Group

Further to the foregoing, given the wish to establish long-term incentives for officers of the Company, of subsidiaries of the Company and of other entities indirectly controlled by the Company (hereinafter jointly: "**Controlled Entities**") for its managers and staff, including the Chairman of the Board of Directors and the CEO of the Company, on May 30, 2023, the Company Board of Directors adopted an equity-based remuneration plan that allows for award of equity-based remuneration, including allocation of options to officers serving Group companies, under the Capital Gain track, as set forth in Section 102(b)(3) of the Income Tax Ordinance [New Version], 1961 ("**Equity-based Remuneration Plan**").

Consequently, on May 30, 2023, the Company Board of Directors resolved, after approval by the Company's Remuneration Committee for the relevant offerees, to allocate to the Chairman of the Board of Directors, to the Company CEO and to 18 other offerees who are officers of the Company and of Controlled Entities ("the **Offerees**") a total of 16,860,216 options not listed for trading, which may be exercised for Company ordinary shares ("the **Options**"), based on terms and conditions of the Equity-based Remuneration Plan and subject to fulfillment of conditions required for such allocation (including approval of the

Company's Revised Remuneration Policy by the General Meeting and approval of option allocation to the Chairman of the Board of Directors and to the Company CEO), as set forth in report of material private offering issued by the Company on May 31, 2023 (reference no. 2023-01-058461), included herein by way of reference ("**Private Offering Report of May 2023**"). All approvals were received by July 5, 2023.

For more information about the aforementioned option allocation, see immediate reports issued by the Company convening an extraordinary General Meeting of Company shareholders and the outcome thereof dated May 30, 2023 (reference no. 2023-01-058461), May 31, 2023 (reference no. 2023-01-058452(, June 1, 2023 (reference no. 2023-01-060060), June 28, 2023 (reference no. 2023-01-071295) and July 5, 2023 (reference no. 2023-01-075333), and immediate report issued by the Company on changes in holdings of interested parties and senior officers, dated July 6, 2023 (reference no. 2023-01-076389), included herein by way of reference.

Furthermore, on October 9, 2023, the Company Board of Directors approved, after approval by the Remuneration Committee, a further allocation of 563,738 options to an officer of the Company (other than Board member or CEO), who also serves as officer of a wholly-controlled subsidiary of the Company and employed thereby, pursuant to the Company's Equity-based Remuneration Plan and at same terms and conditions as set forth in the Private Offering Report of May 2023. For more information, see immediate report by the Company regarding non-material, non-exceptional private offering, dated October 10, 2023 (reference no. 2023-01-093334), included herein by way of reference.

On January 31, 2024, the Company Board of Directors resolved, by the authority vested therein as set forth in section 2.7 of the Private Offering Report of May 2023, after approval by the Company's Remuneration Committee, to accelerate the vesting of 118,308 options (out of the total 567,874 options) awarded to an officer of the Company, upon her anticipated retirement upon reaching retirement age, after long service with the Company. As this officer is expected to conclude being employed by the Company in early October 2024, the Company Board of Directors resolved to accelerate vesting of part of her second lot of options, so as to reflect the period of her service to the Company, out of the overall vesting period for the second lot (i.e. 15 out of 24 months). Accordingly, upon termination of her employment and after such acceleration, 118,308 options would vest and may be immediately exercised for shares, from said date through expiration of the options. This accelerated vesting is in conformity with terms and conditions of the remuneration policy and equity-based remuneration plan adopted by the Company, as set forth in the immediate report regarding the private offering. For more information, see immediate report issued by the Company, dated February 1, 2024 (reference no. 20247-01-012270), included herein by way of reference.

For more information about **equity-based remuneration plan at Migdal Group**, see Note 33 to the financial statements.

32.6.3. **Senior officer group**

For more information about senior officer, see Regulation 26.A in chapter "Additional Information Regarding the Corporation". The officers are employed pursuant to individual contracts that set forth their employment terms.

For more information about salary and remuneration in 2023, including employment terms of the highest remunerated senior officers of the Company and entities controlled by the Company, see Regulation 21 in chapter "Additional Information Regarding the Corporation".

32.7. **Changes to senior officers**

32.7.1. On February 15, 2023, Mr. Sagi Yogev concluded their term in office as CEO of Migdal Insurance. For more information see immediate report by the Company dated January 30, 2023 (reference no. 2023-01-012462), included herein by way of reference.

32.7.2. On February 15, 2023, Mr. Ronen Agassi started their term in office as CEO of Migdal Insurance. For more information see immediate report by the Company dated January 30, 2023 (reference no. 2023-01-012465), included herein by way of reference. Mr. Agassi served as Interim CEO of Makefet from April 17, 2023 until Ms. Michal Gur-Kagan started her term in office as CEO of Makefet on August 1, 2023, as set forth in section 0 below. Note also that Mr. Agassi serves as Chairman of the Board of Directors of Makefet as from October 23, 2023, after receiving the statement of no objection from the Supervisor.

32.7.3. On May 30, 2023, the Company Board of Directors approved the appointment of Mr. Yogev Ben-Ziv to Acting CRO of the Company, replacing Ms. Michal Gur-Kagan , who was appointed by the Board of Directors of Migdal Insurance on May 24, 2023 to be Manager, Long-term Savings and Health Division of Migdal Insurance and by the Board of Directors of Makefet to be CEO of Makefet, subject to no objection by the Supervisor to appointment of Ms. Gur-Kagan to be CEO of Makefet. On August 1, 2023, the statement of no objection was received from the Supervisor. Accordingly, Ms. Gur-Kagan concluded her term in office as CRO of the Company, and the appointment of Mr. Yogev Ben-Ziv as Acting CRO of the Company became effective. On August 2, 2023, ;the Company Board of Directors resolved to appoint Mr. David Gilead to the office of CRO of the Company. Mr. Gilead started his term in office on October 9, 2023, when Mr. Ben-Ziv concluded their term in office as Acting CRO of the Company. For more information see immediate report by the Company dated May 31, 2023 (reference no. 2023-01-058779) and dated August 3, 2023 (reference no. 2023-01-089079, 2023-01-089085, 2023-01-089535 and 2023-01-089082), included herein by way of reference.

32.7.4. As from November 15, 2023, Professor Amir Barnea serves as Chairman of the Board of Directors of Migdal Insurance. For more information see section 0 below.

32.7.5. In January 2024, Ms. Tali Kassif, Corporate Secretary, announced her intention to retire upon reaching retirement age.

32.7.6. On February 19, 2024, Mr. Tal Cohen, CFO of the Company and Manager, Finance and Resources Division of Migdal Insurance, announced his intention to conclude his term in office. Furthermore, on February 19, 2024, the Board of Directors of the Company and the Board of Directors of Migdal Insurance approved the appointment of Mr. David Saban to be CFO of the Company and Manager, Finance Division of Migdal Insurance, replacing Mr. Cohen, subject to no objection from the Supervisor. The date for end of Mr. Cohen's term in office and start of Mr. Saban's term in office, has yet to be determined. For more information see immediate report by the Company dated February 20, 2024 (reference no. 2024-01-017892).

32.8. Changes to officers of Migdal Insurance

In January 2023, Mr. Asaf Meyzan concluded his term in office as Chief Actuary of Migdal Insurance. On January 8, 2023, Mr. David Santori was appointed Interim Chief Actuary of Migdal Insurance, subject to no objection from the Supervisor, which was received on February 1, 2023. Mr. Santori held this position until Mr. Eli Berglass started his term in office on April 16, 2023, as set forth in section 0 below.

On February 14, 2023, the Board of Directors of Migdal Insurance resolved to appoint Mr. Eli Berglass to be Deputy CEO and Chief Actuary of Migdal Insurance, following departure of Mr. Meyzan as noted above, and appointment of Mr. Moshe Morgenstern to be Deputy CEO and Manager, Technology Division of Migdal Insurance, following departure of Ms. Tami Ochana Cole from this position. Mr. Morgenstern started his term in office with the Group on April 2, 2023, after no objection was received fro the Supervisor on said date, and Mr. Berglass started his term in office with the Group on April 16, 2023, after no objection was received fro the Supervisor on April 4, 2023.

For conclusion of Mr. Sagi Yogev's term in office as CEO of Migdal Insurance and start of Mr. Ronen Agassi's term in office as CEO of Migdal Insurance, see sections 32.7.1 and 32.7.2 above.

At end of March 2023, Mr. Amit Oron concluded his term in office as Manager, Long-term Savings and Health Division of Migdal Insurance and as CEO of Migdal Makefet. For more information see immediate report by the Company dated December 25, 2022 (reference no. 2022-01-154936), included herein by way of reference.

On March 26, 2023, the Board of Directors of Migdal Insurance resolved to appoint Ms. Ron Regev to be Manager, Long-term Savings and Health Operations Division, as from April 2023.

In May 2023, Ms. Sharon Shacham, Manager, Non-life Insurance Division, announced her wish to conclude her term in office. On May 24, 2023, Ms. Adva Shlanger-Meiri was appointed Manager, Non-life Insurance Division of Migdal Insurance as from June 1, 2023.

Further to section 32.8.3 above, on May 24, 2023, the Board of Directors of Migdal Insurance resolved to appoint Ms. Michal Gur Kagan, the CRO of Group companies, to be Manager, Long-term Savings and Health Division of Migdal Insurance; On May 29, 2023, the Board of Directors of Makefet resolved to appoint Ms. Gur Kagan to be CEO of Makefet, subject to no objection from the Supervisor for said appointment. On May 24 and May 29, 2023, the Board of Directors of Migdal Insurance and the Board of Directors of Makefet (respectively) resolved to appoint Mr. Yogev Ben Ziv to be Interim CRO of Migdal Insurance and of Makefet, subject to no objection from the Supervisor. Moreover, on July 23, 2023, the Board of Directors of Migdal Insurance resolved to appoint Mr. David Gilead to be CRO of Migdal Insurance. On July 27, 2023, the Board of Directors of Makefet resolved to appoint Mr. Gilead to be CRO of Makefet, subject to no objection from the Supervisor. On August 1, 2023, the Supervisor announced they had no objection to appointment of Ms. Gur Kagan to be CEO of Makefet, nor to appointment of Mr. Gilead to be CRO of Migdal Insurance and of Makefet. Thus, on August 1, 2023, Ms. Gur Kagan concluded her office as CRO and started her office as Manager, Long-term Savings and Health Division of Migdal Insurance and CEO of Makefet. Mr. Gilead started his office as CRO of Migdal Insurance and of Makefet on October 9, 2023. Accordingly, from August 1, 2023 to October 9, 2023, when Mr. Gilead started his office as CRO, Mr. Yogev Ben Ziv served as Interim CRO.

On May 24, 2023, Ms. Roni Ginor, Chief Actuary for non-life insurance of Migdal Insurance, announced her wish to conclude her term in office as from June 20, 2023. Consequently, the Board of Directors of Migdal Insurance resolved on May 30, 2023 to appoint Mr. Matan Gross Chief Actuary for non-life insurance. The Supervisor announced his no objection to this appointment on July 17, 2023.

In January 2024, Ms. Nat Atlas, Manager, Business Development, Data and Digital Division of Migdal Insurance, announced her wish to conclude her term in office as from January 31, 2024. For more information on re-organization following the aforementioned notice given by Ms. Atlas, see section 0 above. For more information about changes to the Company Board of Directors and other changes to senior officers of the Group in the reported period, see section 41.2 in Part E below.

For notice given by Ms. Tali Kassif, Corporate Secretary, of her wish to retire upon reaching retirement age; notice given by Mr. Tal Cohen, Manager, Finance and Resources Division of Migdal Insurance, of his intention to conclude his term in office; and appointment of Mr. David Saban to be Manager, Finance Division of Migdal Insurance, replacing Mr. Cohen, see sections 32.7.5 and 32.7.6 above.

33. Marketing and distribution

33.1. Overview

The Group's key marketing and distribution channels in its operating segments (excluding financial services[57]) are as follows:

33.1.1. Insurance agents and insurance agencies

Most of the Group's insurance programs are marketed by insurance agents and insurance agencies, including insurance agencies owned by the Group.

The Group is in business with 3,300 insurance agencies (corporations[58]) and insurance agents ("**agents**") across Israel. The Group is in business with most of the agents in life insurance, pension and provident funds, health and non-life insurance, who carry out most of the Group's sales.

Some marketing and distribution by agents is also carried out by insurance agencies owned by the Group, through Migdal Agencies, primarily Mivtach Simon, Sagi Yogev and Shacham-Orlan for life insurance and long term savings and for health insurance at the Group, and by Peltours and Shacham-Orlan for non-life insurance at the Group.

Note, in this regard, the Government resolution passed on February 24, 2023, as part of the economic plan ("**Government Resolutions**") with regard to proposed review of control by institutional entities over a corporation that is an insurance agent or retirement insurance agent. The Government Resolutions propose establishing an inter-ministerial team to review holdings by institutional entities in agencies. The team would review the impact of holdings by institutional entities in corporations which are an insurance agent or retirement insurance agent, on operations of these agencies and on their objectivity in marketing products, means to address such impact and the desirable regulation with regard to existing holdings by institutional entities in insurance agencies. The team would submit its recommendations, including with regard to required legislation changes. In addition to the team's work, a decision was made to enact an interim directive, to be valid through December 31, 2024, which would prohibit acquisition of 20% or more of any type of means of control over further insurance agencies by institutional entities, pending recommendations and legislation as required. For more information about the Government Resolutions, see section 27.3.1 above.

33.1.2. Direct distribution

In this context, Group products are directly marketed and distributed by Group employees. Most of the direct distribution operations are in the pension and provident fund sectors, by retirement savings marketing agents.

Migdal Insurance and Migdal Makefet contract directly with employers, employee representatives / unions or directly with employees, to allow for proactive enrollment by employees in pension funds / provident funds (including study funds) managed by the Group, including taking part in tenders issued by employers / employee unions. Marketers also sell insurance products, such as risk, health and individual savings products.

Some collective insurance policies in life insurance and in health insurance are directly sold by the Group, primarily through participation in tenders.

Most of the direct marketing and distribution operations for non-life insurance involve direct marketing to end customers.

---

57 For more information about marketing and distribution with respect to financial services, see section 21 in Part B above.

58 Some of these insurance agents are corporations with employees – the number of those employed by an agency is not included in the above figure.

Migdal also operates a call center for marketing individual insurance (death risk, health, auto, home (including building insurance for mortgage borrowers), overseas travel and collective auto insurance).

33.1.3. Banking corporations – this distribution channel includes distribution and marketing of pension or provident fund products by retirement savings advisors at bank branches (these operations are not material).

33.1.4. **Dependence on distribution channels**

The Company is not dependent on any single entity of any distribution channel, whose loss would have material negative impact on its operations, or where the need to replace them would cause the Company to incur material additional cost.

33.1.5. **Distribution channels accounting for over 10% of premium in operating segments**

In 2023, the Company had no single agent accounting for over 10% of premium in any applicable operating segment, except for Mivtach Simon for life insurance and long term savings.

For more information about premium and contributions received in 2023 through agencies controlled by the Group, see below.

33.1.6. **Share of distribution and marketing operations by channel**

Pension and provident fund sectors primarily involve direct operations. Share of distribution channels in terms of contribution (as percentage):

	2023	**2022**	**2021**
Pension fund			
Agents	71	70	69
Direct	28	29	31
Banking corporations	1	1	–
Provident funds			
Agents	54	48	45
Direct	42	47	49
Banking corporations	4	5	6

Share of Group-controlled agencies (including data for sub-agents of such agencies) as percentage of premium and contribution:

	2023	**2022**	**2021**
Life insurance	22	22	21
Pension fund	21	22	23
Provident funds	18	14	11
Health insurance	18	18	20
Non-life insurance	9	10	9

For more information about headcount of Group-controlled insurance agencies, see table in section 32.2 above.

33.2. **Regulation of operations of agents, retirement savings marketing agents and retirement advisors**

Operations of agents and retirement savings advisors in marketing and distribution are supervised by the Supervisor and governed by provisions of the Supervision Act and/or the Financial Services Supervision Act (Consulting, Marketing and Pension Settlement System), 2005 with respect to respect to retirement savings products. Moreover, these provisions apply to operations of retirement insurance agents, retirement savings marketing agents and retirement savings advisors and the licenses required for their operations. The Supervision of Financial Services Regulations (Provident Funds) (Distribution Commissions), 2006 govern the rates and maximum distribution commission payable to retirement savings advisors in pension and provident fund products ("**Distribution Regulations**").

33.3. **Description of commissions and average commission rates by operating segment**

33.3.1. **Life insurance and long-term savings sector**

Agents

The Group pays commissions to agents, at variable rates for product marketing. The commission rate varies by the program sold and based on individual agreements signed with agents. The Group also conducts sales promotions, where agents are remunerated with prizes and/or additional bonuses.

(1) Structure of commissions in life insurance

- Current commissions – Commissions payable to agents are "flat commissions", i.e. a commission payable at the same rate over several years and thereafter, for most agreements, a commission payable at a rate typically lower than the flat commission rate (for most insurance programs marketed by the Group, the flat commission is payable over 15 years). Note that for some life insurance products, the commission is payable at a fixed rate throughout the insurance period, and optionally, the commission may be payable at variable rates over the insurance period. Moreover, in some products a commission is payable at a fixed rate out of accrual, over the entire insurance period.

- Commissions with respect to sales – Typically, this is a non-recurring commission based on total sales and on the agent achieving their sales target and, in some cases, on the agent achieving their portfolio preservation target. For some life insuranc policies, the commission is based on parameters that affect product profitability, including provisions regarding insurance policy cancellations. The Group also conducts sales promotions, where agents are remunerated with prizes and/or additional bonuses.

- For some insurance products – Commissions are payable based on the amount of savings transferred from funds and/or insurance programs of other companies and/or on the amount of non-recurring contributions.

(2) Commission structure with respect to marketing of pension fund products

- Current commissions – Commissions are payable out of contributions, as a percentage of actual contributions.

- Commissions with respect to sales – The Group pays a commission typically based on total sales, on total transfers from funds of other companies and on achievement of the sales target. Commissions are based on parameters that affect product profitability, and subject to insurance policy cancellations, as noted above for life insurance commissions.

(3) Commission structure with respect to marketing of provident fund products

- Current commissions – These are payable to insurance agents for marketing of provident funds, as percentage of accrual.

- Volume commissions – These commissions are based on transfer of savings from funds of other companies. Moreover, for current sales of study funds and investment provident funds, the Company pays a commission typically based on total sales and on achievement of the sales target, subject to cancellations.

In conformity with a legislation amendment dated 2017[59], for some of the programs marketed prior to April 1, 2017, the Company continues to pay, in addition to the aforementioned commissions, a commission out of management fee from accrual and management fee from premium (for life insurance products), a commission out of management fee from accrual and a commission out of contributions, considering the product profitability in pension fund products, as well as a commission out of management fee from accrual considering the product profitability in provident fund products.

Retirement savings marketing agents

The Company remunerates retirement savings marketing agents for life insurance, long term savings and health insurance products for achieving sales targets which vary from time to time, and for enrollment of new members. The amount payable to marketing agents is composed of the percentage of targets achieved, multiplied by the target commission in NIS and of the amount payable for enrollment of new members. This payment is affected by total sales by the marketing agent.

Retirement savings advisors

The Company has distribution agreements in place with retirement savings advisors, some of which are banking corporations and some – independent advisors. In agreements with eligibility for a distribution commission, this is specified in conformity with the Distribution Regulations.

Average commission rates

Below is information about average commission rate (in percentage) for this sector[60]:

	2023	**2022**	**2021**
Life insurance			
Percentage of premium	6.3	6.2	5.7
In year 1 – percentage of new annualized	64.7	55.6	50.6
Pension fund			
Percentage of contribution(2)	1.8	1.5	0.8
Provident funds			
Percentage of average assets under	0.2	0.2	0.1

(1) The increase in commission as percentage of new annualized premium in 2022 and 2023 is due to change in sales mix, consisting of increased weight of risk sales.

(2) The increase in commission as percentage of pension and provident funds is primarily due to increase in sales of these products.

33.3.2. **Health insurance sector**

Individual insurance – The Group pays to insurance agents commissions at variable rates for marketing its products, with the commission rate variable based on the program sold.

The commission structure usually consists of one or more of the following:

(1) Current commissions – The commissions paid are "flat commissions", with optional payment of commission at variable rates over the insurance period, in conformity with individual agreements with the agents.

(2) Commissions with respect to sales – Some agent agreements include a non-recurring commission based on total sales and on the agent achieving their sales target and, in some cases, on the agent achieving their portfolio preservation target.

59 Supervision of Financial Services Act (Provident Funds) (Amendment No. 20), 2017.

60 Includes commissions of agents, retirement savings marketing agents and retirement savings advisors.

(3) The Group also conducts sales promotions, where agents are remunerated with prizes and/or additional bonuses.

Collective insurance – Commissions are paid as set percentage of premium.

Below is information about average commission rate (in percentage) for this sector:

	2023	2022	2021
Percentage of premium	22.9	23.6	24.5

33.3.3. **Non-life insurance sector**

Commission paid to non-life insurance agents is calculated as set percentage of premium, with the percentage variable by specific sector. Below is information about average commission rate (in percentage) for this sector:

	2023	2022	2021
Mandatory auto	4.6	4.8	4.7
Auto property	14.7	14.7	15.7
Property sectors	14.1	15.5	16.1
Liability sectors(1)	13.9	14.6	13.5
Total	12.8	13.1	13.3

(1) In 2022, commission rates in liability sectors were affected by change in mix of business insured.

33.3.4. **Loans provided to agents**

The Group occasionally provides loans to agents, secured by cash flow from future commissions or by other collateral. Loans are provided at commercial terms in conformity with rules specified by the Supervisor. For more information see Note 9 to the financial statements.

34. **Suppliers and service providers**

34.1. **Overview**

The Group procures products and services from many suppliers and service providers[61]. These are selected based on the nature and quality of the service they offer, their availability, expertise, commercial terms offered and so forth. Typically, such contracts are for a set term and do not include any exclusive rights (note that in general, the Group avoids, in as much as possible, dependence on any supplier[62] and strives for diversification of its suppliers).

34.2. **Computer and software suppliers**

The Group is party to various contracts with suppliers of hardware, software and other computer solutions, who provide diverse technology solutions in computer equipment, including servers and terminal equipment, communications, operating systems and virtualization, information storage and management tools, diverse software, databases, monitoring and control tools, information security and other professional services, including expert services. Some of these suppliers are companies specialized in providing custom services. Occasionally, during crisis events (including with regard to technology), the Group may require their collaboration. Current payments to each of these suppliers are not material.

---

61 Note that Group suppliers and service providers exclude advisors / marketing agents in the distribution and marketing channel as described in section 33 above, and exclude re-insurers as described in section 31 above.

62 As this term is defined in the Supervisor's circular regarding updated provisions for periodic reporting by insurance companies.

35. **Fixed assets and information about investments in computer systems**

35.1. **The table below lists material real estate owned or leased by the Company and included under Fixed Assets:**

Location	Area (m^2)	Primary use	Owned / leased
Petach Tikva	62,430	Primary office buildings of the Group, including major operations of Group-owned insurance agencies ("**Group Agencies**")	Owned
	1,531	Primarily offices used by Group Agencies	Rent
	2,838	Construction incomplete / un-occupied	Owned
Rishon LeZion	834	Buildings of Group Agencies	Rent
Ashkelon	3,891	Customer service and operations center	Rent
Tel Aviv	4,300	Office buildings of Capital Markets Group	Long-term lease
Jerusalem	1,971	Buildings of Group Agencies	Rent
Netanya	1.556	Buildings of Group Agencies and Be-Well	Rent
Haifa	2,166	Buildings of Group Haifa branch	Owned
	632	Buildings of Group Agencies	Leases

Note that there are other sites where the Group leases buildings for its operations and for operations of Group-owned agencies, at non-material amounts.

The primary IT center used by institutional entities of the Group is located in Petach Tikva. In conformity with the Supervisor's directives regarding management of business continuity, this IT center has two additional remote backup sites that include a backup site and another (third) copy of the information.

For more information about depreciated cost of land and office buildings and leasehold improvements, including property measured at fair value as investment property, and for more information about the Group's fixed assets, see Note 6 to the financial statements.

35.2. **Information about Company investments in computer systems**

The Group's IT systems are crucial for managing its business and in particular, for addressing the competition and regulation. The Company owns a wide range of computer equipment, including servers, storage and backup systems, communications equipment, terminals and other peripheral equipment, as well as a wide range of ownership or usage rights to various software, including software developed in-house.

The Technology Division provides most of the IT services to various Group entities and uses, as required, various suppliers and software vendors for providing the IT services provided to the Group. For staff employed by this unit, see section 32.2 above.

The Group has computer systems, including hardware, software and additional equipment with depreciated cost as of December 31, 2023 amounting to NIS 765 million, compared to NIS 633 million as of December 31, 2022. In 2023, Group investments in computers and development of IT Systems amounted to NIS 256 million, compared to NIS 234 million in 2022. See Notes 4 and 6 to the financial statements.

Investment in IT systems are designed to support the Group's strategic business objectives and to comply with changing regulatory requirements.

In the reported period, Group investments in IT systems were primarily focused on the following: Development of service and sales systems for distribution channels, including digital lines of business, improving capabilities of the Group's customer service through CRM systems and systems for call center management, improvement of non-life insurance systems, support for development of life insurance and health insurance products, transition to AWS cloud, implementation of regulatory circulars and third party standards, such as IFRS, bolstering information protection capabilities at the Company, including from cyber threats, and constant improvement in availability and stability of production systems.

36. Seasonality

36.1. Long-term savings

Premium revenues in life insurance and health insurance, and management fee revenues from pension and provident funds, are not subject to seasonality. However, in December there is some increase in premium / contributions to pension and provident funds, compared to other months, designed to maximize tax benefits for such contributions.

Composition of gross earned premium in life insurance[63] by quarter (NIS in millions and as percentage):

	2023		2022		2021	
	NIS in	In %	NIS in	In %	NIS in	In %
Q1	2,061	24.6	2,217	25.8	2,311	24.1
Q2	2,069	24.7	2,137	24.7	2,336	24.4
Q3	2,173	26.0	2,153	24.9	2,337	24.4
Q4	2,065	24.7	2,128	24.6	2,589	27.0
Annual Total	8,368	100.0	8,635	100.0	9,573	100.0

Composition of contributions to pension funds (NIS in millions and as percentage):

	2023		2022		2021	
	NIS in	In %	NIS in	In %	NIS in	In %
Q1	2,272	23.6	2,009	23.4	1,810	23.3
Q2	2,355	24.4	2,103	24.5	1,924	24.7
Q3	2,509	26.0	2,221	25.8	1,986	25.5
Q4	2,505	26.0	2,262	26.3	2,060	26.5
Annual Total	9,641	100.0	8,595	100.0	7,781	100.0

Composition of contributions to provident funds (NIS in millions and as percentage):

	2023		2022		2021	
	NIS in	In %	NIS in	In %	NIS in	In %
Q1	596	21.2	556	23.6	445	21.2
Q2	633	22.5	534	22.6	463	22.1
Q3	695	24.7	575	24.3	488	23.2
Q4	889	31.6	698	29.5	704	33.5
Annual Total	2,813	100.0	2,362	100.0	2,100	100.0

36.2. Non-life insurance

Gross premium revenues in non-life insurance are subject to seasonality, primarily due to auto insurance for employee collectives and business car fleets, which typically renew in January, and due to various merchant insurance policies, which typically renew in January or in April. The impact of such seasonality on pre-tax income for the period is offset by the unexpired risk reserve.

Other expense components, such as claims, and other revenue components, such as investment revenues, are not subject to distinct seasonality, hence not subject to seasonality in profit. Note, however, that an extreme winter season may cause increase in property insurance claims, typically in the first and fourth quarters, resulting in decrease in profit.

In 2021-2023 there was no material winter damage.

Composition of gross premium in non-life insurance by quarter (NIS in millions and as percentage):

[63] Excludes receipts with respect to investment contracts, amounting to NIS 1,455 million in 2023, compared to NIS 2,152 million in 2022 and to NIS 1,180 million in 2021.

	2023		2022		2021	
	NIS million	In %	NIS million	In %	NIS million	In %
Q1	744	31.4	674	32.6	598	31.9
Q2	606	25.5	481	23.2	398	21.3
Q3	563	23.7	481	23.2	456	24.4
Q4	459	19.4	435	21.0	420	22.4
Annual Total	2,372	100.0	**2,071**	**100.0**	1,872	100.0

36.3. Financial services

The Company believes that the financial services segment is not subject to seasonality.

37. Intangible assets

37.1. Overview

The Group uses in its operations the names and logos of companies, some of which are registered trademarks, such as "Migdal Holdings", "Migdal Insurance", "Migdal Makefet" and "Migdal Capital Markets".

37.2. Information repositories

Institutional entities of the Group maintain various registered information repositories, where information provided by Group customers is stored. The information stored in these repositories about customers includes information they provided during purchase of any Group products, as well as other information provided to the Group, or located by the Group, with respect to services provided by the Group (such as information incidental to handling insurance claims and so forth). Moreover, institutional entities of the Group have registered information repositories about Group agents, suppliers, employees and so forth, where information stored in a computer repository and registration thereof are required by statutory provisions. These information repositories are used by the Group for normal operation of its business.

37.3. Goodwill and excess cost

The Group recognized goodwill and excess cost, primarily for acquisition of insurance agencies, insurance portfolios, pension fund management companies, study fund and financial service operations. In 2021-2023, the Group recognized no impairment of goodwill. For more information see Note 4 to the financial statements.

38. Discussion of risk factors

38.1. Table of risk factors for insurance and long-term savings operations

		Extent of risk factor impact on Group operations		
	Risk factors	**Major Impact**	**Medium Impact**	**Minor Impact**
Macro-economic risk	State of the economy and employment	V		
	Market risk			
	– Interest risk	V		
	– Market risk (equity instruments / real assets)	V		
	– Consumer Price Index risk		V	
	– Currency risk		V	
	Credit risk, including spread	V		
Sector-specific risk	Insurance risk			
	– Longevity, including pension realization	V		
	– Morbidity	V		
	– Catastrophic risk (such as earthquake, war or terrorism)		V	
	– Other insurance risk, including climate and environmental risk		V	
	Portfolio preservation level	V		
	Re-insurance (availability and counter-party)		V	
	Competition and competitors	V		
	Public preferences		V	
	Regulatory changes	V		
	Legal precedent and Supervisor's authority	V		
Group-specific risk	Business mix	V		
	Alignment of assets and liabilities	V		
	Liquidity risk			V
	Legal proceedings and class action lawsuits	V		
	Goodwill	V		
	Operating risk			
	– Dependence on IT systems	V		
	– Information and cyber security	V		
	– Other operating risk		V	
	Compliance risk		V	

The impact of these risk factors on the Group is based on assessment by Group management, considering the scope and nature of its operations as of the report date. The actual impact may differ, due to changes to attributes of Group operations or to market conditions and/or to conduct of regulators that supervise Group operations.

There was no material change in risk factors and the impact thereof compared to the previous year. For more information about key risk factors in Group insurance operations and management thereof, see Note 37 to the financial statements.

The Company manages its operating segments by applying risk management methodology. In its operations, the Group emphasizes management of the risk to which the Group is exposed, so as to identify and assess the potential impact of such risk on the Group, with reference to risk correlations. Furthermore, the Company Board of Directors approved the risk appetite and risk tolerance for various risk factors.

For more information about the impact of the Iron Swords war on the Company, see section 2.4.10 above.

38.2. Major risk factors in financial services operations

The financial services sector operates across multiple segments of the capital market, some of which are highly volatile due to impact of economic and geo-political events in Israel and world-wide. The various risk factors to which the financial services sector is exposed are related *inter alia* to trading activities in accounts managed on behalf of the Group, to assets under management on behalf of various customers, to legal risk and to other risk associated with operating exposures of such operations.

The primary risk factors in financial services operations are as follows:

38.2.1. Macro-economic risk

Market risk[64] – Economic and geo-political events in Israel and world-wide affect overall activity in the capital market and, consequently, also the financial services operations, assets and business results.

Some companies involved in the financial services sector conduct transactions in negotiable assets on their own behalf in nostro accounts. Such transactions expose the financial services sector to risk arising from trading volatility in different capital market asset classes (share prices, debentures, currency exchange rates, interest rates and so forth), including due to change in interest rates and currency exchange rates, economic and geo-political events.

Migdal Capital Markets operations in deposits, financial assets, OTC SWAP derivatives and foreign securities are also exposed to credit risk, in case of insolvency of banks in Israel and of financial institutions overseas where such funds and assets are held.

Market events, such the inflationary environment and expectations of changes to interest rates, as well as global economic and geo-political events, directly affect revenues of Migdal Capital Markets, both due to change in inflows and outflows and to higher / lower valuations.

38.2.2. Sector-specific risk

Decrease in value of assets under management and in scope of operations – Results of the financial services sector are directly affected by the overall value of assets under management by the financial services sector. Decrease in total assets under management may materially affect the profitability of the financial services sector.

Regulation – The financial services sector is subject to very extensive regulation, which frequently changes. Further regulatory changes and/or stricter requirements for existing regulations and/or failure by companies in the financial services sector to comply with regulatory requirements may have material impact on the business and/or results of the financial services sector, and some regulatory directives have financial implications. Moreover, the financial services sector is subject to penalties and administrative enforcement measures that may be imposed by supervisory authorities in case of breach of statutory provisions**.**

38.2.3. Risk specific to financial services

Legal risk – The financial services sector is exposed to potential lawsuits brought by customers, suppliers or third parties, alleging failure to comply with statutory provisions and/or agreements and/or professional malpractice, including exposure to potential class action.

---

64 For description of exposure to and management of market risk, see section 5 of the Board of Directors Report.

Liquidity risk – Companies that manage assets or invest in assets on the capital market may hold assets subject to liquidity issues, or issues with respect to the issuer making debt repayments.

Operating risk – The financial services sector is exposed to risk associated with its operations and to IT and human functioning of various systems under its responsibility. The financial services sector is also exposed to employee negligence and embezzlement and to customer fraud. Malfunctions in trading systems and/or in communications, along with human error by traders, may result in failure or error in transaction execution, and consequently may expose the sector to trading volatility in assets subject of customer instructions, and to significant lawsuits. The sector also has significant exposure to cyber and information security, with a growing global trend in this risk. The sector may be exposed to information security events, where a third party would attempt to hack the computer systems in order to conduct un-authorized transactions or to gain access to un-authorized information or to conduct a cyber event for demanding ransomware.

Reputation risk – The reputation of the financial services sector is a key factor in contracting with new customers and in retaining existing customers. Impact on such reputation may affect the business of the financial services sector.

38.2.4. **Table listing risk factors for financial services**

	Risk factor impact on financial service operations			
	Risk factors	**Major Impact**	**Medium Impact**	**Minor Impact**
Macro-economic risk	Market risk			
	Interest risk	V		
	Capital market risk	V		
	Consumer Price Index risk		V	
	Foreign currency risk		V	
	Credit risk	V		
Sector-specific risk	Decrease in value of assets under management for scope of operations	V		
	Regulation	V		
Sector-specific risk	Legal risk		V	
	Operating risk	V		
	Liquidity risk		V	
	Execution errors			V
	Impact to reputation		V	

Operations of Migdal Health and Migdal Management are not material and therefore, the Company believes that risk with respect to these is not material.

39. Material agreements and collaboration agreements

39.1. Collective bargaining agreement

For the collective agreement signed by Migdal Insurance and Migdal Makefet and the New Histadrut HaOvdim Haclalit, recognized as the official labor union for employees of Migdal Insurance and Migdal Makefet, see section 32.5 above and Note 32 to the financial statements.

Part E – Corporate governance aspects[65]

[65] This part and descriptions included therein are provided in conformity with the circular on enclosing a corporate governance questionnaire, as directed by the Israel Securities Authority pursuant to Section 36a(b) of the Securities Act. See part "Additional information about the corporation" in the Corporate Governance Questionnaire.

40. **External Board members**

As of the report date, the Company is served by three external Board members and one independent Board member. Moreover, as of the report date, Migdal Insurance is served by four independent Board members, as this term is defined in Chapter 2, Part 1, Volume 5 (Board of Directors of Institutional Entity) of the Unified Circular. For more information about external and independent Board members of the Company, see Regulation 26 in chapter "Additional Information Regarding the Corporation" and section 41.2 below.

41. **Corporate governance aspects**

41.1. **Legal proceedings and claims committee of the Company Board of Directors**

In addition to the motion for approval of derivative lawsuit, filed on August 23, 2020, on behalf of the Company against Mr. Shlomo Eliyahu, the controlling shareholder of the Company (see section 41.1.1 of chapter "Description of Corporate Affairs" of the 2022 annual report, included herein by way of reference), as of the report date and after filing of summations in this case, the parties now await the Court ruling on the motion for approval of derivative lawsuit (the "**First Motion**"). On March 15, 2023, the Company received another motion for approval of derivative lawsuit, against the Company and Mr. Shlomo Eliyahu, alleging damage incurred by the Company from November 20, 2020 through November 15, 2022, which was filed by the same plaintiff and their attorney who also filed the First Motion ("the **Additional Motion**"). On May 1, 2023, the Court ruled that these two motions would not be litigated jointly. Moreover, on May 1, 2023, the Company filed a motion to dismiss the Additional Motion out of hand or, alternatively, seeking a stay of proceedings pending a ruling on the First Motion. On June 28, 2023, after the plaintiff filed their response to the motion to dismiss and the Company and Mr. Shlomo Eliyahu filed their response to the plaintiff's response to the motion to dismiss, the Court announced that ruling on the motions would be delayed pending filing of responses to the Motion for Approval, as it was not possible to assess the overlap between legal and factual claims that require a ruling in this case and in the First Motion, prior to filing of the defendants' responses.

Consequently, on July 10, 2023, the Company Board of Directors resolved to establish an independent committee to review and discuss issues arising from the Additional Motion, without prejudice to the Company's rights and claims, including the claim whereby this motion should be dismissed out of hand. On July 13, 2023, the Company Board of Directors resolved that the committee would consist of the following: Committee Chairman – Honorable Justice (Retired) Professor Yoram Danziger, members: Professor Roni Ofer and Dr. Assaf Eckstein ("the **Committee**"). On October 23, 2023, the Committee filed a detailed report, including its recommendations to the Company Board of Directors, as to whether the Company has an appropriate cause for claim against the controlling shareholder of the Company, with respect to allegations made in the additional motion, or with respect to allegations arising there from ("the **Report**" or "the **Committee Report**"). The Report elaborated the Committee's findings, based on which the Committee concluded that there was no basis for allegations made in the motion for approval of derivative lawsuit, neither factual nor legal.

The Committee Report also noted that beyond the comments with regard to alleged lack of evidence for existence of a cause for claim against Mr. Eliyahu, the Committee also considered the Company's best interest with regard to viability of filing and litigating a derivative lawsuit, and concluded that there was no place to file a lawsuit against Mr. Eliyahu. On November 7 and 9, 2023, the Company Board of Directors discussed the Committee Report and all findings therein, and resolved to adopt the Committee's recommendation, for the reasons cited in the Committee Report.

As of the report date, the Company filed its response to the motion for approval, requesting that the Court deny the motion for approval based, *inter alia*, on the Committee Report and the plaintiff filed their response to the Company's response.

For more information about the committee, the report filed thereby and resolution by the Company Board of Directors, see immediate reports issued by the Company dated July 11, 2023 (reference no. 2023-01-078231) and dated July 13, 2023 (reference no. 2023-01-079836), October 24, 2023 (reference no. 2023-01-118338), and November 12, 2023 (reference no. 2023-01-123315), included herein by way of reference

For more information about the First Motion and the Additional Motion, see Note 1.39.f.3) to the financial statements.

41.2. **Changes to composition of the Board of Directors of the Company and of Migdal Insurance**

41.2.1. **Changes to composition of the Board of Directors of the Company**

On April 30, 2023, Ms. Linda Ben-Shoshan concluded her first term in office as external Board member of the Company. On May 28, 2023, the General Meeting of Company shareholders approved the appointment of Ms. Ben-Shoshan to a further term of three years, as from the approval date by the General Meeting. For more information see immediate reports issued by the Company dated May 1, 2023 (reference no. 2023-01-046440), dated April 23, 2023 (reference no. 2023-01-044019) and dated May 28, 2023 (reference no. 2023-01-056577), included herein by way of reference.

On May 28, 2023, the General Meeting of Company shareholders first approved the appointment of Ms. Orna Hausman Bechor as external Board member of the Company for a term of three years, as from the approval date by the General Meeting. For more information see immediate reports by the Company dated April 23, 2023 (reference no. 2023-01-044019) and dated May 28, 2023 (reference no. 2023-01-056577), included herein by way of reference.

On February 5, 2024, Dr. Keren Bar-Chava, a Board member of the Company and of Migdal Insurance, announced her resignation from all her positions with Migdal Group, effective as of said date. For more information see sections 0 and 41.4 below.

On March 14, 2023, the annual General Meeting of Company shareholders resolved to re-appoint incumbent Board members of the Company (other than external Board members), Mr. Hanan Meltzer, Mr. Shlomo Eliyahu, Dr. Gavriel Picker, Mr. Carmi Gilon, Mr. Avraham Dotan and Mr. Ron Tor (serving as independent Board member of the Company) for an additional term in office, until the next annual General Meeting. The annual General Meeting of Company Shareholders also approved re-appointment of Mr. Hanan Meltzer as Chairman of the Company Board of Directors. For more information see immediate reports by the Company dated February 21, 2024 (reference no. 2024-01-018438), and dated March 14, 2024 (reference no. 2024-01-026316), included herein by way of reference.

41.2.2. **Changes to composition of the Board of Directors of Migdal Insurance**

On September 5, 2022, after Ms. Ronit Bodeau concluded her second term in office as independent Board member of Migdal Insurance, Migdal Insurance applied to the Supervisor to extend Ms. Bodeau's appointment for a third term in office as independent Board member. Following the announcement by the Supervisor on September 21, 2022, of his intention to object to such request subject to a hearing, Ms. Bodeau filed an administrative appeal to receive all of the information which formed the basis for such announcement. To the best of Migdal Insurance's knowledge, on February 1, 2023 the Court ruled, *inter alia*, that Ms. Bodeau would receive information as specified by the Court. Further to this ruling, and to the best of Migdal Insurance's knowledge, on February 12, 2023, the Authority asked the Court for an extension in providing such information, since the parties were in discussion which may result in settlement of this proceeding out of Court. On March 29, 2023, the Supervisor announced they had no objection to appointment of Ms. Bodeau for a further term as independent Board member of Migdal Insurance through April 5, 2025, provided that Ms. Bodeau would not be appointed and would not serve as member of the Audit Committee. The notice by the Supervisor further stipulated that, for as long as Ms. Bodeau concurrently serves as officer of Malam Team Ltd., she would not serve as member of the IT and Cyber Committee, and that a conflict of interest agreement should be reached with respect to Ms. Bodeau's office with Malam Team Ltd. Note that on April 2, 2023, the Court dismissed the administrative appeal.

On November 24, 2022, the Company Board of Directors approved the appointment of Mr. Carmi Gilon as Interim Chairman of the Company. On January 17, 2023, the Supervisor announced that he had no objection to appointment of Mr. Gilon to be Chairman of the Company Board of Directors through March 15, 2023. Mr. Gilon concluded his office as Interim Chairman of the Company Board of Directors on March 15, 2023.

On April 24, 2023, the Board of Directors of Migdal Insurance appointed Mr. Carmi Gilon to be Interim Chairman of the Board of Directors through May 30, 2023, subject to no objection from the Supervisor. On May 29, 2023, the Supervisor announced that he was unable to approve the request as filed, due to missing information. Under the circumstances, and for good measure, the Board of Directors of Migdal Insurance resolved to appoint Mr. Gilon to be Chairman of the Board of Directors at the start of each meeting, pending appointment of Professor Amir Barnea as Chairman of the Board of Directors of Migdal Insurance, as set forth in section 0 below.

On April 27, 2023, Ms. Merav Ben-Kna'an Heller started her third term in office as independent Board member of Migdal Insurance, after receiving a statement of no objection from the the Supervisor to her appointment, and to her appointment as Chair of the Audit Committee of Migdal Insurance.

On May 30, 2023, the General Meeting of Migdal Insurance shareholders appointed Mr. Yossi Ben Baruch, the Company CEO, to be Board member of Migdal Insurance, subject to no objection from the Supervisor. In June 2023, the Supervisor requested clarifications with regard to this appointment. The Company and Migdal Insurance provided such comments and clarifications to the Supervisor.

On July 28, 2023, the Supervisor announced their intention to object to appointment of Mr. Yossi Ben Baruch to be Board member of Migdal Insurance. The announcement noted, *inter alia*, that the Supervisor intended to continue objecting to this appointment, since according to the Supervisor, such appointment entails concern for impact on independence of the Board of Directors of Migdal Insurance, for different reasons cited in the letter. Mr. Ben Baruch was invited to state his position to the Authority prior to making a final decision on this matter. The Company awaits the Supervisor's final position in writing on this matter. For more information about the Supervisor's letter, see immediate report issued by the Company, dated July 30, 2023 (reference no. 2023-01-86409), included herein by way of reference.

On October 9, 2023, the Company Board of Directors resolved to appoint Professor Amir Barnea as Board member of Migdal Insurance, subject to no objection from the Supervisor, which was received on October 15, 2023. On October 18, 2023, the Board of Directors of Migdal Insurance appointed Professor Barnea to be Chairman of the Board of Directors of Migdal Insurance, subject to no objection from the Supervisor, at 50% full-time equivalent position. On November 7, 2023, the Board of Directors of Migdal Insurance, after inquiry from the Authority, resolved to increase the aforementioned to 66.7% full-time equivalent position. On November 15, 2023, the Supervisor stated he had no objection, and as from said date, Professor Barnea has been serving as Chairman of the Board of Directors.

According to instructions by the Supervisor dated July 28, 2023, and to provisions of Migdal Insurance Bylaws, as revised following the Supervisor's instructions and subject to approval by the Supervisor, the Chairman of the Board of Directors of Migdal Insurance would be appointed for a term of three years, for as long as the Supervisor's instructions remain in effect.

For more information see immediate reports by the Company dated October 9, 2023, dated October 16, 2023, dated October 19, 2023, dated November 8, 2023 and dated November 15, 2023 (reference no. 2023-01-114159, 2023-01-116037, 2023-01-117183, 2023-01-122472, 2023-01-124572 and 2023-01-124575 respectively), included herein by way of reference.

On January 24, 2024, the Company Board of Directors, in its capacity as General Meeting of Migdal Insurance shareholders, appointed Mr. Benny Maman to be independent Board member of Migdal Insurance, subject to no objection from the Supervisor to this appointment, which was received on February 13, 2024, as set forth in the immediate report by the Company dated February 14, 2024 (reference no. 2024-01-016116).

On January 30, 2024, the Board of Directors of Migdal Insurance also resolved to appoint a committee to locate relevant candidates to serve as independent Board members of Migdal Insurance.

On February 5, 2024, Dr. Keren Bar-Chava, a Board member of the Company and of Migdal Insurance, announced her resignation from all her positions with Migdal Group, effective as of said date. For more information see section 41.4 below.

On February 19, 2024, the annual General Meeting of Migdal Insurance shareholders resolved to re-approve incumbent Board members of Migdal Insurance (other than independent Board members), Mr. Avraham Dotan and Mr. Gad Nussbaum, to a further term in office through the next annual General Meeting. On that date, incumbent Board members Mr. Aryeh Mintkevich and Mr. Carmi Gilon concluded their term in office. Therefore, as of this date, the Board of Directors of Migdal Insurance consists of 7 Board members, of which 4 independent Board members (for appointment of Mr. Ben Baruch as Board member of Migdal Insurance, see section 0 above).

On February 19, 2024, soon prior to the Board meeting, Migdal Insurance received a letter from the Supervisor, addressed to the Chairman of the Board of Directors of Migdal Insurance, with regard to composition of the Board of Directors of Migdal Insurance. In the letter, the Supervisor noted, *inter alia*, that recent events and developments at Migdal Insurance (including the review report, as set forth in section 41.4 below) indicated continued failures of corporate governance and impact on the capacity of the Board of Directors of Migdal Insurance to discharge its duties as required. The Supervisor also noted that there was concern of continued impact on proper management, due to continued high rate of departures of officers of Migdal Insurance (for this matter, see sections 32.7 and 0 above), and given expected further changes to composition of the Board of Directors. In the letter, the Supervisor announced that given the intended change in composition of the Board of Directors of Migdal Insurance, in contravention of agreements between Migdal Insurance representatives and representatives of the Capital Market Authority, such that the Board of Directors would consist of 7 Board members rather than 9 Board members, as well as claims by the Supervisor with regard to non-transparency by Migdal Insurance with regard to composition of the Board of Directors, and noting the opinion expressed by Migdal Insurance with regard to the Supervisor's comments regarding potential appointment of an independent Board member, who serves Migdal Insurance, as independent Board member of Makefet, rather than an independent Board member of Makefet to be appointed independent Board member of Migdal Insurance ("**Inter-change Request**"), Migdal Insurance must provide to the Supervisor, no later than February 22, 2024, its detailed comments on the final composition of the Board of Directors, the number of Board members and its compliance with statutory provisions, including the required expertise. In the letter, the Supervisor announced that he did not intend to approve any change to composition of the Board of Directors of Migdal Insurance, including the Inter-change Request, before receiving the aforementioned detailed comments from Migdal Insurance. For more information, see immediate report issued by the Company, dated February 20, 2024 (reference no. 2024-01-017901), included herein by way of reference. On February 22, 2024, Migdal Insurance replied to the aforementioned letter by the Supervisor.

41.3. **Letters from the Capital Market Authority**

In the second half of 2022 and in the first quarter of 2023, the Company and Migdal Insurance received multiple letters from the Capital Market Insurance and Savings Authority (hereinafter: "the **Authority**"), addressed to members of the Company Board of Directors and to members of the Board of Directors of Migdal Insurance, where the Authority cited its claims with regard to stability, proper management and corporate governance of Migdal Insurance (hereinafter jointly: "**Authority Letters**"). Below is a summary of highlights of the Authority Letters and of the responses by the Company and Migdal Insurance received in the reported period: (a) Supervisor's letter dated January 17, 2023, whereby the

Supervisor instructed the Company, by the authority vested in them pursuant to Section 65 of the Supervision of Financial Services Act (Insurance), 1981 ("the **Supervision Act**"), to take action to remedy the deficiencies alleged in their letter; (b) Response letters by the Company and by Migdal Insurance, dated February 16, 2023 ("the **Letters dated February 15, 2023**"); (c) Two letters from the Supervisor dated March 14, 2023, one addressed to members of the Company Board of Directors and the other addressed to members of the Migdal Insurance Board of Directors. For more information about the Authority Letters to the Company and to Migdal Insurance and the responses to such letters, see sections 41.5.6 to 41.5.9 in chapter "Description of Corporate Affairs" of the 2022 annual report.

In April and May 2023, and further to the Supervisor's Letters dated March 14, 2023, representatives of the Company and of Migdal Insurance stated their claims to the Authority ("the **Hearing Proceeding**"). On July 28, 2023, the Supervisor's letter was received, noting that after considering all of the claims made by the Company and by Migdal Insurance in the Letters Dated February 15, 2023 and int he Hearing Proceeding, the Supervisor, by the authority vested in them pursuant to Section 65 of the Supervision Act, resolved as follows: (1) Migdal Insurance should have appointed a Chairman of the Board of Directors with appropriate background and experience, and give notice of this to the Supervisor, so as to obtain their non-objection to such appointment, no later than October 1, 2023; (2) With respect to the alleged breach of fiduciary duty, mentioned by the Supervisor in their letter dated March 14, 2023, the Supervisor noted that they accepted the claims made by Migdal Insurance, and does not rule that any members of the Migdal Insurance Board of Directors were in breach of fiduciary duty; (3) Migdal Insurance should specify that the term in office of the Chairman of the Board of Directors be no shorter than three years. However, during said term in office, the Board of Directors of Migdal Insurance may appoint another Chairman, by their authority pursuant to the Circular titled "Board of Directors of institutional entity", but the General Meeting of Migdal Insurance shareholders may not resolve to terminate the office of any Board member serving as Chairman of the Board of Directors sooner than three years after their appointment as Chairman. Migdal Insurance is to incorporate this provision in the Bylaws, and send the revised Bylaws for approval by the Authority, no later than October 1, 2023. The letter notes, with respect to appointment of a regular Chairman of Migdal Insurance, that according to the Supervisor, the continued instability at Migdal Insurance, as reflected *inter alia* in frequent replacement of the Chairman of the Board of Directors of Migdal Insurance, and the fact that a regular Chairman has yet to be appointed since November 15, 2022, has impacted the managerial stability and proper management of Migdal Insurance; (4) The number of independent Board members at Migdal Insurance shall be one third plus one, pending another directive on this matter. Migdal Insurance is to incorporate this provision in the Bylaws, and send the revised Bylaws for approval by the Authority, no later than October 1, 2023; (5) Migdal Insurance is to separate the seat of the Chairman of the Board of Directors from that of all other officers of Migdal Insurance, no later than August 31, 2023. In the letter, the Supervisor noted that they consider that conduct of the Company Board of Directors was inappropriate, due to their involvement in appointment of the CEO of Migdal Insurance, which they consider has affected proper management at Migdal Insurance and the effectiveness of the appointment process, and without derogating from the authority of the Migdal Insurance Board of Directors, to summon the Chairman of the Company to hear their position, after a proper process has been launched by the Migdal Insurance Board of Directors; (6) Migdal Insurance is to submit for approval by the Capital Market Authority a procedure for transfer of information between the Company and shareholders, and a procedure with regard to the controlling shareholder, no later than October 1, 2023.

For more information, see immediate report issued by the Company, dated July 30, 2023 (reference no. 2023-01-086409), included herein by way of reference. Note that further to section 41.5.7 of chapter "Description of Corporate Affairs" of the 2022 annual report, with regard to the motion seeking a mandatory injunction with regard to the Supervisor's requirement to separate the seat of the Chairman of the Company Board of Directors from that of all other officers of Migdal Insurance, on May 10, 2023, the Court ruled and rejected the motion without award of expenses. For more information, see immediate report issued by the Company, dated May 11, 2023 (reference no. 2023-01-050322), included herein by way of reference.

On August 30, 2023, after discussions between the Company and the Supervisor failed to reach agreements, the Company appealed to the Jerusalem District Court seeking an injunction to reverse the Supervisor's directives ("the **Appeal**"). In summary, the Appeal claims that the Supervisor's alleged basis for their instructions, primarily inappropriate intervention in appointment of the CEO of Migdal Insurance and in forming its strategy, is incorrect both factually and legally, and that the circumstances of such events were in line with statutory provisions and Court rulings, and customary practice for all insurance companies. The Appeal further alleges that the Supervisor's directives addressed to Migdal Insurance were issued without statutory authority considering, *inter alia*, that most of these directives were in fact with regard to measures under the Company's authority, rather than under the authority of Migdal Insurance. The Appeal further alleges *inter alia* that the Supervisor's directives do not rely on a factual basis as required and in fact they impact on the Company's right of control over Migdal Insurance, in violation of statutory provisions and basic tenets of corporate governance. The Appeal also alleges that the Supervisor's judgment is unreasonable and non-proportional, and that these directives constitute unlawful discrimination compared to other insurance companies. Furthermore, given the deadlines set for compliance with the Supervisor's directives, as stipulated in the Supervisor's letter dated July 28, 2023, the Company filed an urgent motion for an interim injunction and temporary order, seeking to suspend the Supervisor's directives pending a ruling on the aforementioned appeal. For more information about the Appeal, see immediate report issued by the Company, dated August 30, 2023 (reference no. 2023-01-100338), included herein by way of reference.

On August 30, 2023, the Court decided, in the presence of one party only, not to issue a temporary order. Furthermore, on September 24, 2023, the Court ruled that, under the circumstances, there are no grounds to accept the motion for an interim injunction. In the ruling, the Court stipulated *inter alia* that the balance of comfort lies with the public interest in compliance with directives which the Supervisor deemed necessary under the circumstances, and as for all claims made by the Company, the Court was not convinced that the Company may incur damage to such extent that warrants the issue of an interim injunction. As for the likely outcome of the Appeal, the Court ruled that the Company's claims should be heard, while also noting that apparently, the proceeding conducted by the Supervisor prior to making their decision, was in good order and in any case, under the circumstances, the Court did not see fit to comment in detail on the likely outcome of the Appeal. However, the Court did see fit to instruct, with regard to the Supervisor's resolutions with a deadline by October 1, 2023, that this deadline should be extended to November 1, 2023, noting the date of the Court ruling, a short time prior to the deadline stipulated by the Supervisor, the wish to provide some time to make the necessary preparations, but also the long period in which Migdal Insurance was managed without a regular Chairman of the Board of Directors.

In conformity with the Supervisor's directives and the Court ruling on the motion for an interim order, the seat of the Chairman of the Company Board of Directors was separated from that of all other officers of Migdal Insurance. Furthermore, in conformity with dates stipulated for implementation of the Supervisor's directives, Migdal Insurance submitted for approval by the Authority a procedure with regard to the controlling shareholder and transfer of information (a procedure which was approved by the Authority), as well as the revised Bylaws, incorporating the Supervisor's directives with respect to term in office of the Chairman of the Board of Directors of Migdal Insurance and the number of independent Board members at Migdal Insurance, for the duration in which these directives by the Supervisor shall remain in effect, and noting the future ruling on the administrative appeal. Migdal Insurance also appointed a regular Chairman of the Board of Directors, for a three year term, as set forth in section 41.2.2(e) above.

On February 12, 2024, a hearing of the appeal took place, and after hearing the parties' claims and comments made by the Court, the Company announced that it was willing not to insist on the relief sought in the appeal, other than reversal of the directive regarding separation of the seat of the Chairman of the Company Board of Directors from that of all other officers of Migdal Insurance ("Seat Separation Directive"), without derogating from its claims in principle and without prejudice to the Company's option to apply to the Supervisor in future with respect to the duration in which all other directives stipulated in the Supervisor's resolution would be in effect. At the hearing, the Court asked the Supervisor to file their notice indicating whether they insist on their Seat Separation Directive. On said date, the Supervisor announced that they insist on their Seat Separation Directive, as well as all other directives listed in the Supervisor's resolution, and that they agree to revisit this directive one year after the effective start date of their resolution (i.e. on August 31, 2024).

On February 14, 2024, the Court handed down a verdict, ruling on the question as to whether, under the circumstances, there was cause to intervene in the Supervisor's Seat Separation Directive. In this verdict, the Court ruled that the appeal was accepted, in the sense that the Seat Separation Directive was reversed because *inter alia* under the circumstances, there was no sufficient factual basis established that would justify this directive, and would sufficiently establish a link between the directive and the deficiency found as part of the Supervisor's resolution. Furthermore, the appeal with respect to all other directives included in the Supervisor's resolution, regarding which the Company announced, during hearing of the appeal and after hearing comments made by the Court, that it no longer insisted on relief sought with regard there to – was rejected, and the Court noted the Company's announcement that this would not derogate from the Company's option to apply to the Supervisor in future, regarding the effective duration of said directives, and the Court expressed no opinion in this matter. For more information see immediate reports by the Company dated August 30, 2023 (reference no. 2023-01-100662), September 10, 2023 (reference no. 2023-01-104970), September 26, 2023 (reference no. 2023-01-109452 and 2023-01-109503), February 13, 2024 (reference no. 2024-01-015759) and February 15, 2024 (reference no. 2024-01-016485), included herein by way of reference.

41.4. **Migdal Insurance review report**

On November 27, 2023, Migdal Insurance received a summary report of review of a complaint filed by a Board member of Migdal Insurance against another Board member of Migdal Insurance, alleging sexual harassment, and of other mutual claims made thereby, which were reviewed, by decision of the Migdal Insurance Board of Directors, by a retired Justice ("the **Reviewer**" and "the **Report**", respectively).

In the Report, the Reviewer listed their conclusions and recommendations following the hearing proceeding they conducted which reveals, *inter alia*, that the events described to the Reviewer constitute inappropriate and abusive conduct by the defendant, but do not amount to sexual harassment, as defined in the statute. Moreover, the plaintiff also acted abusively towards the defendant at meetings of the Board of Directors and the Audit Committee of Migdal Insurance, with equal contribution to the severe dispute between them. Moreover, the Reviewer noted in the Report, based on evidence and documents presented to the Reviewer, that the atmosphere at meetings of the Board of Directors and the Audit Committee of Migdal Insurance was highly stressful, including "partisan" behavior and multiple mutual complaints traded by Board members, to the extent that the Board's capacity to discharging its duty was impacted. Consequently, the Reviewer recommended *inter alia* that Migdal Insurance should consider how to settle the existing disputes within the Board of Directors, and that the Migdal Insurance Board of Directors should consider taking further action, and should consider whether the conditions set forth in Section 18 of the circular "**Board of Directors of Institutional Entity**" are fulfilled (titled: "**Termination of office of an independent Board member**").

The Migdal Insurance Board of Directors held multiple discussions with regard to the Report, whereby the Migdal Insurance Board of Directors authorized the Chairman of the Migdal Insurance Board of Directors to try and reach an agreed resolution with the plaintiff and defendant with regard to recommendations made in the Report, within a specified time frame. The Chairman of the Migdal Insurance Board of Directors also informed representatives of the Capital Market Authority of the alternatives considered in this regard.

On January 24, 2024, the Company Board of Directors discussed the findings and conclusions of the Reviewer, further to a previous discussion by the Company Board of Directors, where an update was provided on discussions of this matter by the Migdal Insurance Board of Directors. The Company Board of Directors resolved that the annual General Meeting of Migdal Insurance shareholders, to be convened shortly, where the Company Board of Directors, in its capacity as the General Meeting of Migdal Insurance shareholders, would be required to consider the composition of the Migdal Insurance Board of Directors and to appoint Board members of Migdal Insurance (other than independent Board members), should take into account *inter alia* the Reviewer's conclusions with regard to atmosphere at the Board of Directors, as well as the Supervisor's directives to Migdal Insurance dated July 28, 2023 with regard to composition of the Migdal Insurance Board of Directors, as noted above. Even prior to convening the annual General Meeting, the Company Board of Directors, in its aforementioned capacity, resolved to appoint Mr. Benny Maman as another Independent Board member of Migdal Insurance (in this regard, see section 41.2.2(f) above). For more information see immediate reports by the Company dated November 28, 2023 (reference no. 2024-01-129366), and dated January 25, 2024 (reference no. 2024-01-010140), included herein by way of reference.

In view of the review report and conclusions of the Reviewer as aforesaid, on February 5, 2024, Dr. Keren Bar-Chava, a Board member of of the Company and of Migdal Insurance, announced that should the meeting of the Migdal Insurance Audit Committee take place on the appointed date of February 5, 2024, headed by the Chair of the Migdal Insurance Audit Committee (*in lieu* of appointing a replacement Chair) – Dr. Bar-Chava would resign all her positions with Migdal Group. The aforementioned Committee meeting took place, headed by the Chair of the Audit Committee and consequently, Dr. Bar-Chava's resignation became effective. For more information about the resignation notice, underlying causes thereof and comments by Migdal Insurance, see immediate report issued by the Company, dated February 5, 2024 (reference no. 2024-01-013437), included herein by way of reference.

On February 19, 2024, at a meeting of the Company Board of Directors, in its capacity as the annual General Meeting of Migdal Insurance shareholders, a resolution was passed with regard to composition of the Migdal Insurance Board of Directors. For more information see section 0 above.

42. Disclosure with regard to Internal Auditor

Details of internal auditor

Name: Tamir Solomon

Start of term in office: January 25, 2019

The Internal Auditor is employed by the Company and also serves as Chief Internal Auditor of Migdal Insurance and of Migdal Makefet (serving Migdal Makefet as from April 1, 2021). The internal auditor meets the requirements set forth in section 146(b) of the Corporations Act and in section 9 of the Internal Audit Act, 1992. To the best of the Company's knowledge, the Internal Auditor does not hold any securities of the Company. The Internal Auditor has no business relations with the Company nor with any entity affiliated there with.

Appointment

The Internal Auditor was appointed in December 2018 by the Company Board of Directors, and started their term in office in January 2019. The Internal Auditor was appointed in view of their education, expertise and professional experience and given the authority, duties and roles of the Internal Auditor by law, considering *inter alia* the corporation type, size, scope and complexity of its business. The person within the organization who is in charge of the Internal Auditor is the Company’s Chairman of the board of directors.

Work plan

The Internal Audit annual work plan is submitted for approval by the Company's Audit Committee. The 2023 work plan was prepared based on a risk survey and on the multi-annual work plan for 2022-2025, as well as based on current updates arising from implementation of the Company's strategic plan, updates to the Company's risk map, changes to the control and regulatory environment, resolutions by the Board of Directors, by Board committees and by management. The work plan is based on statutory provisions, on the Internal Audit Act, on generally accepted professional standards, on internal professional directives applicable to Internal Audit, as set forth in the Regulatory Codex (Volume 5, Part 1, Chapter 8).

All activities listed on the risk matrix are reviewed once every 4 years, except for those activities rated Material by the risk assessment (which are reviewed once every 2 years).

In formulating the Internal Audit work plan, the Internal Auditor consults with the Board of Directors, with the Chair of the Audit Committee and with management. The work plan allows the Internal Auditor to deviate from it, based on their discretion. Any material changes to the annual work plan are reported to the Audit

Committee. The Internal Audit work plan includes review of material transactions brought for discussion and approval by the competent organs, pursuant to statutory provisions.

Scope of employment

The Chief Internal Auditor is employed in a full-time position, in addition to auditors reporting there to. These include auditors of Group subsidiaries, where appointment of an Internal Auditor was required by law, or where a voluntary decision was made to appoint an Internal Auditor due to scope of operations and/or current exposures at these companies. The Internal Auditor is also assisted by external advisors, depending on the type and complexity of operations.

Below is information about audit hours for the Group in 2023:

Total audit scope for the Group	Audit scope for Migdal Holdings	Audit scope for Migdal Insurance	Audit scope for Migdal Makefet	Audit scope for Migdal Capital	Audit scope for Migdal Agencies
38,400	500	22,500	6,900	3,400	5,100

Total Internal Audit hours is based on the work plan for the company. Total audit hours for the Group in 2022 was 39,400 hours.

Conducting the Audit

The generally accepted professional standards used by the Internal Auditor in conducting the Audit, as set forth in section 4(b) of the Internal Audit Act, are as stipulated by the Institute of Internal Auditors and adopted by the Internal Auditors' Association of Israel. The Company Board of Directors was satisfied that Internal Audit operates based on the requirements stipulated above. This was based *inter alia* on various matters brought for approval by the Board of Directors and/or by the Audit Committee, including the letter of authorization for Internal Audit, Internal Audit qualifications and resources, safeguarding and regular monitoring of the Internal Auditor's independence.

Access to information

The Internal Auditor has access to all relevant documents required for them to discharge their duty, including regular direct access to the Company's information systems and to any other information, including financial data.

Internal Audit report

The Auditor regularly submits their reports in writing to the Chairman of the Board of Directors, to the CEO and to Division managers throughout the year, and they are discussed at a meeting of the Audit Committee convened soon after they were submitted. Audit reports submitted to subsidiaries are discussed by Audit Committees of the subsidiaries. In 2023, the Company's Audit Committee held 10 meetings.

The Audit Committee of Migdal Insurance held 19 meetings, of which 12 meetings to discuss findings by the Internal Auditor, as follows: January 8, 2023, January 30, 2023, February 2, 2023, February 15, 2023, March 15, 2023, April 20, 2023, May 22, 2023, June 21, 2023, July 19, 2023, August 15, 2023, October 18, 2023, November 19, 2023.

Board of directors’ assessment of the Internal Auditor’s activities

The Board of Directors considers that the scope, nature and continued operation and work plan of the Internal Auditor are reasonable under the circumstances, and serve to achieve the objectives of Internal Audit at the Company.

Remuneration

The Internal Auditor is employed under an individual employment contract. Total remuneration for employment of Mr. Solomon as Chief Internal Auditor of the Group, as recognized on the 2023 financial statements, amounted to NIS 2 million. The Board of Directors believes that remuneration of the Internal Auditor, as aforesaid, is in line with the Company's remuneration policy and should not give rise to concern about impact on their professional judgment.

In 2023, the Internal Auditor was awarded 567,874 options not listed for trading, which may be exercised for ordinary shares of Migdal Holdings, valued at NIS 878,650 as part of the option plan for officers and employees of the Company and of Group companies.

43. Independent Auditor

43.1. Name of Company's Independent Auditor and name of partner handling the Company

The Company's Independent Auditors are Kost Forer Gabbay and Kasierer CPAs and Somech Chaykin CPAs, who are joint auditors of all material Group companies. The handling partner for Kost, Forer, Gabbay & Kasierer is Yael Asaf Lagziel, CPA. The handling partner for Somech Chaykin is Tal Zaharani, CPA. The start date in office of the Independent Auditors as joint Independent Auditors is April 1998.

In March 2024, the General Meeting of Migdal Holdings shareholders re-elected the joint Independent Auditors, Somech Chaykin and Kost, Forer Gabbay and Kasierer, and to authorize the Company Board of Directors to set their fee. For more information see immediate report by the Company dated March 14, 2024 (reference no. 2024-01-026316), included herein by way of reference. The table below lists the Independent Auditors' fee (excluding VAT) (NIS in thousands) for services rendered:

	Audit services(1)	Other services(2)	Total
Independent Auditors fee in 2023			
Migdal Insurance and investees thereof	8,160	2,128	10,288
Migdal Capital Markets	345	141	486
The Company	160	45	205
Migdal Health and Quality of Life and	60	–	60
Total	**8,725**	**2,314**	**11,039**
Independent Auditors fee in 2022			
Migdal Insurance and investees thereof	9,664	2,084	11,748
Migdal Capital Markets	340	152	492
The Company	185	45	230
Migdal Health and Quality of Life and	65	–	65
Total	**10,254**	**2,281**	**12,535**

(1) Audit services include fees for SOX audit, Solvency audit and IFRS 17.

(2) With respect to special tax services, IT project with regard to digital processes at the Company and consulting.

44. Effectiveness of internal control over financial reporting and disclosure

Management, supervised by the Board of Directors, has reviewed and assessed internal control over financial reporting and disclosure and the effectiveness there of. Such assessment includes: Entity-level controls (ELC), controls over the closing and preparation of reports, general controls over IT systems and controls over highly material processes (conducted by Migdal Insurance).

In addition to certainty by managers and the report on effectiveness of controls, which are required pursuant to the Securities Regulations, also enclosed are certifications, reports and disclosures with regard to Internal Audit at consolidated institutional entities which are subject to the Supervisor's directives. These are enclosed in Chapter 6 of this report.

Information required pursuant to the Supervisor's circular

The Group's institutional entities have adopted the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which constitutes a well-defined and recognized framework for assessment of internal control.

44.1. Controls and procedures with regard to disclosure

Management of the Group's institutional entities, together with CEOs and CFOs thereof, respectively, have assessed, as of the end of the reported period, the effectiveness of controls and procedures with regard to disclosure by said institutional entities on their financial statements. Based on this assessment, the CEOs and CFOs of Group institutional entities have concluded, respectively, that, as of the end of this period, controls and procedures with regard to disclosure are effective in recording, processing, summarizing and reporting information which the institutional entities are required to disclose on the annual report, pursuant to statutory provisions and to reporting provisions stipulated by the Supervisor of the Capital Market, Insurance and Savings and in a timely manner, as stipulated by said provisions.

44.2. Internal control over financial reporting

In the reported period ended December 31, 2023, no change occurred in internal controls over financial reporting at Group institutional entities that had a material effect, or can reasonably be expected to have a material effect on internal controls over financial reporting at these institutional entities. The financial statements of Group institutional entities include the certifications, reports and required disclosures with regard to the applicable processes, in conformity with provisions of circulars regarding the responsibility of management.

Migdal Insurance and Financial Holdings Ltd.

Justice (Retired) Professor Hanan Meltzer	**Yossi Ben Baruch**
Chairman of the Board of Directors	CEO

March 20, 2024

Board of Directors
Report on the State of Corporate Affairs

Board of Directors report

Chapter 2 – Board of Directors Report on the State of Corporate Affairs

Table of Contents

	Item	**Page number**
1	Group Description	1
2	Comments of the Board of Directors on the state of corporate affairs	1
3	Trends, events and developments in Group operations and its business environment	20
4	Business objectives and strategy of the Company	27
5	Report of exposure to market risk and management thereof	29
6	Corporate governance aspects	33

Board of Directors report on the state of corporate affairs for the year ended December 31, 2023

The Board of Directors Report as of December 31, 2023 reviews key changes in Group operations in 2023 ("the **Reported Period**" and/or "the **Reported Year**"). The Board of Directors Report is an integral part of the periodic report and all parts thereof, and the entire periodic report should be read as a single document.

1. Group description

1.1. Overview

Migdal Insurance and Financial Holdings Ltd. ("the **Company**") is a public company whose shares are traded on the Tel Aviv Stock Exchange Ltd. The Company operates, through its subsidiaries ("**Migdal Group**" or "the **Group**"), primarily in insurance, pension funds, provident funds and financial services.

Migdal Insurance is the largest and leading insurance company in life insurance and long-term savings in Israel[1].

Soon prior to the report issue date, Mr. Shlomo Eliyahu, who jointly with Ms. Chaya Eliyahu holds 64.28% of the Company's issued and paid-in share capital, through private companies controlled thereby (Eliyahu Issuance Ltd. And Gan Ha'Ir Project Ltd.), is the ultimate controlling shareholder of the Company. For more information see Note 1.B to the financial statements.

1.2. Key developments in the Group in 2023 and through the report issue date.

For description of material key developments in the Group and in its business environment during and after the Reported Year, see section 2.4 in Part I of chapter Description of Corporate Affairs, section 2 below and Note 39 to the financial statements.

2. Board of Directors discussion of the state of corporate affairs

2.1. Analysis of financial position and operating results

In each reported period, the Group reviews its comprehensive income sources, as follows:

A. Income from insurance operations from the major business lines of the Group, including investment revenues based on real return assumptions (fixed for all reported periods), which Migdal Insurance has determined to be between 2% and 4.5% in the various operating segments, without any special effects (hereinafter: "Underwriting Income"). This benchmark is commonly used in the industry for review of business results, subject to the aforementioned return assumptions. In life insurance – Underwriting Income includes variable management fees in the profit-sharing portfolio in 1992-2003 and financial margin in guaranteed return insurance policies, calculated based on the aforementioned return assumptions, as well as all fixed management fees recognized in the Reported Period. For health insurance and non-life insurance – Underwriting Income includes investment revenues based on the aforementioned real return assumptions.

B. Excess / shortfall in investment gain, beyond the aforementioned return assumptions (hereinafter: "Investment Income"). Investment Income includes: Excess / shortfall in variable management fees in the profit-sharing portfolio compared to variable management fees calculated based on return assumptions and included in Investment Income, revenues from excess / shortfall in investments beyond the real returns in the various operating segments, as well as investment revenues against equity net of financing expenses.

C. Special effects, including effect of changes in the interest curve (hereinafter: "Income due to Special Effects").

1 As of September 30, 2023, based on data for insurance obligations in life insurance and assets under management in pension funds and provident funds.

Total comprehensive Income is calculated based on generally accepted accounting principles. However, the income source mix is not based on generally accepted accounting principles, and is no substitute for information provided on the financial statements.

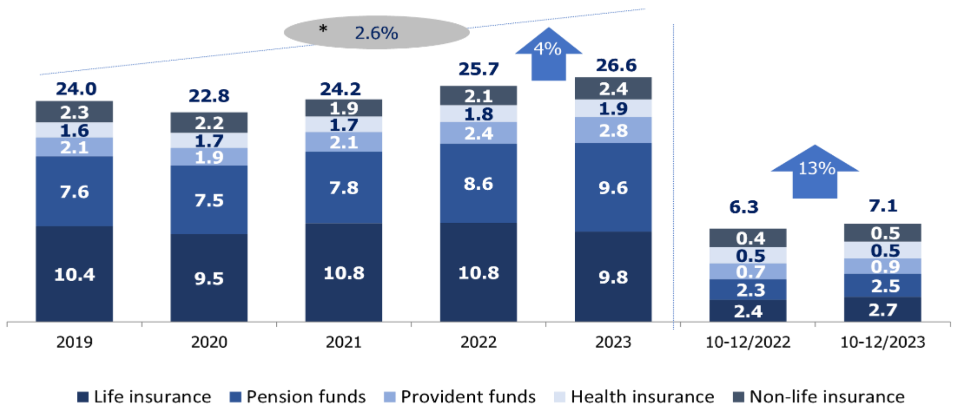
Below is analysis of the Company's comprehensive Income sources (NIS in millions):

	2023	2022	Difference	2021	10-12/23	10-12/22	Difference
Underwriting Income							
Life insurance and long term savings	265	547	(282)	631	(55)	76	(131)
Healthcare insurance	11	155	(144)	114	(6)	37	(43)
Non-life insurance	6	(54)	60	(72)	17	67	(50)
Financial services	53	57	(4)	59	10	17	(7)
Program Management	105	81	24	71	25	14	12
Total underwriting income (loss)	**440**	**786**	**(346)**	**804**	**(9)**	**211**	**(219)**
Investment Income							
Life insurance and long term savings	(718)	(1,602)	884	1,229	(50)	(119)	69
Healthcare insurance	(103)	(548)	445	182	25	(50)	75
Non-life insurance	(57)	(528)	471	199	47	(37)	84
Other	(53)	(1,064)	1,011	190	81	(38)	119
Total investment gain (loss)	**(931)**	**(3,741)**	**2,810**	**1,800**	**104**	**(244)**	**348**
Special effects							
Life insurance and long term savings	1,314	900	413	325	658	378	280
Healthcare insurance	(37)	926	(963)	(293)	(37)	–	(37)
Non-life insurance	(8)	322	(330)	(51)	(55)	154	(209)
Other	27	61	(34)	54	27	61	(34)
Total income (loss) due to special effects	**1,296**	**2,209**	**(913)**	**34**	**592**	**593**	**(0)**
Income (loss) from operating segments, agencies and other							
Life insurance and long term savings	860	(155)	1,015	2,185	553	335	218
Healthcare insurance	(130)	533	(662)	4	(18)	(13)	(5)
Non-life insurance	(58)	(260)	202	76	9	185	(175)
Financial services	53	57	(4)	59	10	17	(7)
Insurance agencies	105	81	24	71	25	14	12
Other	(26)	(1,003)	977	243	108	23	86
Comprehensive income before tax	**805**	**(747)**	**1,551**	**2,638**	**688**	**561**	**127**
Taxes on income	(252)	279	(531)	(908)	(220)	(173)	(48)
Comprehensive income after tax	**553**	**(468)**	**1,021**	**1,730**	**468**	**388**	**80**
Total return on equity, annualized	**6.8%**	**(5.5%)**		**25.2%**	**22.9%**	**20.1%**	

2.2. Evolution of Company operations in the Reported Year and in the Reported Quarter

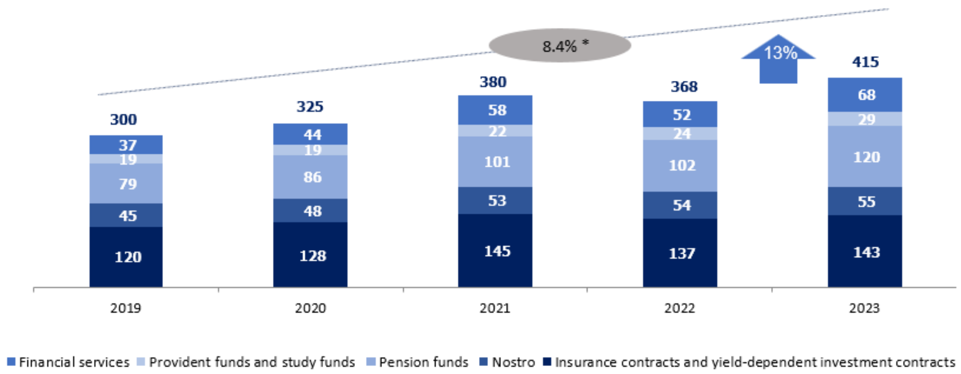
In 2023, total premiums, receipts with respect to investment contracts and contributions for the Group increased over 2022, across most of the operating segments other than life insurance. In the fourth quarter of 2023 ("the **Reported Quarter**"), premiums increased compared to the corresponding period last year, across all operating segments. Current premiums in life insurance decreased compared to the corresponding period last year, both for the Reported Quarter and for the Reported Period. Non-recurring premiums with respect to insurance contracts and non-recurring receipts with respect to investment contracts increased in the Reported Quarter, but decreased in the Reported Period.

Below is development of premiums, receipts with respect to investment contracts and contributions s for the Group (NIS in billions):



* Average annual growth

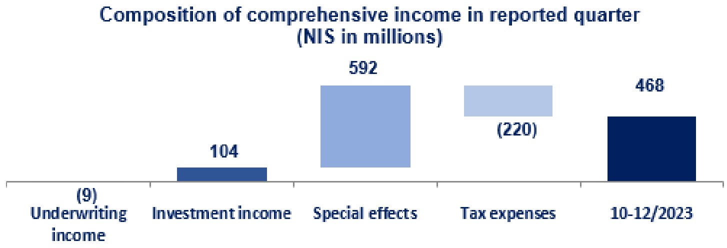
Below is development of total assets under management for the Group (NIS in billions):



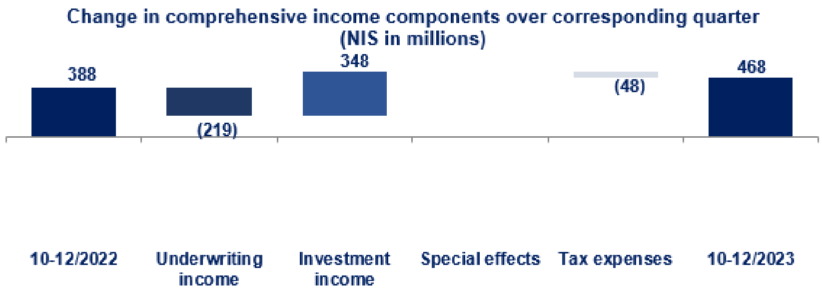
* Average annual growth

The increase in assets under management at end of 2023, compared to end of 2022, was primarily due to positive capital market returns in the Reported Period and to increase in net accumulation in pension and provident funds. There was also increase in assets under management at Migdal Capital Markets, primarily due to increase in inflows and to capital market returns.

2.3. Description of development of operating results in the Reported Quarter



	Underwriting income	Investment income	Special effects	Tax expenses	Comprehensive income after tax
10-12/2023	(9)	104	592	(220)	468
10-12/2022	211	(244)	593	(173)	388
Difference	(219)	348	(0)	(48)	80



Underwriting income – In the Reported Quarter, the Company recognized underwriting loss in life insurance, in particular for death risk and disability insurance (NIS 80 million due to the **Iron Swords** war) and in health insurance, due to increase in claims. Underwriting income also decreased in non-life insurance. For more information see explanation under operating segments below.

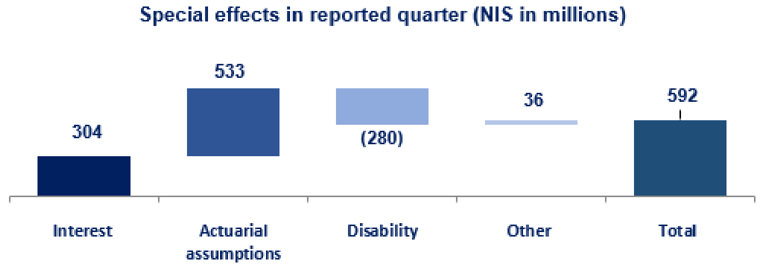
Conversely, in the other operating segments, primarily consisting of operating results of insurance agencies of the Group, income increased in the Reported Quarter compared to the corresponding period last year, due to increase in commission revenues.

Investment gain – In the Reported Quarter, the Company recognized excess investment gain, compared to investment loss in the corresponding period last year. The excess investment gain in the Reported Quarter was primarily due to excess investment gain in the nostro portfolio, partially offset by non-collection of variable management fee in the profit sharing portfolio, as noted below.

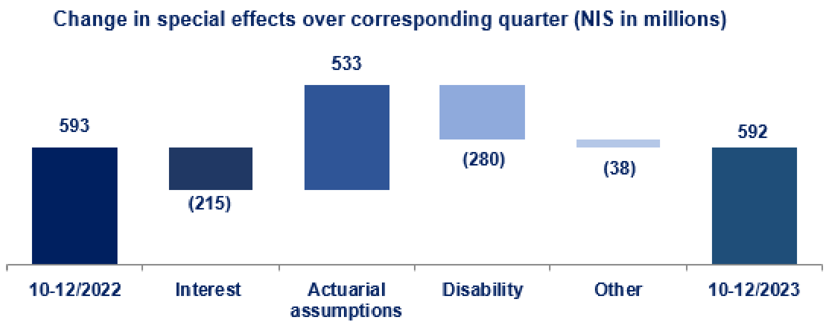
Profit-sharing life insurance policies issued through 2004 achieved positive real return. However, due to the cumulative negative real return in profit-sharing life insurance policies issued through 2004, Migdal Insurance did not recognize any variable management fee since start of 2022, but rather only fixed management fee. Migdal Insurance would not be able to collect variable management fee until positive real return is achieved to cover the investment loss accumulated by insurance policy holders. The estimated management fees that would not be collected due to negative real return, until cumulative positive return is achieved, amounted to NIS 1 billion before tax as of December 31, 2023 (compared to NIS 1.5 billion before tax as of December 31, 2022). After the Report Date and through soon prior to publication of the financial statements, financial markets rallied – resulting in a decrease in estimated management fees that would not be collected, to NIS 0.8 billion.

The nostro investment portfolio, including designated debentures, posted investment gain amounting to NIS 742 million, compared to NIS 571 million in the corresponding period last year.

Note that Group operations and results are significantly affected by changes in capital markets, including changes in interest rates, which has implications for insurance obligations and for financial asset portfolios managed by the Group, and consequently on the management fees and financial margin from investments.



	Interest	Actuarial assumptions	Disability	Other	Total
10-12/2023	304	533	(280)	36	592
10-12/2022	519	-	-	74	593
Difference	(215)	533	(280)	(38)	(1)



Special effects – In the Reported Quarter, **in life insurance,** the effect of interest rates and revised assumptions with regard to composition of the asset portfolio, including change in the capitalization factor K, resulted in decrease in life Insurance reserves and increase in comprehensive income.

Moreover, following research conducted by Migdal Insurance regarding pension realization rates and retirement age composition, liabilities decreased along with increase in comprehensive income. Conversely, Migdal Insurance revised the reserve for disability claims, based on actual experience regarding the duration of payment of claims in recent years. **In non-life insurance,** reserves increased and comprehensive income decreased, due to decline in the interest curve over the short and medium term, and due to the effect of revised attribution of part of the excess fair value of non-negotiable assets over the carrying amount thereof.

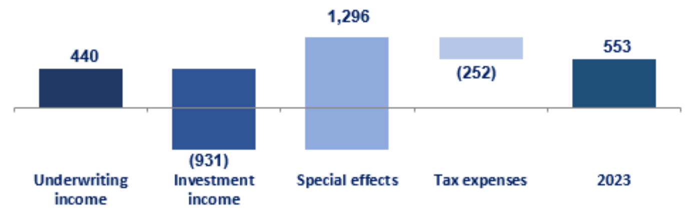
In the corresponding period last year, special effects resulted in decrease in life and non-life insurance reserves, as set forth under these operating segments below.

Moreover, in the Reported Quarter, owned buildings used by the Company were revalued, with an effect on comprehensive income, before tax, amounting to NIS 36 million, compared to revaluation effect, before tax, in the corresponding period last year, amounting to NIS 74 million.

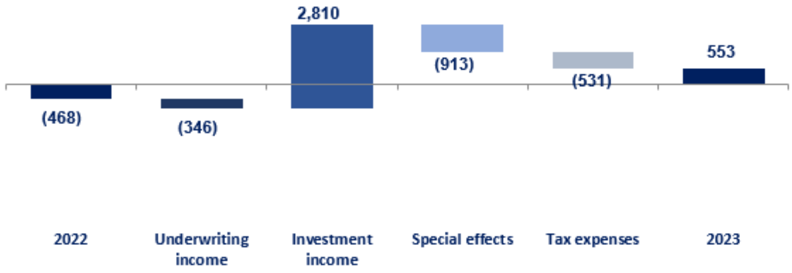
For more information about development of results in the fourth quarter of the Reported Year, see under operating segments below.

For more information about development of premiums and income by quarter in 2023, see Regulation 10a in chapter "Additional Information Regarding the Corporation".

2.4. Description of development of operating results in the Reported Year



	Underwriting income	Investment income	Special effects	Tax expenses	Comprehensive income after tax
2023	440	(931)	1,296	(252)	553
2022	786	(3,741)	2,209	279	(468)
Difference	(346)	2,810	(913)	(531)	1,021
2021	804	1,800	34	(908)	1,730



Underwriting income – In the Reported Period, underwriting income from Group operating segments decreased, as the Group focused on life insurance, in particular on death risk and disability, as well as in health insurance, due to increase in claims. The aforementioned decrease was partially offset by increase in underwriting income in non-life insurance. Moreover, in the other operating segments, primarily consisting of operating results of insurance agencies of the Group, income increased in the Reported Period compared to the corresponding period last year, due to increase in commission revenues.

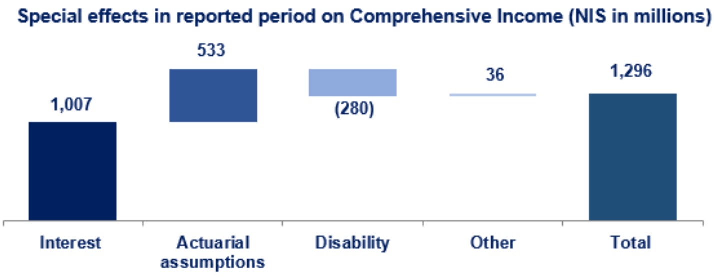
Investment gain – In the Reported Period, excess investment gain decreased compared to the previous year, when high negative returns were posted. The negative investment gain in the Reported Period was primarily due to excess investment loss in the nostro portfolio, and to non-collection of variable management fee in the profit-sharing portfolio in life insurance, as set forth below.

Profit-sharing life insurance policies issued through 2004 achieved positive real return. However, due to cumulative negative real return, no variable management fee was recognized since start of 2022, but rather only fixed management fee, as noted above.

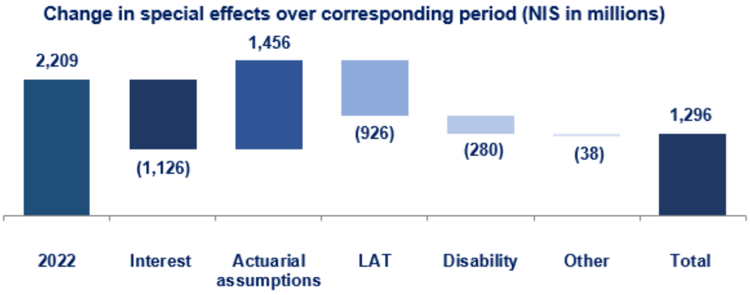
The nostro investment portfolio, including designated debentures, posted investment gain amounting to NIS 2,792 million, compared to NIS 648 million in the corresponding period last year.

Moreover, financing expenses increased by NIS 12 million compared to last year, primarily due to increase in financing expenses with respect to debentures used as Tier II capital at Migdal Insurance.

For developments in capital markets, in Israel and world-wide, in the Reported Year and after the balance sheet date, see section 3.1 below.



Total	Other	Disability	LAT	assumptio	Interest	
1,296	36	(280)	-	533	1,007	2023
2,209	74	-	926	(923)	2,133	2022
(913)	(38)	(280)	(926)	1,456	(1,126)	Difference
34	96	-	(293)	154	78	2021



Special effects – In the Reported Period, **in life insurance,** the increase in the interest curve and revised assumptions with regard to composition of the asset portfolio, including change in the capitalization factor K, resulted in decrease in life Insurance reserves and increase in comprehensive income. Moreover, following research conducted by Migdal Insurance regarding pension realization rates and retirement age composition, liabilities decreased along with increase in comprehensive income. Conversely, Migdal Insurance revised the reserve for disability claims, based on actual experience regarding the duration of payment of claims in recent years.

In non-life insurance, reserves increased and comprehensive income decreased, due to decrease in the interest curve over the short and medium terms, including effect of the non-liquidity premium.

In 2022, special effects resulted in decrease in life and non-life insurance reserves. In health insurance, the increase in interest curve, including the change in non-liquidity premium, resulted in the LAT reserve reaching zero and in increase in comprehensive income.

For more information about special effects, see description of results under the operating segments: Life Insurance and long-term savings, health insurance and non-life insurance below, as well as Notes 37.B.3.b.5 and 37.B.3.c.9 to the financial statements.

In the Reported Period, revaluation of owned buildings used by the Company resulted in increase in comprehensive income, before tax, by NIS 36 million, compared to revaluation, before tax, of NIS 74 million in 2022.

For more information about financial margin, including management fee, returns and management fee in the profit-sharing portfolio, see Note 18 to the financial statements and sections 2.6.3 and 2.6.4 below.

2.5. General and administrative expenses

In 2023, general and administrative expenses for the Group[2] amounted to NIS 2,106 million, compared to NIS 1,871 million in 2022 and to NIS 1,842 million in 2021.

[2] General and administrative expenses, including expenses charged to "Changes to liabilities and payments with respect to insurance contracts" and to "Commissions, marketing expenses and other acquisition expenses".

The increase in expenses in 2023, compared to 2022, is primarily due to increase in payroll, including variable pay components, and to increase in costs with respect to the Group's strategy project. The increase in expenses in 2022, compared to 2021, was primarily due to increase in fixed pay components and to increase in expenses with respect to IT services. For more information about general and administrative expenses, see Note 32 to the financial statements.

2.6. Life insurance and long-term savings sector

2.6.1. Operating results in Reported Quarter

Development in scope of operations

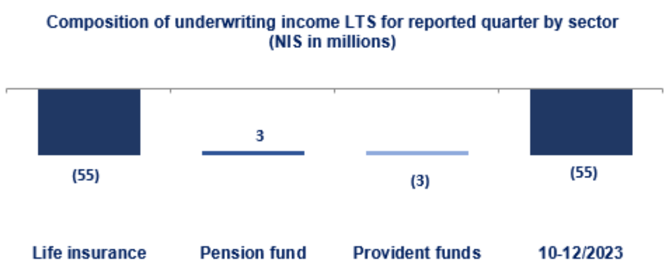
Life insurance – Current premiums (including current receipts with respect to investment contracts) amounted to NIS 1,724 million in the Reported Quarter, compared to NIS 1,889 million in the corresponding period last year, a decrease by 9%. Non-recurring premiums with respect to insurance contracts and non-recurring receipts with respect to investment contracts amounted to NIS 978 million in the Reported Quarter, compared to NIS 498 million in the corresponding period last year, an increase by 96%.

Pension funds – Contributions[3] amounted to NIS 2,505 million in the Reported Quarter, compared to NIS 2,262 million in the corresponding period last year, an increase by 11%.

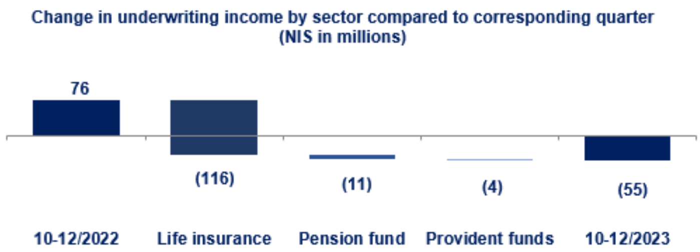
Provident funds – Contributions amounted to NIS 889 million in the Reported Quarter, compared to NIS 698 million in the corresponding period last year, an increase by 27%.

Redemptions in life insurance – The average redemption rate (including portability) from reserve (annualized) in the Reported Quarter was 5%, compared to 4% in the corresponding period last year.

Development of composition of comprehensive income in the Reported Quarter



	Life insurance	Pension fund	Provident funds	Total
10-12/2023	(55)	3	(3)	(55)
10-12/2022	61	14	0	76
Difference	(116)	(11)	(4)	(131)



3 Contributions to pension and provident funds do not include fund transfers due to transfer of fund members to funds.

Underwriting income – In the Reported Quarter, **in life insurance** underwriting income decreased compared to the corresponding period last year, which was mostly affected by decrease in income from risk, due to increase in disability insurance claims and increase in death and disability claims, before tax, by NIS 80 million, due to effect of the Iron Swords war. **In pension and provident funds**, underwriting income decreased due to increase in general and administrative expenses, partially variable, and to increase in amortization of deferred acquisition expenses, which were partially offset by increase in revenues from management fees.

Investment gain – In the Reported Quarter, investment loss decreased compared to the corresponding period last year. Investment loss in the Reported Quarter was primarily due to non-collection of variable management fee in the profit-sharing portfolio. Conversely, the nostro portfolio posted investment gain.

Special effects – In the Reported Quarter, the effect of increase in the interest curve and revised assumptions with regard to composition of the asset portfolio, including change in the capitalization factor K and in reserve at Migdal Insurance, resulted in decrease in reserves and increase in comprehensive income before tax in life insurance, by NIS 360 million, compared to decrease in reserves and increase in comprehensive income before tax in life insurance, by NIS 366 million in the corresponding period last year.

Moreover, following research conducted by the Company regarding pension realization rates and retirement age composition, liabilities decreased along with increase in comprehensive income by NIS 570 million.

Conversely, in the Reported Year, Migdal Insurance revised the reserve for disability claims, amounting to NIS 280 million on retention, based on actual experience regarding the duration of payment of claims in recent years.

Moreover, owned buildings used by the Company were revalued, with an effect on comprehensive income, before tax, amounting to NIS 8 million, compared to revaluation effect in the corresponding period last year, amounting to NIS 12 million.

2.6.2. Operating results in Reported Period

Development in scope of operations

Life insurance – In 2023, current premiums (including current receipts with respect to investment contracts) amounted to NIS 7,158 million, compared to NIS 7,629 million in 2022, a decrease by 6%. Non-recurring premiums and non-recurring receipts with respect to investment contracts amounted to NIS 2,665 million, compared to NIS 3,158 million in 2022, a decrease by 16%.

Pension funds – Contributions amounted to NIS 9,641 million, compared to NIS 8,595 million in 2022, an increase by 12%.

Provident funds – Contributions amounted to NIS 2,813 million, compared to NIS 2,362 million in 2022, an increase by 19%.

New sales (current) – In 2023, new sales in pension funds[4] increased by 18% and in provident funds – by 14%. Conversely, new sales of life insurance policies (including investment contracts) decreased by 16% compared to 2022.

Redemptions and portability – In 2023, the increase continued in net portability and redemptions in individual savings and retirement insurance policies. Conversely, pension funds posted net positive portability, compared to net negative portability in 2022, with provident funds posting increased net positive portability.

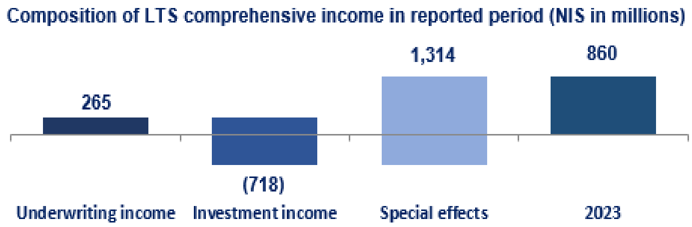
[4] New sales in pension funds are attributed to active policyholders who joined the fund during the year, in conformity with definition in circular 2017-9-1 "Update to periodic report by management companies".

For details of fund transfers in life insurance, pension and provident funds, see section 6.7 in Part II of the Description of Corporate Affairs Report.

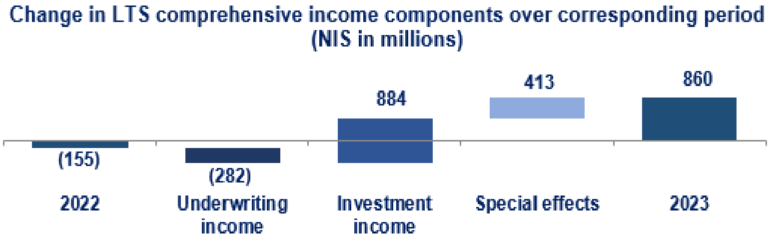
In 2023, the redemption rate in life insurance, out of average reserve, was 4.8%, compared to 3.8% in 2022.

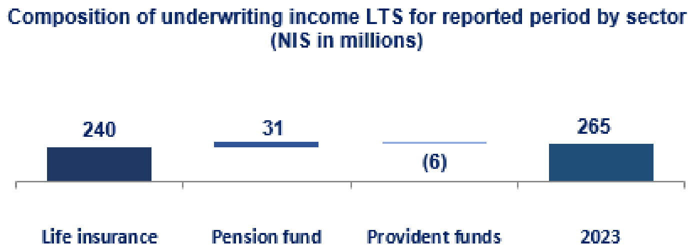
For details of change in redemption rates (including outgoing portability) in pension and provident funds in 2023, compared to 2022, see section 8.4 in Part II of the Description of Corporate Affairs Report.

Development of composition of comprehensive income in the Reported Period

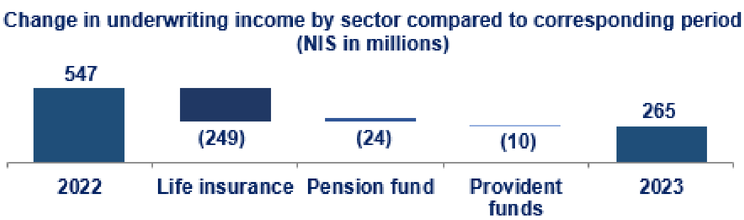


	Underwriting income	Investment income	Special effects	Comprehensive income before
2023	265	(718)	1,314	860
2022	547	(1,602)	900	(155)
Difference	(282)	884	413	1,015
2021	631	1,229	325	2,185





Total	Provident funds	Pension fund	Life insurance	
265	(6)	31	240	2023
547	4	55	489	2022
(282)	(10)	(24)	(249)	Difference
631	10	43	579	2021



Underwriting income – In 2023, **in life insurance**, the decrease in underwriting income compared to the previous year was primarily affected by decrease in income from risk, due to increase in disability insurance claims and increase in death and disability claims due to effect of the Iron Swords war, as noted above. **In pension and provident funds**, underwriting income decreased, primarily due to increase in general and administrative expenses, partially variable, and to increase in amortization of deferred acquisition expenses, which were partially offset by increase in revenues from management fees.

Investment gain – In 2023, investment loss decreased compared to the previous year. Investment loss in the Reported Period was primarily due to negative financial margin in nostro life insurance, and to non-collection of variable management fee in the profit sharing portfolio. Conversely, the nostro portfolio in pension and provident funds posted investment gain, compared to investment loss in the previous year.

Special effects – In the Reported Period, the increase in the interest curve and revised assumptions with regard to composition of the asset portfolio, including change in the capitalization factor K and in reserve at Migdal Insurance, resulted in decrease in reserves and increase in comprehensive income before tax in life insurance, by NIS 1,016 million.

Moreover, following research conducted by the Company regarding pension realization rates and retirement age composition, comprehensive income increased by NIS 570 million. Conversely, in disability insurance, the reserve increased and comprehensive income decreased by NIS 280 million on retention, as noted above. Total effect of the aforementioned changes on decrease in reserves and increase in comprehensive income amounted to NIS 1,306 million in the Reported Period, compared to decrease in reserves and increase in comprehensive income, before tax, amounting to NIS 890 million in the previous year.

For more information see Note 37.B3.b.5 to the financial statements.

Moreover, in the Reported Period, owned buildings used by the Company were revalued, with an effect on comprehensive income, before tax, amounting to NIS 8 million, compared to revaluation effect, before tax, in 2022, amounting to NIS 12 million.

For more information about life insurance business, financial margin, including management fee, returns and management fee in the profit-sharing portfolio, see sections 2.6.3 and 2.6.4 below and Note 18.B to the financial statements.

For more information about the continued decrease in average management fee, due to increased competition in pension and provident funds, see section 6.6 in Part II of the Description of Corporate Affairs Report. For more information about commission rates as percentage of premium / contributions in life insurance, pension and provident funds, see section 33.3.1 of chapter Description of Corporate Affairs.

2.6.3. Additional information about life insurance business results

Below is additional information about operating results in the life insurance sector (see also Note 18 to the financial statements):

The transition to comprehensive income in 2023, compared to comprehensive loss in 2022, **in insurance policies issued through 1990** (mostly guaranteed return and partially backed by HETZ debentures) were primarily due to decrease in negative financial margin compared to 2022. Moreover, the increase in interest curve and changes to actuarial estimates in the Reported Year resulted in decrease in additional reserve for pensions by NIS 545 million, compared to decrease in said reserve by NIS 465 million in 2022.

The transition to comprehensive income in 2023, compared to comprehensive loss in 2022 **in insurance policies issued through the 2003 underwriting year** (mostly profit sharing) was primarily due to increase in interest curve and changes to actuarial estimates in the Reported Year resulted in decrease in additional reserve for pensions by NIS 1,012 million, compared to decrease by NIS 109 million in 2022. In 2023, no variable management fees were recognized, similarly to 2022.

Conversely, in 2023 the reserve for disability claims increased.

In underwriting years 2004 and thereafter, both in profit-sharing and in guaranteed return insurance policies, a major part of profitability is due to fixed management fee dependent on reserve size. The transition to comprehensive loss in 2023, compared to comprehensive income in 2022, was primarily due to decrease in reserve at Migdal Insurance, by NIS 29 million, compared to decrease by NIS 251 million in the previous year, and to increase in disability and death risk claims.

The decrease in income from individual risk in 2023, compared to 2022, was primarily due to increase in claims partially attributable to effect of the Iron Swords war and to increase in disability claims.

In group-based risk, the increase in comprehensive loss in 2023 compared to 2022 was primarily due to increase in disability claims.

For more information, including composition of insurance obligations by financial exposure and by insurance exposure, see Note 18.A to the financial statements.

2.6.4. Additional information about development of income in life insurance

Weighted returns in profit-sharing insurance policies (Fund J) (in percent):

	Insurance policies issued in 1992-2003			Insurance policies issued in 2004 and thereafter		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
Positive (negative) real return, gross	5.5%	(10.7%)	12.4%	5.1%	(12.3%)	11.5%
Positive (negative) real	4.9%	(11.2%)	9.9%	3.9%	(13.3%)	10.3%
Positive (negative)	9.0%	(6.0%)	15.0%	8.6%	(7.7%)	14.2%
Positive (negative) nominal return, net	8.4%	(6.5%)	12.5%	7.4%	(8.8%)	12.9%

	Insurance policies issued in 1992-2003		Insurance policies issued in 2004 and thereafter	
	Fourth quarter 2023	**Fourth quarter 2022**	**Fourth quarter 2023**	**Fourth quarter 2022**
Positive (negative) real return, gross	2.2%	0.9%	2.2%	0.6%
Positive (negative) real return, net	2.1%	0.7%	1.9%	0.3%
Positive (negative) nominal return, gross	2.3%	1.7%	2.3%	1.4%
Positive (negative) nominal return, net	2.2%	1.6%	2.0%	1.2%

Investment gain (loss) charged to policyholders of profit-sharing insurance policies and management fees with respect there to – Below is information about estimated amounts of investment gain (loss) charged to policyholders in life profit-sharing life insurance and investment contracts, and the management fees calculated in conformity with the Supervisor's directives, based on quarterly returns and balances of insurance reserves on the Company's business reports (NIS in millions):

	2023	2022	2021	Fourth quarter 2023	Fourth quarter 2022
Investment gain (loss) charged to policyholders after management fee	10,364	(10,811)	15,087	2,972	1,691
Management fees	1,030	1,041	2,298	258	255

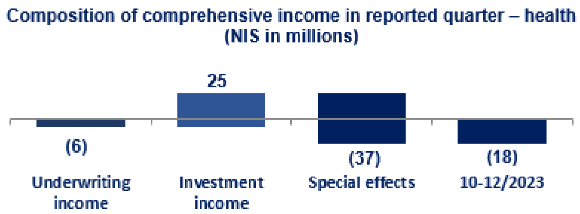
2.7. Health insurance sector

2.7.1. Operating results in Reported Quarter

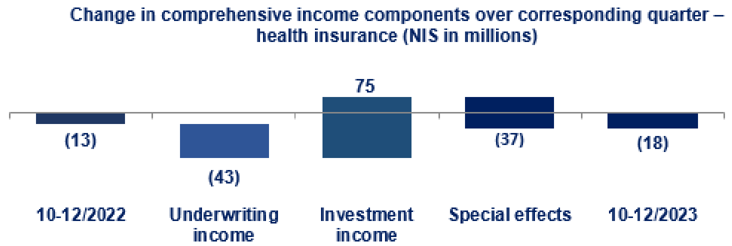
Development in scope of operations

Gross earned premiums in health insurance amounted to NIS 496 million, compared to NIS 477 million in the corresponding period last year, an increase by 4%. In the Reported Quarter, new sales decreased significantly from the corresponding period last year.

Composition of comprehensive income



	Underwriting income	Investment income	Special effects	Comprehensive income before
10-12/2023	(6)	25	(37)	(18)
10-12/2022	37	(50)	-	(13)
Difference	(43)	75	(37)	(5)



Underwriting income – In the Reported Quarter, the Company recognized underwriting loss, compared to underwriting income in the corresponding period last year, primarily due to decreased income in medical expense insurance, transition to loss in personal accident insurance due to increase in claims, including claims attributable to the Iron Swords war, amounting to NIS 14 million before tax, and to loss in collective insurance due to increase in claims. Conversely, underwriting income in severe illness insurance increased.

Investment gain – In the Reported Quarter, the Company recognized investment gain, compared to investment loss in the corresponding period last year, primarily due to higher real returns in the Reported Quarter.

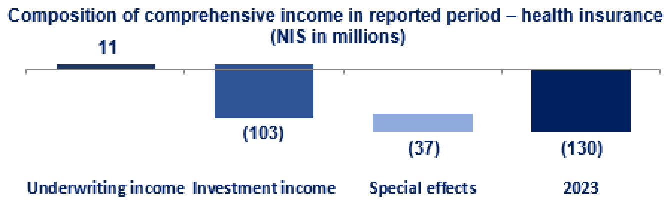
Special effects – In the Reported Quarter, the reserve for coverage of future loss (premium with shortfall) increased in collective insurance, along with decrease in comprehensive income, by NIS 37 million.

2.7.2. Operating results in Reported Period

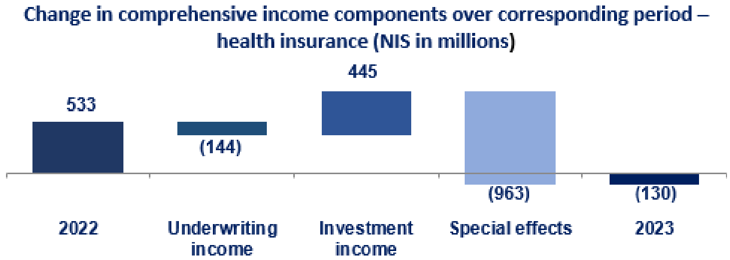
Development in scope of operations

In 2023, new sales decreased by 18% compared to 2022. For more information see Note 19 to the financial statements. In 2023, premiums amounted to NIS 1,950 million, compared to NIS 1,842 million in 2022, an increase by 6%. The aforementioned increase in premiums was in individual and collective insurance, except for personal accident insurance. In 2023, the cancellation rate in individual insurance policies increased compared to 2022, primarily in individual insurance other than nursing insurance. For more information see section 11 in Part II of chapter Description of Corporate Affairs. For more information about sensitivity tests regarding the risk of increase in cancellation rate, see Note 37.B.3.b.7 to the Company's financial statements.

Composition of comprehensive income



	Underwriting income	Investment income	Special effects	Comprehensive income before tax
2023	11	(103)	(37)	(130)
2022	155	(548)	926	533
Difference	(144)	445	(963)	(662)
2021	114	182	(293)	4



Underwriting income – In the Reported Period, underwriting income decreased from the corresponding period last year, primarily due to decreased income in medical expense insurance, transition to loss in personal accident insurance due to increase in claims, including claims attributable to the Iron Swords war, as noted above, and increase in Long Term Care insurance claims. Conversely, underwriting income in Dread Disease insurance increased slightly.

Investment gain – In the Reported Period, investment loss decreased from the corresponding period last year, primarily due to improvement in negative real returns from that period.

Special effects – In the Reported Period, the reserve for coverage of future loss (premium with shortfall) increased in collective insurance by NIS 37 million. In 2022, the increase in the interest curve, including non-liquidity premium, offset by the effect of revised attribution of part of the excess fair value of non-negotiable assets over the carrying amount thereof, resulted in decrease in nursing insurance reserves and increase in comprehensive income before tax, by NIS 926 million, resulting in the LAT reserve reaching zero for nursing insurance. For more information see Note 37.B3.b.5 to the financial statements.

For more information about commission rates as percentage of premium, see section 33.3.2 in Part IV of Description of Corporate Affairs Report. For more information see Notes 3.B and 19 to the financial statements.

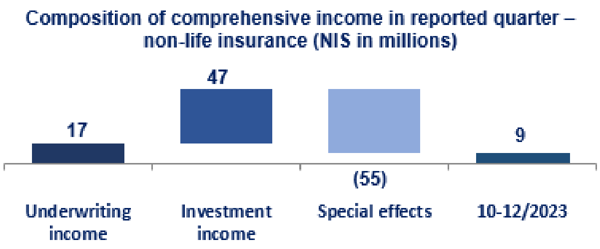
2.8. Non-life insurance sector

2.8.1. Operating results in Reported Quarter

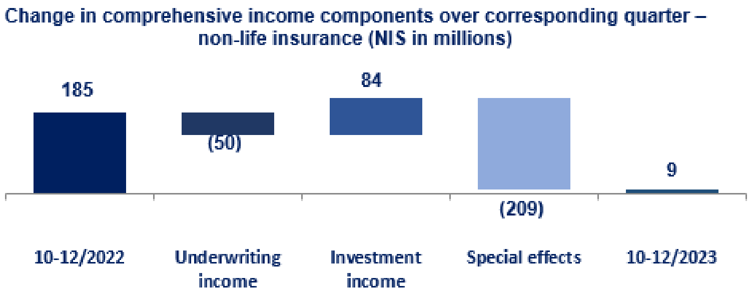
Development in scope of operations

Gross premiums in non-life insurance amounted to NIS 459 million in the Reported Quarter, compared to NIS 434 million in the corresponding period last year, an increase by 6%. The increase in premiums in the Reported Quarter was primarily due to increase in average premium in the auto property sector.

Composition of comprehensive income



	Underwriting income	Investment income	Special effects	Comprehensive income before
10-12/2023	17	47	(55)	9
10-12/2022	67	(37)	154	185
Difference	(50)	84	(209)	(175)



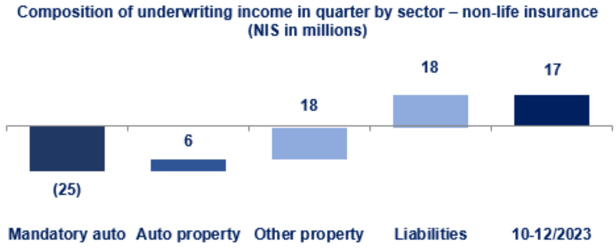
Underwriting income – In the Reported Quarter, underwriting income decreased from the corresponding period last year, primarily due to underwriting loss in the mandatory auto sector and decrease in underwriting income in liability sectors, offset by increase in underwriting income in the auto property sector. For details by sector, see below.

Investment gain – In the Reported Quarter, the Company recognized investment gain, compared to investment loss in the corresponding period last year.

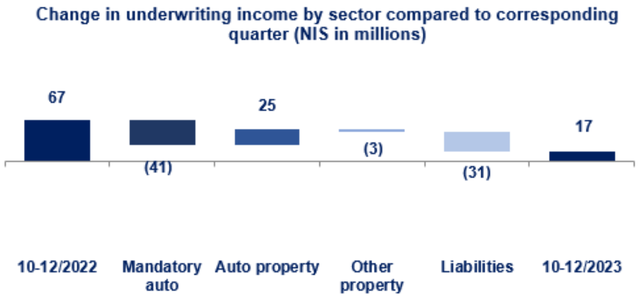
Special effects – In the Reported Quarter, the decline in the interest curve over the short and medium term, offset by the effect of revised attribution of part of the excess fair value of non-negotiable assets over the carrying amount thereof, primarily resulted in increase in insurance obligations and decrease in comprehensive income for liability sectors, by NIS 19 million on retention before tax, and in the mandatory auto sector by NIS 37 million on retention before tax.

In the corresponding period last year, the increase in the interest curve over the short and medium term, offset by the effect of revised attribution of part of the excess fair value of non-negotiable assets over the carrying amount thereof, primarily resulted in decrease in insurance obligations and increase in comprehensive income for liability sectors, by NIS 13 million on retention before tax, and in the mandatory auto sector (in which the Company first started discounting of pending claims in the corresponding period last year recognized) by NIS 139 million on retention before tax.

Below is analysis of underwriting income by sector in the Reported Quarter:



Total	Liabilities	Other assets	Auto property	Mandatory auto	
17	18	18	6	(25)	10-12/2023
67	49	21	(19)	16	10-12/2022
(50)	(31)	(3)	25	(41)	Difference



Mandatory auto sector – posted underwriting loss, due to released earnings with respect to previous underwriting years, which was lower than in the corresponding period last year, and to increase in underwriting loss in the current underwriting year compared to the previous one.

Auto property sector – transitioned to underwriting income in the Reported Quarter, compared to underwriting loss in the corresponding period last year. This income was affected by decrease in premium with shortfall, due to increase in the average premium.

Other property sectors – underwriting income remained similar to the corresponding period.

Liability sectors – underwriting income decreased from the corresponding period, primarily due to loss in the current underwriting year in the third party sector, and decrease in income in the professional liability and professional liability sectors.

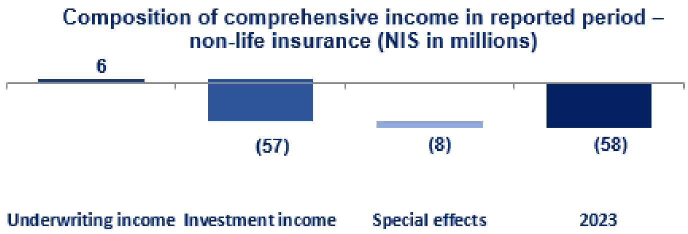
2.8.2. **Operating results in Reported Period**

Development in scope of operations

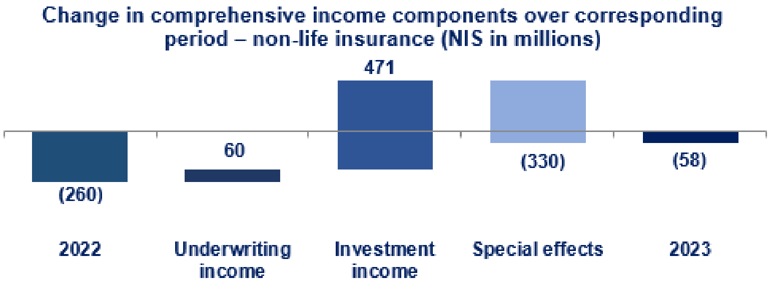
In 2023, premiums amounted to NIS 2,372 million, compared to NIS 2,071 million in 2022, an increase by 15%.

The increase in premiums was primarily due to increase in average premium in the auto property sector, and to increase in premiums in other property and liability sectors, mostly due to increase in insurance policies in business and home insurance, and due to change in insurance policy renewal dates where the term of insurance coverage is longer than one year for some large businesses.

For more information about composition of non-life insurance operations by customer type and renewal rates in mandatory auto, auto property and home insurance, see section 14 in Part II of chapter Description of Corporate Affairs.



	Underwriting income	Investment income	Special effects	Vinograd	Comprehensive income before
2023	6	(57)	(8)	-	(58)
2022	(54)	(528)	322	-	(260)
Difference	60	471	(330)	-	202
2021	(72)	199	(117)	65	76



Underwriting income – In the Reported Period, transition to underwriting income compared to underwriting loss in the previous year, primarily due to reduced loss in auto sectors. Conversely, underwriting income decreased in liability sectors. For details by sector, see below.

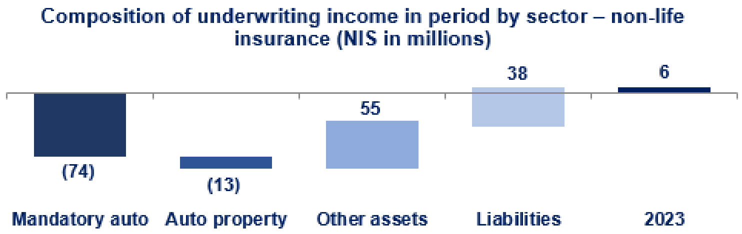
Investment gain – In the Reported Period, investment loss declined noticeably from the corresponding period last year, due to high negative returns in the previous year.

Special effects – In 2023, the decrease in the interest curve over the short and medium term, offset by the effect of revised attribution of part of the excess fair value of non-negotiable assets over the carrying amount thereof, resulted in increase in insurance obligations on retention and decrease in comprehensive income before tax by NIS 8 million, primarily in liability sectors.

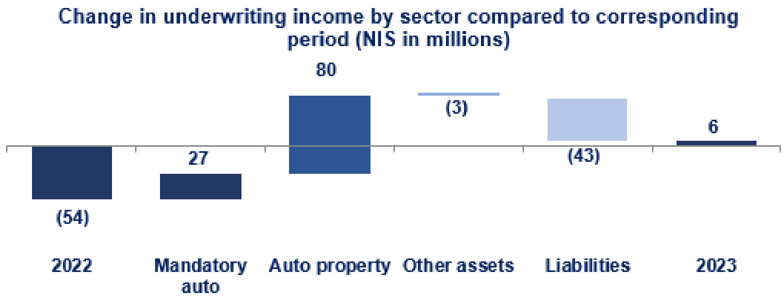
In 2022, the increase in the interest curve over the short and medium term, and the effect of revised attribution of part of the excess fair value of non-negotiable assets over the carrying amount thereof, including allocation of excess fair value of assets over the carrying amount thereof, previously attributed to the health insurance sector, primarily resulted in decrease in insurance obligations and increase in comprehensive income for liability sectors, by NIS 174 million on retention before tax, and in the mandatory auto sector (in which the Company first started discounting of pending claims in the previous year recognized) by NIS 146 million on retention before tax.

For more information about special effects, see Note 37.B.3.c.9 to the financial statements.

Below is analysis of underwriting income by sector in the Reported Period:



	Mandatory Auto	Autom Property	Other assets	Liabilities	Total
2023	(74)	(13)	55	38	6
2022	(100)	(93)	58	81	(54)
Difference	27	80	(3)	(43)	60
2021	(120)	(76)	69	55	(72)



Mandatory auto sector – Decrease in underwriting loss in the Reported Period, primarily due to reduced negative development in claims experience with respect to earlier underwriting years compared to the previous year, and decrease in Company share of residual insurance loss ("**Pool**").

Note that Company share of Pool loss, including investment gain, for mandatory auto insurance in 2023 amounted to NIS 23 million, compared to NIS 36 million in 2022 and to NIS 20 million in 2021.

Auto property sector – Decrease in underwriting loss in the Reported Period from the year-ago period. This decrease was due to increase in average premium, resulting in decrease in premium with shortfall.

Other property sectors – underwriting income remained similar to the corresponding period last year.

Liability sectors – Decrease in underwriting income in the Reported Period compared to the year-ago period, primarily in third party, employer and product liability sectors. This decrease was primarily due to positive development in claims experience with respect to previous underwriting years, recorded last year. Moreover, underwriting loss increased in the current underwriting year compared to the previous one.

For data regarding composition and evolution of income by underwriting years in mandatory auto and liability sectors, see Note 17.C.5-8 to the financial statements.

Below is data for underwriting income benchmarks – Loss Ratio ("**LR**") and Combined Ratio ("**CR**") – for property sectors[5,6]:

[5] Loss Ratio is the ratio of payments and change in liabilities with respect to insurance contracts to earned premiums. Combined Ratio is the ratio of payments and change in liabilities with respect to insurance contracts, commissions and acquisition costs net of re-insurance commission revenues and general and administrative expenses, to earned premiums.

[6] Data excludes systematic amortization of identifiable intangible assets created by acquisition of the Eliyahu portfolio.

	Auto property sector			Property sectors (other than auto)		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
Claim rate, gross	78.9%	92.7%	87.6%	53.7%	45.9%	36.9%
Claim rate, on retention	79.2%	92.9%	87.7%	35.0%	35.5%	32.3%
Claim and expense rate, gross	103.3%	118.2%	114.5%	81.4%	74.8%	67.0%
Claim and expense rate,	103.8%	118.6%	114.9%	79.7%	79.1%	76.1%

The decrease in claim rate, gross in the auto property sector in the Reported Period, compared to the year-ago period, is primarily due to increase in average premium, partially offset by increase in claim severity. The decrease in claim rate, gross in other property sectors in the Reported Period was affected by a claim in a large business, which is nearly entirely covered by re-insurance.

For more information about commission rates as percentage of gross premium, see section 33.3.3 in chapter Description of Corporate Affairs.

2.9. Financial services sector

Assets under management – On December 31, 2023, assets under management amounted to NIS 68 billion, compared to NIS 52 billion on December 31, 2022. The increase was primarily reflected in increase in assets under management for mutual fund operations. For more information see section 17.4.3 in Part II of chapter Description of Corporate Affairs.

2.9.1. Total assets – On December 31, 2023, total assets on the balance sheet amounted to NIS 628 million, compared to NIS 662 million on December 31, 2022. The decrease is primarily due to decrease in cash. Note that total investments in collateral, cash and cash equivalent balances in this sector vary based on the state of the capital market and on market making operations of Migdal Capital Markets.

2.9.2. **Operating results in Reported Quarter**

In the Reported Quarter, revenues amounted to NIS 62 million, compared to NIS 67 million in the corresponding period last year. The decrease in revenues was primarily due to decrease in revenues from variable management fees in mutual funds.

Comprehensive income amounted to NIS 10 million, compared to NIS 17 million in the corresponding period last year. The decrease in comprehensive income was primarily due to decrease in revenues, as noted above.

2.9.3. **Operating results in Reported Period**

In the Reported Period, revenues amounted to NIS 252 million, compared to NIS 251 million in 2022.

Total revenues in the Reported Period was primarily affected by increase in revenues from alternative products and in revenues from financial and financing transactions, as well as by increase in variable management fees in mutual funds. Conversely, fixed management fees decreased due to change in asset mix and to decrease in revenues from investment banking and distribution operations.

In the reported Year, Comprehensive income amounted to NIS 53 million, compared to NIS 57 million in 2022. The decrease in comprehensive income was primarily due to increase in payroll and IT expenses.

2.10. Key balance sheet items on the financial statements

As of December 31, 2023, total assets with respect to yield-dependent contracts amounted to NIS 143.1 billion, an increase by 5% over December 31, 2022. This increase was primarily due to capital market returns achieved by the Company.

As of December 31, 2023, premiums receivable amounted to NIS 588 million, compared to NIS 765 million as of December 31, 2022. The decrease in premiums receivable was primarily in life insurance, due to current collection brought forward.

As of December 31, 2023, capital amounted to NIS 8,599 million, compared to NIS 8,096 million as of December 31, 2022. The increase is primarily due to comprehensive income amounting to NIS 553 million in the Reported Year, net of dividends amounting to NIS 57 million, distributed in May and November 2023.

For more information about calculation results in conformity with the new Solvency II Directive, see section 3.2 below and Note 7.C to the financial statements.

As of December 31, 2023, cash and cash equivalents amounted to NIS 19.5 billion, compared to NIS 18.7 billion as of December 31, 2022. The increase was primarily due to increase in cash flows provided by current operations, net (mostly affected by timing of purchase / sale of financial investments), partially offset by cash flows provided by financing operations (redemption of debentures (Series C and D), offset by issue of debentures (Series K and L)). For more information see the cash flow statement on the Company's financial statements.

2.11. Financing sources

NIS in millions	December 31, 2023	December 31, 2022
Financial liabilities	**7,359**	**10,952**
Long-term loans (mostly Tier II) (1)	5,832	7,074
Short-term loan (2)	928	911
Others (3)	599	2,967

(1) The decrease in long-term loans in the Reported Period, compared to December 31, 2022, is due to full early redemption of debenture (Series C and D), partially offset by issue of debentures (Series K and L).

(2) Shore-term borrowing primarily consists of a Repo loan. For more information see Note 24.A to the financial statements.

(3) The balance primarily consists of derivatives, reflecting the liability created as of the balance sheet date due to derivatives operations, mostly with respect to exposure to foreign currency. For more information see Note 24 to the financial statements. This item also includes short selling with respect to Migdal Capital Markets operations in management of equity funds.

3. Trends, events and developments in Group operations and its business environment

3.1. Macro-economic environment

Below is a summary description of trends, events and developments in the Group's macro-economic environment that have or are expected to have an effect on the Group[7].

Developments in the economy and in the labor market

The Group operates in the Israeli economy and its economic and geo-political situation has implications for its sales in many areas, on insurance claims and on costs associated with its operations. The level of employment and wages in the Israeli economy mostly affects the Group's life insurance and long-term savings business.

Global environment – In the Reported Period, global economic activity continued to be more moderate against the background of continued war in the Ukraine and monetary tightening, as well as slower than expected growth in China

Israeli economy – Prior to outbreak of the Iron Swords war in October 2023, the Israeli economy continued to maintain high economic activity, although several activity benchmarks were somewhat more moderate.

Early in the Reported Quarter, the Iron Swords war broke out, and its effect was evident in lower current consumption, absence of employees from their workplace due to being called for military

[7] The review is based, *inter alia*, on publications by the Bank of Israel and by the Central Bureau of Statistics.

reserve duty, and closure of educational institutions, significant impact to construction and agriculture, as well as to the tourism, entertainment and leisure sectors. Supply restrictions, along with significant decrease in demand early in the war were reflected in lower private consumption and significantly lower turnover in the business sector, primarily in food services and construction. Later in the Reported Quarter, economic activity gradually recovered and employment improved, with significant variance between economic sectors.

Based on the second estimate by the Central Bureau of Statistics for the fourth quarter of 2023[8], in the Reported Quarter GDP decreased by 20.7% (annualized) compared to the third quarter of 2023, and decreased by 4.0% compared to the corresponding period last year (increase by only 2% in 2023, compared to increase by 6.5% in 2022). The significant decrease in GDP in the Reported Quarter, compared to the previous quarter, reflects the decrease in private consumption, export of goods and services and investment in fixed assets, along with significant increase in public consumption. There was also a significant decrease in import of goods and services. In 2023, per capita GDP decreased by 0.1%, after increase by 4.4% in 2022. Note that the economic contraction in the fourth quarter of 2023 was directly impacted by outbreak of the Iron Swords war.

Labor market – In the Reported Period, prior to outbreak of the Iron Swords war, the labor market remained near full employment, with the number of vacant positions continuing to moderately decline. As reported by the Central Bureau of Statistics, in the first nine months of the Reported Year, the unemployment rate, by its broad definition[9], continued to decline, from 5.5% in December 2022 to 4.2% in September 2023. However, due to the Iron Swords war, unemployment shot up to 7.5% in December 2023. In January-December 2023, the average real wage increased slightly (in fixed prices) compared to the previous year.

Capital market

Insurance companies, pension and provident funds and companies involved in financial services invest a significant part of their asset portfolio in capital markets. Returns of various asset classes on the capital markets have material implications for both returns achieved on behalf of Group customers and on Group income.

In the Reported Period, global monetary contraction continued. The rapid increase in interest rates, primarily in the first quarter of the year, primarily impacted the value of debentures with long average durations, eroding the financial margin for investments in such instruments, with material impact to several regional banks in the USA and in Switzerland.

In the Reported Period, the US Federal Reserve ("the Fed") raised its interest rate by 1% in multiple steps, up to 5.5%. In August 2023, rating agency Fitch lowered the credit rating of the USA, from AAA to AA+. In the Euro Zone, the European Central Bank ("ECB") raised its interest rate by 2% in multiple steps, up to 4.5%, while maintaining its monetary restrictive policy.

In the second half of the Reported Year, global inflation remained high, although more moderate, such that interest rates continued to be raised globally, although at a more moderate pace. Given the aforementioned, global equity benchmarks rallied, led by technology shares. Economic activity in leading countries was more moderate, with economic activity in the USA showing a positive trend, reflecting excess savings by households and a tight labor market. Conversely, in the Euro Zone, due to weak exports and foreign trade, the pace of economic activity slowed down.

In the Reported Period, prices on the local capital market were moderately higher, compared to significant increase in global equity benchmarks. Moreover, government debenture yields in Israel, primarily for debentures with long durations, were higher, as was the USD exchange rate. Since the second half of 2023, the inflation rate in Israel slowed down, and by end of 2023 was close to the target set by the Bank of Israel.

8 According to estimate of national accounts for 2023, published on March 10, 2024.

9 The unemployment rate, by its broad definition, includes those unemployed, those employed but temporarily absent from work for the full week for economic reasons, those not in the labor market who stopped working due to termination or closure of their workplace in the past two years, and those who gave up on searching for a job.

In the Reported Quarter, with outbreak of the Iron Swords war in October 2023, prices of equity benchmarks in Israel dropped sharply, with higher yields on government debentures, which were offset in November and December 2023. Spreads of corporate debentures, which increased at the outbreak of war, returned close to their pre-war levels, but market volatility remained high.

Given the effects of the war, and in order to stabilize markets, the Bank of Israel announced a plan to sell up to USD 30 billion, and to conduct Swap transaction on the foreign currency market, valued up to USD 15 billion. The war increased the country risk, as reflected in a higher risk premium for the State of Israel on financial markets, as well as lowered rating outlook by S&P, with Fitch placing it on Negative Watch List. The war also had effects globally, due to higher geo-political tension across the Middle East. However, its effect on global financial markets is moderate.

Below are key trends in major investment asset classes and implications thereof

Change in capital market benchmarks	2023	10-12/2023
Inflation (known CPI)	3.3%	0.1%
Inflation (CPI for)	3.0%	0.1%
NIS-denominated government debentures bearing fixed interest (real)	(1.9%)	1.9%
CPI-linked government debentures (real)	(3.6%)	0.4%
Corporate debentures (real)	2.8%	2.6%
Tel Aviv 35 Index (real)	0.4%	1.0%
Tel Aviv 90 Index (real)	0.9%	(0.3%)
Tel Aviv 125 Index (real)	0.7%	0.6%
MSCI Index (nominal)	20.1%	10.7%
NASDAQ 100 Index (nominal)	53.8%	14.3%
S&P 500 Index	24.2%	11.2%
USD exchange rate (nominal)	3.1%	(5.2%)

Interest – In December 2023, the monetary interest rate in Israel was at 4.75%, after the Bank of Israel raised interest rates in the Reported Period, compared to 3.25% in December 2022.

Government debentures – In the reported Period, yields to maturity of NIS-denominated and CPI-linked debentures increased across all time frames. This trend was reversed in the Reported Quarter, due to the more moderate inflation and expectations of lower interest rates, except for debentures with long duration.

Corporate debentures – In the reported Period, yields to maturity of NIS-denominated and CPI-linked debentures increased, due to higher yields to maturity of government debentures. In the Reported Quarter, yields to maturity of NIS-denominated and CPI-linked corporate debentures were lower, with slightly lower risk spread over government debentures, following significant volatility in the Reported Quarter, due to the Iron Swords war.

Changes in expected inflation and interest rates resulted in changes to inherent returns in the financial asset portfolios held by insurance companies, including the asset portfolios held against profit-sharing insurance policies, from which insurance companies derive investment gain. Interest rates have an effect on future returns upon refinancing assets against liabilities, as well as the inherent value of the life insurance portfolio, and future returns on policyholder funds. Moreover, higher inflation affects the reduction of real returns in policyholder portfolios, and therefore a derivative effect on variable management fees which Migdal Insurance may collect, and the financial margin in its nostro portfolio.

Developments in the economic environment subsequent to the balance sheet date

Inflation was more moderate in many countries, but still higher than targets set by central banks. Core inflation is also becoming more moderate. Economic and employment indicators point to gradual recovery, following the sharp decline as the war broke out, but with variance across economic sectors. There is very high uncertainty associated with duration and scope of the war, with implications for the impact on economic activity, and the risk premium remains high.

In the USA and in Europe, central banks kept interest rates unchanged, but the interest rate trajectory, as anticipated by the markets, was significantly lower, expecting multiple lowering of interest rates in 2024, at a slower pace. In January 2024, the Bank of Israel lowered its interest rate by 0.25% to 4.5%, in view of the more moderate inflation and stabilization of financial markets, including the foreign currency market.

Subsequent to the balance sheet date, prices of equity indexes in Israel and world-wide were higher, although volatile, with lower prices of government debentures due to expected moderation of lower interest rates expected in 2024. The Consumer Price Index for Jan. – Feb. 2024 was higher by 0.4%.

In February 2024, rating agency Moody's lowered the credit rating for State of Israel debt, from A1 to A2 with Negative rating outlook. As explained by the rating agency, the lower credit rating and rating outlook mostly reflected the uncertainty with respect to economic implications of the Iron Swords war, when and how the war would end and the change in fiscal condition. Despite the lowered rating and outlook, the market reaction was moderate, indicating that the lower rating and outlook had already been priced in.

Note that economic activity in Israel is subject to some extent by uncertainty, including with respect to the duration and nature of the war in Gaza and potential escalation on other fronts, and to budget decisions that the Government would make in addressing the defense and civilian needs arising from the war. Different developments affecting the war duration and scope may have material effects on economic developments. Expansion of the war to the Northern front may further impact growth, and may cause disruptions in normal economic activity, thus upsetting market stability once again, causing inflationary pressures.

3.2. Capital, economic solvency regime of insurance company, based on Solvency II and dividends

3.2.1. Solvency ratio report

On November 22, 2023, Migdal Insurance issued its solvency ratio report as of June 30, 2023, as approved by the Board of Directors of Migdal Insurance. For more information see immediate report by the Company dated November 23, 2023 (reference no. 2023-01-127065), and publications on the Company website at: https://www.migdal.co.il/about/economic-solvency-reports.

Economic solvency ratio as of June 30, 2023 was calculated in conformity with the Supervisor's directives regarding economic solvency of insurance company based on Solvency II, as included in provisions of insurance circular 2020-1-15 "Amendment to consolidated circular regarding provisions for implementation of solvency regime" ("**Solvency Circular**").

Below is data regarding the solvency ratio and capital threshold for Migdal Insurance (NIS in millions):

	As of June 30, 2023	**As of December 31, 2022**
	Un-audited**	**Audited***
Shareholder equity with respect to capital required for solvency	16,975	17,748
Capital required for solvency	12,596	12,393
Retained earnings	4,379	5,355
Solvency ratio (in %)	135%	143%
Effect of material capital transactions in the period from calculation date to publication date of the solvency ratio report		
Equity instruments issued (redeemed)	660	(1,895)
(Deviation from quantitative limits) / elimination of deviation from quantitative limits	–	607
Shareholder equity with respect to capital required for solvency	17,635	16,460
Retained earnings	5,039	4,067
Economic solvency ratio (in %)	140%	133%

* The term "audited" refers to audit conducted in conformity with International Standard on Assurance Engagements 3400 (ISAE 3400) "Examination of prospective financial information".

** The term "un-audited" refers to review conducted in conformity with principles of International Standard on Assurance Engagements 3000 (ISAE 3000) "Assurance engagements other than audits or reviews of historical financial information".

Minimum capital requirement (MCR) (NIS in millions):

	As of June 30, 2023	**As of December 31,**
	Un-audited	**Audited**
Minimum capital requirement (MCR)	3,149	3,098
Shareholder equity with respect to MCR	12,691	12,171

Key changes with respect to solvency as of June 30, 2023, compared to December 31, 2022

The solvency ratio for Migdal Insurance as of June 30, 2023 increased to 140%, compared to 133% as of December 31, 2022.

In the first half of 0223, changes occurred in market variables: risk-free interest curve, inflation and capital market returns, as well as in demographic assumptions, which affected capital at Migdal Insurance in different directions.

The increase in risk-free interest curve had a positive effect on capital at Migdal Insurance, partially offset by the impact of loss due to lower prices of debt instruments in the nostro portfolio. Moreover, higher returns contributed to lower investment loss in policyholder portfolios, and to improved valuation of future management fees, due to higher accruals in retirement insurance. This effect was partially offset by increase in future pension obligations, and increase in financial scenarios due to increase in the risk-free interest curve.

Moreover, in line with the initial estimate, setting a contribution cap for retirement insurance (as set forth in section 2.4.9 of the Description of Corporate Affairs Report) had a negative effect on capital at Migdal Insurance. This effect was mostly offset by the positive effect of revised actuarial studies and model.

Capital was positively affected by release of capital requirements and cost of capital with respect to existing business, partially offset by capital requirements and cost of capital for new business sold in the first half of 2023.

In July 2023, Migdal Insurance issued, through Migdal Capital Raising, debentures recognized as Tier II capital, amounting to NIS 660 million. For more information, see section 2.4.4 of the Description of Corporate Affairs report. For replacement of debenture (Series E) by expansion of debenture (Series K and L), see section 2.4.5 of the Description of Corporate Affairs report.

Below is data excluding application of transition provisions for the phase-out period and excluding adjustment of equity scenario (NIS in millions):

	As of June 30, 2023	As of December 31, 2022
	Un-audited	**Audited**
Shareholder equity with respect to capital required for solvency [(1)]	11,365	11,940
Solvency Capital Requirement (SCR)	15,453	14,998
Excess (shortfall)	(4,088)	(3,057)
Economic solvency ratio (in %)	74%	80%
Effect of material capital transactions in the period from calculation date to publication date of the solvency ratio report		
Shareholder equity	11,365	11,940
Equity instruments issued (redeemed)	660	(1,895)
Deviation from quantitative limits / elimination of deviation from quantitative limits	–	805
Shareholder equity with respect to capital required for solvency	12,025	10,850
Excess (shortfall)	(3,428)	(4,148)
Economic solvency ratio (in %)	78%	72%

(1) This amount excludes deduction of 35% of original difference at management company, amounting to NIS 64 million, on June 30, 2023.

3.2.2. Update on use of economic scenario generators to calculate solvency ratio at Migdal Insurance

As of the report issue date, Migdal Insurance has completed calculation of its economic solvency ratio, based on use of economic scenario generators, including completion of tests and control processes for accuracy, resilience and market compatibility, as customary for overseas companies that apply stochastic models to calculate economic solvency ratio ("the **Model**" or "the **Stochastic Model**").

Migdal Insurance believes that deployment of the Stochastic Model would have an effect on the estimated economic solvency ratio, to the tune of adding 9% to the economic solvency ratio as of June 30, 2023, without accounting for and after accounting for the transition provisions. Note that this data is not audited nor reviewed, and is sensitive to changes in the interest rate curve and in other financial and demographic assumptions, hence the effect of the Stochastic Model may differ, or even materially differ, upon actual application.

On May 3, 2023, the Supervisor sent to Migdal Insurance an outline for implementation of the Stochastic Model in calculation of the solvency ratio as of December 2022. This outline specified gradual implementation of the Stochastic Model to calculation of the solvency ratio, allowing it to be implemented in three reporting periods (starting with reporting as of June 2022) for calculation of solvency ratio accounting only for transition provisions, and thereafter, full implementation also with regard to solvency ratio without accounting for transition provisions. Migdal Insurance believed that such gradual implementation of the Model does not fully and consistently reflect the state of capital at Migdal Insurance, before and after transition provisions, and therefore elected not to implement this outline. Moreover, given the notification provided by the Capital Market Authority to Migdal Insurance on November 12, 2023, regarding the former's intention to conduct an audit with regard to implementation of the Stochastic Model, Migdal Insurance decided to delay initial implementation of the Model until such audit has been completed and any material findings therein have been addressed. Subject to the foregoing with regard to audit by the Authority, and in conformity with assessment by Migdal Insurance, the Model would be initially implemented in 2024.

3.2.3. **Events subsequent to calculation date as of June 30, 2023:**

In the second half of 2023, after calculation of the solvency ratio by Migdal Insurance as of June 30, 2023, events occurred which Migdal Insurance considers my affect its solvency ratio, including increase in the risk-free interest curve and continued increase in cancellations of retirement insurance policies. According to initial assessment by Migdal Insurance, the ensemble of these developments should not result in material change in the solvency ratio without accounting for transition provisions during the phase-out period. However, such developments (including effect of the gradual decrease of the deduction amount over the phase-out period) should decrease the economic solvency ratio as of December 31, 2023 including accounting for transition provisions during the phase-out period. According to estimates by Migdal Insurance, the solvency ratio as of December 31, 2023 should be in compliance with Migdal Insurance's capital policy dates March 20, 2024, as set forth in section 3.2.4 below.

Note that this preliminary assessment does not take into account future effect of implementation of the Stochastic Model, as set forth in section 3.2.2 above, nor other effects of steps that Migdal Insurance may take, including additional issue of Tier II capital, which should have a positive effect on the solvency ratio at Migdal Insurance.

Migdal Insurance has yet to complete calculation of the economic solvency ratio as of December 31, 2023 (to be made public in May 2024), and therefore, the aforementioned assessment with regard to different effects on calculation of the economic solvency ratio as of December 31, 2023 constitutes forward-looking information as defined in Section 32a of the Securities Act, 1968. These assessments do not include all of the calculations and controls to be applied by Migdal Insurance in order to complete the calculation of economic solvency ratio as of said date, including review of update to the deduction amount over the phase-out period, and are not based on data audited or reviewed by the Independent Auditor of Migdal Insurance.

3.2.4. **Capital policy at Migdal Insurance**

On May 26, 2021, the Board of Directors of Migdal Insurance reviewed and set its capital policy, whereby Migdal Insurance would strive to maintain a solvency ratio ranging between 155%-175%. Furthermore, the Board of Directors of Migdal Insurance set the minimum solvency ratio target at 140%. These targets are for the solvency ratio, accounting for the Deduction During the Phase-out Period, through 2032. In conformity with the capital policy, the solvency ratio of Migdal Insurance without accounting for the transition provisions, would be gradually built up, in line with these targets, by end of 2032.

On March 20, 2024, the Board of Directors of Migdal Insurance reviewed the capital policy, maintaining unchanged the solvency ratio range in which Migdal Insurance would strive to operate, at between 155%-175%. Moreover, considering the risk factors typical for Migdal Insurance operations, including inherent volatility therein and the impact thereof on the solvency ratio, and in support of achievement of Migdal Insurance's long-term targets and the measures included in the strategic plan as set forth in section 4 below, the Board of Directors of Migdal Insurance resolved to revise the minimum solvency ratio target in the coming years, so as to match the pace of gradual build-up of capital at Migdal Insurance and to support high-quality, stable, long-term growth of the solvency ratio. Consequently, the Board of Directors of Migdal Insurance revised the minimum solvency ratio target to 115%, to gradually increase to 140% by end of the phase-out period (by end of 2032). These targets are for the solvency ratio, accounting for the Deduction During the Phase-out Period. In conformity with the capital policy, the solvency ratio of Migdal Insurance without accounting for the transition provisions, would be gradually built up, in line with these targets, by end of 2032.

3.2.5. **Restrictions on dividend distribution at Migdal Insurance**

According to the letter issued by the Supervisor in October 2017, insurers may only distribute dividends if, after such distribution, its solvency ratio (pursuant to the Solvency Circular) would be at least 100%, calculated excluding transitional provisions and subject to the target solvency ratio specified by the Board of Directors. This ratio is calculated without the relief provided with respect to original difference attributable to acquisition of provident funds and management companies. The aforementioned letter also stipulates reporting provisions to the Supervisor. As of June 30, 2023, Migdal Insurance was not in compliance with requirements for dividend distribution.

Data provided in this section, including with regard to economic solvency ratio of Migdal Insurance, recognized shareholder equity and required capital for solvency, as well as assessments by Migdal Insurance with regard to effect thereof on the solvency ratio due to developments subsequent to calculation of the solvency ratio as of June 30, 2023, and with regard to potential impact of use of the Stochastic Model on calculation of the solvency ratio (if implemented) are based, *inter alia*, on forecasts, assessments and estimates for future events, whose materialization is uncertain and which are outside of Migdal Insurance's control, and should be considered as forward-looking information as defined in Section 32a of the Securities Act. Actual results may differ than those reflected in this section, including on the economic solvency ratio report or in assessments by Migdal Insurance, because such forecasts, assessments and estimates may, in whole or in part, fail to materialize or may materialize differently than anticipated, including with respect to actuarial assumptions (including mortality rates, morbidity, recovery, cancellations, expenses, pension realization, release rate of the risk margin and underwriting margin), regulatory provisions and directives with respect to economic solvency ratio, including any specific directives that may be issued to Migdal Insurance, assumptions with regard to future management actions, risk-free interest rates, capital market returns, future revenues and damage under catastrophe scenarios.

4. Group goals and business strategy

The business environment and growing competition require Group companies to review from time to time how they address and prepare for their business goals and strategy. As from the fourth quarter of 2022, the Group launched a process to formulate and create a strategic plan for Group companies, including contracting with a major international consulting firm. In April and May 2023, the Boards of Directors of the Company and of Migdal Insurance approved the principles for the strategic plan outline, and directed the management of the Company and of Migdal Insurance, as the case may be, to formulate the details and schedules for moving forward and implementing the plan.

The key objectives of the strategic plan is to focus on providing value and development of customer relations (policyholders and fund members), while improving Company products, returns and service, maximizing value to shareholders, further investment and empowerment of human capital, in order to enhance the values of professionalism, excellence and loyalty among Group employees, and expand collaboration with others, while providing service that is accessible, efficient, high-quality and competitive.

In support of these objectives, the strategic plan is focused on three key pillars: Bolstering core activities and striving for profitable growth over time; improving effectiveness and reducing costs with streamlined expenses; and focusing business activity on the customers. The work plans include a range of projects and initiatives designed to achieve these goals.

4.1. Bolstering core activities and striving for profitable growth – by using four key leverage points:

4.1.1. **Growth and leadership in pension, provident fund and financial pr**oducts – growth in pension and provident fund products, and significant bolstering of growth in financial products, by means of a range of steps to enhance selling capabilities, improve operational response and pricing of these products, while focusing on improving return on equity.

4.1.2. **Improvement of distribution channels** – Implementation of a holistic sales and distribution strategy, to provide a response to all distribution channels for all products, and to create a platform for growth of in-focus products.

4.1.3. **Transformation of non-life insurance, positioning it as a growth engine** – by means of two key efforts:

(A) Improved accuracy of the model and underwriting process for non-life insurance, to result in significant improvement of the value proposition to customers.

(B) Transformation of the claim process management, to enable rapid, accurate and effective payment of claims.

4.1.4. **Retention** – Increase the customer retention rate in pension, life and health products, by means of a range of steps, including unique value propositions to customers and to agents, and improvement of the retention processes.

4.2. Increased effectiveness and reduced costs – by means of four key leverage points:

4.2.1. **Digitization** – Improvement and expansion of digital processes and journeys of customers and agents, in order to improve the customer and agent experience and to enhance the response to their needs.

4.2.2. **Automation and deployment of new technology capabilities** – Automation and deployment of advanced tools (such as AI) to improve effectiveness of input-intensive operating and service processes.

4.2.3. **Standardization and improvement of processes** – Improving efficiency of work processes, striving for operational excellence and instilling a culture of excellence and constant improvement.

4.2.4. **Adaptation of the operating model** – Adaptation of the operating model to changing needs, in order to create a more efficient and effective organization.

4.3. Customer focus in changing reality – by means of two key leverage points:

4.3.1. **Transformation of customer service** – Improving service by aligning the structure and work processes at service and operations centers with customer needs, and leveraging the automation and digitization processes to increase customer ability to conduct transactions in an independent, simple, fast and transparent manner.

4.3.2. **Adaptation of value and service propositions to needs of agents and customers** – Create value propositions appropriate for customers and agents, in order to significantly improve Company positioning in the market and to increase sales.

In order to achieve these objectives, a range of projects and initiatives are being promoted, with constant monitoring of achievement of milestones and performance benchmarks specified for design and implementation of these objectives.

The Company believes that implementation of all of the aforementioned steps would result in significant improvement in its business results and would support achievement of its financial targets by 2027, as follows:

These targets are based on implementation of the strategic plan and work plans arising there from, as well as on the following key assumptions: Achievement of real return targets specified by the Group in its operating segments, so as to enable, *inter alia*, Migdal Insurance, by 2027, to collect variable management fees once again; growth in assets under management through, *inter alia*, improving the portability balance at Migdal Insurance in long-term savings and increase in new sales; improvement of underwriting income from core operations of Migdal Insurance; with regard to solvency of Migdal Insurance – also accounting for increase in capital recognized for solvency by further issue of Tier II capital and implementation of the Stochastic Model, as set forth in section 3.2.2 above. Note that these targets are based on the current accounting standard (IFRS 4), and the required adjustments will be made upon transition to the new accounting standard (IFRS 17).

The information regarding business objectives and strategy constitutes forward-looking information as this term is defined in Section 32a of the Securities Act, 1968, reflecting Group policy and plans as of the report issue date. This information is based on a process conducted by management, assisted by an international strategic consulting firm, based on data for Group companies, market data, professional knowledge accumulated by the Group, past experience and working assumptions with regard to Company operations and relevant markets, as well as expectations and assessments with regard to future developments, as known to the Group upon the report issue date, and does not take into account the implications of adoption of IFRS 17 with regard to insurance contracts. Whether or not this forward looking information should materialize may be affected, *inter alia*, by changes in the business environment, including the condition of capital markets in Israel and world-wide, changes to competition in markets relevant for Group operations, regulatory changes, changes to consumer preferences, by risk factors typical for Group operations, as set forth in Note 37 to the financial statements and in section 38 in Part IV of chapter Description of Corporate Affairs, and by changes to economic viability and to work assumptions used in formulating the strategic plan. Therefore, realization of these objectives and strategy is uncertain, and does not exclusively depend on Group companies, and therefore, actual future results and achievements of the Group may differ, or even materially differ from those presented.

5. Report of exposure to market risk and management thereof

The report provided below regarding risk management refers to investments by the Company and material subsidiaries thereof, other than insurance companies, in conformity with Securities Regulations (Periodic and immediate reports), 1970 ("**Reporting Regulations**"). For details of risk management at Migdal Insurance, see Note 37 to the financial statements and section 38 in chapter Description of Corporate Affairs.

5.1. Persons responsible for management of market risk at the corporation

The person responsible for management of market risk at the Company is Mr. David Gilead, CRO of institutional entities at the Group.

Migdal Capital Markets Group operates a Legal, Compliance and Control Department, headed by the VP, Legal Counsel of Migdal Capital Markets, which operates independent controls over operations of Migdal Capital Markets, including over investment management and compliance with the company's specified policy and risk appetite. Moreover, Migdal Capital Markets operates a dedicated headquarters unit for management of market risk for operations of mutual funds and market making. This unit reports to a VP at Migdal Capital Markets headquarters.

5.2. Description of market risk factors

Other than Migdal Insurance Group businesses, the Company has other major investments, primarily at Migdal Holdings itself and at Migdal Capital Markets, as follows:

5.2.1. The Company (Migdal Holdings)

The Company is generally exposed to market risk, such as: changes in interest rates, in the Consumer Price Index, in foreign currency exchange rates and in share prices, in Israel and overseas, due to its holdings of diverse financial assets.

However, as of December 31, 2023, total financial assets of the Company which expose it to interest rate, CPI and foreign currency risk is not material. Hence, the Company has no material exposure to market risk.

5.2.2. Migdal Capital Markets

Migdal Capital Markets operates in various areas of the capital Market, with typical volatility due to geo-political and economic events, in Israel and overseas. Such volatility impacts prices of securities on the stock exchange and activity volume on the capital market, and therefore impacts its operations, assets and business results. Results of Migdal Capital Markets are also affected by decisions of various regulators and legislators. The tables below describe the impact of changes to market factors on the value of financial instruments of Migdal Capital Markets (NIS in thousands):

Market factor – foreign currency

	Gain (Loss) from changes			Gain (Loss) from changes	
Sensitive instrument	10% increase in market factor	5% increase in market factor	Fair value	10% decrease in market factor	5% decrease in market factor
Cash and cash equivalents	1,546	773	15,462	(1,546)	(773)
Short term investments and liabilities with respect to short selling and derivatives	1,106	553	11,068	(1,106)	(553)
Long-term debit balance	80	40	802	(80)	(40)
Credit and loans	(0.4)	(0.2)	(4)	0.4	0.2
Total	**2,732**	**1,366**	**27,328**	**(2,732)**	**(1,366)**

Market factor – Consumer Price Index

	Gain (Loss) from changes			Gain (Loss) from changes	
Sensitive instrument	10% Increase in market factor	5% increase in market factor	Fair value	10% Decrease in market factor	5% decrease in market factor
Short term investments	169	84	1,687	(169)	(84)
Other accounts receivable	8	4	74	(8)	(4)
Current taxes	289	144	2,889	(289)	(144)
Total	**466**	**232**	**4,650**	**(466)**	**(232)**

Market factor – interest (1)

Sensitive instrument	Gain (Loss) from changes 10% Increase in market factor (multiplier)	5% increase in market factor (multiplier)	2% increase (2) in market factor (additive)	Fair value	Gain (Loss) from changes 10% Decrease in market factor (multiplier)	5% decrease in market factor (multiplier)	2% decrease in market factor (additive)
MAKAM (short-term treasury note)	(10)	(5)	(48)	3,367	10	5	50
Government bonds	(10)	(5)	(46)	6,312	10	5	50
CPI-linked corporate debentures	(23)	(12)	(154)	1,276	24	12	180
Money market funds and long-term deposit	(25)	(13)	(119)	35,775	25	13	122
Total	**(68)**	**(35)**	**(367)**	**46,730**	**69**	**35**	**402**

(1) In interest scenarios – 5% and 10% changes are changes in percentage interest rate (i.e. for base interest rate of 4%, 10% increase is to 4.4%), while the 2% change is additive (i.e. for base interest rate of 4%, the change is to 6%).

(2) The Company believes that 2% is the typical maximum increase over time.

Market factor – equity instruments

Sensitive instrument	Gain (Loss) from changes 12.2% increase in market factor	10% increase in market factor	5% increase in market factor	Fair value	Gain (Loss) from changes 12.2% decrease in market factor	10% decrease in market factor	5% decrease in market factor
Mutual funds and alternative investments	1,384	1,134	566	11,211	(1,348)	(1,110)	(560)
Total	**1,384**	**1,134**	**566**	**11,211**	**(1,348)**	**(1,110)**	**(560)**

Below is the list of risk factors in which the maximum daily change (in absolute value) found in the 10 years prior to the Report Date exceeds 10%, indicating the date of such event and the daily change:

Risk factor	Maximum change	Date of change
S&P 500 SPX	12.0%	March 16, 2020
S&P 100	11.6%	March 16, 2020
NASDAQ 100	12.2%	March 16, 2020
EUROSTOXX600	11.5%	March 12, 2020

5.2.3. **Underlying assumptions for sensitivity calculations – stress scenarios**

Extreme values in volatility of risk factors were tested as maximum daily change over the past 10 years. The stress scenario for interest rates as of December 31, 2023 is a 2% absolute change (additive) in interest rate, in conformity with ISA directives for a minimum stress scenario. This scenario was determined after review of interest curve databases, which found that over the past 10 years, no absolute change exceeding 2% was observed for any one day period.

For some risk factors reviewed, other than interest, changes were found in excess of 10%, as listed above.

5.2.4. **Other operations**

As of December 31, 2023, operations of Migdal Health and Quality of Life Ltd. are not material and therefore, the Company believes that risk with respect to this company is not material.

5.3. Fair value at risk

In conformity with Securities Regulations (Periodic and Immediate Reports), 1970, the Value at Risk (VaR) is measured for nostro portfolios of Migdal Capital Markets, at 95% confidence level, as of December 31, 2023.

Results of VaR measurement as of December 31, 2023:

Holding in mutual funds, government debentures and corporate debentures: NIS 30 thousand.

Holding in money market fund and long-term deposit: NIS 15 thousand.

The VaR represents the maximum loss at 95% probability for the current position as of the measurement date.

Below are the key model assumptions used in the VaR model adopted by Migdal Capital Markets:

The VaR model, as reported by Migdal Capital Markets, is daily with 95% confidence level. VaR calculations were made using the Monte Carlo calculation method. Calculation is made by loading the positions into the system and generating various scenarios for risk factors. Gain and loss resulting from these scenarios were ranked from high to low (from gain to loss), with the value at risk calculated based on the extreme value at 95% probability.

5.4. Corporate policy with regard to market risk management

5.4.1. Migdal Holdings

Key risk factors to which the Group is exposed are those associated with insurance operations – the Group's primary operations. For a description of such risk factors and the management thereof, see Note 37.

5.4.2. Migdal Capital Markets

Migdal Capital Markets and subsidiaries thereof, through their employees, supervise the various exposures arising from market risk at Migdal Capital Markets Group, as follows:

Exposure to inflation, foreign currency exchange rate fluctuations and interest rates – Migdal Capital Markets and subsidiaries thereof do not fully hedge for inflation, but rather only partially (to an extent based on their judgment), by purchasing assets linked to the CPI and linked to foreign currency.

5.5. Supervision of market risk management policy and implementation thereof

5.5.1. Migdal Holdings

As noted, as of the report date, total financial assets of the Company is not material.

5.5.2. Migdal Capital Markets

The Board of Directors of Migdal Capital Markets receives quarterly reports on market risk. The CEO of Migdal Capital Markets and CEOs of subsidiaries of Migdal Capital Markets receive regular reports on risk in various areas from the Legal, Compliance and Control Department.

5.6. Linkage basis report as of December 31, 2023

5.6.1. For data regarding linkage basis, see Note 37.C to the financial statements.

5.7. Data for derivatives as of December 31, 2023

5.7.1. On December 31, 2023 and during the year then ended, Migdal Holdings and Migdal Capital Markets did not hold derivatives in significant amounts.

6. Corporate governance aspects

6.1. Company involvement in the community and charitable donations

Being a leading group in the Israeli market, the Group seeks to improve the social standing in Israel and to accelerate significant social change, along with social involvement of its employees. In 2023, the Group contributed and provided assistance to NGOs and organizations acting to improve the welfare of the elderly, to improve infrastructure in the social sector, to aid women and children affected by domestic violence, to community projects in Petach Tikva, Ashkelon, Jerusalem and Haifa, where the Company has offices, and to programs to promote safe driving among young drivers.

Following the October 7 events and the Iron Swords war, Migdal Insurance increased its commitment to support national resilience , and would provide long-term support to the city of Sderot. This financial support would amount to NIS 10 million over the coming years. Migdal Insurance would also provide to the city human and professional resources, in order to help in rehabilitation of the city after the war. In 2023, charitable donations amounted to NIS 7.4 million. The Group also sponsored sports teams and academic institutions, including the national basketball cup.

In conformity with Regulation 10(b)(6) of the Securities Regulations (Periodic and immediate reports), 1970, below are charitable donations exceeding NIS 50 thousand to entities with connections to the Company, Board member, CEO, controlling shareholder or relative thereof, and the nature of any such connections.

Donation recipient	Donation amount (NIS in thousands)	Connection to donation recipient	Position with the Company
"VEHADARTA", National Council for Promoting the Elderly (Registered NGO)	160	Israel Eliyahu, son of the controlling shareholder of the Company, is member of the Executive Board / Public Board of the aforementioned NGOs, as the case may be, on volunteer basis	Chairman of the Board of Directors, Migdal Capital Markets and Chairman of the Non-yield Dependent Investments Committee (Nostro) at Migdal Insurance Company Ltd.
"LEV OHEV" NGO	220		
Hebrew University, Jerusalem	100	Ze'ev Gutman serves as member of the Investment Committee of the Hebrew University, Jerusalem and is member of the Board of Trustees thereof	Chairman, Fund Member Investment Committee and Chairman, Credit Committee – shared committees of Migdal Insurance and Migdal Makefet
		Shlomo Eliyahu serves as member of the Board of Trustees of the university, on volunteer basis	Controlling shareholder of the Company and Board member of Migdal Insurance and Financial Holdings Ltd.
Academic College Tel Aviv Yafo	100	Shlomo Eliyahu serves as member of the Board of Trustees of the university, on volunteer basis	Controlling shareholder of the Company and Board member of Migdal Insurance and Financial Holdings Ltd.

6.2. Report of Board members with accounting and financial expertise and independent Board members

For more information about Board members with accounting and financial expertise, including their education, experience, qualifications and knowledge, whereby the Company Board of Directors regards these Board members as having accounting and financial expertise, see Regulation 26 in chapter "Additional information about the corporation" and section 9 in the Corporate Governance Questionnaire. Company Bylaws include no provisions with regard to the number of independent Board members at the Company.

6.3. Company policy regarding negligible transactions

For more information about Company policy regarding negligible transactions, see Note 38.B to the financial statements.

6.4. The Company's Internal Auditor

For more information about the Company's Internal Auditor, see section 42 in Part V of Description of Corporate Affairs Report.

6.5. Independent Auditor

For more information about the Company's Independent Auditor, see section 43 in Part V of Description of Corporate Affairs Report.

The Board of Directors wishes to thank the management of Group companies, Group employees and agents for their contribution to Group achievements.

______________________________	______________________________
Justice (Retired) Professor Hanan Meltzer	**Yossi Ben Baruch**
Chairman of the Board of Directors	CEO

March 20, 2024

Consolidated financial statements

Migdal Insurance and Financial Holdings Ltd.

Consolidated financial statements

as of December 31, 2023

Migdal Insurance and Financial Holdings Ltd.
Consolidated financial statements as of December 31, 2023

Table of contents

Independent Auditor's Report to Shareholders of Migdal Insurance and Financial Holdings Ltd. 2
Independent Auditor's Report 3
Consolidated statements of financial position 7
Consolidated statements of financial position 8
Consolidated Income Statements 9
Consolidated Statements of Comprehensive Income 10
Consolidated statements of changes to equity 11
Consolidated statements of changes to equity 12
Consolidated statements of changes to equity 13
Consolidated Statement of Cash Flow 14
Consolidated Statement of Cash Flow 15
Consolidated Statement of Cash Flow 16
Notes to the Consolidated Financial Statements as of December 31, 2023 17
NOTE 1 – Overview 17
NOTE 2 – Significant accounting policies 21
NOTE 3 – Operating segments 47
NOTE 4 – Intangible assets 60
NOTE 5 – Deferred acquisition costs 63
NOTE 6 – Fixed assets 64
NOTE 7 – Investments in investees 67
NOTE 8 – Investment property 71
NOTE 9 – Other accounts receivable 74
NOTE 10 – Premium receivable 75
NOTE 11 – Assets for yield-dependent contracts 76
NOTE 12 – Details of other financial investments 78
NOTE 13 – Cash and cash equivalents for yield-dependent contracts 85
NOTE 14 – Capital 86
NOTE 15 – Liabilities with respect to non yield-dependent insurance contracts and investment contracts. 87
NOTE 16 – Liabilities with respect to yield-dependent insurance contracts and investment contracts 87
NOTE 17 – Liabilities with respect to insurance contracts included in non-life insurance sector 88
NOTE 18 – information about life insurance and long-term savings sector 98
NOTE 19 – Details of obligations with respect to insurance contracts included in health insurance sector 103
NOTE 20 – Movement in liabilities with respect to life insurance contracts, investment contracts and health insurance 106
NOTE 21 – Taxes on income 107
NOTE 22 – Assets and liabilities with respect to employee benefits 113
NOTE 23 – Other accounts payable 117
NOTE 24 – Financial liabilities 118
NOTE 25 – Earned premium on retention 131
NOTE 26 – Net investment gain (loss) and financing revenues 132
NOTE 27 – Management fee revenues 133
NOTE 28 – Commission revenues 134
NOTE 29 – Other revenues 134
NOTE 30 – Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention 135
NOTE 31 – Commissions, marketing expenses and other acquisition costs 135

NOTE 32 – General and administrative expenses 136
NOTE 33 – Share-based payments 137
NOTE 34 – Other expenses 140
NOTE 35 – Financing expenses 140
NOTE 36 – Earnings per share 140
NOTE 37 – Risk management 141
NOTE 38 – Balances and transactions with interested parties and related parties 206
NOTE 39 – Contingent liabilities and contracts 233
NOTE 40 – Material events subsequent to the reported period 287

Somech Chaykin
Millenium Tower KPMG
17 HaArba'a Street, PO Box 609
Tel Aviv, 6100601

Kost, Forer, Gabbay & Kasierer
144a Menachem Begin Road,
Tel Aviv, 6492102
Tel. +972 3 623 2525
Fax +972 3 562 2555

Independent Auditor's Report to Shareholders of Migdal Insurance and Financial Holdings Ltd. Regarding Audit of Components of Internal Control over Financial Reporting Pursuant to section 9b(c) of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited internal controls over financial reporting at Migdal Insurance and Financial Holdings Ltd. and subsidiaries thereof (hereinafter jointly: "the **Company**") as of December 31, 2023. These controls have been determined as set forth in the paragraph below. Company management and Board of Directors are responsible for maintaining effective internal control over financial reporting, and for their assessment of the effectiveness of internal controls over financial reporting, which is enclosed with the periodic report as of said date. We are responsible for expressing our opinion of the Company's internal control over financial reporting, based on our audit.

Components of internal control over financial reporting that we audited were determined in accordance with Audit Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Auditing of Internal Control over Financial Statements" (hereinafter: "Audit Standard (Israel) 911"). These controls are: (1) Enterprise-level controls, including controls over the compilation and finalization process of financial reporting and general controls over information systems; (2) Controls over highly material processes for financial reporting and disclosure at Migdal Insurance Company Ltd. and other material subsidiaries (hereinafter: "Audited Controls").

We have conducted our audit in accordance with Israeli Audit Standard 911. This standard requires us to design and conduct the audit so as to identify the audited control elements, and to achieve a reasonable degree of certainty as to whether these control elements have been effectively maintained in all material aspects. Our audit consisted of an understanding of internal control over financial reporting, identification of the audited control elements, assessment of the risk of material weakness in the audited control elements, as well as review and assessment of the effectiveness of design and operation of said control elements, based on the assessed risk. Our audit, with regard to the aforementioned controls, also consisted of other procedures we deemed necessary under the circumstances. Our audit is only in reference to the audited control elements, unlike internal control of all material processes related to financial reporting, and therefore our opinion only refers to the audited control elements. Further, our audit did not refer to mutual influence among audited control elements and non-audited ones, and therefore our opinion does not take into account such potential influence. We believe that our audit provides an appropriate basis for our opinion within the aforementioned context.

Due to inherent limitations, internal control over financial reporting in general, and certain elements there of in particular, may not prevent or detect a misrepresentation. Also, drawing conclusions about the future on the basis of any evaluation of current effectiveness is subject to the risk that controls may become inappropriate due to changes in circumstances or due to negative change in the extent to which policies or procedures are adhered to.

In our opinion, the Company effectively maintained, in all material aspects, the audited control elements as of December 31, 2023.

We have also audited, in accordance with generally accepted audit standards in Israel, the Company's consolidated financial statements as of December 31, 2023 and 2022, and for each of the three years ended on December 31, 2023, and our report dated March 20, 2024 included our un-qualified opinion of said financial statements, drawing attention to Note 39(1) to the consolidated financial statements. With regard to exposure to contingent liabilities.

Tel Aviv	Somech Chaykin	Kost, Forer, Gabbay & Kasierer
March 20, 2024	Independent Auditor	Independent Auditor
	Joint Auditors	

Somech Chaykin
Millenium Tower KPMG
17 HaArba'a Street, PO Box 609
Tel Aviv, 6100601

Kost, Forer, Gabbay & Kasierer
144a Menachem Begin Road,
Tel Aviv, 6492102
Tel. +972 3 623 2525
Fax +972 3 562 2555

Independent Auditor's Report
to Shareholders of Migdal Insurance and Financial Holdings Ltd.

We have audited the accompanying consolidated statements of financial position of Migdal Insurance and Financial Holdings (hereafter- "the Company") as of December 31, 2023 and 2022 and the consolidated statements of income, comprehensive income, changes to equity and cash flows for each of the three years in the period ended December 31, 2023. The Company Board of Directors and management are responsible for these financial statements. Our responsibility is to express an opinion of these financial statements based on our audit.

We have conducted our audit in accordance with commonly accepted auditing standards, including standards set forth in CPA Regulations (Operations of CPAs), 1973. These regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes testing a sample of evidence in support of figures and information included on the financial statements. The audit also includes a review of the accounting rules implemented, and any significant estimates made by the Company's Board of Directors and management, as well as an evaluation of the overall appropriateness of the representations of the financial statements. We believe that our audit provides an appropriate basis for our opinion.

In our opinion, the aforementioned financial statements represent fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2023 and 2022 and their operating results, changes to equity and cash flows for each of the years in the period ended December 31, 2023, in conformity with provisions of Israeli Securities Regulations (Annual Financial Statements), 2010 with regard to holding companies of Mivtachim, as set forth in Note 2.

Without qualifying our opinion above, we draw attention to Note 39(1) to the consolidated financial statements with regard to exposure to contingent liabilities.

Key audit matters

The key audit matters listed below are matters communicated, or which should have been communicated to the Company Board of Directors and which, based on our professional judgment, were the most significant in audit of the consolidated financial statements for the current period. These matters include, *inter alia*, any matter which: (1) Refers, or may refer, to material items or disclosures on the consolidated financial statements; and (2) Our judgment with respect there to was especially challenging, subjective or complex. These matters were answered in our audit and in formulating our opinion with respect to the consolidated financial statements in their entirety. Communication of these matters does not change our opinion of the consolidated financial statements in their entirety, and we do not use it to provide a separate opinion on these matters, nor on the items or disclosures to which they refer.

Measurement of liabilities in respect of non-life insurance contracts:

Why was this deemed a key audit matter?

The consolidated financial statements as of December 31, 2023 include material liabilities in respect of non-life insurance contracts, amounting to NIS 5,887,438 thousand, as set forth in Note 17 to the consolidated financial statements.

As set forth in Notes 2.G.2 and 37.B.3.g to the consolidated financial statements, these liabilities are measured at the estimated cost of settlement of the insurance claims, and include the expected cost of claims incurred but not reported (IBNR) or claims incurred but not enough reported (IBNER), reserve for unearned premium, premium shortfall reserve, as well as direct and indirect cost for settlement of claims.

Measurement of liabilities with respect to non-life insurance contracts is primarily based on actuarial estimates. The actuarial assessment is based on statistical estimates that include a degree of uncertainty. The statistical estimates are based on various assumptions, which may not necessarily materialize. The assumptions used in the actuarial projection affect the reserve measurement. The actual claim cost may be higher or lower than the statistical estimates.

In some insurance sectors, the inherent uncertainty is higher, in particular in mandatory auto and liability claims which typically have a "long tail" where sometimes, it may take a long time from occurrence of the event to final settlement of the claim. Note 17 to the consolidated financial statements includes evolution of the assessment of liabilities in the mandatory auto and liability sectors.

Due to the inherent uncertainty associated with estimates used to measure liabilities with respect to non-life insurance contracts, we determined that measurement of liabilities with respect to non-life insurance contracts is a key audit matter.

Response to key audit matter

The primary audit procedures we applied with respect to review of liabilities with respect to non-life insurance contracts included the following:

- We reviewed the planning and implementation of internal controls associated with measurement of liabilities with respect to non-life insurance contracts, and we applied procedures to review the effectiveness of said controls, including controls in IT environment used for data processing and information flow to consumers of financial reporting.
- We reviewed the implementation of the methodology for measurement of liabilities with respect to non-life insurance contracts in conformity with requirements stipulated in IFRS 4 "Insurance Contracts", and in conformity with requirements stipulated by the Supervisor of Capital Market, Insurance and Savings.
- We reviewed, with assistance from actuarial experts on our behalf, on sample basis and based on our risk assessment, the reasonability of key assumptions and data used as basis for models applied in measurement of liabilities with respect to non-life insurance contracts.
- We applied analytical procedures designed to identify and analyze unusual and material changes.

We also assessed the appropriateness of key disclosures on the consolidated financial statements with regard to liabilities with respect to non-life insurance contracts, including the disclosure regarding the change in policy as noted above.

Measurement of liabilities in respect of life and health insurance contracts:

Why was this deemed a key audit matter?

The consolidated financial statements as of December 31, 2023 include material liabilities in respect of non yield-dependent life and health insurance contracts, amounting to NIS 37,768,743 thousand, and material liabilities in respect of yield-dependent life and health insurance contracts, amounting to NIS 140,210,405 thousand, as set forth in Notes 15 and 16 to the consolidated financial statements.

As set forth in Notes 2.G.1, 2.G.3 and 37.B.3.b to the consolidated financial statements, liabilities in respect of yield-dependent life and health insurance contracts and non yield-dependent life and health insurance contracts are measured in conformity with directives of the Supervisor of Capital Market, Insurance and Savings (regulations and circulars), International Financial Reporting Standards and generally accepted actuarial practices. Liabilities with respect to life insurance contracts are measured based, *inter alia*, on actuarial assessment conducted by the Chief Actuary of the Company, in conformity with applicable coverage data, such as: age and gender of the insured party, age of coverage, insurance type, insurance amount and so forth.

A significant part of reserves with respect to life and health insurance contracts is based on actuarial estimates and on various assumptions, therefore measurement of such reserves is associated with inherent uncertainty. These reserves primarily include the following:

- Additional reserve for pensions.
- Liability Adequacy Test (LAT) reserve.
- Reserve with respect to pension in payment and prolonged claims in payment in nursing and disability insurance.

The key assumptions used in measurement of the aforementioned liabilities include assumptions with respect to cancellations, operating expenses, returns, interest rates, non-liquidity premium, mortality, disability, pension exercise rates and morbidity. These assumptions are reviewed annually by the Chief Actuary of the Company, based on tests, past experience and other relevant research.

Due to the inherent uncertainty associated with estimates used to measure liabilities with respect to life and health insurance contracts, we determined that measurement of liabilities with respect to life and health insurance contracts is a key audit matter.

Response to key audit matter

The primary audit procedures we applied with respect to review of liabilities with respect to life and health insurance contracts included the following:

- We reviewed the planning and implementation of internal controls associated with measurement of liabilities with respect to life and health insurance contracts, and we applied procedures to review the effectiveness of said controls, including key controls in IT environment used for data processing and information flow to consumers of financial reporting.
- We reviewed the implementation of the methodology for measurement of liabilities with respect to life and health insurance contracts in conformity with requirements stipulated in IFRS 4 "Insurance Contracts", and in conformity with requirements stipulated by the Supervisor of Capital Market, Insurance and Savings.
- We reviewed, with assistance from actuarial experts on our behalf, on sample basis and based on our risk assessment, the reasonability of key assumptions and data used as basis for models applied in measurement of liabilities with respect to life and health insurance contracts.
- We applied analytical procedures designed to identify and analyze unusual and material changes.
- We reviewed, with assistance from actuarial experts on our behalf, on sample basis and based on our risk assessment, material research conducted by the Company in the Reported Period and application thereof in calculation of the reserves.

We also assessed the appropriateness of key disclosures with respect to liabilities in respect of life and health insurance contracts on the consolidated financial statements.

Fair value measurement of non-negotiable investments:

Why was this deemed a key audit matter?

As set forth in Notes 8, 11 and 12 to the consolidated financial statements, the balance of non-negotiable investments and the balance of investment property as of December 31, 2023 amount to NIS 82,483,807 thousand and NIS 10,062,824 thousand, respectively.

The fair value of non-negotiable debt instruments measured at fair value and of non-negotiable debt instruments for which fair value information is provided for disclosure purpose only, are determined by discounting the expected cash flows with respect there to. The interest rates used in discounting are determined by Mirvach Hogen Ltd.

The fair value of investments in non-negotiable shares is primarily based on external valuations, and in equity and hedge funds it is primarily based on fair value of underlying assets, or on valuations, and is determined based on reports by each fund. Valuation techniques are subjective by nature and incorporate various assumptions and use of estimates that significantly impact the fair value.

The fair value of investment property is based on valuations prepared by external valuators, and include estimates and assumptions such as: estimated rent and discount rates.

For some of the non-negotiable investments, in particular those classified under Level 3 of the fair value ranking in conformity with IFRS 13, such as non-negotiable shares, equity funds and investment property, the uncertainty inherent in fair value measurement is high, as such measurement is based on data not based on observable market data.

Changes in estimates, assumptions or assessments applied in these valuations may materially impact the fair value determined for non-negotiable assets.

Furthermore, the fair value measurement affects allocation of the difference between the carrying amount and the fair value of assets not measured at fair value on the statement of financial position (Unrealized Gain/Loss, or UGL), for review of Liability Adequacy Test (LAT).

Due to the inherent uncertainty associated with estimates, assumptions and assessments as noted above, we determined that fair value measurement of non-negotiable investments is a key audit matter.

Response to key audit matter

The key audit procedures applied to review the fair value measurement of non-negotiable investments included the following:

- We reviewed the planning and implementation of internal controls associated with the process of fair value measurement of non-negotiable investments, and we applied procedures to test the effectiveness of such internal controls, including controls with respect to appropriateness of data and assumptions used in valuations and reasonability of valuations.
- We reviewed the methodology for fair value measurement of non-negotiable investments, as applied by the Company.
- We discussed with finance staff and others in the Company's Investment Division, to better understand transactions, developments and material revaluations for the period, as well as any material changes to data, assumptions and models, compared to those used in the previous year.
- For certain valuations, we reviewed, assisted by experts on our behalf, the reasonability of key estimates and assumptions underlying these valuations.
- We conducted sample review of the fair value of non-negotiable investments on the consolidated financial statements, against valuations obtained by the Company from external experts, against quotes from Mirvach Hogen Ltd. and against the financial statements and reports by equity funds, as the case may be.
- We conducted sample review of the database used to obtain a quote from Mirvach Hogen Ltd. against the loan agreements.

We also audited, in accordance with Israeli Audit Standard 911 of the Israeli CPA Association "Audit of Internal Controls Over Financial Reporting", elements of internal control over financial reporting at the Company as of December 31, 2023, and our report dated March 20, 2024 includes our un-qualified opinion of the effective maintenance of said elements.

Tel Aviv	Somech Chaykin	Kost, Forer, Gabbay & Kasierer
March 20, 2024	Independent Auditor	Independent Auditor

Joint Auditors

Consolidated statements of financial position

	Note	As of December 31, 2023	As of December 31, 2022
		NIS in thousands	
Assets			
Intangible assets	4	1,570,616	1,442,696
Deferred tax assets	21.G	16,582	42,944
Deferred acquisition costs	5	2,204,801	2,119,934
Fixed assets	6	1,325,239	1,270,899
Investments in associates	7	19,097	27,682
Investment property for yield-dependent contracts	8	8,972,287	8,130,455
Investment property – other	8	1,090,537	918,304
Re-insurance assets	15-16	1,548,933	1,401,663
Current tax assets		62,837	119,666
Other accounts receivable	9	1,121,125	3,943,208
Premium receivable	10	588,292	764,520
Financial investments for yield-dependent contracts	11	116,891,056	110,151,377
Other financial investments:	12		
Negotiable debt instruments	12.A	16,032,719	15,787,725
Non-negotiable debt instruments	12.B	27,065,496	26,576,622
Shares	12.D	258,555	243,687
Others	12.E	6,588,765	5,208,447
Total other financial investments		49,945,535	47,816,481
Cash and cash equivalents for yield-dependent contracts	13	16,580,074	14,715,486
Other cash and cash equivalents	13.a	2,922,734	4,031,226
Total assets		204,859,745	196,896,541
Total investments for yield-dependent contracts in consolidated insurance company	11	143,126,392	136,578,704

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated statements of financial position

	Note	As of December 31, 2023	As of December 31, 2022
		NIS in thousands	
Equity and liabilities			
Equity	14		
Share capital		110,629	110,629
Share premium		273,735	273,735
Capital reserves		(78,784)	(42,790)
Retained earnings		8,283,142	7,746,574
Total equity attributable to equity holders of the Company		8,588,722	8,088,148
Non-controlling interest		9,870	8,351
Total equity		8,598,592	8,096,499
Liabilities			
Liabilities with respect to non-yield-dependent insurance contracts and investment contracts:	15	43,656,181	41,879,085
Liabilities with respect to insurance contracts and yield-dependent investment contracts	16	140,210,405	133,029,280
Deferred tax liabilities	21.G	293,995	281,645
Liabilities with respect to employee benefits, net	22	300,501	286,855
Current tax liabilities		5,335	28,070
Other accounts payable	23	4,435,243	2,343,427
Financial liabilities	24	7,359,493	10,951,680
Total Liabilities		196,261,153	188,800,042
Total equity and liabilities		204,859,745	196,896,541

March 20, 2024			
Certification Date of Financial Statements	Justice (Retired) Professor Hanan Meltzer Chairman of the Board of Directors	Yossi Ben Baruch CEO	Tal Cohen CFO

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated Income Statements

	Note	For the year ended December 31, 2023	2022	2021
		NIS in thousands		
Earned premium, gross		12,574,699	12,486,060	13,230,204
Premiums earned by re-insurers		878,336	923,788	789,902
Earned premium on retention	25	11,696,363	11,562,272	12,440,302
Net investment gain (loss) and financing revenues	26	14,546,309	(7,340,973)	20,821,263
Management fee revenues	27	1,775,869	1,762,435	3,007,832
Commission revenues	28	388,564	426,105	343,212
Other revenues	29	72,966	68,091	57,853
Total revenues		28,480,071	6,477,930	36,670,462
Payments and changes in liabilities in respect of		24,761,243	2,749,348	31,987,668
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts		692,533	615,877	505,388
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	30	24,068,710	2,133,471	31,482,280
Commissions, marketing expenses and other	31	2,009,225	1,878,669	1,791,717
General and administrative expenses	32	1,246,032	1,073,400	1,067,887
Other expenses	34	26,312	20,157	34,300
Financing expenses	35	262,013	249,776	165,056
Total expenses		27,612,292	5,355,473	34,541,240
Income (loss) of equity-accounted investees	7.B	(2,281)	435	730
Income before taxes on income		865,498	1,122,892	2,129,952
Taxes on income	21.F	276,770	370,457	740,081
Income for the period		588,728	752,435	1,389,871
Attributable to:				
Company shareholders		587,178	750,974	1,387,883
Non-controlling interest		1,550	1,461	1,988
Income for the period		588,728	752,435	1,389,871
Basic and diluted earnings per share attributed to equity holders of the Company (in NIS)	36	0.56	0.71	1.32

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Comprehensive Income

	Note	2023	2022	2021
		For the year ended December 31,		
		NIS in thousands		
Income for the period		588,728	752,435	1,389,871
Other comprehensive income (loss)				
Other comprehensive income (loss) items which, after initial recognition in other comprehensive income, were or will be transferred to the income statement				
Net change in fair value of financial available-for-sale assets charged to Other Comprehensive Income		(534,404)	(2,572,440)	715,971
Net change in fair value of financial available-for-sale assets transferred to income statement		423,140	453,318	(368,990)
Loss from impairment of financial assets available for sale that were transferred to income statement		17,239	124,818	101,698
Foreign currency translation differences for foreign operations		361	2,036	(527)
Tax effect on available-for-sale financial assets	21	32,306	681,351	(153,195)
Tax effect on other comprehensive income items	21	(124)	(696)	180
Total other comprehensive income (loss) for the period, which after initial recognition in other comprehensive income, was or will be transferred to the income statement, net of tax		(61,482)	(1,311,613)	295,137
Other comprehensive income (loss) items not to be transferred to the income statement				
Actuarial gain (loss) with respect to defined benefit plan	22.B	(3,555)	31,016	10,888
Revaluation with respect to revaluation of fixed assets		36,148	74,013	49,169
Revaluation with respect to revaluation of fixed assets transferred to investment property		–	17,776	–
Tax effect	21	(7,201)	(31,392)	(15,339)
Total other comprehensive income for the period, not to be transferred to the income statement, net of tax		25,392	91,413	44,718
Total other comprehensive income (loss), net		(36,090)	(1,220,200)	339,855
Total comprehensive income (loss) for the period		552,638	(467,765)	1,729,726
Attributable to:				
Company shareholders		551,119	(469,294)	1,727,799
Non-controlling interest		1,519	1,529	1,927
Comprehensive income (loss) for the period		552,638	(467,765)	1,729,726

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated statements of changes to equity

	Attributable to equity holders of the Company											
			Capital reserves									
	Share capital	Share premium	Available-for-sale financial assets	Revaluation of investment upon achieving control	Transactions with non-controlling interest	Share-based payment	Translation of foreign operations	Revaluation	Retained earnings	Total	Non-controlling interest	Total equity
	NIS in thousands											
Balance as of January 1, 2023	110,629	273,735	(464,830)	6,989	(1,735)	–	(993)	417,779	7,746,574	8,088,148	8,351	8,096,499
Income for the period	–	–	–	–	–	–	–	–	587,178	587,178	1,550	588,728
Other comprehensive income (loss), net of tax	–	–	(61,719)	–	–	–	237	27,660	(2,237)	(36,059)	(31)	(36,090)
Comprehensive income (loss)	–	–	(61,719)	–	–	–	237	27,660	584,941	551,119	1,519	552,638
Share-based payment	–	–	–	–	–	6,455	–	–	–	6,455	–	6,455
Transfer from revaluation reserve to retained earnings	–	–	–	–	–	–	–	(8,627)	8,627	–	–	–
Dividends paid	–	–	–	–	–	–	–	–	(57,000)	(57,000)	–	(57,000)
Balance as of December 31, 2023	110,629	273,735	(526,549)	6,989	(1,735)	6,455	(756)	436,812	8,283,142	8,588,722	9,870	8,598,592

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated statements of changes to equity

	Attributable to equity holders of the Company										
			Capital reserves								
	Share capital	Share premium	Available-for-sale financial assets	Revaluation of investment upon achieving control	Transactions with non-controlling interest	Translation of foreign operations	Revaluation	Retained earnings	Total	Non-controlling interest	Total equity
Balance as of January 1, 2022	110,629	273,735	848,123	6,989	(1,735)	(2,333)	355,261	6,966,773	8,557,442	6,822	8,564,264
Income for the period	–	–	–	–	–	–	–	750,974	750,974	1,461	752,435
Other comprehensive income (loss), net of tax	–	–	(1,312,953)	–	–	1,340	70,497	20,848	(1,220,268)	68	(1,220,200)
Comprehensive income (loss)	–	–	(1,312,953)	–	–	1,340	70,497	771,822	(469,294)	1,529	(467,765)
Transfer from revaluation reserve to retained earnings	–	–	–	–	–	–	(7,979)	7,979	–	–	–
Balance as of December 31, 2022	110,629	273,735	(464,830)	6,989	(1,735)	(993)	417,779	7,746,574	8,088,148	8,351	8,096,499

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated statements of changes to equity

	Attributable to equity holders of the Company										
			Capital reserves								
	Share capital	Share premium	Available-for-sale financial assets	Revaluation of investment upon achieving control	Transactions with non-controlling interest	Translation of foreign operations	Revaluation	Retained earnings	Total	Non-controlling interest	Total equity
Balance as of January 1, 2021	110,629	273,735	552,639	6,989	(1,735)	(1,986)	324,840	5,611,532	6,876,643	5,145	6,881,788
Income for the period	–	–	–	–	–	–	–	1,387,883	1,387,883	1,988	1,389,871
Other comprehensive income (loss), net of tax	–	–	295,484	–	–	(347)	37,726	7,053	339,916	(61)	339,855
Comprehensive income (loss)	–	–	295,484	–	–	(347)	37,726	1,394,936	1,727,799	1,927	1,729,726
Transfer from revaluation reserve to retained earnings	–	–	–	–	–	–	(7,305)	7,305	–	–	–
Dividends paid	–	–	–	–	–	–	–	(47,000)	(47,000)	–	(47,000)
Dividends to non-controlling interest in subsidiaries	–	–	–	–	–	–	–	–	–	(250)	(250)
Balance as of December 31, 2021	110,629	273,735	848,123	6,989	(1,735)	(2,333)	355,261	6,966,773	8,557,442	6,822	8,564,264

The Notes to the consolidated financial statements are an integral part thereof.

Consolidated Statement of Cash Flow

	Appendix	For the year ended December 31, 2023	2022	2021
		NIS in thousands		
Cash flow provided by current operations	A	2,442,957	(2,853,991)	7,122,780
Cash flow provided by investment operations				
Investment in associates		–	(42)	(8,717)
Proceeds from realized investment in associate and held-for-sale assets, net of transaction cost		7,087	578	5,462
Investment in fixed assets		(38,106)	(33,564)	(38,568)
Investment in intangible assets		(254,002)	(222,253)	(203,927)
Dividends received from associates		888	510	412
Proceeds from realized fixed assets		100	111	91
Net cash used in investment operations		(284,033)	(254,660)	(245,247)
Cash flows provided by financing operations				
Repurchase agreement (REPO) with respect to non-yield-dependent insurance contracts and investment contracts, net		(9,855)	(444,688)	319,642
Repurchase agreement (REPO) with respect to yield-dependent insurance contracts and investment contracts, net		–	(77,382)	77,532
Proceeds from issuance of debentures		659,682	1,820,562	425,528
Net of issuance expenses		(5,631)	(48,664)	(4,015)
Repayment of loans from banks and others		–	(56)	–
Principal repayment – liability with respect to lease		(32,680)	(29,137)	(31,339)
Redemption of debentures		(1,902,809)	–	–
Change in short-term borrowing from banking corporations and others, net		(94)	(36,002)	33,138
Dividend payment to non-controlling interest		–	–	(250)
Dividends		(57,000)	–	(47,000)
Net cash provided by (used in) financing operations		(1,348,387)	1,184,633	773,236
Effect of exchange rate fluctuations on cash and cash-equivalents held		(54,441)	202,431	(25,288)
Increase (decrease) in cash and cash equivalents		756,096	(1,721,587)	7,625,481
Cash and cash equivalents – balance at start of period	B	18,746,712	20,468,299	12,842,818
Cash and cash equivalent balance at end of period	C	19,502,808	18,746,712	20,468,299

Consolidated Statement of Cash Flow

Appendix A – Cash flow provided by current operations before taxes on income [1]

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Income for the period	588,728	752,435	1,389,871
Items not involving cash flow			
Company share of net results of investees	2,281	(435)	(730)
Net loss (gain) from financial investments for yield-dependent insurance contracts and investment contracts	(10,250,407)	11,804,356	(17,381,785)
Net loss (gain) from other financial investments			
Negotiable debt instruments	(372,655)	(119,681)	(387,718)
Non-negotiable debt instruments	(2,191,871)	(2,606,728)	(1,768,543)
Shares	(11,437)	(66,147)	(110,474)
Other investments	(113,644)	286,507	(702,482)
Financing expenses with respect to financial and other liabilities	46,695	49,718	3,073
Loss from realized			
Intangible assets	8,774	1,228	2,283
Fixed assets	3	1,184	1,410
Change in fair value of investment property for yield-dependent	(153,981)	(577,195)	(297,165)
Change in fair value of other investment property	(11,348)	(89,301)	(65,973)
Depreciation and amortization			
Fixed assets	80,893	78,723	79,738
Intangible assets	109,801	101,773	111,816
Impairment of intangible assets	–	–	4,449
Change in liabilities with respect to yield-dependent insurance contracts and investment contracts	7,181,125	(9,922,815)	17,073,273
Change in liabilities with respect to non yield dependent insurance contracts and investment contracts:	1,777,096	728,494	2,130,208
Change in share-based payment transactions	6,455	–	–
Change in re-insurance assets	(147,270)	(54,878)	(123,846)
Change in deferred acquisition cost	(84,867)	(95,826)	(71,653)
Taxes on income	276,770	370,457	740,081
Changes tin other balance sheet items			
Financial investments and investment property for yield-dependent			
Acquisition of investment property	(692,411)	(254,963)	(124,064)
Proceeds from sale of investment property	–	–	50,997
Net realization (acquisition) of financial investments	(3,021,319)	(2,204,954)	721,087
Financial investments and other investment property			
Acquisition of investment property	(160,885)	(121,958)	(22,505)
Proceeds from sale of investment property	–	2,600	118,903
Net realization of financial investments	(1,886,181)	(4,824,792)	(354,388)
Premium receivable	176,228	(50,628)	16,380
Other accounts receivable	2,820,884	(2,828,798)	15,191
Other accounts payable	2,326,240	(652,896)	322,776
Liabilities with respect to employee benefits, net	10,091	14,671	13,623
Total adjustments required to present cash flow provided by current operations	(4,274,940)	(11,032,284)	(6,038)
Cash paid and received during the period			
Interest paid	(267,929)	(164,550)	(162,139)
Interest received	3,056,053	4,247,164	2,765,083
Net taxes paid	(178,983)	(611,044)	(316,316)
Dividends received from financial investments	3,520,028	3,954,288	3,452,319
Net cash provided by (used in) current operations	2,442,957	(2,853,991)	7,122,780

(1) Cash flows provided by current operations include net acquisition and sale of financial investments and investment property, primarily due to activity with respect to insurance contracts and investment contracts.

The Notes to the consolidated financial statements are an integral part thereof..

Consolidated Statement of Cash Flow

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Appendix B – Cash and cash equivalents at start of period			
Cash and cash equivalents for yield-dependent contracts	14,715,486	13,621,535	9,168,697
Other cash and cash equivalents	4,031,226	6,846,764	3,674,121
	18,746,712	20,468,299	12,842,818
Appendix C – Cash and cash equivalents at end of period			
Cash and cash equivalents for yield-dependent contracts	16,580,074	14,715,486	13,621,535
Other cash and cash equivalents	2,922,734	4,031,226	6,846,764
	19,502,808	18,746,712	20,468,299
Appendix D – Material operations not involving cash flows			
Acquisition of fixed assets, intangible assets and investment property against accounts payable	40,626	47,684	52,188
Recognition of right-to-use asset against lease liability	56,675	46,135	27,349
Proceeds from sale of investment property yet to be received	–	–	1,350
Debenture swap by way of exchange purchase offer	503,027	–	–

NOTE 1 – OVERVIEW

A. Reporting entity

Migdal Insurance and Financial Holdings Ltd. ("the **Company**") is a company resident in Israel, incorporated in Israel, whose formal address is 4 Ef'al Street, Kiryat Aryeh, Petach Tikva. The Company's consolidated financial statements as of December 31, 2023 include those of the Company and its subsidiaries (hereinafter jointly: "the **Group**") and investments in associates. The Group is primarily engaged in insurance, pension, provident funds and financial services. The Company's securities are listed for trading on the Tel Aviv Stock Exchange.

B. Control over the Company

Mr. Shlomo Eliyahu, who jointly with Ms. Chaya Eliyahu holds 64.28% of the Company's issued and paid-in share capital, through private companies controlled thereby (Eliyahu Issuance Ltd. And Gan Ha'Ir Project Ltd.), is the ultimate controlling shareholder of the Company.

On September 10, 2023, as part of a transaction involving sale of Company shares, some Company shares were transferred between two private companies controlled by Mr. Shlomo Eliyahu, such that after closing of this transaction, Eliyahu Issuance Ltd. and Gan Ha'Ir Project Ltd. hold 58.13% and 6.15% of the Company's issued and paid-in share capital, respectively. This share transfer did not result in any change in control over the Company, nor did it change Mr. Eliyahu's total holdings in the Company.

C. Implications of Iron Swords war

On October 7, 2023, the Iron Swords war broke out between Israel and terror organization Hamas in Gaza (hereinafter: "the War"). The War has various implications, including temporary closure of businesses, restrictions on gatherings and temporary disruption of the educational system and institutions of higher education. Moreover, many civilians were drafted into the military by emergency draft and many civilians were evacuated from towns near the Gaza and Northern borders. These steps reduced economic activity in Israel. The War also resulted in sharp fluctuations on financial markets, primarily in Israel.

Assessment of key impacts of the War on the Group:

The War resulted in increase in Israel's risk premium on financial markets.

Israel's credit rating outlook was reduced by rating agency S&P, and Israel was placed on Negative Watchlist by rating agency Fitch.

In February 2024, rating agency Moody's lowered the credit rating for State of Israel debt, from A1 to A2 with Negative rating outlook. As explained by the rating agency, the lower credit rating and rating outlook mostly reflected the uncertainty with respect to economic implications of the War, when and how the war would end and the change in fiscal condition.

Group operations expose it to fluctuations on the financial markets, to economic slow-down in Israel and to other risk arising from the War.

The Group fully maintains its operating and business processes during the War.

Currently, there is significant uncertainty with regard to the War's development, scope and duration. Therefore, it is not currently possible to assess the full impact of the War on the Group and on Group results, including for the immediate and medium terms, which may also result, based on past experience, in significant recovery of the markets.

The War affects Migdal Group on multiple levels, as set forth below:

Life insurance and long term savings – primary exposure of Migdal Insurance operations is due to death risk and disability insurance. As of December 31, 2023 and soon prior to the report issue date, the increase in cost of claims in these segments amounted to NIS 80 million before tax (NIS 53 million after tax).

Moreover, until soon prior to the report issue date, there was no material change in withdrawals and redemptions due to the War.

NOTE 1 – OVERVIEW (CONTINUED)

C. Implications of Iron Swords war (Continued)

In pension funds managed by the Group, increase in death claims and expected increase in disability claims due to the War had a negative effect, although not material, on actuarial balancing provisions among fund members and on fund excess / shortfall, resulting from demographic factors and from investment results of pension fund assets, and does not affect the Group's financial results.

Health insurance – as of soon prior to the report issue date, the increase in cost of claims in this sector was not material at NIS 14 million before tax.

Non-life insurance – In general, property damage arising from the War is covered by the State Property Tax and is not covered by property insurance policies. Therefore, the increase in exposure in this sector due to the War is not expected to be material.

Effect of changes in capital market, including changes in the interest curve, on assets under management and on insurance obligations – As the Iron Swords war broke out in October 2023, the market saw sharp declines in stock prices and higher yields of Government debentures, which were offset in November and December 2023. Therefore the effect of the War was not material. Spreads of corporate debentures, which increased at the outbreak of war, returned by December 31, 2023 close to their pre-war levels, but market volatility remained high.

As of December 31, 2023 and soon prior to the report issue date, total assets under management at the Group amounted to NIS 415 billion.

The effect on revenues from fixed management fees, from end of the reporting period through soon prior to the report issue date, is not material.

Also note that in the Reported Period and thereafter, the War had no material impact on Company liquidity.

Moreover, Migdal Insurance believes that soon prior to the report issue date, the Iron Swords war should not materially impact its solvency ratio as of December 31, 2023.

As of the approval date of the financial statements, the Company was unable to fully assess the future impact of the War on operations of the Company and of Group companies due, *inter alia*, to market volatility, uncertainty with regard to War duration, intensity and impact on operating segments of the Company and of Group companies, any directives and measures to be applied by regulators and conduct in operating segments of Group companies.

D. Effects of capital market volatility, inflation and higher interest rate

Due to macro-economic developments around the world, including the continued war in the Ukraine, monetary tightening and slower than expected growth in China, inflation rates continued to trend upward in Israel and world-wide, albeit at a more moderate pace. As part of the measures applied to curb the price increase, central banks around the world, including the Bank of Israel, continued to raise interest rates, although more moderately than in 2022. For effects of inflation, see Note 37.

In the 2023, prices on the local capital market were moderately higher, compared to significant increase in global equity benchmarks. Moreover, government debenture yields in Israel, primarily for debentures with long durations. The USD exchange rate was also higher.

Due to the foregoing, the Company's nostro investment portfolio posted in this period loss in the negotiable portfolio and in derivatives, countered by decrease in insurance obligations, primarily with respect to increase in the interest curve, so as to offset the aforementioned investment loss.

Profit-sharing life insurance policies issued through 2004 achieved positive real return. However, due to the cumulative negative real return in profit-sharing life insurance policies issued through 2004, Migdal Insurance did not recognize any variable management fee since start of 2022, but rather only fixed management fee. Migdal Insurance would not be able to collect variable management fee until positive real return is achieved to cover the investment loss accumulated by insurance policy holders. The estimated management fees that would not be collected due to negative real return, until cumulative positive return is achieved, amounted to NIS 1 billion before tax as of December 31, 2023 (compared to NIS 1.5 billion before tax as of December 31, 2022). After the Report Date and through soon prior to publication of the financial statements, financial markets rallied – resulting in a decrease in estimated management fees that would not be collected, to NIS 0.8 billion.

NOTE 1 – OVERVIEW (CONTINUED)

E. Definitions

The Company	–	Migdal Insurance and Financial Holdings Ltd.
The Group	–	Migdal Insurance and Financial Holdings Ltd. and subsidiaries thereof.
Consolidated entities / subsidiaries	–	Companies over which the Company has control and whose financial statements are consolidated with the Company's financial statements.
Associates	–	Companies in which the Company has material influence and which are not consolidated entities, where the Company's investment in said companies is included on the Company's consolidated financial statements based on equity.
Investees	–	Subsidiaries and associates.
Parent Company or Eliyahu Issuance	–	Eliyahu Issuance Ltd.
Migdal Insurance	–	Migdal Insurance Company Ltd.
Makefet	–	Migdal Makefet Pension and Provident Funds Ltd.
Initiative	–	Yozma Pension Fund for Self Employed Ltd.
Migdal Capital Raising	–	Migdal Insurance Capital Raising Ltd., a subsidiary of Migdal Insurance.
Institutional entities	–	Institutional entities in the Group pursuant to the Supervision Act: Migdal Insurance, Makefet an Yozma.
Related parties	–	As defined in IAS 24 (2009) with regard to related parties.
Interested parties	–	As defined in paragraph (1) of definition of "interested party" in a corporation, in Section 1 of the Securities Act, 1968.
The Supervisor	–	The Supervisor of the Capital Market, Insurance and Savings.
Supervision Act	–	Supervision of Financial Services Act (Insurance), 1981.
Capital Regulations	–	Financial Service Supervision Regulations (Insurance) (Minimum equity required of insurer), 1998, as amended.
Investment Rules	–	Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Investors), 2012 and institutional entities circular "Investment rules applicable to institutional entities", issued by the Supervisor.
Report Details Regulations	–	Insurance Business Supervision regulations (Report details), 1998, as amended.
Insurance contracts	–	Contracts whereby one party (the insurer) assumes a significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder should a specified, uncertain future event (the insurance event) negatively impact the policyholder.
Investment contracts	–	Insurance policies that do not constitute insurance contracts.

NOTE 1 – OVERVIEW (CONTINUED)

E. Definitions (Continued)

Yield-dependent contracts	–	Insurance contracts and investment contracts in the life and health insurance sectors, where the liabilities with respect to the savings or risk component thereof are linked to yield of the investment portfolio (profit-sharing investment policies).
Assets for yield-dependent contracts	–	Total assets designated against liabilities arising from yield-dependent contracts.
Re-insurance assets	–	Share of re-insurers in insurance reserves and in pending claims.
Liabilities in respect of insurance contracts and investment contracts	–	Insurance reserves and pending claims in life insurance, non-life insurance and health insurance operating segments.
Premiums	–	Premiums, including fees.
Earned premium	–	Premiums referring to the reporting period.
Debentures	–	Subordinated notes.
Tier II capital	–	Additional Tier I capital instrument not included in Tier I, Tier II capital instrument, hybrid Tier II capital instrument, hybrid Tier III capital instrument.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Measurement basis of financial statements

These consolidated financial statements have been prepared based on historic cost, except for the assets and liabilities listed below: Insurance obligations, financial Instruments measured at fair value on the income statement, financial instruments designated as available-for-sale, investment property, owned land and office buildings, severance pay liabilities, deferred taxes and investments in associates.

For more information about measurement of these assets and liabilities, see sections G,H,I,J,K,N and Q below.

B. Preparation of financial statements

Through December 31, 2022, the Group's consolidated financial statements were prepared in conformity with IFRS, including with respect to data regarding consolidated subsidiaries which are insurers, as defined in Securities Regulations (Preparation of annual financial statements), 2010.

As from January 1, 2023, the Company's consolidated financial statements are prepared in conformity with provisions of Securities Regulations (Annual Financial Statements), 2010. Pursuant to these provisions, data on the financial statements with respect to a consolidated subsidiary which meets the definition of Insurer, as defined in Securities Regulations (Preparation of annual financial statements), 2010, are prepared in conformity with requirements stipulated by the Supervisor, in conformity with the Supervision of Financial Services Act (Insurance), 1981.

In conformity with requirements stipulated by the Supervisor, initial application of IFRS 17 regarding "Insurance Contracts" and of IFRS 9 regarding "Financial Instruments" has been postponed to January 1, 2025 (*in lieu* of the initial application date stipulated in the standard, which is January 1, 2023). Therefore, in periods prior to initial application in Israel, data on the financial statements with respect to the aforementioned subsidiary continue to be prepared in conformity with IFRS 4 "Insurance Contracts" and in conformity with IAS 39 "Financial Instruments" dated 2017.

For all other matters, including with regard to data on the financial statements that does not refer to the aforementioned subsidiary, the consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS).

C. Financial statements layout and operating cycle

The Group's normal operating cycle is mostly longer than one year, primarily with regard to life insurance and long-term savings business, to nursing, illness and hospitalization business and to non-life insurance business in mandatory auto and liability sectors.

The consolidated statements of financial position, which primarily include the assets and liabilities of the consolidated insurance company, are presented in order of liquidity, with no distinction made between current and non-current. This presentation, which provides more reliable and relevant information, is in line with IAS 1 "Presentation of financial statements".

D. Functional currency and foreign currency

Functional currency and presentation currency

These consolidated financial statements are presented in NIS, which is the functional currency of Group companies, rounded to the nearest one thousand. This currency best reflects the economic environment in which the Group operates.

E. Consolidated financial statements

The consolidated financial statements include the financial statements of companies that are controlled by the Company (subsidiaries).

F. Investment in associates

Associates are entities in which the Group has material influence over financial and operational policy, but over which it has no control.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Insurance contracts and asset management contracts

IFRS 4 "Insurance contracts" allows insurers to continue with the accounting policy they applied prior to transition to IFRS, with respect to insurance contracts issued thereby (including related acquisition costs and related intangible assets), as well as to re-insurance contracts they acquire.

Below is a summary of accounting policy with respect to insurance contracts:

1. Life insurance and long term savings

a) Revenue recognition – see section P. below.

b) Liabilities in respect of life insurance contracts

Liabilities in respect of life insurance contracts are calculated in conformity with the Supervisor's directives (regulations and circulars), generally accepted accounting practices and actuarial methods. Liabilities are calculated based on relevant coverage data, such as: age of the insured party, age of coverage, insurance type, insurance amount and so forth.

Liabilities in respect of life insurance contracts are determined based on actuarial estimate by the Chief Actuary of Migdal Insurance, Mr. Daniel Katzman, who is employed by Migdal Insurance. Re-insurers' share of liabilities in respect of life insurance contracts is determined based on terms and conditions of the relevant contracts.

c) CPI-linked liabilities in respect of life insurance contracts and CPI-linked investments used to cover such liabilities are presented on the financial statements based on the CPI most recently published prior to the balance sheet date, including liabilities in respect of life insurance contracts for insurance policies which are adjusted for the CPI semi-annually based on their terms and conditions.

d) Directives of the Supervisor with regard to pension payment obligations

Circulars issued by the Supervisor with regard to calculation of pension payment obligation in life insurance policies, include instructions for calculation of provisions due to the pace of improvement in life expectancy, which requires monitoring of the adequacy of liabilities in respect of life insurance contracts to allow for pension payment and adjustment as appropriate.

For more information see Note 37.B.3.b).

e) Deferred acquisition costs in life insurance

(1) Deferred acquisition costs ("DAC") with respect to life insurance policies include commissions to agents, marketers and acquisition supervisors, as well as general and administrative expenses with respect to acquisition of new insurance policies. DAC is amortized at equal annual rates over the insurance policy term, capped at 15 years. DAC for canceled insurance policies is reversed upon cancellation.

(2) At least once per year, the Migdal Insurance actuary reviews the recoverability of DAC. This review is intended to ascertain that liabilities in respect of insurance contracts, net of DAC, should generate future revenues that would cover the balance of DAC and insurance obligations, operating expenses and commissions with respect to these insurance policies. The review is conducted on aggregate for all individual products and for all underwriting years.

The assumptions used in this review include assumptions with respect to cancellations, operating costs, return on assets, mortality and morbidity, as determined by the Migdal Insurance actuary annually based on review of past experience and current applicable research.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Insurance contracts and asset management contracts (Continued)

1. Life insurance and long-term savings (Continued)

f) Deferred acquisition costs with respect to acquisition of asset management contracts

Commissions to agents and acquisition supervisors, paid for acquisition of asset management contracts (pension funds and provident funds) are recognized under Deferred Acquisition Costs if they may be individually identified and reliably measured, and if they are expected to be recovered by way of management fee. DAC are amortized over the expected period for receipt of management fee revenues, accounting for cancellations. In conformity with international standards, since 2018 the Company has been estimating the cancellation rate for average duration of amortization. Annually, the actuary reviews the DAC recoverability, so as to reflect the asset value.

DAC accrued through December 31, 2017 is annually reviewed for impairment, comparing the total expected discounted cash flow to the DAC balance as of the report date. DAC accrued since January 1, 2018 is annually reviewed for impairment in conformity with IFRS 15, comparing the total expected non-discounted cash flow to the DAC balance as of the report date.

The assumptions used in this review include assumptions with respect to cancellations, operating costs, return on assets, mortality and morbidity, as determined by the Company actuary annually based on review of past experience and current applicable research.

g) Liability adequacy test with respect to life and health insurance contracts

Migdal Insurance tests the adequacy of liabilities with respect to life insurance contracts. If such test indicates that all future revenues of the relevant insurance policies do not cover all future expenses for said policies, a special provision is recorded with respect to the shortfall. This test is performed separately for individual policies and for collective policies. As for collective policies, testing is performed at the individual collective level. The test is performed separately for policy groups specified by the Supervisor and in conformity with Insurance Circular 2015-1-14 dated August 2, 2015 regarding LAT, and Insurance Circular 2020-1-5 "Amendment of provisions of consolidated circular with regard to measurement of liabilities – Liability Adequacy Test (LAT)".

The assumptions used in such testing include assumptions with respect to cancellations, operating costs and commissions, return on assets, interest rates, non-liquidity premium, mortality, pension exercise rates and morbidity, and considering the excess fair value of assets over the carrying amount thereof. These assumptions are specified annually by the actuary, based on tests, past experience, other relevant research and regulatory provisions.

For more information see Note 37.B.3.b)(4).

h) Contingent liabilities

Contingent liabilities are calculated individually, in conformity with assessment by Migdal Insurance, based on notices regarding insurance events and insurance amounts.

Provisions for pension payments, provisions for prolonged claims for disability insurance payouts, direct and indirect expenses with respect there to, as well as provisions for incurred but not reported (IBNR) claims, are included under Liabilities in Respect of Insurance Contracts.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Insurance contracts and asset management contracts (Continued)

1. Life insurance and long-term savings (Continued)

i) Investment contracts

Receipts with respect to investment contracts are excluded from Earned Premiums, and are directly charged to Liabilities in Respect of Insurance Contracts and Investment Contracts. Redemptions and expirations with respect to such contracts are not charged to the income statement, but rather are directly de-recognized from Liabilities in Respect of Insurance Contracts and Investment Contracts.

Charges with respect to such contracts to the income statement include: investment revenues, changes to liabilities and payments with respect to insurance contracts for insured party's share of investment revenues, management fees, commissions to agents and general and administrative expenses.

j) Provision for profit sharing by insured parties in group-based insurance

This provision is included under Other Accounts Payable. Furthermore, change in this provision is offset against Gross Earned Premium.

2. Non-life insurance

a) Revenue recognition – see section P. below.

b) Payments and changes in liabilities in respect of insurance contracts, gross and on retention include, *inter alia*, disposal and direct processing cost for paid claims, indirect expenses to settle pending claims that occurred during the Reported Year, as well as updates to the provision for pending claims (including provision for direct and indirect costs of handling claims) recognized in previous years.

c) Liabilities in respect of insurance contracts and deferred acquisition cost

Insurance reserves and pending claims included under "Liabilities in respect of insurance contracts" and re-insurers' share of the reserve and of pending claims, included under Re-insurance Assets and Deferred Acquisition Costs for non-life insurance were calculated in conformity with Financial Services Regulations (Insurance) (Calculation of reserves in non-life insurance), 2013 (hereinafter: "Reserve Calculation Regulations"), the Supervisor's directives and generally accepted actuarial methods for calculation of pending claims, applied at the discretion of the Chief Actuary, Mr. Matan Gross, who is employed by Migdal Insurance.

d) Liabilities in respect of insurance contracts consists of insurance and pending claims reserves, as follows:

(1) The unearned premium reserve reflects the insurance premium with respect to insurance periods subsequent to the balance sheet date.

(2) Premium shortfall reserve. This reserve is recognized if the unearned premium (net of deferred acquisition costs) does not cover the expected cost in respect of the insurance contracts. In auto property, mandatory auto and comprehensive home insurance sectors, the reserve is based, *inter alia*, on a model specified in the Reserve Calculation Regulations.

(3) Pending claims calculated based on the following methods:

3.1 Pending claims (including IBNR) and re-insurers' share thereof, are recognized based on actuarial assessment, except for the sectors listed in section 3.2 below. Indirect expenses for settlement of claims are recognized based on actuarial assessment. The actuarial calculation for Migdal Insurance was conducted by the Chief Actuary, Mr. Matan Gross, who is employed by Migdal Insurance.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Insurance contracts and asset management contracts (Continued)

2. Non-life insurance (Continued)

d) Liabilities in respect of insurance contracts consists of insurance and pending claims reserves, as follows (Continued)

(3) Pending claims calculated based on the following methods (Continued)

3.2 In the following sectors: merchant comprehensive insurance, engineering insurance, contractor insurance, maritime insurance, air traffic insurance and goods in transit, and incoming sectors, the Chief Actuary has determined that an actuarial model cannot be applied due to absence of statistical significance. Pending claims in these sectors were calculated based on individual assessment of each claim, based on the opinion of attorneys and experts at Migdal Insurance who handle claims, with additional IBNR as required.

3.3 Subrogation and amounts on retention are accounted for in the base data used to calculate actuarial assessments of pending claims.

e) Liability adequacy test with respect to non-life insurance

The Company reviews the adequacy of liabilities in non-life insurance in conformity with principles of the best practice, as set forth in Note 37.B.3.c)(5).

f) Deferred acquisition costs in non-life insurance include commissions to agents and general and administrative expenses with respect to acquisition of insurance policies, with respect to unearned premium. Acquisition costs are calculated using the actual expense rate or using standard rates set forth in the Supervision Regulations, as a percentage of unearned premium, for each sector individually, whichever is lower.

g) Business received from the management company of the Mandatory Auto Insurance Pool Ltd. ("the Pool"), from other insurance companies (including co-insurance) and from underwriting agencies, are included as reported through the balance sheet date plus reserves, as the case may be, based on Migdal Insurance's participation share thereof.

3. Health insurance

a) Revenue recognition – see section P. below.

b) Liabilities in respect of health insurance contracts

Liabilities in respect of health insurance contracts are calculated in conformity with the Supervisor's directives (regulations and circulars), generally accepted accounting practices and actuarial methods. Liabilities are calculated based on relevant coverage data, such as: age of the insured party, age of coverage, insurance type, insurance amount and so forth.

Liabilities in respect of health insurance contracts and re-insurers' share thereof are determined based on actuarial estimate by the Chief Actuary of Migdal Insurance, Mr. Daniel Katzman, who is employed by Migdal Insurance.

c) Pending claims

Provisions for prolonged claims for nursing insurance payouts, direct and indirect expenses with respect there to, as well as provisions for incurred but not reported (IBNR) claims, are included under Liabilities in Respect of Insurance Contracts.

In the overseas travel sector, the Chief Actuary has determined that an actuarial model cannot be applied due to absence of statistical significance. Pending claims in these sectors were calculated based on individual assessment of each claim, based on the opinion of attorneys and experts at Migdal Insurance who handle claims, with additional IBNR as required.

d) Provision for profit sharing by insured parties in group-based insurance

This provision is included under Other Accounts Payable. Furthermore, change in this provision was offset against Earned Premium.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Insurance contracts and asset management contracts (Continued)

3. Health insurance (Continued)

e) The unexpired risk reserve included under Liabilities in Respect of Insurance Contracts includes, as required, a reserve with respect to expected loss on retention (premium shortfall), calculated based on actuarial assessment based on the estimated cash flow with respect to the contract.

f) Liability adequacy test with respect to health insurance contracts

Migdal Insurance tests the adequacy of liabilities with respect to health insurance contracts. If the test indicates that premiums received are insufficient to cover expected claims, a special reserve is recognized with respect to this deficiency. The test is conducted separately for insurance policy groups specified by the Supervisor.

The assumptions used in such testing include assumptions with respect to cancellations, operating expenses, mortality and morbidity, interest rates and non-liquidity premium, and considering the excess fair value of assets over the carrying amount thereof. These assumptions are set annually by the actuary, based on tests, past experience and other relevant research. For collective insurance policies, the test is based on claim experience of the individual collective and subject to statistical reliability of the test.

For more information see Note 37.B.3.b)(4).

g) Deferred acquisition costs

(1) Deferred acquisition costs include commissions to agents and acquisition supervisors, as well as general and administrative expenses with respect to acquisition of new insurance policies. Deferred acquisition costs for illness and hospital care insurance are amortized at equal annual rates over the insurance policy term, capped at 6 years, and for long-term health insurance (such as nursing and severe illness) – capped at 15 years. Deferred acquisition costs for canceled insurance policies are reversed upon cancellation.

(2) At least once per year, the Migdal Insurance actuary reviews the recoverability of DAC. This review is intended to ascertain that liabilities in respect of insurance contracts, net of DAC, with respect to insurance policies sold are sufficient, and the these insurance policies should generate future revenues that would cover the amortization of DAC and insurance obligations, operating expenses and commissions with respect to these insurance policies. The test is conducted for all underwriting years together.

(3) The assumptions used in this review include assumptions with respect to cancellations, operating costs, return on assets, mortality and morbidity, as determined by the Company actuary annually based on review of past experience and current applicable research.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Financial instruments

The Company's financial instruments mostly belong to a subsidiary that is an insurer, and are presented in conformity with IAS 39. The accounting policy applied to all other financial instruments is measurement at fair value on the income statement, in conformity with IFRS 9, similar to the accounting policy applied under IAS 39 for these assets. Below is accounting policy applied by the Company with respect to financial instruments belonging to a subsidiary that is an insurer:

1. Non-derivative financial instruments

Non-derivative financial instruments include financial assets and financial liabilities. Financial assets include financial investments (negotiable debt instruments, non-negotiable debt instruments, shares and others), as well as other financial assets, such as: Premium receivable, other accounts receivable, cash and cash equivalents. Financial instruments also include financial liabilities, such as: Loans and borrowings received, debt instruments, buy-back obligations (REPO), trade payables and other accounts payable.

Initial recognition of non-derivative financial assets

The Group initially recognizes loans, receivables and deposits as they are created. Other financial assets acquired by regular way purchase, including assets designated at fair value through the income statement, are initially recognized upon the trade date, on which the Group becomes party to contractual terms of the instrument, i.e. the date on which the Company committed to buy or sell the asset.

Non-derivative financial assets include investments in equity and debt instruments, trade receivables and other accounts receivable, cash and cash equivalents.

De-recognition of financial assets

Financial assets are de-recognized upon expiration of the Group's contractual rights to cash flow derived from said financial assets, or when the Group transfers the right to receive cash flows from the financial asset in a transaction in which all risks and rewards associated with ownership of the financial asset are essentially transferred.

Regarding the offset of financial assets and financial liabilities, see section 3 below.

Sale of financial assets in the normal course of business are recognized upon the transaction date, i.e. when the Group has committed to sell the asset.

Financial assets are classified under the following classifications:

Cash and cash equivalents

Cash and cash and cash equivalents include cash balances which may be immediately used and on-demand bank deposits. Cash equivalents include short-term, highly liquid investments which may be easily converted into known cash amounts and which are exposed to insignificant risk of change in value, whose original term to maturity upon deposit was up to 3 months.

Financial assets measured at fair value on the income statement

A financial asset is classified as measured at fair value through the income statement if it is held for trade or is designated as such upon initial recognition. Financial assets are designated at fair value through the income statement if the Group manages the investments in them and makes purchase and sale decisions based on fair value in accordance with the Group’s documented risk management or investment strategy, if their measurement at fair value is designed to prevent an accounting mismatch, or the asset is a combined instrument including an embedded derivative. Attributable transaction costs are recognized on the income statement when incurred. Financial assets at fair value through the income statement are measured at fair value, and changes therein are recognized in statement of income.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Financial instruments (Continued)

1. Non-derivative financial instruments (Continued)

Financial assets are classified under the following classifications: (Continued)

Loans and accounts receivable

Loans and accounts receivable are financial assets other than derivatives, having set or settable payments which are not traded on an active market. These financial assets are initially recognized at fair value with all attributable transaction costs. After initial recognition, loans and accounts receivable are measured at amortized cost using the effective interest method, net of impairment loss.

Available-for-sale financial assets

Financial assets available for sale are non-derivative financial assets designated as financial assets available for sale, or not classified under any of the other groups. Available-for-sale financial assets are initially recognized at fair value plus any directly attributable transaction costs. In subsequent periods, these investments are measured at fair value and changes there to, other than impairment loss, gain or loss due to change in CPI, in exchange rates and accrual of effective interest on debt instruments, are directly charged to Other Comprehensive Income, and are presented under a capital reserve with respect to available-for-sale financial assets. Dividends received with respect to available-for-sale financial assets is recognized on the income statement upon being eligible for payment. When the investment is de-recognized, the gain or loss accumulated in the capital reserve with respect to financial assets available for sale is charged to the income statement.

2. Non-derivative financial liabilities

The Group initially recognizes debt instruments issued as they are created. Other financial liabilities are initially recognized on the trade date, on which the Group becomes party to contractual terms of the instrument.

Financial liabilities are initially recognized at fair value less any attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when it is extinguished, i.e. when the obligation is discharged, canceled or expires. A financial liability is extinguished when the debtor (the Group) discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

When an existing financial obligation is replaced by another obligation to the same lender under significantly different terms and conditions, or when any material change is made to the terms of an existing obligation, the replacement or change is treated as removal of the original obligation and recognition of a new one. The difference between the carrying amount of these two liabilities on the financial statements is charged to the income statement. If the replacement or change is not material, it is treated as a change in terms of the original obligation, and no income or loss is recognized due to the replacement. When reviewing for a material change in terms of an existing liability, the Company accounts for both quantitative and qualitative considerations. For debentures exchanged in the Reported Year, see Note 24.

3. Offset of financial instruments

Financial assets and liabilities are offset and presented net on the statement of financial position, only when the Group has a currently enforceable legal right to offset these amounts, and there is intention to dispose of the asset and liability on net basis, or to realize the asset and dispose of the liability at the same time.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Financial instruments (Continued)

4. Derivative financial instruments

Derivatives are initially recognized at fair value. Attributable transaction costs are recognized on the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are immediately recognized on the income statement under "Investment gain, net and financing revenues".

5. Financial assets and financial liabilities linked to the CPI which are not measured at fair value

The value of CPI-linked financial assets and liabilities, which are not measured at fair value, is adjusted in every period, in accordance with the actual increase/decrease in the CPI.

6. The Group has resolved to classify and designate assets as follows:

Assets in investment portfolios of policies participating in investment profits

Most of these assets, including negotiable financial Instruments and non-negotiable financial instruments, were designated at fair value on the income statement, for the following reasons: These are separate and identified managed portfolios. Presenting these at fair value significantly reduces the accounting mismatch of presenting assets and liabilities on different measurement bases. Moreover, management is based on fair value, and portfolio performance is measured at fair value, in conformity with the documented risk management strategy, and information with respect to financial instruments is internally reported to management (the relevant investment committee) on fair value basis.

Some non-negotiable debt instruments, included in investment portfolios of profit-sharing insurance policies, are measured at depreciated cost, using the effective interest method, as allowed by an interim directive issued by the Supervisor, and in conformity with standards.

Financial Instruments including embedded derivatives which have been separated –

These instruments were designated at fair value on the income statement.

Non-negotiable assets not included in investment portfolios against profit-sharing insurance policies (nostro) not including embedded derivatives or not constituting derivatives

These assets were classified as available-for-sale financial assets.

Non-negotiable assets not included in investment portfolios against profit-sharing insurance policies (nostro)

Assets that meet the criteria for a group of loans and accounts receivable, including HETZ debentures, were classified under this category and measured at depreciated cost, using the effective interest method.

Non-negotiable equity instruments were classified as available-for-sale financial assets.

Investments in negotiable securities on financial statements of a subsidiary engaged in investment management.

These assets were designated at fair value on the income statement, as these are financial assets held for trade.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Financial instruments (Continued)

7. Determining fair value

The fair value of investments actively traded on regulated financial markets is determined using market prices on the report date. For investments in which there is no active market, the fair value is determined using valuation methods. These methods include methods based on recent transactions executed at market conditions, reference to current market value of another essentially similar instrument, discounted cash flow or other valuation methods.

In determining the fair value of an asset or liability, the Group used observed market data in as much as possible. Fair value measurements are categorized under three levels in the fair value hierarchy, based on data used in the valuation, as follows:

- Level 1: Quoted (un-adjusted) prices on active markets for identical assets or liabilities.
- Level 2: Observed market data, directly or indirectly, not included in Level 1.
- Level 3: Data not based on observed market data.

For more information about interest rates used in determining fair value, see Note 12.F.

8. Net investment gain (loss), financing revenues and financing expenses

Net investment gain (loss) and financing revenues

Net investment gain (loss) and financing revenues include gain (loss) from sale and from impairment of financial assets classified as available-for-sale, changes in fair value of financial assets and financial liabilities stated at fair value on the income statement, gain (loss) from foreign currency and linkage differentials with respect to debt assets and gain (loss) from realized investments calculated as the difference between net realization proceeds and original or depreciated cost, and recognized upon sale, interest income with respect to invested amounts (including available-for-sale financial assets), dividend income, changes in fair value of investment property and rent revenues from investment property.

Interest income is recognized as it accrues, using the effective interest method.

Dividend income is recognized on the date when the Group's right to receive payment is established.

Gain or loss from exchange rate differences, from changes to fair value of investments and realized investments, are reported on net basis.

Financing expenses

Financing expenses include interest expenses, linkage differences and exchange rate differences for loans received, interest and exchange rate differentials in respect of deposits and re-insurer balances, as well as changes to time value with respect to provisions. Borrowing costs which are not capitalized are recognized on the income statement when incurred.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fixed assets

1. Recognition and measurement

Fixed asset items are measured at cost less accumulated depreciation and any accumulated impairment losses, except for owned land and office buildings which are presented based on revaluation – see below.

The cost of several fixed asset items was determined based on the fair value thereof as of January 1, 2007, the transition date to IFRS (deemed cost).

Cost includes costs directly attributable to the asset acquisition. Purchased software that is integral to the functionality of the related equipment is recognized as part of the cost said equipment.

Gain and loss from disposition of a fixed asset are determined by comparing the consideration from asset disposition to its carrying amount, and are recognized on the income statement under Other Revenues or Other Expenses, as the case may be.

Revaluation of owned land and office buildings is charged to a revaluation reserve under Equity, net of the tax effect. This revaluation reserve is charged directly to Retained Earnings when the asset is de-recognized, or during use of the asset, in line with its depreciation rate.

Revaluations are conducted regularly so as to ensure that the carrying amount on the financial statements does not materially differ from the value which would have been determined using fair value on the reporting date.

Impairment of revaluated assets is directly charged to Other Comprehensive Income, up to the credit balance of the revaluation reserve for the specific asset. Any additional impairment is charged to the income statement. Asset appreciation due to revaluation is recognized on the income statement, up to such amount which reverses any impairment previously recognized on the income statement. Any additional appreciation is charged to revaluation reserve.

2. Depreciation

Depreciation rates used in the current period and in comparison periods to calculate depreciation are as follows:

Buildings	2%-4%
Leasehold improvements	5%-20%
Vehicles	15%
Computers and software	10%-33%
Furniture and equipment	6%-33%

Leasehold improvements are amortized using the straight line method over the lease term (including any optional extension term available to the Group which it intends to exercise), or over the expected useful life of the improvements – whichever is shorter.

The estimates used for the depreciation methods, useful lives and residual values are reviewed at least at the end of each financial year, and adjusted if appropriate.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Investment property

Investment property is real estate (land or building – or part there of – or both), held by the Group (whether owned or leased) for deriving rent revenues or for capital appreciation, or both, and not for use in production or delivery of goods or services for administrative purposes, or for sale in the normal course of business.

Moreover, rights in investment property leased by the Group and designated to be leased by third parties are classified and accounted for as investment property.

Investment property is initially measured at cost plus transaction costs directly attributable to the acquisition thereof. In subsequent periods, investment property is measured at fair value, with changes in fair value charged to the income statement.

In order to determine the fair value of investment property, the Group utilizes valuations by an independent outside appraisers who hold recognized and relevant professional qualification.

Investment property is de-recognized upon realization or when its use is discontinued and no future economic benefits are expected from realization thereof. The difference between net proceeds from disposition of the asset and its carrying amount is recognized on the income statement in the period in which the asset is de-recognized.

Assets are transferred from investment property to fixed assets upon change in use, such as when the owner starts to use such asset.

The deemed cost of the asset transferred from investment property to fixed assets is the fair value upon the transfer date.

When property changes from use by the owner to investment property measured at fair value, the asset is re-measured at fair value and is classified under Investment Property. Any gain from the re-measurement is recognized in other comprehensive income and presented in equity in a revaluation reserve not to be released to the income statement, unless the gain reverses a previous impairment loss on the property, in which case the gain is first recognized on the income statement. Any loss is included directly as an expense.

Investment property under development designated for future use as investment property is also measured at fair value, as set forth above, provided that fair value may be reliably measured. When fair value may not be reliably measured due to project nature and risk, it is measured at cost, net of any impairment loss, until such date when fair value may be reliably measured or when construction has been completed, whichever is sooner. The cost basis of investment property under development includes the cost of land, direct incremental planning and development and brokerage fee with respect to contracting leases for such property.

For more information see Note 8.

K. Leases

The Company treats a contract as a lease when, according to contractual terms, the right to control an identified asset is temporarily transferred in exchange for a specified consideration.

The Group as lessee

For transactions in which the Company is lessee, the Company recognizes upon the lease start date a right-to-use asset against a lease liability, except for leases for a term of up to 12 months and leases where the base asset is of low value, for which the Company has elected to recognize lease payments as expenses on the income statement, using the direct line method over the lease term. As for measuring lease liabilities, the Company has elected to apply the relief provided for in IFRS 16, and did not separate lease components from non-lease components, such as: management services, maintenance services and so forth, included in the same transaction.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Intangible assets

Intangible assets purchased separately are measured upon initial recognition at cost plus direct acquisition costs. Intangible assets acquired in conjunction with business mergers are measured at fair value on the acquisition date.

Subsequent to initial recognition, intangible assets are presented at cost, net of accumulated amortization and net of accumulated impairment loss.

1. Goodwill

Goodwill created as a result of acquisition of business combinations is presented under Intangible Assets. For information on measurement of goodwill upon initial recognition – see section G.2 above. The Company reviews for impairment annually. For more information see Note 2.A regarding major considerations, estimates and assumptions in compiling financial statements.

In subsequent periods, goodwill is measured at cost net of accumulated impairment loss.

2. Software development cost

Software development expenses are only capitalized if development costs may be reliably measured; the software if technically and commercially feasible; future economic benefit is expected from the development, and the Group has the intention and sufficient resources to complete development and use the software. Capitalized costs include the cost of materials, direct labor and overhead costs directly attributable to preparing the asset for its intended use. Other development costs are recognized on the income statement when incurred.

In subsequent periods, capitalized development costs are measured at cost, net of accumulated amortization and accumulated impairment loss.

3. Subsequent costs

Subsequent costs are recognized as an intangible asset only if they increase the future economic benefit inherent in the asset with regard to which they were incurred. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in statement of income as incurred.

4. Amortization

The estimated useful lives for the current and comparative periods of principal intangible assets are as follows:

a) Excess cost created upon acquisition of insurance agencies or upon business combination acquired from insurance agencies, primarily attributed to commission portfolios, are amortized at equal annual rates over a period of 5-10 years.

b) Future management fee – original difference with regard to expected future management fee is amortized in conformity with the expected period for receiving the management fee.

c) Software – is amortized using the straight line method over 3-10 years.

d) Customer portfolio – is amortized over 10 years using the sum of years digits method.

The estimates used for the depreciation methods, useful life and residual value are reviewed at least at the end of each reported year.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Impairment

1. Financial assets

The accounting policy applied by the Company to impairment of financial instruments is in conformity with IAS 39. See Note 2.T(1) below regarding delayed adoption of IFRS 9.

Impairment of financial asset not presented at fair value through the income statement is reviewed when objective evidence suggests that a loss event has occurred after initial recognition of the asset, and this loss event has negatively impacted the estimated future cash flows of the asset, which may be reliably estimated.

Objective evidence of impairment of financial assets may include a breach of contract by the debtor, re-structuring of the amount due to the Group based on terms and conditions which the Group would not otherwise consider, existence of indications that a debtor or debt issuer would go bankrupt, or the disappearance of an active market for a security, observed information which indicates a measurable decrease in expected cash flow from a group of financial assets.

Evidence of impairment loss on available-for-sale financial assets

When testing for impairment of available-for-sale financial assets that are equity instruments, the Group also reviews the difference between the fair value of the asset and its original cost while taking into consideration the volatility of the instrument’s price, the length of time the fair value of the asset is lower than its original cost, changes in the technological, economic or legal environment or in the market environment in which the issuer of the instrument operates. Furthermore, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Evidence of impairment of debt instruments

The Group reviews evidence of impairment of debt instruments classified under Loans and Accounts Receivable at the individual asset level as well as at the collective level. Loans and accounts receivable which are individually significant are specifically reviewed for impairment. Loans and accounts receivable for which no specific impairment has been identified, are grouped together and reviewed for group-based impairment - in order to identify any unidentified impairment.

When conducting a collective review for impairment, the Group uses historical trends of likelihood of default, timing of repayment and actual loss amount, based on management discretion as to whether the actual loss is expected to be larger or smaller compared to loss based on the historical trends, given the economic conditions and existing credit terms.

Treatment of impairment loss from financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Loss is charged to the income statement and presented as provision for loss against the balance of such financial assets.

Impairment loss on available-for-sale financial assets

Impairment loss with respect to available-for-sale financial assets are recognized by charging the cumulative loss in the capital reserve with respect to available-for-sale assets, to the income statement. The cumulative loss transferred to the income statement is the difference between acquisition cost (net of any principal repayment and amortization) and the present fair value net of impairment loss previously recognized on the income statement.

Reversal of impairment loss

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For available-for-sale financial assets measured at depreciated cost and for financial assets classified as available for sale that are debt instruments, the reversal of impairment loss is recognized on the income statement. For available-for-sale financial assets that are equity securities, the reversal of impairment loss is recognized directly in Other Comprehensive Income.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Impairment (Continued)

2. Re-insurance

a) Obligations of re-insurers towards Migdal Insurance do not release the latter from its obligations towards insured parties in accordance with insurance policies.

Any re-insurer who would fail to meet their obligations pursuant to the re-insurance contract may cause the Group to incur a loss.

b) Migdal Insurance recognizes provision for doubtful debt with respect to re-insurer debt whose collection is doubtful, based on individual risk assessment and on extent of the debt.

Furthermore, in determining the share of re-insurers in insurance obligations, Migdal Insurance accounts for, *inter alia*, its assessment of possible collection from re-insurers. When re-insurers' share is calculated on actuarial basis, the share of re-insurers who face difficulties is calculated based on the actuary's recommendation, taking into account all of the risk factors. When recognizing the provisions, Migdal Insurance also takes into account the parties' willingness to agree on contract cut-off by way of final debt settlement, in order to reduce the exposure.

3. Premium receivable

The provision for doubtful debt with respect to premium receivable is calculated based on estimates relying, *inter alia*, on the extent of debt in arrears and on actual production cancellations in previous years.

N. Employee benefits

The Group has several employee benefit plans:

Employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits, is based on when the Group expects the benefits to be fully settled.

1. Short-term benefits

Short-term employee benefits are benefits expected to be fully settled sooner than 12 months after the end of the annual reporting period in which employees provide the related services.

These benefits include: salary, vacation pay, paid leave and payments to National Security. They are measured on non-discounted basis and are expenses upon provision of service or, in case of non-accruing absence (maternity leave) – upon actual absence. A liability with respect to bonus is recognized when the Group has a legal or constructive obligation to pay this amount as a result of service provided by the employee and the amount can be reliably estimated.

2. Post-employment benefits

a) Defined contribution plan

The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Act, 1963 (in this section: "the Act"), whereby the Group makes fixed contributions and has no legal or implied liability to make any additional payments, even if the fund does not have sufficient amounts to pay all employee benefits relating to employee service in the current and previous periods.

Deposits to a defined contribution plan in respect of severance pay or benefits are recognized concurrently with receiving employee service and no additional provision is required to be made in the financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Employee benefits (Continued)

2. Post-employment benefits (Continued)

b) Defined benefit plan

The Group also operates a defined contribution plan for statutory severance pay. Pursuant to the Act, employees are eligible to receive severance pay upon termination or upon retirement.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurement of the liability (asset), net with respect to defined benefit includes actuarial gain and loss, return on plan assets (other than interest) as well as any change to the effect on maximum assets (if applicable, other than interest). Re-measurements are charged through Other Comprehensive Income, to Retained Earnings.

Interest cost with respect to commitment for defined benefit, interest revenues with respect to plan assets and interest with respect to the effect of maximum assets charged to the income statement, are presented under General and Administrative Expenses.

Assets held against the severance pay component in insurance policies issued by Migdal Insurance do not constitute assets of a defined benefit plan, and are offset against liabilities with respect to the insurance contracts.

3. Share-based payment transactions

Transactions settled using equity instruments

The fair value, upon award, of share-based payment awards to employees is recognized as payroll expense, against increase in equity, over the period in which non-contingent eligibility for such award is gained. The amount charged as expense with respect to share-based payment awards contingent on vesting conditions, which are service or performance conditions other than market conditions, is adjusted to reflect the number of awards expected to vest.

O. Lawsuits

A provision for lawsuits is recognized when the Group has a current legal or implied obligation due to an event which has occurred in the past, when use of financial resources in order to discharge the obligation is more likely than not, and the obligation may be reliably estimated. When reviewing the need to recognize and to quantify provisions, Group management is assisted by legal counsel.

For more information see Note 39.

P. Revenue recognition

Group policy on revenue recognition is as follows:

1. Premium

a) Premium in the life insurance sector and in the health insurance sector, including savings premium and except for receipts with respect to investment contracts, are recognized as revenues when due.

Cancellations are recognized upon receiving notice from the policy holder, or initiated by Migdal Insurance due to payment in arrears, subject to all statutory provisions.

Profit sharing by insured parties in collective insurance is deducted from earned premium, gross.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenue recognition (Continued)

1. Premium (continued)

b) Non-life insurance premium is recognized as revenue based on monthly production reports. Premiums mostly refer to one-year insurance periods. Gross premium revenues and changes to unearned premium with respect there to are recognized under Earned Premium, Gross.

Mandatory auto insurance premiums are recognized upon collection of the premium, as insurance coverage is contingent on premium payment.

Premiums from insurance policies with coverage start date after the reporting date are recognized as Unearned Revenues.

Revenues included on the financial statements are net of cancellations received from policy holders, and net of cancellations and provisions with respect to non-payment of premium, subject to all statutory provisions and net of profit sharing by insured parties, based on agreements in effect.

2. Management fee

a) Management fee with respect to life insurance contracts and yield-dependent investment contracts

Management fee is calculated in conformity with the Supervisor's directives, based on yield and savings accrual by insured parties in the profit sharing portfolio.

Management fee includes the following:

For insurance policies sold as from January 1, 2004 – fixed management fee only.

For insurance policies sold through December 31, 2003 – fixed and variable management fee.

Fixed management fee is calculated as a fixed percentage of savings accrual and are recognized on accrual basis.

Variable management fee is calculated as a percentage of real annual gain (from January 1 through December 31) charged to the insurance policy, net of any fixed management fee collected from the insurance policy.

During the year, variable management fee is recognized on accrual basis, in conformity with real monthly yield, if positive. In months with negative real yield, the variable management fee is reduced, down to the amount of variable management fee recognized year-to-date on aggregate. Any negative yield for which the management fee was not reduced during the current year would be deducted, for calculation of management fee from any positive yield in subsequent periods.

b) Management fee from pension funds and provident funds

Revenues from management of pension and provident funds are recognized based on assets under management and based on receipts from members, in conformity with the Supervisor's directives.

c) Management fee from mutual funds and from customer portfolio management

Management fee revenues from mutual funds and revenues from management of investment portfolios are recognized based on assets under management.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenue recognition (Continued)

3. Commissions

Revenues from non-life insurance commissions at insurance agencies are recognized when incurred.

Commission revenues from re-insurance in non-life, life and health insurance commissions are recognized when incurred.

Revenues from life insurance commissions at insurance agencies are recognized based on eligibility dates for commission payment, pursuant to agreements with insurance companies, net of provisions for commission reimbursement due to cancellations of insurance policies.

4. Net investment gain (loss), financing revenues and financing expenses – see section I.8 above.

On the statement of cash flows, the Company has elected to present interest received, dividends received and interest paid under Cash Flows Provided by Current Operations. Dividends paid are presented under "Cash flow from financing operations".

Q. General and administrative expenses

General and administrative expenses are classified under Indirect Expenses for Settlement of Claims (included under Payments and Changes in Liabilities in Respect of Insurance Contracts and Investment Contracts), under Acquisition-related Expenses (included under Commissions, Marketing Expenses and Other Acquisition Costs) and under General and Administrative Expenses included under said item. The classification is based on internal models of the Group, which are based on direct expenses charged and indirect expenses attributed.

R. Taxes on income

Income tax expenses include current and deferred taxes. Current and deferred taxes are recognized on the income statement, unless the tax arises from business combination or items directly recognized in equity or in other comprehensive income.

Current taxes

Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any required adjustment to tax payable in respect of previous years.

Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized by the Group for the following temporary differences: initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates, to the extent that it is probable that they will not reverse in the foreseeable future and if the Group controls the timing of such reversal.

Deferred taxes with respect to investment property held in order to recover substantially all of the economic benefits therein, by way of realization rather than by way of use, are measured based on the expected recovery method of the underlying asset - based on realization rather than use.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Taxes on income (Continued)

A deferred tax asset is recognized on the books with respect to losses carried forward, tax credits and temporary differences that can be deducted when taxable income is expected in the future against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Measurement of deferred taxes reflects the tax implications arising from the manner in which the Group anticipates recovering or settling the carrying amount of assets and liabilities at the end of the reporting period. For investment property measured using the fair value model, there is a refutable assumption that the carrying amount of investment property would be discharged through a sale.

Offset of deferred tax assets and liabilities

The Group offsets deferred tax assets and liabilities if it has a legal, enforceable right to offset current tax assets and liabilities, and if these are attributed to the same taxable revenue taxed by the same tax authority within the same taxed company, or in different companies intending to dispose of current tax assets and liabilities on net basis, or if the current tax assets and liabilities are settled simultaneously.

Additional tax in respect of dividend distribution

Calculation of deferred taxes does not take into account taxes that would apply in case of realization of investments in investees, including investees exclusively engaged in holding rights in real estate, which are consolidated on the Company's solo financial statements, provided that sale of the investment in such investees is not expected in the foreseeable future. Furthermore, deferred taxed due to profits distributed by held companies as dividends have not been accounted for, when such dividend distribution is not subject to additional tax liability or when it is Group policy not to initiate distribution of dividends by a subsidiary which entails additional tax liability.

Inter-company transactions

Deferred tax in respect of Inter-company transactions on the consolidated financial statements are stated at the tax rate applicable to the acquiring entity.

Uncertain tax positions

A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more probable than not that the Group will have to use its economic resources to pay the obligation.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Changes to accounting policies – Including initial application of new financial reporting standards and amendments to existing accounting standards

1. Amendment of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In February 2021, IASB issued an amendment to IAS 8: "Accounting policies, changes in accounting estimates and errors" (hereinafter: "the Amendment"). The Amendment is designed to present a new definition of the term "accounting estimates".

Accounting estimates are defined as "monetary amounts on financial statements that involve uncertainty in measurement". The Amendment clarifies what are changes to accounting estimates and how they differ from changes to accounting policy and from error corrections.

The Amendment would be prospectively applied to annual reporting periods starting on January 1, 2023 and applies to changes to accounting policy and to accounting estimates that occur at the start of that period or thereafter.

The aforementioned Amendment had no material effect on the Company's consolidated financial statements.

2. Amendment to IAS 12 "Taxes on income"

In May 2021, IASB issued an amendment to IAS 12 "Taxes on income" (hereinafter: "IAS 12" or "the Standard"), reducing the scope of Initial Recognition Exception in deferred taxes, included in sections 15 and 24 of IAS 12 (hereinafter: "the Amendment").

As part of guidelines for recognition of deferred tax assets and liabilities, the Standard provides for an exception with regard to recognition of deferred tax assets and liabilities with respect to certain temporary differences, resulting from initial recognition of assets and liabilities in certain transactions. This exception is termed "the initial recognition exception". The Amendment reduces the scope of the initial recognition exception, and clarifies that it does not apply to recognition of deferred tax assets and liabilities resulting from a transaction other than a business combination, for which equal temporary differences are created in debit and credit, even if they meet the other conditions for this exception.

The amendment would be applied for annual reporting periods starting on or after January 1, 2023. With regard to lease transactions and recognition of a liability with respect to dismantling and rehabilitation – the Amendment would be applied as from the start of the earliest reporting period presented on the financial statements to which the Amendment was first applied, with the cumulative effect of initial application charged to the opening balance of retained earnings (or to another equity component, if applicable) as of that date.

The aforementioned Amendment had no material effect on the Company's consolidated financial statements.

3. Amendment to IAS 1 "Presentation of Financial Statements"

In February 2021, IASB issued an amendment to IAS 1: Presentation of Financial Statements (hereinafter: "the Amendment"). In accordance with the Amendment, entities are required to provide disclosure of their material accounting policies, *in lieu* of the current requirement to provide disclosure of their significant accounting policies. One of the key reasons for this Amendment is that the term Significant is not defined in IFRS, whereas the term Material is defined in various standards, including IAS 1.

The Amendment is applied to annual reporting periods starting on or after January 1, 2023.

The aforementioned Amendment affected disclosure of the Company's accounting policies, but had not effect on measurement, recognition or presentation of any items on the Company's consolidated financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Changes to accounting policies – Including initial application of new financial reporting standards and amendments to existing accounting standards (Continued)

4. Amendment to IAS 12 "Taxes on income"

In May 2023, IASB issued an amendment to IAS 12 "Taxes on income" (hereinafter: "the Amendment"), following the OECD international tax reform – BEPS Pillar 2 (hereinafter: "Pillar 2" or "the International Tax Reform").

The Amendment includes:

a) Mandatory temporary exemption from application of provisions in the standard with regard to recognition and disclosure of deferred tax assets and liabilities arising from adoption of Pillar 2 rules (hereinafter: "Temporary Exemption"); and

b) Focused disclosure requirements for multi-national entities affected by the International Tax Reform.

5. The Temporary Exemption presented in section (a) above applies immediately and disclosure is required of the application thereof. All other focused disclosure requirements listed in section (b) above apply to annual reporting periods starting on or after January 1, 2023.

The Company applies the Temporary Exemption, and therefore does not provide disclosure and does not recognized deferred tax assets and liabilities arising from adoption of Pillar 2 rules. The Company is also reviewing implications of the international tax reform on its financial statements. For more information, see Note 22 regarding taxes on income.

T. Disclosure of new IFRS in the period prior to their adoption

1. IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments".

In May 2017, IASB published IFRS 17 "Insurance Contracts" (hereinafter: "the New Standard"). In June 2020, an amendment to the New Standard was published.

The New Standard stipulates rules for recognition, measurement, presentation and disclosure with regard to insurance contracts, replacing the existing provisions on this topic. The New Standard should cause significant changes in financial reporting by insurance companies.

In conformity with the New Standard, insurance obligations are to be measured at the present value of cash flows expected from the insurance contracts, taking into account the inherent uncertainty associated with such forecasts (risk margin). Moreover, the expected income inherent in insurance contracts, as derived from such calculations, would be recognized over the coverage period and the effect of changes to assumptions (other than interest) would also be recognized over the coverage period. Any loss would be immediately recognized, if the insurance contract group is not expected to be profitable or turns to loss.

For certain insurance contracts (typically, elementary insurance contracts with coverage period of up to one year), a simpler measuring model may be applied, that is not all that different from currently accepted measurement.

The New Standard shall be applied retrospectively. If retrospective application is not practicable, one of the following approaches may be selected:

a) Partial retrospective application approach.

b) Fair value approach.

On June 1, 2023, the Capital Market, Insurance and Savings Authority issued a third update to its "Road map for adoption of IFRS 17 – Insurance Contracts" (hereinafter: "Third Update"), including multiple updates compared to the "Road map – Second Update", issued on December 14, 2022.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Disclosure of new IFRS in the period prior to their adoption (Continued)

1. IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments". (Continued)

In the Third Update, initial application of IFRS 17 and IFRS 9 in Israel has been postponed to quarterly and annual reporting periods starting on or after January 1, 2025 (accordingly, the transition date would be January 1, 2024).

In conformity with the Third Update, in 2024, as part of the financial statements for the third quarter, companies would be required to provide a separate Note to the financial statements, disclosing a pro-forma statement of financial position only, as of January 1, 2024 (opening balance data as of the transition date, without any comparative figures), compiled in conformity with provisions of IFRS 17 and IFRS 9. On the 2024 annual report, companies would be required to provide pro-forma major statements (at least: statements of financial position as of January 1, 2024 and select items from the statement of comprehensive income for 2024, without any comparative figures), compiled in conformity with provisions of IFRS 17 and IFRS 9, all in accordance with the disclosure template enclosed as appendix to the Third Update. Moreover, the Third Update revised the milestones for application of the standards in 2023 and 2024, in line with the delay of initial application of IFRS 17 and IFRS 9, so as to ensure that insurance companies in Israel are prepared for high-quality application of the standards reliably and appropriately. These updates mostly relate to reporting requirements to the Capital Market, Insurance and Savings Authority prior to the initial application date, to the schedule for adapting IT systems, to completing the formulation of accounting policies, to preparing for calculation of the risk adjustment (RA) for non-financial risk, to involvement of the Independent Auditor and to disclosure of additional qualitative information for the custom Note as from the financial statements for the first quarter of 2024.

The Company continued to study the implications of adoption of these standards on its financial statements, but is currently unable to assess the impact of application of the standard on its financial statements. The Company is also preparing to apply these standards by the aforementioned schedule.

As part of adoption of the standard, the Company is in the process of deployment of IT systems required for application of the standard. The Company is also reviewing and mapping the required controls and information flow onto the financial statements.

Moreover, in conformity with the Third Update, in August 2023 the Company reported to he Authority the outcome of the first Quantitative Impact Study ("QIS") to study the effect of initial application of IFRS 17. In this first QIS, the Company applied quantitative tests to review the methodology for calculating opening balances based on balances as of January 1, 2023 for certain insurance contracts stipulated in the Third Update.

2. Amendment to IFRS 16 "Leases": Lease Liability with Respect to Sell and Lease Back

The Amendment clarifies the accounting treatment of variable payments for a seller-lessee in a sell and lease back transaction. According to the Amendment, a seller-lessee shall include estimated variable lease payments upon initial measurement of a lease liability, and subsequent to initial recognition, a seller-lessee shall apply the requirements for subsequent measurement of a lease liability, such that no gain or loss is recognized with respect to the right-to-use retained by the seller-lessee.

The Amendment shall be applied to reporting periods starting on January 1, 2024 and may be applied early. The Amendment shall be applied retrospectively to sale and lease back transactions conducted after adoption of IFRS 16, including revision of comparative figures.

The Group is reviewing the impact of the Amendment on the Company's consolidated financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Disclosure of new IFRS in the period prior to their adoption (Continued)

3. Amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Financial Instruments: Disclosures"

In May 2023, IASB issued amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Financial Instruments: Disclosures" (hereinafter: "the Amendments"), designed to clarify the features of supplier finance arrangements and to require additional disclosure of such arrangements.

The disclosures required by the Amendments are designed to help and to enable users of the financial statements to assess the impact of supplier finance arrangements on the entity's liabilities and cash flows, as well as on the entity's exposure to liquidity risk.

The amendments will apply to annual reporting periods starting on or after January 1, 2024. Early adoption is permissible subject to providing disclosure.

The Company believes that the aforementioned amendments should not materially impact the Company's consolidated financial statements.

4. Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

In August 2023, IASB issued an amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" (hereinafter: "the Amendment"), so as to clarify the way an entity would assess whether one currency may be exchanged for another currency, as well as the accounting requirements (measurement and disclosure) the entity would be required to apply in cases where one currency may not be exchanged for another currency.

The Amendment stipulates how an immediate exchange rate is to be determined in absence of possible exchange. The disclosure requirements stipulated by the Amendment are designed to help and to enable users of the financial statements to understand how the currency that cannot be exchanged for the other currency affects, or may affect, the entity's financial performance, financial standing and cash flow.

The amendment will apply to annual reporting periods starting on or after January 1, 2025. Early application is permissible subject to providing disclosure. Upon applying the Amendment, the entity shall not re-state any comparative information. Alternatively, if the currency may not be exchanged at start of the annual period in which the Amendment is initially applied (Initial Application Date), the entity shall translate any assets, liabilities and equity in conformity with provisions of the Amendment, and shall recognize the differences as of the Initial Application Date as adjustment to the opening balance of retained earnings and/or of the reserve from translation differences, in conformity with provisions of the Amendment.

The Company believes that the Amendment should not materially impact the Company's financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. The rates of change of the Consumer Price Index (CPI) and the UD exchange rate are as follows:

	Consumer Price Index		Official USD
	CPI for	Known CPI	exchange rate
	%		
For the year ended December 31, 2023	2.9	3.3	3.1
For the year ended December 31, 2022	5.3	5.3	13.2
For the year ended December 31, 2021	2.8	2.4	(3.3)

2.A: KEY CONSIDERATIONS, ESTIMATES AND ASSUMPTIONS IN COMPILING FINANCIAL STATEMENTS

A. Considerations

In applying the Group's significant accounting policies, management has considered the following issues which have the most material impact on amounts recognized on the financial statements:

1. Classification and designation of financial investments

- Financial assets at fair value through the income statement.
- Investments held to maturity.
- Loans and accounts receivable.
- Available-for-sale financial assets.

See section H.6 below.

2. Classification of insurance contracts and investment contracts

Insurance contracts are contracts where the insurer assumes significant insurance risk from another party. Management considers, for each and every contract, or for a group of contracts, whether they involve assuming significant insurance risk and therefore should be classified as insurance contracts, or whether they constitute investment contracts.

B. Estimates and assumptions

In compiling the financial statements, Company management is required to exercise judgment in making estimates, assessments and assumptions which impact application of accounting policy and reported amounts for assets and liabilities, revenues and expenses. Note that actual results may differ from these estimates due, *inter alia*, to extensive regulatory changes in the insurance and long-term savings sector, which may have material implications that may not be estimated at this stage.

In formulating accounting estimates used in compiling the Company's financial statements, Company management is required to make assumptions with regard to circumstances and events involving significant uncertainty. When exercising its discretion in making these estimates, Company management relies on past experience, various facts, external factors and reasonable assumptions in accordance with circumstances applicable to each estimate.

The estimates and the underlying assumptions thereof are regularly reviewed. Changes to accounting estimates are recognized in the period in which such change occurs.

2.A: – KEY CONSIDERATIONS, ESTIMATES AND ASSUMPTIONS IN COMPILING FINANCIAL STATEMENTS (CONTINUED)

C. Key estimates

Below is information about key estimates made in applying accounting policies and which have material impact on the financial statements:

- Liabilities in respect of insurance contracts and investment contracts – Such liabilities are based on actuarial assessment methods and on assessments regarding demographic and economic variables. Such actuarial assessments and various assumptions are mostly derived from past experience, and are based on the past behavior and claims patterns reflecting future ones. Changes to risk factors, to event frequency or severity, and changes to the legal situation may materially impact the amount of liabilities with respect to insurance contracts.

  For more information see Note 37.B.2 and Note 37.B.3.

  For changes to key estimates and assumptions used to calculate reserves in life and health insurance, including the additional reserve for pensions, see Note 37.B.3.b)(5).

  For liability adequacy test, see section 2.G.1.g) above.

- Legal claims – There are legal claims pending against the Group, as well as motions for approval of class action status. When assessing the chances of legal claims that were filed against the Group, the companies relied on the opinion of legal counsel. These estimates by legal counsel are to the best of their professional judgment, considering the stage of these proceedings as well as accumulated legal experience on the different issues. Since the outcome of these lawsuits would be determined by the Court, said outcomes may differ from these assessments.

  In addition to motions for class action status, legal proceedings and other proceedings brought against the Group, there is a general exposure, that may not be assessed nor quantified, arising, *inter alia*, from complexity of the services provided by the Group to parties insured thereby. The complexity of such arrangements entails, *inter alia*, the potential for interpretation and other claims arising from information gaps between the Group and third parties to insurance contracts, with regard to a long list of commercial terms and conditions and of regulatory changes.

  For more information see Note 1.39.

- Determination of fair value of non-negotiable financial instruments – The fair value of non-negotiable debt instruments measured at fair value on the income statement, and of non-negotiable debt instruments for which fair value information is provided only for elaboration, is calculated by a model based on discounted cash flows, where the discount rate and price quotes are determined by a company that provides these to institutional entities. The fair value of equity funds is determined based on net asset value (NAV) based on the financial statements of such funds and on reports provided by these funds. The fair value of non-negotiable shares is determined based on expert valuation.

  For more information see Note 12.F.

- Impairment of goodwill – The Group reviews for impairment of goodwill at least once per year. This review requires management to estimate the future cash flows expected from realization or continued use of the cash-generating unit (or group of cash-generating units) to which the goodwill has been attributed. Management is also required to estimate the appropriate discount rates for such cash flows. Impairment loss in respect of goodwill is not reversed.

  For more information see Note 4.B.

- Determination of recoverability of deferred acquisition costs – Recoverability of deferred acquisition costs is reviewed at least once per year, using assumptions with regard to cancellation, mortality, morbidity rates and other variables, as set forth in sections 2.G.1.(e), 2.G.1.(f) and 2.G.1.(g) above. If found not to be recoverable under these assumptions, accelerated write-down or even write-off of such deferred acquisition costs may be required.

  For more information see Note 5.

2A: – KEY CONSIDERATIONS, ESTIMATES AND ASSUMPTIONS IN COMPILING FINANCIAL STATEMENTS (CONTINUED)

C. Key estimates (Continued)

- Impairment of financial investments – If objective evidence exists for impairment loss with respect to loans and receivables carried at depreciated cost, or that the value of available-for-sale financial assets has been impaired, the loss is recognized on the income statement. Upon the reporting date, the Group reviews for existence of such objective evidence.

  For more information see Note 12.

- Determination of fair value of investment property – Investment property that may be reliably measured is stated at fair value as of the report date, with changes in fair value charged to the income statement when incurred. Fair value is determined by independent external appraisers, based on economic valuations that incorporate assumptions with regard to expected future cash flows from the property and estimated discount rate appropriate for such cash flows and with reference to recent transactions in property of similar nature and location to the property being appraised.

  When measuring the fair value of investment property, assessors and Group management are required to use certain assumptions with regard to required rates of return for Group properties, future rent, occupancy rates, lease renewals, likelihood of leasing of vacant space, property operating expenses, financial robustness of lessees and implications of required investments for future development, in order to value the future cash flows from these properties.

  For more information see Note 8.

- Revaluation of fixed assets – The Group measures owned land and office buildings constituting fixed assets at revalued amounts, with changes to fair value charged to Other Comprehensive Income. Fair value is determined by competent, independent external appraisers, using economic valuations based on comparison to recent transactions in similar properties on the real estate market, for properties with similar attributes, including location, physical condition, designation and so forth, or based on the discounted cash flow approach using the present value of estimated operating cash flow from leasing the property, based on annual net cash flows before tax, discounted using a discount rate to reflect the specific risk associated there with.

NOTE 3 – OPERATING SEGMENTS

A. Overview

The Operating Segments note includes multiple segments that constitute strategic business units of the Group. These business units include diverse products and are separately managed for resource allocation and performance evaluation. The products underlying each segment are similar in nature, distribution, customer mix, nature of the supervisory environment as well as long-term economic and demographic attributes arising from exposure to insurance risk of similar attributes. Furthermore, results of the investment portfolio held against insurance obligations may have significant impact on profitability.

Assets and liabilities of each segment include items directly attributed to the segment and items which may be reasonably attributable. If segment assets are managed separately from those of another segment, and where there is no regulatory restriction, then assets and results are stated based on the specific accounts managed for that segment; otherwise, results are attributed based on the ratio of insurance obligations.

Accounting principles applied in segment reporting match the generally accepted accounting principles adopted for preparation and presentation of the Group's consolidated financial statements.

Between segments there are inter-company transactions that include, *inter alia*, interest, calculated pursuant to statutory provisions.

Migdal Insurance allocates assets not measured at fair value in conformity with statutory provisions regarding asset allocation upon LAT calculation, and with Migdal Insurance procedures. For more information, see Note 37.B.3.b)(4). Therefore, such allocation may affect the measurement of investment revenues for the different segments.

Subordinated notes used for capital requirements of Migdal Insurance and financing expenses with respect there to are attributed to column "Not attributed to operating segments".

1. Life insurance and long term savings segment

   The life insurance and long term savings segment includes the life insurance, pension and provident fund sectors and is primarily focused on long-term savings (as part of diverse insurance policies, pension funds and provident funds, including study funds) and on insurance coverage for risk such as: death, disability and so forth.

   In conformity with the Supervisor's directives, the life insurance and long term savings segment is divided into life insurance, pension funds and provident funds.

2. Health insurance segment

   The health insurance segment accounts for all Group operations involving health insurance – including nursing insurance, medical expense insurance, surgery, implants, dental and so forth.

3. Non-life insurance segment

   The non-life insurance segment includes the property and liability sectors. According to the Supervisor of Insurance’s directives, the non-life insurance segment is detailed by the following: mandatory auto, property auto, other property sectors and other liability sectors.

   - Mandatory auto sector

     The mandatory auto sector is focused on coverage whose acquisition by the owner of the vehicle or the driver is compulsory by law and it provides a coverage for bodily injuries (to the driver of the vehicle, the passengers in the vehicle or to the pedestrians), as a result of the use of the motor vehicle.

   - Auto property sector

     The auto property sector is focused on the property damage coverage for the insured vehicle and property damages that the insured vehicle may cause to third parties.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

B. Overview (Continued)

3. Non-life insurance segment (Continued)

- Other liability sectors

  The liability branches are intended for the coverage of the policyholders' liabilities for any damage that they may cause to third parties. These sectors include:

  third party liability, employers' liability, professional liability and product liability, ship hull and airplane hull.

- Property and other sectors

  Other non-life insurance sectors, other than auto and liability, include: property loss, merchant comprehensive, home comprehensive, mortgage banking, personal accident, cargo in transit, engineering insurance and other risk.

4. Financial services segment

   This segment primarily consists of financial asset management services and investment marketing (primarily mutual fund management and portfolio management), market making in various securities and other services.

5. Other operating segments

   Other operating segments include results from operations of insurance agencies.

6. Operations not attributed to operating segments

   These operations include part of the Group headquarters which is not attributed to operating segments, auxiliary operations to Group operations and holding of assets and liabilities against capital of Migdal Insurance in conformity with the Capital Regulations.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

B. Reportable segment

	For the year ended December 31, 2023							
	Life insurance and long term savings	Healthcare	Non-life insurance	Financial services	Other operating segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS in thousands							
Earned premium, gross	8,367,162	1,949,632	2,257,905	–	–	–	–	12,574,699
Premiums earned by re-insurers	147,065	166,454	564,817	–	–	–	–	878,336
Earned premium on retention	8,220,097	1,783,178	1,693,088	–	–	–	–	11,696,363
Net investment gain (loss) and financing revenues	13,801,302	350,222	194,398	6,068	6,079	295,092	(106,852)	14,546,309
Management fee revenues	1,554,158	–	–	221,711	–	–	–	1,775,869
Commission revenues	21,438	32,130	100,839	5,751	388,189	–	(159,783)*)	388,564
Other revenues	11	–	157	18,569	49,695	23,368	(18,834)	72,966
Total revenues	23,597,006	2,165,530	1,988,482	252,099	443,963	318,460	(285,469)	28,480,071
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	21,116,444	1,770,963	1,889,591	–	–	–	(15,755)	24,761,243
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	139,648	130,195	422,690	–	–	–	–	692,533
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	20,976,796	1,640,768	1,466,901	–	–	–	(15,755)	24,068,710
Commissions, marketing expenses and other acquisition costs	923,491	534,439	473,256	66,507	166,397	–	(154,865)	2,009,225
General and administrative expenses	677,996	90,630	72,355	132,024	169,888	119,265	(16,126)	1,246,032
Other expenses	3,223	–	8,380	1,029	1,844	12,064	(228)	26,312
Financing expenses	69,924	4,264	16,753	160	1,827	265,752	(96,667)	262,013
Total expenses	22,651,430	2,270,101	2,037,645	199,720	339,956	397,081	(283,641)	27,612,292
Share of income (loss) of equity accounted investees	(3,946)	–	781	–	883	1	–	(2,281)
Pre-tax income (loss)	941,630	(104,571)	(48,382)	52,379	104,890	(78,620)	(1,828)	865,498
Other comprehensive income (loss) before taxes on income	(81,375)	(25,029)	(9,930)	155	421	54,687	–	(61,071)
Total comprehensive income (loss) for the period, before taxes on income	860,255	(129,600)	(58,312)	52,534	105,311	(23,933)	(1,828)	804,427

*) Due to commission revenues received by Group-owned agencies from life insurance and long-term savings operations, amounting to NIS 118,329 thousand, in health insurance, amounting to NIS 22,859 thousand, in non-life insurance, amounting to NIS 16,125 thousand and in financial services, amounting to NIS 2,470 thousand.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

B. Reportable segment (Continued)

	For the year ended December 31, 2022							
	Life insurance and long term savings	Healthcare	Non-life insurance	Financial services	Other operating segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS in thousands							
Earned premium, gross	8,634,536	1,841,680	2,009,844	–	–	–	–	12,486,060
Premiums earned by re-insurers	271,002	154,358	498,428	–	–	–	–	923,788
Earned premium on retention	8,363,534	1,687,322	1,511,416	–	–	–	–	11,562,272
Net investment gain (loss) and financing revenues	(7,133,812)	(163,393)	100,959	2,422	889	(109,646)	(38,392)	(7,340,973)
Management fee revenues	1,537,509	–	–	224,926	–	–	–	1,762,435
Commission revenues	102,844	22,753	90,884	7,632	354,049	–	(152,057)*)	426,105
Other revenues	–	–	167	16,392	46,593	23,456	(18,517)	68,091
Total revenues	2,870,075	1,546,682	1,703,426	251,372	401,531	(86,190)	(208,966)	6,477,930
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	907,415	344,535	1,513,086	–	–	–	(15,688)	2,749,348
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	131,998	111,765	372,114	–	–	–	–	615,877
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	775,417	232,770	1,140,972	–	–	–	(15,688)	2,133,471
Commissions, marketing expenses and other acquisition costs	866,588	494,523	437,473	71,540	158,146	–	(149,601)	1,878,669
General and administrative expenses	593,112	78,177	60,054	122,484	159,118	75,760	(15,305)	1,073,400
Other expenses	3,397	–	2,580	892	1,498	11,790	–	20,157
Financing expenses	42,076	2,781	8,513	158	3,271	222,192	(29,215)	249,776
Total expenses	2,280,590	808,251	1,649,592	195,074	322,033	309,742	(209,809)	5,355,473
Share of income (loss) of equity accounted investees	340	–	(593)	–	632	56	–	435
Pre-tax income (loss)	589,825	738,431	53,241	56,298	80,130	(395,876)	843	1,122,892
Other comprehensive income before taxes on income	(744,427)	(205,663)	(313,379)	591	1,096	(607,681)	–	(1,869,463)
Total comprehensive income (loss) for the period, before taxes on income	(154,602)	532,768	(260,138)	56,889	81,226	(1,003,557)	843	(746,571)

*) Due to commission revenues received by Group-owned agencies from life insurance and long-term savings operations, amounting to NIS 113,223 thousand, in health insurance, amounting to NIS 19,241 thousand, in non-life insurance, amounting to NIS 15,971 thousand and in financial services, amounting to NIS 3,622 thousand.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

B. Reportable segment (Continued)

	For the year ended December 31, 2021							
	Life insurance and long term savings	Healthcare	Non-life insurance	Financial services	Other operating segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS in thousands							
Earned premium, gross	9,573,558	1,715,287	1,941,359	–	–	–	–	13,230,204
Premiums earned by re-insurers	212,353	127,925	449,624	–	–	–	–	789,902
Earned premium on retention	9,361,205	1,587,362	1,491,735	–	–	–	–	12,440,302
Net investment gain (loss) and financing revenues	19,668,805	568,179	302,756	1,249	544	303,685	(23,955)	20,821,263
Management fee revenues	2,784,955	–	–	222,877	–	–	–	3,007,832
Commission revenues	65,447	13,643	74,465	5,293	323,531	–	(139,167)*)	343,212
Other revenues	–	–	299	11,995	41,221	26,667	(22,329)	57,853
Total revenues	31,880,412	2,169,184	1,869,255	241,414	365,296	330,352	(185,451)	36,670,462
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	28,583,671	1,768,072	1,654,728	–	–	–	(18,803)	31,987,668
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	120,268	107,808	277,312	–	–	–	–	505,388
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	28,463,403	1,660,264	1,377,416	–	–	–	(18,803)	31,482,280
Commissions, marketing expenses and other acquisition costs	825,483	477,880	426,402	63,878	139,725	–	(141,651)	1,791,717
General and administrative expenses	617,115	82,123	59,358	117,907	147,881	57,441	(13,938)	1,067,887
Other expenses	3,837	–	3,686	715	3,343	23,054	(335)	34,300
Financing expenses	2,659	183	1,377	195	3,551	172,850	(15,759)	165,056
Total expenses	29,912,497	2,220,450	1,868,239	182,695	294,500	253,345	(190,486)	34,541,240
Share of profit of equity accounted investees	315	–	146	–	269	–	–	730
Pre-tax income (loss)	1,968,230	(51,266)	1,162	58,719	71,065	77,007	5,035	2,129,952
Other comprehensive income before taxes on income	217,121	54,779	74,677	136	117	161,379	–	508,209
Total comprehensive income for the period before taxes on income	2,185,351	3,513	75,839	58,855	71,182	238,386	5,035	2,638,161

*) Due to commission revenues received by Group-owned agencies from life insurance and long-term savings operations, amounting to NIS 104,229 thousand, in health insurance, amounting to NIS 20,509 thousand, in non-life insurance, amounting to NIS 13,322 thousand and in financial services, amounting to NIS 1,107 thousand.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

C. Additional information about life insurance and long-term savings sector

	For the year ended December 31, 2023			
	Life insurance	Pension fund	Provident funds	Total
	NIS in thousands			
Earned premium, gross	8,367,162	–	–	8,367,162
Premiums earned by re-insurers	147,065	–	–	147,065
Earned premium on retention	8,220,097	–	–	8,220,097
Investment gain, net and financing revenues	13,797,771	2,666	865	13,801,302
Management fee revenues	1,029,684	386,351	138,123	1,554,158
Commission revenues	21,438	–	–	21,438
Other revenues	11	–	–	11
Total revenues	23,069,001	389,017	138,988	23,597,006
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	21,116,444	–	–	21,116,444
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	139,648	–	–	139,648
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	20,976,796	–	–	20,976,796
Commissions, marketing expenses and other acquisition costs	705,048	147,571	70,872	923,491
General and administrative expenses	400,057	207,806	70,133	677,996
Other expenses	1	–	3,222	3,223
Financing expenses	69,910	13	1	69,924
Total expenses	22,151,812	355,390	144,228	22,651,430
Group share of loss of equity-accounted investees	(3,946)	–	–	(3,946)
Income (loss) before taxes on income	913,243	33,627	(5,240)	941,630
Other comprehensive income before taxes on income	(86,682)	4,071	1,236	(81,375)
Total comprehensive income (loss) for the period, before taxes on income	826,561	37,698	(4,004)	860,255

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

C. Additional information about life insurance and long-term savings sector (Continued)

	For the year ended December 31, 2022			
	Life insurance	Pension fund	Provident funds	Total
	NIS in thousands			
Earned premium, gross	8,634,536	–	–	8,634,536
Premiums earned by re-insurers	271,002	–	–	271,002
Earned premium on retention	8,363,534	–	–	8,363,534
Net investment gain (loss) and financing revenues	(7,134,875)	762	301	(7,133,812)
Management fee revenues	1,040,658	370,870	125,981	1,537,509
Commission revenues	102,844	–	–	102,844
Total revenues	2,372,161	371,632	126,282	2,870,075
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	907,415	–	–	907,415
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	131,998	–	–	131,998
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	775,417	–	–	775,417
Commissions, marketing expenses and other acquisition costs	674,227	130,599	61,762	866,588
General and administrative expenses	350,127	185,650	57,335	593,112
Other expenses	175	–	3,222	3,397
Financing expenses	42,070	5	1	42,076
Total expenses	1,842,016	316,254	122,320	2,280,590
Group share of earnings of equity accounted investees	340	–	–	340
Income before taxes on income	530,485	55,378	3,962	589,825
Other comprehensive loss before taxes on income	(733,649)	(8,142)	(2,636)	(744,427)
Total comprehensive income (loss) for the period, before taxes on income	(203,164)	47,236	1,326	(154,602)

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

C. Additional information about life insurance and long-term savings sector (Continued)

	For the year ended December 31, 2021			
	Life insurance	Pension fund	Provident funds	Total
	NIS in thousands			
Earned premium, gross	9,573,558	–	–	9,573,558
Premiums earned by re-insurers	212,353	–	–	212,353
Earned premium on retention	9,361,205	–	–	9,361,205
Investment gain, net and financing revenues	19,647,716	15,820	5,269	19,668,805
Management fee revenues	2,298,349	364,824	121,782	2,784,955
Commission revenues	65,447	–	–	65,447
Total revenues	31,372,717	380,644	127,051	31,880,412
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	28,583,671	–	–	28,583,671
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	120,268	–	–	120,268
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	28,463,403	–	–	28,463,403
Commissions, marketing expenses and other acquisition costs	650,669	122,731	52,083	825,483
General and administrative expenses	361,623	199,357	56,135	617,115
Other expenses	213	–	3,624	3,837
Financing expenses	2,659	–	–	2,659
Total expenses	29,478,567	322,088	111,842	29,912,497
Group share of earnings of equity accounted investees	315	–	–	315
Income before taxes on income	1,894,465	58,556	15,209	1,968,230
Other comprehensive income before taxes on income	218,145	(699)	(325)	217,121
Total comprehensive income for the period before taxes on income	2,112,610	57,857	14,884	2,185,351

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

D. Additional information for non-life insurance segment

	For the year ended December 31, 2023				
	Mandatory auto	Auto property	Property and other sectors *)	Other liability sectors *)	Total
	NIS in thousands				
Gross premiums	366,745	836,047	724,381	444,825	2,371,998
Reinsurance Premium	6,245	7,546	483,342	114,428	611,561
Premiums on retention	360,500	828,501	241,039	330,397	1,760,437
Change in un-earned premium balance on retention	16,359	(66,797)	(10,129)	(6,782)	(67,349)
Earned premium on retention	376,859	761,704	230,910	323,615	1,693,088
Investment gain, net and financing revenues	96,713	18,973	13,073	65,639	194,398
Commission revenues	–	–	84,291	16,548	100,839
Other revenues	81	16	5	55	157
Total revenues	473,653	780,693	328,279	405,857	1,988,482
Payments and changes in liabilities in respect of insurance contracts, gross	512,395	606,504	363,914	406,778	1,889,591
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	11,832	3,403	283,073	124,382	422,690
Payments and changes in liabilities in respect of insurance contracts on retention	500,563	603,101	80,841	282,396	1,466,901
Commissions, marketing expenses and other acquisition costs	48,199	168,696	166,225	90,136	473,256
General and administrative expenses	14,629	19,087	21,164	17,475	72,355
Other expenses	241	7,787	148	204	8,380
Financing expenses	5,623	1,181	6,107	3,842	16,753
Total expenses	569,255	799,852	274,485	394,053	2,037,645
Share of profit of equity accounted investees	400	78	31	272	781
Income (loss) before taxes on income	(95,202)	(19,081)	53,825	12,076	(48,382)
Other comprehensive income before taxes on income	(5,092)	(995)	(389)	(3,454)	(9,930)
Total comprehensive income (loss) for the period, before taxes on income	(100,294)	(20,076)	53,436	8,622	(58,312)
Liabilities with respect to insurance contracts, gross as of December 31, 2023	2,388,615	554,711	650,794	2,293,318	5,887,438
Liabilities with respect to insurance contracts, on retention as of December 31, 2023	2,298,975	551,881	192,659	1,583,569	4,627,084

*) Property and other sectors primarily include results of home comprehensive, merchant comprehensive, cargo in transit and engineering insurance sectors – these operations account for 98% of total premiums in these sectors.

Other liability sectors primarily include results of employer liability, third party liability and professional liability insurance sectors – these operations account for 66% of total premiums in these sectors.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

D. Additional information for non-life insurance segment (Continued)

	For the year ended December 31, 2022				
	Mandatory auto	Auto property	Property and other sectors *)	Other liability sectors *)	Total
	NIS in thousands				
Gross premiums	381,723	687,366	610,613	390,951	2,070,653
Reinsurance Premium	7,107	5,110	382,888	83,558	478,663
Premiums on retention	374,616	682,256	227,725	307,393	1,591,990
Change in un-earned premium balance on retention	(15,741)	(44,773)	604	(20,664)	(80,574)
Earned premium on retention	358,875	637,483	228,329	286,729	1,511,416
Investment gain, net and financing revenues	49,295	7,553	8,587	35,524	100,959
Commission revenues	–	–	76,820	14,064	90,884
Other revenues	86	13	6	62	167
Total revenues	408,256	645,049	313,742	336,379	1,703,426
Payments and changes in liabilities in respect of insurance contracts, gross	431,030	595,268	280,076	206,712	1,513,086
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	21,700	2,892	198,937	148,585	372,114
Payments and changes in liabilities in respect of insurance contracts on retention	409,330	592,376	81,139	58,127	1,140,972
Commissions, marketing expenses and other acquisition costs	45,476	148,132	159,921	83,944	437,473
General and administrative expenses	13,187	15,774	16,449	14,644	60,054
Other expenses	607	1,106	368	499	2,580
Financing expenses	1,807	307	5,085	1,314	8,513
Total expenses	470,407	757,695	262,962	158,528	1,649,592
Share of loss of equity accounted investees	(305)	(46)	(23)	(219)	(593)
Income (loss) before taxes on income	(62,456)	(112,692)	50,757	177,632	53,241
Other comprehensive income before taxes on income	(160,981)	(24,565)	(11,861)	(115,972)	(313,379)
Total comprehensive income (loss) for the period, before taxes on income	(223,437)	(137,257)	38,896	61,660	(260,138)
Liabilities with respect to insurance contracts as of December 31, 2022	2,277,198	510,286	513,268	2,163,824	5,464,576
Liabilities with respect to insurance contracts, on retention as of December 31, 2022	2,188,577	508,455	178,495	1,447,435	4,322,962

*) Property and other sectors primarily include results of home comprehensive, merchant comprehensive, cargo in transit and engineering insurance sectors – these operations account for 98% of total premiums in these sectors.

Other liability sectors primarily include results of employer liability, third party liability and professional liability insurance sectors – these operations account for 87% of total premiums in these sectors.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

D. Additional information for non-life insurance segment (Continued)

	For the year ended December 31, 2021				
	Mandatory auto	**Auto property**	**Property and other sectors *)**	**Other liability sectors *)**	**Total**
	NIS in thousands				
Gross premiums	355,365	574,119	563,484	378,937	1,871,905
Reinsurance Premium	6,767	3,954	336,994	113,972	461,687
Premiums on retention	348,598	570,165	226,490	264,965	1,410,218
Change in un-earned premium balance on retention	22,342	33,820	26,855	(1,500)	81,517
Earned premium on retention	370,940	603,985	253,345	263,465	1,491,735
Investment gain, net and financing revenues	154,260	24,750	13,690	110,056	302,756
Commission revenues	–	8	60,781	13,676	74,465
Other revenues	152	24	15	108	299
Total revenues	525,352	628,767	327,831	387,305	1,869,255
Payments and changes in liabilities in respect of insurance contracts, gross	540,141	532,784	210,893	370,910	1,654,728
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	12,004	2,957	129,095	133,256	277,312
Payments and changes in liabilities in respect of insurance contracts on retention	528,137	529,827	81,798	237,654	1,377,416
Commissions, marketing expenses and other acquisition costs	44,297	148,213	154,784	79,108	426,402
General and administrative expenses	11,404	15,942	16,933	15,079	59,358
Other expenses	911	1,490	592	693	3,686
Financing expenses (revenues)	1,247	218	(993)	905	1,377
Total expenses	585,996	695,690	253,114	333,439	1,868,239
Share of profit of equity accounted investees	74	12	7	53	146
Income (loss) before taxes on income	(60,570)	(66,911)	74,724	53,919	1,162
Other comprehensive income before taxes on income	36,973	6,234	3,732	27,738	74,677
Total comprehensive income (loss) for the period, before taxes on income	(23,597)	(60,677)	78,456	81,657	75,839
Liabilities with respect to insurance contracts, gross as of December 31, 2021	2,235,783	443,489	585,878	2,166,558	5,431,708
Liabilities with respect to insurance contracts, on retention as of December 31, 2021	2,160,341	442,192	188,192	1,527,918	4,318,643

*) Property and other sectors primarily include results of home comprehensive, merchant comprehensive, cargo in transit and engineering insurance sectors – these operations account for 98% of total premiums in these sectors.

Other liability sectors primarily include results of employer liability, third party liability and professional liability insurance sectors – these operations account for 87% of total premiums in these sectors.

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

E. Information about segment assets and liabilities

	For the year ended December 31, 2023							
	Life insurance and long term savings	Healthcare	Non-life insurance	Financial services	Other operating segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS in thousands							
Assets								
Intangible assets	262,466	–	168,469	355,537	107,076	678,458	(1,390)	1,570,616
Deferred acquisition costs	1,494,278	564,013	213,104	–	–	–	(66,594)	2,204,801
Investments in associates	9,277	–	3,652	–	5,668	500	–	19,097
Investment property for yield-dependent contracts	8,761,618	210,669	–	–	–	–	–	8,972,287
Investment property – other	629,853	67,807	186,051	–	–	206,826	–	1,090,537
Re-insurance assets	168,148	120,431	1,260,354	–	–	–	–	1,548,933
Premium receivable	144,392	33,645	410,255	–	–	–	–	588,292
Financial investments for yield-dependent contracts	114,212,564	2,678,492	–	–	–	–	–	116,891,056
Other financial investments:								
Negotiable debt instruments	5,646,679	1,220,695	2,309,624	3,367	24,528	6,827,826	–	16,032,719
Non-negotiable debt instruments	25,753,155	587,430	718,961	930	2,466	51,583	(49,029)	27,065,496
Shares	146,016	35,687	16,066	–	1	60,785	–	258,555
Others	3,239,958	783,513	827,381	63,083	2,505	1,672,325	–	6,588,765
Total other financial investments	34,785,808	2,627,325	3,872,032	67,380	29,500	8,612,519	(49,029)	49,945,535
Cash and cash equivalents for yield-dependent contracts	16,190,774	389,300	–	–	–	–	–	16,580,074
Other cash and cash equivalents	1,463,018	125,118	541,792	25,736	204,529	562,541	–	2,922,734
Other assets	1,407,145	581,622	250,507	178,930	239,396	1,713,072	(1,844,889)	2,525,783
Total assets	179,529,341	7,398,422	6,906,216	627,583	586,169	11,773,916	(1,961,902)	204,859,745
Total assets for yield-dependent contracts	140,050,084	3,076,308	–	–	–	–	–	143,126,392
Liabilities								
Liabilities with respect to non yield-dependent insurance contracts and investment contracts:	34,715,310	3,053,433	5,887,438	–	–	–	–	43,656,181
Liabilities with respect to insurance contracts and yield-dependent investment contracts	136,918,092	3,292,313	–	–	–	–	–	140,210,405
Financial liabilities	1,064,722	225,294	15,253	62,642	161,131	5,954,528	(124,077)	7,359,493
Other liabilities	5,206,471	263,369	1,003,525	170,143	106,177	77,441	(1,792,052)	5,035,074
Total liabilities	177,904,595	6,834,409	6,906,216	232,785	267,308	6,031,969	(1,916,129)	196,261,153

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

E. Information about segment assets and liabilities (Continued)

	For the year ended December 31, 2022							
	Life insurance and long term savings	Healthcare	Non-life insurance	Financial services	Other operating segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS in thousands							
Assets								
Intangible assets	265,688	–	169,576	354,740	91,764	562,318	(1,390)	1,442,696
Deferred acquisition costs	1,405,677	582,641	195,578	–	–	–	(63,962)	2,119,934
Investments in associates	11,795	–	3,924	–	5,675	6,288	–	27,682
Investment property for yield-dependent contracts	7,947,879	182,576	–	–	–	–	–	8,130,455
Investment property – other	541,854	52,107	167,335	–	–	157,008	–	918,304
Re-insurance assets	160,884	99,165	1,141,614	–	–	–	–	1,401,663
Premium receivable	284,758	60,737	419,025	–	–	–	–	764,520
Financial investments for yield-dependent contracts	107,745,226	2,406,151	–	–	–	–	–	110,151,377
Other financial investments:								
Negotiable debt instruments	4,638,200	1,148,576	2,215,583	1,544	9,860	7,773,962	–	15,787,725
Non-negotiable debt instruments	25,116,771	606,418	719,957	106,163	1,954	73,436	(48,077)	26,576,622
Shares	121,551	56,275	13,626	–	1	52,234	–	243,687
Others	2,695,452	465,599	655,122	56,815	2,782	1,332,677	–	5,208,447
Total other financial investments	32,571,974	2,276,868	3,604,288	164,522	14,597	9,232,309	(48,077)	47,816,481
Cash and cash equivalents for yield-dependent contracts	14,385,038	330,448	–	–	–	–	–	14,715,486
Other cash and cash equivalents	1,866,728	139,396	353,124	83,419	105,825	1,482,734	–	4,031,226
Other assets	4,282,156	409,954	116,359	59,795	274,743	1,897,233	(1,663,523)	5,376,717
Total assets	171,469,657	6,540,043	6,170,823	662,476	492,604	13,337,890	(1,776,952)	196,896,541
Total assets for yield-dependent contracts	133,768,880	2,809,824	–	–	–	–	–	136,578,704
Liabilities								
Liabilities with respect to non yield-dependent insurance contracts and investment contracts:	33,836,071	2,578,438	5,464,576	–	–	–	–	41,879,085
Liabilities with respect to insurance contracts and yield-dependent investment contracts	130,041,833	2,987,447	–	–	–	–	–	133,029,280
Financial liabilities	3,344,815	292,512	18,239	70,777	162,169	7,195,518	(132,350)	10,951,680
Other liabilities	2,721,238	99,005	688,008	161,432	93,410	776,541	(1,599,637)	2,939,997
Total liabilities	169,943,957	5,957,402	6,170,823	232,209	255,579	7,972,059	(1,731,987)	188,800,042

NOTE 4 – INTANGIBLE ASSETS

A. Composition

	Goodwill	Original differences attributable to insurance portfolio value	Future management fees	Brand	Computer software	Customer base	Other	Total
	NIS in thousands							
Cost								
Balance as of January 1, 2022	1,068,928	741,047	214,593	7,559	2,020,171	81,115	27,062	4,160,475
Acquisitions and own development (1)	–	1,298	–	–	218,675	–	868	220,841
Reductions during the year	–	–	–	–	(18,516)	–	–	(18,516)
Balance as of December 31, 2022	1,068,928	742,345	214,593	7,559	2,220,330	81,115	27,930	4,362,800
Acquisitions and own development (1)	–	10,451	–	–	235,145	–	899	246,495
Reductions during the year	–	–	–	–	(19,463)	–	–	(19,463)
Balance as of December 31, 2023	1,068,928	752,796	214,593	7,559	2,436,012	81,115	28,829	4,589,832
Accumulated amortization and impairment loss								
Balance as of January 1, 2022	228,921	739,774	200,494	7,559	1,558,838	77,429	22,604	2,835,619
Amortization recognized during the year	–	861	3,224	–	93,562	2,580	1,546	101,773
Reductions during the year	–	–	–	–	(17,288)	–	–	(17,288)
Balance as of December 31, 2022	228,921	740,635	203,718	7,559	1,635,112	80,009	24,150	2,920,104
Amortization recognized during the year	–	1,239	3,222	–	102,584	1,106	1,650	109,801
Reductions during the year	–	–	–	–	(10,689)	–	–	(10,689)
Balance as of December 31, 2023	228,921	741,874	206,940	7,559	1,727,007	81,115	25,800	3,019,216
Net carrying amount								
December 31, 2023	840,007	10,922	7,653	–	709,005	–	3,029	1,570,616
December 31, 2022	840,007	1,710	10,875	–	585,218	1,106	3,780	1,442,696

(1) In 2023 and 2022, own development of software amounted to NIS 185 million and NIS 193 million, respectively.

NOTE 4 – INTANGIBLE ASSETS (CONTINUED)

B. Impairment review of intangible assets of unspecified useful life

For impairment review of goodwill as of December 31, 2023, goodwill was attributed to the following cash-generating units: pension, provident funds, financial services, non-Life Insurance and insurance agencies.

Below is the carrying amount of goodwill attributed to the following cash-generating units:

	As of December 31,	
	2023	2022
	NIS in thousands	
Pension fund	190,866	190,866
Provident funds	63,621	63,621
Financial services	349,886	349,886
Non-life insurance	168,470	168,470
Insurance agencies	67,164	67,164
	840,007	840,007

For impairment review of goodwill, the recoverable amount of the cash-generating unit to which it was attributed was compared to the carrying amount thereof. If the recoverable amount of the cash-generating unit exceeds its carrying amount, there is no impairment of the unit nor of assets attributed there to.

The recoverable amount of the pension unit was determined based on the revenue forecast net of anticipated expenses from the current pension portfolio, based on the inherent value of this portfolio, in conformity with economic discount and return rates. The assumptions used in this review include, *inter alia*, assumptions with regard to expected management fees, cancellations, operating expenses, commissions and returns of the investment portfolio, as determined annually by Group management, in line with the business environment and competition in the market, past experience and current, applicable studies.

As of December 31, 2023 and as of December 31, 2022, the recoverable amount of the pension unit was found to exceed the carrying amount thereof.

The recoverable amount of the provident fund unit is based on its value in use, as determined based on estimated future cash flow derived from all operations of this unit.

As of December 31, 2023 and as of December 31, 2022, the recoverable amount of the provident fund unit was found to exceed the carrying amount thereof, primarily consisting of goodwill, future management fees and deferred acquisition costs – therefore no impairment loss was recognized.

The recoverable amount of the financial services unit, which mostly consists of mutual fund operations, is based on its value in use, as determined based on estimated future cash flow derived from all operations of this unit.

As of December 31, 2023 and as of December 31, 2022, the recoverable amount of the financial services unit was found to exceed the carrying amount thereof.

The recoverable amount of the non-life insurance unit is based on its value in use, as determined based on estimated future cash flow from non-life insurance sectors.

As of December 31, 2023 and as of December 31, 2022, the recoverable amount of the non-life insurance unit was found to exceed the carrying amount thereof.

The recoverable amount of the insurance agencies unit is based on its value in use, as determined based on estimated future cash flow for each unit.

As of December 31, 2023 and as of December 31, 2022, the recoverable amount of the insurance agencies unit was found to exceed the carrying amount thereof.

Impairment is presented under Other Expenses.

Fair value measurement is classified as Level 3 on the fair value ranking. For definition of fair value hierarchy ranking, see Note 2.H.7 with regard to determination of fair value

.

NOTE 4 – INTANGIBLE ASSETS (CONTINUED)

B. Impairment review of intangible assets of unspecified useful life (Continued)

Key assumptions used in calculating the recoverable amount

Calculation of the recoverable amount of the pension unit is based, *inter alia*, on the following key assumptions:

Future return on assets, based on weighting of designated debentures and guaranteed-return assets, along with return on investments at 4% (in 2022: 4%).

Real discount rate, after tax: 9% (in 2022: 9%).

Calculation of the recoverable amount of the provident fund unit is based on the following key assumptions:

Real discount rate, after tax: 9.1% (in 2022: 9.1%). This rate was determined based on the WACC model with typical parameters for such operations.

Real long-term growth rate: 1% (in 2022: 1%). This rate was determined based on the average long-term growth rate typical for such operations.

The cash flow forecast was prepared for a period of 5 years.

Calculation of the recoverable amount of the mutual fund operations is based on the following key assumptions:

Real discount rate, after tax: 10.7% (in 2022: 10.4%). This rate was determined based on the WACC model with typical parameters for such operations.

Real long-term growth rate: 2% (in 2022: 2%). This rate was determined based on the average long-term growth rate typical for such operations.

Long-term average management fee for mutual funds: 0.37% (in 2022: 0.43%).

The cash flow forecast was prepared for a period of 5 years.

Calculation of the recoverable amount of the non-life insurance unit is based on the following key assumptions:

Nominal discount rate, after tax: 11.8% (in 2022: 11.7%). The cash flow forecast was prepared for a period of 5 years. Overall damage ratio for various non-life insurance sectors: 83%-132% (in 2022: 85%-137%). Premium growth rate for most of the forecast years for various non-life insurance sectors: 3% (in 2022: 3%). Nominal growth rate of long-term net insurance profit: 3% (in 2022: 3%).

Calculation of the recoverable amount of the insurance agencies unit is based on the following key assumptions:

Average discount rate, after tax: 12% (in 2022: 12%). Long-term growth rate: primarily 0%-1.5% (in 2022: 0%-1.5%).

These rates were determined based on typical parameters for such operations.

NOTE 5 – DEFERRED ACQUISITION COSTS

A. Composition

	As of December 31, 2023	As of December 31, 2022
	NIS in thousands	
Life insurance and long term savings:		
Life insurance	947,807	998,651
Pension and provident funds	493,304	357,097
	1,441,111	1,355,748
Health insurance	550,586	568,608
Non-life insurance	213,104	195,578
	2,204,801	2,119,934

B. Movement in deferred acquisition costs in life insurance and long-term savings and in health insurance

	Life insurance and long term savings			Healthcare	Total
	Life insurance	Pension and provident funds	Total		
	NIS in thousands				
Balance as of January 1, 2022	1,016,901	258,624	1,275,525	558,413	1,833,938
Additions					
Acquisition commissions	124,211	131,289	255,500	84,248	339,748
Other acquisition costs	99,512	29,834	129,346	52,554	181,900
Total additions	223,723	161,123	384,846	136,802	521,648
Current amortization	117,465	62,650	180,115	106,131	286,246
Deduction with respect to cancellations	124,508	–	124,508	20,476	144,984
Balance as of December 31, 2022	998,651	357,097	1,355,748	568,608	1,924,356
Additions					
Acquisition commissions	127,267	185,417	312,684	72,273	384,957
Other acquisition costs	106,322	34,700	141,022	52,484	193,506
Total additions	233,589	220,117	453,706	124,757	578,463
Current amortization	110,107	83,910	194,017	109,212	303,229
Deduction with respect to cancellations	174,326	–	174,326	33,567	207,893
Balance as of December 31, 2023	947,807	493,304	1,441,111	550,586	1,991,697

NOTE 6 – FIXED ASSETS

A. Composition and movement

2023	Land and office buildings	Computers and software	Vehicles	Office furniture and equipment	Leasehold improvements	Total
	NIS in thousands					
Cost						
Cost as of January 1, 2023	1,205,597	224,332	51,156	196,120	25,498	1,702,703
Additions during the year (*)	26,774	20,357	37,434	8,758	6,463	99,786
Revaluation recognized under Other Comprehensive Income (see c. below)	9,380	–	–	–	–	9,380
Reductions during the year	(2,964)	(3,183)	(20,726)	(3,412)	–	(30,285)
Cost as of December 31, 2023	1,238,787	241,506	67,864	201,466	31,961	1,781,584
Accumulated depreciation						
Accumulated depreciation as of January 1, 2023	55,775	175,427	28,260	156,096	16,246	431,804
Additions during the year (*)	38,069	13,570	20,622	7,114	1,518	80,893
Revaluation recognized under Other Comprehensive Income	(26,768)	–	–	–	–	(26,768)
Reductions during the year	(2,879)	(3,168)	(20,260)	(3,277)	–	(29,584)
Accumulated depreciation as of December 31, 2023	64,197	185,829	28,622	159,933	17,764	456,345
Depreciated cost as of December 31, 2023	1,174,590	55,677	39,242	41,533	14,197	1,325,239
(*) Of which, with respect to right-to-use asset						
Additions to cost during the year	19,702		36,973			
Depreciation during the year	10,197		20,533			
Balance as of December 31, 2023	90,590		38,728			

NOTE 6 – FIXED ASSETS (CONTINUED)

A. Composition and movement (Continued)

2022	Land and office buildings	Computers and software	Vehicles	Office furniture and equipment	Leasehold improvements	Total
	NIS in thousands					
Cost						
Cost as of January 1, 2022	1,148,005	215,164	64,230	207,309	23,181	1,657,889
Additions during the year (*)	37,671	15,047	13,846	3,940	3,365	73,869
Revaluation of assets transferred to investment property	17,776	–	–	–	–	17,776
Transfer from Investment Property	4,974	–	–	–	–	4,974
Transfer to investment property	(37,326)	–	–	–	–	(37,326)
Revaluation recognized under Other Comprehensive Income (see c. below)	48,007	–	–	–	–	48,007
Reductions during the year	(13,510)	(5,879)	(26,920)	(15,129)	(1,048)	(62,486)
Cost as of December 31, 2022	1,205,597	224,332	51,156	196,120	25,498	1,702,703
Accumulated depreciation						
Accumulated depreciation as of January 1, 2022	68,280	168,918	35,516	163,479	15,698	451,891
Additions during the year (*)	38,374	12,322	19,341	7,116	1,570	78,723
Transfer to investment property	(12,080)	–	–	–	–	(12,080)
Revaluation recognized under Other Comprehensive Income	(26,006)	–	–	–	–	(26,006)
Reductions during the year	(12,793)	(5,813)	(26,597)	(14,499)	(1,022)	(60,724)
Accumulated depreciation as of December 31, 2022	55,775	175,427	28,260	156,096	16,246	431,804
Depreciated cost as of December 31, 2022	1,149,822	48,905	22,896	40,024	9,252	1,270,899

(*) Of which, with respect to right-to-use asset

	Land and office buildings	Vehicles
Additions to cost during the year	32,346	13,789
Depreciation during the year	9,642	19,287
Balance as of December 31, 2022	81,110	22,685

NOTE 6 – FIXED ASSETS (CONTINUED)

B. Information about rights to land used by the Group as fixed assets

	As of December 31,	
	2023	2022
	NIS in thousands	
Owned	1,060,284	1,044,686
Leased *)	114,306	105,136
	1,174,590	1,149,822

*) Assets under capitalized lease amounting to NIS 23,716 thousand (in 2022: NIS 24,026 thousand), with a remaining lease term of up to 15 years.

Right-to-use assets in property where the Company is lessee, amounting to NIS 90,590 thousand (in 2022: NIS 81,110 thousand).

C. The Company has contracted with qualified, independent external valuators to determine the fair value of land and buildings owned by the Company. The fair value was estimated in December 2023.

Due to use of the revaluation model, a revaluation reserve was recognized with a balance as of December 31, 2023 amounting to NIS 539,189 thousand, after amortization and before tax (as of December 31, 2022: NIS 514,262 thousand, after amortization and before tax). The change in the revaluation reserve during the year amounted to NIS 24,927 thousand, after amortization and before tax (in 2022: NIS 63,643 thousand, after amortization and before tax).

For more information see Note 2.I.1.

Had the land and buildings been measured using the cost model, the carrying amounts thereof would have been as follows:

	As of December 31,	
	2023	2022
	NIS in thousands	
Cost	735,359	727,150
Accumulated depreciation and impairment loss	215,697	198,204
Depreciated cost	519,662	528,946

The fair value of land and buildings was estimated by comparison to transactions involving similar assets, recently conducted in the real estate market, for real estate similar in features including: location, physical condition, designated use and so forth, to the extent that such transactions exist. This fair value was sometimes estimated using the DCF approach: The valuation model is based on the present value of estimated operating cash flow from rent arising from the property.

D. Additional information

The Group has fully-amortized assets which are still in use. The original cost of such assets as of December 31, 2023 amounted to NIS 254 million (as of December 31, 2022: NIS 261 million).

In 2023, the Group de-recognized fully-depreciated fixed assets no longer used by the Group, with original cost amounting to NIS 27 million (as of December 31, 2022: NIS 57 million).

NOTE 6 – FIXED ASSETS (CONTINUED)

E. Disclosures with respect to leases where the Company is lessee

The Company is party to leases for buildings, land and vehicles used for the Company's ongoing operations. Leases for buildings are for terms of between 3-20 years; Leases for vehicles are for terms of 3 years.

Some of the leases to which the Company is party include optional extensions and/or termination.

The Company also leases land and buildings by capitalized lease for terms longer than 50 years, used by the Company for its current operations.

Details of leases

	As of December 31,	
	2023	2022
	NIS in thousands	
Interest Expenses with respect to lease liabilities	4,414	2,664
Total negative cash flow with respect to leases	32,680	29,137

Extension and termination options

The Company is party to leases that include both extension and termination options. These options allow the Company flexibility in managing the lease transactions and adapting them to the Company's business needs.

The Company exercises significant judgment when considering whether it is reasonably likely that optional extension and termination would be exercised.

For information regarding lease liabilities, see Note 24.

NOTE 7 – INVESTMENTS IN INVESTEES

A. Information regarding subsidiaries

Below is a list of major Group subsidiaries:

	Key location of company operations	Group equity interest in the subsidiary for the year ended December 31,	
		2023	2022
		%	
Migdal Insurance Company Ltd.	Israel	100	100
Migdal Makefet Pension and Provident Funds Ltd.	Israel	100	100
Migdal Holdings and Management Insurance Agencies Ltd.	Israel	100	100
Mivtach Simon Insurance Agencies Ltd.	Israel	100	100
Sagi Yogev Insurance Agencies (1988) Ltd.	Israel	100	100
Shaham Orlan Insurance Agency Ltd.	Israel	100	100
Peltours Insurance Agencies Ltd.	Israel	73.28	73.28
Ihud Insurance Agencies Network Ltd.	Israel	100	100
Migdal Health and Quality of Life Ltd.	Israel	100	100
Be Well Quality of Life Solutions Ltd.	Israel	100	100
Migdal Capital Markets (1965) Ltd.	Israel	100	100

NOTE 7 – INVESTMENTS IN INVESTEES (CONTINUED)

B. Information regarding associates

1. Composition of investment in associates

	As of December 31,	
	2023	2022
	NIS in thousands	
Cost of shares	19,899	25,676
Group share of earnings and capital reserves accumulated since the acquisition date, net of dividends	(802)	2,006
	19,097	27,682

2. Group share in operating results of associates

Data presented based on holding stakes in associates:

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Group share in net income (loss)	(2,281)	435	730
Group share in other comprehensive income (loss)	361	2,036	(527)

C. Capital management and requirements of Group companies

1. It is Company policy to maintain a robust capital base, in order to preserve the Company's capacity to continue its operations so as to provide returns to its shareholders and in support of future business operations.

2. Group companies which are institutional entities are subject to capital requirements stipulated by the Supervisor of the Capital Market, Insurance and Savings ("the Supervisor").

3. Regulatory capital regime applicable to Migdal Insurance

Migdal Insurance is subject to an economic solvency regime based on Solvency II, in conformity with application provisions dated June 2017 and revised in October 2020 ("Solvency Circular").

Risk-based solvency ratio

The risk-based solvency ratio is the ratio of economic shareholder equity of the insurance company to capital required for solvency.

Economic shareholder equity is the sum of equity arising from the economic balance sheet (see below) and debt instruments that include loss-absorption provisions (hybrid Tier I capital instrument, Tier II capital instrument, hybrid Tier II capital and hybrid Tier III capital).

Items on the economic balance sheet are calculated based on economic value, with insurance obligations calculated based on best estimate of all future cash flows expected from current businesses, with no conservative margins and with addition of risk margin.

The solvency capital requirement (SCR) is designed to estimate the exposure of economic shareholder equity to a series of scenarios stipulated in the Solvency Circular, reflecting insurance risk, market and credit risk, as well as operating risk.

The Solvency Circular includes, *inter alia*, transition provisions with regard to compliance with capital requirements. Migdal Insurance has elected the option of increasing economic capital by deduction from insurance reserves, which would gradually decrease by 2032 (hereinafter: "Deduction During the Phase-out Period").

NOTE 7 – INVESTMENTS IN INVESTEES (CONTINUED)

C. Capital management and requirements of Group companies (Continued)

4. Solvency ratio and capital policy of Migdal Insurance

a) In conformity with the solvency ratio report as of June 30, 2023, approved on November 22, 2023, Migdal Insurance has excess capital, considering the transition provisions during the phase-out period. For more information see section 3.2.1 of the Board of Directors Report.

The Company's calculation was reviewed by the Company's Independent Auditor, in conformity with principles of international standard ISAE 3000 (Revised) for "Assurance engagements other than audits or reviews of historical financial information". This standard applies to engagements, in order to assess whether the Company's solvency calculations as of June 30, 2023, in all essential respects, are not in conformity with the Supervisor's directives and are not part of audit or review standards applicable to financial statements. Note that the forecasts and assumptions used as basis for preparing the economic solvency ratio report as of June 30, 2023, are primarily based on past experience, as arising from actuarial studies conducted from time to time. Given the reforms in the capital, insurance and savings market and changes in the economic environment, past data may not necessarily reflect future results. The calculation is sometimes based on assumptions with regard to future events, on management actions and on future evolution pattern of the risk margin, which may not materialize or may materialize differently from the assumptions underlying the calculation. Furthermore, actual results may materially differ from the calculation, because the integrated scenarios of events may materialize materially differently from the assumptions underlying the calculation.

In July 2023, Migdal Capital Raising issued debentures amounting to NIS 660 million, recognized as Tier II capital, subject to restrictions in this regard set forth in the Solvency Circular. For more information see Note 24.E.1.

b) Capital management policy at Migdal Insurance

On May 26, 2021, the Board of Directors of Migdal Insurance set capital policy, whereby Migdal Insurance would strive to maintain a solvency ratio ranging between 155%-175%. Furthermore, the Board of Directors of Migdal Insurance set the minimum solvency ratio target at 140%. These targets are for the solvency ratio, accounting for the Deduction During the Phase-out Period, through 2032.

The solvency ratio of Migdal Insurance without accounting for the transition provisions, would be gradually built up, in line with these targets, by end of 2032, in conformity with Migdal Insurance's capital plan.

On March 20, 2024, the Board of Directors of Migdal Insurance reviewed the capital policy, maintaining unchanged the solvency ratio range in which Migdal Insurance would strive to operate, at between 155%-175%. Moreover, considering the risk factors typical for Migdal Insurance operations, including inherent volatility therein and the impact thereof on the solvency ratio, and in support of achievement of Migdal Insurance's long-term targets and the measures included in the strategic plan, the Board of Directors of Migdal Insurance resolved to revise the minimum solvency ratio target in the coming years, so as to match the pace of gradual build-up of capital at Migdal Insurance and to support high-quality, stable, long-term growth of the solvency ratio.

Consequently, the Board of Directors of Migdal Insurance revised the minimum solvency ratio target to 115%, to gradually increase to 140% by end of the phase-out period (by end of 2032). These targets are for the solvency ratio, accounting for the Deduction During the Phase-out Period. In conformity with the capital policy, the solvency ratio of Migdal Insurance without accounting for the transition provisions, would be gradually built up, in line with these targets, by end of 2032.

NOTE 7 – INVESTMENT IN INVESTEES (CONTINUED)

C. Capital management and requirements of Group companies (Continued)

4. Solvency ratio and capital policy of Migdal Insurance (Continued)

c) Solvency ratio with regard to dividend distribution

According to the letter issued by the Supervisor in October 2017 ("the Letter"), insurers may only distribute dividends if, after such distribution, its solvency ratio (pursuant to the Solvency Circular) would be at least 100%, calculated excluding transitional provisions and subject to the target solvency ratio specified by the Board of Directors.

This ratio would be calculated without the relief provided with respect to original difference attributable to acquisition of provident funds and management companies. The letter also stipulates reporting provisions to the Supervisor.

According to the solvency ratio report as of June 30, 2023, Migdal Insurance's solvency ratio with regard to dividend distribution, i.e. Without accounting for transition provisions, is under 100%.

For more information see section 3.2 of the Board of Directors Report.

d) Own risk and solvency assessment (ORSA) of insurer

On January 5, 2022, the Supervisor issued an amendment to provisions of the consolidated circular "Reporting to the Supervisor of Capital Market" – own risk and solvency assessment (ORSA) of insurer (hereinafter: "the Amendment"). The Amendment stipulates that an insurance company shall annually report to the Supervisor its own risk and solvency assessment (ORSA), in January. The circular is effective as from January 1, 2023. The Company has filed the report with the Supervisor as required.

5. Capital requirements of management companies

Capital requirements of management companies at the Group include capital requirements based on assets under management and on annual expenses, with a minimum initial capital of NIS 10 million. As of the report date, these companies are in compliance with requirements of the Capital Regulations.

Subsidiaries that manage mutual funds and investment portfolios are required to maintain minimum capital as directed by the Israeli Securities Authority. As of the report date, these subsidiaries are in compliance with said requirements.

6. Dividend distribution

a) On April 4, 2023, the Company Board of Directors approved a dividend distribution to Company shareholders of NIS 32 million, payable from dividends received from the subsidiary, Migdal Capital Markets (1965) Ltd.

b) On November 22, 2023, the Company Board of Directors approved a dividend distribution of NIS 25 million, payable from dividends received from the subsidiary, Migdal Capital Markets (1965) Ltd.

NOTE 8 – INVESTMENT PROPERTY

A. Composition and movement

	Investment property for yield-dependent contracts					
	Leased for commerce use		Leased for office and other use		Total	
	2023	2022	2023	2022	2023	2022
	NIS in thousands					
Balance as of January 1,	1,818,831	1,699,516	6,311,624	5,594,221	8,130,455	7,293,737
Additions during the year						
Acquisitions	1,019	5,876	481,651	77,177	482,670	83,053
Costs and expenses capitalized	2,878	36,844	202,303	139,626	205,181	176,470
Total additions	3,897	42,720	683,954	216,803	687,851	259,523
Dispositions during the year						
Total dispositions	–	–	–	–	–	–
(Unrealized) change in fair value	27,432	76,595	126,549	500,600	153,981	577,195
Balance as of December 31,	1,850,160	1,818,831	7,122,127	6,311,624	8,972,287	8,130,455

	Investment property – other					
	Leased for commerce use		Leased for office and other use		Total	
	2023	2022	2023	2022	2023	2022
	NIS in thousands					
Balance as of January 1,	203,141	182,279	715,163	504,494	918,304	686,773
Additions during the year						
Acquisitions	437	14,709	121,994	79,806	122,431	94,515
Costs and expenses capitalized	822	766	37,632	26,677	38,454	27,443
Transfer from fixed assets	–	–	–	25,246	–	25,246
Total additions	1,259	15,475	159,626	131,729	160,885	147,204
Dispositions during the year						
Transfer to fixed assets	–	–	–	(4,974)	–	(4,974)
Total dispositions	–	–	–	(4,974)	–	(4,974)
(Unrealized) change in fair value	3,485	5,387	7,863	83,914	11,348	89,301
Balance as of December	207,885	203,141	882,652	715,163	1,090,537	918,304

B. Investment property is measured at fair value on Level 3 of the fair value ranking.

NOTE 8 – INVESTMENT PROPERTY (CONTINUED)

C. Information about fair value measurement of investment property

Asset type	Valuation techniques for determination of fair value	Significant, non-observed data	Relationship between significant, non-observed data and fair value measurement
Rental properties for commercial / office and other use	This fair value was estimated using the DCF approach: The valuation model is based on the present value of estimated operating cash flow from rent arising from the property. Property valuation is based on net annual cash flow, before tax, discounted using the discount rate reflecting the specific risk inherent therein. When actual leases exist, where payment differs from the appropriate rent, adjustments are made to reflect the actual rent during the contract term, or a discount rate is set to reflect the specific risk. Valuations take into considerations the type of actual tenants in the leased property, or those responsible for discharging lease obligations, or those that may be in the leased property after a vacant property would be leased (reduced discount rate for tenants such as government entities, institutional entities or tenants with extra strong financial backing), as well as general assessment of the remaining useful life of the property, where such parameters are relevant. Occasionally, fair value has been determined based on comparison with transactions involving similar properties recently on the real estate market, with reference to properties with similar features, including location, physical condition, designation and so forth, if such transactions exist, often combining comparison of transactions involving similar properties using the discounted cash flow technique. Moreover, some properties have distinct planning potential, due to approval of a new urban zoning plan, or due to a new urban zoning plan in advanced stages of approval, where the fair value of the property includes the positive economic contribution due to such potential. The fair value of properties under construction is estimated using the residual value technique, by extracting the property value as-is from its value after construction completion, net of appropriate development margin and net of the remaining construction cost, according to budget.	• Market value of rent payments. • Cash flow discount rate (5% to 10%, weighted average 6.6% in 2023 and 4.5% to 10%, weighted average 6.5% in 2022).	The fair value estimate would increase if: • Market value of rent payments would increase. • Discount rate of cash flows would decrease.

NOTE 8 – INVESTMENT PROPERTY (CONTINUED)

D. Sensitivity analysis

The discount rate is a significant estimate in determining the fair value, because any change therein would materially impact the fair value of investment property. Note, however, that change in fair value of investment property for some insurance contracts (yield-dependent contracts) does not fully impact Group income, because most of the change in value for such contracts is charged to fund member rights.

The sensitivity analysis below presents the effect of change in discount rate for properties valued using the discounted cash flow method (most of the properties) by the specified percentage (the analysis below excludes properties whose fair value is estimated using other methods, as set forth in section c. above).

	Increase (decrease) in fair value compared to December 31,		Increase (decrease) in pre-tax income	
	2023	**2022**	**2023**	**2022**
	NIS in thousands			
0.5% Increase	(504,785)	(572,162)	(35,185)	(47,800)
0.5% Decrease	597,770	667,267	41,572	55,589

E. Valuation processes applied by the Company

Investment property is valued based on valuations provided by independent external valuators with appropriate professional qualifications and with current experience for the location and type of valued property. The valuations are reviewed by the appropriate parties at the Company.

F. Contracts for acquisition of investment property

For contracts for acquisition of investment property, see Note 39.2.c.

G. Operating lease arrangements

For more information about operating leases where the Group is lessor classified as investment property, see Note 39.2.g.

H. Rent revenues and operating expenses recognized on the income statement

	For the year ended December 31,		
	2023	**2022**	**2021**
	NIS in thousands		
Rent revenues from investment property	523,239	482,366	441,268
Direct operating expenses *)	(57,025)	(72,662)	(62,566)
	466,214	409,704	378,702

*) Direct operating expenses due to investment property not generating rent revenues during the period are not material.

I. Information about rights to land used by the Group as investment property

	As of December 31,	
	2023	**2022**
	NIS in thousands	
Owned	5,012,812	4,648,160
Under capitalized lease	5,050,012	4,400,599
	10,062,824	9,048,759

Some ownership and lease rights have yet to be registered in the name of Group companies at the Land Registry Bureau and at Israel Land Administration, as the case may be, mostly due to technical registration proceedings.

NOTE 8 – INVESTMENT PROPERTY (CONTINUED)

I. Information about rights to land used by the Group as investment property (Continued)

Remaining lease term, in years:

	As of December 31,	
	2023	2022
	NIS in thousands	
Up to 15 years	98,589	97,526
16-50 years	1,857,611	1,292,798
Over 50 years	3,093,812	3,010,275
Total under lease	5,050,012	4,400,599

NOTE 9 – OTHER ACCOUNTS RECEIVABLE

A. Composition:

	As of December 31,	
	2023	2022
	NIS in thousands	
Institutions and government authorities	35,974	56,574
Un-earned revenues	48,760	64,349
Pre-paid expenses	65,104	55,369
Employees	975	34,603
Advances to suppliers	8,536	6,989
Accounts receivable with respect to securities	576,368	3,371,508
Advance payments on account of commissions to insurance agents	3,433	4,709
Insurance companies and insurance brokers	133,212	103,894
Others	249,747	245,992
Less – provision for doubtful debt	(984)	(779)
Total – other accounts receivable	1,121,125	3,943,208

For details of assets and liabilities by linkage basis, see Note 37.C.

B. Provision for doubtful debt

	2023	2022
	NIS in thousands	
Balance as of January 1,	(779)	(1,817)
Change in provision during the period	(205)	1,038
Balance as of December 31,	(984)	(779)

NOTE 10 – PREMIUM RECEIVABLE

A. Composition

	As of December 31,	
	2023	2022
	NIS in thousands	
Premium receivable *)	597,786	774,113
Less – provision for doubtful debt	(9,494)	(9,593)
Total premium receivable	588,292	764,520
*) Includes checks receivable and standing orders	264,785	228,402

For linkage terms of premium receivable, see Note 37.C.

B. Aging

	As of December 31,	
	2023	2022
	NIS in thousands	
Un-impaired premium receivable *)		
Not in arrears **)	388,755	551,603
In arrears		
Up to 90 days	43,387	54,377
Between 90-180 days	38,782	37,366
Over 180 days	115,340	118,851
Total un-impaired premium receivable	586,264	762,197
Impaired premium receivable	2,028	2,323
Total premium receivable	588,292	764,520

*) Includes NIS 144,392 thousand (as of December 31, 2022: NIS 284,758 thousand) of debt in arrears in the life insurance segment. Such debt is mostly backed by the insurance policy redemption value.

**) The decrease in premium receivable is primarily due to current collection brought forward.

C. Movement in provision for doubtful debt with respect to premium receivable

	2023	2022
	NIS in thousands	
Balance as of January 1,	(9,593)	(9,308)
Change in provision during the period	99	(285)
Balance as of December 31,	(9,494)	(9,593)

NOTE 11 – ASSETS FOR YIELD-DEPENDENT CONTRACTS

A. Details of assets at fair value through the income statement

	As of December 31,	
	2023	2022
	NIS in thousands	
Investment property	8,972,287	8,130,455
Financial investments		
Negotiable debt instruments	26,397,493	27,460,130
Non-negotiable debt instruments *)	17,195,281	17,432,050
Shares	25,981,430	24,870,950
Other financial investments	47,316,852	40,388,247
Total financial investments	116,891,056	110,151,377
Cash and cash equivalents	16,580,074	14,715,486
Other **)	682,975	3,581,386
Total assets for yield-dependent contracts	143,126,392	136,578,704
*) Of which, debt instruments measured at depreciated cost	28,415	37,998
Fair value of debt instruments measured at depreciated cost	29,731	41,515

**) Balance primarily includes accounts receivable with respect to securities, see Note 9.

For exposure with respect to assets of yield-dependent insurance policies, see Note 37.B.1.

For details of linkage of debt instruments, see Note 37.D.1.

For price quotes and interest rates used to determine the fair value of non-negotiable debt instruments, see Note 12.F.

NOTE 11 – ASSETS FOR YIELD-DEPENDENT CONTRACTS (CONTINUED)

B. Fair value of financial assets by hierarchy level

Below is analysis of assets held against insurance and investment contracts, presented at fair value on the income statement.

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS in thousands			
Financial investments				
Negotiable debt instruments	21,367,782	5,029,711	–	26,397,493
Non-negotiable debt instruments	–	10,880,682	6,286,184	17,166,866
Shares	21,327,981	–	4,653,449	25,981,430
Other financial investments	18,929,269	2,876,971	25,510,612	47,316,852
Total financial investments	61,625,032	18,787,364	36,450,245	116,862,641
Non-negotiable debt instruments for which disclosure of fair value was provided (11a above).	–	29,731	–	29,731

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	NIS in thousands			
Financial investments				
Negotiable debt instruments	20,664,846	6,795,284	–	27,460,130
Non-negotiable debt instruments	–	10,642,785	6,751,267	17,394,052
Shares	20,001,214	–	4,869,736	24,870,950
Other financial investments	18,448,267	1,018,942	20,921,038	40,388,247
Total financial investments	59,114,327	18,457,011	32,542,041	110,113,379
Non-negotiable debt instruments for which disclosure of fair value was provided (11a above).	–	41,515	–	41,515

C. Financial assets measured at fair value on level 3

	Fair value measurement at reporting date			
	Financial assets measured at fair value on the income statement			
	Non-negotiable debt instruments	Shares	Other financial investments	Total
	NIS in thousands			
Balance as of January 1, 2023	6,751,267	4,869,736	20,921,038	32,542,041
Total gain (loss) recognized on:				
Income statement *)	692,534	(339,453)	2,093,285	2,446,366
Interest and dividends received	(419,525)	(149,869)	(1,805,095)	(2,374,489)
Investments	659,823	397,677	4,705,689	5,763,189
Disposals	(6,123)	(124,642)	(404,305)	(535,070)
Redemptions	(1,500,693)	–	–	(1,500,693)
Transfers to Level 3	108,901 **)	–	–	108,901
Balance as of December 31, 2023	6,286,184	4,653,449	25,510,612	36,450,245
*) Total gain (loss) for the period included on the income statement with respect to assets held as of December 31, 2023	627,605	(352,662)	2,070,898	2,345,841

**) Transfers to Level 3 are due to securities for which publication of observable data has been discontinued.

NOTE 11 – ASSETS FOR YIELD-DEPENDENT CONTRACTS (CONTINUED)

C. Financial assets measured at fair value on level 3 (Continued)

	Fair value measurement at reporting date			
	Financial assets measured at fair value on the income statement			
	Non-negotiable debt instruments	Shares	Other financial investments	Total
	NIS in thousands			
Balance as of January 1, 2022	6,070,639	3,536,084	14,297,800	23,904,523
Total gain recognized on:				
Income statement *)	444,873	653,882	2,811,885	3,910,640
Interest and dividends received	(216,292)	(51,473)	(1,840,442)	(2,108,207)
Investments	1,718,150	816,486	5,837,027	8,371,663
Disposals	–	(85,243)	(185,232)	(270,475)
Redemptions	(1,266,103)	–	–	(1,266,103)
Balance as of December 31, 2022	6,751,267	4,869,736	20,921,038	32,542,041
*) Total gain for the period included on the income statement with respect to assets held as of December 31, 2022	412,385	653,882	2,806,892	3,873,159

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS

	As of December 31, 2023			
	Stated at fair value through income statement	Available for sale	Loans and accounts receivable	Total
	NIS in thousands			
Negotiable debt instruments (a)	917,813	15,114,906	–	16,032,719
Non-negotiable debt instruments (b)	–	–	27,065,496	27,065,496
Shares (d)	–	258,555	–	258,555
Others (e)	464,847	6,123,918	–	6,588,765
Total	1,382,660	21,497,379	27,065,496	49,945,535

	As of December 31, 2022			
	Stated at fair value through income statement	Available for sale	Loans and accounts receivable	Total
	NIS in thousands			
Negotiable debt instruments (a)	873,857	14,913,868	–	15,787,725
Non-negotiable debt instruments (b)	–	–	26,576,622	26,576,622
Shares (d)	–	243,687	–	243,687
Others (e)	318,175	4,890,272	–	5,208,447
Total	1,192,032	20,047,827	26,576,622	47,816,481

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

A. Negotiable debt instruments

Composition

	As of December 31,	
	2023	2022
	NIS in thousands	
Government debentures		
Stated at fair value on the income statement, held for trading	3,367	1,544
Available for sale	10,030,058	10,421,599
Total government debentures	10,033,425	10,423,143
Other debt instruments		
Non-convertible		
Stated at fair value on the income statement, designated upon initial	914,446	872,313
Available for sale	5,084,848	4,492,269
Total other non-convertible debt instruments	5,999,294	5,364,582
Total Negotiable debt instruments	16,032,719	15,787,725
Impairment charged to income statement (cumulative)	202	32,323

B. Non-negotiable debt instruments

Composition

	As of December 31,			
	Carrying amount		Fair value	
	2023	2022	2023	2022
	NIS in thousands			
Government debentures – designated debentures *)	24,898,529	24,307,516	30,010,292	30,255,771
Other non-convertible debt instruments				
Presented as loans and receivables, except for bank deposits	1,810,709	1,780,709	1,788,865	1,775,140
Deposits with banks	356,258	488,397	408,244	558,059
Total other non-convertible debt instruments	2,166,967	2,269,106	2,197,109	2,333,199
Total non-negotiable debt instruments	27,065,496	26,576,622	32,207,401	32,588,970
Impairment charged to income statement (cumulative)	35,963	32,069	–	

*) The fair value of designated debentures was calculated using contractual maturity.

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

C. Details of interest and linkage with respect to debt instruments (effective Interest)

	As of December 31,	
	2023	2022
	Percent	
Negotiable debt instruments		
Linkage basis		
Linked to the Consumer Price Index	2.1	1.5
NIS-denominated	4.3	3.8
Foreign currency linked	6.8	6.7
Non-negotiable debt instruments		
Linkage basis		
Linked to the Consumer Price Index	5.0	5.0
NIS-denominated	4.6	3.4
Foreign currency linked	7.0	6.1

D. Shares

	As of December 31,	
	2023	2022
	NIS in thousands	
Negotiable shares, available for sale	14,225	13,978
Non-negotiable shares, available for sale	244,330	229,709
Total shares	258,555	243,687
Impairment charged to income statement (cumulative)	29,866	30,757

E. Other financial investments

Other financial investments primarily include investments in ETFs, mutual funds, equity funds, hedge funds, financial derivatives, forward contracts, options and structured products.

	As of December 31,	
	2023	2022
	NIS in thousands	
Trading volume		
Stated at fair value on the income statement, held for trading	52,006	51,184
Available for sale	1,587,219	1,123,311
Derivatives (e1)	11,872	–
Total negotiable financial investments	1,651,097	1,174,495
Non-negotiable		
Stated at fair value through income statement.	11,064	5,631
Available for sale	4,536,699	3,766,961
Derivatives (e1)	389,905	261,360
Total non-negotiable financial investments	4,937,668	4,033,952
Total other financial investments	6,588,765	5,208,447
Impairment charged to income statement (cumulative)	1,176,478	1,143,258

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

E1. Financial derivatives

Below is the net exposure amount to the underlying asset, in terms of delta of financial transactions conducted as of the date of the financial statements. Exposure to interest rate derivatives is presented in terms of value:

	As of December 31,	
	2023	**2022**
	NIS in thousands	
Shares	58,565	137,347
Benchmark	2,792,183	3,105,724
Foreign currency	(6,558,752)	(6,259,858)
Interest	11,994	6,491

F. Interest rates used in determining fair value

The fair value of non-negotiable debt instruments measured at fair value on the income statement and of non-negotiable financial debt instruments for which fair value information is provided for Note purpose only, is determined by discounting the expected cash flows. Discount rates are primarily based on yields for government debentures and spreads for corporate debentures, as measured on the Tel Aviv Stock Exchange. Price quotes and interest rates used for discounting are set by a company awarded a tender that was issued by the Ministry of Finance, for creating and operating a repository of price quotes and interest rates for institutional entities.

Below are weighted average interest rates for non-negotiable debt instruments included in each rating group under Other Financial Investments (*):

	As of December 31,	
	2023	**2022**
	Percent	
AA or higher	0.7	0.9
A	4.4	3.5
BBB	6.4	7.3
Lower than BBB	–	5.9
Un-rated	6.6	7.3

(*) The sources for ratings in Israel are rating agencies Ma'alot, Midroog and internal rating. Data from Midroog was converted into rating symbols using customary conversion factors. Each rating includes all ranges, for example: A rating includes from A- to A+.

For internal rating, see Note 37.B.4.b)(1).

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

G. Fair value of financial assets by hierarchy level

Below is analysis of financial Instruments presented at fair value.

The carrying amount of cash and cash equivalents, premium receivable and other accounts receivable closely approximates the fair value thereof.

	As of December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	NIS in thousands			
Negotiable debt instruments	14,760,605	1,272,114	–	16,032,719
Non-negotiable debt instruments	–	–	–	–
Shares	14,225	–	244,330	258,555
Others	1,651,097	455,006	4,482,662	6,588,765
Total	16,425,927	1,727,120	4,726,992	22,880,039
Non-negotiable debt instruments for which disclosure of fair value was provided (12b above).	–	31,544,229	663,172	32,207,401

	As of December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	NIS in thousands			
Negotiable debt instruments	14,015,263	1,772,462	–	15,787,725
Non-negotiable debt instruments	–	–	–	–
Shares	13,978	–	229,709	243,687
Others	1,174,495	322,783	3,711,169	5,208,447
Total	15,203,736	2,095,245	3,940,878	21,239,859
Non-negotiable debt instruments for which disclosure of fair value was provided (12b above).	–	31,969,597	619,373	32,588,970

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

G. Fair value of financial assets by hierarchy level (Continued)

Financial assets measured at fair value on level 3

	Fair value measurement at reporting date Financial assets measured at fair value on the income statement and available-for-sale financial assets			
	Non-negotiable debt instruments	Shares	Other financial investments	Total
	NIS in thousands			
Balance as of January 1, 2023	–	229,709	3,711,169	3,940,878
Total gain (loss) recognized on:				
Income statement *)	–	14,497	380,057	394,554
under Other Comprehensive Income	–	(22,225)	21,641	(584)
Interest and dividends received	–	(4,644)	(416,961)	(421,605)
Investments	–	38,536	829,481	868,017
Disposals	–	(11,543)	(42,725)	(54,268)
Balance as of December 31, 2023	–	244,330	4,482,662	4,726,992
*) Of which, Total gain for the period included on the income statement with respect to assets held as of December 31, 2023	–	11,848	377,202	389,050

	Fair value measurement at reporting date Financial assets measured at fair value on the income statement and available-for-sale financial assets			
	Non-negotiable debt instruments	Shares	Other financial investments	Total
	NIS in thousands			
Balance as of January 1, 2022	149	99,627	2,460,307	2,560,083
Total gain (loss) recognized on:				
Income statement *)	(146)	(6,812)	212,402	205,444
under Other Comprehensive Income	–	68,201	262,707	330,908
Interest and dividends received	–	(6)	(424,897)	(424,903)
Investments	–	68,699	1,201,129	1,269,828
Disposals	–	–	(479)	(479)
Redemptions	(3)	–	–	(3)
Balance as of December 31, 2022	–	229,709	3,711,169	3,940,878
*) Of which, Total gain (loss) for the period included on the income statement with respect to assets held as of December 31, 2022	(146)	(6,812)	218,755	211,797

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

H. Aging of investments in non-negotiable debt instruments

	As of December 31,	
	2023	2022
	NIS in thousands	
Government debentures – designated debentures	24,898,529	24,307,516
Un-impaired debt instruments*)		
Not in arrears	2,123,377	2,238,907
In arrears **)		
Up to 90 days	957	1,381
Between 90-180 days	377	561
Over 180 days	6,646	6,117
Total un-impaired debt instruments	2,131,357	2,246,966
Impaired debt instruments		
Specifically impaired debt instruments, gross	53,527	31,367
Impairment charged to income statement (cumulative)	(17,917)	(9,227)
Total specifically impaired debt instruments	35,610	22,140
Total non-negotiable debt instruments	27,065,496	26,576,622

*) Un-impaired debt instruments are after provision for general impairment amounting to NIS 18,046 thousand as of December 31, 2023 (in 2022: NIS 22,842 thousand).

**) Primarily loans with pledged insurance policies for which full redemption values exist and/or mortgages.

Note that the aforementioned amounts are not the actual amount in arrears, but rather the debt balance involved in arrears.

NOTE 12 – DETAILS OF OTHER FINANCIAL INVESTMENTS (CONTINUED)

I. Disclosures stipulated by IFRS 9

The table below presents the fair value of financial assets, divided into two groups:

– Assets meeting only the principal and interest test, excluding assets held for trading or accounted for on fair value basis (hereinafter: "Group A").

– All other financial assets (hereinafter: "Group B").

	As of December 31, 2023	
	Group A	Group B
	NIS in thousands	
Financial investments for yield-dependent contracts	29,731	116,862,641
Other financial investments – shares	–	258,555
Other financial investments – others	–	6,588,765
Other financial investments – negotiable debt instruments	15,114,906	917,813
Other financial investments – non-negotiable debt instruments *)	32,207,401	–
Cash and cash equivalents for yield-dependent contracts	–	16,580,074
Other cash and cash equivalents	2,922,734	–

	As of December 31, 2022	
	Group A	Group B
	NIS in thousands	
Financial investments for yield-dependent contracts	41,515	110,113,379
Other financial investments – shares	–	243,687
Other financial investments – others	–	5,208,447
Other financial investments – negotiable debt instruments	14,913,868	873,857
Other financial investments – non-negotiable debt instruments *)	32,588,970	–
Cash and cash equivalents for yield-dependent contracts	–	14,715,486
Other cash and cash equivalents	4,031,226	–

*) Includes designated debentures.

NOTE 13 – CASH AND CASH EQUIVALENTS FOR YIELD-DEPENDENT CONTRACTS

	As of December 31,	
	2023	2022
	NIS in thousands	
Cash and deposits for immediate withdrawal	16,580,074	14,715,486
Cash and cash equivalents	16,580,074	14,715,486

As of the report date, cash with banks bears current interest based on the interest rate for daily bank deposits of 4.6% on average (2022: 3.3%).

For linkage terms of cash and short-term deposits, see Note 37.D.1.

NOTE 13A – CASH AND CASH EQUIVALENTS – OTHERS

	As of December 31,	
	2023	2022
	NIS in thousands	
Cash and deposits for immediate withdrawal	2,688,864	3,588,116
Short-term deposits	233,870	443,110
Cash and cash equivalents	2,922,734	4,031,226

As of the report date, cash with banks bears current interest based on the interest rate for daily bank deposits of 4.3% on average (2022: 2.9%). With respect to deposits, average rate of 4.6% (2022: 3.1%).

For linkage terms of cash and short-term deposits, see Note 37.C.

NOTE 14 – CAPITAL

A. Share capital composition

	December 31, 2023		December 31, 2022		December 31, 2021	
	Registered	Issued and paid-up *)	Registered	Issued and paid-up *)	Registered	Issued and paid-up *)
	NIS in thousands					
Ordinary shares NIS 0.01 par value each	15,000	10,539	15,000	10,539	15,000	10,539

*) In nominal values.

B. 1. Movement in share capital

During the year there was no change in the Company's authorized share capital.

2. Issued and paid-in share capital

The number of issued and paid-in shares for each of these years was 1,053,908,234, with total par value of NIS 10,539 thousand.

C. These shares are traded on the Tel Aviv Stock Exchange and confer voting rights at the General Meeting, rights to dividends, rights upon dissolution of the Company and rights to appoint Board members of the Company.

D. Dividend distribution

Dividends distributed by the Company are as follows:

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Total dividends	57,000 *)	–	47,000 **)

*) NIS 0.03 per share for dividend distribution on May 8, 2023 and NIS 0.02 per share for dividend distribution on December 25, 2023.

**) NIS 0.04 per share.

NOTE 15 – LIABILITIES WITH RESPECT TO NON YIELD-DEPENDENT INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

	As of December 31,					
	2023	2022	2023	2022	2023	2022
	Gross		Re-insurance		On retention	
	NIS in thousands					
Life insurance and long-term savings						
Insurance contracts	34,344,718	33,568,940	164,991	157,756	34,179,727	33,411,184
Investment contracts	399,057	298,038	–	–	399,057	298,038
	34,743,775	33,866,978	164,991	157,756	34,578,784	33,709,222
Net of amounts deposited with the Group under defined benefit plan for Group employees	28,465	30,907	–	–	28,465	30,907
Total life Insurance and long-term savings	34,715,310	33,836,071	164,991	157,756	34,550,319	33,678,315
Insurance contracts included in health insurance sector	3,053,433	2,578,438	99,206	82,708	2,954,227	2,495,730
Insurance contracts included in non-life insurance sector	5,887,438	5,464,576	1,260,354	1,141,614	4,627,084	4,322,962
Total liabilities with respect to non-yield-dependent insurance contracts and investment contracts:	43,656,181	41,879,085	1,524,551	1,382,078	42,131,630	40,497,007

NOTE 16 – LIABILITIES WITH RESPECT TO YIELD-DEPENDENT INSURANCE CONTRACTS AND INVESTMENT CONTRACTS

	As of December 31,					
	2023	2022	2023	2022	2023	2022
	Gross		Re-insurance		On retention	
	NIS in thousands					
Life insurance and long-term savings						
Insurance contracts	131,877,578	125,635,705	3,157	3,128	131,874,421	125,632,577
Investment contracts	5,194,497	4,560,402	–	–	5,194,497	4,560,402
	137,072,075	130,196,107	3,157	3,128	137,068,918	130,192,979
Net of amounts deposited with the Group under defined benefit plan for Group employees	153,983	154,274	–	–	153,983	154,274
Total life Insurance and long-term savings	136,918,092	130,041,833	3,157	3,128	136,914,935	130,038,705
Insurance contracts included in health insurance sector	3,292,313	2,987,447	21,225	16,457	3,271,088	2,970,990
Liabilities with respect to yield-dependent insurance contracts and investment contracts	140,210,405	133,029,280	24,382	19,585	140,186,023	133,009,695

For yield-dependent insurance contracts, insurance payout to which the beneficiary is entitled depend or are linked to yields of certain investments by Migdal Insurance, net of management fees. Such contracts include, *inter alia*, insurance plans that entitle/charge the policyholder a bonus/malus depending on outcome of investments in the profit-sharing insurance policy portfolio of Migdal Insurance. For non yield-dependent insurance contracts, insurance payouts to which the policyholder is entitled do not depend on gain or loss from investments made by Migdal Insurance.

The distinction between yield-dependent and non yield-dependent contracts is at the individual coverage level, so there are insurance policies with multiple coverages, some of which are yield-dependent and some of which are not.

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR

A. 1. Liabilities with respect to insurance contracts included in non-life insurance sector by type

	As of December 31,					
	2023	2022	2023	2022	2023	2022
	Gross		Re-insurance		On retention	
	NIS in thousands					
Mandatory auto and liability sectors						
Unearned premium reserve	369,245	369,556	59,361	50,095	309,884	319,461
pending claims and premium shortfall reserve	4,312,688	4,071,466	740,028	754,915	3,572,660	3,316,551
Total – mandatory auto and liability sectors (see b.1 below)	4,681,933	4,441,022	799,389	805,010	3,882,544	3,636,012
Of which, total liabilities with respect to mandatory auto sector (see c3 and c4 below)	2,388,615	2,277,198	89,640	88,621	2,298,975	2,188,577
Property and other sectors						
Unearned premium reserve	670,823	556,419	218,976	181,498	451,847	374,921
Premium shortfall reserve	–	42,323	–	–	–	42,323
Contingent liabilities	534,682	424,812	241,989	155,106	292,693	269,706
Total property and other sectors (see b.2 below)	1,205,505	1,023,554	460,965	336,604	744,540	686,950
Total liabilities with respect to insurance contracts included in non-life insurance sector	5,887,438	5,464,576	1,260,354	1,141,614	4,627,084	4,322,962
Deferred acquisition costs						
Mandatory auto and liability sectors	64,325	63,308	10,971	9,749	53,354	53,559
Property and other sectors	148,779	132,270	40,966	38,522	107,813	93,748
Total deferred acquisition costs	213,104	195,578	51,937	48,271	161,167	147,307
Liabilities in respect of non-life insurance contracts net of deferred acquisition costs						
Mandatory auto	2,367,707	2,255,758	89,640	88,621	2,278,067	2,167,137
Other liability sectors	2,249,901	2,121,956	698,778	706,640	1,551,123	1,415,316
Property and other sectors	1,056,726	891,284	419,999	298,082	636,727	593,202
Total liabilities in respect of non-life insurance contracts net of deferred acquisition costs	5,674,334	5,268,998	1,208,417	1,093,343	4,465,917	4,175,655

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

A. 2. Insurance obligations with respect to insurance contracts included under non-life insurance, by calculation method

	As of December 31,					
	2023	2022	2023	2022	2023	2022
	Gross		Re-insurance		On retention	
	NIS in thousands					
Actuarial assessments						
Total actuarial assessments by Mr. Matan Gross, Chief Actuary, non-life insurance	4,577,070	4,338,396	745,141	742,759	3,831,929	3,595,637
Reserves based on other assessments						
Assessment by Claims Department with respect to known pending claims	256,433	195,394	226,477	164,409	29,956	30,985
Addition to pending claims with respect to incurred but not reported claims (IBNR)	13,867	4,811	10,399	2,853	3,468	1,958
Unearned premium reserve	1,040,068	925,975	278,337	231,593	761,731	694,382
Total insurance obligations with respect to insurance contracts included in non-life insurance sector	5,887,438	5,464,576	1,260,354	1,141,614	4,627,084	4,322,962

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

B. Movement in liabilities in respect of insurance contracts included in non-life insurance sector, net of deferred acquisition costs

1. Mandatory auto and liability sectors

	As of December 31,					
	2023	2022	2023	2022	2023	2022
	Gross		Re-insurance		On retention	
	NIS in thousands					
Balance at start of year [1]	4,377,714	4,340,943	795,261	704,091	3,582,453	3,636,852
Estimated cumulative cost of claims with respect to current underwriting year [2]	834,369	806,087	113,279	90,778	721,090	715,309
Change in balances at start of year, due to CPI linkage and investment gain, under the discounting assumption inherent in the liabilities	153,692	(169,054)	34,099	(22,848)	119,593	(146,206)
Change in cumulative cost of claims with respect to previous underwriting years [3]	(70,216)	14,200	(3,120)	81,593	(67,096)	(67,393)
Total change in cumulative cost of claims	917,845	651,233	144,258	149,523	773,587	501,710
Payments to settle claims during the year [4]						
With respect to the current underwriting year	4,754	6,045	137	224	4,617	5,821
With respect to previous underwriting years	673,197	608,417	150,964	58,129	522,233	550,288
Total payments for the period	677,951	614,462	151,101	58,353	526,850	556,109
Balance at end of year	4,617,608	4,377,714	788,418	795,261	3,829,190	3,582,453

Remarks

(1) Opening and closing balances include: Pending claims, premium shortfall reserve, unearned premium and net of deferred acquisition costs.

(2) The cumulative cost of claims is as follows: Balance of pending claims, premium shortfall reserve, unearned premium and net of deferred acquisition costs, plus total claim payments, including direct and indirect cost for settlement of claims.

(3) The cumulative cost of claims is updated according to the model, in view of actual developments in the claims.

(4) The difference between gross and amount on retention in estimated cumulative cost of claims with respect to previous underwriting years in 2022 is primarily due to liability sectors, with respect to claims mostly covered by re-insurance.

(5) Payments include indirect cost for settlement of claims, with reference to the underwriting years.

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

B. Movement in liabilities in respect of insurance contracts included in non-life insurance sector, net of deferred acquisition costs (Continued)

2. Other property sectors

	As of December 31,					
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	Gross		**Re-insurance**		**On retention**	
	NIS in thousands					
Balance at start of year [1]	891,284	900,595	298,082	363,311	593,202	537,284
Estimated cumulative cost of claims with respect to events in the Reported Year [2]	991,456	827,782	255,909	129,552	735,547	698,230
Change in cumulative cost of claims with respect to events prior to the Reported Year [3]	21,285	55,746	30,567	72,277	(9,282)	(16,531)
Payments to settle claims during the year [4]						
With respect to events in the Reported Year	636,878	558,522	122,734	61,732	514,144	496,790
With respect to events prior to the Reported Year	265,993	368,043	76,859	203,715	189,134	164,328
Total payments	902,871	926,565	199,593	265,447	703,278	661,118
Change in unearned premium reserve, net of deferred acquisition costs [5]	97,895	41,910	35,034	(1,611)	62,861	43,521
Change in reserve for premium with shortfall [6]	(42,323)	(8,184)	–	–	(42,323)	(8,184)
Balance at end of year [1]	1,056,726	891,284	419,999	298,082	636,727	593,202

Remarks

(1) Opening and closing balances include: Pending claims, plus premium shortfall reserve, unearned premium and net of deferred acquisition costs.

(2) The cumulative cost of claims with respect to events in the Reported Year includes the balance of pending claims at end of the Reported Year, plus total claim payments in the Reported Period, including direct and indirect cost for settlement of claims.

(3) The change in estimated cumulative cost of claims, gross is primarily due to the property loss sector, with respect to claims mostly covered by re-insurance. The change on retention is primarily due to auto property and home insurance sectors, due to positive development in claim experience.

(4) Payments to settle claims include direct and indirect expenses for settlement of such claims, with reference to the damage years.

(5) The increase in unearned premium reserve is primarily due to the auto property sector, due to increase in total premium recognized in the Reported Year.

(6) As of December 31, 2023, there was no provision for premium shortfall. In the previous year, the provision was with respect to the auto property sector.

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

C1. Review of development of assessment of liabilities with respect to insurance contracts, net of deferred acquisition costs, gross in the mandatory auto and liability sectors

	As of December 31, 2023										
	Underwriting year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	NIS thousand, adjusted for CPI of November 2023										
Claims paid (cumulative) at end of year [1]											
After first year	7,504	7,864	9,155	7,538	10,507	10,512	8,509	5,291	6,412	4,833	
After two years	65,103	70,871	94,380	78,623	97,093	89,968	63,358	42,189	46,649		
After three years	182,856	213,729	263,414	217,868	255,662	239,671	178,668	136,686			
After four years	311,291	334,790	416,835	343,217	393,838	341,315	276,763				
After five years	391,694	434,052	538,343	442,597	477,451	412,358					
After six years	468,817	518,272	625,702	495,305	532,812						
After seven years	535,534	586,253	685,955	543,502							
After eight years	597,000	664,395	757,337								
After nine years	648,968	700,475									
After ten years	662,259										
Estimated cumulative claims (including payments) at end of year											
After first year	828,609	813,865	1,018,578	863,082	923,419	932,383	909,415	831,976	833,203	834,448	
After two years	830,988	861,900	1,008,419	861,418	915,443	915,830	961,781	789,917	862,082		
After three years	815,130	856,790	1,019,658	864,712	949,860	973,265	856,343	779,570			
After four years	856,345	883,853	1,034,191	931,680	970,595	929,180	850,785				
After five years	855,076	879,662	1,042,661	928,334	930,539	917,745					
After six years	825,376	844,960	1,011,383	859,353	909,292						
After seven years	778,292	814,060	959,060	846,537							
After eight years	758,636	820,480	937,286								
After nine years	756,874	827,780									
After ten years	747,688										
Excess (shortfall) relative to first year excluding accrual [2]	83,300	(13,915)	81,292	16,545	14,127	14,638	58,630	52,406	(28,879)		278,144
Deviation rate relative to first year excluding accrual, in percent	10.02%	(1.71%)	7.98%	1.92%	1.53%	1.57%	6.45%	6.30%	(3.47%)		3.50%
Cumulative cost of claims as of December 31, 2023	747,688	827,780	937,286	846,537	909,292	917,745	850,785	779,570	862,082	834,448	8,513,213
Cumulative payments through December 31, 2023	662,259	700,475	757,337	543,502	532,812	412,358	276,763	136,686	46,649	4,833	4,073,674
Balance of pending claims	85,429	127,305	179,949	303,035	376,480	505,387	574,022	642,884	815,433	829,615	4,439,539
Pending claims for underwriting years through 2013											154,102
Balance of pending claims with respect to acquisition of non-life insurance claim portfolio [3]											23,967
Total liabilities with respect to insurance contracts in mandatory auto and liability sectors, net of deferred acquisition costs as of December 31, 2023											4,617,608

(1) The aforementioned amounts are adjusted for inflation, so as to enable review of development based on real values.
(2) Excess (shortfall) relative to first year excluding accrual in claim assessment.
(3) Change in estimated cumulative cost of claims with respect to previous underwriting years is due, *inter alia*, to change in cost of individual claims affected by the actuarial model and to regulatory changes.
(4) Data for claim portfolio added in 2016 and excluded from triangles. See Note 38.E.1.

Remarks

* The significance level of the actuarial models is higher when claim evolution is reviewed for all underwriting years on aggregate. Therefore, it is more appropriate to review the evolution of Company assessments for all underwriting years on aggregate, rather than for each underwriting year individually.

** Estimated cumulative claims at end of first year includes the reserve for unearned premium, net of deferred acquisition costs.

*** Data includes any accruals (excess revenues over expenses).

**** Based on the Company's review of property and other sectors, the cost of claims is typically resolved within one year, hence no information is provided with regard to evolution of claims in these sectors.

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

C2. Review of development of assessment of liabilities with respect to insurance contracts, net of deferred acquisition costs, on retention in the mandatory auto and liability sectors

	As of December 31, 2023										
	Underwriting year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	NIS thousand, adjusted for CPI of November 2023										
Claims paid (cumulative) at end of year (1)											
After first year	7,296	7,742	9,025	7,282	10,468	10,208	8,334	5,109	6,174	4,694	
After two years	64,471	69,384	93,114	76,439	94,539	87,430	61,833	41,120	45,061		
After three years	181,469	211,305	260,809	209,676	244,528	231,250	173,081	131,613			
After four years	307,742	331,311	411,560	326,712	369,204	319,716	267,355				
After five years	387,059	420,574	530,120	400,006	444,392	385,477					
After six years	452,568	500,478	610,017	446,985	494,225						
After seven years	514,556	562,060	664,393	488,180							
After eight years	574,687	635,145	726,243								
After nine years	621,405	668,244									
After ten years	631,786										
Estimated cumulative claims (including payments) at end of year											
After first year	754,402	781,608	963,081	777,416	842,426	847,555	804,423	729,189	739,384	721,167	
After two years	797,225	813,401	955,679	755,993	833,596	816,218	847,445	685,492	755,410		
After three years	765,813	815,480	967,575	748,384	845,000	859,914	743,440	675,561			
After four years	801,093	838,496	984,155	795,792	859,556	816,531	731,993				
After five years	790,439	837,742	984,881	789,342	810,799	802,050					
After six years	770,977	805,096	964,640	713,795	790,494						
After seven years	731,978	775,506	912,885	706,313							
After eight years	709,876	772,004	890,877								
After nine years	703,671	778,847									
After ten years	695,923										
Excess (shortfall) relative to first year excluding accrual (2)	101,302	2,761	72,204	71,103	51,932	45,505	72,430	53,628	(16,026)		454,839
Deviation rate relative to first year excluding accrual, in percent	12.71%	0.35%	7.50%	9.15%	6.16%	5.37%	9.00%	7.35%	(2.17%)		6.25%
Cumulative cost of claims as of December 31, 2023	695,923	778,847	890,877	706,313	790,494	802,050	731,993	675,561	755,410	721,167	7,548,635
Cumulative payments through December 31, 2023	631,786	668,244	726,243	488,180	494,225	385,477	267,355	131,613	45,061	4,694	3,842,878
Balance of pending claims	64,137	110,603	164,634	218,133	296,269	416,573	464,638	543,948	710,349	716,473	3,705,757
Pending claims for underwriting years through 2013											123,335
Balance of pending claims with respect to acquisition of non-life insurance claim portfolio (3)											98
Total liabilities with respect to insurance contracts in mandatory auto and liability sectors, net of deferred acquisition costs as of December 31, 2023											3,829,190

(1) The aforementioned amounts are adjusted for inflation, so as to enable review of development based on real values.
(2) Excess (shortfall) relative to first year excluding accrual in claim assessment.
(3) Change in estimated cumulative cost of claims with respect to previous underwriting years is due, *inter alia*, to change in cost of individual claims affected by the actuarial model and to regulatory changes.
(4) Data for claim portfolio added in 2016 and excluded from triangles. See Note 38.E.1.

Remarks

* The significance level of the actuarial models is higher when claim evolution is reviewed for all underwriting years on aggregate. Therefore, it is more appropriate to review the evolution of Company assessments for all underwriting years on aggregate, rather than for each underwriting year individually.
** Estimated cumulative claims at end of first year includes the reserve for unearned premium, net of deferred acquisition costs.
*** Data includes any accruals (excess revenues over expenses).

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

C3. Review of development of assessment of liabilities with respect to insurance contracts, net of deferred acquisition costs, gross in the mandatory auto sector

	As of December 31, 2023										
	Underwriting year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	NIS thousand, adjusted for CPI of November 2023										
Claims paid (cumulative) at end of year [1]											
After first year	3,965	5,743	6,060	5,418	7,784	7,640	5,567	3,101	3,376	2,324	
After two years	47,105	51,473	73,605	58,938	81,940	74,007	48,704	29,803	32,464		
After three years	140,083	166,110	206,065	162,783	210,061	192,505	136,839	102,143			
After four years	229,000	251,766	316,029	241,990	307,684	255,275	209,710				
After five years	280,844	316,376	399,885	285,463	365,104	302,603					
After six years	323,841	367,630	451,206	314,454	398,449						
After seven years	366,198	411,889	492,194	339,053							
After eight years	412,539	477,001	542,846								
After nine years	441,682	497,366									
After ten years	445,903										
Estimated cumulative claims (including payments) at end of year											
After first year	533,271	502,065	633,388	465,802	562,749	544,411	531,958	456,077	470,877	441,875	
After two years	514,391	528,115	629,751	443,559	559,200	525,595	568,352	434,025	478,544		
After three years	484,931	519,863	644,051	432,808	590,281	563,126	501,771	425,315			
After four years	524,009	560,134	655,227	487,336	606,877	559,860	499,532				
After five years	519,686	559,996	664,772	488,012	611,781	555,184					
After six years	524,174	564,749	673,075	464,897	602,183						
After seven years	492,634	540,938	649,599	456,409							
After eight years	478,007	560,839	637,177								
After nine years	483,496	569,312									
After ten years	477,555										
Excess (shortfall) relative to first year excluding accrual [2]	36,836	(67,247)	(3,789)	9,393	(39,434)	(10,773)	32,426	30,762	(7,667)		(19,493)
Deviation rate relative to first year excluding accrual, in percent	7.16%	(13.39%)	(0.60%)	2.02%	(7.01%)	(1.98%)	6.10%	6.74%	(1.63%)		(0.42%)
Cumulative cost of claims as of December 31, 2023	477,555	569,312	637,177	456,409	602,183	555,184	499,532	425,315	478,544	441,875	5,143,086
Cumulative payments through December 31, 2023	445,903	497,366	542,846	339,053	398,449	302,603	209,710	102,143	32,464	2,324	2,872,861
Balance of pending claims	31,652	71,946	94,331	117,356	203,734	252,581	289,822	323,172	446,080	439,551	2,270,225
Pending claims for underwriting years through 2013											74,139
Balance of pending claims with respect to acquisition of non-life insurance claim portfolio [3]											23,343
Total liabilities with respect to insurance contracts in mandatory auto sector, net of deferred acquisition costs as of December 31, 2023											2,367,707

(1) The aforementioned amounts are adjusted for inflation, so as to enable review of development based on real values.
(2) Excess (shortfall) relative to first year excluding accrual in claim assessment.
(3) Change in estimated cumulative cost of claims with respect to previous underwriting years is due, *inter alia*, to change in cost of individual claims affected by the actuarial model and to regulatory changes.
(4) Data for claim portfolio added in 2016 and excluded from triangles. See Note 38.E.1.

Remarks

* The significance level of the actuarial models is higher when claim evolution is reviewed for all underwriting years on aggregate. Therefore, it is more appropriate to review the evolution of Company assessments for all underwriting years on aggregate, rather than for each underwriting year individually.

** Estimated cumulative claims at end of first year includes the reserve for unearned premium, net of deferred acquisition costs.

*** Data includes any accruals (excess revenues over expenses).

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

C4. Review of development of assessment of liabilities with respect to insurance contracts, net of deferred acquisition costs, on retention in the mandatory auto sector

	As of December 31, 2023										
	Underwriting year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	NIS thousand, adjusted for CPI of November 2023										
Claims paid (cumulative) at end of year (1)											
After first year	3,965	5,743	6,060	5,352	7,784	7,640	5,567	3,105	3,376	2,324	
After two years	47,105	51,473	73,605	58,872	81,940	74,007	48,704	29,807	32,464		
After three years	140,083	166,110	206,065	162,717	210,061	192,505	136,839	102,148			
After four years	229,000	251,766	316,029	241,924	307,100	255,275	209,710				
After five years	280,844	313,648	399,885	285,397	364,516	302,603					
After six years	323,841	364,911	448,930	314,388	397,860						
After seven years	366,198	409,182	489,918	338,987							
After eight years	412,539	470,892	538,462								
After nine years	441,126	491,258									
After ten years	445,347										
Estimated cumulative claims (including payments) at end of year											
After first year	524,432	497,086	629,886	462,801	559,741	541,121	527,819	452,196	465,031	435,448	
After two years	511,490	524,613	625,124	440,484	554,573	521,563	561,945	428,119	472,037		
After three years	481,429	516,929	639,538	429,451	583,276	559,234	495,858	418,796			
After four years	521,075	557,125	651,151	483,578	599,484	553,993	492,173				
After five years	516,677	556,026	660,199	484,044	598,774	548,616					
After six years	522,574	560,278	668,814	458,853	590,269						
After seven years	490,532	536,689	645,426	454,017							
After eight years	476,132	547,877	632,793								
After nine years	482,940	557,437									
After ten years	476,999										
Excess (shortfall) relative to first year excluding accrual (2)	34,491	(60,351)	(2,907)	8,784	(30,528)	(7,495)	35,646	33,400	(7,006)		4,034
Deviation rate relative to first year excluding accrual, in percent	6.74%	(12.14%)	(0.46%)	1.90%	(5.45%)	(1.39%)	6.75%	7.39%	(1.51%)		0.09%
Cumulative cost of claims as of December 31, 2023	476,999	557,437	632,793	454,017	590,269	548,616	492,173	418,796	472,037	435,448	5,078,585
Cumulative payments through December 31, 2023	445,347	491,258	538,462	338,987	397,860	302,603	209,710	102,148	32,464	2,324	2,861,163
Balance of pending claims	31,652	66,179	94,331	115,030	192,409	246,013	282,463	316,648	439,573	433,124	2,217,422
Pending claims for underwriting years through 2013 (3)											60,560
Balance of pending claims with respect to acquisition of non-life insurance claim portfolio (4)											85
Total liabilities with respect to insurance contracts in mandatory auto sector, net of deferred acquisition costs as of December 31, 2023											2,278,067

(1) The aforementioned amounts are adjusted for inflation, so as to enable review of development based on real values.
(2) Excess (shortfall) relative to first year excluding accrual in claim assessment. Change in estimated cumulative cost of claims with respect to previous underwriting years is due, *inter alia*, to change in cost of individual claims affected by the actuarial model and to regulatory changes.
(3) Includes data for acquisition of non-life insurance portfolio for underwriting years prior to 2008, added in 2016. See Note 38.E.1.
(4) Data for claim portfolio added in 2016 and excluded from triangles. See Note 38.E.1.

Remarks

* The significance level of the actuarial models is higher when claim evolution is reviewed for all underwriting years on aggregate. Therefore, it is more appropriate to review the evolution of Company assessments for all underwriting years on aggregate, rather than for each underwriting year individually.

** Estimated cumulative claims at end of first year includes the reserve for unearned premium, net of deferred acquisition costs.

*** Data includes any accruals (excess revenues over expenses).

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

C5. Cumulative data for underwriting years in mandatory auto sector

	Underwriting year						
	2023	2022	2021	2020	2019	2018	2017
	NIS in thousands						
For the year ended December 31, 2023							
Gross premiums	371,231	391,691	351,352	452,067	481,079	514,682	415,243
Comprehensive income (loss) on retention with respect to underwriting year, cumulative	(112,620)	(133,530)	(113,646)	(56,788)	(58,270)	(52,695)	(31,976)
Effect of cumulative investment revenues on cumulative comprehensive income on retention with respect to underwriting year	7,423	6,839	18,441	37,565	58,253	67,973	53,757

C6. Cumulative data for underwriting years in other liability sectors

	Underwriting year						
	2023	2022	2021	2020	2019	2018	2017
	NIS in thousands						
For the year ended December 31, 2023							
Gross premiums	411,129	389,034	374,801	377,816	383,508	345,253	362,192
Comprehensive income (loss) on retention with respect to underwriting year, cumulative	(41,086)	(51,288)	(62,964)	(34,739)	(29,622)	4,768	(21,641)
Effect of cumulative investment revenues on cumulative comprehensive income on retention with respect to underwriting year	5,127	4,202	4,901	20,520	33,417	38,556	44,201

NOTE 17 – LIABILITIES WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN NON-LIFE INSURANCE SECTOR (CONTINUED)

C7. Composition of comprehensive income (loss) in mandatory auto sector

	Comprehensive income (loss) with respect to current underwriting year	Comprehensive income (loss) with respect to previous underwriting years	Comprehensive income (loss) with respect to current underwriting year	Comprehensive income (loss) with respect to previous underwriting years
	Gross		On retention	
	NIS in thousands			
For the year ended December 31,				
2023	(114,626)	8,745	(112,620)	12,326
2022	(121,617)	(116,413)	(121,100)	(102,337)
2021	(86,561)	57,727	(87,401)	63,804

C8. Composition of comprehensive income (loss) in other liability sectors

	Comprehensive income (loss) with respect to current underwriting year	Comprehensive income (loss) with respect to previous underwriting years	Comprehensive income (loss) with respect to current underwriting year	Comprehensive income (loss) with respect to previous underwriting years
	Gross		On retention	
	NIS in thousands			
For the year ended December 31,				
2023	(67,021)	39,875	(41,086)	49,708
2022	(72,485)	76,058	(47,452)	109,112
2021	(60,700)	115,679	(60,410)	142,067

NOTE 18 – INFORMATION ABOUT LIFE INSURANCE AND LONG-TERM SAVINGS SECTOR

A. Details of liabilities with respect to insurance contracts and investment contracts by exposure

		As of December 31, 2023						
		Insurance policies including a savings component (including riders) by insurance policy issuance date				Insurance policies with no savings component		
				Since 2004		Risk sold as single insurance policy		
		Through 1990 [1]	Through 2003	Non-yield-dependent	Yield-dependent	Individual	Group	Total
		NIS in thousands						
(a)	By insurance exposure							
	Liabilities with respect to pension insurance contracts with no guaranteed annuity	–	–	–	8,955,394	–	–	8,955,394
	Pension with guaranteed annuity:							
	Through May 2001	19,241,821	57,151,510	–	–	–	–	76,393,331
	Since June 2001	–	11,571,849	6,161	36,227,002	–	–	47,805,012
	Pension in payment	10,268,137	8,660,813	116,746	2,844,907	–	–	21,890,603
	Capital (no pension option)	1,327,466	897,794	–	12,161	–	–	2,237,421
	Additional reserve for pensions [2]	2,498,229	2,268,609	–	3,349	–	–	4,770,187
	Other risk components	105,649	960,132	–	2,175,000	813,461	116,106	4,170,348
	Total with respect to insurance contracts	33,441,302	81,510,707	122,907	50,217,813	813,461	116,106	166,222,296
	Liabilities with respect to investment contracts	–	978	398,079	5,194,497	–	–	5,593,554
	Total	33,441,302	81,511,685	520,986	55,412,310	813,461	116,106	171,815,850
(b)	By financial exposure							
	Non-yield-dependent	32,301,037	284,486	520,986	1,047,834	557,586	31,846	34,743,775
	Yield-dependent	1,140,265	81,227,199	–	54,364,476	255,875	84,260	137,072,075
	Total	33,441,302	81,511,685	520,986	55,412,310	813,461	116,106	171,815,850

1) Products issued through 1990 (and increases with respect there to) were mostly guaranteed return products, mostly backed by designated debentures.

2) The Additional Reserve for Pensions in the above table is with respect to a deferred pension component. Another component is included under Pension in Payment. See the remaining term of the insurance policy, through the retirement age. For more information see Note 37.B.3.b)(6).

An additional amount of NIS 3,319 million with respect to current accrual would be expensed to the income statement over the remaining term of the insurance policy, through the retirement age. For more information, see Note 37.B.3.b)(6).

NOTE 18 – ADDITIONAL INFORMATION ABOUT LIFE INSURANCE AND LONG-TERM SAVINGS SECTOR (CONTINUED)

A. Details of liabilities with respect to insurance contracts and investment contracts by exposure (Continued)

		As of December 31, 2022						
		Insurance policies including a savings component (including riders) by insurance policy issuance date				Insurance policies with no savings component		
				Since 2004		Risk sold as single insurance policy		
		Through 1990 [1]	Through 2003	Non yield-dependent	Yield-dependent	Individual	Group	Total
		NIS in thousands						
(a)	By insurance exposure							
	Liabilities with respect to pension insurance contracts with no guaranteed annuity	–	–	–	7,992,858	–	–	7,992,858
	Pension with guaranteed annuity:							
	Through May 2001	18,939,079	53,545,314	–	–	–	–	72,484,393
	Since June 2001	–	11,332,871	27,929	36,306,524	–	–	47,667,324
	Pension in payment	9,453,532	7,526,674	149,433	2,539,152	–	–	19,668,791
	Capital (no pension option)	1,318,996	887,102	–	12,202	–	–	2,218,300
	Additional reserve for pensions [2]	2,867,715	2,816,794	–	4,510	–	–	5,689,019
	Other risk components	106,809	807,841	–	1,731,528	725,388	112,394	3,483,960
	Total with respect to insurance contracts	32,686,131	76,916,596	177,362	48,586,774	725,388	112,394	159,204,645
	Liabilities with respect to investment contracts	–	907	297,131	4,560,402	–	–	4,858,440
	Total	32,686,131	76,917,503	474,493	53,147,176	725,388	112,394	164,063,085
(b)	By financial exposure							
	Non yield-dependent	31,589,783	273,859	474,493	972,913	524,082	31,848	33,866,978
	Yield-dependent	1,096,348	76,643,644	–	52,174,263	201,306	80,546	130,196,107
	Total	32,686,131	76,917,503	474,493	53,147,176	725,388	112,394	164,063,085

1) Products issued through 1990 (and increases with respect there to) were mostly guaranteed return products, mostly backed by designated debentures.

2) The Additional Reserve for Pensions in the above table is with respect to a deferred pension component. Another component is included under Pension in Payment. See Note 37.B.3.b)(6).

An additional amount of NIS 3,319 million with respect to current accrual would be expensed to the income statement over the remaining term of the insurance policy, through the retirement age. For more information , see Note 37.B.3.b)(6).

NOTE 18 – ADDITIONAL INFORMATION ABOUT LIFE INSURANCE AND LONG-TERM SAVINGS SECTOR (CONTINUED)

B. Details of results by insurance policy type

	For the year ended December 31, 2023						
	Insurance policies including a savings component (including riders) by insurance policy issuance date				Insurance policies with no savings component		
			Since 2004		Risk sold as single insurance policy		
	Through 1990	Through 2003	Non-yield-dependent	Yield-dependent	Individual	Group	Total
	NIS in thousands						
Gross premiums							
Traditional / mixed	10,184	10,763	–	–	–	–	20,947
Savings component	218,333	2,195,509	–	4,391,428	–	–	6,805,270
Other	23,966	176,075	–	578,013	741,852	21,039	1,540,945
Total	252,483	2,382,347	–	4,969,441	741,852	21,039	8,367,162
Financial margin including management fee	(171,236)	478,304	(7,962)	509,424	–	–	808,530
Payments and changes in liabilities in respect of insurance contracts, gross	2,188,424	8,608,576	(24,655)	9,331,682	524,882	34,940	20,663,849
Payments and changes in liabilities in respect of investment contracts	–	71	9,543	442,981	–	–	452,595
Income (loss) from life insurance business	367,179	767,991	34,342	(286,035)	36,283	(6,517)	913,243
Other comprehensive loss from life insurance business	(66,009)	(2,264)	(5,561)	(8,185)	(4,381)	(282)	(86,682)
Total comprehensive income (loss) from life insurance business	301,170	765,727	28,781	(294,220)	31,902	(6,799)	826,561
Income from pension and provident funds							28,387
Other comprehensive income from pension and provident funds							5,307
Total comprehensive income from life insurance and long-term savings							860,255
Receipts with respect to investment contracts charged directly to insurance reserves	–	–	174,823	1,280,663	–	–	1,455,486
Annualized premium with respect to insurance contracts – new business	–	–	–	129,076	98,991	–	228,067
Non-recurring premium with respect to insurance contracts	35	–	–	1,345,039	–	–	1,345,074
Annualized premium with respect to investment contracts – new business	–	–	–	36,816	–	–	36,816
Non-recurring premium with respect to investment contracts	–	–	174,823	1,144,998	–	–	1,319,821
Transfers to the Company in respect of insurance contracts and investment contracts	–	–	–	756,653	–	–	756,653
Transfers from the Company in respect of insurance contracts and investment contracts	71,458	1,725,406	–	4,987,062	–	–	6,783,926

Remarks

(1) Products issued through 1990 (and increases with respect there to) were mostly guaranteed return products, mostly backed by designated debentures.

(2) Increases in existing insurance policies are not included under annualized premium with respect to new business, but rather under operating results of the original insurance policy.

(3) The financial margin includes gain (loss) from investments charged to other comprehensive income, excludes additional revenues of Migdal Insurance charged as percentage of premium, and is calculated before deduction of investment management expenses. The financial margin for guaranteed return insurance policies is based on actual investment revenues for the Reported Year, net of the guaranteed annual return multiplied by the average annual reserve in diverse insurance funds. For yield-dependent contracts, the financial margin is the sum of fixed and variable management fees, calculated based on the average return and balance of insurance reserves.

(4) Payments and changes in liabilities in respect of investment contracts only include gain (loss) from investments with respect to investment contracts.

NOTE 18 – ADDITIONAL INFORMATION ABOUT LIFE INSURANCE AND LONG-TERM SAVINGS SECTOR (CONTINUED)

B. Details of results by insurance policy type (Continued)

	For the year ended December 31, 2022						
	Insurance policies including a savings component (including riders) by insurance policy issuance date				Insurance policies with no savings component		
			Since 2004		Risk sold as single insurance policy		
	Through 1990	Through 2003	Non yield-dependent	Yield-dependent	Individual	Group	Total
	NIS in thousands						
Gross premiums							
Traditional / mixed	12,284	11,970	–	–	–	–	24,254
Savings component	228,942	2,231,841	–	4,599,529	–	–	7,060,312
Other	27,498	183,187	–	604,450	710,200	24,635	1,549,970
Total	268,724	2,426,998	–	5,203,979	710,200	24,635	8,634,536
Financial margin including management fee	(919,238)	451,308	(47,843)	459,347	–	–	(56,426)
Payments and changes in liabilities in respect of insurance contracts, gross	2,524,511	(2,232,155)	(47,513)	669,629	371,706	13,627	1,299,805
Payments and changes in liabilities in respect of investment contracts	–	7	(19,007)	(373,390)	–	–	(392,390)
Income (loss) from life insurance business	102,559	(87,674)	89,296	272,561	152,861	882	530,485
Other comprehensive income from life insurance business	(568,897)	(18,143)	(44,403)	(67,752)	(32,015)	(2,439)	(733,649)
Total comprehensive income (loss) from life insurance business	(466,338)	(105,817)	44,893	204,809	120,846	(1,557)	(203,164)
Income from pension and provident funds							59,340
Other comprehensive loss from pension and provident funds							(10,778)
Total comprehensive loss from life insurance and long-term savings							(154,602)
Receipts with respect to investment contracts charged directly to insurance reserves	–	–	118,898	2,033,490	–	–	2,152,388
Annualized premium with respect to insurance contracts – new business	–	–	–	189,550	86,768	–	276,318
Non-recurring premium with respect to insurance contracts	30	–	–	1,139,217	–	–	1,139,247
Annualized premium with respect to investment contracts – new business	–	–	–	38,933	–	–	38,933
Non-recurring premium with respect to investment contracts	–	–	118,898	1,899,639	–	–	2,018,537
Transfers to the Company in respect of insurance contracts and investment contracts	–	–	–	694,368	–	–	694,368
Transfers from the Company in respect of insurance contracts and investment contracts	93,309	1,428,730	–	3,566,372	–	–	5,088,411

Remarks

(1) Products issued through 1990 (and increases with respect there to) were mostly guaranteed return products, mostly backed by designated debentures.

(2) Increases in existing insurance policies are not included under annualized premium with respect to new business, but rather under operating results of the original insurance policy.

(3) The financial margin includes gain (loss) from investments charged to other comprehensive income, excludes additional revenues of Migdal Insurance charged as percentage of premium, and is calculated before deduction of investment management expenses. The financial margin for guaranteed return insurance policies is based on actual investment revenues for the Reported Year, net of the guaranteed annual return multiplied by the average annual reserve in diverse insurance funds. For yield-dependent contracts, the financial margin is the sum of fixed and variable management fees, calculated based on the average return and balance of insurance reserves.

(4) Payments and changes in liabilities in respect of investment contracts only include gain (loss) from investments with respect to investment contracts.

NOTE 18 – ADDITIONAL INFORMATION ABOUT LIFE INSURANCE AND LONG-TERM SAVINGS SECTOR (CONTINUED)

B. Details of results by insurance policy type (Continued)

	For the year ended December 31, 2021						
	Insurance policies including a savings component (including riders) by insurance policy issuance date				Insurance policies with no savings component		
			Since 2004		Risk sold as single insurance policy		
	Through 1990	Through 2003	Non-yield-dependent	Yield-dependent	Individual	Group	Total
	NIS in thousands						
Gross premiums							
Traditional / mixed	13,944	13,625	–	–	–	–	27,569
Savings component	234,879	2,167,616	–	5,599,892	–	–	8,002,387
Other	30,933	193,621	–	618,520	677,863	22,643	1,543,580
Total	279,756	2,374,862	–	6,218,412	677,863	22,643	9,573,536
Financial margin including management fee	406,936	1,746,104	14,199	612,362	–	–	2,779,601
Payments and changes in liabilities in respect of insurance contracts, gross	2,234,540	13,218,685	(14,328)	12,402,586	385,710	47,881	28,275,074
Payments and changes in liabilities in respect of investment contracts	–	92	10,189	298,316	–	–	308,597
Income (loss) from life insurance business	303,679	1,470,409	19,743	(39,271)	145,057	(5,152)	1,894,465
Other comprehensive income from life insurance business	168,041	5,920	13,752	20,814	8,971	647	218,145
Total comprehensive income (loss) from life insurance business	471,720	1,476,329	33,495	(18,457)	154,028	(4,505)	2,112,610
Income from pension and provident funds							73,765
Other comprehensive loss from pension and provident funds							(1,024)
Total comprehensive income from life insurance and long-term savings							2,185,351
Receipts with respect to investment contracts charged directly to insurance reserves	–	–	–	1,180,429	–	–	1,180,429
Annualized premium with respect to insurance contracts – new business	–	–	–	234,421	87,959	–	322,380
Non-recurring premium with respect to insurance contracts	8	–	–	2,110,872	–	–	2,110,880
Annualized premium with respect to investment contracts – new business	–	–	–	37,040	–	–	37,040
Non-recurring premium with respect to investment contracts	–	–	–	1,061,167	–	–	1,061,167
Transfers to the Company in respect of insurance contracts and investment contracts	–	–	–	899,233	–	–	899,233
Transfers from the Company in respect of insurance contracts and investment contracts	150,942	1,216,154	–	2,661,294	–	–	4,028,390

Remarks

(1) Products issued through 1990 (and increases with respect there to) were mostly guaranteed return products, mostly backed by designated debentures.

(2) Increases in existing insurance policies are not included under annualized premium with respect to new business, but rather under operating results of the original insurance policy.

(3) The financial margin includes gain (loss) from investments charged to other comprehensive income, excludes additional revenues of Migdal Insurance charged as percentage of premium, and is calculated before deduction of investment management expenses. The financial margin for guaranteed return insurance policies is based on actual investment revenues for the Reported Year, net of the guaranteed annual return multiplied by the average annual reserve in diverse insurance funds. For yield-dependent contracts, the financial margin is the sum of fixed and variable management fees, calculated based on the average return and balance of insurance reserves.

(4) Payments and changes in liabilities in respect of investment contracts only include gain (loss) from investments with respect to investment contracts.

NOTE 19 – DETAILS OF OBLIGATIONS WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN HEALTH INSURANCE SECTOR

A. 1. Details of insurance obligations

	As of December 31, 2023				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Yield-dependent	3,180,513	–	111,800	–	3,292,313
Other	1,691,465	14,314	1,336,028	11,626	3,053,433
Total	4,871,978	14,314	1,447,828	11,626	6,345,746

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel.

	As of December 31, 2022				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Yield-dependent	2,875,912	–	111,535	–	2,987,447
Other	1,413,014	13,952	1,142,182	9,290	2,578,438
Total	4,288,926	13,952	1,253,717	9,290	5,565,885

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel.

A. 2. Details of obligations with respect insurance obligations by insurance exposure

	As of December 31, 2023				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Pension in payment	490,727	7,503	19,473	–	517,703
Other risk components	4,381,251	6,811	1,428,355	11,626	5,828,043
Total	4,871,978	14,314	1,447,828	11,626	6,345,746

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel.

	As of December 31, 2022				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Pension in payment	411,315	7,715	20,242	–	439,272
Other risk components	3,877,611	6,237	1,233,475	9,290	5,126,613
Total	4,288,926	13,952	1,253,717	9,290	5,565,885

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel.

NOTE 19 – DETAILS OF OBLIGATIONS WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN HEALTH INSURANCE SECTOR (CONTINUED)

B. Details of results by insurance policy type

	For the year ended December 31, 2023				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Gross premiums	481,546	3,457	1,432,496	32,908	1,950,407
Payments and changes in liabilities in respect of insurance contracts, gross	747,395	7,572	1,000,659	15,337	1,770,963
Income (loss) from health insurance business	(63,680)	(3,371)	(37,953)	433	(104,571)
Other comprehensive loss from health insurance business	(16,339)	(118)	(8,541)	(31)	(25,029)
Total comprehensive income (loss) from health insurance business	(80,019)	(3,489)	(46,494)	402	(129,600)
Annualized premium – new **)	–	–	84,515	–	84,515

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel.

Of which, individual premiums amounting to NIS 1,241,535 thousand, and collective premiums amounting to NIS 223,869 thousand.

**) Includes riders in insurance policies.

	For the year ended December 31, 2022				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Gross premiums	469,362	5,234	1,344,898	23,340	1,842,834
Payments and changes in liabilities in respect of insurance contracts, gross	(489,257)	7,535	812,999	13,258	344,535
Income (loss) from health insurance business	675,739	(1,428)	65,734	(1,614)	738,431
Other comprehensive loss from health insurance business	(146,770)	(973)	(57,768)	(152)	(205,663)
Total comprehensive income (loss) from health insurance business	528,969	(2,401)	7,966	(1,766)	532,768
Annualized premium – new **)	36	–	103,427	–	103,463

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel. Of which, individual premiums amounting to NIS 1,154,277 thousand, and collective premiums amounting to NIS 213,961 thousand.

**) Includes riders in insurance policies.

NOTE 19 – DETAILS OF OBLIGATIONS WITH RESPECT TO INSURANCE CONTRACTS INCLUDED IN HEALTH INSURANCE SECTOR (CONTINUED)

B. Details of results by insurance policy type (Continued)

	For the year ended December 31, 2021				
	Nursing		Other *)		
	Individual	Group	Long-term	Short-term	Total
	NIS in thousands				
Gross premiums	459,531	4,663	1,244,453	6,934	1,715,581
Payments and changes in liabilities in respect of insurance contracts, gross	989,297	6,610	767,427	4,738	1,768,072
Income (loss) from health insurance business	(138,285)	(847)	89,707	(1,841)	(51,266)
Other comprehensive income from health insurance business	40,942	303	13,511	23	54,779
Total comprehensive income (loss) from health insurance business	(97,343)	(544)	103,218	(1,818)	3,513
Annualized premium – new **)	64	–	110,221	–	110,285

*) The most material coverage included under other long-term medical insurance is medical expenses, and for short-term – overseas travel. Of which, individual premiums amounting to NIS 1,058,034 thousand, and collective premiums amounting to NIS 193,353 thousand.

**) Includes riders in insurance policies.

NOTE 20 – MOVEMENT IN LIABILITIES WITH RESPECT TO LIFE INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND HEALTH INSURANCE

	Life insurance and long term savings			
	Insurance contracts	Investment contracts	Total	Health insurance
	NIS in thousands			
Balance as of January 1, 2022	169,059,362	3,716,570	172,775,932	6,081,066
Interest, linkage differentials and investment gain (1)	(6,482,825)	(362,927)	(6,845,752)	85,162
Increase with respect to premiums and contributions charged to liabilities (2)	7,061,919	2,152,388	9,214,307	238,724
Decrease with respect to management fee from accrual	(1,004,184)	(36,474)	(1,040,658)	–
Decrease with respect to claims, redemptions and end of term	(7,733,300)	(581,654)	(8,314,954)	(37,768)
Other changes (3)	(1,696,327)	(29,463)	(1,725,790)	(801,299)
Balance as of December 31, 2022	159,204,645	4,858,440	164,063,085	5,565,885
Interest, linkage differentials and investment gain (1)	11,743,011	458,240	12,201,251	277,870
Increase with respect to premiums and contributions charged to liabilities (2)	6,807,022	1,455,486	8,262,508	303,196
Decrease with respect to management fee from accrual	(984,834)	(44,850)	(1,029,684)	–
Decrease with respect to claims, redemptions and end of term	(9,959,893)	(1,128,117)	(11,088,010)	(45,703)
Other changes (3)	(587,655)	(5,645)	(593,300)	244,498
Balance as of December 31, 2023	166,222,296	5,593,554	171,815,850	6,345,746

Remarks

(1) Interest, linkage differentials and investment gain – This item includes interest, linkage differentials and investment gain with respect to balance at start of year, plus interest, linkage differentials and investment gain with respect to premiums for savings only recognized in the Reported Period.

(2) Increase with respect to premiums charged to liabilities – This premium excludes all premium recognized as revenues by the Company. The premium includes the premium for savings and part of the premium for fixed premium products, net of management fee charged as percentage of premium.

(3) Other changes – This item includes changes to reserve with respect to pending claims, reserve for periodic claims, IBNR, pensions in payment and so forth (in conformity with directives applied at end of previous year). This item also includes the effect of any interest, linkage differentials and investment gain not included under "Interest, linkage differentials and investment gain", such as: Interest, linkage differentials and investment gain for claim payments and for non-savings premiums.

(4) In 2023, this item increased due to investment revenues charged to reserves, as noted, which were significantly higher than those charged in the previous year, especially in life insurance. In the Reported Year in life insurance, the provision with respect to reserve in Migdal Batuach plan decreased by NIS 29 million, compared to a decrease in provision by NIS 251 million in the previous year; the provision with respect to additional reserve for pensions decreased by NIS 1,557 million, compared to a decrease in provision by NIS 574 million in the previous year; and the reserve for disability claims increased by NIS 320 million. In the previous year in life insurance, the provision decreased by NIS 926 million, resulting in the LAT reserve reaching zero (see Note 37.B.3.b)(5)).

NOTE 21 – TAXES ON INCOME

A. Overview

Income of the Company and of all other Group companies is subject to corporate tax, pursuant to the Income Tax Ordinance [New Version], 1961 (hereinafter: "the Ordinance"). Moreover, income of Group companies classified as Financial Institutions, as defined in the VAT Act, 1975, is subject to earnings and payroll tax. Note that operations of companies classified as Financial Institutions in insurance, pension and finance sectors accounts for most of Group operations.

B. Specific tax arrangements for the insurance sector

The Association of Life Insurance Companies Ltd. and the Tax Authority are party to sector-specific agreements that govern treatment of matters specific to the insurance sector, as highlighted below. The most recent sector-specific agreement signed by the Association of Life Insurance Companies Ltd. and the Tax Authority in February 2024 (hereinafter: "New Sector-specific Agreement") applies to tax years 2020 through 2022.

Treatment of tax items on the financial statements is based on the aforementioned agreements.

The sector-specific agreements refer, *inter alia*, to the following matters:

1. Deferred acquisition costs (DAC) – Costs for acquisition of life Insurance contracts, with respect to underwriting years through 2014 are deductible for tax purposes, in equal parts over four years and for underwriting years 2015 through 2020 – over ten years. Such expenses with respect to canceled life insurance contracts are deductible in the year of cancellation.

   Acquisition costs of pension and provident fund contracts (as defined in the agreement) with respect to underwriting years 2015 through 2020 are tax deductible in equal parts over ten years, or at the amortization rate on the financial statements, at the Company's choice. Costs associated with canceled pension and provident fund contracts may not be brought forward.

   Deferred expense acquisitions in illness and hospitalization insurance are not included in the sector-specific agreement and are amortized over six years, similar to the amortization rate on the accounts. Costs with respect to canceled insurance policies are deductible in the year of cancellation.

2. Cost attribution to preferred revenues – Cost attribution is allowed to revenues which are tax-exempt or subject to reduced tax received by insurance companies ("Preferred Revenues"), meaning conversion of some Preferred Revenues into fully taxable revenues, in conformity with the attribution rate. The attribution rate specified in the sector-specific agreement depends on the source of funds yielding the Preferred Revenues.

3. Provision for indirect expenses to settle claims – The provision for indirect expenses to settle claims in non-life and health insurance would be partially adjusted with respect to each underwriting year, as from 2013. The adjusted amount would be tax deductible over three years, starting in the year following the adjustment year.

4. Taxation of revenues from assets held as investments parallel to yield-dependent liabilities – In order to avoid potential tax distortions, a method was agreed upon to account for gain from negotiable securities and from revaluation and realization of real estate, so as to make revenues and expenses parallel.

NOTE 21 – TAXES ON INCOME (CONTINUED)

B. Specific tax arrangements for the insurance sector (Continued)

5. Tax applicable to reversal of reserve for extraordinary risk in life insurance – The Economic Reform Act (Legislation amendments for achieving budget objectives and economic policy for fiscal 2007), 2007, dated January 11, 2007, stipulates rules for tax applicable to reversal of the reserve for extraordinary risk in life insurance, included on the financial statements through December 31, 2006 ("the Reserve"). According to these rules, part of the Reserve calculated at 0.17% of the insurance amount at risk, on retention existing in life insurance and for which a capital requirement has been specified, would be tax-exempt. The sector-specific taxation agreement dated 2006, notes that the capital requirement, as aforesaid, forms the basis for this exemption – and should the capital requirement be eliminated or reduced, the parties would discuss any resulting tax implications.

   On June 1, 2017, the Capital Market Authority issued insurance circular 9-1-2017 regarding "Implementation of economic solvency regime based on Solvency II", which became effective on June 30, 2017 (hereinafter: "the New Capital Regulations"), eliminating the old capital requirement with respect to the reserve. Consequently, the new sector-specific agreement stipulates as follows:

   a) In tax year 2000, revenue would be recognized, for corporate tax and capital gain tax purposes, at 0.01% of the insurance amount at risk, on retention, as calculated as of December 31, 2006.

   b) Should the New Capital Regulations be eliminated or reduced with respect to components referring to extraordinary risk in life assurance, the parties would discuss any resulting tax implications.

   The overall effect of the aforementioned agreement on the Company's financial statements is not material.

   In January 2017, the Board of Directors of Migdal Insurance resolved to cease membership of the Association of Insurance Companies in Israel (Registered NGO) and of the Association of Life Insurance Companies Ltd., effective as from end of 2017. As from said date, Migdal Insurance ceased to address various regulatory matters through these associations. However, Migdal Insurance undertook to apply provisions of the sector-specific agreements for tax years 2017 through 2022, as signed on November 5, 2020 and on February 21, 2024. Migdal Insurance believes that this would not have material implications on taxation items on the Company's financial statements.

C. OECD international tax reform (hereinafter: Pillar 2)

In May 2023, IASB issued an amendment to IAS 12 "Taxes on income" (hereinafter: "the Amendment"), following the OECD international tax reform – BEPS Pillar 2 (hereinafter: "Pillar 2" or "the International Tax Reform").

The Amendment includes:

(a) Mandatory temporary exemption from application of provisions in the standard with regard to recognition and disclosure of deferred tax assets and liabilities arising from adoption of Pillar 2 rules (hereinafter: "Temporary Exemption").

(b) Focused disclosure requirements for multi-national entities affected by the International Tax Reform.

The Temporary Exemption presented in section (a) above applies immediately and disclosure is required of the application thereof. All other focused disclosure requirements listed in section (b) above, apply to annual reporting periods starting on or after January 1, 2023, but do not apply to interim periods ended December 31, 2023 or earlier.

The Group applies the Temporary Exemption, and therefore does not provide disclosure and does not recognized deferred tax assets and liabilities arising from adoption of Pillar 2 rules.

The Pillar 2 legislation has been completed in some countries in which the Group operates. The legislation shall become effective in the fiscal year starting January 1, 2024. The Group is evaluating the effect of legislation in those countries on the Group's potential tax exposure for 2024.

As of soon prior to the report issue date, the Group does not except a material tax exposure in the 2024 tax year.

NOTE 21 – TAXES ON INCOME (CONTINUED)

D. Tax rates

1. The statutory tax applicable to financial institutions, which are the major part of Group operations, consists of corporate tax and capital gain tax.
2. Statutory tax rates applicable to Group companies, including financial institutions, since 2018 are as follows:

Corporate tax rate	Capital gain tax rate	Overall effective tax rate for financial institutions
In %		
23.00	17.00	34.19

3. After the balance sheet date, in March 2024, an amendment was enacted to the VAT Ordinance (Tax rate for non-profits and financial institutions), 2024 ("the Ordinance"), stipulating that as from January 1, 2025, the payroll tax rate for financial institutions would be 18% of payroll, and the capital gain tax would be 18% of earnings.

   The deferred tax balances included on the financial statements as of December 31, 2023 are calculated using the tax rates in effect as of the balance sheet date, and do not take into account the potential implications of the aforementioned tax rate increase. The aforementioned effects would be included on the financial statements issued as from the date when the Ordinance will have been essentially enacted, i.e. in the first quarter of 2024.

   The Company believes that the effect of change in tax rates on its financial statements as of December 31, 2023 is not material.

E. Tax Assessments

Finalized tax assessments

1. Migdal Insurance has finalized tax assessments through 2019, except for one issue in 2019 with regard to tax liability with respect to dividend received in that year from subsidiaries Migdal Real Estate Holdings Ltd. and HaMagen Assets Ltd.
2. A subsidiary has finalized tax assessments by agreement through 2020. The Company's other subsidiaries have finalized tax assessments by agreement or by obsolescence through 2018, except for several companies that have finalized tax assessments by agreement or by obsolescence through 2017.

F. Carry-forward losses for tax purposes and other temporary differences

The Group has carry-forward tax loss as of December 31, 2023 amounting to NIS 13 million (as of December 31, 2022: NIS 51 million), for which deferred tax assets were recognized on the financial statements amounting to NIS 3 million (as of December 31, 2022: NIS 12 million).

In addition, no deferred tax assets were recognized with respect to carry-forward loss amounting to NIS 86 million and with respect to capital loss for tax purposes amounting to NIS 170 million (as of December 31, 2022: NIS 86 million and NIS 164 million, respectively) in absence of expected utilization in the foreseeable future.

G. Taxes on income included on income statement

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Current taxes	219,491	265,671	717,103
Deferred taxes with respect to creation and reversal of	63,693	103,820	3,583
Taxes for previous years	(6,414)	966	19,395
Taxes on income	276,770	370,457	740,081

*) See also section H. below.

NOTE 21 – TAXES ON INCOME (CONTINUED)

H. Deferred taxes

Composition	Deferred acquisition costs	Available-for-sale financial assets	Fixed assets and investment property *)	Intangible assets	Tax losses	Others	Total
	NIS in thousands						
Balance of deferred tax asset (liability) as of January 1, 2022	(89,509)	(386,110)	(227,058)	(181,895)	20,681	79,747	(784,144)
Changes recognized on the income statement	15,511	(50,021)	(37,295)	(6,434)	(9,050)	(16,531)	(103,820)
Changes recognized on Other Comprehensive Income	–	681,351	(21,292)	–	–	(10,796)	649,263
Deferred tax asset (liability) balance As of December 31, 2022	(73,998)	245,220	(285,645)	(188,329)	11,631	52,420	(238,701)
Changes recognized on the income statement	13,704	(75,883)	(24,607)	(6,518)	(8,678)	38,289	(63,693)
Changes recognized on Other Comprehensive Income	–	32,306	(8,488)	–	–	1,163	24,981
Deferred tax asset (liability) balance As of December 31, 2023	(60,294)	201,643	(318,740)	(194,847)	2,953	91,872	(277,413)

*) Includes deferred taxes with respect to software, presented on the balance sheet under Intangible Assets.

NOTE 21 – TAXES ON INCOME (CONTINUED)

H. Deferred taxes (Continued)

Deferred taxes presented on the statement of financial standing include:

	As of December 31,	
	2023	2022
	NIS in thousands	
Deferred tax assets	16,582	42,944
Deferred tax liabilities	(293,995)	(281,645)
	(277,413)	(238,701)

I. Theoretical tax

A reconciliation between the tax expense, assuming that all revenues and expenses, gains and losses in the income statement would have been taxed at the statutory tax rate and the taxes on revenue recorded in the income statement is as follows:

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Income before taxes on income	865,498	1,122,892	2,129,952
Statutory tax rate applicable to financial institutions (see c. above)	34.19%	34.19%	34.19%
Tax calculated using the overall statutory tax rate	295,914	383,917	728,231
Deduction for non-application of earnings tax to companies which are not a Financial Institution	(19,917)	(17,420)	(14,342)
Increase (decrease) in taxes on income due to the following			
Non tax-deductible expenses	7,678	5,033	4,600
Exempt income, mostly from dividends	(1,421)	(949)	(946)
Group share of income (loss) of associates	1,068	(463)	(264)
Increase in carry-forward tax loss for which no deferred taxes were recognized and utilization of carry-forward tax loss from previous years for which no deferred taxes were not previously recognized, net	2,687	2,158	3,954
Taxes for previous years	(6,414)	966	19,395
Differences in measurement basis and other differences	(2,825)	(2,785)	(547)
Taxes on income	276,770	370,457	740,081
Effective tax rate	31.98%	32.99%	34.75%

NOTE 22 – ASSETS AND LIABILITIES WITH RESPECT TO EMPLOYEE BENEFITS

Employee benefits include short-term benefits, post-employment benefits, other long-term benefits, severance pay benefits, as defined in IAS 19 and share-based payments.

For more information about accounting policy in respect of such benefits, see Note 2.N.

For benefits to key executives, see Note 38.G regarding related and interested parties.

Post-employment benefits

According to the labor laws and Severance Pay Act in Israel, the Group is required to pay compensation to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to Section 14, as specified below. The Group's employee benefit liability is accounted for as a post-employment benefit.

Group liability with respect to post-employment employee benefits is calculated based on a valid employment contract, and is based on Group projections with regard to employee salary upon termination or retirement.

The post-employment employee benefits are normally financed by contributions to appropriate insurance policies, and are classified as defined contribution plans or as defined benefit plans, as follows:

Defined contribution plans

Some of the severance pay is subject to provisions of Section 14 of the Severance Pay Act, 1963 (hereinafter: "Section 14"), whereby current Group contributions to insurance policies with insurance companies and/or pension funds release the Group from any additional liability to employees for whom said contributions were made. These contributions and contributions for compensation represent defined contribution plans. Expenses with respect to defined contribution plans in 2023, 2022 and 2021 amounted to NIS 75,877 thousand, NIS 69,955 thousand and NIS 65,500 thousand, respectively, included under General and Administrative Expenses.

Defined benefit plan

The Group accounts for that part of the payment of compensation that is not covered by contributions in defined contribution plans, as above, as a defined benefit plan for which an employee benefit liability is recognized.

Plan assets

The Group has defined benefit plans for which contributions are made to qualifying provident funds, pension funds and insurance policies.

A. Composition of liabilities in respect of employee benefits, net

	As of December 31,	
	2023	2022
	NIS in thousands	
Liabilities with respect to un-funded defined benefit plan	13,845	14,892
Liability with respect to funded defined benefit plan	472,457	436,976
Total liability with respect to defined benefit plan – see B.1	486,302	451,868
Net of fair value of plan assets – see B. 1 and C below	275,280	245,405
Total net liabilities with respect to defined benefit plans	211,022	206,463
Other short-term benefits – provision for paid leave	76,728	69,657
Other long-term benefits	12,751	10,735
Total liabilities with respect to employee benefits, net	300,501	286,855

NOTE 22 – ASSETS AND LIABILITIES WITH RESPECT TO EMPLOYEE BENEFITS (CONTINUED)

B. Information with regard to defined benefit plans

1. Changes in present value of liabilities with respect to defined benefit plan and movement in fair value of plan assets

	Expenses (revenues) recognized on income statement *)						Actuarial loss (gain) with respect to re-measurement on Other Comprehensive Income						
	Balance as of January 1, 2023	Cost of past service	Interest expenses, net	Current service cost	Total	Plan Payments	Return on plan assets **)	Changes to demographic assumptions	Changes to financial assumptions	Other actuarial loss (gain)	Total	Employer contributions to the plan	Balance as of December 31, 2023
Defined benefit liabilities	451,868	6,328	22,142	37,935	66,405	(43,519)	–	(3,111)	1,131	13,528	11,548	–	486,302
Fair value of plan assets	(245,405)	–	(12,865)	–	(12,865)	19,889	(7,993)	–	–	–	(7,993)	(28,906)	(275,280)
Net liability (asset) with respect to defined benefit	206,463	6,328	9,277	37,935	53,540	(23,630)	(7,993)	(3,111)	1,131	13,528	3,555	(28,906)	211,022

*) Expenses included under Payroll and Benefits under General and Administrative Expenses, see Note 32.

**) Except for amounts recognized under Interest Expenses, Net.

NOTE 22 – ASSETS AND LIABILITIES WITH RESPECT TO EMPLOYEE BENEFITS (CONTINUED)

B. Information with regard to defined benefit plans (Continued)

1. Changes in present value of liabilities with respect to defined benefit plan and movement in fair value of plan assets (Continued)

	Expenses (revenues) recognized on income statement *)						Actuarial loss (gain) with respect to re-measurement on Other Comprehensive Income						
	Balance as of January 1, 2022	Cost of past service	Interest expenses, net	Current service cost	Total	Plan Payments	Return on plan assets **)	Changes to demographic assumptions	Changes to financial assumptions	Other actuarial loss (gain)	Total	Employer contributions to the plan	Balance as of December 31, 2022
Defined benefit liabilities	469,850	879	12,198	49,497	62,574	(41,377)	–	–	(38,938)	(241)	(39,179)	–	451,868
Fair value of plan assets	(242,957)	–	(6,666)	–	(6,666)	23,516	8,163	–	–	–	8,163	(27,461)	(245,405)
Net liability (asset) with respect to defined benefit	226,893	879	5,532	49,497	55,908	(17,861)	8,163	–	(38,938)	(241)	(31,016)	(27,461)	206,463

*) Expenses included under Payroll and Benefits under General and Administrative Expenses, see Note 32.

**) Except for amounts recognized under Interest Expenses, Net.

NOTE 22 – ASSETS AND LIABILITIES WITH RESPECT TO EMPLOYEE BENEFITS (CONTINUED)

B. Information with regard to defined benefit plans (Continued)

2. Principal actuarial assumptions used in determining the liability with respect to defined benefit plan

	For the year ended December 31,		
	2023	2022	2021
		%	
Discount rate on December 31	5.49	5.14	2.72
Wage increase rate	3.91	3.53	3.62

Reasonably possible changes, as of the report date, to one of the actuarial assumptions, assuming other assumptions remain un-changed, would have the following effect on the defined benefit obligation:

	As of December 31, 2023		As of December 31, 2022	
	+1%	-1%	+1%	-1%
	NIS in thousands			
Future wage increase rate	7,499	(4,448)	7,387	(4,656)
Discount rate	(5,635)	11,207	(5,575)	9,492

3. Actual return

	For the year ended December 31,		
	2023	2022	2021
		%	
Actual return on plan assets	5.28	(0.68)	9.62

4. Plan effect on future cash flows of the Group

- The Group estimates expected contributions to plan assets in 2024 for a funded defined benefit plan would amount to NIS 31 million.
- The Group estimates the (weighted average) plan term at end of the Reporting Period would be 10 years.

C. Composition of plan assets

	As of December 31,	
	2023	2022
	%	
Central severance pay provident fund	4.9	5.2
Retirement insurance	18.2	19.9
Pension and provident funds	76.9	74.9
	100	100

NOTE 23 – OTHER ACCOUNTS PAYABLE

	As of December 31,	
	2023	2022
	NIS in thousands	
Accounts payable with respect to securities	2,591,154	530,144
Employees and other liabilities with respect to wages and payroll	185,462	120,193
Accrued expenses	173,995	221,925
Trade payables	183,962	194,518
Institutions and government authorities	16,787	19,691
Deferred acquisition costs with respect to re-insurance	51,937	48,271
Re-insurer deposits	130,922	117,667
Other accounts	186,658	170,724
Total – insurance companies and insurance brokers	317,580	288,391
Insurance agents	407,831	411,425
Policyholders and fund members	357,105	384,293
Provision for policyholders profit sharing	3,314	2,503
Unearned premium	95,280	83,115
Others	50,836	38,958
Total other accounts payable	4,435,243	2,343,427

For details of assets and liabilities by linkage basis, see Note 37.C.

NOTE 24 – FINANCIAL LIABILITIES

This Note provides information concerning the contractual terms and conditions of financial liabilities. For additional information about Group exposure to interest rate, foreign currency and liquidity risk, see Note 37.B.

A.1. Details of financial liabilities

	As of December 31,			
	Carrying amount		Fair value	
	2023	2022	2023	2022
	NIS in thousands			
1. Financial liabilities presented at depreciated cost:				
Loans from banks	5	99	5	99
Loans from non-banking corporations	–	1,698	–	1,568
Subordinated notes ("debentures") *)	5,832,309	7,072,461	5,728,590	6,921,873
Buy-back obligation (REPO)	927,679	911,388	921,023	911,388
Total – financial liabilities presented at depreciated cost	6,759,993	7,985,646	6,649,618	7,834,928
2. Financial liabilities measured at fair value through the income statement:				
Derivatives held for yield-dependent contracts	310,755	2,594,810	310,755	2,594,810
Derivatives held for non yield-dependent contracts	94,228	196,926	94,228	196,926
Short selling	56,997	63,474	56,997	63,474
Total financial liabilities measured at fair value through the income statement:	461,980	2,855,210	461,980	2,855,210
Total	7,221,973	10,840,856	7,111,598	10,690,138
Liability with respect to lease	137,520	110,824		
Total financial liabilities	7,359,493	10,951,680		

*) The fair value of negotiable debentures, provided for disclosure purpose only, is based on their price upon close of trading as of the report date.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

A. .2. Movement in liabilities arising from financing operations

	Loans from banks	Loans from non-banking corporations	Subordinated notes	With respect to buy-back obligation (REPO) *)	Other financial liabilities	Total
	NIS in thousands					
Balance as of January 1, 2023	99	1,698	7,172,561	911,388	110,824	8,196,570
Movement in liabilities arising from financing operations						
Changes due to cash flows from financing operations						
Additions	5	-	654,051	-	-	654,056
Redemptions	(99)	-	(1,902,809)	(9,855)	(32,680)	(1,945,443)
Interest payments	-	-	(267,929)	182	-	(267,747)
Total net cash provided by financing operations	(94)	-	(1,516,687)	(9,673)	(32,680)	(1,559,134)
Other changes	-	(1,698)	221,413	25,964	59,376	305,055
Balance as of December 31, 2023	5	-	5,877,287	927,679	137,520	6,942,491

*) REPO transactions are short-term transactions and presented on net basis.

**) Movement in liabilities excludes derivatives and short selling.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

A.2. Movement in liabilities arising from financing operations (Continued)

	Loans from banks	Loans from non-banking corporations	Subordinated notes	With respect to buy-back obligation (REPO) *)	Other financial liabilities	Total
	NIS in thousands					
Balance as of January 1, 2022	36,101	1,658	5,358,997	1,397,621	91,191	6,885,568
Movement in liabilities arising from financing operations						
Changes due to cash flows from financing operations						
Additions	99	–	1,771,898	–	–	1,771,997
Redemptions	(36,101)	(56)	–	(522,070)	(29,137)	(587,364)
Interest payments	–	–	(164,550)	244	–	(164,306)
Total net cash provided by financing operations	(36,002)	(56)	1,607,348	(521,826)	(29,137)	1,020,327
Other changes	–	96	206,216	35,593	48,770	290,675
Balance as of December 31, 2022	99	1,698	7,172,561	911,388	110,824	8,196,570

*) REPO transactions are short-term transactions and presented on net basis.

**) Movement in liabilities excludes derivatives and short selling.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

A.2. Movement in liabilities arising from financing operations (Continued)

	Loans from banks	Loans from non-banking corporations	Subordinated notes	With respect to buy-back obligation (REPO) *)	Other financial liabilities	Total
	NIS in thousands					
Balance as of January 1, 2021	2,970	1,560	4,929,803	1,007,669	101,627	6,043,629
Movement in liabilities arising from financing operations						
Changes due to cash flows from financing operations						
Additions	38,520	61	421,513	397,174	–	857,268
Redemptions	(5,389)	(54)	–	–	(31,339)	(36,782)
Interest payments	–	–	(161,929)	(210)	–	(162,139)
Total net cash provided by financing operations	33,131	7	259,584	396,964	(31,339)	658,347
Other changes	–	91	169,610	(7,012)	20,903	183,592
Balance as of December 31, 2021	36,101	1,658	5,358,997	1,397,621	91,191	6,885,568

*) REPO transactions are short-term transactions and presented on net basis.

**) Movement in liabilities excludes derivatives.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

B. Financial liabilities presented at depreciated cost

1. Information about interest and linkage

	Effective rate of interest As of December 31, 2023	2022
	Percent	
Linkage basis		
Consumer Price Index	4.0	3.2
NIS-denominated	3.9	3.2
Foreign currency	13.4	0.0

2. Maturities

	As of December 31, 2023	2022
	NIS in thousands	
Year 1	1,363,738	2,841,325
Year 2	1,398,855	917,048
Year 3	727,753	1,383,201
Year 4	11,284	719,927
Year 5 and beyond	3,395,883	2,234,969
Total	6,897,513	8,096,470

For more information about maturities of non-capitalized financial liabilities see Note 7.B.2.

*) Of which, lease liabilities:

	As of December 31, 2023	2022
	NIS in thousands	
Year 1	32,566	26,024
Year 2	25,891	18,309
Year 3	17,389	13,192
Year 4	11,284	10,530
Year 5 and beyond	50,390	42,769
Total	137,520	110,824

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

C. Fair value of financial liabilities presented at fair value on the income statement, by level

Below is analysis of financial liabilities presented at fair value.

The carrying amount of other accounts payable closely approximates the fair value thereof.

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS in thousands			
Derivatives	3,191	401,792	–	404,983
Short selling	56,997	–	–	56,997
Total financial liabilities	60,188	401,792	–	461,980
Financial liabilities for which disclosure of fair value was provided (24a above).	5,728,590	921,028	–	6,649,618

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	NIS in thousands			
Derivatives	443,993	2,345,669	2,074	2,791,736
Short selling	63,474	–	–	63,474
Total financial liabilities	507,467	2,345,669	2,074	2,855,210
Financial liabilities for which disclosure of fair value was provided (24a above).	6,921,873	913,055	–	7,834,928

D. Interest rates used in determining fair value

	As of December 31,	
	2023	2022
	Percent	
Loans	13.4	13.9
Debentures constituting Tier II capital instruments	4.9	4.8
Buy-back obligation (REPO)	4.2	3.5

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

E. Debentures

F.1. Debenture issuance and redemption

Full early redemption of debentures (Series C and D)

On March 5, 2023, the Board of Directors of Migdal Capital Raising and the Board of Directors of Migdal Insurance resolved to conduct full early redemption, initiated by Migdal Capital Raising, of outstanding Migdal Capital Raising debentures (Series C and D), in conformity with terms thereof. Full early redemption of debentures (Series C and D) was carried out on March 31, 2023.

In conformity with provisions of the Deed of Trust, the amount paid to debenture holders upon full early redemption was equal to par value of debentures (Series C), amounting to NIS 1,192 million plus interest through the payment date, for total payment to debenture holders amounting to NIS 1,234 million for debentures (Series C) and par value of debentures (Series D), amounting to NIS 711 million plus interest through the payment date, for total payment to debenture holders amounting to NIS 735 million for debentures (Series D).

Issuance of debentures (Series K and L):

In July 2023, Migdal Capital Raising issued 329,841,000 debentures (Series K) and 329,841,000 debentures (Series L) of NIS 1 par value each, issued pursuant to a shelf offering report by Migdal Capital Raising dated July 2, 2023, and pursuant to a shelf prospectus of Migdal Capital Raising dated July 29, 2022 (hereinafter: "the debentures").

The debentures issued are non-linked to the CPI and bear interest at 5.4% per annum. Interest for debentures (Series K) is payable semi-annually, on June 30 of each calendar year from 2024 through 2035 and on December 31 of each calendar year from 2023 through 2035. Interest for debentures (Series L) is payable semi-annually, on June 30 of each calendar year from 2024 through 2036 and on December 31 of each calendar year from 2023 through 2036. The debenture principal matures in a single installment payable on December 31, 2035 for debentures (Series K) and on December 31, 2036 for debentures (Series L), unless Migdal Capital Raising should exercise sooner its right for early redemption of the debentures, in whole or in part, as set forth in the Deed of Trust.

The first date allowed for early redemption of the debentures is December 31, 2028 for debentures (Series K) and December 31, 2029 for debentures (Series L), subject to terms and conditions set forth in the Deed of Trust/ Should an early redemption, in whole or in part, be conducted from said date through the effective date for additional interest (excluding early redemption upon the effective date for additional interest, as set forth below), provisions set forth in the Deed of Trust would apply, whereby the Company would pay to debenture holders the highest of: (1) Market value of the average balance of debentures over 30 trading days preceding the decision date by the Board of Directors to conduct the early redemption. (2) The liability value of outstanding debentures subject to early redemption, i.e. principal plus interest, through the actual early redemption date. (3) The outstanding cash flow of debentures called for early redemption (principal plus interest), discounted using the discount rate and subject to terms and conditions as set forth in the Deed of Trust.

Should the right to conduct full early redemption not be exercised by December 31, 2030 for debentures (Series K),or by December 31, 2031 for debentures (Series L), additional interest would be payable to debenture holders, in addition to interest then payable for the debentures, with respect to the remaining term (from the un-exercised early redemption date through the actual maturity date), at 50% of the original risk margin specified upon issuance.

Should early redemption be carried out from the effective date for additional interest and thereafter, upon carrying out the early redemption, Migdal Capital Raising would pay to debenture holders the liability value of outstanding debentures called for early redemption, i.e. the principal (par value to be redeemed early) plus interest accrued through the payment date.

Early redemption is allowed subject to one of the following conditions: a) Issuance of capital instrument (as defined in the Capital Composition circular) of identical or better quality; b) Prior approval by the Supervisor of Insurance, at terms and conditions to be specified thereby. In general, earliest redemption would be allowed if shareholder equity for Migdal Insurance after such earliest redemption would exceed the solvency capital requirement (SCR).

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

F. Debentures (Continued)

F.1. Debenture issuance and redemption (Continued)

Issuance of debentures (Series K and L) (Continued)

Issuance proceeds were deposited and recognized on the financial statements of Migdal Insurance, and in conformity with approval from the Supervisor, were recognized as Tier II capital of Migdal Insurance, subject to restrictions set forth for this matter in the Solvency circular.

On July 2, 2023, Midroog rated subordinated notes (Series K and L), classified as Tier II capital, A1.il / Stable outlook.

Deferred issuance expenses with respect to debentures (Series K and L) amounted to NIS 5.6 million. The effective interest rate for issuance of debentures (Series K) is 5.61% and for issuance of debentures (Series L) is 5.60%.

Exchange of debentures (Series E) for debentures (Series K and L)

In December 2023, 497,254,334 debentures (Series E) of NIS 1 par value each were exchanged, by way of partial exchange purchase offer, for issuance of 241,665,606 debentures (Series K) and 241,665,606 debentures (Series L) of NIS 1 par value each, by way of series expansion, pursuant to a shelf offering report by Migdal Capital Raising dated December 11, 2023, as revised on December 13, 2023, and pursuant to the shelf prospectus by Migdal Capital Raising dated July 29, 2022 (hereinafter: "the debentures").

The exchange ratio is 0.972, i.e. for each NIS 1 par value debentures (Series E), Migdal Capital Raising issued NIS 0.486 par value debentures (Series K) and NIS 0.486 par value debentures (Series L).

Terms and conditions of debentures (Series E) differ from terms and conditions of debentures (Series K) and debentures (Series L), and therefore this was accounted for as exchange of debt instruments with materially different terms and conditions, and the difference between the balance of these two liabilities, of NIS 1.5 million, was recognized as income under Financing Expenses on the income statement. Issuance expenses with respect to debentures (Series K and L) amounted to NIS 0.5 million. These issuance expenses were offset against the aforementioned income. These amounts were recognized concurrently against subordinated deposits with Migdal Insurance, as noted above.

In conformity with terms and conditions set forth in the shelf prospectus and in the shelf offering report, the issued debentures would serve Migdal Insurance, at its discretion and responsibility, and Migdal Insurance is obligated to the Trustee for debentures to comply with payment conditions for the debentures. Moreover, debentures issued were recognized by the Supervisor as Tier II capital instrument for Migdal Insurance, subject to restrictions set forth in the Supervisor's instructions, all as set forth in the shelf prospectus and in the shelf offering report.

Note that no change was made to maturity of the outstanding debentures (Series E) after completion of the exchange purchase offer.

On December 11, 2023, rating agency Midroog rated subordinated notes (Series K and L) A1.il (hyb), by way of expansion of negotiable series K and L which are Tier II capital instruments, through an exchange purchase offer for debentures (Series E).

The effective interest rate for expansion of Series K is 5.19% and for expansion of Series L: 5.22%.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

F. Debentures (Continued)

F.2 Details and composition of debentures[1] recognized as Tier II capital at Migdal Insurance:

		Rating by Midroog Ltd.										
Debentures	**Instrument type [2]**	**Upon series issue date**	**As of the balance sheet date**	**Issue date**	**Par value**	**Issuance proceeds [3]**	**Coupon interest rate [4]**	**Effective Interest Rate**	**Principal repayment date**	**Interest payment date**	**Effective early redemption date for additional interest [5]**	**Interest payment date**
Series E	Hybrid Tier II capital	Aa3.il (hyb)	A1.il (hyb)	9.2016	403,861	398,986	3.29%	3.74%	6.2029	Annual	June 30, 2024	On June 30 of 2017-2029
Series F	Tier II capital instrument	Aa3.il (hyb)	A1.il (hyb)	1.2018	1,379,149	1,358,096	2.63%	3.53%	12.2030	Annual	December 31, 2025	On December 31 of 2018-2030
Series G	Tier II capital instrument	Aa3.il (hyb)	A1.il (hyb)	12.2018	713,205	706,294	4.10%	3.47%	12.2031	Annual	December 31, 2026	On December 31 of 2019-2031
Series H	Tier II capital instrument	Aa3.il (hyb)	A1.il (hyb)	12.2021	650,165	619,839	2.38%	2.86%	12.2034	Annual	March 31, 2030[6]	On March 31 of 2022-2034 and on December 31, 2034
Series I	Tier II capital instrument	Aa3.il (hyb)	A1.il (hyb)	4.2022	985,711	967,865	3.26%	4.24%	3.2038	Annual	March 31, 2028[6]	On March 31 of 2023-2038
Series J	Tier II capital instrument	A1.il (hyb)	A1.il (hyb)	12.2022	610,214	605,708	5.17%	3.07%	5.2035	Semi-annually	November 30, 2029[6]	Two equal semi-annual installments, on May 31 of 2023-2035 and on November 30 of 2023-2034
Series K	Tier II capital instrument	A1.il (hyb)	A1.il (hyb)	7.2023	571,507	572,593	5.40%	5.44%	12.2035	Semi-annually	December 31, 2030[6]	Two equal semi-annual installments, on June 30 of 2024-2035 and on December 31 of 2023-2035
Series L	Tier II capital instrument	A1.il (hyb)	A1.il (hyb)	7.2023	571,507	572,472	5.40%	5.45%	12.2036	Semi-annually	December 31, 2031[6]	Two equal semi-annual installments, on June 30 of 2024-2036 and on December 31 of 2023-2036

Notes:

(1) Debentures would be recognized as Tier II capital, subject to restrictions on the maximum rate of Tier II capital, as set forth in the Supervisor's instructions with regard to composition of shareholder equity of an insurance company.

(2) The debentures are not secured by any lien.

(3) The issuance proceeds are net of deferred issuance expenses, amortized using the effective interest method.

(4) All debentures are negotiable and bear fixed NIS-denominated interest (not linked to CPI).

(5) Should Migdal Capital Raising not conduct an early redemption, additional interest would be payable as set forth in Note 24.E.e.3.

(6) The first date for early redemption of debentures (Series H, I, J, K and L) would be on March 31, 2027, April 30, 2027, December 31, 2027, December 31, 2028 and December 31, 2029, respectively. After each of these dates, respectively, Migdal Capital Raising may redeem the debentures by complete or partial early redemption, at any time, subject to the Stock Exchange Bylaws and directives. For more information see Note 24.E.e.3.3.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

F. Debentures (Continued)

F.2 Details and composition of debentures recognized as Tier II capital at Migdal Insurance (Continued)

Debentures	Depreciated cost		Accrued interest		Fair value *)		Balance of deferred issuance expenses	
	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022
Series C	–	1,191,139	–	31,995	–	1,220,431	–	455
Series D	–	710,976	–	18,083	–	727,431	–	239
Series E	403,488	898,739	6,644	14,823	407,011	899,403	373	2,376
Series F	1,372,964	1,370,008	–	–	1,327,982	1,300,537	6,185	9,141
Series G	710,364	709,397	–	–	703,719	691,951	2,841	3,808
Series H	623,834	620,195	11,604	11,605	567,399	547,309	26,331	29,970
Series I	969,626	966,126	24,101	23,594	953,577	924,597	16,085	19,585
Series J	606,524	605,881	2,629	–	617,659	610,214	3,690	4,333
Series K	572,826	–	–	–	576,650	–	(1,319)	–
Series L	572,683	–	–	–	574,593	–	(1,176)	–
Total Bonds	5,832,309	7,072,461	44,978	100,100	5,728,590	6,921,873	53,010	69,907

*) The fair value of Series C-L is determined by their value on the stock exchange as of the balance sheet date.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

F. Debentures (Continued)

F.3 Standing of the debentures

The debentures would be recognized as Tier II capital, subject to restrictions on the maximum rate of Tier II capital, as set forth in the Supervisor's instructions with regard to composition of shareholder equity of an insurance company.

Migdal Insurance committed to bear all payments required for redemption of debentures (Series E-L), that constitute Tier II capital for holders thereof. This obligation by Migdal Insurance is subordinated to all other obligations of Migdal Insurance towards its creditors, as follows: This obligation by Migdal Insurance is subordinated to all other obligations of Migdal Insurance towards its creditors, and takes precedence over its obligations towards its creditors pursuant to components and instruments included in Tier I capital thereof.

1. Liens and collateral

The debentures are not secured by any lien.

2. Delay of principal and/or interest payments

The terms and conditions of debentures stipulate that in case of suspensive circumstances (as set forth below), the principal and/or interest payment would be delayed for hybrid Tier II capital instruments and for Tier II capital instruments at Migdal Insurance, and this shall not impact the right of Migdal Insurance to make other payments which take precedence.

Such delay would be until such time when the suspensive circumstances no longer exist, or through three years after the relevant principal and/or interest payment date originally stipulated, whichever is sooner, unless the Supervisor has authorized making the relevant principal and/or interest payment at an earlier date.

"Suspensive circumstances" with regard to debentures that constitute Tier II capital at Migdal Insurance means occurrence of one or more of the following circumstances:

a) With regard to delay of interest payment for hybrid Tier II capital instruments and Tier II capital instruments of Migdal Insurance: According to the most recent financial statements of Migdal Insurance issued prior to the interest payment date, Migdal Insurance has no distributable earnings, as defined in the Corporate Act, 1999 ("the Corporate Act").

b) With regard to delay of principal and/or interest payments for hybrid Tier II capital instruments and Tier II capital instruments: According to the most recent financial statements of Migdal Insurance issued prior to the relevant principal and/or interest payment date:

1) Shareholder equity of Migdal Insurance is lower than required for suspensive circumstances pursuant to the solvency circular.

2) Migdal Insurance did not perform a capital make-up as of the report issue date.

c) The Board of Directors of Migdal Insurance has instructed a delay of principal or interest payment, upon considering that there is real imminent danger of Migdal Insurance failing to comply with capital required for suspensive circumstances, or to pay when due any obligations that take precedence over the debentures, subject to obtaining advance approval from the Supervisor.

The terms "shareholder equity" and "capital required for suspensive circumstances" are included in this section in conformity with the Supervisor's position regarding the appropriate interpretation of the terms "required capital" and "recognized capital" with regard to suspensive circumstances.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

F. Debentures (Continued)

F.3 Standing of the debentures

2. Delay of principal and/or interest payments (Continued)

C (Continued)

Terms and conditions of the debentures specify that prior to payment of any principal and/or interest payment delayed, Migdal Insurance may not conduct any distribution, as defined in the Corporate Act, may not redeem any capital note, obligatory note or loan from the controlling shareholders thereof, or in which the controlling shareholders have a personal interest, and may not pay any amount for any transaction approved, or subject to approval, pursuant to provisions at end of Section 270(4) of the Corporate Act – until all principal or interest payments thus delayed have been paid. With respect to hybrid Tier II capital, the aforementioned restrictions shall not apply to payment types listed in the Supervisor's directives "with regard to composition of shareholder equity of insurance companies". With respect to Tier II capital instruments, the restrictions shall not apply to payment types listed in the solvency circular.

3. Early redemption

For debentures (Series E-G), Migdal Capital Raising may, without giving a choice to debenture holders and/or to the Trustee, conduct complete or partial early redemption of the debentures, provided that the earliest date for such early redemption would be as listed in the table in section b. above. For debentures (Series H-L), the earliest date for early redemption that is not effective for additional interest is on March 31, 2027, April 30, 2027, December 31, 2027, December 31, 2028 and December 31, 2029, respectively, and the early redemption date effective for additional interest is as listed in the table in section b. above. Should the right to conduct an early redemption not be exercised, additional interest would be payable on top of the interest that debentures bear at that time, as listed in the aforementioned table, with respect to the remaining period (from the date of early redemption not utilized through the actual redemption date), at rates and subject to terms and conditions as set forth below:

For hybrid Tier II capital instruments and Tier II capital instruments, additional interest payable at 50% of the original risk margin specified upon issuance. Early redemption of hybrid Tier II capital instruments and Tier II capital instruments may be conducted upon one of the following: a) Issuance of capital instrument of identical or better quality; b) Prior approval by the Supervisor of Insurance, at terms and conditions to be specified thereby. c) In general, earliest redemption would be allowed if shareholder equity for an insurance company after such earliest redemption would exceed the solvency capital requirement (SCR).

4. Immediate redemption

For debentures (Series F-L), these may be subject to immediate redemption should Migdal Capital Raising pass a dissolution resolution (other than dissolution for the purpose of a merger with another company, or re-structuring of the company), or should the company receive a permanent, final dissolution order from a Court of Law, or should a permanent liquidator be appointed to the company; For all other debentures issued by Migdal Capital Raising, these may be subject to immediate redemption upon certain other cases, including the following: (1) Being late, over a specified duration, in making any payment with respect to the debentures; (2) Should Migdal Capital Raising suspend, or announce its intention to suspend making its payments; (3) Material breach of conditions stipulated in the debentures; (4) Termination of Migdal Insurance's insurer license and so forth.

Delay of any principal and/or interest payments for the debentures, due to occurrence of such suspensive circumstances, does not confer the right to call the debentures for immediate redemption. The Trustee may not demand immediate redemption of outstanding debentures, unless authorized in writing and in advance by the Supervisor.

NOTE 24 – FINANCIAL LIABILITIES (CONTINUED)

F. Debentures (Continued)

F.3 Standing of the debentures

5. Rating

Migdal Insurance is rated Aa2.il for Insurer Financial Strength (IFS) by rating agency Midroog Ltd. (hereinafter: "Midroog").

On November 22, 2023, Migdal Insurance received a rating monitoring report from Midroog. In the monitoring report, Midroog maintained the IFS rating of Migdal Insurance unchanged at Aa2.il, and maintained its rating of A1.il (hyb) for subordinated notes (hybrid Tier II capital and Tier II capital instruments) issued by Migdal Capital Raising.

Rating outlook – Stable.

F.4 The Trustee for the debentures is Reznick Paz Nevo Trustees Ltd. The Trustee's person in charge is Attorney Hagar Shaul. Email: hagar@rpn.co.il, telephone: 03-6389200, fax 03-6389222, address: 14 Yad Harutzim Street, Tel Aviv

F.5 To the best of the Company's knowledge, in 2023 and as of December 31, 2023, Migdal Capital Raising was in compliance with all terms and conditions pursuant to the Deeds of Trust for the debentures, no conditions existed that give cause for calling the debentures for immediate redemption and had not received notice from the Trustee for debentures with regard to it failing to comply with terms and conditions pursuant to the Deeds of Trust.

F.6 Migdal Insurance has committed to Migdal Capital Raising to bear all of its expenses, including issuance expenses, current operating expenses and reimbursement of expenses for Board member indemnification, if any.

NOTE 25 – EARNED PREMIUM ON RETENTION

	For the year ended December 31, 2023		
	Gross	Re-insurance	On retention
	NIS in thousands		
Life insurance premium	8,367,162	147,065	8,220,097
Health insurance premium	1,950,407	166,454	1,783,953
Non-life insurance premium	2,371,998	611,561	1,760,437
Total premium	12,689,567	925,080	11,764,487
Less – change in unearned premium *)	(114,868)	(46,744)	(68,124)
Total earned premium	12,574,699	878,336	11,696,363

	For the year ended December 31, 2022		
	Gross	Re-insurance	On retention
	NIS in thousands		
Life insurance premium	8,634,536	271,002	8,363,534
Health insurance premium	1,842,834	154,358	1,688,476
Non-life insurance premium	2,070,653	478,663	1,591,990
Total premium	12,548,023	904,023	11,644,000
Less – change in unearned premium *)	(61,963)	19,765	(81,728)
Total earned premium	12,486,060	923,788	11,562,272

	For the year ended December 31, 2021		
	Gross	Re-insurance	On retention
	NIS in thousands		
Life insurance premium	9,573,536	212,353	9,361,183
Health insurance premium	1,715,581	127,886	1,587,695
Non-life insurance premium	1,871,905	461,687	1,410,218
Total premium	13,161,022	801,926	12,359,096
Less – change in unearned premium *)	69,182	(12,024)	81,206
Total earned premium	13,230,204	789,902	12,440,302

*) Primarily in non-life insurance, see Note 17.

NOTE 26 – NET INVESTMENT GAIN (LOSS) AND FINANCING REVENUES

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Gain (loss) from assets held against yield-dependent liabilities			
Investment property	587,842	959,145	653,240
Financial investments			
Negotiable debt instruments	1,569,124	(2,282,341)	1,157,917
Non-negotiable debt instruments	1,150,724	(32,437)	578,346
Shares	1,374,779	(3,300,732)	7,299,583
Other financial investments	6,178,775	(6,385,422)	8,380,879
Cash and cash equivalents	796,839	1,058,978	(295,375)
Total gain (loss) from assets held against yield-dependent liabilities, net	11,658,083	(9,982,809)	17,774,590
Gain (loss) from assets held against non yield-dependent liabilities, equity and others			
Revenues from investment property:			
Investment property revaluation	11,348	89,301	65,973
Current revenues with respect to investment property	32,353	27,754	22,479
Total revenues from investment property	43,701	117,055	88,452
Gain (loss) from financial investments, other than interest, linkage differentials, exchange rate differentials and dividends			
Available-for-sale assets (a)	(461,122)	(726,416)	(784)
Financial assets at fair value on the income statement (b)	(258,313)	(692,083)	433,028
Assets presented as loans and receivables (c)	(6,335)	(15,648)	(3,329)
Interest and linkage differential income from financial assets other than at fair value on the income statement *)	2,991,187	3,244,308	2,117,050
Interest and linkage differential income from financial assets at fair value on the income statement	46,460	45,682	28,174
Gain (loss) from exchange rate differentials with respect to investments not measured at fair value on the income statement and from other assets **)	89,772	224,954	(76,873)
Dividend revenues	442,876	443,984	460,955
Total net investment gain (loss) and financing revenues	14,546,309	(7,340,973)	20,821,263
*) These revenues include interest with respect to impaired financial assets not stated at fair value through the income statement	5,278	3,238	14,931

(**) For exchange rate differentials with respect to financial liabilities, see Note 35.

A. Net investment gain (loss) with respect to available-for-sale assets

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Net gain (loss) from realized securities	(423,140)	(453,318)	368,990
Net impairment recognized on the income statement	(37,982)	(273,098)	(369,774)
Total investment loss with respect to available-for-sale assets	(461,122)	(726,416)	(784)

NOTE 26 – NET INVESTMENT GAIN (LOSS) AND FINANCING REVENUES (CONTINUED)

B. Investment gain (loss) with respect to assets stated at fair value on the income statement

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
With respect to assets designated upon initial recognition	7,192	(63,714)	–
Change in net fair value, including gain from realization	(265,505)	(628,369)	433,028
Total investment gain (loss) with respect to assets stated at fair value on the income statement	(258,313)	(692,083)	433,028

C. Investment gain (loss) with respect to assets presented as loans and receivables

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Net loss from realization of assets presented as loans and receivables	(2,437)	–	–
Net impairment recognized on the income statement	(3,898)	(15,648)	(3,329)
Total investment loss with respect to assets presented as loans and receivables	(6,335)	(15,648)	(3,329)

NOTE 27 – MANAGEMENT FEE REVENUES

*) For more information see Note 1.D.

NOTE 28 – COMMISSION REVENUES

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Insurance agencies commission	228,406	201,992	184,364
Re-insurance commission, net of change in deferred acquisition costs with respect to re-insurance	154,407	216,481	153,555
Other Commissions	5,751	7,632	5,293
Total commission revenues	388,564	426,105	343,212

NOTE 29 – OTHER REVENUES

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Revenues from other non-insurance operations	72,809	67,924	57,504
Revenues from non-life insurance claim portfolio acquired [1]	157	167	299
Other capital gain, net	–	–	50
Total other revenues	72,966	68,091	57,853

(1) For more information see Note 38.E.1.

NOTE 30 – PAYMENTS AND CHANGES IN LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND INVESTMENT CONTRACTS ON RETENTION

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
With respect to life insurance contracts			
Paid and pending claims – death, disability and others	1,620,737	1,427,475	1,332,213
Less - reinsurance	136,795	128,272	118,457
	1,483,942	1,299,203	1,213,756
Redeemed insurance policies	7,046,236	5,415,127	4,596,505
Expired insurance policies	2,802,968	1,926,141	2,166,252
Pensions	1,653,487	1,486,808	1,305,097
Total claims	12,986,633	10,127,279	9,281,610
Increase in liabilities in respect of life insurance contracts (other than changes in pending claims) on retention	7,537,568	(8,959,472)	18,873,196
Increase in liabilities with respect to investment contracts for yield component	452,595	(392,390)	308,597
Total payments and changes in liabilities in respect of insurance contracts and investment contracts on retention with respect to life insurance contracts	20,976,796	775,417	28,463,403
Total payments and changes in liabilities in respect of non-life insurance contracts			
Gross	1,888,391	1,511,886	1,653,528
Re-insurance	422,690	372,114	277,312
On retention	1,465,701	1,139,772	1,376,216
Total payments and changes in liabilities in respect of health insurance contracts			
Gross	1,756,408	330,047	1,750,469
Re-insurance	130,195	111,765	107,808
On retention	1,626,213	218,282	1,642,661
Total payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	24,068,710	2,133,471	31,482,280

NOTE 31 – COMMISSIONS, MARKETING EXPENSES AND OTHER ACQUISITION COSTS

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Acquisition commissions	636,963	575,265	515,776
Other acquisition costs	624,023	574,918	550,790
Change in deferred acquisition cost	(84,867)	(95,826)	(71,653)
Total acquisition costs	1,176,119	1,054,357	994,913
Other current commissions	787,344	774,888	751,661
Other marketing expenses	45,762	49,424	45,143
Total commissions, marketing expenses and other acquisition expenses	2,009,225	1,878,669	1,791,717

NOTE 32 – GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Payroll and benefits	1,333,203	1,180,908	1,203,066
Depreciation and amortization	183,477	172,285	180,440
Office maintenance and communications	106,777	106,882	98,468
IT services	182,568	150,051	127,137
Marketing and advertising	46,407	50,484	46,232
Professional and legal advice	110,533	78,362	61,923
Others	143,336	132,244	125,088
Total *)	2,106,301	1,871,216	1,842,354
Less:			
Amounts classified under "Changes to liabilities and payments with respect to insurance contracts"	(190,484)	(173,474)	(178,534)
Amounts classified under "Commissions, marketing expenses and other acquisition costs"	(669,785)	(624,342)	(595,933)
General and administrative expenses	1,246,032	1,073,400	1,067,887
*) General and administrative expenses include IT expenses amounting to	407,222	360,723	353,861

A. On June 12, 2023, a new collective bargaining agreement was signed by Migdal Insurance and Migdal Makefet (hereinafter jointly: "Migdal") and the New Histadrut HaOvdim Haclalit ("Histadrut") and the Migdal employee union, for a term of four years through December 31, 2026 ("the Agreement" or "the Collective Bargaining Agreement").

Pursuant to the Agreement, provisions of the collective bargaining agreement signed in May 2019 and other collective bargaining agreements dated May 2020 and January 2022, which extended validity of the 2019 agreement, would be included in the new Agreement, except for changes specified therein, primarily as follows:

1. The minimum wage for a full-time position would be increased as from April 1, 2025, to NIS 6,800 gross per month for a new employee, and for an hourly employee – NIS 35 per hour.
2. In each year from 2023 through 2026, Migdal would pay a salary increase to eligible employees at an average annual rate of 3.4% (compared to an average of 3% in the previous agreement), of which 1.6% as a fixed component and 1.8% at discretion of the manager. The Agreement also includes provisions for a salary increase to employees in 2026 for achieving the Company earnings target for 2023-2025, at up to 0.8% of the salary. This additional budget would be distributed, partially as a fixed component and partially as a differential component, only to employees who received the first three steps (2023 to 2025) of the Agreement.
3. Soon after signing the Collective Bargaining Agreement, employees who started with the Company prior to June 1, 2022 would receive a non-recurring bonus equal to 25% of their monthly salary.
4. Increase in maximum salary for study fund contributions, from NIS 15,712 (the maximum tax-exempt salary) to NIS 21,000 in 2023 and to NIS 27,000 in 2025. The employee contribution was also increased, from 2.5% to 5%, starting with 24 months' seniority.
5. Updates were included regarding various welfare payments, including increased contribution towards payments for lunch and parking expenses, expanded coverage in the collective health insurance and increased welfare budget for employee vacation. The waiting period for eligibility to a health checkup was also shortened.

The estimated average increase in total payroll and associated expenses for Migdal, in each year covered by the Agreement compared to the previous year as applicable, is NIS 23.6 million.

NOTE 33 – SHARE-BASED PAYMENTS

A. Expense recognized on financial statements

The expense recognized on the financial statements for services rendered by employees is presented in the following table:

	For the year ended December 31, 2023
	NIS in thousands
With respect to equity-based bonus	6,455
	6,455

Share-based payment transactions awarded by the Company to its employee are described below.

B. Additional information about share-based payment plans

	Plan 2023[(1)]
Number of stock options awarded to Chairman of the Board of Directors	1,563,908
Number of options awarded to the CEO	1,942,743
Number of options awarded to other employees under the plan	13,917,303
Total options awarded	17,423,954
Unrealized options as of the balance sheet date	17,423,954
Conversion ratio	1
Exercise price *)	4.24-4.64
Award dates:	
To Chairman of the Board of Directors and to CEO	07.2023
To Company employees **)	07.2023
To employees of Migdal Insurance Group who are not also employed by the Company	05.2023
Vesting date	07.2024-07.2026
Expiration date	07.2027-07.2029
Fair value as of the award date (NIS in millions) ***)	
To Chairman of the Board of Directors and to CEO	5.3
To other employees included in the plan	18.2

*) Excludes award to officer dated October 9, 2023, as set forth in section (1).

The exercise price is not linked to the CPI nor to any other index.

**) Including employees common to the Company, to Migdal Insurance and/or to Migdal Capital Markets (1965) Ltd.

***) All options awarded in the aforementioned plans were deposited with a trustee under the capital track pursuant to Section 102 of the Income Tax Ordinance.

NOTE 33 – SHARE-BASED PAYMENTS (CONTINUED)

B. Additional information about share-based payment plans (Continued)

1. 2023 Plan

On May 30, 2023, the Company Board of Directors approved an equity remuneration plan providing for award of equity-based remuneration, including award of options to officers of the Company and of Group companies, who are employed thereby, under the Capital Gain Track in Sections 102(b)(2) and 102(b)(3) of the Income Tax Ordinance [New Version], 1961 ("the Equity-based Remuneration Plan" and "Capital Gain Track", as the case may be). Accordingly, on May 30, 2023, the Company Board of Directors resolved (after approval by the Company's Remuneration Committee with respect to offerees who are officers of the Company), to award to the Chairman of the Board of Directors, to the CEO and to 18 other offerees who are officers of the Company and of entities directly or indirectly controlled by the Company ("the Offerees") 16,860,216 options not listed for trading, exercisable for Company ordinary shares of NIS 0.01 par value each ("the Options"). Furthermore, on October 9, 2023, the Company Board of Directors approved a further award of 563,738 options to an officer of the Company, who is also an officer of Migdal Insurance ("the Additional Offeree"). The exercise prices for this award range between NIS 4.81 and NIS 5.27 per share. All other terms and conditions (other than the option vesting period) are identical to those of the Options awarded to the Offerees as approved by the Company Board of Directors in May 2023.

These awards are pursuant to provisions of the equity-based remuneration plan and pursuant to provisions of the Company's revised remuneration policy (which also allows for award of equity-based remuneration) applicable to each of the Offerees, as approved by the General Meeting of Company shareholders on July 5, 2023. The shares resulting from exercise of the offered Options would account, as of the award date, for 1.62% of the issued and paid-in share capital and voting rights in the Company, immediately subsequent to the awards. Notwithstanding the foregoing, the assumption of full exercise of the Options for an equal number of shares is but theoretical, due to application of the Net Exercise provision, reflecting award of fewer exercise shares, reflecting only the monetary benefit amount inherent in the Options ("Net Exercise Provision"). The fair value of all Options awarded to all Offerees in these awards, is based on the binomial model for option pricing, according to conditions of the award of such instruments and to data current as of the award approval date. Note that the option award is against waiver by the officer of part of the remuneration package to which they are entitled (i.e. For some officers, *in lieu* of part of their fixed salary, and for some – *in lieu* of bonus eligibility, in whole or in part). In addition to vesting dates as set forth below, option vesting is also subject to compliance with both of the performance conditions set forth below: (1) The most recent solvency ratio published by the Company (including and considering equity transactions conducted after the solvency ratio publication date) shall not be lower than the minimum solvency ratio pursuant to statutory provisions, unless the competent bodies should consider that failure to comply with this requirement is due to a significant external event which affected the entire insurance sector in Israel; and (2) Absence of suspensive circumstances with respect to obligatory notes, as defined in the Unified Circular, Chapter 1, Appendix B, Part II "Provisions regarding shareholder equity of insurance company", Paragraph B "Tier II capital instruments" (hereinafter: "Performance Conditions").

As for the Chairman of the Board of Directors and CEO of the Company, the Options are awarded in a single lot, with fair value of NIS 2,374 thousand and NIS 2,949 thousand, respectively, vesting after 3 years. For more information see Note 38. Accordingly, the vesting date thereof is July 5, 2026 and the expiration date thereof is July 5, 2029, other than in case of termination of employment or office by the Company of the Offeree, in conformity with terms and conditions of the equity-based remuneration plan. Note, in this regard, that in general, (a) Should the Company decide to terminate the employment, or should the Company and the Officer mutually agree on termination of the employment; or (b) Should the employment be terminated following a change in control (as the term Control is defined in the Securities Act, 1968) ("the Securities Act"); In both of these cases, the following would apply: Upon the employment termination date, the *pro rata* share of the Options, calculated by dividing the period elapsed since the vesting start date by the entire vesting period, would be deemed vested and exercisable upon the employment termination date, and this *pro rata* share would not expire upon the employment termination date.

NOTE 33 – SHARE-BASED PAYMENTS (CONTINUED)

B. Additional information about share-based payment plans (Continued)

1. 2023 Plan (Continued)

On May 30, 2023, the Company Board of Directors approved an equity remuneration plan

The Options to the other Offerees would vest in three equal lots. The first lot would vest on the first anniversary of the Option award date. The second lot would vest on the second anniversary of the Option award date. The third lot would vest on the third anniversary of the Option award date. The Options would expire on the third anniversary of the vesting date of each lot. Therefore, the vesting dates for Options vesting in 3 lots are: July 5, 2024, July 5, 2025 and July 5, 2026 (and for the Additional Offeree: October 9, 2024, October 9, 2025 and October 9, 2026) and the expiration dates thereof are: July 5, 2027, July 5, 2028 and July 5, 2029 (and for the Additional Offeree: October 9, 2027, October 9, 2028 and October 9, 2029), other than in case of termination of employment or office by the Company of the Offeree, in conformity with terms and conditions of the equity-based remuneration plan.

C. Movement during the year

As noted in section B., in 2023, 17,423,954 options were awarded at an average exercise price of NIS 4.44 per share. During the year, no stock options vested, were exercised nor expired.

D. The weighted average remaining contractual term of the options as of December 31, 2023 is 4.87 years.

E. Measuring fair value of options discharged in equity instruments

The Company uses the binomial model to measure the fair value of options discharged using its capital instruments. The measuring is made on the award date of options discharged in equity instruments, since these are stock options granted to employees.

The table below shows data used to measure the fair value of stock options settled using equity instruments of the Company, based on the binomial model for pricing options, for the aforementioned plan:

	Plan 2023
Dividend yield for the share (%)	0%
Expected share price volatility (%)	35.22%-39.49%
Risk-free interest rate (%)	3.8%-4%
Expected term to maturity of options (years)	3.5-5.5
Share price (in NIS) for Company employees *)	4.63
Share price (in NIS) for employees of Migdal Insurance Group who are not also employed by the Company	4.02

*) Including employees common to the Company, to Migdal Insurance and/or to Migdal Capital Markets (1965) Ltd, excluding award to an officer dated October 9, 2023.

According to the above data, the fair value of the options was set to NIS 23,536 thousand upon the award date.

The expected term to maturity of the stock options is based on option expiration dates and may not necessarily reflect the future exercising pattern of the options into shares. The expected share price volatility reflects the assumption that historical fluctuations in share price are a good indicator of the expected future trend.

NOTE 34 – OTHER EXPENSES

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Amortization of intangible assets (other than computer software) *)	7,217	8,211	11,114
Impairment	–	–	4,449
Expenses from other non-insurance operations	10,509	9,532	15,643
Net capital loss from sale of fixed assets	3	1,184	1,410
Other capital loss, net	8,583	1,230	1,684
Total other expenses	26,312	20,157	34,300

*) For more information see Note 4.A.

NOTE 35 – FINANCING EXPENSES

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Financing expenses with respect to debentures	222,405	206,215	169,609
Interest expenses to re-insurers	1,264	1,063	801
Exchange rate differentials, net with respect to liabilities *)	5,416	37,315	(7,443)
Financing expenses with respect to leases	4,414	2,664	2,423
Commissions and other financing expenses	28,514	2,519	(334)
Total financing expenses	262,013	249,776	165,056

*) For exchange rate differentials with respect to financial investments, see Note 26.

NOTE 36 – EARNINGS PER SHARE

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Basic and diluted earnings per share attributed to equity holders of the Company (in NIS)	0.56	0.71	1.32

A. Basic earnings per share

Calculation of basic earnings per share for 2023 is based on net earnings attributable to holders of ordinary shares, amounting to NIS 587,178 thousand (in 2022: net earnings amounting to NIS 750,974 thousand; In 2021: net earnings amounting to NIS 1,387,883 thousand), divided by the weighted average number of shares outstanding.

Weighted average number of ordinary shares used for calculation of basic earnings per share for each of the years is 1,053,908,234.

B. Diluted earnings per share

Diluted earnings per share equal the basic earnings per share.

NOTE 37 – RISK MANAGEMENT

A. Overview

1. Major risk factors

The Group has insurance and long-term savings operations, as well as financial services operations. Insurance operations are focused on life insurance and long-term savings (life insurance, pension funds and provident funds), health insurance and non-life insurance. Financial services operations are focused on providing management service for financial assets, investment marketing and investment banking.

Group operations expose the Company to the following risk types:

- Market risk;
- Liquidity risk;
- Insurance risk;
- Credit risk;
- Operational risk, including information and cyber security risk.

These risk types are accompanied by general risk, such as: regulatory and compliance risk, legal risk, reputation risk and business risk (such as: increased competition, change in public preferences and so forth). For more information see section B.5.below.

Market risk – the risk of future fair value or cash flows of financial assets, financial liabilities or insurance obligations would change due to changes to market prices. Market risks include, *inter alia*, risk due to changes to interest rates, prices of equity instruments / real assets, Consumer Price Index and foreign currency exchange rates.

Liquidity risk – the risk of loss due to the Group being unable to meet its obligations when due, including sale of assets at below market value or unexpectedly raising capital within a short time.

Insurance risk – life and health insurance risk due to uncertainty associated with frequency, timing and duration of future claim payments expected, with reference to assumptions regarding mortality / longevity rates, pension realization rate, morbidity / disability rates, expenses, cancellations or redemptions.

Actuarial risk in the pension fund is carried by members, and their impact on the management company is with respect to management fees.

Non-liability insurance risk is primarily due to pricing, reserve and catastrophe assessment.

Note that insurance risk is affected by evolving climate and environmental risk, physical and transition risk which, other than climate change, are also due to changes in legislation and regulation world-wide with regard to environmental protection.

Credit risk – the risk of loss due to failure by a borrower / re-insurer to meet their obligations, or due to change in borrower rating and in credit spreads on the capital market.

Operational risk – the risk of impact on the Company due to inadequacy or failure (malicious or non-malicious) of internal processes, due to people, systems and external events. A material part of Group operations rely on various IT systems. Absence of sufficient infrastructure, including with respect to information and cyber security, and/or deficiencies or failures in IT systems may expose the Group to failure in compliance with regulatory requirements and failure in operation of various processes.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

1. Major risk factors (Continued)

Cyber risk – the risk of unauthorized use of identity, disruption of operations by impact on network operations or disruption of services, impact on systems, theft of digital assets, introduction of malicious code or software, intrusion into the system, unauthorized exposure or use of information or exceeding the authorization.

For more information about risk, section B. below.

The Board of Directors of Migdal Insurance specified the exposure policy by the insurer and by member portfolios to various risk types, including specification of risk exposure limits, in as much as these may be specified, and reference to the overall risk exposure taking into account correlations between various risk factors.

The Board of Directors has appointed its Risk Management and Solvency Committee, to discuss matters related to risk management and capital management under the Solvency II regime. For more information on economic solvency regime based on Solvency II, see Note 7.C.above.

This note provides information about Group exposure to each of the aforementioned risk factors, description of the risk management policy, work processes, risk identification and controls applied by the Group. Other qualitative and quantitative disclosures are provided throughout the financial statements.

2. Legal requirements

In insurance and long-term savings operations

Regulatory frameworks regulate and govern, *inter alia*, arrangements with regard to risk to which companies are exposed, by stipulating regulatory requirements, including as follows:

As part of regulatory provisions with respect to operations of the Board of Directors and with respect to management of risk exposures, the Board of Directors is required to specify the exposure policy for the insurer and for insured parties to different risk factors, to specify maximum risk exposures in as much as these may be specified, to specify overall exposure to risk considering the correlation of different risk factors, to approve tools and controls for risk measurement and management, and ways to address risk and materialization thereof.

Investment management – Provisions are in place with regard to investment management by institutional entities that stipulate, *inter alia*, requirements for distribution, restrictions on investments and liquidity.

Credit management – Provisions are in place with regard to ensuring that appropriate management, supervision and controls are in place for credit risk management, incidental to investment operations, including creating a Credit Committee and roles thereof, setting policy on lending as well as measures for supervision, control and reporting to the various investment committees and to the Board of Directors.

Re-insurers – Provisions are in place with regard to management of exposure to re-insurers ("Exposure to Re-insurers").

Capital requirements – Provisions are in place with regard to solvency capital requirement. For more information, see Note 7.C.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

2. Legal requirements (Continued)

Risk management –

Provisions of the Unified Circular – Volume 5, Part 1, Chapter 10 regarding the risk management function of an institutional entity – include detailed guidelines for qualifications required of the Risk Officer and establishing a Risk Management Unit, separate from the lines of business whose regular operations the Unit monitors. The Circular also lists the authority of the Risk Officer to obtain information and gain access to data required for discharging the roles of the Risk Management Unit, as well as the resources required for this purpose. The Circular also lists the roles and operating methods of the Risk Officer, including the following: Identification of material risk, quantification and assessment of identified material risk and reporting to the relevant organs.

Operational risk – In addition to the aforementioned arrangements, the Supervisor has issued directives with respect to management of specific exposures, with the following highlights: Fraud and embezzlement ("Provisions of the Unified Circular – Volume 5, Part 3, Chapter 1 – Fraud and embezzlement by parties inside or outside the organization") and management of cyber risk ("Circular on management of cyber risk at institutional entities").

Effectiveness of internal control over financial reporting and disclosure (SOX) – Moreover, in conformity with regulatory directives related to securities, the Company applies the required procedures with regard to reviewing the effectiveness of internal control over financial reporting and disclosure at the Company, and encloses the required reports and certifications on this matter with its financial statements. Concurrently, institutional entities of the Group apply the directives of the Supervisor of Insurance with regard to effectiveness of internal control over financial reporting and disclosure at those entities.

In financial services operations

Migdal Capital Markets and subsidiaries thereof operate in conformity with applicable statutory provisions, and are subject, *inter alia*, to supervision by different regulators, such as the Israel Securities Authority, that specify directives, rules and restrictions for operations of Group companies, including: Rules for investment management and mutual fund management, conduct vis-à-vis managed customers and so forth.

3. Description of risk management procedures and methods

a) Overall risk management

In insurance and long-term savings operations

Migdal Insurance has appointed a Risk Officer for the insurance company and for institutional entities managed thereby.

The Risk Management Unit complements the risk management operations of the business entities, and is responsible for specifying the operating framework for risk management at the Group, challenging operations of the lines of business, developing tools and methods for assessment, identification and quantification of risk including emerging risk, reporting of regular or unusual risk exposures to reported entities (such as: investment committees, the Board of Directors, Risk Management Committee and so forth), implementation of systems for risk assessment and management (including implementation of IT system for Solvency II calculations) in various areas across the Group, and applying regulatory directives with regard to all aspects of risk management. The Unit is also responsible for providing professional guidance to control units within the Company's lines of business, including on formulating annual control plans, monitoring the implementation and handling findings for risk mitigation and handling fraud and embezzlement risk and failure events.

The Unit is also responsible for assessment of economic capital adequacy under the Solvency II regime, and for conducting self assessment of Company risk and solvency, taking into account, *inter alia*, the links between management of the Company's business strategy, including work plans, risk to which the Company is exposed, risk management units and capital management strategy.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

a) Overall risk management

The Unit operates in collaboration with headquarters units in charge of insurance operations, re-insurance operations, investment operations and finance.

The Group frequently holds professional discussions regarding risk management, both by the management forum and by custom professional forums, headed by the CEO.

In financial services operations

The overall responsibility for risk management at each Migdal Capital Markets company lies with the CEO of that company. Furthermore, the Group operates a Legal, Compliance and Control Department responsible for implementation and enforcement of relevant regulatory directives, and for control and monitoring for any breach of regulatory directives and internal directives issued by management. This Department is independent of the CEOs of the subsidiaries, and operates independently using advanced software tools and methods.

Group companies have approved, *inter alia*, risk management methodologies, exposure documents are frequently presented, and procedures are revised and distributed in conformity with a regular methodology.

Policy documents have been created that refer, *inter alia*, to risk appetite and to risk management.

This Department reports to Audit Committees and to Boards of Directors of Migdal Capital Markets and subsidiaries thereof, any identified deficiencies, including deviations from procedures.

Moreover, Migdal Capital Markets maintains a custom Market Risk Management Unit to conduct market risk control over mutual fund and market making operations. This unit reports to a VP at Migdal Capital Markets headquarters.

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group

The Group risk management policy is based on an enterprise risk management concept, designed to support achievement of business goals and to maintain financial robustness, with assessment of potential loss that may arise from exposure to risk faced by the Company due to its business operations, and limiting such loss in conformity with the risk policy stipulated, with reference to changes in the business environment and in regulatory directives and requirements.

Risk management at Migdal Group is based on three lines of defense: The first line consists of business line managers, the second line consists of risk management, including those specialized in specific risk types, such as cyber, compliance or legal, and the third line consists of Internal Audit.

Identifying material risk, assessment of such risk management and quantification of exposure and the potential impact of such risk on the future financial standing of Group companies and insured parties, as well as on Migdal Insurance capital, are conducted in collaboration between the Risk Management Unit and headquarters and/or actuarial units in charge of insurance operations, re-insurance operations, investment operations and finance, respectively.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Control over risk management is conducted at several focal points across the Group, as follows:

- Headquarters units are responsible, each within its own domain, for compliance with Group procedures and directives of the Board of Directors and investment committees with regard to restrictions on risk exposure.

  The Group maintains professional forums, headed by the CEO and heads of investment areas, insurance sectors and pension funds. The evolution of exposure to insurance risk across the various insurance sectors and to financial risk is regularly reviewed by these forums, as well as developments of other factors, and managerial decisions are made accordingly, to be carried out in these areas.

- The Group maintains controls over operating and compliance risk, under the business units. Controls within the business divisions review the infrastructure established in order to address various risk factors in operating procedures and in statutory provisions, in conformity with the annual control plan, under professional guidance from the Operating Risk Officer and the Compliance Officer.
- For overall responsibility of the Risk Management Unit, see section A.3.a) above.
- Internal Audit incorporates, in its work plans, topics specified in the risk survey as topics that require special attention.

New products

The process of launching a new insurance program or a new operating segment at the Group is carried out in conformity with the New Product Launch Procedure, which complies, *inter alia*, with regulatory directives on this matter. Identification and quantification of risk associated with the product are carried out as follows:

Insurance risk – Exposure to insurance risk is measured with reference both to the risk expectancy, used as basis for product pricing, and to exposure to potential loss expected beyond the risk expectancy under different scenarios.

Market risk – In products with any kind of guaranteed return, exposure to market risk is measured, *inter alia*, using stochastic tools to measure both the expected loss with respect to market risk (used as basis for product pricing) and the potential loss expected at a given level of certainty with respect to such risk.

Overall risk – Alignment is measured with risk appetite and with the Company's risk management policy, as well as the impact of the status of capital and forecasted development of capital under the Solvency II regime.

Market and liquidity risk

Market risk – This risk is managed by investment managers, in conformity with statutory provisions and with the overall policy of the Board of Directors and of the investment committees for member asset portfolios: Profit-sharing insurance policies, pension funds and provident funds (where risk is primarily born by members) and for nostro asset portfolios.

These entities receive reports on exposure of the Group's various investment portfolios on money and capital markets, including interest rates, exchange rates and inflation, including management of assets against liabilities, and they specify, with reference to the foregoing, exposure levels for the different investment classes as frameworks for investment by the Group's Investment Division, and subject to the Investment Regulations.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

The Company addresses market risk, *inter alia*, by diversification of: Investment classes, issuers, sectors and geographic regions. Moreover, restrictions are specified, *inter alia*, for exposure to investment classes, ALM restrictions and so forth. The overall risk appetite is also specified for financial scenarios.

For information regarding exposure to linkage bases of managed portfolios, see sections C. and D. below.

Liquidity risk – This risk is managed by investment managers, both by regular monitoring of liquidity for liabilities in the various investment portfolios, as well as quantification of the expected loss under a stress scenario of immediate asset realization. The matter is discussed by the Board of directors and by the investment committees of the managed portfolios, both nostro and member portfolios, profit-sharing insurance policies, pension funds and provident funds. With reference to these data, *inter alia*, exposure limits are specified to risk factors of assets in the managed portfolios.

The transition to investment baskets has reduced liquidity risk, primarily for the smaller funds.

Quantification of exposure to market risk and liquidity risk of investment portfolios is conducted for market risk, both by measuring the Value at Risk (VaR), which measures the maximum potential damage for a given probability over a given period, and by review of the damage expected to be incurred by the Group under various historical and hypothetical sensitivity scenarios. As part of quantification of exposure to market risk, the overall exposure is measured – to balance sheet and economic interest risk, including by review of asset alignment with liabilities (ALM) in the nostro portfolio, and quantification of the exposure derived from profit sharing portfolios, impact of changes to interest curves on the fair value thereof and compliance with exposure limits specified.

As for liquidity risk, for member portfolios, also calculated is the expected loss due to the need to make the portfolio liquid upon occurrence of a stress scenario of immediate liquidation of accruals.

In addition, the following are calculated for managed portfolios (member asset portfolios: profit-sharing insurance policies, pension funds and provident funds) – various performance benchmarks regarding the relationship between return achieved and risk level in the portfolio.

Exposure measurement, as noted above, for the Group's various asset portfolios, is conducted at least once per quarter, and includes the aforementioned risk benchmarks, as well as the state of exposures to risk factors, compared to limits set by the Board of Directors and by the various investment committees. Concurrently, regular controls are applied by the Control Unit of the Investment Division, which manages the investments, relative to compliance with the Investment Regulations and with investment and credit policy of the various portfolios.

These exposure reports are regularly provided to the relevant investment committees for the various asset portfolios.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Insurance risk

Insurance risk is managed by insurance area managers and by actuaries of the various sectors, including pension funds (where members bear the risk). The Board of Directors received the exposure assessment for maximum expected loss due to material insurance risk factors, at the certainty level specified and based on the following risk components:

- Extent of maximum expected loss due to exposure to a single large damage or to accumulation of damage with respect to a very large event (catastrophe event), as well as exposure to unexpected variance in risk factors covered by insurance policies sold by the Company, for a given certainty level for a one-year period.
- Impact of measures applied by the Company to diversify, mitigate or cap the insurance risk, both by underwriting procedures and rules for accepting business, and by re-insurance arrangements, to reduce the expected loss and impact on required capital against such risk, due to exposure to insurance risk.

With reference to assessment of Company exposure to insurance risk and to actuarial risk of pension fund members, the Board of Directors specifies the exposure limits of the Company or fund to such risk.

In life insurance, health insurance and pension fund – quantification of loss exposure due to risk components of life and health insurance business, and actuarial risk in pension funds, such as mortality and illness risk both for cost and number of claims, life expectancy, major event such as earthquake, pandemic, war or terrorism (catastrophic event), and increase in cancellation rate (including redemption and outgoing portability) is achieved through the effect of stress scenarios on value of long-term savings portfolios, taking into account correlations between risk factors, over a one-year time horizon.

From time to time, the Company conducts studies and analysis, including review of sensitivity scenarios, with regard to developments in exposure to insurance / actuarial risk, such as mortality risk, longevity, disability, cancellations, expenses etc. and their impact on insurance reserves, as well as on product profitability and on value of new sales by the Group.

In non-life insurance – quantification of exposure to significant deterioration in risk factors covered by insurance policies, as well as to a single major damage or accumulation of damage due to a catastrophic event, such as earthquake (which is the major catastrophic event to which the Group has exposure), and effect of re-insurance arrangements on the Group's potential loss, are achieved by review of scenarios for key risk factors to which the Group has exposure, at a specified certainty level. Moreover, the Group regularly reviews the profitability of various sectors. Regular controls are applied to developments and trends in exposure to insurance risk for the various insurance sectors, primarily due to changes in claim frequency and severity, as well as in expenses and other costs, and their impact on product profitability and on insurance reserves.

The Group addresses insurance risk by use of re-insurance, pricing and underwriting. Diversification of insurance contracts and diversification across sectors, geographical regions, risk types, coverage amount and so forth also mitigate the risk.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Credit risk

Credit risk for investments – This risk is managed by investment managers, in conformity with statutory provisions and with the overall policy of the Board of Directors and of the investment committees. Policy includes exposure limits, primarily to an individual borrower, to a borrower group, exposure to credit rating groups and so forth. When setting these limits, regulatory requirements are also taken into account. Institutional entities maintain a Credit Committee, which discusses and approves transactions, based on the authorization ranking vested in them by each of the investment committees.

For more information about credit rating of assets in managed portfolios, see section B.4.a)(2) below.

Estimated credit risk exposure with respect to credit extended in the various investment portfolios, is primarily based on review of the damage which the Group is expected to incur due to credit assets, under various scenarios, arising from the credit rating and duration of the asset.

The credit rating assigned in investment portfolios is based on external rating, if available, and on internal rating by the Investment Division's Research Department, which also considers the external rating.

For internal rating, see section B.4.b)(1) below.

Borrowers in a credit facility extended under the Group's various investment portfolios are reviewed quarterly by the Group's Research Department to verify any change to borrower credit risk. Moreover, the Credit Department regularly reviews the financial covenants for credit and compliance with directives of regulators, the Board of Directors and investment committees. Credit risk exposure in the various investment portfolios, including exposure to borrowers, sectors and segments, borrower ratings, troubled debt and so forth, are brought for discussion by the investment committees quarterly.

The Company addresses market risk associated with investments by diversification of: investment classes, issuers, sectors and geographical regions, with review of resilience of entities in which the Company invests and their solvency, prior to making the investment and during the investment term.

Re-insurer credit risk – managed by the Re-insurance Department, which presents to the Board of Directors the exposure to credit risk with respect to re-insurers. The Board of Directors sets exposure limits to re-insurer credit risk ratings considering, *inter alia*, the type of insurance sector (long / short tail), the individual re-insurer and also considering any limits set forth in legislation.

Estimated exposure to re-insurer credit risk is primarily based on the loss probability at a given certainty level, based on re-insurers' credit rating.

This rating is primarily determined based on rating agency S&P.

For more information on re-insurer credit risk, see section B.1.4 below.

The Re-insurance Department reviews the financial resilience of re-insurers.

The Financial Division regularly monitors collection from re-insurers.

The Company addresses re-insurer credit risk through diversification of re-insurers, limits on exposure to a single re-insurer and limits on credit rating.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Operating risk

Key operating risk – Operating risk is managed by division managers, supported by various parties and functions across the organization, including the control system deployed across operating segments in the organization, the operations unit, compliance and enforcement, SOX, information security, operating risk management, including fraud and embezzlement prevention, the Technology Division and Internal Audit. Policy documents, with due consideration to current regulatory directives, related to operating risk management have been approved by the Company Board of Directors and the Company adheres to these.

Quantification of loss arising from operating risk is included in calculation of the solvency ratio, using generally accepted parameters with regard to scope of Group operations in the various insurance sectors.

The Company addresses operating risk by mapping operating risk and putting in place plans to mitigate any high residual risk. Furthermore, applying control plans in operating segments allows for identifying and addressing any operating deficiencies in regular work processes.

Information and cyber security – in recent years, there has been a significant increase in global cyber threats. Many attacks occur in Israel and world-wide targeting national infrastructure, government entities and a wide range of corporations. In the insurance industry, there were several significant events at insurance agencies, as well as a seminal hacking event at Shirbit with an especially large information leakage.

The Company's business operations rely, to a large extent, on IT systems to support business processes. System availability, data reliability and maintaining data confidentiality are vital for maintaining proper business operations.

As technology evolves, the threat frequency changes and risk increases to the Company and to its customers. Incorporating new technology in core business of the Company, as well as in peripheral systems and among customers, increases the risk of cyber attacks. Along with the impact of technology on cyber and information security threats and risk, in recent years there have been many regulatory changes in this field, including various legal and regulatory requirements that may give rise to legal risk.

Cyber and information security risk may be associated with diverse types of impact and damage, including impact to business continuity of the Company, its revenues, reputation, as well as impact or damage to third parties, including Company customers, suppliers, business partners and employees.

The Company regularly prepares to address cyber threats, and invests significant resources in this area, including obtaining cyber insurance coverage from global insurers.

The Company has in place a cyber risk management policy, including methodology for risk management, from which it derives procedures for work processes and controls designed to address cyber risk. Responsibility for application of this policy lies with the Manager, Cyber and Information Security reporting to the Manager, Technology Division, as well as with the Manager, Privacy Protection reporting to the Chief Legal Counsel and Group Enforcement Officer. Note that the aforementioned and other major officers in this area report directly to the organs authorized by the Board of Directors to discuss these matters.

Risk management at the Company involves challenging the risk management and protection system, assisted by external consultants with experience, expertise and skill in cyber and information security.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Operating risk (Continued)

The cyber risk management policy is annually approved by the Company Board of Directors. The annual work plan in this area, including the mitigation plan, is approved as part of the work plans brought before the Board of Directors. The Board of Directors also receives semi-annually a report monitoring the performance of the aforementioned work plan.

The Board of Directors has appointed a dedicated committee which meets quarterly to discuss IT, cyber and information security strategy. This committee discusses, *inter alia*, the threat outline, events and studies from around the world, the risk appetite, the work plan status and realization of mitigation plans.

Supervision and control mechanisms in place at the Company also include the Cyber Risk Management Committee, headed by CEOs of institutional entities and senior executives, including the Company's gatekeepers. This committee convenes quarterly, as an operating committee for decision making in these areas.

The committee's summaries are reported to the Company Board of Directors in the semi-annual report on this matter.

Company gatekeepers, including the Internal Auditor, conduct audits on operations related to cyber and information security, in conformity with a multi-annual audit plan based on the risk associated with such operations.

As part of cyber risk management, the Company manages several key risk areas: information disruption, unauthorized access to information, disruption of the Company network / systems and impact on its business operations, information leaks and invasion of privacy.

The Company regularly revises its cyber and information security risk assessment *inter alia* by conducting surveys, uncovering exposures, failure events and insights from cyber events in Israel and globally.

The Company has an orderly, flexible work plan which is revised from time to time, based on development of constantly changing threats. The plan is based on analysis of the threat and risk outline applicable to the Company, and includes actions designed to reduce the likelihood of their materialization.

Moreover, instructions and close assistance by the cyber and information security unit are regularly provided during normal work, from the initiation of technology and business projects, to regularly addressing internal and external risk, such as information leak, network disruption, information disruption and unauthorized access to information, which may affect business operations.

The Company invests significant resources in management and control of supplier and supply chain resilience. This is achieved by using a system that has been purchased, resilience surveys and scanning of digital assets for suppliers.

In the reported period, no cyber events were identified with impact on financial reporting.

Fraud and embezzlement prevention – Institutional entities in the Group operate in this area in conformity with provisions of the Supervisor's circular on fraud and embezzlement, and in conformity with policy approved by the Group Board of Directors. As part of risk management, the Group has appointed a Manager, Fraud and Embezzlement Prevention, tasked with identification, assessment and mitigation of exposure, in collaboration with division manager and assisted by the organization's control system.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Operating risk (Continued)

Fraud and embezzlement prevention – Institutional entities in the Group operate in this area in conformity with provisions of the Supervisor's circular on fraud and embezzlement, and in conformity with policy approved by the Group Board of Directors. As part of risk management, the Group has appointed a Manager, Fraud and Embezzlement Prevention, tasked with identification, assessment and mitigation of exposure, in collaboration with division manager and assisted by the organization's control system.

Preparation for disaster (emergency) – The Company has a general business continuity operating framework, which includes reference scenarios and their implications on the Group, mapping of critical processes during emergency, service targets during emergency and a business continuity plan. The business continuity plan (BCP) refers to the various aspects required during emergency, including staff, physical infrastructure and technology infrastructure. This plan includes, *inter alia*, operating procedures during emergency for critical business processes and those supporting them, backup plan for critical staff, transition plan to alternate site / remote work (for Group staff supporting critical business processes in emergency) and the disaster recovery (DRP) site for information about insured parties and members, enabling Return Point Objective (RPO) and Return To Operation (RTO) within specified time frames in support of service targets during emergency. The Company has another (third) copy, to guarantee information recovery if information in the main site and alternative site are simultaneously impacted. The general work frame includes a business continuity plan, based on the circular "Business continuity plan", which is also presented as a separate document for approval by the Board of Directors. As required, both the general work frame and the business continuity plan for 2023 were approved by management and by the Board of Directors, respectively.3 This approval is valid for two years. In 2023, the business continuity plan was deployed among employees through an interactive eLearning kit, and by implementing the drill plan, Migdal business continuity drill, subject to the Supervisor's directives. In November 2023, the third site (cloud) outline drill took place. Moreover, in 2023, the Company operated during the Iron Swords war, in conformity with its general work plan and business continuity plan, including regular reports to the Supervisor, to management and to the Company Board of Directors.

Environmental risk and emerging climate risk – In recent years, awareness of the importance of environmental risk management has increased, in Israel as well as world-wide.

Environmental risk includes, *inter alia*, air, water and soil pollution.

Emerging climate risk is created by increased intensity and frequency of weather events due to global warming. Climate risk includes physical risk, such as flooding, fire and so forth, and transition risk due to promoting measures to mitigate the impact of global warming, such as reducing carbon emissions by transition to renewable energy sources, carbon taxation and so forth).

The Company may be impacted by climate change and by natural disaster directly linked there to, by impact on its facilities, as well as indirectly, by borrower credit risk or impairment of collateral with exposure to environmental risk. The Company may also be indirectly impacted by environmental risk in credit risk, by deterioration in the financial standing of a borrower or re-insurer, due to the need to make investments arising from provisions related to environmental protection. The Company may also face reputation risk, should the Company be implicated in relation to a cause of environmental impact, whether by creating the impact or indirectly, by financing it.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

A. Overview (Continued)

3. Description of risk management procedures and methods (Continued)

b) Risk management policy, work processes, risk identification and risk management control in insurance and long-term savings operations of the Group (Continued)

Operating risk (Continued)

Environmental risk is an evolving risk, typically lacking quantitative information and sufficient historical information for estimating it, and with higher variance than other risk types over time, which requires establishing processes for adapting tools for management and measurement of such risk.

The Company sees the importance of promoting these operations and managing this risk. The Company has adopted an ESG investment policy for management of its entire investment portfolio, and has openly stated so, as required by the Supervisor, as part of its investment policy statement.

The Company monitors regulatory, technological and social developments in this area and is studying them.

B. Risk details

1. Market risk

Market risk is the risk of future fair value or cash flows of financial assets, financial liabilities or insurance obligations would change due to changes to market prices. Market risks include, *inter alia*, risk due to changes to interest rates, prices of equity instruments / real assets, Consumer Price Index and foreign currency exchange rates. For impact of sensitivity analysis with regard to effect of changes in these variables on income (loss) for the period and on comprehensive income (loss), see section B.1.a) below.

Interest risk – the risk of future fair value or cash flows of a financial instrument would change due to changes to market interest rates.

For most Group business, the average duration of assets does not match that of liabilities, primarily in life insurance obligations (as well as in long-term health insurance and pension funds), where the average duration of liabilities exceeds the average duration of assets. Consequently, lower interest rates have an effect of reducing future returns upon refinancing assets against liabilities, as well as reducing the inherent value of the life insurance portfolio and reducing inherent future returns on member funds.

In non-life insurance, lower interest rates have an effect of reducing product profitability, due to decrease in revenues from investments against reserves.

Note that in 2023, central banks around the world maintained their monetary contraction trend, including higher interest rates. In the second half of the Reported Year, global inflation remained high, although more moderate, such that interest rates continued to be raised globally, although at a more moderate pace. In Israel, the change in trend was reflected in the first decrease in interest rate since COVID in late 2023, but the effects of the war and lowered credit rating of the State of Israel by rating agency Moody's may moderate the likelihood of further decrease in interest rate in the local economy.

Market risk (equity instruments / real assets) – risk arising from change in stock prices or from change in fair value of other assets.

Consumer Price Index risk – real loss due to erosion in value of NIS-denominated assets by higher inflation, beyond the inflationary expectations inherent in the capital market, against insurance obligations linked to the Consumer Price Index.

As noted, in 2023 the increase in inflation has slowed down, after two years in which it reached a multi-decade high, due to continued war between Russia and the Ukraine and continued supply chain challenges and shortage of food and commodities.

Note that significantly higher inflation affects the reduction of real returns in member portfolios, and therefore a derivative effect of decrease in variable management fees which the Company may collect, and impact on the financial spread in the Company's nostro portfolio.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk Detail (Continued)

1. Market risk (Continued)

Currency risk – the risk of future fair value or cash flows of a financial instrument would change due to changes to foreign currency exchange rates.

Revenues from investments against insurance reserves and shareholders equity have material impact on earnings of insurance companies. A large share of the Group's asset portfolio is invested in securities traded on the capital market and in financial derivatives, with typical volatility due to geo-political and economic events in Israel and world-wide. Negotiable securities are carried at their value on the stock exchange as of the report date. Consequently, volatility in the value of such investments in the nostro portfolios and impact of changes in investment income on variable management fees in the profit-sharing insurance policy portfolio may have material impact on Group profitability and shareholder equity, as well as on the value of the life insurance portfolio. Impairment of assets held against profit-sharing insurance policies, pension funds and provident funds also reduces the fixed management fees collected in these portfolios. The total impact on earnings depends on features of the insurance obligations (yield-dependent or non yield-dependent) and on management fee terms and conditions of the products for which the relevant reserve is maintained.

Yield-dependent liabilities are those with respect to contracts where insurance payout to which the beneficiary is entitled depends on the yield from investments held against liabilities with respect to such insurance policies, net of management fee, as stated below:

- For insurance policies issued prior to 2004, fixed management fee and variable management fee at 15% of real return after deduction of fixed management fee.
- For insurance policies issued in 2004 or thereafter – fixed management fee.

The Company has direct exposure to the effect of changes to the interest curve on calculation of its insurance obligations with respect to such contracts. The Company also has exposure due to variable management fees in conformity with volatility of return charged to insured parties, but only for insurance policies issued prior to 2004, and to total obligations which determine the insurer's fixed management fees for all yield-dependent products.

The sensitivity tests and maturities of obligations listed in the following sections only include the direct effect of change in the interest curve on calculation of insurance obligations.

Any 1% change in real return on investments in yield-dependent contracts with respect to insurance policies issued prior to 2004, with total obligations as of December 31, 2024 amounted to NIS 84 billion (in the previous year: NIS 79 billion) would affect the management fee by NIS 126 million (in the previous year: NIS 118 million).

When such contracts have negative returns, the Company does not charge a variable management fee, but only charges the fixed management fee at 0.6% of accrual, for as long as any positive real net return (net of fixed management fee) does not cover the accumulated negative return.

As of December 31, 2023, the Company recognized positive real return. However, due to accumulated negative return recognized, a 1% change in real return on investments in yield-dependent contracts has no immediate effect on income.

The estimated management fee not collected due to negative return, pending achievement of positive return as aforesaid, amounts to NIS 1 billion, which would reduce the management fee to be collected by the Company and its future profitability. For more information see Note 1.D.

The effect of such change on insurance policies issued as from 2004 is not material.

For non-yield-dependent life insurance – the life insurance portfolio primarily consists of guaranteed-return insurance policies, mostly backed by designated debentures (HETZ) issued by the Bank of Israel for the duration of the insurance policy. Therefore, the Company has concurrent financial coverage for most of the obligations, in terms of interest and linkage, for the duration of these insurance policies. As of December 31, 2023, designated debentures covered 74% of all insurance obligations in life insurance under such plans, similar to the previous year.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk Detail (Continued)

1. Market risk (Continued)

The linkage base for assets and liabilities in non yield-dependent life insurance is not fully aligned (for part of the life insurance portfolio not backed by designated debentures), for non-life insurance and for capital.

Changes in capital markets, in the Consumer Price Index and in exchange rates may have material impact on the Group's operating results.

a) Sensitivity tests regarding market risk

Below is sensitivity analysis with regard to effect of changes in these variables on income (loss) for the period and on comprehensive income (capital). The sensitivity analysis is with respect to carrying amount of financial assets, financial liabilities and obligations with respect to insurance contracts and investment contracts with respect to the relevant risk variable at each reporting date, assuming that all other variables are constant. Thus, for example, the change in interest rate assumes that all other parameters have not changed. It is also assumed that these changes do not reflect impairment of assets carried at depreciated cost, or of assets available for sale, and therefore the aforementioned sensitivity analysis excludes any impairment loss with respect to these assets.

The sensitivity analysis only reflects direct effects, excluding any secondary effects.

Note that this sensitivity is not necessarily linear, so that larger or smaller changes than the changes described below may not be simply extrapolated from the effect of such changes.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

1. Market risk (Continued)

a) Sensitivity tests regarding market risk (Continued)

As of December 31, 2023

	Change in interest (1)(2)		Change in investment prices of equity instruments (3)		Change in Consumer Price Index		Change in foreign currency exchange rate (5)	
	+1%	-1%	+10%	-10%	+1%	-1%	+10%	-10%
	NIS in thousands							
Income (loss)	292,428	(1,526,057)	4,408	(4,326)	(10,289)	10,289	(356,071)	356,071
Comprehensive income (loss) (4)	(563,364)	(506,003)	424,473	(424,391)	(10,289)	10,289	25,194	(25,194)

As of December 31, 2022

	Change in interest (1)(2)		Change in investment prices of equity instruments (3)		Change in Consumer Price Index		Change in foreign currency exchange rate (5)	
	+1%	-1%	+10%	-10%	+1%	-1%	+10%	-10%
	NIS in thousands							
Income (loss)	927,043	(1,566,719)	8,988	(9,555)	(6,023)	6,023	(294,242)	277,068
Comprehensive income (loss) (4)	124,016	(609,356)	346,854	(347,421)	(6,023)	6,023	28,224	(45,398)

Remarks

(1) For instruments bearing fixed interest, exposure is with respect to the carrying amount of the instrument. For instruments bearing variable interest, exposure is with respect to cash flow from the financial instrument. Sensitivity analysis is based on carrying amount, not on economic value. Sensitivity analysis does not take into account, out of assets subject to direct interest risk, non-negotiable debt instruments bearing fixed interest, cash and cash equivalents, re-insurance assets, financial liabilities measured at amortized cost after initial recognition, using the effective interest method and liabilities with respect to investments contracts.

Assets for which sensitivity analysis has been applied in 2023 account for 27% of total assets for non yield-dependent contracts.

(2) The effect of a 1% decrease in interest rate on income and comprehensive income with respect to insurance obligations in life and health insurance included in the sensitivity analysis, is an estimated loss of NIS 1,437 million after tax (in the previous year: loss of NIS 1,473 million after tax). The effect of a 1% increase in interest rate is an estimated income of NIS 211 million after tax (in the previous year: income of NIS 822 million after tax). See section b.1.above.

In non-life insurance, the Company capitalizes the insurance obligations in third party, employer liability and mandatory auto insurance sectors. The effect of a 1% decrease in the risk-free interest rate is an increase in liabilities and decrease in income and comprehensive income by NIS 94 million after tax (in the previous year: NIS 100 million after tax). The effect of a 1% increase in the risk-free interest rate is a decrease in liabilities and increase in income and comprehensive income by NIS 87 million after tax (in the previous year: NIS 93 million after tax). See section B.3.c)(d)(j) above.

(3) Investments in instruments that do not generate a regular cash flow, or for which the Company has no information with regard to such cash flow (as defined in IFRS 7 excluding investments in associates).

(4) Sensitivity analysis for comprehensive Income (loss) also reflect the effect on income (loss) for the period.

(5) Change in foreign currency exchange rates includes effect on non-monetary and other items with a carrying amount of NIS 5.2 billion.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

1. Market risk (Continued)

b) Direct interest risk

Direct interest risk is the risk of changes in market interest causing change in fair value of or in cash flow from the asset or liability. This risk refers to assets settled in cash. Adding the word "direct" emphasizes the fact that change in interest may also affect other asset types, but indirectly – such as the effect of interest changes on stock prices.

Below is information about assets and liabilities by exposure to interest risk:

	As of December 31, 2023		
	Non-yield-dependent	Yield-dependent	Total
	NIS in thousands		
Assets with direct interest risk			
Negotiable debt instruments	16,032,719	26,397,493	42,430,212
Non-negotiable debt instruments			
HETZ debentures	24,898,529	899,186	25,797,715
Other	2,166,967	16,296,095	18,463,062
Other financial investments	329,646	1,226,918	1,556,564
Cash and cash equivalents	2,922,734	16,580,074	19,502,808
Re-insurance assets	1,524,551	24,382	1,548,933
Total assets with direct interest risk	47,875,146	61,424,148	109,299,294
Assets with no direct interest risk *)	13,858,207	81,702,244	95,560,451
Total assets	61,733,353	143,126,392	204,859,745
Liabilities with direct interest risk			
Financial liabilities	5,955,175	63,171	6,018,346
Liabilities in respect of insurance contracts and investment contracts	43,656,181	140,210,405	183,866,586
Others	452,695	2,336,432	2,789,127
Total liabilities with direct interest risk	50,064,051	142,610,008	192,674,059
Liabilities with no direct interest risk **)	3,202,982	384,112	3,587,094
Total liabilities	53,267,033	142,994,120	196,261,153
Total assets net of liabilities	8,466,320	132,272	8,598,592
Off balance sheet risk (obligations to extend credit)	314,470	2,456,079	2,770,549

*) Assets with no direct interest risk include: Shares, funds, fixed assets and land for rent, deferred acquisition costs and other assets, as well as balance sheet groups of financial assets (premium receivable, current balances of insurance companies, and other accounts receivable) with an average duration of six months or less, hence the interest risk with respect to these is relatively low.

**) Liabilities with no direct interest risk include: Tax reserves, various debit/credit balances etc.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

1. Market risk (Continued)

b) Direct interest risk (Continued)

	As of December 31, 2022		
	Non-yield-dependent	Yield-dependent	Total
	NIS in thousands		
Assets with direct interest risk			
Negotiable debt instruments	15,787,725	27,460,130	43,247,855
Non-negotiable debt instruments			
HETZ debentures	24,307,516	1,037,978	25,345,494
Other	2,269,106	16,394,072	18,663,178
Other financial investments	485,168	2,882,135	3,367,303
Cash and cash equivalents	4,031,226	14,715,486	18,746,712
Re-insurance assets	1,382,078	19,585	1,401,663
Total assets with direct interest risk	48,262,819	62,509,386	110,772,205
Assets with no direct interest risk *)	12,055,018	74,069,318	86,124,336
Total assets	60,317,837	136,578,704	196,896,541
Liabilities with direct interest risk			
Financial liabilities	7,248,782	848,247	8,097,029
Liabilities in respect of insurance contracts and investment contracts	41,879,085	133,029,280	174,908,365
Others	334,739	165,597	500,336
Total liabilities with direct interest risk	49,462,606	134,043,124	183,505,730
Liabilities with no direct interest risk **)	3,172,289	2,122,023	5,294,312
Total liabilities	52,634,895	136,165,147	188,800,042
Total assets net of liabilities	7,682,942	413,557	8,096,499
Off balance sheet risk (obligations to extend credit)	173,197	1,785,118	1,958,315

*) Assets with no direct interest risk include: Shares, funds, fixed assets and land for rent, deferred acquisition costs and other assets, as well as balance sheet groups of financial assets (premium receivable, current balances of insurance companies, and other accounts receivable) with an average duration of six months or less, hence the interest risk with respect to these is relatively low.

**) Liabilities with no direct interest risk include: Tax reserves, various debit/credit balances etc.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

1. Market risk (Continued)

c) Details of exposure to economic sectors for investments in shares [*)]

	As of December 31, 2023					
	Traded on Tel Aviv 125 Index	Traded on YETER index	Not traded in Israel	Overseas	Total	% of total
	NIS in thousands					
Economic sector						
Industry	–	1	–	10,702	10,703	4.1
Construction and real estate	–	–	15,233	–	15,233	5.9
Power and water	–	–	52,898	117,747	170,645	66.1
Communications and computer services	3,141	–	8,260	–	11,401	4.4
Financial services	–	–	–	6,499	6,499	2.5
Other business services	–	–	–	2,090	2,090	0.8
Holding companies	–	–	–	41,984	41,984	16.2
Total	3,141	1	76,391	179,022	258,555	100.0

	As of December 31, 2022					
	Traded on Tel Aviv 125 Index	Traded on YETER index	Not traded in Israel	Overseas	Total	% of total
	NIS in thousands					
Economic sector						
Industry	–	1	–	5,146	5,147	2.1
Construction and real estate	–	–	15,996	–	15,996	6.6
Power and water	116	845	41,535	93,877	136,373	56.0
Commercial	4,125	–	–	–	4,125	1.7
Communications and computer services	8,891	–	8,531	–	17,422	7.1
Financial services	–	–	–	5,345	5,345	2.2
Other business services	–	–	–	1,943	1,943	0.8
Holding companies	–	–	–	57,336	57,336	23.5
Total	13,132	846	66,062	163,647	243,687	100.0

[*)] Excludes investments in associates. See Note 7.B.1.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

2. Liquidity risk

Liquidity risk is the risk of loss due to the Group being unable to meet its obligations when due, including sale of assets at below market value or raising capital from an unexpected source within a short time.

The Group has exposure to risk arising from uncertainty as to the date when the Group would be required to pay claims and other benefits to insured parties, relative to funds available for this purpose at that time. However, a significant part of its insurance obligations in the life insurance sector are not exposed to liquidity risk, due to the nature of insurance contracts, as described below.

Yield-dependent contracts in life insurance – according to contractual terms, the owners are only entitled to the value of their investments. Therefore, should the value of investments increase, there would be a concurrent increase in Group liabilities, net of management fees collected by the Group.

Non yield-dependent contracts in life and health insurance, amounting to NIS 40 billion, or 22% of insurance and other obligations in life insurance as of December 31, 2023 (in the previous year: NIS 39 billion and 22%, respectively) are with respect to non yield-dependent contracts that guarantee an agreed return. These contracts are partially backed by designated debentures (HETZ) issued by the Bank of Israel. The Group may realize these debentures upon redemption of such insurance policies.

Liquidity risk for the Group's insurance obligations is, therefore, primarily due to the balance of assets other than designated debentures and not held against yield-dependent contracts. As of December 31, 2023, these assets account for 11% of total Group assets (NIS 22 billion) (in the previous year: 10% of total Group assets, or NIS 20 billion).

Of the aforementioned balance of assets as of December 31, 2023, NIS 12 billion are negotiable assets and cash and cash equivalents (in the previous year: NIS 10 billion).

Note, however, that a potential need to raise resources unexpectedly and within a short time, may require significant rapid realization of assets, to be sold at prices that may not reflect their market value.

According to the Investment Regulations, Migdal Insurance is required to hold liquid assets, as defined in the Investment Regulations.

Asset and liability management

Migdal Insurance manages assets and liabilities in conformity with requirements stipulated in the Supervision Act and regulations based there upon.

The tables below provide a summary of anticipated maturities of non-discounted insurance obligations and financial liabilities of Migdal Insurance. As these amounts are non-discounted, they do not match the balance of insurance obligations and financial liabilities balance on the statement of financial position.

a) Estimated maturities of obligations in life and health insurance are included in the tables as follows:

Savings – contractual maturities, i.e. retirement age, with no cancellation assumptions, assuming all savings are withdrawn as a lump sum rather than as a pension.

Pension payments, disability payments and nursing care payments – based on actuarial estimate.

Pending claims and risk reserves – reported under column "No specified maturity".

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

2. Liquidity risk (Continued)

Asset and liability management (Continued)

b) Estimated maturities of obligations with respect to non-life insurance contracts are included in the tables as follows:

Obligations in non-grouped (statistical) sectors, assessed by an actuary – reported based on actuarial estimate, based on past experience of claim payments.

Insurance obligations in property and other grouped (non-statistical) sectors and in sectors where provisions are based on non-actuarial assessment – reported under column "Maturity up to 3 years".

c) Maturities of financial liabilities and obligations with respect to investment contracts are included based on contractual maturities. In contracts where the counter-party may select the timing of any payment, the liability was included based on the earliest date when the Company may be required to settle its liability.

Liabilities in respect of life and health insurance contracts *)

	Up to 1 year	1-5 years	5-10 years	10-15 years	Over 15 years	No specified maturity	Total
	NIS in thousands						
As of December 31, 2023	11,365,300	11,381,137	8,379,586	3,484,216	2,817,846	4,019,243	41,447,328
As of December 31, 2022	10,311,672	11,415,181	9,459,465	3,851,647	2,762,751	3,592,284	41,393,000

*) Excludes liabilities with respect to yield-dependent contracts.

Liabilities in respect of non-life insurance contracts

	Up to 3 years	3-5 years	Over 5 years	No specified maturity	Total
	NIS in thousands				
As of December 31, 2023	3,579,748	1,067,852	1,359,112	1,676	6,008,388
As of December 31, 2022	3,184,293	1,063,831	1,351,018	2,024	5,601,166

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

2. Liquidity risk (Continued)

Financial liabilities and liabilities in respect of investment contracts

	Up to 1 year (1)	1-5 years	5-10 years	10-15 years	Over 15 years	No specified maturity	Total
	NIS in thousands						
As of December 31, 2023							
Financial liabilities, other than lease liabilities (2)	2,044,312	3,736,338	2,620,199	–	–	–	8,400,849
Liability with respect to lease	33,277	69,481	38,567	21,077	–	–	162,402
Liabilities with respect to non-yield-dependent investment contracts	91,398	187,086	115,712	26,937	883	–	422,016
Liabilities with respect to yield-dependent investment contracts (3)	5,194,497	–	–	–	–	–	5,194,497
As of December 31, 2022							
Financial liabilities, other than lease liabilities (2)	5,908,090	3,484,681	2,333,852	–	–	–	11,726,623
Liability with respect to lease	26,256	51,969	29,891	21,538	–	–	129,654
Liabilities with respect to non yield-dependent investment contracts	98,140	126,568	67,611	11,095	124	–	303,538
Liabilities with respect to yield-dependent investment contracts (3)	4,560,402	–	–	–	–	–	4,560,402

(1) Financial liabilities up to 1 year include NIS 5 thousand maturing on demand (in 2022: NIS 100 thousand).

(2) Includes financial liabilities with respect to yield-dependent insurance policies amounting to NIS 311 million as of December 31, 2023 (in 2022: NIS 2,595 million).

(3) Liabilities with respect to yield-dependent investment contracts are up to 1 year, as they mature on demand.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk

a) Overview

The Group sells insurance policies that cover diverse risk types, such as mortality rate mostly prior to retirement age, longevity risk for pension recipients after retirement age ("longevity") and increase in realization of pension rates, disability, severe illness (nursing care, disability, fire, natural disaster, catastrophic event such as earthquake), theft, burglary, liability with respect to bodily injury and so forth. Pricing of the insurance policy and actuarial assessments with respect to the Company's insurance obligations, are primarily prepared based on past experience and the known legal and regulatory condition.

The requirement to deposit savings in retirement insurance, as from January 2008, to the pension track, the public preference for the pension track over the lump-sum track at retirement age, significantly impact the Company's exposure to longevity risk.

Changes to risk factors, to event frequency and severity and to the legal and regulatory condition may impact the Group's business results.

Insurance risk

Life and health insurance risk

This is primarily due to uncertainty regarding the frequency, timing and duration of payment of future expected claims, with reference to assumptions regarding mortality / longevity, morbidity / disability, expenses and cancellations (including redemptions and outgoing portability).

Non-life insurance risk

Pricing risk – the risk of using wrong pricing due to deficiencies in the underwriting process, and to exposure to deterioration in risk factors covered by the insurance policy, beyond the actuarial assessment used to set the premium to cover such risk. These differences may arise from random changes to business results and to changes in the average claim cost and/or in claim frequency due to various factors.

Insurance obligation assessment risk (pending claims reserve) – exposure to deterioration in future payments for pending claims, beyond the assessment of Company liabilities in respect of such claims. The actuarial models used, *inter alia*, by the Company to assess its insurance obligations, are based on the pattern of behavior and claims in the past reflecting the future one.

Company exposure consists of the following risk types:

Model risk – The risk of selecting a wrong model for pricing and/or for assessment of insurance obligations.

Parameter risk – The risk of using erroneous parameters, including the risk of the amount to be paid to settle the Company's insurance obligations, or the date of settlement of such insurance obligations, would differ from those anticipated.

Catastrophic risk

Exposure to the risk of a single event with extensive (catastrophic) impact, such as earthquake, war or terrorism, would result in large-scale accumulation of damage. The material catastrophic event to which the Company has exposure in non-life, life and health insurance is an earthquake.

The maximum expected loss in non-life insurance business, due to exposure to a single large damage or damage accumulation with respect to a major event, for a given damage probability (Maximum Possible Loss, or MPL, as determined by a model adopted by the Company), which is primarily 1.8%* of the amount at risk, is NIS 6,501 million, gross, of which NIS 200 million on retention.

* Except for exposure with respect to auto property coverage that is covered by contractual re-insurance agreements, to which the MPL applied is at 5%.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

a) Overview (Continued)

In life insurance business, there is a re-insurance contract known as catastrophe re-insurance (CAT), which covers death and absolute, permanent disability claims due to a catastrophic event (such as earthquake or any war, including nuclear, biological or chemical war). In 2023, the coverage for this re-insurance agreement amounted to NIS 340 million, after deductible of NIS 180 million per event occurrence. Note that the CAT contract excludes pandemic risk.

For more information about insurance sectors for which the insurer is exposed to insurance risk, see details of insurance obligations by insurance risk, in Notes 3.D., 17, 18.A. and 19.

Business mix

Group operations primarily focus on life insurance and long-term savings. Changes in the mix of sectors in long-term savings, in growth of the pension sector on account of the life insurance sector, has material long-term impact on the Group's operating results.

Life insurance and long-term savings preservation

The Company's life insurance and long-term savings portfolio is exposed to cancellation of insurance policies and redemptions, as well as to portability of accruals. The level of portfolio preservation is primarily affected by economic growth and employment, by regulatory directives, by public preference and by competition between different long-term savings products, as well as by competition between all players in this market, which is ever growing. Preservation of the insurance portfolio, including transition between types of long-term savings (life insurance, pension funds and provident funds) with different profit margins, has significant impact on profitability of insurance companies.

For sensitivity tests with regard to changes in cancellation rates, see section B.3.b)(7) below.

b) Insurance risk in life and health insurance policies

(1) Overview

Below is a description of the various insurance products and assumptions used to calculate the obligations by product type.

In general, as directed by the Supervisor, insurance obligations are calculated by an actuary using generally accepted actuarial methods. The obligations are calculated based on relevant coverage data, such as: Insured party's age and gender, insurance period, insurance start date, insurance type, insured amount and so forth.

(2) Actuarial methods for calculation of insurance obligations

Insurance programs "Adif" and "Investment tracks":

Insurance programs "Adif" and "Investment tracks" have an identified savings component. The basic and primary reserve is equal to accumulated savings, including yield, in conformity with insurance policy terms and conditions, as follows:

- Principal linked to yield of investment portfolio (yield-dependent contracts).
- Principal linked to the CPI plus guaranteed fixed interest, or credited for guaranteed yield against adjusted assets (guaranteed yield contracts).

For other insurance components (disability, death, nursing care and so forth), a separate insurance obligation is calculated as set forth below.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(2) Actuarial methods for calculation of insurance obligations (Continued)

Insurance program "Meorav" and similar ("legacy"):

Legacy insurance programs combine a savings component should the insured party survive the end of the program period, and an insurance component for risk of death during the program period. For these products, the insurance obligation is calculated for each coverage, by discounting the expected cash flow with respect to expected claims, including payment at end of the period, net of expected future premium. This calculation is based on assumptions used to price these products and/or on assumptions based on claims experience, including interest rates (hereinafter: "Nominal Interest"), mortality or morbidity table. The calculation is made using the Net Premium Reserve method, which excludes from the expected cash flow receipts the component assigned in the premium tariff to cover commissions and expenses, while not discounting the expected commissions and expenses. For yield-dependent legacy products, the reserve is calculated based on actual yield achieved, net of management fee.

Obligations for pension payments are calculated based on expected longevity, using mortality tables included in the Supervisor's circular dated 2022. See also section (3)(b) below.

Obligations with respect to whole life pensions with respect to insurance policies in effect (paid and settled) not yet making pension payments, or not yet at retirement age and actual payment has yet to start, are calculated based on probability of pension withdrawal and in conformity with life expectancy based on current mortality tables, and on expected cancellation rates and applicable discount rates in the pension portfolio through retirement age. These estimates are calculated based on Migdal Insurance's experience and on data published by the Supervisor.

Changes to assumptions regarding discount rate, life expectancy, cancellation rates, the share of insured parties selecting a pension withdrawal and/or other changes would affect these obligations.

The aforementioned obligations include a basic reserve, reflecting the redemption value accrued by the insured party and an additional pension reserve.

The provision for additional reserve for pensions is made gradually through the expected retirement age, using the discount factor K (hereinafter: "Factor K"). For more information about Factor K, see section (3)(d) below.

Other life insurance programs include pure risk products (disability, death or nursing care), sold as stand-along insurance policies or in addition to insurance policies with a basic program of "Adif", "Investment tracks" or "Legacy". For these programs, the actuarial obligation is calculated as required. The calculation used the Net Premium Reserve method.

For claims in continuous payment, in nursing care insurance and in disability insurance, the insurance obligation is calculated based on the insured party's age, claim age and expected payment duration based on Migdal Insurance's experience, discounted using the nominal interest rate for the product.

Reserves with respect to individual medical expenses insurance, are calculated as the present value of expected future claims, based on past experience, net of expected net premium. Calculation assumptions with respect to parameters related to morbidity and cancellation assumptions, are based on Migdal Insurance's experience, with a conservative margin, as customary for reserve calculation.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(2) Actuarial methods for calculation of insurance obligations (Continued)

Pending claims in the sub-sectors surgery, medications and severe illness are calculated using the triangles (Chain Ladder, Bornhuetter-Ferguson) for claim amounts paid by damage months, non-discounted and with no reliance range.

Pending claims in the sub-sectors implants and overseas surgery are calculated based on reporting by the Claims Department.

The insurance obligation with respect to collective insurance consists of obligation with respect to unearned premium, reserve for pending claims and IBNR (claims incurred but not reported), reserve for continuity and provision for future loss, as required.

The obligation with respect to pending claims in life insurance primarily includes reserves for pending claims and IBNR for deaths, based on the amount at risk for death that occurred through the report date, and for disability based on the Chain Ladder and Bornhuetter-Ferguson model by damage months.

(3) Key assumptions used to calculate insurance obligations

(a) Discount rate

With respect to insurance programs "Meorav" and similar ("legacy") and pure risk products with fixed premium, the discount rate used is as follows:

For insurance programs primarily backed by designated debentures, nominal interest of 3% to 5%, linked;

For yield-dependent products issued in 1991 and thereafter, nominal interest of 2.5%, linked. In conformity with insurance policy terms and conditions, differences between interest and net yield would be charged to the policyholders.

Decrease in economic interest rate may increase the additional reserve for pensions, due to use of gross discount rate, as set forth in Circular 2013-1-2.

Moreover, a decrease in long-term interest rates may increase insurance reserves with respect to the free component (not backed by designated debentures) of insurance policies with a savings component that includes guaranteed yield higher than the discount rate, due to the need to provide an additional reserve as part of Liability Adequacy Test (LAT). See Note 2.G.1.g). For more information about the monetary effect, see section B.3.b)(5)(a) below.

(b) Mortality and morbidity rates

(1) Mortality rates used to calculate insurance obligations with respect to mortality of the insured party before reaching retirement age (i.e. excluding mortality of retired pension recipients and disability compensation recipients) typically match the rates used to set the tariff.

(2) The obligation with respect to whole life pensions is typically calculated based on current mortality tables issued by the Supervisor.

Increase in actual mortality rate which exceeds the current assumption may result in decrease in obligations with respect to whole life pensions.

In June 2022, the Supervisor issued the circular "Amendment of provisions of the Unified Circular regarding measurement of obligations – update to demographic assumptions in life insurance and pension funds" (hereinafter: "the Circular").

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(3) Key assumptions used to calculate insurance obligations (Continued)

(b) Mortality and morbidity rates (Continued)

(2) (Continued)

The Circular lists revised default assumptions to be used by insurance companies when calculating obligations with respect to life insurance policies, that allow for pension payment based on guaranteed multipliers, based on current demographic assumptions.

The Circular refers, *inter alia*, to change in life expectancy, including future improvements, and the resulting implications on reserve size and structure. The Circular also provides a new mortality table for retirees of insurance companies, based *inter alia* on experience of insurance companies with retiree mortality.

The Company has revised its assessments with regard to pension liabilities based on the new mortality table, and future improvements to life expectancy included in the Circular, on its financial statements as of June 30, 2022. Consequently, the Company increased last year the reserves for additional pensions by NIS 923 million before tax.

For sensitivity analysis, see section B.3.b)(7) below.

(3) Morbidity rates refer to the frequency of claims with respect to severe illness, disability, nursing care, surgery and hospitalization, accidental disability and so forth. These rates were determined based on Group experience or studies by re-insurers. In the nursing and disability sectors, the payment period is determined based on Group experience or studies by re-insurers.

Should morbidity rates and severity increase, the insurance obligation with respect to severe illness, disability, nursing care, surgery and hospitalization and accidental disability may increase.

(c) Pension assumptions

Life insurance contracts that include a savings component in insurance funds were managed, with respect to savings deposited prior to 2008, under two tracks: Capital track or pension track. For insurance policies with pension or with pension riders, the insured party may select the track upon retirement, with respect to accrual due to deposits made through 1999. Since the insurance obligation differs between these two tracks, Migdal Insurance is required to determine the percentage of insurance policies where the insured party would select the pension track. This percentage is determined based on Group experience, as revised from time to time. Since 2008, all savings premium deposited to insurance funds are designated for pension, and the option to withdraw the accumulated savings as a lump sum was limited.

Migdal Insurance conducts studies from time to time with regard to pension assumptions, including the percentage of those choosing a pension, retirement tracks and retirement age, revising the additional reserve for pensions as required.

The assumptions regarding the additional reserve for pensions are also revised following studies regarding insurance policy cancellation before the expected retirement age (due to redemption, outgoing portability and so forth).

For more information about the monetary effect, see section B.3.b)(5)(a) below.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(3) Key assumptions used to calculate insurance obligations (Continued)

(d) Discount factor K

The provision for the additional reserve for pensions is applied using Factor K, as noted in section B.3.b)(2) above.

The additional reserve for pensions us accumulated gradually with respect to funds accrued in insurance policies, concurrently with recognition of income from management fees, over the remaining term until the insured party reaches retirement age. For premium expected to be received in the insurance policies, the reserve is accrued from when they are received through to retirement age.

The gradual reserve building is applied using Factor K, derived from future revenues, as noted. This factor is taken into account when calculating the additional reserve for pensions, and is capped at future revenues expected from management fees or from financial spread, arising from investments held against the insurance reserve for the insurance policy or from premium payments net of expenses with respect to the insurance policy. The higher the Factor K, the lower the liability to make up the additional reserve for pensions recognized on the financial statements, and the higher the amount deferred and to be recognized in future.

The actuary of Migdal Insurance determines, as per the Supervisor's directives, two separate values for K. One value of Factor K is determined for liabilities with respect to profit-sharing insurance policies, and the other – with respect to guaranteed-return insurance policies.

As of the date of the financial statements, the value of K used by Migdal Insurance for profit-sharing insurance policies is 0.95% (as of December 31, 2022: 0.75%). The additional reserve for pensions with respect to guaranteed-return insurance policies is at its full amount as of December 31, 2023 and as of December 31, 2022 (the value of K for these dates is 0.00%).

The increase in value of K for profit-sharing insurance policies in 2023 is due to higher interest rates and lower rate of pension realization.

For more information about the monetary effect, see section B.3.b)(5)(a) below.

(e) Cancellation rate

The cancellation rate affects the estimation of insurance obligations with respect to deferred pension and some health insurance. Insurance contract cancellations may result from settlement, cancellation or redemption of insurance policies at the holder's request, or from insurance policy cancellation initiated by the Company due to suspension of premium payments. The assumptions with regard to cancellation rates are based on Migdal Insurance's experience, by cancellation type, product type and coverage duration.

(f) Continuation rates

Collective health insurance confers on the insured party the right to continue being insured, at the same terms and conditions, even should the collective contract not be renewed. With respect to this option for the insured parties, Migdal Insurance has an obligation, based on assumptions regarding continuation rates of collective insurance and continuation rates of contracts with the insured parties after termination of the collective contract.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(4) Liability Adequacy Test (LAT)

Migdal Insurance reviews the adequacy of reserves in life and health insurance, including the additional reserve for pensions.

The assumptions used in such review include assumptions with respect to cancellations, operating expenses, yield on assets, interest rates, non-liquidity premium and accounting for the excess fair value of assets over the carrying amount thereof, mortality, pension and morbidity assumptions. These are determined by the actuary based on testing, past experience and other relevant studies and regulatory directives.

On March 29, 2020, insurance circular 2020-1-5 "Amendment of provisions of consolidated circular with regard to measurement of liabilities – Liability Adequacy Test (LAT)" was issued (hereinafter: "LAT Circular").

The LAT Circular stipulates that LAT review should be calculated with grouping of life Insurance products (except for nursing care products), *in lieu* of separate calculation for each life insurance product, as was the case before. This change allows for offset of profitable groups against losing groups.

Revised provisions of uniform circular – allocation of assets other than at fair value upon testing calculation of Liability Adequacy Test (LAT):

On June 20, 2020, an update to the Unified Circular was issued, which includes clarifications with regard to allocation of assets not measured at fair value when calculating the Liability Adequacy Test (LAT). This clarification concerns, *inter alia*, the question of whether changes can be made to allocation of assets against insurance obligations for the purpose of UGL (Unrealized Gain/Loss, i.e. the positive difference between fair value and carrying amount of assets). This clarification stipulates a distinction between assets subject to internal or external limitations as to their distribution for covering certain reserves, and assets not subject to such limitations.

In conformity with this clarification, Migdal Insurance adopted a procedure whereby UGL may be optimally utilized through, *inter alia*, allocation of assets with unrealized gain first to the groups specified in the LAT, up to the total amount of liability measurement, before offset with respect to UGL.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(4) Liability Adequacy Test (LAT) (Continued)

Below is information about assets used for UGL calculation:

		Non-life insurance		Life and health insurance	
		2023	2022	2023	2022
	Asset type	NIS in millions			
Fair value of assets	Debt instruments	488	593	602	644
Asset carrying amount	Debt instruments	432	515	576	597
Excess asset value	Debt instruments	56	78	26	47

The difference between fair value and carrying amount is due to non-negotiable debt instruments, in life and health insurance – primarily from deposits, loans and non-negotiable debentures (excluding designated debentures), and in non-life insurance – primarily from loans and non-negotiable debentures.

Migdal Insurance has fully utilized the UGL from assets held against liabilities in the non-life insurance sector.

In life and health insurance, there was no LAT reserve as of December 31, 2023 and 2022, hence no excess asset value was used.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(5) Effect of changes to key estimates and assumptions used to calculate reserves in life and health insurance

(a) Effect of changes on the additional reserve for pensions and on liability adequacy reserve in life and health insurance

	As of December 31,	
	2023	**2022**
	NIS in millions	
Life insurance *)		
Decrease in additional reserve for pensions with respect to change in discount rate[1)]	(479)	(1,259)
Decrease in additional reserve for pensions with respect to change in expected future revenues due to change in interest rates (K)	(508)	(203)
Total decrease in additional reserve for pensions due to change interest rates	(987)	(1,462)
Changes to assumptions regarding pension[2)]	(570)	(35)
Update to life expectancy[3)]	–	923
Total additional reserve for pensions	(1,557)	(574)
Migdal Insurance reserve (section B)	(29)	(251)
Total effect on additional reserve for pensions in life insurance	(1,586)	(825)
Health insurance		
Increase (decrease) due to liability adequacy test (LAT)[4)]	–	(926)
Total before tax	(1,586)	(1,751)
Total after tax	(1,044)	(1,152)

*) For other effects not listed in this table, see sections c) and d).

1) Migdal Insurance uses return assumptions based on the current and expected portfolio for estimating future returns as part of setting the reserve for pensions.

In the reported period, due to increase in the risk-free interest curve and increase in spreads for linked debentures, and following revision of the assumptions with regard to composition of the asset portfolio, the expected return in the current and expected portfolio increased. Consequently, the assumptions regarding discount rates used to calculate the reserve for pensions were revised, and the reserves decreased.

In the corresponding period last year, there was significant increase in the risk-free interest curve and the expected return in the current and expected portfolio increased. Consequently, the reserves decreased.

2) In the reported period, the additional reserve for pensions decreased, primarily due to a study conducted by the Company with regard to update of the assumption on pension realization and composition of retirement ages.

In the previous year, the reserve decreased, primarily due to update of the assumption on pension realization.

3) In the previous year, the additional reserve for pensions increased, due to update of the assumption on life expectancy, by NIS 923 million before tax, as set forth in section B.3.(b)(3)(b) above.

4) Following the liability adequacy test (LAT), the LAT provision in nursing care insurance in the previous year decreased by NIS 926 million before tax. This was primarily due to increase in the risk-free interest curve and to increase in non-liquidity premium. As of December 31, 2023 and 2022, no additional reserves were required, hence the LAT reserve amounts to zero.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(5) Effect of changes to key estimates and assumptions used to calculate reserves in life and health insurance (Continued)

(b) The insurance program "Migdal Batuach" is a profit-sharing program that includes a commitment to minimum linked return subject to achieving a duration exceeding 20 years. With respect to this commitment, Migdal Insurance maintains a reserve based *inter alia* on risk-free interest rates and average volatility of market returns. In the reported period, the reserve decreased by NIS 29 million before tax, due to increase in the risk-free interest rate, compared to decrease in the reserve in the previous year by NIS 251 million before tax, fur to increase in the risk-free interest rate and an update to estimated cancellations.

(c) In the reported period, Migdal Insurance revised the reserve for disability claims, amounting to NIS 280 million on retention, based on actual experience regarding the duration of payment of claims in recent years. These amounts are not included in the above table.

(d) The reserve for pension payments includes a reserve for pensions due to accrual from contributions made through 1999 by salaried employees, accrual from contributions made through 1999 to insurance policies originated through April 1997 by self-employed policyholders, and accrual from individual contributions which are not subject to the Provident Fund Regulations (hereinafter: "Pre-2000 and Individual Contributions"). On September 30, 2022, the Company revised the estimated Pre-2000 and Individual Contributions in the reserve for pensions, resulting in a decrease in this reserve, in the previous year, by NIS 65 million before tax. These amounts are not included in the above table.

(6) Balance of additional reserve for pensions

The additional reserve for pensions, carried by Migdal Insurance, as of December 31, 2023 and 2022 amounted to NIS 8,309 million and NIS 8,942 million, respectively*. The balance of provisions to be recognized on the income statement, using discount factors K as noted above, gradually until insured parties would reach retirement age, as of December 31, 2023 amounted to NIS 4,073 million (in the previous year: NIS 3,319 million).

* Of which NIS 4,770 million with respect to deferred pension (in 2022: NIS 5,689 million with respect to deferred pension).

Note that the above data with regard to additional reserve for pensions and with regard to the balance of provisions to be recognized in future, refer to amounts accrued in insurance policies through each reported period, and exclude liabilities with respect to additional future accrual.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

b) Insurance risk in life and health insurance policies (Continued)

(7) Sensitivity analysis

	As of December 31, 2023							
	Morbidity rate		**Cancellation rate[3)]**		**Mortality rate**		**Pension withdrawal rate[2)]**	
	+10%	**-10%**	**+10%**	**-10%**	**+10%**	**-10% [1)]**	**+5%**	**-5%**
	NIS in thousands							
Income (loss)	(95,529)	–	3,488	(3,779)	798,070	(1,556,042)	(427,871)	295,972

	As of December 31, 2022							
	Morbidity rate		**Cancellation rate[3)]**		**Mortality rate**		**Pension withdrawal rate[2)]**	
	+10%	**-10%**	**+10%**	**-10%**	**+10%**	**-10% [1)]**	**+5%**	**-5%**
	NIS in thousands							
Income (loss)	(234,354)	–	10,839	(10,848)	862,351	(1,664,244)	(406,028)	430,075

1) Primarily due to additional reserve for pensions.

2) For the purpose of sensitivity analysis to pension withdrawal rate, we added / deducted 5% from the pension withdrawal rate. For amount of the additional reserve for pensions, see Note 18.A.

3) Cancellation rate includes redemption, settlement and draw-down.

c) Insurance risk in non-life insurance contracts

(1) Summary description of key insurance sectors in which the Group operates

Migdal Insurance operations are primarily focused on mandatory auto, auto property, property and liability insurance.

Mandatory auto insurance covers, in conformity with the Auto Insurance Ordinance, the owner and driver of the vehicle against any liability they may incur pursuant to the Road Accident Victim Compensation Act, 1975 ("RAVCA") for any bodily injury sustained due to use of a motor vehicle, by the driver, passengers in the vehicle or pedestrians impacted by the vehicle. Claims in this sector are typically Long Tail, i.e. a long time may sometime elapse from the accident through final settlement of the claim.

The mandatory auto insurance tariff is subject to approval by the Supervisor of Insurance, and is a differential actuarial tariff (not uniform for all insured parties and risk-adjusted). This tariff is based on multiple parameters, related to the insured vehicle (such as safety features) and to the insured party (youngest driver's age, the duration in which they hold a driver's license, past claims experience and so forth).

Auto property insurance is optional, and is the most common voluntary insurance in non-life insurance. Property auto insurance includes property damage coverage for the insured vehicle and property damages that the insured vehicle may cause to third parties.

Coverage is typically limited to value of the damaged vehicle and/or to the maximum third-party liability on the insurance policy.

The auto property insurance tariff is subject to approval, as is the entire insurance policy, by the Supervisor of Insurance, and is a differential actuarial tariff (not uniform for all insured parties and risk-adjusted). This tariff is based on multiple parameters, related to the insured vehicle (such as type, year of production) and to the insured party (number of permitted drivers, their age, past claims experience and so forth).

Underwriting is partially conducted through the tariff and partially through Group underwriting policy, as it may be specified from time to time.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(1) Summary description of key insurance sectors in which the Group operates (Continued)

In most cases, auto property insurance policies are issued for a one-year term. Furthermore, in most cases, claims with respect to such insurance policies are resolved soon after the insurance event occurrence.

Liability insurance is intended to cover any lawful liability of the insured party, for any damage they may cause to any third party. Major insurance types are as follows: Third-party liability insurance, employer liability insurance and other liability insurance, such as professional liability, product liability or Board member and officer liability insurance. Liability insurance policies are typically issued for a one-year term. However, claim resolution in this sector is longer, up to several years, due to multiple reasons: Damage covered by the insurance policy is sustained by a third party other than the insured party on the insurance policy, the time elapsed, from occurrence of the event subject of the claim to incurring the liability and damage and filing the claim, is relatively long.

In many cases, this involves a relatively complex factual and legal elaboration, both with regard to liability of the insured party and with regard to extent of the damage. The statute of limitations with regard to the cause of claim is longer than customary for property insurance. Claims in this sector are typically Long Tail, i.e. a long time may sometime elapse from the accident through final settlement of the claim.

Property Insurance is designed to provide coverage for the insured party against physical damage to their property. Major risk types covered by property insurance policies are: fire, explosion, burglary, earthquake and natural disaster. Property insurance often include coverage for consequential damage (loss of earnings) due to physical damage to property. Property Insurance is a major component of home insurance, merchant insurance, engineering insurance and cargo in transit (sea/land/air) and so forth.

In most cases, property insurance policies are issued for a one-year term. Furthermore, in most cases, claims with respect to such insurance policies are resolved soon after the insurance event occurrence.

(2) Principles for calculation of actuarial assessment in non-life insurance

(a) Obligations with respect to non-life insurance contracts include the following key components:

- Unearned premium reserve
- Pending claims, including reserve for indirect expenses for settlement of claims.
- Premium shortfall reserve
- and net of deferred acquisition costs.

The unearned premium reserve reflects the premium component referring to the period after the balance sheet date, in conformity with GAAP.

Moreover, in conformity with the Supervisor's directives, a reserve for premium not covering the expected cost of claims is reported as required (hereinafter: "Premium Shortfall") in mandatory auto, auto property and home comprehensive insurance. Such reserve, if recognized, is recognized under Pending Claims.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(2) Principles for calculation of actuarial assessment in non-life insurance (Continued)

(a) (Continued)

In conformity with the Supervisor's directives, pending claims, including the share of re-insurers in such claims, in non-grouped (statistical) sectors (liability, mandatory auto, auto property, home insurance and personal accident sectors) were calculated by the Chief Actuary for non-life insurance, Matan Gross, who certified *inter alia* that the assessments were made in conformity with generally accepted actuarial principles, and that assumptions and methods used in assessment of the reserves were set by him, to the best of his professional judgment and in conformity with directives, rules and regulations.

Actuarial assessments are primarily based on databases for paid claims, including direct expenses for settlement of claims and deductibles. Subrogation and amounts on retention are accounted for in the base data used to calculate actuarial assessments of pending claims. In conformity with the Supervisor's directives, these assessments also include indirect cost for settlement of claims for all non-life insurance sectors in which the Company operates.

(b) As directed by the Supervisor, pending claims are calculated by an actuary using generally accepted actuarial methods consistently with the previous year. The actuary selects the most appropriate actuarial method for each insurance sector, based on the method fit with the sector, sometimes incorporating multiple methods. Assessment of pending claims at the Group is based, for most sectors, on past experience of actual claim payment evolution (Paid model), and for some, on accumulated claim cost (actual claim payments plus specific assessments – Incurred model). These assessments include assumptions with regard to average claim cost, cost of handling claims and claim frequency for the relevant risk group. Other assumptions may involve changes to interest rates, exchange rates, timing and severity of payments. Claim payments include direct and indirect cost for settlement of claims, net of subrogation and deductibles.

(c) Use of actuarial methods based on claim evolution is primarily appropriate when there is sufficient stable information on claim payments and/or in specific assessments, to assess the expected total cost of claims. When available information for actual claims experience is insufficient, the actuary sometimes uses a calculation incorporating a known estimate (by the Company and/or by the industry), such R/L, and actual claim evolution. A greater weighting is assigned to assessment based on experience As more time goes by, additional information is accumulated regarding claims.

(d) Furthermore, qualitative assessments are included with regard to future change in trends, after exercise of judgment, when other changes were not fully reflected in past experience. The actuary updates the models and/or makes specific provisions based on statistical and/or legal assessments, as the case may be.

(e) In assessment of very large claims, the assessment is based on specific assessments by Company experts.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(2) Principles for calculation of actuarial assessment in non-life insurance (Continued)

(f) New phenomena may occur which are not really reflected in current claim payments. Should it turn out that actual experience would differ from accumulated experience in current claim payments, additional provisions may be required in future.

(g) The actuarial assessment is based on statistical estimates that include a degree of uncertainty. Statistical estimates are based on various assumptions, which may not necessarily materialize. The assumptions used in the actuarial projection affect the final reserve outcome. Therefore, the actual claim amount may be higher or lower than the statistical estimate.

(h) Assumptions made in the past may change based on new information to be received in future. In such cases, pending claims would vary based on the change in assumptions and in actual outcome, and the differences arising in the reported year would be included on the non-life business report.

(i) In mandatory auto, employer liability and third party liability sectors, the Company operates in line with best practice principles, and therefore the Company discounts future claim payments in these sectors. These are discounted using the risk-free interest curve, adjusted for the non-liquid nature of insurance obligations and considering the revaluation of assets held against such obligations.

(j) Pending claims are calculated on gross basis. The share of re-insurers in pending claims is estimated taking into account the agreement type (proportionate / non-proportionate), actual claims experience and premium transferred to re-insurers.

(k) The reserve with respect to pending claims for reserve insurance agreement ("Pool") was based on the calculation provided by the Pool actuary.

(3) Details of actuarial methods in key insurance sectors

The following actuarial models are used for assessment of pending claims, incorporating the various assumptions:

(a) Link Ratio – This statistical method is based on claims evolution (evolution of payments and/or total claims, evolution of number of claims and so forth), in order to assess the expected evolution of current and future claims. Use of this method is most appropriate after sufficient time has elapsed since the event or since underwriting of the insurance policy, when there is sufficient information from current claims to assess the total expected claims. The Sherman Power Curve method is used as required, which is appropriate for non-linear distribution of evolution coefficients calculated using the Link Ratio method. This distribution allows for calculation of evolution coefficients for early periods for which information is missing ("evolution tail").

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(3) Details of actuarial methods in key insurance sectors (Continued)

(b) Bornhuetter-Ferguson – This method combines an a-priori estimate known to the Company or industry, and another estimate based on the actual claims. The a-priori estimate uses premium and damage rate to estimate total claims. The other estimate uses actual claims experience, based on other methods (such as Link Ratio). The integrated claims assessment includes a weighting of these two estimates, with the greater weighting assigned to the assessment based on claims experience as time goes by an more information is accumulated about claims. Use of this method is mostly appropriate for the recent period when there is insufficient claims information, or for a new business or one with insufficient historical information.

(c) Averages – Sometimes, similarly to the Bornhuetter-Ferguson method, when claims experience in recent periods is insufficient, the historical averages method may be used. In this method, the cost of claims is determined based on cost of claims per insurance policy in the early years, and the number of insurance policies in the later years. In similar fashion, the cost of claims is calculated based on the forecast for number of claims (Link Ratio method) and the average historical claim.

(d) Other – For occupational illness claims in employer liability insurance, which are based on sustained damage, a reserve is calculated based on expected future cost. For such claims, there is no specific date on which the employee was affected, and the damage is sustained due to long exposure to the risk factors. Such claims typically have a very long time elapsed since start of exposure to risk factors to reporting the claim (long tail claims).

(4) Details of actuarial methods in key insurance sectors

(a) Mandatory auto and liability sectors

In these sectors, obligations are calculated based on evolution of claim payments and/or on evolution of payments and pending claims (Link Ratio). The model is per underwriting year and is calculated for gross claims.

For non-mature periods, a combination is used of cost of claims / Loss Ratio based on an a-priori estimate, and of cost taken from the payments / claim amounts evolution model.

Specific assessments by the Claims Department is taken into account in cases of long-standing claims and large claims.

Because the assessment of pending claims is calculated on gross basis, as aforesaid, there is a model for assessment of pending claims in re-insurance, as follows:

For non-proportionate re-insurance (Excess), the model for less recent underwriting years is based on specific claims. For more recent underwriting years, the estimate is based on the large claims model, which forecasts the number of claims that would surpass the Excess, as well as the average amount of such claims.

For proportionate re-insurance, including facultative re-insurance, the model is based on assessment of specific pending claims for less recent years, and on Loss Ratio for more recent years.

Moreover, a stochastic model is used to measure expected variance of reserves, so as to comply with the Supervisor's requirements regarding best practice for calculation of reserves in non-life insurance.

An appropriate reserve for indirect expenses for settlement of claims is also calculated.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(4) Details of actuarial methods in key insurance sectors (Continued)

(b) Auto property

In the auto property sector, obligations are calculated based on evolution of claim payments (Link Ratio), with reference to coverage types, such as comprehensive / third-party, type of vehicle and type of damage, such as accident, theft or natural disaster.

For immature recent damage months, the Group uses the Averages method based on claim cost per insurance policy.

Specific assessments by the Claims Department is taken into account in cases of long-standing claims.

Specific assessments take into account the deductible to be charged to the insured party.

Subrogation and salvage are taken into account, adjusted as required, since the actuarial model is based on evolution of all payments (both positive and negative). An appropriate reserve for indirect expenses for settlement of claims is also calculated.

Assessment of pending claims is calculated on gross basis. The re-insurance component in this sector is not material.

(c) Apartments

In the home insurance sector, obligations are calculated based on evolution of claim amounts (Link Ratio). For recent damage months, the Group uses the Averages method based on claim cost per insurance policy.

Specific assessments by the Claims Department is taken into account in cases of long-standing claims.

In this sector, re-insurance is proportionate and retention is calculated based on actual re-insurance rates for each damage year. An appropriate reserve for indirect expenses for settlement of claims is also calculated.

(d) Personal accident

In the personal accident sector, obligations are calculated based on evolution of claim amounts (Link Ratio).

For recent underwriting years, the Bornhuetter Ferguson method is used, based on Loss Ratio.

Specific assessments by the Claims Department is taken into account in cases of long-standing claims.

In this sector, re-insurance is partially proportionate re-insurance and partially Excess of Loss re-insurance. On retention is calculated based on actual re-insurance rates for each underwriting year. An appropriate reserve for indirect expenses for settlement of claims is also calculated.

c

(e) Sectors where provisions were made on non-actuarial basis

In the following sectors, no actuarial model was applied due to lack of statistical significance: Merchant comprehensive insurance, engineering insurance, contractor insurance, maritime insurance, air traffic insurance and goods in transit insurance.

Pending claims in these sectors were included based on assessments that include the following components:

- Known pending claims that include an appropriate provision for settlement and handling expenses through the end of the period, not yet paid as of the date of the financial statements. This provision is primarily based on specific assessment of each claim, based on opinions received from attorneys and from Company experts who handle claims. Most of these obligations are backed by re-insurance, hence the effect is not material.
- Provision with respect to incurred but not reported claims (IBNR) based on past experience.

Furthermore, the provision with respect to inclusion of non-life insurance claims portfolio is based on specific assessments by Company experts.

(5) Changes to key assumptions and estimates used to calculate insurance obligations with respect to non-life insurance contracts

- The provisions for pending claims are calculated with conservative assumptions made with regard to risk factors arising from regulatory changes, legal precedents in rulings and others, during the years, such as: the Missing Years doctrine, right to subrogation of the National Insurance Institute (NII), imposing of mandatory reporting to the NII, termination of agreement with NII and signing a revised agreement in late 2014, transfer of insurance liability for providing healthcare services to HMOs, change in discount rate for pensions and so forth. Should claims with respect to these risk factors not materialize as estimated, an excess or shortfall is created in evolution of pending claims. Moreover, the Company does not discount pending claims (except for mandatory auto, employer liability and third party liability sectors), which is a further caution factor.
- As from December 31, 2015, the Company applied the Supervisor's position with regard to best practice in calculating insurance reserves for non-life insurance in conformity with the Supervisor's directives, including the following stipulations:

  (a) "Caution" means that for a reserve calculated by an actuary, "an adequate reserve for coverage of the Insurer's obligations" means that it is fairly likely that the insurance obligation calculated would be sufficient to cover the insurer's obligation. With regard to pending claims in mandatory and liability sectors, that "fairly likely" means an estimated likelihood of 75% or higher. However, in case of limitations on statistical analysis, the actuary shall exercise judgment and may use generally accepted actuarial methods.

  In this regard, reference should be made to random risk and to systemic risk.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(5) Changes to key assumptions and estimates used to calculate insurance obligations with respect to non-life insurance contracts (Continued)

(b) The Company reviews the adequacy of liabilities (LAT) in non-life insurance in conformity with principles of the best practice, as noted above. As part of such assessment, the Company discounts future claim payments in employer liability, third party liability and mandatory auto sectors, using he risk-free interest curve, adjusted for the non-liquid nature of insurance obligations and considering the revaluation of assets held against such obligations.

(c) Grouping – For calculation of margins with respect to uncertainty in statistical sectors (as defined in the circular), each sector should be considered separately, but risk across all underwriting (or damage) years in the sector may be grouped. For non-statistical sectors, all may be referred to as one group.

(6) Agreement with National Insurance Institute on compensation pursuant to the National Insurance Institute Act

In July 2021, the Company and the National Insurance Institute (hereinafter: "NII") signed an agreement (similar to agreements signed with other insurance companies) with regard to right conferred on the NII to file claims against insurance companies, pursuant to the National Insurance Institute Act [Integrated Version], 1995, to recoup pensions paid by NII, if such cases also give cause to charge the insurance companies for compensation pursuant to the Road Accident Victim Compensation Act, 1975 (hereinafter: "RAVCA"). This agreement stipulates that for events that occurred from January 1, 2014 through December 31, 2022, the parties shall continue to apply the existing discussion and settlement mechanism, which required, or would require, NII to pay a pension pursuant to statutory provisions, which also give cause to charge the Company for payment of compensation pursuant to the RAVCA. In 2021, the Company paid to NII an advance payment on account of said cases, amounting to NIS 103.2 million. Claims by NII with reference to the periods set forth in the aforementioned agreement are offset against this advance payment.

As part of provisions of the Economic Streamlining Act (Legislative amendments for achieving the budget objectives for budget years 2021 and 2021), 2021 (hereinafter: "Economic Streamlining Act"), mandatory payment of the global amount, as stipulated in the Economic Streamlining Act (Legislative amendments for achieving the budget objectives for budget years 2019), 2018, was eliminated for cases that occurred from 2014 through 2018. Moreover, the Economic Streamlining Act stipulates a fixed percentage of insurance premium payable by insurance companies to NII with respect to road accidents as from 2023, rather than specific claim subrogation, as follows: In 2023 and 2024: 10% of insurance premium collected annually by the Company; In 2025 and thereafter: 10.95% of insurance premium.

The Company believes that the aforementioned agreement should not materially impact its financial results.

(7) NII pension discount rate – the discount rate for compensation for bodily injury under tort law has been different in recent years, due to Court verdicts in this regard. Should the discount rate be revised, based on the mechanism recommended by the inter-ministerial committee for review of this matter, the provision may be revised.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

3. Insurance risk (Continued)

c) Insurance risk in non-life insurance contracts (Continued)

(8) Provision sensitivity to changes in assumptions

Actuarial assessment is subject to significant uncertainty. Actuarial estimates used in forecasting pending claims refer to claim expectancy. Due to the stochastic nature of claim payments, deviations from the mean are possible. Moreover, statistical estimates are based on various assumptions, which may not necessarily materialize. In case of change to claim settlement, or to scope of reported claims, a gap may occur between the actuarial assessment and actual results. Even change in interest rate may result in gaps between assessment and actual results.

Since the actuarial model is based on past experience, unexpected change in model assumptions or in claims behavior would result in a change to reserve.

Note that such risk has been taken into account under requirements of the Supervisor with regard to estimates of systemic risk.

(9) Changes to key assumptions and estimates used to calculate insurance obligations with respect to non-life insurance contracts

(a) The provisions for pending claims are calculated with conservative assumptions made with regard to risk factors arising from regulatory changes, legal precedents in rulings and others, during the years, such as: the Missing Years doctrine, right to subrogation of the National Insurance Institute (NII), imposing of mandatory reporting to the NII, termination of agreement with NII and signing a revised agreement in late 2014, transfer of insurance liability for providing healthcare services to HMOs, change in discount rate for pensions and so forth. Should claims with respect to these risk factors not materialize as estimated, an excess or shortfall is created in evolution of pending claims.

(b) Grouping – For calculation of margins with respect to uncertainty in statistical sectors (as defined in the circular), each sector should be considered separately, but risk across all underwriting (or damage) years in the sector may be grouped. For non-statistical sectors, all may be referred to as one group.

(c) The table below summarizes the increase (decrease) in insurance obligations due to the aforementioned changes:

Item	2023	2022
	NIS in millions	
Change in risk-free interest rate curve – mandatory auto, employer liability and third party liability *)	(13)	(296)
Change in excess fair value of assets over their carrying amount – employer liability and third party liability	22	(24)
Total	9	(320)

*) Includes current change in non-liquidity premium.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non yield-dependent contracts

Credit risk is the risk of loss due to failure by a borrower to meet their obligations, or due to changes in credit spreads on the capital market.

Failure by the counter-party to meet their obligations due to deterioration of their repayment capacity, including insolvency, affects Migdal Insurance's business results.

Credit assets extended from member funds, and negotiable credit assets in the nostro portfolios, calculated at fair value, are also impacted by changes to market spreads as reflected on the capital market, or by lower credit rating of the debtor.

For rating sources, see sections D.2 and D.3 below.

The carrying amount approximates the maximum credit risk. Therefore, the Total column reflects the maximum credit risk.

a) Credit risk of debt instruments

(1) Debt instruments by location

	As of December 31, 2023		
	Negotiable *)	Non-negotiable	Total
	NIS in thousands		
In Israel	14,760,605	26,630,355	41,390,960
Overseas	1,272,114	435,141	1,707,255
Total debt instruments	16,032,719	27,065,496	43,098,215

	As of December 31, 2022		
	Negotiable *)	Non-negotiable	Total
	NIS in thousands		
In Israel	13,957,770	26,117,238	40,075,008
Overseas	1,829,955	459,384	2,289,339
Total debt instruments	15,787,725	26,576,622	42,364,347

*) Negotiable debt instruments are primarily classified as available for sale and stated at fair value.

See also details of assets by rating, below.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating

(a) Debt instruments

	Local rating *)				
	As of December 31, 2023				
	AA or higher	BBB to A	Lower than BBB	Un-rated	Total
	NIS in thousands				
Debt instruments in Israel					
Negotiable debt instruments					
Government debentures	9,672,347	–	–	–	9,672,347
Corporate debentures	4,232,920	855,319	–	19	5,088,258
Total negotiable debt instruments in Israel	13,905,267	855,319	–	19	14,760,605
Non-negotiable debt instruments					
Government debentures	24,898,529	–	–	–	24,898,529
Corporate debentures	131,320	–	–	83,279	214,599
Deposits with banks and financial institutions	356,258	–	–	–	356,258
Other debt instruments by collateral					
Mortgages	–	–	–	215,966	215,966
Loans against insurance policies	–	–	–	16,921	16,921
Loans secured by real estate	103,093	28,127	–	57,236	188,456
Other collateral	338,459	287,357	–	98,601	724,417
Non-secured	3,763	9,177	–	2,269	15,209
Total non-negotiable debt instruments in Israel	25,831,422	324,661	–	474,272	26,630,355
Total debt instruments in Israel	39,736,689	1,179,980	–	474,291	41,390,960
Of which, debt instruments with internal rating	120,022	36,062	–	–	156,084
Includes debt instruments with internal rating lowered by Migdal Insurance	–	–	–	–	–

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating (Continued)

(a) Debt instruments (continued)

	International rating *)				
	As of December 31, 2023				
	A or higher	BBB	Lower than BBB	Un-rated	Total
	NIS in thousands				
Debt instruments overseas					
Negotiable debt instruments					
Government debentures	361,078	–	–	–	361,078
Corporate debentures	17,148	605,421	288,467	–	911,036
Total negotiable debt instruments overseas	378,226	605,421	288,467	–	1,272,114
Non-negotiable debt instruments					
Corporate debentures	–	12,837	–	–	12,837
Other debt instruments	120,939	58,346	–	243,019	422,304
Total non-negotiable debt instruments overseas	120,939	71,183	–	243,019	435,141
Total debt instruments overseas	499,165	676,604	288,467	243,019	1,707,255
Of which, debt instruments with internal rating	66,316	–	–	–	66,316

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating (Continued)

(a) Debt instruments (continued)

	Local rating *)				
	As of December 31, 2022				
	AA or higher	BBB to A	Lower than BBB	Un-rated	Total
	NIS in thousands				
Debt instruments in Israel					
Negotiable debt instruments					
Government debentures	9,769,518	–	–	–	9,769,518
Corporate debentures	3,655,976	513,497	–	18,779	4,188,252
Total negotiable debt instruments in Israel	13,425,494	513,497	–	18,779	13,957,770
Non-negotiable debt instruments					
Government debentures	24,307,516	–	–	–	24,307,516
Corporate debentures	213,197	–	–	2,983	216,180
Deposits with banks and financial institutions	488,397	–	–	–	488,397
Other debt instruments by collateral					
Mortgages	–	–	–	169,116	169,116
Loans against insurance policies	–	–	–	19,454	19,454
Loans secured by real estate	158,375	28,279	–	7,947	194,601
Loans secured by controlling shares	–	6,368	–	–	6,368
Other collateral	359,435	282,597	–	41,171	683,203
Non-secured	8,064	16,370	–	7,969	32,403
Total non-negotiable debt instruments in Israel	25,534,984	333,614	–	248,640	26,117,238
Total debt instruments in Israel	38,960,478	847,111	–	267,419	40,075,008
Of which, debt instruments with internal rating	159,657	39,066	–	–	198,723
Includes debt instruments with internal rating lowered by Migdal Insurance	–	–	–	–	–

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating (Continued)

(a) Debt instruments (continued)

	International rating *)				
	As of December 31, 2022				
	A or higher	BBB	Lower than BBB	Un-rated	Total
	NIS in thousands				
Debt instruments overseas					
Negotiable debt instruments					
Government debentures	653,625	–	–	–	653,625
Corporate debentures	114,451	772,383	289,496	–	1,176,330
Total negotiable debt instruments overseas	768,076	772,383	289,496	–	1,829,955
Non-negotiable debt instruments					
Corporate debentures	–	6,419	6,042	6,379	18,840
Other debt instruments	58,621	57,330	–	324,593	440,544
Total non-negotiable debt instruments overseas	58,621	63,749	6,042	330,972	459,384
Total debt instruments overseas	826,697	836,132	295,538	330,972	2,289,339
Of which, debt instruments with internal rating	–	–	–	–	–

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating (Continued)

(b) Credit risk with respect to other assets (in Israel)

Additional information

	Local rating *) As of December 31, 2023				
	AA or higher	**BBB A or lower**	**Lower than BBB**	**Un-rated**	**Total**
	NIS in thousands				
Other accounts receivable, except for re-insurer balances	200,541	3,755	–	165,845	370,141
Deferred tax assets	16,582	–	–	–	16,582
Other financial investments	–	–	–	1,540,434	1,540,434
Cash and cash equivalents	2,888,898	–	–	790	2,889,688

	Local rating *) As of December 31, 2022				
	AA or higher	**BBB A or lower**	**Lower than BBB**	**Un-rated**	**Total**
	NIS in thousands				
Other accounts receivable, except for re-insurer balances	75,401	12,914	–	270,103	358,418
Deferred tax assets	42,944	–	–	–	42,944
Other financial investments	–	–	–	958,597	958,597
Cash and cash equivalents	3,961,887	–	–	1,988	3,963,875

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating (Continued)

(c) Credit risk with respect to off-balance sheet instruments (in Israel)

	Local rating *)				
	As of December 31, 2023				
	AA or higher	BBB A or lower	Lower than BBB	Un-rated	Total
	NIS in thousands				
Un-utilized credit facilities	56,972	181,484	–	60,617	299,073

	Local rating *)				
	As of December 31, 2022				
	AA or higher	BBB A or lower	Lower than BBB	Un-rated	Total
	NIS in thousands				
Un-utilized credit facilities	6,860	85,359	–	71,453	163,672

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

a) Credit risk of debt instruments (Continued)

(2) Details of assets by rating (Continued)

(d) Credit risk with respect to other assets (overseas)

	International rating *)				
	As of December 31, 2023				
	A or higher	BBB	Lower than BBB	Un-rated	Total
	NIS in thousands				
Other accounts receivable, except for re-insurer balances	138,232	591	–	15,634	154,457
Other financial investments	–	–	–	5,048,331	5,048,331
Cash and cash equivalents	4	33,042	–	–	33,046

	International rating *)				
	As of December 31, 2022				
	A or higher	BBB	Lower than BBB	Un-rated	Total
	NIS in thousands				
Other accounts receivable, except for re-insurer balances	189,400	43,811	194	13,991	247,396
Other financial investments	–	–	–	4,249,850	4,249,850
Cash and cash equivalents	67	67,284	–	–	67,351

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

(e) Credit risk with respect to off-balance sheet instruments (overseas)

	International rating *)				
	As of December 31, 2023				
	A or higher	BBB	Lower than BBB	Un-rated	Total
	NIS in thousands				
Un-utilized credit facilities	15,397	–	–	–	15,397

	International rating *)				
	As of December 31, 2022				
	A or higher	BBB	Lower than BBB	Un-rated	Total
	NIS in thousands				
Un-utilized credit facilities	–	–	–	9,525	9,525

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

b) Additional information regarding credit risk

(1) In conformity with provisions of the amendment to the Unified Circular, issued in November 2020, any institutional entity which meets the conditions listed in the circular, their internal model shall be deemed to be an internal model approved by the Supervisor.

For statutory provisions regarding credit rating, the rating based on the model shall be deemed to be a rating of similar risk to rating by a rating agency, subject to approval by the Board of Directors, or by a committee authorized by the Board of Directors, and subject to compliance with conditions listed in the circular. In December 2022, the Company Board of Directors approved the internal rating model (hereinafter: "the Model") for credit rating.

(a) The model shall be used within the scope of the structure, methodology and procedures approved by the Board of Directors or by a committee authorized thereby, as part of the model approval and review process.

(b) Any material change to model structure is subject to prior approval by the Board of Directors or by a committee authorized thereby.

(c) Approved models may be used in calculating capital requirements under the Solvency II regime, subject to conditions set forth in the aforementioned capital regime.

(2) There is a difference in rating scales between debt instruments in Israel and debt instruments overseas. In conformity with Capital Market Circular 2008-6-1, regarding publication of a conversion table between the Israeli rating scale and the international rating scale, rating agencies have published a comparative analysis of the local and international rating scales.

(3) Information with regard to credit risk in this Note excludes assets with respect to yield-dependent contracts, as presented in section D. below.

(4) For exposure to credit risk of re-insurers, see section B.(4.1) below.

(5) Group operations are also exposed to other accounts receivable, such as employers and insured parties. Increase in business insolvencies in Israel may also impact the extent of employer debt with respect to failure to transfer payments for contributions to retirement insurance on behalf of their employees, which would require institutional entities of the Group to take action. For premium receivable amounting to NIS 588,292 thousand (2022: NIS 764,520 thousand), See Note 10.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

b) Additional information regarding credit risk (Continued)

(6) Details of exposure to economic sectors for investments in financial debt assets, negotiable and non-negotiable

	As of December 31, 2023		
	On-balance sheet credit risk		Off-balance sheet risk
	Amount		
	NIS in thousands	% Out of total	NIS in thousands
Economic sector			
Industry	331,425	0.8	–
Construction and real estate	2,399,335	5.6	111,163
Power and water	1,540,840	3.6	65,280
Commercial	84,103	0.2	–
Hotels and tourism	47,461	0.1	–
Transportation and storage	257,939	0.6	120,032
Communications and computer services	254,040	0.6	17,995
Banks	2,347,567	5.4	–
Financial services	185,759	0.4	–
Other business services	209,186	0.5	–
Holding companies	66,862	0.2	–
Individuals	441,744	1.0	–
Government debentures	34,931,954	81.0	–
Total	43,098,215	100.0	314,470

	As of December 31, 2022		
	On-balance sheet credit risk		Off-balance sheet risk
	Amount		
	NIS in thousands	% Out of total	NIS in thousands
Economic sector			
Industry	502,025	1.2	–
Construction and real estate	1,777,592	4.2	74,850
Power and water	1,468,236	3.5	60,264
Commercial	32,805	0.1	–
Hotels and tourism	47,427	0.1	–
Transportation and storage	261,633	0.6	33,990
Communications and computer services	271,874	0.6	4,093
Banks	2,613,781	6.2	–
Financial services	209,453	0.5	–
Other business services	78,595	0.2	–
Holding companies	41,646	0.1	–
Individuals	328,621	0.8	–
Government debentures	34,730,659	81.9	–
Total	42,364,347	100.0	173,197

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4. Information about credit risk with respect to assets against non-yield-dependent contracts (Continued)

b) Additional information regarding credit risk (Continued)

(7) Geographical risk

Details of countries / regions the exposure to which exceeds 1% of total investments

As of December 31, 2023

	Government debentures	Corporate debentures	Shares	ETFs	Mutual funds	Investment property	Other investments *)	Total on balance sheet exposure	Derivatives, in terms of Delta	Total
	NIS in thousands									
Israel	34,931,954	5,894,430	92,269	930,137	51,363	1,090,537	4,994,033	47,984,723	–	47,984,723
USA	–	177,370	113,219	190,994	643	–	1,713,339	2,195,565	58,565	2,254,130
UK	–	58,349	11,083	–	–	–	657,363	726,795	–	726,795
Other	–	96,581	41,984	247,467	284,716	–	3,535,712	4,206,460	–	4,206,460
Total	34,931,954	6,226,730	258,555	1,368,598	336,722	1,090,537	10,900,447	55,113,543	58,565	55,172,108

As of December 31, 2022

	Government debentures	Corporate debentures	Shares	ETFs	Mutual funds	Investment property	Other investments *)	Total on balance sheet exposure	Derivatives, in terms of Delta	Total
	NIS in thousands									
Israel	34,730,659	4,968,566	87,129	313,180	50,741	918,304	5,892,454	46,961,033	–	46,961,033
USA	–	200,658	99,222	431,633	443	–	1,464,772	2,196,728	137,347	2,334,075
UK	–	42,386	–	–	–	–	586,372	628,758	–	628,758
Other	–	389,289	57,336	237,204	147,808	–	1,017,943	1,849,580	–	1,849,580
Total	34,730,659	5,600,899	243,687	982,017	198,992	918,304	8,961,541	51,636,099	137,347	51,773,446

*) Other investments include re-insurance assets, investments in associates, cash and other financial investments not included in the other columns.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4.1. Re-insurer credit risk

Migdal Insurance covers some of its business by re-insurance, primarily through re-insurers overseas. However, re-insurance does not waive Migdal Insurance's liability to its policyholders pursuant to their insurance policies.

Migdal Insurance has exposure to risk arising from uncertainty with regard to re-insurers' capacity to pay their share of obligations with respect to insurance contracts (re-insurance assets). Therefore, re-insurers' financial stability and solvency may affect the Company's business results. This exposure is monitored by regular monitoring of re-insurer ratings on the global market, as well as monitoring their compliance with their financial obligations towards the Company.

Migdal Insurance has exposure to credit risk concentration to a single re-insurer, due to structure of the re-insurance market and the limited number of re-insurers with satisfactory rating.

In conformity with the Supervisor's directive, the Board of Directors of Migdal Insurance annually sets maximum exposure limits for re-insurers with which the Company has contracted or will contract, primarily based on their rating. The Company manages such exposure by individual selection of each re-insurer.

Moreover, Migdal Insurance's exposure is diversified across different re-insurers, and are mostly to re-insurers with relatively high ratings.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4.1. Re-insurer credit risk (Continued)

	As of December 31, 2023										
			Re-insurance assets							Debt in arrears (b)	
Rating group (d)	**Total premium to re-insurers for 2023**	**Debit (credit) balances, net**	**In life insurance**	**In health insurance**	**In property insurance**	**In liability insurance**	**Re-insurer deposits**	**amount of credit notes received from re-insurers**	**Total exposure (a) (c)**	**Six months to one year**	**Over one year**
AA or higher											
Swiss Reinsurance Co (e)	170,013	(33,256)	14,863	40,626	35,317	66,514	1,640	–	122,424	–	–
Hannover Reinsurance Co	113,008	(32,148)	1,864	35,064	18,388	10,141	54	–	33,255	–	–
Others	195,624	(3,120)	138,683	38,300	95,050	225,097	16,122	5,927	471,961	483	284
	478,645	(68,524)	155,410	113,990	148,755	301,752	17,816	5,927	627,640	483	284
A	417,858	(53,237)	12,738	6,441	292,551	467,708	102,539	1,400	622,262	–	6
BBB	28,577	(4,088)	–	–	19,659	29,322	10,567	–	34,326	93	–
Lower than BBB or un-rated (f)	–	(3,323)	–	–	–	607	–	–	(2,716)	4,515	1,647
Total	925,080	(129,172)	168,148	120,431	460,965	799,389	130,922	7,327	1,281,512	5,091	1,937

Remarks

1. (a) Total exposure to re-insurers is:
   - (b) After deduction of provision for doubtful debt amounting to NIS 5,765 thousand.
   - (c) Total provisions for doubtful debt plus deduction of re-insurers' share of pending claims and reserves amount to NIS 5,765 thousand, or 0.4% of total exposure as of December 31, 2023.
   - (d) The rating is primarily based on rating agency S&P. If no rating has been provided by S&P, the rating is based on another rating agency and converted, for reporting purpose, to the S&P rating based on the conversion stipulated in the Investment Regulations. Each rating includes all ranges, for example: A rating includes from A- to A+.
   - (e) Includes balances due to re-insurance agreement in conjunction with acquisition of the non-life insurance claim portfolio. For more information see Note 38.E.1.
   - (f) The non-rated group includes balances with respect to pending claims through brokers from business received through 2003, amounting to NIS 8 thousand.
2. Total exposure for all re-insurers to an earthquake event in non-life insurance amounts to NIS 6,301 million, with maximum possible loss (MPL) primarily at 1.80% (based on a model adopted by the Company). For more information see also Note 37.B.3.a). The most significant re-insurer is Swiss Re, whose share of this exposure is NIS 739 million.
3. There are not re-insurers other than those listed above, the exposure to which exceeds 10% of total re-insurer exposure, or the premium for which exceeds 10% of total re-insurer premium for 2023.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

4.1. Re-insurer credit risk (Continued)

	As of December 31, 2022										
			Re-insurance assets							Debt in arrears (b)	
Rating group (d)	Total premium to re-insurers for 2022	Debit (credit) balances, net	In life insurance	In health insurance	In property insurance	In liability insurance	Re-insurer deposits	amount of credit notes received from re-insurers	Total exposure (a) (c)	Six months to one year	Over one year
AA or higher											
Swiss Reinsurance Co (e)	229,384	(37,617)	19,897	27,966	30,587	75,100	3,905	–	112,028	–	–
Hannover Reinsurance Co	105,640	(31,182)	5,437	34,381	14,267	10,187	87	–	33,003	–	–
Munich Reinsurance Co	93,902	(26,985)	10,485	30,413	13,885	15,246	–	–	43,044	–	–
Others	75,521	664	104,697	750	38,112	124,859	12,981	5,751	250,350	18	7
	504,447	(95,120)	140,516	93,510	96,851	225,392	16,973	5,751	438,425	18	7
A											
Assicurazioni Generali SpA (f)	21,743	(6,031)	444	4,091	17,500	109,553	–	757	124,800	–	–
Others	351,894	(24,517)	19,924	1,564	205,484	454,702	90,854	601	565,702	955	157
	373,637	(30,548)	20,368	5,655	222,984	564,255	90,854	1,358	690,502	955	157
BBB	25,939	4,069	–	–	16,762	14,685	9,840	–	25,676	66	1
Lower than BBB or un-rated (g)	–	(3,506)	–	–	7	678	–	–	(2,821)	5,391	3,210
Total	904,023	(125,105)	160,884	99,165	336,604	805,010	117,667	7,109	1,151,782	6,430	3,375

Remarks

1. (a) Total exposure to re-insurers is: Debit (credit) balances, net, re-insurance assets, net of deposits and net of credit notes received from re-insurers to secure their obligations.
   (b) After deduction of provision for doubtful debt amounting to NIS 3,966 thousand.
   (c) Total provisions for doubtful debt plus deduction of re-insurers' share of pending claims and reserves amount to NIS 3,966 thousand, or 0.3% of total exposure as of December 31, 2022.
   (d) The rating is primarily based on rating agency S&P. If no rating has been provided by S&P, the rating is based on another rating agency and converted, for reporting purpose, to the S&P rating based on the conversion stipulated in the Investment Regulations. Each rating includes all ranges, for example: A rating includes from A- to A+.
   (e) Includes balances due to re-insurance agreement in conjunction with acquisition of the non-life insurance claim portfolio. For more information see Note 38.E.1.
   (f) Generali is not rated by S&P, therefore the rating is based on A.M. Best.
   (g) The non-rated group includes balances with respect to pending claims through brokers from business received through 2003, amounting to NIS 8 thousand.
2. Total exposure for all re-insurers to an earthquake event in non-life insurance amounts to NIS 5,873 million, with maximum possible loss (MPL) primarily at 1.80% (based on a model adopted by the Company). For more information see also Note 37.B.3.a). The most significant re-insurer is Swiss Re, whose share of this exposure is NIS 689 million.
3. There are not re-insurers other than those listed above, the exposure to which exceeds 10% of total re-insurer exposure, or the premium for which exceeds 10% of total re-insurer premium for 2022. There is also exposure amounting to NIS 104 million to an Israeli insurance company with respect to a life insurance re-insurance transaction.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

5. General risk

a) State of the economy and employment

The employment level has significant impact on Group business in life insurance and long-term savings. Deterioration in employment, decrease in the number of those employed and increase in unemployment, as well as decrease in pay per employee, affects new sales and cancellation rates in the portfolio. Moreover, the general state of the economy has implications for Group business in various operating segments. Economic recession may bring about increase in bad debt, increase in claims in various operating segments of the Company, including disability claims, decrease in coverage purchased in insurance policies and higher incidence of fraud. The state of the economy may also affect the market value of Group assets in Israel. In the reported period, there was significant change in employment and labor market trends, primarily due to the Iron Swords war which started in early October and had material effect on the Israeli economy and labor market. Note also that the higher risk of recession has resulted in reversal of the upward trend in interest rates in the economy, resulting in lower interest rates, following several increases in late 2023.

The Group monitors the developments in the economy and is preparing in accordance with market conditions.

b) Changes to regulation and compliance

Group companies are subject to extensive regulation in their operations. Failure to comply with regulatory requirements, including by error, may lead to lawsuits, enforcement proceedings and sanctions imposed by supervisory authorities, including monetary sanctions and in extreme cases – even revoking of licensing.

Regulation in the insurance and long term savings segments, including the retirement insurance market, has substantive implications for tariffs charged and for management fee charged in various products, distribution channels, sales and marketing processes, nature of the products, the capacity to differentiate products from those of competitors and the expenses of Group companies engaged in such business. Statutory provisions, directives and agreements with regard to savings in the economy, and in particular with regard to retirement savings, including taxation implications thereof, affect changes in extent of business in this area and inter-changeability and portability between products. Moreover, changes to legislation and regulation, primarily with reference to long term savings, may also affect previously sold products, by way of retroactive application, due to their impact on interpretation of agreements previously made, or due to competition. Consequently, these directives affect both the life insurance and long term savings portfolio of the companies, and their future sales. Multiple regulatory changes creates a load on IT and operations, and my increase exposure to operating error or to the capacity to comply with new directives, due to the need to make changes to processes. A key regulatory requirement for insurance companies is to do with capital adequacy. Regulatory changes to capital requirements may affect operations of Group companies and the scope thereof. For more information about capital requirements applicable to the Company, see Note 7.C to the financial statements. Furthermore, the Company's insurance agencies are also subject to regulation and enforcement proceedings by supervisory authorities, including regulation with regard to insurer ownership of insurance agencies, as well as obligations applied to retirement savings marketing agents. Changes in statutory provisions applicable to operations of insurance agencies affects the operations and profitability of insurance agencies. Group companies monitor Court rulings that constitute doctrine, as well as new regulations in their business and/or in areas that may affect the company, so as to deploy and implement the required changes, while identifying the underlying principles and general directions pointed to by the Court, legislative body or regulator, in order to consider Company measures that would be in line with such principles and directions, even those yet to be specifically reflected in doctrine or in new regulations. However, it is difficult to anticipate doctrine / legislation / new regulations, including changes to emphasis or direction of the relevant authorities, as well as inherent uncertainty in nascent ones. Because, by nature, this involves an unknown and uncertain future occurrence, this risk can only be managed or mitigated to a limited extent.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

5. General risk (Continued)

c) Increased competition

Increased competition in areas where the Group operates may impact Group profitability. The Supervisor, by means of regulatory arrangements, has applied over the past decade moves to increase competition in long term savings, in terms of product inter-changeability, specification of uniform products and in level and structure of management fees.

d) Change in public preferences

Public tendency to select alternative products, or not to take out insurance, or with regard to pension realization, may affect demand for Group products and profitability in the various segments.

The wide range of products offered by the Company in most insurance sectors mitigates such risk.

The Company addresses this risk by monitoring public preferences and adapting its products accordingly.

e) Legal risk – legal precedent, class action and derivative lawsuits, authority of the Supervisor and interpretation

Group companies have exposure to judicial rulings, including in class action and derivative lawsuits, whether filed against the Group or against other entities in this sector, which may cause the Group to incur potential liability of material amounts, and may create a binding legal precedent with regard to Group operations, including with respect to payment of insurance claims and increased payout with regard thereto, which were not anticipated when the Group originated the insurance policies and/or may increase operating costs. Consequently, such judicial rulings may affect the Group's operations and/or financial results and may increase its insurance and/or monetary obligations.

Group exposure to class action and derivative lawsuits includes exposure with respect to cases where a legal proceeding was brought in respect thereof, as well as cases where the potential exposure to filing of a class action or derivative lawsuit in respect thereof was brought to attention of Group companies, by self discovery and/or by various inquiries by customers, as well as those of which Group companies have no such knowledge. In recent years, there has been a growing trend in number of motions for approval of class action lawsuits, as well as in number of lawsuits granted class action status by the Court. The Company believes this to be affected, *inter alia*, by a general shift in Court approach to class action lawsuits in general, and by specific attributes of the insurance, pension and provident fund business in particular. For information regarding class action lawsuits, legal and other proceedings, including lawsuits and proceedings related to regulatory or operating risk, see Note 39.1.f.8 to the financial statements.

Moreover, institutional entities of the Group are subject to various stipulations in circulars, rulings, position statements and the like, issued by the Supervisor and/or by other regulators, as to operations of such entities. Moreover, institutional entities of the Group are subject to audits conducted from time to time by the Supervisor and/or by other regulators. Such proceedings may cause the institutional entities to incur liabilities at material amounts and/or may bring about directives with regard to operations involving insurance programs, pension and provident funds previously marketed, which differs from the basis for such marketing by the Group at that time, and which may increase the cost of such products or impose monetary sanctions on them. For how the Company addresses such issues, see section B.5.b) above. For more information about other aspects regarding guidelines and directives issued by the Supervisor, including with regard to rulings issued as part of controls applied by the Supervisor, see Note 39.1.f.7 to the financial statements.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

B. Risk details (Continued)

5. General risk (Continued)

e) Legal risk – legal precedent, class action and derivative lawsuits, authority of the Supervisor and interpretation (Continued)

The complexity and scope of Group operations, and in particular the long duration of insurance contracts, create material exposure to legal risk, which may arise from potential deficiencies in processes, legal documents, including insurance policies and re-insurance contracts, from operating deficiencies in implementation of agreements or processes, and from changes over time in interpretation, including with respect to products sold many years ago. Thus, the capacity to mitigate the risk involved in evolution of Court rulings, including rulings by the Supreme Court, implementation of interpretation rules in regard there to or setting appropriate norms in Court rulings, with regard to products previously sold, is limited by its nature.

Management of legal risk involves provision of ongoing legal counsel to competent Company organs, on various matters related to Company operations, constant review of work processes, documents and forms, where there are naturally multiple instances of the same type or kind, with inherent class action. The Company also reviews, in as much as possible, lawsuits and proceedings brought against it, as well as lawsuits and proceedings not filed against it but in its operating segments, as well as rulings in such proceedings, trying to learn lessons with regard to work processes applied by the Company.

f) Impact to reputation

The Group's reputation is a key factor in contracting by the Group with new customers and in retaining existing customers. Impact to the Group's reputation may materially impact Group business.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

C. Assets and liabilities by linkage basis

	As of December 31, 2023					
	In NIS Non-linked	In NIS Linked to CPI	In foreign Currency *)	Non-monetary and others	Yield-dependent	Total
	NIS in thousands					
Assets						
Intangible assets	–	–	–	1,570,616	–	1,570,616
Deferred tax assets	–	–	–	16,582	–	16,582
Deferred acquisition costs	–	–	–	2,204,788	13	2,204,801
Fixed assets	–	–	–	1,325,239	–	1,325,239
Investments in associates	–	–	–	19,097	–	19,097
Investment property for yield-dependent contracts	–	–	–	–	8,972,287	8,972,287
Investment property – other	–	–	–	1,090,537	–	1,090,537
Re-insurance assets	218,976	1,290,736	14,839	–	24,382	1,548,933
Current tax assets	–	29,204	1,985	–	31,648	62,837
Other accounts receivable	522,428	1	69,302	66,084	463,310	1,121,125
Premium receivable	53,143	336,824	34,703	–	163,622	588,292
Financial investments for yield-dependent contracts	–	–	–	–	116,891,056	116,891,056
Other financial investments						
Negotiable debt instruments	4,307,484	10,453,121	1,272,114	–	–	16,032,719
Non-negotiable debt instruments	373,410	26,236,899	455,187	–	–	27,065,496
Shares	–	–	–	258,555	–	258,555
Others	299,463	–	101,320	6,187,982	–	6,588,765
Total other financial investments	4,980,357	36,690,020	1,828,621	6,446,537	–	49,945,535
Cash and cash equivalents for yield-dependent contracts	–	–	–	–	16,580,074	16,580,074
Other cash and cash equivalents	2,381,310	–	541,424	–	–	2,922,734
Total assets	8,156,214	38,346,785	2,490,874	12,739,480	143,126,392	204,859,745

*) Exposure to exchange rates is primarily due to exposure to USD or EUR or to linkage there to.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

C. Assets and liabilities by linkage basis (Continued)

	As of December 31, 2023					
	In NIS non-linked	In NIS Linked to CPI	In foreign currency *)	Non-monetary and others	Yield-dependent	Total
	NIS in thousands					
Total equity	–	–	–	8,598,592	–	8,598,592
Liabilities						
Liabilities with respect to non yield-dependent insurance contracts and investment contracts:	872,358	42,749,849	33,974	–	–	43,656,181
Liabilities with respect to insurance contracts and yield-dependent investment contracts	–	–	–	–	140,210,405	140,210,405
Deferred tax liabilities	–	–	–	293,995	–	293,995
Liability with respect to employee benefits, net	103,324	–	–	43,194	153,983	300,501
Current tax liabilities	–	5,335	–	–	–	5,335
Other accounts payable	875,258	526,675	613,964	100,369	2,318,977	4,435,243
Financial liabilities	6,856,120	137,520	55,098	–	310,755	7,359,493
Total liabilities	8,707,060	43,419,379	703,036	437,558	142,994,120	196,261,153
Total equity and liabilities	8,707,060	43,419,379	703,036	9,036,150	142,994,120	204,859,745
Total on-balance sheet exposure	(550,846)	(5,072,594)	1,787,838	3,703,330	132,272	–
Exposure to underlying assets through derivatives, in terms of Delta	4,002,362	2,637,242	(6,697,635)	58,031	–	–
Total exposure	3,451,516	(2,435,352)	(4,909,797)	3,761,361	132,272	–

*) Exposure to exchange rates is primarily due to exposure to USD or EUR or to linkage there to.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

C. Assets and liabilities by linkage basis (Continued)

	As of December 31, 2022					
	In NIS Non-linked	In NIS Linked to CPI	In foreign currency *)	Non-monetary and others	Yield-dependent	Total
	NIS in thousands					
Assets						
Intangible assets	–	–	–	1,442,696	–	1,442,696
Deferred tax assets	–	–	–	42,944	–	42,944
Deferred acquisition costs	–	–	–	2,119,918	16	2,119,934
Fixed assets	–	–	–	1,270,899	–	1,270,899
Investments in associates	–	–	–	27,682	–	27,682
Investment property for yield-dependent contracts	–	–	–	–	8,130,455	8,130,455
Investment property – other	–	–	–	918,304	–	918,304
Re-insurance assets	181,498	1,192,711	7,869	–	19,585	1,401,663
Current tax assets	–	91,648	2,079	–	25,939	119,666
Other accounts receivable	366,382	540	258,425	84,361	3,233,500	3,943,208
Premium receivable	57,002	374,111	31,061	–	302,346	764,520
Financial investments for yield-dependent contracts	–	–	–	–	110,151,377	110,151,377
Other financial investments						
Negotiable debt instruments	4,162,440	9,767,086	1,858,199	–	–	15,787,725
Non-negotiable debt instruments	449,057	25,643,628	483,937	–	–	26,576,622
Shares	–	–	–	243,687	–	243,687
Others	209,011	–	132,429	4,867,007	–	5,208,447
Total other financial investments	4,820,508	35,410,714	2,474,565	5,110,694	–	47,816,481
Cash and cash equivalents for yield-dependent contracts	–	–	–	–	14,715,486	14,715,486
Other cash and cash equivalents	3,873,734	–	157,492	–	–	4,031,226
Total assets	9,299,124	37,069,724	2,931,491	11,017,498	136,578,704	196,896,541

*) Exposure to exchange rates is primarily due to exposure to USD or EUR or to linkage there to.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

C. Assets and liabilities by linkage basis (Continued)

	As of December 31, 2022					
	In NIS Non-linked	In NIS Linked to CPI	In foreign currency *)	Non-monetary and others	Yield-dependent	Total
	NIS in thousands					
Total equity	–	–	–	8,096,499	–	8,096,499
Liabilities						
Liabilities with respect to non yield-dependent insurance contracts and investment contracts:	713,675	41,140,530	24,880	–	–	41,879,085
Liabilities with respect to insurance contracts and yield-dependent investment contracts	–	–	–	–	133,029,280	133,029,280
Deferred tax liabilities	–	–	–	281,645	–	281,645
Liability with respect to employee benefits, net	95,284	–	–	37,297	154,274	286,855
Current tax liabilities	–	28,070	–	–	–	28,070
Other accounts payable	887,752	546,961	437,009	84,922	386,783	2,343,427
Financial liabilities	8,058,009	110,824	188,037	–	2,594,810	10,951,680
Total liabilities	9,754,720	41,826,385	649,926	403,864	136,165,147	188,800,042
Total equity and liabilities	9,754,720	41,826,385	649,926	8,500,363	136,165,147	196,896,541
Total on-balance sheet exposure	(455,596)	(4,756,661)	2,281,565	2,517,135	413,557	–
Exposure to underlying assets through derivatives, in terms of Delta	3,022,204	2,935,769	(6,099,080)	141,107	–	–
Total exposure	2,566,608	(1,820,892)	(3,817,515)	2,658,242	413,557	–

*) Exposure to exchange rates is primarily due to exposure to USD or EUR or to linkage there to.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

D. Information concerning financial investments for yield-dependent contracts

1. Composition of investments by linkage basis

	As of December 31, 2023				
	In NIS Non-linked	**In NIS Linked to CPI**	**In foreign currency**	**Non-monetary and others**	**Total**
	NIS in thousands				
Cash and cash equivalents	5,654,746	–	10,925,328	–	16,580,074
Negotiable assets	8,898,113	12,782,805	5,646,894	39,342,727	66,670,539
Non-negotiable assets	6,242,511	7,934,901	7,600,960	38,097,407	59,875,779
Total Assets	20,795,370	20,717,706	24,173,182	77,440,134	143,126,392
Exposure to underlying assets through derivatives, in terms of Delta	18,560,627	–	(34,997,742)	16,437,115	–

	As of December 31, 2022				
	In NIS Non-linked	**In NIS Linked to CPI**	**In foreign currency**	**Non-monetary and others**	**Total**
	NIS in thousands				
Cash and cash equivalents	7,743,438	–	6,972,048	–	14,715,486
Negotiable assets	7,242,182	13,231,002	7,112,177	38,446,226	66,031,587
Non-negotiable assets	3,109,082	8,813,226	9,067,396	34,841,927	55,831,631
Total Assets	18,094,702	22,044,228	23,151,621	73,288,153	136,578,704
Exposure to underlying assets through derivatives, in terms of Delta	25,937,396	–	(42,764,224)	16,826,828	–

NOTE 37 – RISK MANAGEMENT (CONTINUED)

D. Information concerning financial investments for yield-dependent contracts (Continued)

2. Credit risk for assets in Israel

	Local rating *)				
	As of December 31, 2023				
	AA or higher	BBB AA or lower	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Debt instruments in Israel					
Government debentures	11,783,275	–	–	–	11,783,275
Other negotiable debt instruments	6,851,482	2,573,413	–	159,612	9,584,507
Other non-negotiable debt instruments	4,703,168	3,998,237	–	3,783,386	12,484,791
Total debt instruments in Israel	23,337,925	6,571,650	–	3,942,998	33,852,573
Of which, debt instruments with internal rating	1,115,930	456,116	–	–	1,572,046
Includes debt instruments with internal rating lowered by the Company	–	–	–	–	–

*) The sources for ratings in Israel are rating agencies Ma'alot, Midroog and internal rating. Data from Midroog was converted into rating symbols using customary conversion factors. Each rating includes all ranges, for example: A rating includes from A- to A+.

**) The carrying amount approximates the maximum credit risk. Therefore, the Total column reflects the maximum credit risk.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

D. Information concerning financial investments for yield-dependent contracts (Continued)

2. Credit risk for assets in Israel (Continued)

	Local rating *)				
	As of December 31, 2022				
	AA or higher	BBB AA or lower	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Debt instruments in Israel					
Government debentures	9,865,770	–	–	–	9,865,770
Other negotiable debt instruments	8,540,416	1,985,953	–	272,707	10,799,076
Other non-negotiable debt instruments	5,064,148	3,630,962	–	3,139,748	11,834,858
Total debt instruments in Israel	23,470,334	5,616,915	–	3,412,455	32,499,704
Of which, debt instruments with internal rating	1,102,143	510,521	–	–	1,612,664
Includes debt instruments with internal rating lowered by the Company	–	–	–	–	–

*) The sources for ratings in Israel are rating agencies Ma'alot, Midroog and internal rating. Data from Midroog was converted into rating symbols using customary conversion factors. Each rating includes all ranges, for example: A rating includes from A- to A+.

**) The carrying amount approximates the maximum credit risk. Therefore, the Total column reflects the maximum credit risk.

3. Credit risk for assets overseas

	International rating *)				
	As of December 31, 2023				
	A or higher	BBB	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Total debt instruments overseas	1,516,811	3,036,326	2,008,850	3,178,214	9,740,201
Of which, debt instruments with internal rating	553,329	–	–	–	553,329

	International rating *)				
	As of December 31, 2022				
	A or higher	BBB	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Total debt instruments overseas	923,816	4,114,633	2,552,614	4,801,413	12,392,476
Of which, debt instruments with internal rating	–	–	–	–	–

*) Sources for ratings overseas are rating agencies approved by the Supervisor: S&P, Moody's and Fitch. Each rating includes all ranges, for example: A rating includes from A- to A+.

**) The carrying amount approximates the maximum credit risk. Therefore, the Total column reflects the maximum credit risk.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

E. Disclosures stipulated by IFRS 9

The table below lists the carrying amount of financial assets that meet the principal and interest only test (excluding assets held for trade or managed on fair value basis), by credit risk rating. The carrying amount is measured in conformity with IAS 39, before provision for impairment.

	Local rating *)				
	As of December 31, 2023				
	A or higher	BBB	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Other cash and cash equivalents	2,888,898	–	–	790	2,889,688
Financial investments for yield-dependent contracts	–	28,415	–	–	28,415
Other financial investments – negotiable debt instruments	13,155,868	855,319	–	19	14,011,206
Other financial investments – non-negotiable debt instruments	25,751,901	326,661	–	570,099	26,648,661

	Local rating *)				
	As of December 31, 2022				
	A or higher	BBB	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Other cash and cash equivalents	3,961,887	–	–	1,988	3,963,875
Financial investments for yield-dependent contracts	–	37,998	–	–	37,998
Other financial investments – negotiable debt instruments	12,609,130	513,497	–	18,779	13,141,406
Other financial investments – non-negotiable debt instruments	25,535,673	335,324	–	261,165	26,132,162

	International rating *)				
	As of December 31, 2023				
	A or higher	BBB	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Other cash and cash equivalents	4	33,042	–	–	33,046
Other financial investments – negotiable debt instruments	378,226	437,007	288,467	–	1,103,700
Other financial investments – non-negotiable debt instruments	121,083	74,811	–	256,904	452,798

	International rating *)				
	As of December 31, 2022				
	A or higher	BBB	Lower than BBB	Un-rated	Total **)
	NIS in thousands				
Other cash and cash equivalents	67	67,284	–	–	67,351
Other financial investments – negotiable debt instruments	768,076	714,890	289,496	–	1,772,462
Other financial investments – non-negotiable debt instruments	58,768	68,758	6,570	342,433	476,529

*) Each rating includes all ranges, for example: A rating includes from A- to A+.

NOTE 37 – RISK MANAGEMENT (CONTINUED)

E. Disclosures stipulated by IFRS 9 (Continued)

The table below compares the fair value and carrying amount of assets in Group A above, which do not carry low credit risk. The carrying amount is measured in conformity with IAS 39, before provision for impairment.

	As of December 31, 2023	
	Carrying amount	Fair value
	NIS in thousands	
Other financial investments – non-negotiable debt instruments	53,527	36,987

	As of December 31, 2022	
	Carrying amount	Fair value
	NIS in thousands	
Other financial investments – non-negotiable debt instruments	31,367	22,493

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES

A. Overview

1. As of the report issue date, Mr. Shlomo Eliyahu, who jointly with Ms. Chaya Eliyahu holds 64.28% of the Company's issued and paid-in share capital, through private companies controlled thereby (Eliyahu Issuance Ltd. And Gan Ha'Ir Project Ltd.), is the ultimate controlling shareholder of the Company. On September 10, 2023, as part of a transaction involving sale of Company shares, 36,141,907 Company shares were transferred from Eliyahu Issuance Ltd. To Gan Ha'ir Project Ltd. for cash consideration amounting to NIS 163 million, such that after closing of this transaction, Eliyahu Issuance Ltd. and Gan Ha'Ir Project Ltd. hold 58.13% and 6.15% of the Company's issued and paid-in share capital, respectively. This share transfer did not result in any change in control over the Company, nor did it change Mr. Eliyahu's total holdings in the Company.

   In conformity with directives of the Supervisor of Competition (or as known back then: the Anti-Trust Supervisor), as part of their approval for acquisition of the controlling stake, as from the closing date of the transaction to acquire control over the Company, the Company may not contract (directly nor indirectly) any agreement with commercial companies in which the controlling shareholder of the Company holds 5% or more of the share capital thereof, directly or indirectly[1], for conducting transactions in member assets, where the consideration for such agreement is payable out of member assets, other than by way of a competitive proceeding which grants an equal opportunity to any commercial company to participate in such proceeding, at terms and conditions as stipulated by the Supervisor of Competition.

   For information and details of transactions with the controlling shareholder, relatives thereof or companies controlled thereby, or transactions with third parties in which the controlling shareholder has a personal interest ("Controlling Shareholder Transactions"), see sections C to E below.

2. For information and details of transactions with associates, see sections C, D and F below.

   The Note does not include description of controlling shareholder transactions and/or transactions with other related party, where such contracting took place prior to their becoming a related party. For financial data with regard to such transactions in the reported period, see sections C and D below. Balances and transactions between the Company and related or interested parties, conducted while they were related or interested parties, and later approved, where they ceased to be related or interested parties in the reported period, are described in this Note due to data for previous periods included in comparative figures.

[1] Except for a commercial company which, upon closing of the transaction, was fully-owned, directly or indirectly, by the Company – namely, Migdal Capital Markets.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

A. Overview (Continued)

3. Some of the Company's financial and insurance operations involve interested and related parties, are conducted in the normal course of business and at market conditions, subject to approvals required by law and in conformity with Company procedures. Such operations may include transactions with respect to providing Group services to interested parties and related parties, and to companies held thereby (such as: insurance transactions, insurance brokerage services, provident fund and/or pension fund management services, including loans based on accumulated savings in provident funds or insurance policies, various financial and/or economic services and property leasing), as well as transactions with respect to purchase of goods and services from interested parties and related parties in the Company and/or from companies held thereby and/or with respect to Group investments (including investments in securities, credit, real estate and funds). In as much as such transactions are negligible transactions, in conformity with guidelines and tools set forth in the procedure adopted by the Company, as set forth in section B below, these are not describes separately on these financial statements.

B. Company policy regarding negligible transactions

1. The Company Board of Directors has adopted guidelines and rules for classification of transactions by the Company or by controlled entities with interested parties therein as a negligible transaction, as this term is defined in Regulation 41(a3)(1) of the Reporting Regulations ("Negligibility Procedure"). These rules and guidelines also serve to review the scope of required disclosure and reporting with respect to transactions by the Company or by controlled entities with interested parties therein, or in which the controlling shareholder has a personal interest, as set forth in Regulation 22 of the Securities Regulations (Periodic and Immediate Reports), 1970.

2. Financial data included in sections C. and D. below include financial data for negligible transactions. Details of transactions with a controlling shareholder and/or with other related parties do not include description of transactions classified as negligible, in conformity with negligibility criteria specified by the Board of Directors.

3. On March 22, 2017, the Company Board of Directors resolved to revise the rules and guidelines for classification of a transaction with an interested party and/or with the controlling shareholder as a "negligible transaction". According to this resolution, such transaction would be deemed a "negligible transaction" if it should meet all of the following conditions:

   1) It is not an exceptional transaction (as this term is defined in the Corporate Act).

   2) In absence of any special qualitative considerations arising from the circumstances of the matter, a transaction would be considered a negligible transaction if it meets any of the following conditions:

      a) Insurance transaction –

         1. The total amount of premiums with respect to the transaction, including any inter-dependent separate transactions, does not exceed NIS 2 million (adjusted for increase in the Consumer Price Index since the known CPI in January 2017), and the premium ratio does not exceed 0.5%.

         2. The liabilities ratio in the relevant sector does not exceed 0.5% (for calculation of the liabilities ratio, the liability subject of the event would be the insurance amount.

      b) Transactions for life insurance and long term savings, health insurance and finance – the transactions are conducted at the same terms and conditions afforded to Group employees.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

B. Company policy regarding negligible transactions (Continued)

3. (Continued)

2) (Continued)

c) Other contracting –

1. The transaction value, for each transaction, does not exceed NIS 5 million (for investment transactions, the transaction value for the controlling shareholder or for the interested party shall be reviewed based on commissions or management fees payable to or by the controlling shareholder / interested party, as the case may be), with this amount adjusted for increase in the Consumer Price Index since the known CPI in January 2017.

And –

2. Results of its measurement against (one or more) relevant benchmark(s), as noted below, does not exceed 0.5%.

Relevant benchmarks for review of classification of a specific transaction as a negligible transaction are:

- For sale of insurance or purchase of re-insurance – premium ratio.
- For purchase of asset – asset ratio.
- For sale of asset – gain ratio, asset ratio.
- For purchase / sale of other products or services – expense ratio or revenue ratio for services, as the case may be.
- For undertaking a financial obligation (including borrowing) – liabilities ratio.

For this matter:

Premium ratio:	Premium with respect to the event, divided by total annual premium in the relevant operating segment (life insurance and long term savings, health insurance, non-life insurance), calculated based on the 4 most recent quarters for which audited or reviewed financial statements were published.
Asset ratio:	Total assets with respect to the event (acquired or sold), divided by total assets. The ratio shall be measured separately for member funds under management by the Group and for nostro funds. In case of a transaction combining both member and nostro funds, the relevant ratio shall be separately reviewed for each asset type, by total amount of share of nostro / member funds, as the case may be, in the transaction, compared to total assets, of nostro / member funds, as the case may be, based on the most recent audited or reviewed financial statements.
Gain ratio:	Gain or loss with respect to the event, divided by total annual gain or loss for the period (including changes to capital reserves), on average for the three most recent calendar years.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

B. Company policy regarding negligible transactions (Continued)

3. (Continued)

2) (Continued)

c) Other contracting – (Continued)

Ratio

Liabilities:	Liabilities with respect to the event, divided by total liabilities, based on the most recent audited or reviewed financial statements.
Shareholder equity ratio:	Increase or decrease in shareholder equity, divided by shareholder equity based on the most recent audited or reviewed financial statements.
Revenue ratio	
from services:	Total revenues with respect to the event, divided by total annual revenues, on average for the three most recent years, other than from premium, calculated based on the 4 most recent quarters for which audited or reviewed financial statements were published.
Expense ratio	
with respect to services:	Total expenses with respect to the event, divided by total annual general and administrative expenses, calculated based on the 4 most recent quarters for which audited or reviewed financial statements were published.

4. For multi-annual transactions, the transaction value for review of negligibility would be calculated on annual basis. Thus, for example, in a multi-annual insurance transaction, the transaction value would be the annual premium paid or collected. Separate transactions which are inter-dependent, such that in fact they are part of the same commitment would be reviewed as a single transaction.

5. In cases where, at the Company's discretion, all of the aforementioned quantitative benchmarks are not relevant for testing for a negligible transaction, a transaction would be deemed negligible according to another relevant benchmark to be specified by the Company, provided that the relevant benchmark calculated for the transaction would be less than 0.5% and the transaction value would not exceed NIS 5 million (linked to the CPI as aforesaid).

6. Review of the qualitative considerations of the controlling shareholder or interested party transaction may result in classification of the transaction as a non-negligible transaction, notwithstanding the foregoing. Thus, for example, a controlling shareholder transaction would not typically be deemed negligible if it is perceived by Company management to be a significant event and is used as basis for making managerial decisions, or if in the controlling shareholder or interested party transaction, the controlling shareholder or the interested party, as the case may be, is expected to receive benefits which are important enough to be reportable to the public.

7. Any transaction classified as negligible by an investee of the Company would also be deemed negligible at the Company level. Any such transaction classified by the investee as non-negligible would be reviewed against the relevant benchmarks at the Company level.

8. The Company Board of Directors shall review the need to revise this procedure from time to time, noting the controlling shareholder or interested party transactions conducted by the Company and changes to applicable statutory provisions.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

C. Balances with interested parties and related parties

Composition

	As of December 31, 2023		
	Eliyahu Group	Other related parties	Associates
		NIS in thousands	
Financial investments for yield-dependent contracts	2,224	42,231	–
Other financial investments:			
Debt instruments *)	–	–	13,621
Other accounts receivable	–	275	276
Premium receivable	27	20	–
Other accounts payable	–	(1,780)	–

*) The highest balance of debt instruments during the year for an interested party amounted to NIS 19,564 thousand.

	As of December 31, 2022		
	Eliyahu Group	Other related parties	Associates
		NIS in thousands	
Financial investments for yield-dependent contracts *)	2,223	42,243	–
Other financial investments:			
Debt instruments **)	–	–	19,564
Other accounts receivable	–	–	45
Premium receivable *)	2	22	–
Other accounts payable	–	(792)	–

*) Re-stated.

**) The highest balance of debt instruments during the year for an interested party amounted to NIS 19,564 thousand.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

D. Transactions with interested parties and related parties

	For the year ended December 31, 2023		
	Eliyahu Group	Other related parties	Associates
	NIS in thousands		
Premium received	89	6,742	3
Claims paid	47	60	–
Agent commission and other commissions	–	129	4,512
Rent / usage fee revenues	–	43	–
Management fee revenues	–	103	327
Other	–	(304)	(4,446)

	For the year ended December 31, 2022		
	Eliyahu Group	Other related parties	Associates
	NIS in thousands		
Premium received *)	104	4,047	–
Claims paid *)	10	875	–
Agent commission and other commissions	–	111	3,322
Rent / usage fee revenues	–	42	–
Management fee revenues *)	–	141	370
Other	–	(540)	1,189

*) Re-stated.

	For the year ended December 31, 2021		
	Eliyahu Group	Other related parties	Associates
	NIS in thousands		
Premium received *)	114	3,284	–
Claims paid *)	163	71	–
Agent commission and other commissions	–	–	2,206
Rent / usage fee revenues	–	40	–
Management fee revenues *)	–	153	370
Other	–	(387)	1,390

*) Re-stated.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

E. Description of transactions with controlling shareholder

Below is a description of transactions with a controlling shareholder, or transactions with another person in which a controlling shareholder has a personal interest, as listed in Section 270(4) of the Corporate Act.

Exceptional transactions with a controlling shareholder

No.	Party contracting with the Company	Approved on / by[1]	Nature and highlights of the transaction
1	Eliyahu 1959	February 3, 2016 – approval by the General Meeting of Company shareholders	Agreement to acquire non-life insurance claim portfolio – Migdal Insurance contracted with Eliyahu 1959 Ltd. ("Eliyahu 1959"), a private company controlled by Mr. Shlomo Eliyahu, the controlling shareholder of the Company, an agreement whereby Migdal Insurance received exclusive responsibility for a non-life insurance claim portfolio acquired, which includes insurance policies issued by Eliyahu 1959 through December 31, 2012 ("the Insurance Portfolio"). Concurrently with transfer of the Insurance Portfolio, Eliyahu 1959 transferred to Migdal Insurance a cash amount equal to the actuarial assessment of obligations included in the Insurance Portfolio (designated to finance handling of the Insurance Portfolio) subject to adjustments as set forth in the Agreement (the actuarial assessment with respect to claims included in the Insurance Portfolio, as of June 30, 2015 based on the financial statements of Eliyahu 1959, amounted to NIS 393 million), which was deposited in a designated account ("Claims Account"), and an amount equal to the actuarial assessment of indirect costs for handling claims included in the Insurance Portfolio (for approval of amendment of the amount for indirect costs, see below). Moreover, in return for handling the Insurance Portfolio, Migdal Insurance would be entitled to 71% of income from the Insurance Portfolio, if any, but not less than NIS 7 million (income guaranteed by Eliyahu 1959, provided as an advance payment upon closing of the transaction). As part of the contract and as condition thereof, a re-insurance agreement was signed by Migdal Insurance and by Swiss RE ("Swiss"), whereby Swiss would provide insurance coverage for the Insurance Portfolio, covering all insurance obligations of Migdal Insurance ("Swiss Re-insurance"). According to the Swiss Re-insurance agreement, Swiss would be entitled to premium amounting to NIS 10.5 million (provided as advance payment immediately after closing of the transaction, by way of offset against amounts deposited in the Claims Account, in conformity with provisions set forth in the re-insurance agreement ("Premium") as well as (in addition to the Premium) to 29% of any income from the Insurance Portfolio.

[1] In this Note, means the most recent approval date by the relevant organ with respect to corporate law and identity of said organ. Transactions approved by the General Meeting of shareholders were previously approved by the Audit Committee and Board of Directors of the same company. In case of update and/or revision to previous contracting, description of the entire contracting would be as of the earlier date.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

E. Description of transactions with controlling shareholders (Continued)

Exceptional transactions with a controlling shareholder			
No.	**Party contracting with the Company**	**Approved on / by[1]**	**Nature and highlights of the transaction**
1	Eliyahu 1959 Continued	Continue	Moreover, as part of the contracting, arrangements were stipulated with respect to mandatory indemnification and payment by Eliyahu 1959, in case the actuarial assessment amount and Swiss Re-insurance would be insufficient to cover the claims and costs with respect to the Insurance Portfolio, and such indemnification would be accounted for in settlement between the parties. Eliyahu 1959 also committed separately to indemnify Migdal Insurance if the amounts deposited in the expenses account would be insufficient to cover indirect costs with respect to the Insurance Portfolio. Such indemnification would be offset against any income derived by Migdal Insurance from the Insurance Portfolio. In addition to the indemnification commitment, upon closing of the transaction, Eliyahu 1959 provided an autonomous bank guarantee by an Israeli banking corporation in favor of Migdal Insurance, equal to 5% of the actuarial assessment amount ("Bank Guarantee"), in conformity with the Supervisor's requirement, as part of conditions for approval of the agreement. According to these conditions, the Bank Guarantee should be valid through 2020 or longer, and its amount should be revised annually, in conformity with the estimated amount of claims included in the Insurance Portfolio, as carried on the financial statements of Migdal Insurance (for termination of the Bank Guarantee, see below). The contracting also stipulated various arrangements for indemnification in cases where the Swiss Re-insurance does not apply (such as due to exclusions stipulated in terms and conditions for Swiss Re-insurance), and in case of any claims, demands and proceedings between the parties, where indemnification pursuant to the aforementioned arrangements would not be included in the settlement. Therefore, as of December 31, 2022, no such balance exists. On April 21, 2016, after receiving Court approval for the transaction, the transaction closed and the Insurance Portfolio was transferred to Migdal Insurance. For more information see immediate report convening a General Meeting of Company shareholders to approve this contracting, dated December 29, 2015 (reference no. 2015-01-081583); report of the outcome of said General Meeting dated February 3, 2016 (reference no. 2016-01-022456); and report dated April 24, 2016 on closing of the transaction (reference no. 2016-01-054871). On August 4, 2016, the General Meeting of Company Shareholders approved an amendment to the agreement to acquire non-life insurance claim portfolio, due to an error in the original wording of the agreement with regard to calculation of indirect costs. The amendment primarily concerns the calculation of indirect costs which Eliyahu 1959 was to have provided to Migdal Insurance upon closing of the agreement. According to this amendment, the indirect costs would be calculated at 3% of the adjusted actuarial assessment, before re-insurance (in lieu of 3% of the "original" actuarial assessment, i.e. the actuarial assessment as of the effective date, June 30, 2015, before re-insurance). According to the adjusted actuarial assessment (as of the closing date, based on data as of March 31, 2016), the indirect costs in conformity with the aforementioned amendment amounted to NIS 9.8 million. For more information see the Company's immediate report convening a General Meeting, dated June 28, 2016 (reference no. 2016-01-068974) and report of the outcome of said General Meeting dated August 4, 2016 (reference no. 2016-01-097930).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

E. Description of transactions with controlling shareholders (Continued)

Exceptional transactions with a controlling shareholder			
No.	**Party contracting with the Company**	**Approved on / by[1]**	**Nature and highlights of the transaction**
1	Eliyahu 1959 Continued	Continue	On June 16, 2019, the Supervisor approved, following a request made by Mr. Shlomo Eliyahu, termination of the Bank Guarantee, against provision of a personal guarantee by Mr. Shlomo Eliyahu, in conformity with the amount, terms and conditions of the Bank Guarantee, as set forth above. The Supervisor also confirmed that the personal guarantee provided by Mr. Shlomo Eliyahu as part of their undertakings in the agreement, being a guarantee not limited in amount nor duration, may be deemed a guarantee for compliance with the condition for termination of the aforementioned Bank Guarantee. Consequently, the Bank Guarantee provided by Eliyahu 1959 was terminated. Further to the foregoing with regard to undertaking by Eliyahu 1959 to indemnify Migdal Insurance, should the amounts deposited in the expenses account be insufficient to cover the indirect cost associated with the Insurance Portfolio, in January 2022, Migdal Insurance received NIS 0.5 million to make up the aforementioned indirect cost amount, in accordance with its undertaking. In September 2022, all amounts in the Claims Account were exhausted, and therefore Migdal Insurance is entitled to receive from Swiss any excess amounts required to pay the claims, in conformity with the re-insurance agreement. In this regard, Swiss requested, without prejudice to its obligation towards Migdal Insurance pursuant to the re-insurance agreement, that the initial amounts to which Migdal Insurance would be entitled pursuant to the re-insurance agreement, up to NIS 10.5 million, would be directly paid to Migdal Insurance by Eliyahu 1959. This is due to a separate, stand-along obligation by Eliyahu Holdings Ltd. ("Eliyahu Holdings") towards Swiss, whereby should the amounts deposited in the Claims Account be exhausted, Eliyahu Holdings would bear the indebtedness by Swiss, up to NIS 10.5 million (identical to the Premium amount), and would pay this amount into the Claims Account. As part of this undertaking by Eliyahu Holdings towards Swiss, the former would also indemnify the latter should the amounts paid pursuant to the re-insurance agreement exceed NIS 535 million. The Company's Audit Committee reviewed the request made by Swiss, whereby Migdal Insurance would receive the insurance payments directly from Eliyahu 1959 (as claimed by Migdal Insurance from Swiss from time to time), up to the aforementioned Premium amount, and has also reviewed the indemnification commitment by Eliyahu Holdings towards Swiss. The Audit Committee has determined that, since such commitment by Eliyahu Holdings towards Swiss, to which Migdal Insurance is not party, do not affect the rights of Migdal Insurance to receive the insurance payments, nor the obligations of Swiss toward Migdal Insurance, and since this commitment does not change, for the Company and for Migdal Insurance, the risk associated with the transaction and its feasibility, as previously approved by the General Meeting of Company shareholders due to the personal interest of the controlling shareholder in the transaction, there is no reason not to accept the insurance payments in conformity with the request made by Swiss.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

E. Description of transactions with controlling shareholders (Continued)

Exceptional transactions with a controlling shareholder			
No.	**Party contracting with the Company**	**Approved on / by[1]**	**Nature and highlights of the transaction**
2	Israel Eliyahu	Approval by the General Meeting of Company shareholders dated September 22, 2022; February 11, 2020.	Terms of office – Mr. Israel Eliyahu, son of Mr. Shlomo Eliyahu, the controlling shareholder of the Company, serves as Chairman of the Nostro Investments Committee of Migdal Insurance as from October 31, 2013, and as Chairman of the Board of Directors of Migdal Capital Markets (1965) Ltd. ("Migdal Capital Markets") as from February 1, 2014. Moreover, through May 28, 2018, he also served as Board member of the Company and of Migdal Insurance. For his office as Chairman of the Nostro Investments Committee of Migdal Insurance, Mr. Israel Eliyahu is entitled to annual remuneration amounting to NIS 130 thousand, and to remuneration for attending meeting of the Board of Directors and/or Board committees amounting to NIS 5 thousand per meeting, identical to remuneration payable to the other Board members and to members of investment committees at Migdal Insurance, including external or independent Board members of the institutional entity (other than the Chairman of the Board of Directors). These amounts are payable with additional VAT by law, and are revised annually based on the increase in the Consumer Price Index compared to the CPI for March 2011. For attending meetings remotely, he would be entitled to 60% of the attendance remuneration for a regular meeting, and for voting in writing, he would be entitled to 50% of the attendance remuneration for a regular meeting. Mr. Israel Eliyahu is also entitled to expense reimbursement for attending workshops and seminars required to discharging his office, not to exceed NIS 2,000. On February 11, 2020 and on September 22, 2022, the General Meeting of Company shareholders approved renewal of the remuneration payable to Mr. Israel Eliyahu for his office as Chairman of the Nostro Investments Committee of Migdal Insurance, at the same terms and conditions, each time for an additional 3-year period, from 2020 through 2022 and from 2023 through 2025. Total remuneration paid to Mr. Israel Eliyahu for his office with Migdal Insurance in 2023 amounted to NIS 241 thousand (including VAT), in 2022: NIS 307 thousand (including VAT) and in 2021: NIS 237 thousand (including VAT). For more information see immediate reports by the Company convening the General Meeting and reporting the outcome of the General meeting, dated December 31, 2019 (Reference no. 2019-01-116178 and reference no. 2019-01-116367); February 4, 2020 (reference no. 2020-01-013125); February 11, 2020 (reference no. 2020-01-015150), dated August 17, 2022 (reference no. 2022-01-104362, 2022-01-104389 and 2022-01-104401) and September 22, 2022 (reference no. 2022-01-120691). Moreover, as from September 1, 2019, Mr. Israel Eliyahu is entitled, for his office as Chairman of Migdal Capital Markets, to gross payment of NIS 54 thousand, for a 60% full-time equivalent position as a salaried employee, as well as to additional social benefits, such as paid leave, vacation pay, sick pay and contributions to retirement savings. Total remuneration paid to Mr. Israel Eliyahu for his office with Migdal Capital Markets in 2023 and 2022 amounted to NIS 848 thousand (including VAT), and in 2021: NIS 845 thousand (including VAT). For more information see immediate reports by the Company convening the General Meeting and reporting the outcome of the General meeting, dated September 19, 2019 (reference no. 2019-01-097279), October 24, 2019 (reference no. 2019-01-090429), August 17, 2022 (reference no. 2022-01-104362, 2022-01-104389 and 2022-01-104401) and September 22, 2022 (reference no. 2022-01-120691).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

E. Description of transactions with controlling shareholders (Continued)

Exceptional transactions with a controlling shareholder			
No.	**Party contracting with the Company**	**Approved on / by[1]**	**Nature and highlights of the transaction**
3	Mr. Shlomo Eliyahu, the controlling shareholder of the Company, serves as Board member of the Company, and his son, Mr. Israel Eliyahu, serves as Chairman of the Board of Directors of Migdal Capital Markets and as Chairman of the Nostro Investment Committee of Migdal Insurance.	February 14, 2022 and February 14, 2023 – approval by the Company Board of Directors for officer liability insurance (after approval by the Remuneration Committee). February 11, 2020 and September 22, 2022 – approval by the General Meeting for providing letters of indemnification and waivers.	Officer liability insurance – On February 13 and 14, 2022 and on February 12 and 14, 2023, the competent organs of Migdal Group approved renewal of the Board member and officer liability insurance policy for Board members and officers of the Group, including for the controlling shareholder and relative thereof who serve as officers of the Group, for a 12-month term each time. For more information see section G.6 below. The aforementioned insurance coverage for the controlling shareholder and/or relatives thereof, in conformity with the Company's remuneration policy, was approved in conformity with Regulation 1B1 of the Corporate Regulations (Reliefs for transactions with interested parties), 2000 ("the Relief Regulations"). See immediate reports by the Company dated February 15, 2022 (reference no. 2022-01-018403) and February 15, 2023 (reference no. 2023-01-017529). Letters of indemnification and waivers to officers who are the controlling shareholder or relatives thereof – On February 11, 2020 and September 22, 2022, the General Meeting of Company Shareholders approved the award of letters of indemnification and waiver to officers who are the controlling shareholder or relatives thereof, who then served Group companies, pursuant to provisions of Section 275 of the Corporate Act, for a three-year period. The letters of indemnification and waivers to Mr. Shlomo Eliyahu, for his office as Board member of the Company, were awarded to him by the Company; The letters of indemnification and waivers to Mr. Israel Eliyahu, for his office as Chairman of the Board of Directors of Migdal Capital Markets and as Chairman of the Nostro Investment Committee of Migdal Insurance, were awarded to him by Migdal Capital Markets and by Migdal Insurance, respectively. The letters of indemnification and waivers awarded to the controlling shareholder and to relatives thereof are identical to those awarded to all other Company officers. For more information about the letters of indemnification and waivers awarded by the Company, see immediate reports by the Company convening the General Meeting and reporting the outcome of the General meeting, dated: December 31, 2019 (reference no. 2019-01-116178 and 2019-01-116367); February 4, 2020 (reference no. 2020-01-013125), February 11, 2020 (reference no. 2020-01-015150); August 17, 2022 (reference no. 2022-01-104362, 2022-01-104389 and 2022-01-104401); and September 22, 2022 (reference no. 2022-01-120691).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

F. Associates

1. For investments in associated, see Note 7 "Investments in investees".
2. Migdal Insurance pays to associates commissions for marketing of insurance and retirement products, whose amounts are not material.
3. In 2015, Migdal Insurance extended loans to overseas associates, amounting to NIS 20,162 thousand, maturing through 2025. As of December 31, 2023, the outstanding loan balance was NIS 13,621 thousand; as of December 31, 2022: NIS 19,564 thousand. For these loans, the Company recognized in 2023 financing expenses amounting to NIS 4,405 thousand, and in 2022 and 2021, financing revenues amounting to NIS 2,166 thousand and NIS 1,390 thousand, respectively. These loans are carried as non-negotiable debt instruments under Other Financial Investments.
4. The Company owns various real estate properties. Some of these properties are used by the Company, and some are leased for use by Group companies, including companies not wholly-owned by the Company, in amounts that are not material.

G. Remuneration and benefits to key executives (including Board members)

Key executives at the Company are entitled to salary, bonus and non-cash benefits (such as company car, medical insurance and so forth). Moreover, the Group makes contributions on their behalf to defined benefit and defined contribution post-employment plans.

Officers of the Company and subsidiaries thereof, including the Chairman of the Board of Directors and CEO of the Company, are also included on the equity-based remuneration plan adopted by the Company, which allows for award of equity-based remuneration, in particular allocation of Company stock options, as part of their overall remuneration package (for more information see Note 33 regrading share-based payments.

Board member remuneration at the Company, other than the Chairman of the Board of Directors, is in conformity with remuneration payable to external Board members, set in a range between the maximum annual remuneration and the maximum attendance remuneration specified for a company of equal ranking to the Company in Corporate Regulations (Rules for remuneration and expense reimbursement for independent Board members), 2000 ("Remuneration Regulations"), and the maximum annual remuneration and the maximum attendance remuneration specified in the Remuneration Regulations for an expert external Board member serving a company of equal ranking to the Company.

Data regarding remuneration and benefits to key executives

1. Benefits to key executives, including Board members employed by the Company

	For the year ended December 31,					
	2023		2022		2021	
	Number of persons	Amount	Number of persons	Amount	Number of persons	Amount
		NIS in thousands		NIS in thousands		NIS in thousands
Short-term benefits	12	24,021	11	21,555	11	22,245
Post-employment benefits	11	2,345	10	3,096	10	812
Share-based payment (see Note 33)	10	3,745		–	–	–
		30,111		24,651		23,057

Note that these amounts exclude benefits paid to key executives who did not serve the Company in that year. Such payments are set forth in section G.4 below.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

2. Benefits to Board members not employed by the Company

	For the year ended December 31,					
	2023		2022		2021	
	Number of persons	Amount	Number of persons	Amount	Number of persons	Amount
		NIS in thousands		NIS in thousands		NIS in thousands
Management fee to Board members not employed by the Company	14	5,527	16	4,854	15	4,638
		5,527		4,854		4,638

3. Remuneration policy for Company officers

a) Remuneration policy – overview

The remuneration policy adopted by the Company is intended to set guidelines for remuneration of Company officers, so as to provide appropriate incentives to achieve Company objectives, its work plan and policy from a long-term viewpoint, with due consideration to risk management and a good fit with the best interest of the Company, of those who save through the Company and of Company customers.

The remuneration policy was set in conformity with provisions of Amendment 20 to the Corporate Act and with provisions of the Officer Remuneration at Financial Corporations Act (Special Approval and Non-Tax Deductible Expenses Due to Excessive Remuneration), 2016 ("Executive Remuneration Act"). Moreover, as the Company is direct or indirect controlling shareholder of institutional entities, and given that most officers who serve the Company also serve as officers of any of these institutional entities, when formulating the Company's remuneration policy, the remuneration policy of institutional entities in the Group was also taken into consideration ("Remuneration Policy of Institutional Entities"). The Remuneration Policy of Institutional Entities is an independent policy, prepared and approved by organs of these entities, in conformity with provisions of legislation applicable to the institutional entities of the Group, including restrictions and provisions with regard to remuneration at institutional entities.

The Company's remuneration policy is revised from time to time, and is brought for approval by the General Meeting of Company shareholders, after approval by the Company's Remuneration Committee and Board of Directors.

b) Key items of the Company's policy and of the Remuneration Policy of Institutional Entities for 2023 through 2025:

- Capping the maximum expected annual cost for the Chairman of the Board of Directors, the CEO and other executives.
- Provisions with regard to the fixed component – monthly salary caps, benefits, linkage, guaranteed annual bonus and so forth.
- Setting provisions with regard to the variable component / annual bonus – measurement periods, payment schedule of the variable component, elements of the variable component (corporate targets, individual targets and discretionary component for general evaluation) and calculation thereof, threshold conditions for payment of the annual bonus and deferred components thereof, option to award the variable component even if not all threshold conditions have been met, and the ratio of fixed salary components to variable salary components.
- Provisions with regard to option to include in the overall remuneration package for Company officers equity-based remuneration as well.
- Provisions with regard to recovery of the variable component under circumstances listed in the policy.
- Provisions with regard to termination of employment.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

3. Remuneration policy for Company officers (Continued)

c) Company's remuneration policy for 2023-2025

On May 28, 2023, the General Meeting of Company shareholders approved the Company's remuneration policy for 2023-2025, which was unchanged from the Company's previous remuneration policy (for 2020-2022), with the exception of added cap on total remuneration payable to officers during the notice period, along with payment for their non-compete commitment or adjustment bonus, such that total remuneration may not exceed the equivalent of 12 months' remuneration for the officers. Note that the aforementioned revision with regard to remuneration cap was also adopted in the remuneration policy of institutional entities of the Group. For more information see immediate report by the Company dated April 23, 2023 (reference no. 2023-01-044019), dated May 15, 2023 (reference no. 2023-01-051789) and dated May 28, 2023 (reference no. 2023-01-056577), included herein by way of reference.

On July 5, 2023, the General Meeting of Company shareholders approved an update to the Company's remuneration policy for 2023-2025, with the following highlights: (1) Added option for award of equity-based remuneration to Company officers, which may be exercised for Company shares of for shares of subsidiaries of the Company, as part of their total remuneration package, including to the Chairman of the Board of Directors and to the Company CEO, for whom the maximum weighting of equity-based remuneration per calendar year may not exceed one third of their total remuneration. The policy includes common provisions with regard to key terms and conditions of equity-based remuneration, such as the amount, vesting period and lots of the equity-based remuneration, how the exercise price is to be set, expiration and exercise of option warrants. It was further clarified that at this time, the Company intends to use non-negotiable options exercisable for Company shares, and should the Company elect in future to award restricted share units to officers, such award would be made contingent on a quantitative threshold condition, or such award would be capped at the cost of three months' salary for the officer; (2) Added option to reduce the normative bonus and the maximum bonus, in case of award of equity-based remuneration; (3) Increase in maximum ratio of variable remuneration to total remuneration cost for officers in control positions, from 30% to 40%; and (4) Increase in maximum normative bonus to officers, from six to seven months' salary, while reducing the cap for over-performance in calculating the maximum bonus, from 140% to 120%.

For more information see immediate reports by the Company convening an extraordinary General Meeting of Company shareholders and the outcome thereof dated May 31, 2023 (reference no. 2023-01-058452), June 1, 2023 (reference no. 2023-01-060060), dated June 28, 2023 (reference no. 2023-01-071295) and dated July 5, 2023 (reference no. 2023-01-075333).

Note that concurrently, on May 30, 2023, the Board of Directors of Migdal Insurance approved amendments to the remuneration policy of institutional entities for 2023-2025 including, *inter alia*, the option to award equity-based remuneration, which may be exercised for Company shares of for shares of subsidiaries of the Company, to officers of Migdal Insurance as part of their total remuneration package. Highlights of the remuneration policy of these institutional entities are available on the Migdal Insurance website at:

https://www.migdal.co.il/about/reward-policy.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO

a) Mr. Shlomo Eliyahu, Chairman of the Company Board of Directors (outgoing)

Mr. Shlomo Eliyahu has served as Board member of the Company since October 29, 2012. Furthermore, Mr. Shlomo Eliyahu served as Chairman of the Company Board of Directors, from June 18, 2018 to April 14, 2022. Furthermore, Mr. Shlomo Eliyahu served as Board member of Migdal Insurance, from October 29, 2012 to October 15, 2020, including serving as Chairman of the Board of Directors of Migdal Insurance, from October 10, 2013 to December 31, 2013.

On February 24, 2014, Mr. Shlomo Eliyahu informed the Boards of Directors of the Company and of Migdal Insurance, that he was waiving any wages with respect to his office as Chairman of the Board of Directors of the Company, and as Board member of Migdal Insurance, and that he would not demand pay with respect to these offices. For this matter, see immediate report by the Company dated February 24, 2014 (reference no. 2014-01-046135). Moreover, on June 18, 2018, when re-appointed to serve as Chairman of the Company Board of Directors, Mr. Eliyahu waived any wages and was not entitled to any monetary remuneration or equivalent for his aforesaid office. For this matter, see immediate report by the Company dated May 28, 2018 (reference no. 2018-01-043782).

Note that Mr. Eliyahu was re-appointed Board member of the Company, as approved on December 17, 2020 by the General Meeting of Company shareholders, for a three-year term, in conformity with provisions of the Corporate Act. For this matter, see immediate report by the Company dated December 17, 2020 (reference no. 2020-01-129427).

On January 18, 2022, Mr. Shlomo Eliyahu announced his intention to resign his office as Chairman of the Company Board of Directors, and asked for the Company Board of Directors to convene an extraordinary General Meeting of shareholders, with the agenda including appointment of Retired Supreme Court Justice, Mr. Hanan Meltzer to be Board member and Chairman of the Company Board of Directors. Mr. Shlomo Eliyahu would continue to serve as Board member of the Company. See immediate report by the Company dated January 18, 2022 (reference no. 2022-01-008182).

On March 16, 2022, the General Meeting approved the appointment of Mr. Meltzer to be Chairman of the Company Board of Directors, as from April 14, 2022. Accordingly, Mr. Shlomo Eliyahu retired from his office as Chairman of the Company Board of Directors as from said date. See immediate report by the Company dated March 16, 2022 (reference no. 2022-01-030823) and dated April 12, 2022 (reference no. 2022-01-047299). Since then, Mr. Eliyahu has been serving as Board member of the Company for no consideration for his office, as noted above.

b) Mr. Nir Gilad, (former) CEO of the Company and Chairman of the Board of Directors of Migdal Insurance

Mr. Nir Gilad has served as Chairman of the Board of Directors of Migdal Insurance as from March 1, 2019, at a full-time 90% equivalent position. On July 2, 2019, Mr. Gilad also started serving as Acting CEO of the Company, and on October 10, 2019, he was appointed CEO of the Company, along with his other positions in Migdal Group held at that time.

Mr. Gilad's employment by Migdal Insurance was concluded on February 1, 2021.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

b) Mr. Nir Gilad, (former) CEO of the Company and Chairman of the Board of Directors of Migdal Insurance (Continued)

Since 2020, Mr. Gilad was entitled to monthly salary of NIS 207 thousand (pursuant to salary revision provisions set forth in his employment contract). Mr. Gilad was entitled to social and other benefits, such as: study fund, paid leave, vacation pay and cell phone. In 2021, the Company paid the excess tax due to "excess expenses" pursuant to the Remuneration Act, amounting to NIS 145 thousand.

Moreover, due to damage claimed by Mr. Gilad to have been incurred due to conclusion of his positions with the companies, as part of the agreement reached with him, the Company agreed to seek a mediation proceeding ("the Mediation Proceeding").

Following the Mediation Proceeding, the proposal put forward by the mediator, the Honorable Justice Hila Gerstel (Retired), for payment of NIS 3.2 million plus legal expenses for the Mediation Proceeding and previous actions taken, was adopted to settle the claims. The aforementioned was approved by the Company and Migdal Insurance, after the proposal by the mediator was submitted to the Capital Market Insurance and Savings Authority, which stated that it found no grounds to intervene in this issue. The amount was paid in two installments, in August 2021 and in January 2022.

For more information about Mr. Gilad's office and terms of office, see the following immediate reports by the Company: Immediate report dated December 31, 2019 convening a General Meeting of shareholders with an agenda including, *inter alia*, approval of Mr. Nir Gilad's employment terms (reference no. 2019-01-116178) and correction report on the same date (reference no. 2019-01-116367); Immediate report dated February 4, 2020 (reference no. 2020-01-013125) and dated February 11, 2020 (reference no. 2020-01-015150) with regard to outcome of the General Meeting; Immediate report with regard to contracting termination of employment, dated December 27, 2020 (reference no. 2020-01-140202); Immediate report with regard to termination of office, as from January 3, 2021 as Chairman of the Company Board of Directors of Migdal Insurance (reference no. 2021-01-000504); and immediate report with regard to termination of office, as from February 1, 2021 as CEO of the Company (reference no. 2021-01-012478).

c) Mr. Ran Oz, (former) CEO of Migdal Insurance

On September 1, 2019, Mr. Ran Oz was appointed CEO of Migdal Insurance. On February 5, 2019, he was appointed Chairman of the Board of Directors of Migdal Makefet, along with other positions held at Migdal Group. On November 21, 2021, Mr. Oz concluded his office with Migdal Insurance and other Migdal Group companies, following notice given by him on this matter. See immediate report by the Company dated July 11, 2021 (reference no. 2021-01-115140) and immediate report dated October 30, 2021 (reference no. 2021-01-161715).

Upon his appointment, Mr. Oz was entitled to monthly salary of NIS 221 thousand. This monthly salary was adjusted, at the start of each calendar year of the employment period, in conformity with provisions of the Remuneration Act, such that the expected annual expense for the Company with respect to total remuneration payable to Mr. Oz, based on the total cost of all remuneration components for one year, in accordance with GAAP, would be at the maximum remuneration allowed by the Remuneration Act ("Remuneration Cap").

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

c) Mr. Ran Oz, (former) CEO of Migdal Insurance (Continued)

Mr. Oz's monthly salary in 2021 and 2022, after adjustment, was NIS 239 thousand, and in 2020: NIS 231 thousand. Mr. Oz was entitled to social and other benefits, such as: study fund, paid leave, vacation pay and cell phone. In 2023, the Company paid the excess tax due to "excess expenses" pursuant to the Remuneration Act, amounting to NIS 257 thousand, in 2022: NIS 1,201 thousand and in 2021: NIS 456 thousand. Mr. Oz's employment contract was for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice, starting on July 11, 2021. Subject to restrictions due to statutory provisions, Mr. Oz was entitled, upon termination of his employment, to payment of an adjustment bonus equal to nine months' salary, subject to a non-compete commitment. In 2022, an expense with respect to the adjustment bonus was recognized, amounting to NIS 1,409 thousand.

d) Mr. Moti Rosen, (former) CEO of the Company and Chairman of the Board of Directors of Migdal Insurance

Mr. Moti Rosen started his term in office as Chairman of the Company Board of Directors of Migdal Insurance on January 3, 2021, and started his term in office as CEO of the Company on February 1, 2021. On April 22, 2021, Mr. Rosen concluded his office with Migdal Insurance and on August 8, 2021, he concluded his office with the Company.

Mr. Rosen's remuneration, while serving as Chairman of the Board of Directors of Migdal Insurance and as CEO of the Company, were in conformity with the management services agreement signed by Migdal Insurance, the Company and Mr. Rosen ("the Services Agreement"). The remuneration paid to Mr. Rosen, as set forth in the Services Agreement, was the total remuneration for all his positions with Migdal Group. For more information see immediate report by the Company dated February 23, 2021 (reference no. 2021-01-021249).

Prior to Mr. Rosen starting in office as CEO of the Company (on February 1, 2021), Migdal Insurance paid his remuneration in full, pursuant to the Services Agreement. As from Mr. Rosen's start date in office as CEO of the Company, Migdal Insurance paid the cost of his remuneration pursuant to the Services Agreement, based on an attribution model between Migdal Insurance and the Company, whereby Migdal Insurance paid 90% of such cost.

Upon his appointment, Mr. Rosen was entitled to monthly management fee of NIS 283 thousand. In 2021, Mr. Rosen's monthly management fee, after adjustment in conformity with the Services Agreement, amounted to NIS 292 thousand. According to terms and conditions of the agreement, whenever any amount payable would cause deviation from the remuneration cap ("Excess Amount"), the Excess Amount would not be payable by Migdal Insurance. After a dispute between the parties with regard to existence of such Excess Amount, on February 13, 2024, the parties agreed that Mr. Rosen would be entitled to a non-recurring payment of NIS 169,859, which had been withheld from his management fee through said date. The management fee payable to Mr. Rosen includes entitlement to payment *in lieu* of social benefits, paid leave, vacation pay, sick leave and other benefits.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

d) Mr. Moti Rosen, (former) CEO of the Company and Chairman of the Board of Directors of Migdal Insurance (Continued)

Mr. Rosen's Services Agreement was for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice ("Notice Period"). The nine months' Notice Period was made contingent on adjustment of provisions in the remuneration policy of the Company and of Migdal Insurance at that time, which stipulated a maximum notice period of six months. Mr. Rosen undertook to avoid, from the expiration date of the Services Agreement and for nine months thereafter, any office or position with any entity in the insurance sector, nor would he provide during said period any services, directly or indirectly, to any such entity, whether remunerated or not, unless by prior written approval from Migdal Insurance and the Company, in exchange for payment of the management fee during this period ("Non-compete Agreement"). Note that this Non-compete Agreement was made contingent on revision of the remuneration policy of the Company and of Migdal Insurance.

On March 11, 2021, the Board of Directors of Migdal Insurance, further to discussions held thereby, resolved that due to disagreements and irreconcilable differences between Mr. Rosen and then CEO of Migdal Insurance, Mr. Ran Oz, as to management of Migdal Insurance, the Board of Directors would act to conclude Mr. Rosen's term in office as Chairman of the Board of Directors of Migdal Insurance. The negotiations with regard to terms and conditions of his retirement were unsuccessful. On March 14, 2021, the Board of Directors of Migdal Insurance immediately suspended Mr. Rosen from his office as Chairman of the Board of Directors of Migdal Insurance. For more information see immediate reports by the Company dated March 11, 2021 (reference no. 2021-01-031983) and dated March 14, 2021 (reference no. 2021-01-033825).

On April 22, 2021, Mr. Rosen concluded his term in office as Chairman of the Board of Directors of Migdal Insurance. For more information see immediate report by the Company dated April 25, 2021 (reference no. 2021-01-069444).

Due to the aforementioned disagreements, including with regard to amounts payable by the companies to Mr. Rosen, as alleged by Mr. Rosen, the competent organs of the Company and of Migdal Insurance, including the General Meeting of shareholders, approved a settlement agreement reached by Mr. Rosen, Migdal Insurance and the Company, without admission of any allegations made by Mr. Rosen and merely for reaching a settlement, with highlights as follows:

1. Mr. Rosen would immediately resign all his positions with Migdal Insurance and subsidiaries thereof. Mr. Rosen's resignation from the office of Company CEO became effective on August 8, 2021, upon appointment of Mr. Yiftah Ron-Tal to said position. See immediate report dated August 8, 2021 (reference no. 2021-01-128739).
2. Mr. Rosen was entitled to a Notice Period as follows: Migdal Insurance would pay a 90% share for the nine-month period, and the Company would pay a 10% share for a six-month period. The Advance Notice payment was paid in subsequent monthly installments as from the resignation date (with the Notice Period being different for the Company and for Migdal Insurance).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

d) Mr. Moti Rosen, (former) CEO of the Company and Chairman of the Board of Directors of Migdal Insurance (Continued)

3. Beyond the aforementioned payments, Mr. Rosen alleges entitlement to other payments, which are disputed by the Company and by Migdal Insurance even given the settlement agreement, concerning payment for a non-compete period of 9 months and compensation for damage and reputational damage incurred by Mr. Rosen, as alleged by him, due to actions by Migdal Insurance and organs thereof. These allegations are denied by the Company and by Migdal Insurance, who believe that they have acted lawfully and in their best interest ("Disputed Payments"). The parties agreed on a mediation proceeding, and should this fail – on arbitration proceeding with regard to the Disputed Payments, provided that amounts awarded in the mediation or arbitration proceeding may not exceed nine months' management fee (NIS 2.5 million), excluding taxes and expenses. The companies would bear the cost of the mediation or arbitration proceeding, as the case may be, in conformity with terms and conditions of the settlement agreement, and the parties waive any further claim.

For the settlement agreement, see immediate reports by the Company dated April 5, 2021 (reference no. 2021-01-056754 and 2021-01-056778) and dated April 12, 2021 (reference no. 2021-01-061929).

On April 21, 2021, the General Meeting of Company Shareholders approved, inter alia, the remuneration and compensation payable to Mr. Rosen, as set forth above and as reported in the report convening the General Meeting. For resolution by the General Meeting, see immediate reports by the Company dated April 21 and 22, 2021 (reference no. 2021-01-068316, 2021-01-068817 and 2021-01-069018).

The mediation proceeding agreed by the parties was unsuccessful. According to the settlement agreement, the matter was referred to an arbitrator, the Honorable (Retired) Supreme Court Justice Zvi Zilbertal. As of the report date, this arbitration is being finalized.

e) Mr. Yiftah Ron-Tal, Chairman of the Board of Directors of Migdal Insurance through November 15, 2022

Mr. Yiftah Ron-Tal has served as Chairman of the Board of Directors of Migdal Insurance since August 1, 2021, at 100% of a full-time position. For more information see immediate reports by the Company dated May 14, 2021, June 7, 2021, June 17, 2021, June 20, 2021 , June 24, 2021 and July 4, 2021 (reference no. 2021-01-103314, 2021-01-085476, 2021-01-096843, 2021-01-106185 and 2021-01-111021, respectively).

On August 8, 2021, Mr. Ron-Tal was also appointed CEO of the Company. On December 31, 2021, Mr. Ron-Tal resigned his office as CEO of the Company, in accordance with notice given by him, due to the resolution by the General Meeting of Company Shareholders dated November 8, 2021, which did not approve the Company's *pro rata* share of 10% of Mr. Ron-Tal's total employment cost, as well as waiver and indemnification with respect to his office, and because in his opinion, it would not be appropriate for him to continue to undertake the responsibility associated with the office of CEO of the Company in absence of such waiver and indemnification. see immediate report by the Company dated December 2, 2021 (reference no. 2021-01- 175896).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

e) Mr. Yiftah Ron-Tal, Chairman of the Board of Directors of Migdal Insurance through November 15, 2022 (Continued)

On November 9, 2022, General (Retired) Ron-Tal announced his intention to resign his office with Migdal Insurance upon convening of the next annual General Meeting of Migdal Insurance shareholders, making allegations with regard to corporate conduct of the Group which, in his opinion, limits his capacity to act to stabilize Migdal Insurance and promote its business and strategy. The notice given by General (Retired) Ron-Tal and the Company's comment on such notice were included in an immediate report by the Company dated November 9, 2022 (reference no. 2022-01-135175). On November 15, 2022, the annual General Meeting of Migdal Insurance shareholders took place, and on said date, Mr. Ron-Tal concluded his office. For more information see immediate report by the Company dated November 16, 2022 (reference no. 2022-01-137566).

For his office as Chairman of the Board of Directors of Migdal Insurance, Mr. Ron-Tal was entitled to a monthly salary of NIS 231 thousand. This monthly salary was adjusted, at the start of each calendar year of the employment period, in conformity with provisions of the Remuneration Act, such that the expected annual expense for Migdal Insurance with respect to total remuneration payable to Mr. Ron-Tal, based on the total cost of all remuneration components for one year, in accordance with GAAP, would be at the maximum remuneration allowed by the Remuneration Act ("Remuneration Cap"), and not more than NIS 3.5 million, excluding retirement contributions and severance pay by law. In 2022, Mr. Ron-Tal's monthly salary, after adjustment, was NIS 247 thousand. Mr. Ron-Tal was entitled to social and other benefits, such as: study fund, paid leave, vacation pay, company car and cell phone. In 2023, Migdal Insurance paid the excess tax due to "excess expenses" pursuant to the Remuneration Act, amounting to NIS 1,208 thousand, in 2022: NIS 528 thousand and in 2021: NIS 171 thousand. Mr. Ron-Tal's employment contract was for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice, subject to provisions in this regard of the remuneration policy of Migdal Insurance, whereby the notice period during the first six months would be of 3 months, and during the second six months – of 4.5 months. Upon termination of his employment, Mr. Ron-Tal committed not to compete with Group business and operations for nine months after his actual termination date, and Migdal Insurance wold pay him the total cost of wages in this non-compete period, subject to provisions of the remuneration policy, and in particular – that this arrangement would only become effective after Mr. Ron-Tal will have completed 18 months' service with Migdal Insurance.

On November 5, 2023, a settlement agreement was signed by Migdal Insurance and MR. Ron-Tal, in view of allegations made by Mr. Ron-Tal, including with regard to termination of his employment by Migdal Insurance, damage allegedly incurred by him and his entitlement to a non-compete bonus, pursuant to his employment contract. In this agreement, the parties agreed that Migdal Insurance would pay to Mr. Ron-Tal a non-recurring non-compete bonus of NIS 1,725 thousand, in exchange for his undertaking not to compete, as set forth in Mr. Ron-Tal's employment contract with Migdal Insurance, for a period of 5.5 months starting on November 5, 2023. Half of this amount is payable immediately, and the other half is payable in annual installments over three years as from Mr. Ron-Tal's retirement date from Migdal Insurance. In addition, the parties fully and finally waived any claims, as of the signing date of the agreement, in particular on any matter arising from or related to Mr. Ron-Tal's employment period with Migdal Insurance.

In 2023, an expense with respect to the settlement agreement was recognized, amounting to NIS 920 thousand.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

f) Mr. Sagi Yogev, CEO of Migdal Insurance through February 15, 2023

On October 7, 2021, Mr. Sagi Yogev was appointed CEO of Migdal Insurance as from November 21, 2021. On December 23, 2021, he was appointed Chairman of the Board of Directors of Migdal Makefet, along with other positions held at Migdal Group. See immediate report by the Company dated October 7, 2021 (reference no. 2021-01-153555) and immediate report dated October 31, 2021 (reference no. 2021-01-161712).

On October 31, 2022, Mr. Yogev announced their wish to terminate their office as CEO of Migdal Insurance. Mr. Yogev, in a letter sent to the Board of Directors of Migdal Insurance, cited the reasons for this announcement, including difficulties he encountered in managing Migdal Insurance and in taking measures required, in his opinion, including creation of a strategic plan for Migdal Insurance. This letter and the Company's comments on this announcement, were included in an immediate report by the Company dated October 31, 2022 (reference no. 2022-01-131656).

On February 15, 2023, Mr. Yogev concluded his term in office as CEO of Migdal Insurance. For more information see immediate report by the Company dated January 30, 2023 (reference no. 2023-01-012462). Mr. Yogev's notice period, of 4.5 months, started on February 15, 2023.

Mr. Yogev was entitled to monthly salary of NIS 239 thousand. This monthly salary was adjusted, at the start of each calendar year of the employment period, in conformity with provisions of the Remuneration Act, such that the expected annual expense for Migdal Insurance with respect to total remuneration payable to Mr. Yogev, based on the total cost of all remuneration components for one year, in accordance with GAAP, would be at the maximum remuneration allowed by the Remuneration Act ("Remuneration Cap"), and not more than NIS 3.5 million, excluding retirement contributions and severance pay by law. In 2022, Mr. Yogev's monthly salary, after adjustment, was NIS 248 thousand. Mr. Yogev was entitled to social and other benefits, such as: study fund, paid leave, vacation pay, company car and cell phone. In 2023, the Company paid the excess tax due to "excess expenses" pursuant to the Remuneration Act, amounting to NIS 505 thousand, in 2022: NIS 530 thousand and in 2021: NIS 44 thousand. Mr. Yogev's employment contract was for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice, subject to provisions in this regard of the remuneration policy of Migdal Insurance, whereby the notice period during the first six months would be of 3 months, and during the second six months – of 4.5 months. Upon termination of his employment, Mr. Yogev committed not to compete with Group business and operations for nine months after his actual termination date, and Migdal Insurance wold pay him the total cost of wages in this non-compete period, subject to provisions of the remuneration policy, and in particular – that this arrangement would only become effective after Mr. Yogev will have completed 18 months' service with Migdal Insurance. Should the non-compete agreement not become effective, the commitment not to compete would also not become effective.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

g) Mr. Yossi Ben Baruch, CEO of the Company

Mr. Yossi Ben Baruch has served as CEO of the Company as from July 1, 2022. Through June 30, 2022, Mr. Ben Baruch served as Deputy CEO and Manager, Finance Division of Migdal Insurance and as CFO of the Company as from October 1, 2018. Moreover, Mr. Ben Baruch has served as Deputy CEO of the Company as from August 8, 2021. Through August 31, 2018, Mr. Ben Baruch served as CEO of Migdal Capital Markets.

Terms of employment and office for Mr. Ben Baruch as CEO of the Company were approved by the General Meeting of Company shareholders on July 18, 2022. Accordingly, Mr. Ben Baruch is entitled to monthly salary of NIS 150 thousand, linked to increase in the Consumer Price Index. Mr. Ben Baruch is entitled to social and other benefits, such as: study fund, paid leave, vacation pay, company car and cell phone. The salary and benefits pursuant to terms and conditions of the agreement are subject, at all times, to provisions of the Executive Remuneration Act and to total amounts payable in conformity there with ("Remuneration Cap"). Whenever any amount payable would cause deviation from the remuneration cap ("Deviation Amount"), the Deviation Amount would not be payable by the Company. In 2023, the Company paid the excess tax due to "excess expenses" pursuant to the Remuneration Act, amounting to NIS 318 thousand, in 2022: NIS 236 thousand. Mr. Ben Baruch would also be entitled to a target-based annual bonus (subject to the Company's remuneration policy, as it may be from time to time, and to approval of competent organs of the Company for this matter). The Company is not liable for any severance pay with respect to Mr. Ben Baruch's employment period with Migdal Capital Markets, to which Section 14 of the Severance Pay Act, 1963 applies.

Mr. Ben Baruch's employment contract is for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving six months' notice. Upon termination of his employment by the Bank, Mr. Ben Baruch committed not to compete with Group business and operations for six months after termination of the agreement, and not to act to recruit any employees from Migdal Group for 12 months after termination of his employment. Upon termination of the agreement, Mr. Ben Baruch would be entitled to receive an adjustment bonus equal to 6 months' salary, of which 4.5 months' salary payable upon departure and 1.5 months' salary payable 12 months thereafter, all subject to threshold conditions specified in the remuneration policy and provided that he would not be in competition with the Company.

Moreover, on July 5, 2023, the General Meeting of Company shareholders approved allocation to the Company CEO of 1,942,743 options, not listed for trading, exercisable for Company ordinary shares, or 0.18% of the issued and paid-in share capital and voting rights in the Company, pursuant to the equity-based remuneration plan at Migdal Group, as adopted by the Company Board of Directors on May 30, 2023, and the Company's remuneration policy. For more information about this allocation, see Note 33 regarding share-based payments. Moreover, on July 5, 2023, the General Meeting approved revision of the terms of office and employment of Mr. Ben Baruch, such that as from the option allocation date, the CEO would not be entitled to an annual bonus (which, according to his employment contract, was equal to up to 4 months' salary for a normative bonus) for three years, concurrently with accounting recognition of the allocation. All other terms and conditions to which Mr. Ben Baruch is entitled as CEO of the Company remained un-changed. For more information see immediate reports about the General Meeting dated May 30, 2023 (reference no. 2023-01-058461), May 31, 2023 (reference no. 2023-01-058452(, June 1, 2023 (reference no. 2023-01-060060), June 28, 2023 (reference no. 2023-01-071295) and July 5, 2023 (reference no. 2023-01-075333).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

h) Dr. Gavriel Picker, Interim CEO of the Company

On January 18, 2022, the Company Board of Directors approved the appointment of Dr. Gavriel Picker, who serves as Board member of the Company, to be the Interim CEO of the Company, until Mr. Ben Baruch would start in office as CEO of the Company on July 1, 2022. See immediate report by the Company dated January 18, 2022 (reference no. 2022-01-008182).

Dr. Picker served in part-time capacity, and was entitled to remuneration amounting to NIS 25 thousand, payable against invoice, for his office as Interim CEO of the Company. Dr. Picker would be entitled to be included on the Company's insurance policy, and waiver and indemnification letters received by Dr. Picker with respect to his office as Board member of the Company, would also apply to his office as Interim CEO of the Company. On March 16, 2022, the General Meeting approved his remuneration. See immediate report by the Company dated March 16, 2022 (reference no. 2022-01-030823).

i) Supreme Court Justice (Retired) Mr. Hanan Meltzer, Chairman of the Company Board of Directors

Mr. Hanan Meltzer has served as Chairman of the Board of Directors of the Company since April 14, 2022, at 66% of a full-time position. Mr. Meltzer may, for holding any public office or in other cases subject to consent of the Board of Directors, reduce his employment down to 50% of a full-time equivalent position, in which case his remuneration pursuant to the agreement would be reduced *pro rata*. For more information see immediate reports by the Company dated January 18, 2022, February 24, 2022 and March 16, 2022 (reference no. 2022-01-008182, 2022-0122813 and 2022-01-030823, respectively).

Terms of employment and office for Mr. Meltzer as Chairman of the Company Board of Directors were approved by the General Meeting of Company shareholders on March 16, 2022. Accordingly, Mr. Meltzer is entitled to monthly salary of NIS 159 thousand. This monthly salary would be adjusted, at the start of each calendar year of the employment period, in conformity with provisions of the Remuneration Act, such that the expected annual expense for the Company with respect to total remuneration payable to Mr. Meltzer, based on the total cost of all remuneration components for one year, in accordance with GAAP, would be at the maximum remuneration allowed by the Remuneration Act ("Remuneration Cap"), and not more than NIS 3.5 million, excluding retirement contributions and severance pay by law. In 2023, Mr. Meltzer's monthly salary, after adjustment, was NIS 165 thousand. Mr. Meltzer is entitled to social and other benefits, such as: study fund, paid leave, vacation pay, company car and cell phone. Mr. Meltzer's employment contract is for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice, subject to provisions in this regard of the remuneration policy of the Company, whereby the notice period during the first six months would be of 3 months, and during the second six months – of 4.5 months. Upon termination of his employment, Mr. Meltzer committed not to compete with Group business and operations for nine months after his actual termination date, and the Company wold pay him the total cost of wages in this non-compete period, subject to provisions of the remuneration policy, and in particular – that this arrangement would only become effective after Mr. Meltzer will have completed 18 months' service with the Company. Notwithstanding the foregoing, total payment for non-compete and the notice period would not exceed remuneration for 12 months' work, unless Mr. Meltzer would actually work during the notice period for 6 months or longer. See immediate report by the Company dated March 16, 2022 (reference no. 2022-01-030823).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

i) Supreme Court Justice (Retired) Mr. Hanan Meltzer, Chairman of the Company Board of Directors (Continued)

Moreover, on July 5, 2023, the General Meeting of Company shareholders approved allocation to the Chairman of the Company Board of Directors of 1,563,908 options, not listed for trading, exercisable for Company ordinary shares, or 0.15% of the issued and paid-in share capital and voting rights in the Company, pursuant to the equity-based remuneration plan at Migdal Group, as adopted by the Company Board of Directors on May 30, 2023, and the Company's remuneration policy. For more information about this allocation, see Note 33 regarding share-based payments. The General Meeting of Company Shareholders also approved, on July 5, 2023, revision of the terms of employment and office of Mr. Meltzer, such that as from the option allocation date, the monthly salary of the Chairman of the Board of Directors would be reduced by an amount equal to the accounting value of the allocation over the recognition period of the accounting expense. Mr. Meltzer would continue to be entitled to full social benefits for his full monthly salary, including the amount reduced. All other terms and conditions to which Mr. Meltzer is entitled as Chairman of the Company Board of Directors remained un-changed. For more information see immediate reports about the General Meeting dated May 30, 2023 (reference no. 2023-01-058461), May 31, 2023 (reference no. 2023-01-058452(, June 1, 2023 (reference no. 2023-01-060060), June 28, 2023 (reference no. 2023-01-071295) and July 5, 2023 (reference no. 2023-01-075333).

j) Mr. Carmi Gilon, Interim Chairman of the Board of Directors of Migdal Insurance

On November 24, 2022, the Board of Directors of Migdal Insurance approved the appointment of Mr. Carmi Gilon, who serves as Board member of the Company and of Migdal Insurance, to the office of Interim Chairman of the Board of Directors of Migdal Insurance. On January 17, 2023, the Supervisor announced that he had no objection to appointment of Mr. Gilon to be Chairman of the Board of Directors of Migdal Insurance through March 15, 2023. For more information see immediate report by the Company dated November 24, 2022 (reference no. 2022-01-141712) and dated January 17, 2023 (reference no. 2023-01-007405). Mr. Gilon concluded his office as Interim Chairman of the Board of Directors of Migdal Insurance on March 15, 2023. On April 24, 2023, the Board of Directors of Migdal Insurance appointed Mr. Carmi Gilon to be Interim Chairman of the Board of Directors through May 30, 2023, subject to no objection from the Supervisor. On May 29, 2023, the Supervisor announced that he was unable to approve the request as filed, due to missing information. Under the circumstances, and for good measure, the Board of Directors of Migdal Insurance resolved to appoint Mr. Gilon to be Chairman of the Board of Directors at the start of each meeting, pending appointment of Professor Amir Barnea as Chairman of the Board of Directors of Migdal Insurance on November 15, 2023. On May 31, 2023, the Company Board of Directors approved, in its capacity as the General Meeting of Migdal Insurance shareholders, an additional remuneration of NIS 60,000 per month for his office as Interim Chairman of the Board of Directors as from November 24, 2022, in addition to his remuneration as Board member. On August 21, 2023, the Company Board of Directors resolved that as from June 2023, for each meeting where Mr. Gilon serves as Chairman of the Board of Directors, he would be entitled to remuneration payable to Board members for three meetings.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

k) Mr. Ronen Agassi , CEO of Migdal Insurance as from February 15, 2023

On December 22, 2022, Mr. Ronen Agassi was appointed CEO of Migdal Insurance as from February 15, 2023. For more information see immediate report by the Company dated December 22, 2022 (reference no. 2022-01-154303), dated January 17, 2023 (reference no. 2023-01-007405) and dated January 30, 2023 (reference no. 2023-01-012465). Mr. Agassi is entitled to monthly salary of NIS 253 thousand. This monthly salary would be adjusted, at the start of each calendar year of the employment period, in conformity with provisions of the Remuneration Act, such that the expected annual expense for the Company with respect to total remuneration payable to Mr. Agassi, based on the total cost of all remuneration components for one year, in accordance with GAAP, would be at the maximum remuneration allowed by the Remuneration Act ("Remuneration Cap"), and not more than NIS 3.5 million, excluding retirement contributions and severance pay by law. In 2023, Migdal Insurance paid the excess tax due to "excess expenses" pursuant to the Remuneration Act, amounting to NIS 464 thousand. Mr. Agassi may convert, once per year, up to one third of his monthly salary, *mutatis mutandis*, to equity-based remuneration, subject to approvals required by law, including approval of the Company's equity-based remuneration plan. Mr. Agassi is entitled to social and other benefits, such as: study fund, paid leave, vacation pay, company car and cell phone. Mr. Agassi's employment contract is for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice, subject to provisions in this regard of the remuneration policy of the Company, whereby the notice period during the first six months would be of 3 months, and during the second six months – of 4.5 months. Upon termination of his employment, Mr. Agassi committed not to compete with Group business and operations for nine months after his actual termination date, and the Company wold pay him the total cost of wages in this non-compete period, subject to provisions of the remuneration policy, and in particular – that this arrangement would only become effective after Mr. Agassi will have completed 18 months' service with the Company. Should the non-compete agreement not become effective, the commitment not to compete would also not become effective.

On July 5, 2023, as part of the equity remuneration plan at Migdal Group, adopted by the Board of Directors of the Company on May 30, 2023, Mr. Agassi was allotted 2,401,715 options not listed for trading, which may be exercised for Company ordinary shares, or 0.22% of issued and paid-in share capital and voting rights in the Company, with fair value of NIS 2.967 million. Concurrently, the fair value of allocated options was deducted from the CEO's salary, concurrently with accounting recognition of the allocation, and the Company continued to make social benefit contributions with respect to the part of the salary reduced with respect to the equity-based remuneration. For more information about this allocation, see Note 33 regarding share-based payments.

l) Mr. Amir Barnea, Chairman of the Board of Directors of Migdal Insurance as from February 15, 2023

On October 9, 2023, the Company Board of Directors resolved to appoint Professor Amir Barnea as Board member of Migdal Insurance, subject to no objection from the Supervisor, which was received on October 15, 2023. On October 18, 2023, the Board of Directors of Migdal Insurance appointed Professor Barnea to be Chairman of the Board of Directors of Migdal Insurance, subject to no objection from the Supervisor, at 50% full-time equivalent position. On November 7, 2023, the Board of Directors of Migdal Insurance, after inquiry from the Authority, resolved to increase the aforementioned to 66.7% full-time equivalent position. On November 15, 2023, the Supervisor stated he had no objection, and as from said date, Professor Barnea has been serving as Chairman of the Board of Directors. For more information see immediate reports by the Company dated October 9, 2023, dated October 16, 2023, dated October 19, 2023, dated November 8, 2023 and dated November 15, 2023 (reference no. 2023-01-114159, 2023-01-116037, 2023-01-117183, 2023-01-122472, 2023-01-124572 and 2023-01-124575 respectively).

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

4. Interested parties – Chairman of the Board of Directors / CEO (Continued)

l) Mr. Amir Barnea, Chairman of the Board of Directors of Migdal Insurance as from February 15, 2023 (Continued

Mr. Barnea is entitled to monthly salary of NIS 180 thousand. This monthly salary would be adjusted, at the start of each calendar year of the employment period, in conformity with provisions of the Remuneration Act, such that the expected annual expense for Migdal Insurance with respect to total remuneration payable to Mr. Barnea, based on the total cost of all remuneration components for one year, in accordance with GAAP, would be at the maximum remuneration allowed by the Remuneration Act ("Remuneration Cap"), and not more than NIS 3.5 million, each multiplied by the Chairman's share of full-time equivalent position, excluding retirement contributions and severance pay by law. Mr. Barnea would be entitled to social and other benefits, such as: study fund, paid leave, vacation pay, sick leave, company car, cell phone and expense reimbursement. Mr. Barnea's employment contract would be for an un-specified term. Either party may terminate the contract at any time and for any reason, by giving nine months' notice, subject to provisions in this regard of the remuneration policy of Migdal Insurance, whereby the notice period during the first six months would be of 3 months, and during the second six months – of 4.5 months. Upon termination of his employment, Mr. Barnea committed not to compete with Group business and operations for three months after his actual termination date, and Migdal Insurance wold pay him the total cost of wages in this non-compete period, subject to provisions of the remuneration policy, and in particular – that this arrangement would only become effective after Mr. Barnea will have completed 18 months' service with Migdal Insurance.

5. In January 2023, Mr. Asaf Meyzan concluded his term in office as Chief Actuary of Migdal Insurance. In February 2023, Mr. David Sentori was appointed Interim Chief Actuary of Migdal Insurance, pending appointment of the Chief Actuary of Migdal Insurance. On February 14, 2023, the Board of Directors of Migdal Insurance resolved to appoint Mr. Eli Berglass Deputy CEO and Chief Actuary of Migdal Insurance. Mr. Berglass started his term in office on April 16, 2023.

In May 2023, Ms. Roni Ginor, Chief Actuary for non-life insurance of Migdal Insurance, announced her wish to conclude her term in office as from June 20, 2023. Consequently, the Board of Directors of Migdal Insurance resolved on May 30, 2023 to appoint Mr. Matan Gross Chief Actuary for non-life insurance. The Supervisor announced his no objection to this appointment on July 17, 2023.

Furthermore, in May 2023, the Board of Directors of Migdal Insurance resolved to appoint Ms. Michal Gur Kagan, the CRO of Group companies, to be Manager, Long-term Savings and Health Division of Migdal Insurance; On May 29, 2023, the Board of Directors of Makefet resolved to appoint Ms. Gur Kagan to be CEO of Makefet, subject to no objection from the Supervisor for said appointment. On May 24 and May 29, 2023, the Board of Directors of Migdal Insurance and the Board of Directors of Makefet (respectively) resolved to appoint Mr. Yogev Ben Ziv to be Interim CRO of Migdal Insurance and of Makefet, subject to no objection from the Supervisor. Moreover, on July 23, 2023, the Board of Directors of Migdal Insurance resolved to appoint Mr. David Gilead to be CRO of Migdal Insurance. On July 27, 2023, the Board of Directors of Makefet resolved to appoint Mr. Gilead to be CRO of Makefet, subject to no objection from the Supervisor. On August 1, 2023, the Supervisor announced they had no objection to appointment of Ms. Gur Kagan to be CEO of Makefet, nor to appointment of Mr. Gilead to be CRO of Migdal Insurance and of Makefet. Thus, on August 1, 2023, Ms. Gur Kagan concluded her office as CRO and started her office as Manager, Long-term Savings and Health Division of Migdal Insurance and CEO of Makefet. Mr. Gilead started his office as CRO of Migdal Insurance and of Makefet on October 9, 2023. Accordingly, from August 1, 2023 to October 9, 2023, when Mr. Gilead started his office as CRO, Mr. Yogev Ben Ziv served as Interim CRO.

NOTE 38 – BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (CONTINUED)

G. Remuneration and benefits to key executives (including Board members) (Continued)

Data regarding remuneration and benefits to key executives (Continued)

6. Officer liability insurance, including officers who are the controlling shareholder or relatives thereof

The Company annually procures Board member and officer liability insurance policies, for one year terms, from an insurer not related to the Company. The insurance policy is shared by the Company and by Group subsidiaries, including Migdal Insurance, Migdal Capital Markets and companies controlled by Migdal Insurance or by Migdal Capital Markets.

In conformity with the Company's remuneration policy for 2020-2022, approved on February 11, 2020, the Company may obtain officer liability insurance for officers, Board members and members of investment committees, including for the controlling shareholder and relatives thereof who serve the Company and/or Migdal Group, with insurance amounts not to exceed USD 200 million and annual premium not to exceed USD 1.5 million. This amount is based on assessment of future needs, and the actual insurance coverage is determined based on market conditions, including premium compared to insurance coverage and risk. On November 8, 2021, the remuneration policy was revised to align it with significant changes in the officer liability insurance market, and the policy stipulates that the annual premium and deductible would be determined based on market conditions, provided that the cost of obtaining the insurance policy would not be material for the Company. These stipulations were also included in the Company's Remuneration for 2023-2025, approved on May 28, 2023. For more information see about the Company's remuneration policy, see Note 38G(3)(c) above,

In conformity with the Company's remuneration policy, on February 13 and 14, 2022 and on February 12 and 14, 2023, the competent organs of Migdal Group approved renewal of Board member and officer liability insurance for the Group, for Board members and officers of Migdal Group, including the controlling shareholder and relative thereof serving as officers of the Group, for 12-month terms, from February 15, 2022 through February 14, 2023 and thereafter from February 15, 2023 through February 14, 2024 (insurance policies for 2022 and 2023). The liability limit for each of the insurance policies for 2022 and 2023 is USD 100 million per case and in total for the insurance period. Cost of the annual premium for the aforementioned coverage and the deductible are in conformity with market terms. The aforementioned insurance coverage was approved in conformity with Regulation 1B1 of the Relief Regulations. For more information see immediate reports by the Company dated February 15, 2022 (reference no. 2022-01-018403) and February 15, 2023 (reference no. 2023-01-017529).

For more information about approval for contracting the previous insurance policy, see Note 39.2.D.6.

7. For more information about waivers and letters of indemnification to Board members and other officers of the Company, provided by the Company and by interested parties in the Company, see Note 39.2.D.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS

1. Contingent liabilities

A. Legal and other proceedings – overview

Sections (b) through (f) below include details of legal and other proceedings against the Company and/or subsidiaries. Section (b) below describes pending motions for approval of class action status, including lawsuits already granted class action status ("Class Action Proceedings"); Section (c) below describes Class Action Proceedings concluded during the reported period and through the report issue date; Section (d) below describes other legal proceedings and other material lawsuits; Section (e) below describes a summary of data for lawsuits; and Section (f) below describes other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments involving exposure by the Company and/or subsidiaries thereof.

In recent years, there has been significant increase in scope of Class Action Proceedings brought against the Company and/or subsidiaries thereof. This is part of the overall increase in motions for approval of class action status, and part of the increase in such motions brought against companies in the same line of business as the subsidiaries. This trend materially increases the potential loss exposure of the Company and/or the subsidiaries, in case of a Class Action Proceeding brought against the Company and/or subsidiaries should prevail. Class Action Proceedings are in various stages of litigation, from review of the motion for class action status, to the stage when class action status has been granted and the lawsuit is litigated as such. Some of the Class Action Proceedings are in appeal proceedings.

Class Action Proceedings may be brought for various causes listed in the statute in this regard including, for an insurer, any matter between the company and the customer, whether or not they have signed a contract. The statute stipulates processes and limitations with regard to settlement agreements in Class Action Proceedings, which make it more challenging to reach settlement in Class Action Proceedings, including *inter alia* the right conferred on the Attorney General and others, to file their objection to the settlement agreement, as well as appointment of a reviewer with regard to the settlement agreement. The scope of Class Action Proceedings is determined upon granting class action status, and depends on the causes of claim approved and the remedy approved for such causes.

In legal proceedings or in motions for class action status, in which management believes, based *inter alia* on the opinion of legal counsel, that it is more likely than not (i.e. probability higher than 50%) that the alleged claims would prevail and the proceeding would be allowed (or, in case of motion for class action status, the Court would grant such motion), the financial statements include provisions to cover the estimated exposure by the Company and/or subsidiaries.

In motions for class action status granted by the Court, the financial statements include provisions to cover the estimated exposure by the Company and/or subsidiaries if management believes, based *inter alia* on the opinion of legal counsel, that it is more likely than not that alleged claims in the actual lawsuit would prevail, in the course of litigating the lawsuit as a class action lawsuit. In cases where the Court has granted class action status, and the plaintiff has filed an appeal seeking to expand the verdict handed down, the financial statements include provisions to cover the estimated exposure by the Company and/or subsidiaries in the appeal, if management believes, based *inter alia* on the opinion of legal counsel, that it is more likely than not that alleged claims in the appeal would prevail.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

A. Legal and other proceedings – overview (Continued)

In cases where, in any of the proceedings there is willingness to reach a settlement, a provision is included amounting to the willingness to reach a settlement, even in cases where, as noted above, a revision would not have been included on the financial statements were it not for the settlement or willingness to reach a settlement. In cases where, as noted above, a provision is required on the financial statements and there is willingness to reach a settlement, a provision is included on the financial statements to cover the estimated exposure by the Company and/or subsidiaries or the amount of the willingness to reach a settlement, whichever is higher. In cases where a settlement agreement has been approved, the financial statements include a provision equal to the estimated cost of the settlement, as estimated by the Company and/or subsidiaries.

In legal and other proceedings, as set forth in this Note, in which management believes, based *inter alia* on the opinion of legal counsel, that the foregoing does not apply, and in proceedings in initial stages, as set forth in sections 31 and 34-35 in the table below, where the likely outcome of proceedings cannot be assessed, no provision is included on the financial statements.

Management believes, based *inter alia* on the opinion of legal counsel, that the financial statements include appropriate provisions, where such provisions are required, to cover the estimated exposure by the Company and/or subsidiaries, or a provision equal to the willingness to reach a settlement by the Company and/or subsidiaries, as the case may be.

B. Class Action Proceedings – pending motions for approval of class action status and lawsuits granted class action status

Below are details of motions for approval of class action status and lawsuits granted class action status, pending against the Company and/or subsidiaries thereof, in chronological order by filing date:

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
1	1/2008 Tel Aviv District	Insured party in life insurance vs. Migdal Insurance and other insurance companies	Unlawfully charging of premium component titled "sub-annual", with respect to certain components and/or coverages on the insurance policy, and in amount exceeding the amount allowed. The relief includes a motion seeking an order to reimburse the amount unlawfully charged to class members as sub-annual charges, as well as a mandatory injunction ordering the defendants to amend their practice.	Anyone charged a sub-annual component, under circumstances and in amounts exceeding those permitted.	In July 2016, the Court ruled, granting class action status with regard to anyone charged a sub-annual component with respect to the savings component in MEORAV insurance policies, or with respect to a policy factor component or with respect to insurance policies in health, disability, severe illness and nursing care insurance. In December 2016, Migdal Insurance and the other defendants filed a motion for leave to appeal this ruling to the Supreme Court. In May 2018, the Supreme Court granted the motion for leave to appeal, and reversed the District Court ruling with regard to granting class action status. In June 2018, a motion was filed for another hearing of this case. On July 2, 2019, the Supreme Court ordered another hearing by a forum of 7 Supreme Court justices. In February 2020, the Attorney General filed their position, whereby interpretation of the the Regulator's directives is possible, based on generally accepted interpretation rules, this would be given prime consideration, unless other considerations require it to be demoted. Note that the Regulator's position in the litigation was that there was no reason not to charge the sub-annual component with respect to collection components. In July 2021, the Supreme Court handed down a verdict in the additional hearing, revoking the verdict on the motion for leave to appeal, and ruling that the Regulator's position should not be given priority, and its standing is equal to any other administrative authority. Therefore, the ruling stipulated that the District Court verdict shall once again be in effect, and the motion for approval and class action lawsuit shall be elaborated on its own merit. In May 2023, the parties accepted the Court recommendation and launched a mediation proceeding. The parties have filed their primary evidentiary certification.	NIS 2,300 million; attributed to Migdal Insurance: NIS 827 million

1 The filing date of claims and motions is the date when the original claim and motion were filed, and the Court is the Court where the proceeding was originally filed.

2 References to laws are by the full name thereof, but without the year of legislation.

3 The class which the plaintiff seeks to represent, as requested in the motion for approval initially filed in the proceeding – the class used as basis for estimating the claim amount in the statement of claim, unless otherwise indicated.

4 The amount estimated by the plaintiff in the original claim. Unless otherwise indicated, amounts are approximate.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
2	4/2011 Central District	Insured party in life insurance vs. Migdal Insurance and other insurance companies	Charging for "policy factor", which often is a significant share of the payable premium, without contractual consent and without providing proper disclosure. The relief sought includes payment of compensation/restitution equal to the amount of "policy factor" actually charged to class members, plus the return they were denied for this amount, as well as a mandatory injunction ordering the defendants to cease charging these amounts.	Anyone who is and/or was insured by the defendants and was charged any amount for "Other management fee" and/or "policy factor".	In June 2015, the settlement agreement was filed, stipulating an agreed monetary reimbursement of NIS 100 million in total, with Migdal Insurance's share being NIS 44.5 million. As for the future, the parties agreed on a 25% discount from the amount for policy factor actually charged. The agreed legal fee is NIS 43 million plus VAT, with Migdal Insurance's share being NIS 44.5%. In November 2016, a ruling was issued, rejecting the settlement agreement and partially accepting the motion for class action status with respect to charging for policy factor, starting seven years prior to filing of the lawsuit (April 2004), for those insured under life Insurance policies combined with savings originated between 1982-2003, whose accrued savings were impacted due to charging for policy factor. The relief sought, as defined in approval of class action status, are adjustment of the accrued savings of the insured parties, by the amount of additional savings they would have accrued had the policy factor not been charged, or compensation by this amount payable to insurance parties, as well as discontinuation of charging for policy factor henceforth. In May 2017, Migdal Insurance and the other defendants filed a motion for leave to appeal the aforementioned Court ruling to the Supreme Court. In February 2019, Migdal and the other defendants withdrew their motion for leave to appeal, while maintaining their claims, and the case was remanded to the District Court. The evidentiary stage has been completed. The parties have launched a mediation proceeding. In September 2022, the Court ruled that the minimum threshold for settlement should be 40%. In June 2023, the other defendants filed a motion for approval of a settlement agreement, with highlights including restitution at 42% of total charging for policy factor which, allegedly, should have been transferred to savings and was not transferred, starting from seven years prior to filing the motion for approval. The parties to the settlement agreement are divided as to revaluation of the restitution amounts (the plaintiffs consider that these should be revalued by adding the return on savings in the insurance policy, while the other defendants maintain that these should be revalued by linkage to the CPI, or at least by way of linkage plus interest). The parties agreed for the Court to rule on this matter. The parties further agreed to reduce future charging for policy factor by 50%. The parties to the agreement agreed on payment of fees and compensation, as common in court rulings.	NIS 1,470 million (for a 7 year period), of which attributed to Migdal Insurance: NIS 522 million [5]

[5] According to the revised statement of claim filed by the plaintiff, after the claim was granted class action status.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
2	Continued				In June 2023, Migdal Insurance filed a notice, whereby it did not sign the settlement agreement due to specific circumstances that require, according to Migdal Insurance, certain adjustments to the settlement agreement. In a hearing held in July 2023, the parties reached agreement, validated as a ruling, whereby the parties would seek a party with legal expertise ("the Deciding Party"), to unarguably decide whether, given the wording of the non-conforming insurance policies, they should be made subject to the settlement agreement signed by the other defendants, and at what rate, after which the settlement agreement would be signed with adjustments as required. On August 1, 2023, the Deciding Party issued their decision, with the following implications for the settlement agreement to be signed: (1) For one insurance policy type, restitution would be at 23.1% (rather than 42%) and the reduction of future charges would be at 27.5% (rather than 50%); (2) For the other insurance policy type, restitution would be at 36.4% (rather than 42%) and the reduction of future charges would be at 43.3% (rather than 50%) On August 21, 2023, the settlement agreement signed by Migdal Insurance and the plaintiff was filed for approval by the District Court. According to a preliminary, non-binding estimate as of said date, the settlement agreement stipulates a nominal restitution amount of NIS 120 to 147 million. Note that this preliminary estimate excludes the returns with respect to amounts charged, some of which are subject to further ruling by the Court, as well as compensation for the class action representative and legal fees to their attorneys, which are also subject to Court approval. These amounts also exclude the reduction of future charges.	

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
3	5/2013 Tel Aviv District	Insured parties in health insurance policies vs. Migdal Insurance and other insurance companies	Non-payment of linkage differentials and interest since the insurance event occurrence date, or alternatively, payment of interest differentials with respect to insurance payout from 30 days after filing the claim through the payment date. The relief sought is payment of linkage differentials and interest not lawfully paid.	Any eligible party (insured party, beneficiary or third party) who received, in the 7 years prior to filing the lawsuit and/or who would receive by the verdict issue date, any insurance payout without lawful interest and linkage.	In August 2015, a ruling was handed down, denying the motion for class action status with regard to linkage differentials, and allowing the motion with respect to interest claimed from 30 days after filing the claim through the payment date of insurance payout (and not from the delivery date of the final date required by the insurer to resolve liability), with respect to a period from 3 year prior to filing the lawsuit through the date of said ruling, except with respect to insurance payout paid pursuant to a court verdict ("the Approval Ruling"). The defendants filed a motion for leave to appeal to the Supreme Court. At a hearing held in August 2016, they withdrew their motion for leave to appeal, while maintaining their claims. On February 28, 2021, a partial verdict was received in this lawsuit, whereby the class action lawsuit brought against the defendants was allowed (hereinafter: "the Verdict"), with respect to any eligible party (insured party, beneficiary or third party) who received, other than pursuant to a verdict in their case, in the period from 3 years prior to filing the lawsuit through the Verdict issue date, any insurance payout without lawful interest (hereinafter: "Class Members"). Note that the Verdict stipulates the principles to be used in calculating eligibility of Class Members for interest differentials. It was further stipulated that an expert shall be appointed for calculating and realizing the restitution. The Verdict also stipulated the amounts for expenses and legal fees payable to the class representatives and their attorneys, in amounts that are not material. The compensation for the class representatives and their attorneys would be determined in the final verdict. In May 2021, Migdal Insurance and other defendants filed a motion for leave to appeal and a motion for stay of execution of the Verdict. In November 2022, the Supreme Court denied the motion for leave to appeal, while maintaining the defendants' right to reiterate their claims in appeal of the final verdict.	NIS 503 million, of which NIS 120 million attributed to Migdal Insurance[6].

6 According to the revised statement of claim filed in conformity with the approval resolution.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
3	Continued				In January 2023, the Court appointed an expert for this case, in conformity with the Verdict. Note that another lawsuit and motion for class action status was filed against the Company, citing the same cause for claim, with respect to another group of plaintiffs, referring to a period later than the the Approval Ruling date. Given the Court ruling in the Verdict, expanding the group of class members through the Verdict issue date (*in lieu* of the ruling in the Approval Ruling, as noted above), it is likely that this additional lawsuit and motion for class action status would be obviated, as it was initially filed merely for the sake of caution, in case the Court would rule otherwise with regard to the class members. In this regard, see claim 15 in this Note below.	
4	7/2014 Central District	NGOs and organizations acting on behalf of the elderly vs. Migdal Makefet and against four management companies of other pension funds	Use lacking good faith of the right stipulated in the Bylaws, to increase the management fee to the maximum rate permitted, upon retirement of the member and failure to give advance notice prior to retirement. The relief sought includes a mandatory injunction for restitution to retirees or to the pension fund of excess management fee and/or to be unlawfully charged to them; alternatively, restitution to the pension fund of all management fee charged to retirees and a just and fair division of the funds unlawfully charged to retirees, to all pension fund members; prohibiting the defendants from increasing the management fee for any insured party soon prior to their retirement; ruling that the existing provision in Bylaws of the defendants, allowing them to increase the management fee from time to time is, allegedly, an unfair term in a uniform contract, and ordering it to be removed or amended so as to eliminate the alleged unfairness.	Any member of a new comprehensive pension fund of the defendants, eligible and/or to become eligible to receive an old age pension.	In March 2022, the District Court granted the motion for approval against Makefet and the other defendants. The Court ruled that the class definition would be as sought in the motion for approval, to include any member of a new comprehensive pension fund of any of the defendants, eligible and/or to become eligible to receive an old age pension. The causes of claim approved are: breach of good faith duty, breach of fiduciary duty and breach of proactive disclosure duty. The issues for discussion in the class action lawsuit include: should the defendants have notified the members in advance of the management fee they would be charged during retirement, and if so, what is the damage caused by not providing such notice. In July 2022, Migdal Makefet filed a statement of defense. The parties are in preliminary proceedings. In January 2024, the parties accepted the Court recommendation and launched a mediation proceeding.	NIS 48 million "at least, without quantification of other relief measures at this stage", as well as compensation with respect to the future, for all defendants.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
5	9/2015 Central District	Insured party in nursing care insurance policy vs. Migdal Insurance and other insurance companies	Breach of terms and conditions of insurance policy, by taking an interpretive stance with regard to scoring of the "sphincter control" component when reviewing eligibility of the insured party for nursing care insurance payout, only if this condition is due to urological or gastroenterological illness, whereas allegedly, this component should also be scored in cases of functional incontinence, and failure to comply with mandatory disclosure prior to purchase of the insurance policy in this regard. The relief sought includes requiring the defendants to pay compensation.	Anyone insured under nursing care insurance, and in case of an insurance event, did not receive the appropriate scoring for the "sphincter control" component, due to the aforementioned interpretation.	In April 2020, a ruling was handed down, partially granting the motion for approval, against Migdal Insurance and three other insurance companies. The approval refers to anyone in sured by Migdal Insurance and by the other companies, for which the class action litigation was approved, and suffered loss of voluntary control over bowel or urine movement, due to a combination of deficiency in sphincter control, which does not amount to organic loss of control with inferior function, and notwithstanding this, did not receive from the aforementioned insurance companies a score for "sphincter control", during review of their claim for nursing care insurance payout, such that this impacted their rights to receive insurance payout, in the period from September 2012 to the approval date of class action status. In June 2020, a revised statement of claim was filed, in conformity with the resolution to approve class action status. The parties to this proceeding, other than Migdal Insurance, launched a mediation proceeding. Migdal Insurance would hold direct negotiations with the plaintiff to consider how to conclude the proceeding with regard to the former, after the mediation proceedings conducted by the other defendants.	Tens or hundreds of millions of NIS.
6	9/2015 Tel Aviv District	Pension fund member vs. Migdal Insurance and pension fund management companies	Allegedly, the defendants pay commissions to insurance agents which are derived from the management fee, thus creating a conflict of interest in insurance agent operations, and resulting in the member paying a management fee which is higher than appropriate. The relief sought includes declaratory relief, whereby the defendants are required to change their agreement with the agents to make it compatible with the law; restitution of all management fee over-charging; and any other relief deemed appropriate and just by the Court, under the circumstances.	Members of provident funds of the management companies, who were charged a management fee including commission payment to agents that is derived from the management fee amount.	In November 2022, the Tel Aviv District Court denied the motion for approval of class action status and ruled *inter alia* that the common practice in the period applicable to the motion for approval, and prior to Amendment no. 20 to the Supervision of Financial Services Act (Provident Funds), 2005 was not prohibited by law. In January 2023, Migdal Insurance received a statement of appeal to the Supreme Court. In August 2023, Migdal filed its response to the appeal.	Apparently, NIS 2 billion for all of the defendants.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
7	1/2016 Central District	Insured party vs. Migdal Insurance	Impact on rights of insured parties, in applying Amendment No. 3 to the Supervision of Financial Services Act (Provident Funds) (hereinafter: "Amendment 3 to Provident Fund Act"). This, allegedly, was because the defendant failed to grant to insured parties, who held a lump-sum insurance policy prior to Amendment 3 to Provident Fund Act coming into effect, the pension annuity factors they had in a previous pension insurance policy they had owned (hereinafter: "Earlier Pension Insurance Policy"). The plaintiff seeks to establish their claim based *inter alia* on ruling by the Central District Court in approval of class action status in Public Case 10-03-48006, Granit v. Clal Insurance ("Granit Case"). The relief sought includes mandatory injunction for the defendant to attribute to lump-sum insurance policies of their insured parties the pension annuity factor they had prior to Amendment 3 to Provident Fund Act in the Earlier Pension Insurance Policy with the superior pension annuity factor; alternatively, to require the defendant to allow the plaintiff and other class members to retroactively contribute in full their pension savings, retroactively since the effective start date of Amendment 3 to Provident Fund Act and henceforth, to the Earlier Pension Insurance Policy; alternatively, to require the defendant to compensate the plaintiff and other class members in the amount of alleged damage to the pension rights of class members, equal to the defendant's enrichment at the expense of class members, due to its aforementioned policy; and for insured parties already retired since January 1, 2008 and receiving a pension lower than they were entitled to, as alleged by the plaintiff, based on the superior pension annuity factor – instruct the defendant to reimburse these insured parties for the difference between the pension they were entitled to based on the superior pension annuity factor and the pension actually paid to them.	Anyone who had, prior to the effective start date of Amendment 3 to Provident Fund Act, both a lump-sum insurance policy of the defendant and a pension insurance policy (of the defendant or of another insurance company), which following the aforementioned amendment, was not assigned a pension annuity factor in their lump-sum insurance policy, or was assigned a pension annuity factor in their lump-sum insurance policy that is inferior to the pension annuity factor in their Earlier Pension Insurance Policy.	The motion for approval of class action status is currently being reviewed. In May 2017, the Court ruled that the proceeding should be referred to the Labor Court. The plaintiff filed a motion for leave to appeal this ruling to the Supreme Court, which motion was denied. In February 2018, the Labor Court denied the plaintiff's motion for approval of class action status, citing the Granit Case, and ruling that the conduct of Migdal Insurance with insured parties thereof should be separately reviewed. In April 2018, the Attorney General, who had filed their position in the Granit Case, announced their decision not to join this case. In May 2020, after the plaintiff filed their summation in this case, and prior to Migdal Insurance filing its summation, the Court ordered a stay of proceedings in this case, pending a ruling on the Granit Case. In September 2021, the Granit class action lawsuit was denied, ruling *inter alia* that the defendant is not required to grant a guaranteed pension annuity factor to insured parties in a lump-sum retirement insurance policy which does not include symmetrical contributions to a pension insurance policy. In January 2022, the Granit Case was appealed to the Supreme Court. The Court ordered a stay of proceedings in this case, pending a ruling by the Supreme Court in the Granit Case appeal. In May 2023, a verdict was handed down in the Granit Case appeal, denying the appeal after the appellant retracted the appeal.	NIS 50 million per year. The aggregate damage would be the product of the annual damage and the relevant number of years to be specified in the verdict.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
8	10/2016 District Labor Court – Jerusalem	Insured party, member of study fund vs. Migdal Makefet	Alleged charging of investment management expenses, with no contractual provision on this matter in the Bylaws. The relief sought includes restitution of all investment management expenses / commissions charged to class members in the seven years prior to filing the lawsuit, plus NIS-denominated interest by law; and to instruct Migdal Makefet to avoid any deduction from class member accounts with respect to investment management expenses / commissions.	Any member of Migdal Hishtalmut fund (by this name and by previous names, including all funds merged into this fund), currently and in the seven years prior to filing the motion.	The motion for approval of class action status is currently being reviewed. In May 2018, the Capital Market Authority filed its position in this case, whereby institutional entities may charge direct expenses to members, even if this is not explicitly indicated in Bylaws of the institutional entity, provided that this is done in conformity with regulations. In May 2019, the District Court granted a motion for class action status brought against other insurance companies, with regard to charging direct expenses in individual insurance policies based *inter alia* on the ruling that insurance policies constitute an exhaustive agreement with regard to amounts that companies may charge to insured parties, and that the insurance policies being moot constitutes a negative arrangement ("Approval Ruling" and "Concurrent Proceeding"). A motion for leave to appeal the Approval Ruling was filed with the Supreme Court. According to the Attorney General's position, *inter alia*, contractual basis is included in insurance policies of the plaintiffs in the proceeding, for charging direct expenses to member assets and therefore, according to the AG, it is not reasonably likely that the class action lawsuits would prevail. Therefore, the Attorney General believes that the Court should allow the motion for leave to appeal and the appeal itself, and should order that the motions for approval be denied. In 2021, the draft report and report by the advisory commission to the Capital Market Supervisor were issued, as was the final report on review of direct expenses, published for comments from the public (hereinafter in this section: "the Report"). The Attorney General petitioned the Court in the Concurrent Proceeding, noting that in their opinion, the Report had no implication on the ruling in said legal proceeding, and does not change their legal position.	NIS 94 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
8	Continued				In October 2022, an amendment to the Expenses Regulations ("the Amendment") was published. The Amendment stipulates *inter alia* that an institutional investor shall determine, for each track or provident fund they manage, the maximum rate of direct expenses with respect to external management commission (as defined in the Amendment), rather than determine the maximum rate stipulated in statutory provisions. In June 2023, the Supreme Court ruled on the Concurrent Proceeding, allowing the appeal, ruling that insurance companies were allowed to impose on members the cost of investment management expenses which they incurred, and instructed that the motion for approval in the Concurrent Proceeding be denied. The parties filed additional summations with regard to impact of the Supreme Court verdict in the Concurrent Proceeding on this proceeding. In March 2024, an agreed motion to withdraw the motion for approval was filed with the Court, asking the Court to reject the claim and motion for approval, and to instruct that individual claims by the plaintiffs be denied, without award of expenses. The motion to withdraw is subject to Court approval. See also claims no. 9 and 11 in this section below.	

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
9	12/2016 District Labor Court – Tel Aviv	Insured parties in retirement insurance policy vs. Migdal Insurance	Alleged charging of investment management expenses, with no contractual provision allowing this in insurance policies. The relief sought includes restitution of all investment management expenses charged to class members in the seven years prior to filing the lawsuit, plus NIS-denominated interest by law; and to instruct Migdal Insurance to avoid any deduction from class member accounts with respect to investment management expenses.	All insured parties in retirement insurance policies marketed by Migdal Insurance (profit sharing, YOTER, MIGDALOR and so forth), who were unlawfully charged investment management expenses and/or where the insurance policy included no provisions that allowed Migdal Insurance to charge said expenses.	The motion for approval of class action status is currently being reviewed. In June 2018, the Supervisor's response to questions posed by the Court was received. In May 2019, the District Court granted a motion for class action status against other insurance companies. The plaintiffs in the Concurrent Proceeding against other companies, filed a motion for leave to appeal the aforementioned approval ruling. In September 2020, the Court ordered a stay of proceedings in this case, pending a ruling on the Concurrent Proceeding. In June 2023, the Supreme Court ruled on the Concurrent Proceeding, allowing the appeal, ruling that insurance companies were allowed to impose on members the cost of investment management expenses which they incurred, and instructed that the motion for approval in the Concurrent Proceeding be denied. The parties filed additional claims with regard to impact of the Supreme Court verdict in the Concurrent Proceeding on this proceeding. See also claims no. 8 and 11 in this section.	NIS 567 million.
10	1/2017 Central District	Two insured parties in mandatory auto insurance vs. Migdal Insurance	Allegedly, Migdal Insurance does not disclose to insured parties that, based on common practice at Migdal Insurance (as well as at other insurance companies), they are entitled to a reduction in the premium they pay, upon reaching an age and/or driving experience as customary at Migdal Insurance. The relief sought includes requiring Migdal Insurance to restitute to class members the excess premium unlawfully charged due to the aforementioned practice; and a mandatory injunction requiring Migdal Insurance to change its aforementioned practice.	Insured parties by Migdal Insurance in mandatory auto, third party and comprehensive insurance, in the seven years prior to filing the lawsuit, which during the insurance period reached the age and/or driving experience that confers, by law and by common practice at Migdal Insurance, a reduction in premium, which Migdal Insurance failed to treat them lawfully and by said common practice, and which consequently did not receive the premium reduction.	The motion for approval of class action status is currently being reviewed, currently in the evidentiary hearings stage. In March 2022, the Plaintiffs filed a motion for stay of proceedings, due to a similar motion against another insurance company being denied, pending a ruling on appeal to be filed by them in the motion for approval that was denied. The motion for stay of proceedings was accepted. In March 2024, the appeal filed in the Concurrent Proceeding was denied.	NIS 62 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
11	2/2017 District Court – Central	NGO acting on behalf of the elderly vs. Migdal Makefet	Allegedly, Migdal Makefet charged pension fund and provident fund members a payment for "direct expenses with respect to conducting transactions in provident fund assets" ("Direct Expenses"), in contravention of provisions of the Bylaws and in contravention of its pre- and post-contractual representations to members. Thus, allegedly, Migdal Makefet is in breach of the contract between Migdal Makefet and members, and is also in breach of statutory provisions. The relief sought includes: (a) An injunction whereby the practice by Migdal Makefet is unlawful, as it is in breach of the contract – the Bylaws between Migdal Makefet and members; (b) To require Migdal Makefet to restitute to each class member the total amount charged and/or deducted from their account, with respect to any kind of expense regarding direct expenses with respect to conducting transactions in provident fund assets; (c) Alternatively, to require Migdal Makefet to restitute to pension fund and provident fund assets all of the Direct Expenses unlawfully charged, and to fairly and justly distribute these; (d) To instruct Migdal Makefet to henceforth clearly and explicitly present, on all enrollment forms and Bylaws, that in addition to management fee, a further amount would be charged and/or deducted with respect to Direct Expenses, and to indicate the maximum rate to be charged.	Anyone with any right to funds in any pension fund managed by Migdal Makefet as from July 2013, and anyone who previously had any such right. And anyone with any right to funds in any provident fund managed by Migdal Makefet in the seven years prior to filing the motion for approval and thereafter, and anyone who previously had any such right.	The motion for approval of class action status is currently being reviewed. In March 2018, the case was referred to the Tel Aviv District Labor Court. In July 2018, the Court asked an expert for their opinion, as to whether his positions stated in the other cases also apply to this case. In November 2018, the Supervisor responded, referring to their position filed in the Concurrent Proceeding. In May 2019, the District Court granted a motion for class action status against other insurance companies. The plaintiffs in the Concurrent Proceeding against other companies, filed a motion for leave to appeal the aforementioned approval ruling. In September 2020, the Court ordered a stay of proceedings in this case, pending a ruling on the motion for leave to appeal in the Concurrent Proceeding. In June 2023, the Supreme Court ruled on the Concurrent Proceeding, allowing the appeal, ruling that insurance companies were allowed to impose on members the cost of investment management expenses which they incurred, and instructed that the motion for approval in the Concurrent Proceeding be denied. See also claims no. 8 and 9 in this section, including with regard to approval of motions for approval in the Concurrent Proceeding, the Supervisor's position and the report by the advisory commission to the Supervisor and publication of an amendment to regulations.	NIS 287 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
12	12/2017 District Court – Jerusalem	Candidates for insurance vs. Migdal Insurance, other insurance companies and HMOs Maccabi and Clalit	Refusal to insure the plaintiffs and others on the autistic spectrum in nursing care insurance; setting impossible and unreasonable conditions for them, with no explanation or justification of such conduct; failure to provide a detailed, dignifying answer to an insurance candidate about the refusal and detailed justification thereof, and such refusal is not based on relevant statistical, actuarial or medical data, all allegedly in contravention of stipulations in the Equal Rights for Persons with Disabilities Act (hereinafter: "Equality Act"), and in the Equal Rights for Disabled Persons Regulations (Notice by insurer of different treatment or refusal to insure) ("Equality Regulations"). The primary relief sought in this lawsuit is: Declaratory injunction, whereby the defendants are in breach of the Equality Act and Regulations; Mandatory injunction requiring the defendants to cease discriminating against class members, to set clear operating procedures for individual, unbiased treatment of persons with disabilities, pursuant to provisions of the Equality Act; Mandatory injunction for the defendants to comply with statutory provisions and with the general ruling by the Supervisor, which stipulate a standard procedure for refusal to insure; Mandatory injunction to require the defendants to retroactively insure the class members found competent to obtain nursing care insurance, after an equitable underwriting process in conformity with the aforementioned procedures; Compensation for class members in conformity with Section 19.51(b) of the Equality Act regarding compensation with no proof of damage, and if required even compensation for non-monetary damage; Compensation of class members for monetary damage.	Persons with autism who applied for nursing care insurance with any of the defendants and unlawfully received from defendants different, discriminatory treatment and/or who did not receive a detailed response with regard to providing such different treatment, in the seven years prior to filing the motion for approval.	In February 2023, at a hearing, the Court informed the plaintiff *inter alia* that the Court did not accept their arguments. In February 2023, a verdict was handed down denying the motion for approval. In April 2023, the plaintiffs filed an appeal of this verdict with the Supreme Court. In January 2024, Migdal Insurance filed its response to the appeal.	The plaintiffs allege that personal damage they incurred amounts to tens of thousands of NIS per applicant. The total damage amount for all class members cannot be accurately estimated at this point, but this amount is within the authority of the District Court.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
13	1/2019 District Court – Tel Aviv	Insured party vs. Migdal Insurance	The lawsuit alleges that rejecting a claim on a personal accident insurance policy, in case of hospitalization in a rehabilitative hospital, based on definition in the insurance policy of the term Hospital to exclude a rehabilitative hospital, is unlawful. The plaintiff claims that this is a restriction of the coverage, which was misleading in its presentation and/or not worded properly.	The class which the plaintiff seeks to represent includes customers of Migdal who purchased a personal accident insurance policy, whose claim component regarding compensation for hospitalization days was denied based on the claim that Hospital, as defined in the insurance policy, is a medical facility recognized by the competent authorities in Israel or overseas as a general hospital only, which is not a rehabilitative facility and/or a mental health institution and/or a convalescence facility and/or a nursing care facility.	In February 2021, a ruling was handed down indicating that class action status was granted, as follows: Class members: Parties insured by Migdal who purchased a personal accident insurance policy, whose claim component regarding compensation for hospitalization days was denied based on the claim that Hospital, as defined in the insurance policy, is a medical facility recognized by the competent authorities in Israel or overseas as a general hospital only, which is not a rehabilitative facility and/or a mental health institution and/or a convalescence facility and/or a nursing care facility, in the three years prior to filing of the motion for approval of class action status. The causes of claim approved for the class action: Breach of provisions of Section 3 of the Insurance Contract Act; Breach of provisions of circular from the Capital Market Insurance and Savings Authority, concerning "Proper disclosure to insured party upon enrollment in health insurance policy"; Breach of insurance contract. Relief sought: Payment of insurance payout for hospitalization days eligible for compensation, regardless of the facility at which the insured party was hospitalized; Removal of definition of Hospital from the insurance policy, or amending it pursuant to statutory provisions; and declaratory verdict whereby Migdal Insurance was in breach of statutory provisions. In April 2021, Migdal Insurance filed a motion for leave to appeal the approval ruling to the Supreme Court. In January 2022, the proceedings were suspended, pending a ruling on the motion for leave to appeal. In July 2022, the Attorney General filed their position in this case, whereby definition of Hospital in insurance policies, which Migdal Insurance relied upon when denying the insurance claims, is a restriction of liability pursuant to the insurance policy. According to the Attorney General, this restriction was not properly emphasized in the applicable legislation, and therefore Migdal Insurance may not rely on it. In July 2022, Migdal Insurance filed an agreed motion to withdraw the motion for leave to appeal, which was accepted without award of expenses. The parties have launched a mediation proceeding. In April 2023, a settlement agreement was submitted for approval by the Tel Aviv District Court, including monetary restitution amounting to NIS 3.6 million, provisions which govern future practice by Migdal Insurance, and payment of compensation to the plaintiff and legal fees to the plaintiff's attorney, in amounts which are not material. The Court ordered the settlement agreement be made public.	Currently estimated at NIS 24 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
14	5/2019 District Court – Tel Aviv	Insured party in life insurance policy vs. Migdal Insurance	The lawsuit alleges that for insurance policies that include a profit-sharing formula which includes an RM formula, Migdal Insurance does not make in full the payments required by the insurance policy and by statutory provisions, including the full share of insured parties in profits from insurance policies, and also alleges breach of disclosure and reporting duties to insured parties with respect to the insurance policy and their rights pursuant there to. In the motion, the plaintiff relies on a ruling approving class action against another insurance company, with regard to insurance policies provided by that company, for similar causes. A similar lawsuit was also filed against another insurance company.	The class which the plaintiff seeks to represent includes all those who are or were insured by Migdal Insurance, who received payment pursuant to a profit-sharing life insurance policy which includes the RM formula.	A response has been filed to the motion for class action status. The motion for approval of class action status is currently being reviewed. In August 2020, the plaintiff filed a motion seeking to combine the hearing of this lawsuit and another lawsuit they have filed against another insurance company. The insurance companies, including Migdal Insurance, objected to this motion *inter alia* due to the difference between proceedings and between lawsuits. Migdal Insurance has filed its response to this motion. In May 2021, the Court ruled that the lawsuits would be heard by the same panel of judges. The panel to which the cases were assigned, ruled that the proceedings would be suspended pending a ruling by the Supreme Court in appeals of the class action lawsuit approved against another insurance company. In September 2021, the other insurance company informed the Court that a verdict has been handed down in the appeal. The appeal by the plaintiff in that proceeding was denied, and the motion for leave to appeal by the insurance company, which focused on the class definition and on the statute of limitations, was partially accepted. In March 2022, the plaintiff filed a motion to withdraw the motion for approval set forth in section 16 of this table above. In February 2024, the Court ordered that this motion for approval and the one set forth in section 16 of this table above be combined, and that an amended, combined statement of claim and motion for approval be submitted.	NIS 692 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
15	6/2019 District Court – Tel Aviv	Third party of insured party in auto insurance policy vs. Migdal Insurance and other insurance companies	The lawsuit alleges that Migdal Insurance does not pay interest on insurance payout after 30 days have elapsed since filing the claim. This lawsuit is further to the one set forth in section 3 above ("the First Lawsuit"), and was filed, according to the plaintiff, merely for the sake of caution, in case the Court denied their motion to extend the class, pending a verdict in that case.	Anyone who received and/or will receive, in the period from August 31, 2015 (after the date of the ruling on approval in the First Lawsuit), through the date of the verdict in this lawsuit, insurance payout from Migdal Insurance, with no interest added to such insurance payout by law.	A response to the motion for class action status has yet to be submitted. In February 2021, a partial verdict was handed down in the First Lawsuit, accepting the lawsuit, including the motion by the plaintiffs to expand class members, pending a verdict, as requested by the plaintiff in this lawsuit. Consequently, it is likely that litigating this lawsuit and the motion for class action status for it would be obviated. In November 2022, the Supreme Court denied the motion for leave to appeal, filed in lawsuit no. 3 above, while maintaining the right of Migdal Insurance and the other defendants to re-state their claims in the motion for leave to appeal, in any appeal that would be filed of the final verdict in the class action lawsuit. For more information about the First Lawsuit and the partial verdict, see Lawsuit no. 3 above in this section.	NIS 90 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
16	6/2019 District Labor Court – Tel Aviv	Insured party in disability insurance policy vs. Migdal Insurance	The lawsuit alleges that Migdal Insurance unlawfully deducts from insurance payouts paid for profit-sharing insurance policies that include coverage for disability and/or waiver of premium payment, amounts with respect to "nominal interest" only as from the 25th installment. A similar lawsuit was also filed against another insurance company.	Anyone insured, or who were insured, in profit-sharing life insurance policies that include provisions for linkage of insurance payout and/or premium waiver to returns on the investment portfolio as from the 25th installment, who received from Migdal Insurance insurance payouts and/or waiver of premium payments for savings riders, for a period longer than 24 months, and deducted interest from these returns, as from the 25th month, except for anyone insured, or who were insured, where the insurance policies covering them stated accurately and with special emphasis, in the section regarding linkage, the interest rate to be deducted, provided that the words "used to calculate the monthly compensation" do not appear.	A response has been filed to the motion for class action status. The motion for approval of class action status is currently being reviewed. In November 2020, a motion was filed by the plaintiff who has filed against Migdal Insurance another motion for approval of class action status, as set forth in section 14 above in this table, seeking to assign the hearing of this class action lawsuit to a panel of judges hearing their lawsuit, thus the hearing of the lawsuit would take place at Tel Aviv District Court. In March 2022, the plaintiff in the motion for approval listed in section 14 above, filed a motion to withdraw the motion for approval. Migdal Insurance and the plaintiff responded to the motion for withdrawal. In February 2024, the Court ordered that this motion for approval and the one set forth in section 14 of this table above be combined, and that an amended, combined statement of claim and motion for approval be submitted.	NIS 1.5 billion.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
17	2/2020 District Labor Court – Tel Aviv	Insured party in life insurance policy vs. Migdal Insurance	The lawsuit alleges that Migdal Insurance has increased the management fee for the plaintiff beyond the rate agreed with them, unilaterally and without consent, and that Migdal Insurance should restitute the management fee over charged. In the motion, the plaintiff noted that a motion for approval with respect to an identical practice is pending against another insurance company, whereby a settlement agreement was submitted for Court approval, in which the other insurance company committed to return the management fee rate for class members to the rate originally agreed with them, and to restitute to class members 67.5% of total management fee which the insurance company over charged. The primary causes for claim alleged are as follows: Contractual causes of breach of contract and breach of duty of good faith in fulfilling a contract, unlawful enrichment, breach of fiduciary duty, misleading and breach of statutory obligation. The primary relief sought in this lawsuit is monetary relief in restitution of all funds charged by Migdal to class members with respect to management fees charged beyond those set forth in the insurance policy and/or in contravention of directives by the competent authority and/or in contravention with statutory provisions.	All Migdal Insurance customers in retirement insurance policies, who were charged management fees higher than the rate set forth in the insurance policy and/or in the insurance details sheet and/or in contravention with directives of the Supervisor of Insurance in the Ministry of Finance (or any other applicable competent authority) and/or in contravention of the Insurance Contract Act (or any other applicable statutory provisions).	The motion for approval of class action status is currently being reviewed. A response to the motion for approval has been filed. The case is scheduled for hearings. In January 2023, a revised motion for approval was filed. The parties conducted a mediation proceeding which was unsuccessful.	Not estimated by the plaintiff.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
18	4/2020 Haifa District	Insured party in auto insurance policy (mandatory and property) vs. Migdal Insurance and other insurance companies	The lawsuit alleges that the defendants, in contravention of their statutory duty, avoid reducing the premium in auto insurance policies (mandatory and property), even though the risk to which defendants are exposed has materially decreased, allegedly, due to travel restrictions imposed due to the COVID outbreak in Israel, which resulted in a dramatic drop in mileage traveled, from March 8, 2020 through the full and complete lifting of said travel restrictions ("the Effective Period"). The primary causes for claim alleged are as follows: Unlawful enrichment, breach of provisions of the Insurance Contract Act, contractual causes of breach of good faith in contract fulfillment, breach of statutory obligation and negligence. The primary relief sought in this lawsuit is: Restitution of excess premium charged by defendants to class members in the Effective Period; Mandatory injunction instructing defendants to align the premium charged with the actual risk to which they are exposed in the Effective Period, and/or declaratory verdict stipulating that material decrease in vehicle use, under circumstances similar to those described in the lawsuit, require adjustment (reduction) of premium.	Anyone insured by one or more of the defendants, by mandatory, comprehensive and/or third party insurance, during all or part of the Effective Period.	In April 2020, three motions for approval of class action status were filed against Migdal Insurance and other insurance companies, making similar allegations. The motion was scheduled for hearing by the Tel Aviv District Court, by the same judging panel hearing the two other motions. One motion for approval with respect to auto insurance (with respect to Migdal Insurance) was rejected. The two remaining motions were combined and re-submitted in April 2021. In January 2023, a pre-trial hearing took place, at which the Court noted that hearing of this case should be separate from hearing of the case described in section C(3) below, and suggested that the parties in this case should seek mediation. The defendants informed the Court that they had no interest in mediation. This proceeding is in the summation stage. For another lawsuit on the same matter and/or with respect to alleged implications of COVID on decrease in insurance risk, see section C(1) in the table below.	NIS 125 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
19	5/2020 District Court – Tel Aviv	Study fund member vs. Migdal Makefet and other management companies	The motion for approval alleges that the defendants classify some of the contributions on behalf of members as taxable contributions, even though they are not and/or the recording thereof is in error. The alleged causes for claim are *inter alia*: Breach of fund Bylaws; Breach of good faith; Breach of the Supervision of Financial Services Act (Provident Funds), the Wage Protection Act, the Income Tax Ordinance; Breach of statutory obligation; Unlawful enrichment; Negligence; Breach of autonomy; Stealing; and the Consumer Protection Act. The primary relief sought in this lawsuit is: Instruct the defendants to discontinue the unlawful denial of tax benefit; Instruct restitution and/or payment, as set forth in the lawsuit, to all class members and/or to the public; Instruct the defendants to revise their annual reports that include erroneous classification of contributions.	All customers of the defendants, past and present, for whom the defendants manage(d) a study fund, where the defendants unlawfully classified the contributions made on their behalf as taxable and/or which the recording thereof is in error (whether or not tax has actually been deducted with respect there to).	A response to the motion for approval has been filed. Migdal Makefet filed a motion for leave to file a third party notice against the Tax Authority. In June 2020, the Court ruled that the way in which the motion had been filed, against 14 different defendants, with 34 different plaintiffs and with different factual allegations, seems *a priori* to be unreasonable and inefficient. In August 2021, the Tax Authority filed its response to the third party notice, whereby it accepted the defendants' position with respect to interpretation of the statute regarding classification of taxable contributions to a study fund, noting that the defendants are but a conduit for transfer of funds to the Tax Authority. According to the Tax Authority, the key allegation in this proceeding is against guidelines stipulated by the Tax Authority as to application of statutory provisions regarding determination of the cap for tax benefit, and therefore the Tax Authority should be included as defendant in this proceeding, being a "Required Party", rather than as a third party. In January 2022, the Court ruled that the Tax Authority should be included as defendant in this case, and recommended that the parties seek mediation. In August 2022, the Tax Authority filed its response to the motion filed against it, in the motion for approval, whereby the Tax Authority believed that the motion for approval of class action status should be denied. The parties have launched a mediation proceeding.	Cannot be estimated.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
20	5/2020 District Labor Court – Tel Aviv	Insured party in retirement insurance policy vs. Migdal Insurance	The motion for approval alleges that Migdal has deducted from employer contributions amounts in excess of the lawfully permitted rate for purchase of life insurance coverage, and has purchased, on behalf of insured parties, insurance coverage other than life insurance which are not permitted for purchase out of the employer contributions, for insured parties whose insurance policies were issued from August 1999 to December 2003 (hereinafter: "the Applicable Period"). The alleged causes for claim are *inter alia*: Breach of statutory obligation (Income Tax Regulations); Unlawful enrichment. The primary relief sought in this lawsuit is: Mandatory injunctions instructing Migdal to transfer the funds charged in excess to the savings account of class members managed in insurance fund(s) in their names managed by Migdal, or to the bank accounts of class members or heirs thereof, plus return accrued int he fund from the deposit date of each over payment through the restitution date thereof, and to discontinue henceforth charging beyond that stipulated in Income Tax Regulations (Bylaws for Approval and Management of Provident Funds), 1964 (hereinafter: "Income Tax Regulations").	All parties insured by the defendant, whose insurance fund was opened in the Applicable Period, where Migdal deducted for insurance coverage an amount in excess of 10% of employer's contributions out of said contributions, from seven years prior to filing of this motion, to the date when Migdal would discontinue such unlawful charging, or through approval of class action status, whichever is sooner. Excluding such insured parties who asked to be subject to provisions of Regulation 45 of the Income Tax Regulations.	The motion for approval of class action status is currently being reviewed. In July 2021, the Supervisor filed their position statement in this case, supporting Migdal Insurance's position with regard to purchase of death risk coverage out of employer contributions. The position statement noted that it was forbidden to purchase any other insurance coverage (such as disability) out of the contributions, unless the employee consented to this after January 1, 2004, in conformity with Regulation 45 of the Income Tax Regulations as worded on January 1, 2004. The Supervisor also asked the Court to consider further hearing of this class action proceeding, given the Supervisor's intention to conduct an extensive supervisory proceeding in this matter. In December 2021, the Supervisor sent to Migdal Insurance notice of request for information with regard to charging for insurance coverage in conformity with limits pursuant to Regulation 45 of the Income Tax Regulations, which also includes provisions with respect to restitution, should it emerge that the Company acted not in conformity with rules set forth in this notice (hereinafter: "the Request"). The Request stipulated that Migdal Insurance should provide to the Supervisor a detailed outline for the sequence of steps it would take for restitution of amounts unlawfully charged. In March 2022, Migdal Insurance submitted to the Capital Market Authority its position with respect to the Request, and held a meeting on this matter with the Capital Market Authority. The Authority has yet to comment on Migdal Insurance's position, as aforesaid. In this regard, see section F(6) in this Note below. The parties have yet to file their summations. In January 2024, a ruling was handed down, partially granting the motion for approval, against Migdal Insurance.	Cannot be estimated.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
20	Continued				In January 2024, a ruling was handed down, partially granting the motion for approval, against Migdal Insurance. The approval refers to any insured party who contracted with the defendant to purchase retirement insurance in the Applicable Period, and which, in the seven years prior to filing this proceeding, had funds contributed on their behalf for pension pay or severance pay, designated for purchase of disability insurance. Moreover, the plaintiff's claim with regard to death risk coverage was denied (including the claim whereby, in insurance policies purchased in the Applicable Period, only 1.3% of salary could be designated for purchase of death risk coverage). With regard to these denied claims, the plaintiffs filed, in January 2024, a motion for leave to appeal to the National Labor Court. The National Labor Court ruled that this motion for leave to appeal would be heard as an appeal. The proceeding with the District Court is suspended pending a ruling on this appeal.	Cannot be estimated.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
21	6/2020 District Court – Central	Pension fund member vs. Migdal Insurance and Migdal Makefet	The motion alleges that in loan agreements linked to the CPI, the defendants adopted an improper practice which allegedly constitutes an unfair term in a contract, due to the unilateral linkage provision – whereby when the CPI is lower upon actual payment on account of the loan (hereinafter: "the New CPI") compared to the CPI known upon loan origination (hereinafter: "the Base CPI"), the member is not credited for the difference, whereas in the opposite situation (where the New CPI is higher than the Base CPI), the actual payment is increased by the percentage change in the New CPI compared to the Base CPI. The alleged causes for claim are *inter alia*: Unfair term in a uniform contract pursuant to the Uniform Contract Act, 1982; Unlawful enrichment. The primary relief sought in this lawsuit is: Declaratory injunction, whereby the defendants' action with regard to loan agreements linked to the CPI, as described above, is unlawful; Mandatory injunction instructing the defendants to specify a two-way linkage provision, so as to allow borrowers to benefit from a lower New CPI compared to the Base CPI in CPI-linked loans; Compensation for damage incurred by class members. As alleged in the motion for approval, there are motions for approval pending against two other insurance companies which raise common questions of fact and law, as set forth in the motion for approval.	All customers of the defendants who obtained CPI-linked loans of any type, which stipulated an unfair term whereby a decrease in CPI, compared to the Base CPI, would not be credited to the customer.	A response to the motion for approval has been filed. The motion for approval of class action status is currently being reviewed. The parties conducted a mediation proceeding which was unsuccessful. The Attorney General announced that they did not consider that the State should submit a position statement in this case. The Supervisor of the Capital Market, Insurance and Savings Authority filed their position statement, whereby the issue of whether this was an unfair term, was a legal question within the Court's authority, and should the Court accept this motion, restitution should be made out of members' funds. In April 2023, the Court ruled that hearing of this case should be remanded to the Labor Court. In December 2023, at a hearing, the Court suggested a settlement outline for the parties to conclude this proceeding.	Over NIS 3 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
22	7/2020 District Court – Central	Insured party in health and disability insurance policy vs. Migdal Insurance and other insurance companies	The motion for approval alleges that in insurance policies stipulating that an event / injury / illness or any materialized risk resulted from and/or were linked to a pre-existing condition of the insured party upon purchasing the insurance policy were not covered by the insurance policy (hereinafter: "Exclusion") the defendants unlawfully charged a premium, because they did not decrease the premium with respect to said insurance policies, in line with the risk reduction arising from the Exclusion. The alleged causes for claim are *inter alia*: Breach of the Equal Rights for Persons with Disabilities Act, 1998; the Prohibited Discrimination in Products, Services and Access to Leisure Venues and Public Venues Act, 2000; Lack of good faith; the Supervision of Financial Services Law (Insurance), 1981; Breach of statutory obligation; Negligence; Unlawful enrichment. The relief sought includes: Restitution of excess premium allegedly charged; Mandatory injunction instructing the defendants to remedy their operations and to reduce the premium where the Exclusion applies.	Anyone insured in the period from 7 years prior to filing the lawsuit to the date of approval of class action status, by one or more of the defendants, in insurance policies including disability, nursing care, life, personal accident, health (including severe illness, surgery in Israel or overseas, implants in Israel or overseas, medications, ambulatory service or any other medical coverage) which includes the Exclusion.	The motion for approval of class action status is currently being reviewed. A response to the motion for approval has been filed. In January 2022, the defendant filed their response to the motion. In August 2022, Migdal Insurance and the other defendants filed their arguments.	NIS 228 million.
23	3/2021 District Court – Tel Aviv	Insured parties in health insurance vs. Migdal Insurance and other insurance companies	The motion alleges that the defendants are in breach of insurance contract terms, by refusing to finance the plaintiffs' expenses for purchase of cannabis for medical use, even though cannabis for medical use was approved for medical indications in several Western countries, to which terms of the insurance contract made reference. The alleged causes for claim are *inter alia*: Breach of contract; Lack of good faith; Unlawful enrichment; Negligence. The relief sought includes: Declaratory injunction whereby the defendants should restitute to parties insured with coverage for medications not included in the Healthcare Basket, for expenses with respect to purchase of cannabis for medical use, and monetary relief requiring the defendants to restitute to class members the value of economic impact caused by deficiencies in their conduct and breach of the insurance contract.	The class represented in this motion for approval includes anyone insured by the defendants in insurance with coverage for medications not included in the Healthcare Basket, who have not been reimbursed for expenses incurred for purchase of cannabis for medical use.	A response to the motion for approval has been filed. In March 2022, the Court suggested that the parties seek mediation. The parties have launched a mediation proceeding.	NIS 79 million for all plaintiffs.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
24	4/2021 District Court – Tel Aviv	Study fund member vs. Migdal Insurance and institutional entities, banks and credit card companies	The motion alleges that when customers of the defendants browse their account / personal area on the defendants' websites or apps, private, personal and confidential information of the defendants' customers is provided to third parties, without explicit consent of the customers and with severe, unprecedented impact on their right to privacy and on statutory obligations applicable to the defendants. The alleged causes for claim are *inter alia*: Breach of privacy; Breach of fiduciary duty and duty of confidentiality; Unlawful enrichment; Lack of good faith in fulfilling a contract and breach of contract; Misleading; Negligence; Breach of statutory obligation; Breach of autonomy. The relief sought includes: Instructing the defendants to cease providing and/or sharing and/or exposing in any other way information about the defendants' customers and their activity in their accounts, to any third party and in particular, to Google; to act lawfully to safeguard and protect the privacy of their customers; and to compensate class members for damage incurred thereby.	Any person who used and/or is using the defendants' digital services in the 7 years prior to filing the motion, who had their private and/or personal and/or confidential information provided to any third party.	A response to the motion for approval has been filed. In November 2022, at a hearing, the Court suggested that the parties seek mediation. The mediation proceeding was unsuccessful. The case is scheduled for evidentiary hearings.	Total damage for class members was not estimated. Plaintiffs claim this would be millions of NIS, and in any case at least NIS 2.5 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
25	7/2021 District Court – Tel Aviv	Insured parties in retirement insurance vs. Migdal Insurance and other insurance companies	The motion alleges that upon receiving a pension, the defendants deduct from the monthly return accrued with respect to the outstanding balance, annual interest at 2.5% (or any other rate), unlawfully and with no contractual support in terms and conditions of the insurance policy. The alleged causes for claim are *inter alia*: Breach of contract; Breach of statutory obligation; Breach of enhanced duties of the defendants in their capacity as insurance companies; Breach of disclosure duty; Unlawful enrichment; Unfair term in uniform contract. The relief sought includes: Declaratory injunction whereby such deduction of interest from the monthly return is in breach of insurance policies issued by the defendants, breach of statutory obligation, unlawful enrichment etc.; Mandatory injunction instructing the defendants to amend this breach henceforth; Restitution of all amounts unlawfully deducted for class members out of the monthly return, plus linkage and interest, as from the deduction date through the actual restitution date, for the seven years prior to filing the motion. Monetary damage incurred by the plaintiff was estimated at NIS 1,000.	Anyone insured by the defendants, who purchased from the defendants a life insurance policy with savings accrual, issued between 1991 and 2004, who had interest deducted and/or to be deducted at a rate not specified in the insurance policy, based on a provision in the insurance policy, whereby the monthly pension amount would vary "monthly, based on investment results net of interest used to calculate the monthly pension and applicable provisions for this matter in the insurance program" and/or any other, similar provision.	A response to the motion for approval has been filed. Note that two lawsuits and motions for approval of class action status in similar matters were filed against Migdal Insurance, see items 14 and 16 in the table above. In June 2023, Migdal Insurance and the other companies filed a motion to withdraw the comment on the response, and filed their response to the motion and their comment on the response to the motion. In March 2024, the motion to withdraw the comment on the response was denied.	Total damage for class members was not estimated. Plaintiffs claim this would be at least NIS 2.5 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
26	8/2021 District Court – Central	Insured party in auto property insurance policy vs. Migdal Insurance	The motion alleges that Migdal Insurance does not pay to insured parties, who purchased a non-standard insurance policy and whose car was impacted by accident and incurred impairment damage, an insurance payout with respect to impairment, claiming that the insurance policy does not cover such damage. The alleged causes for claim are *inter alia*: Breach of the Insurance Contract Act, 1981; Lack of good faith in fulfillment of contracts; Unfair condition in uniform contract; Breach of statutory obligation; Unlawful enrichment. The primary relief sought in this lawsuit is: Mandatory injunction instructing payment for impairment to insured parties in insurance policies subject of this motion, and payment for impairment damage incurred by class members. Monetary damage incurred by the plaintiff was estimated at NIS 20,061. This amount is sought plus linkage and interest.	Any insured party or third party (and heirs thereof) who, in the three years prior to filing the motion for approval through approval of class action status, did not receive payment for impairment of their vehicle in an insurance event covered by a non-standard insurance policy issued by Migdal Insurance.	A response to the motion for approval has yet to be filed. The parties are in negotiations to settle this proceeding. In August 2023, a settlement agreement was filed for Court approval, including payment of compensation to class members in a non-material amount, as well as payment of restitution and legal fees in a non-material amount. In October 2023, the Court ordered that the settlement agreement be made public.	Total total damage incurred by class members was not estimated. The plaintiff claims this would be many millions of NIS.
27	5/2022 District Court – Central	Insured party in home insurance policy vs. Migdal Insurance	The motion alleges that Migdal Insurance chooses to send to customers insurance payouts or funds paid, by check – in breach of provisions of Institutional Entities Circular 9-9-2016 regarding claim elaboration and settlement and handling public inquiries, whereby funds are to be sent to customers by bank transfer or by credit card.	Customers of Migdal Insurance who received funds from Migdal Insurance by check and not by credit card / bank transfer. Sub-class 1: Customers who cashed their checks and incurred a damage. Sub-class 2: Customers who did not cash their checks.	A response to the motion for approval has yet to be filed. The parties have launched a mediation proceeding.	Total damage for class members was estimated by the plaintiff to be at least NIS 3 million.
28	8/2022 District Court – Central	Insured party in health insurance policy vs. Migdal Insurance	The motion alleges that advertising by Migdal Insurance promised a full discount to the youngest child in a family of four or more children, up to legal maturity; and that the defendant relied on this advertising, and only after contracting, Migdal Insurance informed the plaintiff that the discount would be given to the oldest child.	The class represented in the motion for approval includes all customers of Migdal Insurance in health insurance policies exposed, directly or indirectly, to advertising by Migdal Insurance indicating "Fourth child and thereafter – free of charge" and contracted with Migdal Insurance allegedly in accordance with the offer represented therein.	A response to the motion for approval has been filed. The case is scheduled for evidentiary hearings.	Total damage for class members was estimated by the plaintiff to be at least NIS 5.5 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
29	9/2022 Central District	Insured party in health insurance policy vs. Migdal Insurance	The motion alleges that Migdal Insurance does not compensate parties insured thereby for one half of the actual surgery cost at a private hospital, but rather pays based on the Ministry of Health price list; and alleges that Migdal Insurance does not reimburse insured parties for the deductible amount they paid for the surgery, allegedly in contravention of terms and conditions of the insurance policy.	Classes represented in this motion: 1. Anyone insured by Migdal Insurance, past or present, who purchased from Migdal Insurance health insurance policies (individual or collective) that include compensation provisions identical or similar to those set forth in the plaintiff's insurance policy, who suffered an insurance event funded by their HMO through Form 17 (or similar), as from start of marketing of the insurance policies to discontinuation of the alleged breach of insurance contract by Migdal Insurance and/or pending a final ruling on the class action lawsuit. 2. Anyone insured by Migdal Insurance, past or present, who purchased from Migdal Insurance health insurance policies (individual or collective) that include compensation provisions identical or similar to those set forth in the plaintiff's insurance policy, who suffered an insurance event funded by their HMO through Form 17 (or similar), for which the insured party paid a deductible amount, not reimbursed to them as alleged by Migdal Insurance, as from start of marketing of the insurance policies to discontinuation of the alleged breach of insurance contract by Migdal Insurance and/or pending a final ruling on the class action lawsuit.	A response to the motion for approval has been filed. The plaintiff has filed their comment on the response to the motion for approval.	Total damage for class members was estimated by the plaintiff to be at least NIS 2.5 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
30	9/2022 District Court – Tel Aviv	Insured party in health insurance policy vs. Migdal Insurance and others	The motion alleges unlawful discrimination by Migdal Insurance and other defendants towards male insured parties in their insurance policies, merely due to their gender. Allegedly, the defendants preclude men who pay an additional premium for an ambulatory services rider, from receiving reimbursement for expenses incurred for their baby, claiming that only women are entitled to reimbursement for expenses related to pregnancy, birth and caring for the newborn baby.	The class represented in this motion includes all those insured by the defendants in health insurance, whose insurance policy (or riders) include coverage for services related to pregnancy, birth and caring for the newborn baby, who were denied such coverage for being men and/or for using a surrogate for pregnancy and birth, and all those insured by the defendants in health insurance, or anyone who sought to obtain health insurance from one or more of the defendants, and was exposed to the defendants' discriminatory policy with respect to providing coverage for services related to pregnancy, birth and caring for the newborn baby to women only, and therefore incurred damage due inter alia to humiliation and being disrespected by such discrimination.	A response to the motion for approval has been filed.	Total damage for class members was estimated by the plaintiff to be at least NIS 2.5 million.
31	6/2023 District Court – Central	Insured party in mortgage insurance policy vs. Migdal Insurance	The motion for approval alleges that Migdal Insurance automatically renews the mortgage insurance policy, without informing the customer and without obtaining the customer's consent, with new terms and conditions that include a higher premium. Allegedly, the premium is increased beyond the increase in CPI reflecting inter alia termination of the benefit extended to the insured party during the first year.	The class represented in this motion: all customers of the defendant for whom the defendant has renewed their home insurance policy, increasing the premium beyond the increase in CPI, including by way of bonus insurance, without informing them as required by law and/or without obtaining their consent as required by law, subject to the statute of limitations.	A response to the motion for approval has yet to be filed.	Total damage for class members was estimated by the plaintiff to be at least NIS 2.5 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
32	6/2023 District Labor Court – Tel Aviv	Pension fund member vs. Migdal Makefet	The motion for approval alleges that Migdal Makefet usually has some members sign in advance, upon enrollment in pension funds managed by Migdal Makefet, an agreement to extend the insurance that allows for automatic deduction of the cost of risk from the accrued pension savings balance, for a total period of up to 24 months, which allegedly is in contravention of statutory provisions.	The classes represented in this motion: anyone for whom the defendant has deducted the cost of risk from the accrued pension savings balance in contravention of statutory provisions, during the past 7 years.	A response to the motion for approval has yet to be filed.	Total damage for class members was estimated by the plaintiff to be at least NIS 4 million.
33	9/2023 District Court – Tel Aviv	Insured party in auto insurance vs. Migdal Insurance	The motion for approval alleges that in case of a malfunction that requires lifting a car for towing, for cars with front wheel drive or all wheel drive, hybrid, electric or computer-powered, Migdal Insurance refuses to provide this service and demands additional payment.	The classes represented in this motion: all consumers who hold or have held service riders from the defendant in the past 7 years, whose car requires lifting for towing when the car is disabled (requiring towing to the garage).	A response to the motion for approval has yet to be filed.	The total damage incurred by class members is estimated by the plaintiff on aggregate for all insurance companies named in the motion for approval at NIS 80 million.
34	11/2023 District Court – Tel Aviv	Insured party in auto insurance vs. Migdal Insurance	The motion alleges that an extreme event, such as the Iron Swords war, a sharp decrease in risk is expected for insurance companies providing life, health and non-life insurance policies, which was not accounted for when setting the premium upon purchasing the insurance. Therefore, the plaintiffs allege that premium should be restituted, in whole or in part, for insurance policies where risk components have significantly decreased (and may even not exist).	The class represented in the motion: "Those insured by various insurance policies of the defendants, due to the sudden attack on Saturday, October 7, 2023, where any of the defendants did not and will not provide to insured parties all of the services and/or insurance coverage through the end of the war – in a state of emergency due to laws and emergency regulations, which change frequently" (as worded in the motion). The motion lists multiple sub-classes.	A response to the motion for approval has yet to be filed.	Total damage alleged for class members, for all defendants, was estimated by the plaintiff to be at least NIS 2.5 million. For one of the sub-classes defined int he motions for approval – those drafted by Tzav 8, the alleged damage, for all defendants, was estimated at NIS 10 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

B. Class action proceedings – pending motions for approval of class action status and claims granted class action status (Continued)

No.	Date and Court[1]	The parties	Key allegations, causes and relief[2]	The class[3]	Details	Claim amount[4]
35	2/2024	Insured party in auto insurance vs. Migdal Insurance	The motion for approval alleges that upon payment of insurance payouts for a comprehensive auto insurance policy, in case of total loss, Migdal Insurance deducts amounts with respect to "deduction variables" or "special variables", even though these were not indicated to the insured party in the pre-contract stage, in contravention of the circular "Auto property insurance – insurance payout in case of total loss".	Anyone who has received or will receive insurance payout pursuant to a comprehensive auto insurance policy signed with Migdal Insurance, including through Defendant no. 1 (an insurance agency), in case of "total loss" or "deemed total loss" at a reduced amount due to "deduction variables" or "special variables", where such variables were not presented to them in the pre-contract stage, during the past 3 years and through the approval date of class action status.	A response to the motion for approval has yet to be filed.	Total damage alleged for class members was estimated by the plaintiff to be at least NIS 2.5 million.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
1	4/2020 District Court – Tel Aviv	Insured party in auto insurance policy (mandatory and property) and insured party in home content insurance policy vs. Migdal Insurance and other insurance companies	The lawsuit alleges that the defendants, in contravention of their statutory obligation, do not restitute to those insured by them part of the premium in auto (mandatory and property) insurance policies and in home content insurance policies, even though the risk to which the defendants are exposed has significantly decreased due to an extreme change in circumstances caused by the COVID pandemic, which resulted in imposition of travel restrictions on Israeli citizens, thus significantly reducing break-ins to homes and mileage traveled in cars, as from March 19, 2020 – the date when Emergency Regulations (Restriction of activity), 2020 were first announced. The primary causes for claim alleged are as follows: Unlawful enrichment, breach of provisions of the Insurance Contract Act, contractual causes of breach of good faith in contract fulfillment, breach of statutory obligation and negligence. The primary relief sought in this lawsuit is: monetary relief in restitution of insurance premium over charged due to the reduced risk, as alleged in this lawsuit.	NIS 92 million	In January 2023, a pre-trial hearing took place, and the Court noted that hearing of this case should be separate from hearing of the case described in section B(19) above. At this hearing, the Court noted that the likelihood of this motion to prevail is low, and suggested that the plaintiff may withdraw their motion. In February 2023, an agreed motion was filed whereby the plaintiffs withdrew the motion for approval and their personal claim was denied, without award of expenses. In February 2023, the Tel Aviv District Court approved the motion to withdraw the motion for approval and denied the plaintiffs' personal claim, without award of expenses. Thus this proceeding was concluded. For lawsuit regarding implications of COVID on decrease in insurance risk, see section B(20) in this table above.
2	1/2021 District Court – Tel Aviv	Insured party in retirement insurance vs. Migdal Holdings	The motion alleges as follows: Migdal Holdings rounds the amounts of contributions, resulting in a mismatch between contributions transferred by the employer and amounts reported on quarterly statements sent to the insured parties; Savings accrued in insurance policies cannot be redeemed, by lump sum withdrawal nor by way of pension, since the plaintiff has retired; Onerous requests made of the plaintiff to provide confirmation of exemption from the Tax Assessor, for funds which were in any case tax-exempt, and with regard to the need to verify their identity.	Not quantified. The motion estimates at hundreds of millions.	In December 2021, the District Court ordered the motion to be rejected, due to many deficiencies in the motion for approval, that make it impossible to litigate. In February 2022, the plaintiff appealed to the Supreme Court, adding the former CEO of Migdal Holdings and Deputy CEO of Migdal Insurance to their appeal. In October 2022, Migdal filed its response to the appeal. In March 2023, the Supreme Court rejected the appeal. Thus this proceeding was concluded.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
3	5/2021 District Labor Court – Tel Aviv	Pension fund member vs. Migdal Makefet	The motion for approval alleges that Migdal Makefet unlawfully offsets payment of "injury payout" by the National Insurance Institute to members, from the disability pension amount paid by Migdal Makefet pursuant to the pension fund Bylaws. the plaintiff alleges that this interpretation of the fund Bylaws by Migdal is in error, resulting in Migdal offsetting for class members a significant portion of the amounts payable to fund members, whereas this interpretation has no legal and/or interpretation basis. The alleged causes for claim are *inter alia*: Breach of statutory obligation; Unlawful enrichment; Breach of contract; Negligence; Breach of good faith duty in negotiations; Breach of fiduciary duty; Breach of consumer protection laws. The relief sought includes: Declaratory injunction, whereby the correct interpretation of "pension from another source" does not include "injury payout"; Prohibitory injunction to discontinue deduction of injury payout from disability pension; Monetary compensation for the plaintiff and class members for monetary and non-monetary damage.	Total damage for class members was not estimated. Plaintiffs claim this would be at least NIS 2.5 million.	In December 2022, the Labor Court asked the plaintiff to advise whether they insisted on their motion. In March 2023, the plaintiff filed a motion to withdraw with the Court, without award of expenses. In April 2023, the Labor Court approved the motion to withdraw.
4	6/2022 District Court – Tel Aviv	Insured party in retirement insurance policy vs. Migdal Insurance	The motion for approval alleges that Migdal Insurance continued to apply the insurance coverage in the savings policy and charged a premium for the risk component, even after expiration of the insurance period, without consent of the insured party, and also decreased the savings component, including with respect to returns that would have accrued for funds paid for the risk component. The alleged causes for claim are *inter alia*: Breach of contract; Breach of good faith duty; Breach of statutory obligation; Unlawful enrichment. The primary relief sought in this lawsuit is: Restitution of overpaid insurance premium and compensation for loss of interest and returns; Declaratory injunction whereby Migdal Insurance is to undertake, for any expiring insurance policy and/or insurance coverage, to contact the insured party and review with them extension of the insurance coverage, presenting the table of premium payable for extension of the insurance coverage. Monetary damage incurred by the plaintiff was estimated at NIS 7,269.	Total damage for class members was estimated by the plaintiff to be at least NIS 2.5 million.	In March 2023, an agreed motion to withdraw was filed with the Court. In May 2023, the Court approved the motion to withdraw with no award of compensation for the plaintiff nor legal fees to the plaintiff's attorney, as there was no benefit to the public from filing the motion for approval.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
5	11/2020 Bet She'an Magistrates Court	Third party whose vehicle was damaged in accident by car insured by Migdal Insurance vs. Migdal Insurance	The motion for approval alleges that Migdal Insurance systematically and intentionally acted in contravention of statutory provisions in calculating the value of spare parts that need replacing during repairs, using the spare part prices in parallel import, which the plaintiff alleges cannot be obtained by the relevant time, rather than spare part prices listed in official importer price lists. The alleged causes for claim are *inter alia*: Breach of insurance contract; Breach of good faith duty; Breach of statutory obligation; Unlawful enrichment; Negligence. The primary relief sought in this lawsuit is: Monetary relief, including compensation to all class members equal to the difference between prices of spare parts available in the local market and the prices of spare parts that are unavailable, plus linkage differentials and interest by law; Declaratory relief, whereby Migdal Insurance acted unlawfully as described above, and the Court would require Migdal Insurance to avoid in future calculating the compensation based on prices of spare parts not available in the local market.	NIS 1.5 million.	In April 2023, the Court approved the agreed motion to withdraw, including certain changes to Migdal Insurance conduct in this regard henceforth. The Court also awarded compensation to the plaintiff and legal fees to their attorney, in non-material amounts.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
6	4/2017 Supreme Court	Employees of employers whose arrangements are managed by the defendants vs. Mivtach Simon and other insurance agencies	The motion for approval alleges that the defendants, in acting as insurance agencies (retirement arrangement managers), caused class members to incur financial damage, because prior to legislative amendments (amendments made to the Financial Services Supervision Act (Consulting, Marketing and Pension Settlement System), 2005 ("the Consulting Act") and to the Supervision of Financial Services Act (Provident Funds) as part of the Economic Streamlining Act (Legislative amendments for achieving the budget objectives for budget years 2015-2016)), the cost of operation of pension arrangements, provided by the defendants to employers, were subsidized by employees of said employers, and the defendants preferred the interests of employers with whom they signed service agreements, over the interest of the employees, who actually paid for such operation services, through excess management fees they were charged. The alleged damage incurred by class members is the excess payment for operation services, which allegedly was charged to class members through excess management fees they were charged. The relief sought includes: Compensation / restitution of excess management fees charged to class members, as alleged by the plaintiffs, and any other relief deemed appropriate and just under the circumstances by the Court.	NIS 357 million, of which NIS 131 million against Mivtach Simon Insurance Agency.	In August 2020, the Labor District Court denied the motion for approval of class action status. In September 2022, an appeal of the verdict by the Labor District Court was rejected by the National Labor Court. In December 2022, the Company received an appeal filed with the Supreme Court, seeking an order nisi and final order to reject the verdict (hereinafter: "the Appeal"). In June 2023, a verdict was handed down, rejecting the Appeal out of hand in absence of any cause for intervening in the verdict by the National Labor Court. Expenses were awarded to the defendants, in non-material amount.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
7	1/2018 Supreme Court	Public Service Company vs. Migdal Insurance and other insurance companies	Failure to pay insurance payout and/or compensation for the VAT component applicable to damage repair, in cases where damage was not actually repaired. The primary relief sought in this lawsuit is: (a) Declaratory injunction whereby the defendants avoiding payment of insurance payout and/or compensation for the VAT component applicable to damage repair, in cases where damage was not actually repaired, was unlawful; (b) Mandatory injunction ordering the defendants to henceforth include in insurance payouts also VAT applicable to the repair cost, even if the damage was not repaired; Where consequently, even in cases where the insured party or third party receive insurance payout at "indemnification value" rather than at "replacement value", the defendants would be required to pay the insurance payout for the entire damage, including VAT. And for sub-class members, to also include in such insurance payout VAT at a rate not offset by sub-class members; (c) To require the defendants to pay compensation to class members; (d) In addition and/or as an alternative to the request in sub-section (c) above, should the Court rule that compensation to class members is not practicable under the circumstances, the plaintiff would ask for compensation to be provided to the public, as the Court should see fit under the circumstances.	The plaintiff estimates that compensation payable by Migdal Insurance to class members amounts to NIS 13 million per year, and by all of the companies – NIS 82 million per year.	In January 2022, the Central District Court in Lod handed down a verdict denying the motion for approval, with award of expenses to the defendants in a non-material amount. In April 2022, the plaintiffs filed an appeal with the Supreme Court. In January 2023, Migdal Insurance filed its response to the appeal. In September 2023, the plaintiff withdrew the appeal, as recommended by the Supreme Court, and the appeal was denied, without award of expenses.
8	Supreme Court case 4/2020	Insured party in disability insurance policy vs. Migdal Insurance and another insurance company	The motion for approval alleges that the defendants refuse to extend validity of insurance coverage in disability insurance policies purchased prior to 2017, up to the new retirement age stipulated in legislative changes in 2004, and refuse to pay disability compensation to those insured up to age 67 for salaried employees and up to age 70 for the self-employed. The alleged causes for claim are *inter alia*: Breach of contract; Breach of the Insurance Contract Act; Breach of statutory obligation; Unlawful enrichment; Breach of good faith duty and breach of fiduciary duty pursuant to Sections 12 and 39 of the Contract Act; Breach of the Equal Rights for Persons with Disabilities Act; Fraud. The primary relief sought in this lawsuit is requiring the defendants to restitute to the plaintiff and to all class members, disability compensation not paid to them from age 65 up to age 67 for salaried employees and up to age 70 for the self-employed.	The estimated amount claimed for damage, for all the defendants, is NIS 540 million.	In February 2023, the National Labor Court issued a verdict, denying the appeal and charging the plaintiff to pay expenses to the defendants in non-material amounts. In May 2023, the plaintiff appealed to the Supreme Court, seeking reversal of the verdict by the National Labor Court. In November 2023, a verdict denied the appeal filed with the Supreme Court, without award of expenses.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
9	District Court – Central case 5/2016	Insured parties vs. Migdal Insurance	Allegedly, Migdal Insurance arbitrarily divides premium received thereby, in contravention with instructions received thereby, and in contravention with agreements and with statutory provisions; Migdal Insurance transfers some of the over-charged amounts to another insurance program which the insured party has not requested; Migdal Insurance charges a premium to insured parties for non-existing risk and makes retroactive adjustments to statements it provides, while misleading the insured parties; Migdal Insurance avoided including test procedures that may alert to potential errors and prevent unlawful charging. The primary relief sought in this lawsuit is: (a) Compensation for class members for monetary and non-monetary damage incurred thereby; (b) Require Migdal Insurance to adjust the premium charged to what should have been charged, and require Migdal Insurance to amend the statements; (c) Require Migdal Insurance to restitute premium unlawfully received in excess of those agreed, and to restitute and profit derived and management fees for over-charged funds; (d) Declare that Migdal Insurance unlawfully charged funds and must act to remedy the existing situation; (e) Mandatory injunction with regard to changes to operating procedures and systems and with regard to wording of insurance policies.	Not estimated by the plaintiff.	As recommended by the Court, the parties conducted a mediation proceeding, reached a settlement agreement and filed it, in February 2022, for Court approval. In this agreement, the parties agreed for Migdal Insurance to apply some tests to retirement insurance policies, in order to identify in as much as possible any deficiencies in insurance policies of class members, and correction of any such deficiencies, all as set forth in the settlement agreement. The parties agreed *inter alia* to test for over charging between the actual and agreed premium rates, as well as test for under payment by the employer for the disability component. In November 2022, the Attorney General filed their position statement, whereby the settlement agreement should not be approved as it currently stands. In November 2022, the Court resolved to appoint a reviewer for the settlement agreement. In July 2023, the reviewer filed their report. The parties and the reviewer made comments and suggestions for amendment of the settlement agreement, most recently in December 2023, with a revised settlement agreement enclosed. In January 2024, a verdict was handed down confirming the revised settlement agreement. Migdal Insurance would act in conformity with the settlement agreement.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

C. Class action proceedings concluded during the reported period and through the report issue date

No.	Date and Court	The parties	Key allegations	Amount	Details
10	District Court – Tel Aviv case 7/2019	Third party damaged by insured party in auto insurance policy vs. Migdal Insurance	The lawsuit alleges that when a third party chooses to exercise their right not to repair the damaged vehicle, Migdal Insurance arbitrarily and uniformly deducts the salvage value from amounts specified in the appraiser report with respect to parts damaged so as to require replacement, which were not actually replaced, without presenting a counter report by an appraiser on behalf of Migdal Insurance, even though there is no salvage value.	NIS 11.5 million.	As recommended by the Court, the parties conducted a mediation proceeding. In May 2023, the parties filed a settlement agreement, whereby Migdal Insurance would pay NIS 1.1 million to class members, and would also pay legal fees, compensation and expenses in a non-material amount. The parties further agreed that in future, Migdal would enclose with its position statements the appraiser reports with regard to deduction of salvage value, to be prepared in conformity with provisions of the circular regarding claim elaboration and settlement. In October 2023, the Attorney General filed their position statement with respect to the settlement agreement, suggesting that monetary restitution to class members would be made by bank transfer, or by the same means of payment used by the insured party to pay the company. In January 2024, a verdict was handed down confirming the settlement agreement. Migdal Insurance would act in conformity with the settlement agreement.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

D. Other legal proceedings

No.	Date and Court	The parties	Key allegations	Amount	Details
1	10/2018 Tel Aviv District	Dirot Yokra Ltd. vs. Migdal Insurance Migdal Makefet Pension and Provident Funds Migdal Real Estate Holdings and Pel Beit HaMagen Ltd.	Alleged non-compliance with contractual obligation and damage caused to the plaintiff at Kanyon HaZahav in Rishon Le-Zion, which is 75% owned by Migdal Insurance and Migdal Makefet, in partnership with Dirot Yokra, which owns a 25% interest in Kanyon HaZahav. According to Dirot Yukra, the failure to comply with contractual obligations resulted in failure of the Golden Market venture to create a culinary leisure area at the mall. Previously, Dirot Yukra filed another lawsuit seeking declaratory injunctions with regard to the food court. Eventually, on May 3, 2018, the Court ruled that the claim would be rejected and charged expenses to the plaintiff amounting to NIS 7,500.	NIS 800 million.	Statement of defense filed in January 2019. In November 2019, Migdal Insurance filed a monetary lawsuit against the plaintiff, Dirot Yukra, in the amount of NIS 60 million. According to Migdal Insurance, Dirot Yukra was in breach of its obligations pursuant to a set of contracts signed by the parties, by not realizing in full the increased construction rights approved, and thus not constructing and leasing floor -1 at the mall as a typical commerce floor, pursuant to the construction permit granted in 2015, and since expired. Accordingly, the amount to have been invested by Migdal Insurance in the mall was not invested and did not yield the returns as reflected in the amount claimed in the lawsuit. The defendant was in breach of its obligations, in the way it managed the Golden Market project at the mall, thus causing the loss of return. Migdal Insurance also filed a motion seeking to combine this hearing with that of the lawsuit pending against Migdal Insurance. The parties conducted a mediation proceeding which was unsuccessful. In October 2021, the Court ruled that experts should be appointed to review data in this case, compared to the construction permit and planning actions conducted. In 2022, the parties held discussions with the experts. In July 2022, the plaintiff filed primarily affidavits. In March 2023, the defendant filed primarily affidavits. The case is scheduled for evidentiary hearings.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

E. Summary of legal claims

1) The table below shows a summary of amounts claimed in pending motions for class action status, claims granted class action status and other material claims filed against the Company, as noted by plaintiffs in their statements of claim. Note that the amount claimed may not necessarily be a quantification of the exposure as estimated by the Company and/or subsidiaries, since these are assessments by the plaintiffs which would be elaborated in the legal proceeding. Also note that the table below does not include any concluded proceedings.

Type	Number of claims	Amount claimed (NIS in thousands)(1)
Claims granted class action status	6	1,540,778
Amount indicated refers to the Group	5	1,540,778
Claim amount not indicated	1	–
Pending motions for approval of class action status	33	7,475,678
Amount indicated refers to the Group	13	4,202,623
Claim refers to multiple companies, no specific amount attributed to the Group	4	3,273,055
Claim amount not indicated	16	–
Other material claims	1	800,000
Amount indicated refers to the Group	1	800,000

(1) All amounts are NIS in thousands and approximate, as of the filing date of motions or claims, as the case may be.

2) The total provision recognized with respect to class action lawsuits and other material claims, filed against the Group, as listed in the summary table in section 1 above amounts to NIS 381 million (as of December 31, 2022: NIS 287 million).

3) Total provisions with respect to all proceedings brought against the Group, including class action lawsuits and other material claims, including with respect to proceedings as set forth in section F. below, amount to NIS 384 million (as of December 31, 2022: NIS 292 million).

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof

Below are descriptions of other legal proceedings and other proceedings ongoing against the Company and/or subsidiaries:

1) On January 17, 2023, a letter was received from the Supervisor, addressed to Board members of the Company and to Board members of Migdal Insurance, wherein the Supervisor instructed the Company, by the authority vested in them pursuant to Section 65 to the Supervision of Financial Services Act (Insurance), 1981 ("Insurance Supervision Act"), to act to rectify the deficiencies alleged in the letter. For more information see immediate report by the Company dated January 17, 2023 (reference no. 2023-01-007405) ("Letters Dated February 15, 2023"). For more information about the response by the Company and by Migdal Insurance, each one separately, to the Supervisor's letter, see immediate report by the Company dated February 16, 2023 (reference no. 2023-01-018111). On March 14, 2023, the Supervisor sent a further two letters, one addressed to Board members of the Company and the other addressed to Board members of Migdal Insurance. In the letter addressed to Board members of the Company, the Supervisor rejected *inter alia* the Company's claims with regard to absence of linkage between the alleged deficiencies and the measures which Migdal Insurance was asked to adopt, and the Company's claim, whereby involvement of the Chairman of the Company Board of Directors in appointment of the CEO of Migdal Insurance was appropriate and required. In the letter addressed to Board members of Migdal Insurance, the Supervisor reiterated *inter alia* their position, whereby impact on the independence of the Migdal Insurance Board of Directors and its capacity to discharge its duties continues, and in particular with respect to formulating a strategy for Migdal Insurance, and with respect to appointment of the CEO of Migdal Insurance. The Supervisor further commented in their letter, that involvement of Company representatives in appointment of the CEO of Migdal Insurance is seemingly not in line with provisions of the Corporate Act, whereby the authority to appoint the CEO lies with the Board of Directors. In their letter, the Supervisor reiterated that an institutional entity is required to be professional and independent, and mentioned once again the provision in the Corporate Act, whereby failure to exercise independent judgment in voting or voting agreement in the Board of Directors would be deemed breach of fiduciary duty. For more information, see immediate report by the Company dated March 15, 2023 (reference no. 2023-01-027276).

   In April and May 2023, and further to the Supervisor's letters dated March 14, 2023, as noted above, discussions were held with the Capital Market, Insurance and Savings Authority, wherein representatives of the Company and of Migdal Insurance stated their claims, orally and in writing, with respect to the content of the Supervisor's letters ("Hearing Proceeding").

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

1. (Continued

On July 28, 2023, the Supervisor's letter was received, noting that after considering all of the claims made by the Company and by Migdal Insurance in the Letters Dated February 15, 2023 and int he Hearing Proceeding, the Supervisor, by the authority vested in them pursuant to Section 65 of the Insurance Supervision Act, resolved as follows ("Supervisor's Directives"): (1) Migdal Insurance should have appointed a Chairman of the Board of Directors with appropriate background and experience, and give notice of this to the Supervisor, so as to obtain their non-objection to such appointment, no later than October 1, 2023; (2) With respect to the alleged breach of fiduciary duty, mentioned by the Supervisor in their letter dated March 14, 2023, the Supervisor noted that they accepted the claims made by Migdal Insurance, and does not rule that any members of the Migdal Insurance Board of Directors were in breach of fiduciary duty; (3) Migdal Insurance should specify that the term in office of the Chairman of the Board of Directors be no shorter than three years. However, during said term in office, the Board of Directors of Migdal Insurance may appoint another Chairman, by their authority pursuant to Section 5 in Chapter 2, Part 1, Volume 5 of the Unified Circular, titled "Board of Directors of institutional entity", but the General Meeting of Company shareholders may not resolve to terminate the office of any Board member serving as Chairman of the Board of Directors sooner than three years after their appointment as Chairman. Migdal Insurance is to incorporate this provision in the Bylaws, and send the revised Bylaws for approval by the Authority, no later than October 1, 2023. The letter notes, with respect to appointment of a regular Chairman of Migdal Insurance, that according to the Supervisor, the continued instability at Migdal Insurance, as reflected *inter alia* in frequent replacement of the Chairman of the Board of Directors of Migdal Insurance, and the fact that a regular Chairman has yet to be appointed since November 15, 2022, has impacted the managerial stability and proper management of Migdal Insurance; (4) The number of independent Board members at Migdal Insurance shall be one third plus one, pending another directive on this matter. Migdal Insurance is to incorporate this provision in the Bylaws, and send the revised Bylaws for approval by the Authority, no later than October 1, 2023; (5) Migdal Insurance is to separate the seat of the Chairman of the Board of Directors from that of all other officers of Migdal Insurance, no later than August 31, 2023.

In the letter, the Supervisor noted that they consider that conduct of the Company Board of Directors was inappropriate, due to their involvement in appointment of the CEO of the Company, which they consider has affected property management at Migdal Insurance and the effectiveness of the appointment process, and without derogating from the authority of the Migdal Insurance Board of Directors, to summon the Chairman of the Company to hear their position, after a proper process has been launched by the Migdal Insurance Board of Directors; (6) Migdal Insurance is to submit for approval by the Capital Market Authority a procedure for transfer of information between the Company and shareholders, and a procedure with regard to the controlling shareholder, no later than October 1, 2023.

Note that on July 28, 2023, a further notice was received from the Supervisor, regarding their intention to object to the appointment of Mr. Yossi Ben Baruch, CEO of the Company, to be Board member of Migdal Insurance, further to the resolution by the Company Board of Directors, in its capacity as the General Meeting of Migdal Insurance shareholders, dated May 30, 2023, with regard to said appointment. The announcement noted, *inter alia*, that the Supervisor intended to continue objecting to this appointment, since according to the Supervisor, such appointment entails concern for impact on independence of the Board of Directors of Migdal Insurance, for different reasons cited in the letter. Mr. Ben Baruch was invited to state his position to the Authority prior to making a final decision on this matter.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

1. (Continued

For more information about the the Supervisor's letters dated July 28, 2023, see immediate report by the Company dated February 25, 2015 (reference no. 2023-01-086409).

On August 30, 2023, after discussions between Migdal Holdings and the Supervisor failed to reach agreements, Migdal Holdings appealed to the Jerusalem District Court (in its capacity as Administrative Court), seeking an injunction to reverse the Supervisor's directives. Furthermore, given the deadlines set for compliance with the Supervisor's directives, Migdal Holdings files an urgent motion for an interim injunction and temporary order, seeking to suspend the Supervisor's directives pending a ruling on the aforementioned appeal. On August 30, 2023, the Court decided, in the presence of one party only, not to issue a temporary order. Furthermore, on September 24, 2023, the Court ruled that, under the circumstances, there are no grounds to accept the motion for an interim injunction. However, the Court instructed that with regard to the Supervisor's directives stipulated to be implemented by October 1, 2023 – the deadline would be extended until November 1, 2023. The Court scheduled a hearing of the appeal and set the deadline for filing responses to the appeal.

In conformity with the Supervisor's directives and the Court ruling on the motion for an interim order, the seat of the Chairman of the Company Board of Directors was separated from that of all other officers of Migdal Insurance, and a regular Chairman was appointed to the Migdal Insurance Board of Directors. Furthermore, Migdal Insurance submitted for approval by the Authority a procedure with regard to the controlling shareholder and transfer of information, as well as the revised Bylaws, incorporating the Supervisor's directives with respect to term in office of the Chairman of the Board of Directors of Migdal Insurance and the number of independent Board members at Migdal Insurance, for the duration in which these directives by the Supervisor shall remain in effect, and noting the administrative appeal yet to be ruled on as of the date of said Bylaws revision. For more information about the appeal filed, see immediate reports by the Company dated August 30, 2023 (reference no. 2023-01-100338 and 2023-01-100662), September 10, 2023 (reference no. 2023-01-104970), September 26, 2023 (reference no. 2023-01-109452 and 2023-01-109503).

On February 12, 2024, a hearing of the appeal took place, and after hearing the parties' claims and comments made by the Court, the Company announced that it was willing not to insist on the relief sought in the appeal, other than reversal of the directive regarding separation of the seat of the Chairman of the Company Board of Directors from that of all other officers of Migdal Insurance ("Seat Separation Directive"), without derogating from its claims in principle and without prejudice to the Company's option to apply to the Supervisor in future with respect to the duration in which all other directives stipulated in the Supervisor's resolution would be in effect (i.e. appointment of a regular Chairman of the Board of Directors for at least three years; the number of independent Board members at Migdal Insurance shall be one third plus one; and setting a procedure with regard to the controlling shareholder and transfer of information, which was approved by the Capital Market, Insurance and Savings Authority – measures which the Company and Migdal Insurance recently made progress on). At the hearing, the Court asked the Supervisor to file their notice within 24 hours, indicating whether they insist on their Seat Separation Directive. On said date, the Supervisor announced that they insist on their Seat Separation Directive, as well as all other directives listed in the Supervisor's resolution, and that they agree to revisit this directive one year after the effective start date of their resolution (i.e. on August 31, 2024).

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

1. (Continued

On February 14, 2024, the Court handed down a verdict, ruling on the question as to whether, under the circumstances, there was cause to intervene in the Supervisor's Seat Separation Directive. In this verdict, the Court ruled that the appeal was accepted, in the sense that the Seat Separation Directive was reversed because *inter alia* under the circumstances, there was no sufficient factual basis established that would justify this directive and would sufficiently establish a link between the directive and the deficiency found as part of the Supervisor's resolution. Furthermore, the appeal with respect to all other directives included in the Supervisor's resolution, regarding which the Company announced, during hearing of the appeal and after hearing comments made by the Court, that it no longer insisted on relief sought with regard there to – was rejected, and the Court noted the Company's announcement that this would not derogate from the Company's option to apply to the Supervisor in future, regarding the effective duration of said directives, and the Court expressed no opinion in this matter.

For more information about the hearing of the appeal and the Court verdict, see immediate reports by the Company dated February 13, 2024 (reference no. 2024-01-015759) and February 15, 2024 (reference no. 2024-01-016485).

2) Proceedings brought pursuant to Sections 198 and 198a of the Corporate Act, 1999 ("the Corporate Act") due to conduct of the controlling shareholder of the Company.

Further to a motion dated August 23, 2020, filed by a Company shareholder, seeking to file a lawsuit against the controlling shareholder of the Company, on November 22, 2020 a motion was filed with the Tel Aviv District Court (Economic Department), against the Company and the controlling shareholder of the Company, Mr. Shlomo Eliyahu (hereinafter: "Mr. Eliyahu") for approval of the lawsuit, enclosed with the motion, as a derivative lawsuit by the Company against Mr. Eliyahu, pursuant to Section 198 of the Corporate Act (hereinafter: "First Motion to Approve Derivative Lawsuit").

The First Motion to Approve Derivative Lawsuit alleges that Mr. Eliyahu's conduct, as set forth in the Supervisor's letter dated July 14, 2020, and as set forth in the draft corporate governance audit report with regard to Migdal Insurance Ltd., issued by the Supervisor on November 4, 2020 (see immediate reports by the Company dated July 15, 2020 (reference no. 2020-01-068140) and dated November 5, 2020 (reference no. 2020-01-110437), constitutes breach of fiduciary duty in his capacity as Board member of the Company and Migdal Insurance, breach of duty of care, breach of duty of fairness as controlling shareholder of the Company and causing and assisting in breach of fiduciary duty by Board members of the Company and Migdal Insurance, resulting in the Company incurring damage amounting to NIS 332.8 million.

On September 30, 2020, the Company Board of Directors resolved to established an independent committee, to review and discuss allegations made in the aforementioned motion, to consist of the following: Committee Chairman – Honorable Justice (Retired) Yoram Danziger, Professor Roni Ofer and Ms. Linda Ben-Shoshan (who served as external Board member of the Company) (see immediate report by the Company dated October 1, 2020 (reference no. 2020-01-097966).

On June 14, 2021, the independent committee filed its report ("the Committee Report"), in which it recommended that the Company Board of Directors reject the request made by the plaintiff in the motion for approval. The Committee Report includes *inter alia* rejection of the plaintiff's allegations, both factually and in terms of legal argument, further concluding (based on the opinion of the independent economic advisor to the Committee) that the economic opinion enclosed with the motion for approval, with regard to the damage allegedly incurred by the Company, included material deficiencies at its root.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

2. (Continued

On July 6, 2021, the Company Board of Directors discusses the Committee Report and resolved to adopt the Committee's recommendation, for the reasons cited in the Committee Report, whereby no factual or legal basis was found to the plaintiff's allegations, including allegation of sustained damage incurred by the Company, and therefore resolved to reject the plaintiff's request for the Company to file a lawsuit against Mr. Shlomo Eliyahu.

On July 27, 2021, the Company filed its response to the motion for approval, in which it rejected the plaintiff's request to file a lawsuit against Mr. Shlomo Eliyahu, relying on the Committee Report. For more information see immediate report by the Company dated June 15, 2021 (reference no. 2021-01-101082) and dated July 7, 2021 (reference no. 2021-01-113121). The plaintiff responded to this response, and filed an additional opinion to the opinion filed by the Company.

On December 20, 2021, the State and the Supervisor announced that at this time, they did not see fit to take a position. The Supervisor maintained the right to make claims with regard to confidentiality of documents between the Supervisor and the supervised entity.

Further to Mr. Shlomo Eliyahu's request, and in conformity with the letter of indemnification issued there to, the Audit Committee approved an interim payment with respect to expert fees with respect to the aforementioned lawsuit, including discussions of the independent committee, up to the deductible amount on the officer liability insurance policy (of USD 150 thousand). The interim payment is subject to mandatory reimbursement should the liability be imposed for causes other than those covered by the letter of indemnification.

As of the report date, the parties await the Court ruling on the motion for approval, having concluded evidentiary hearings and filed their summations in this case.

3) On March 15, 2023, Migdal Insurance received a further motion for approval of derivative lawsuit, pursuant to provisions of Section 198 of the Corporate Act, 1999, against the Company and Mr. Shlomo Eliyahu, the controlling shareholder of the Company, filed with the Tel Aviv District Court, Economic Department by a Company shareholder ("the Plaintiff" and "the Second Motion for Approval", respectively). This motion was filed by the same Plaintiff and their attorney who had filed the First Motion to Approve Derivative Lawsuit, as set forth in section F.2 in this Note.

In the Second Motion for Approval, the Plaintiff asked the Court to approve filing a lawsuit against Mr. Eliyahu, and to require Mr. Eliyahu to pay to the Company NIS 487,110 thousand, alleging that over a two year period, from November 20, 2020 through November 15, 2022 ("the Period"), Mr. Eliyahu caused damage to the Company.

The Plaintiff alleges *inter alia* that Mr. Eliyahu's involvement in Migdal Insurance resulted in management instability at Migdal Insurance. Thus, the Plaintiff alleges, Mr. Eliyahu was in breach of the duty of fairness, as a controlling shareholders of the Company and Migdal Insurance. Moreover, the Plaintiff alleges, Mr. Eliyahu impacted the independent judgment of Board members, thus causing Board members to be in breach of their fiduciary duty. The Plaintiff further alleges that Mr. Eliyahu's involvement in ongoing management of Migdal Insurance, in their capacity as Board member and Chairman of the Company Board of Directors (when holding this position) constituted breach of fiduciary duty and duty of care. Further allegations include breach of statutory duties and negligence.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

3. (Continued

For this matter see immediate report by the Company dated March 16, 2023 (reference no. 2023-01-027711).

On March 19, 2023, the Court asked the parties for their position on combining the Second Motion for Approval and the First Motion to Approve Derivative Lawsuit. The parties objected to combining these cases.

On May 1, 2023, the Court ruled that hearings of these two motions would not be combined. On May 1, 2023, the Company and Mr. Eliyahu filed a motion to dismiss out of hand the Second Motion for Approval, alleging misuse of legal proceeding, and alternatively seeking a stay of proceedings and extension of the deadline for filing their response to this motion. On June 28, 2023, the Court announced that ruling on the motions would be delayed pending filing of responses to the Motion for Approval, as it was not possible to assess the overlap between legal and factual claims that require a ruling in this case and in the First Motion, prior to filing of the defendants' responses.

On July 10, 2023, the Company Board of Directors resolved to appoint an independent committee, to review and discuss matters alleged in the Motion for Approval. On July 13, 2023, the Company Board of Directors resolved that the committee would consist of the following: Committee Chairman – Honorable Justice (Retired) Professor Yoram Danziger, Professor Roni Ofer and Dr. Assaf Eckstein. "the Committee").

On October 23, 2023, the Committee filed a detailed report, including its recommendations to the Company Board of Directors, as to whether the Company has an appropriate cause for claim against the controlling shareholder of the Company, with respect to allegations made in the additional motion, or with respect to allegations arising there from ("the Report" or "the Committee Report"). The Report elaborated the Committee's findings, based on which the Committee concluded that there was no basis for allegations made in the motion for approval of derivative lawsuit, neither factual nor legal. The Committee Report also noted that beyond the comments with regard to alleged lack of evidence for existence of a cause for claim against Mr. Eliyahu, the Committee also considered the Company's best interest with regard to viability of filing and litigating a derivative lawsuit, and concluded that there was no place to file a lawsuit against Mr. Eliyahu. On November 7 and 9, 2023, the Company Board of Directors discussed the Committee Report and all findings therein, and resolved to adopt the Committee's recommendation, for the reasons cited in the Committee Report. On January 4, 2024, the Company filed its response to the motion for approval, requesting that the Court deny the motion for approval based, *inter alia*, on the Committee Report. For more information about the Committee and the report filed thereby, see immediate reports issued by the Company dated July 11, 2023 (reference no. 2023-01-078231) and dated July 13, 2023 (reference no. 2023-01-079836), October 24, 2023 (reference no. 2023-01-118338), and November 12, 2023 (reference no. 2023-01-123315). On March 13, 2024, the plaintiff filed their response to the Company's response.

Further to the request by Mr. Shlomo Eliyahu, and in conformity with the letter of indemnification awarded to Mr. Eliyahu on September 22, 2022 by the General Meeting of Company shareholders, with respect to their office as Board member of the Company, on February 12, 2024, the Audit Committee approved an interim payment with respect to Mr. Eliyahu's legal defense expenses with regard to the aforementioned lawsuit, amounting up to NIS 120 thousand (plus VAT). The interim payment is subject to mandatory reimbursement should the liability be imposed for causes other than those covered by the letter of indemnification.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

4) The Company and/or subsidiaries have exposure to other claims and lawsuits for various causes, other than claims for insurance coverage of insurance cases pursuant to an insurance policy issued by Migdal Insurance, by various customers, past customers and third parties, of which an aggregate amount with respect to filed claims of NIS 19 million (as of December 31, 2022: NIS 15 million), beyond the general exposure as set forth in this Note, including in sections F.6 and F.7 of this Note.

5) On December 21, 2021, the Supervisor sent to Migdal Insurance notice of request for information with regard to charging for insurance coverage in conformity with limits pursuant to Regulation 45 of the Income Tax Regulations (Rules for approval and management of provident funds), 1964, which also includes provisions with respect to restitution, should it emerge that the Company acted not in conformity with rules set forth in this notice. For more information on this matter, see section 39(1)(b)(20) above.

6) On September 28, 2023, the Capital Market, Insurance and Savings Authority informed Migdal Insurance that the Committee for Imposing Monetary Sanctions of the Capital Market Authority ("the Committee" or "the Sanctions Committee") received an application to impose monetary sanctions on Migdal Insurance for alleged violation of provisions of Section 7 of the AML Act, 2000, following an audit conducted at Migdal Insurance with respect to the period from July 2018 to June 2019. The aforementioned notice alleges breach of various reporting duties by Mivtachim Insurance, pursuant to the AML Ordinance (Mandatory identification, reporting and records maintenance by credit providers to avoid money laundering and terrorism financing), 2017 ("the Ordinance"), and alleges that Migdal Insurance failed to maintain documentation of the control process for identifying unusual activity by its customers, as required by Section 17(d) of the Ordinance. In February 2024, Migdal Insurance filed its written response to the Sanctions Committee, claiming *inter alia* that imposing a monetary sanction was un-warranted under the circumstances, and also made its claims on this matter at a discussion with the Committee. The Committee's resolution is still pending.

7) The Supervisor issued, from time to time, statement papers, principles for wording of insurance programs, appropriate and inappropriate conduct documents and so forth, including documents or draft documents applicable to Group operations, which may affect the rights of insured parties and/or members, and may result in exposure by the Group in certain cases, both with respect to its operations prior to such documents becoming effective, and with respect to the future.

   It is not possible to anticipate whether and to what extent insurers have exposure to allegations related to or arising from such directives, which may be raised *inter alia* thorough litigation provisions set forth in the Class Action Lawsuit Act. Such implications may also arise from circulars issued by the Supervisor, typically with future effectiveness.

   Complaints are brought against the Group from time to time, including complaints filed with the Supervisor, regarding rights of insured parties and/or members pursuant to insurance programs and/or funds and/or by law. Such complaints are handled regularly by the Group's Public Complaints Unit. Sometimes, rulings or draft rulings by the Supervisor on such complaints are issued for a group of insured parties.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

7. (Continued

The Supervisor also conducts from time to time, including due to complaints by insured parties, audits of institutional entities of the Group and/or sends them requests for information on various matters related to management of the institutional entities, management of rights of insured parties and members thereof, as well as audits related to application of regulatory provisions and/or implementation of lessons learned in past audits, including *inter alia* requiring changes to be made to various products, issuing directives to make restitutions and/or guidelines or directives with respect to correction of deficiencies or measures taken by the institutional entities, including funds restitution to members and to insured parties. Based on audit findings on information provided, the Supervisor may occasionally impose monetary sanctions pursuant to the Enforcement Authorization Act.

8) General exposure exists, which may not be assessed or quantified, arising *inter alia* from complexity of services provided by the Group to insured parties thereof. The complexity of such arrangements entails, *inter alia*, the potential for interpretation and other claims arising from information gaps between the Group and third parties to insurance contracts, with regard to a long list of commercial and regulatory terms and conditions. This exposure is primarily reflected with respect to insurance and long term retirement savings, including health insurance, in which the Group operates, which feature longevity and high complexity, in particular given the various legislative arrangements in respect to product management and to taxation, including with respect to setting tariffs, payment of contributions by employers and insured parties, attribution thereof to various policy components, investment management, the employment status of the insured party, payment of their contributions and so forth. Note that the Supervision of Financial Services Regulations (Provident Funds) (Payments to Provident Funds), 2014 ("Payment Regulations"), which gradually became effective as from February 1, 2016, were intended to alleviate this complexity, by governing the flow of computer-based information among all parties involved, as to making contributions and attributing them to provident fund account components, including with respect to taxation.

Note also that Group products are managed over years, in which changes are made to policy, regulation and judicial trends including in Court rulings. Such changes are implemented by computer systems, which are frequently modified and adapted. The complexity of these changes, and applying changes over many years, results in increased operating exposure. Accepting new interpretation of insurance policies and long term retirement products may sometimes affect the Group's future profitability with respect to the current portfolio, in addition to exposure arising from requirements to compensate customers with respect to past operations. The types of claims to be made in this area cannot be anticipated, nor the exposure arising from such claims with respect to the insurance contract raised *inter alia* thorough litigation provisions set forth in the Class Action Lawsuit Act.

Moreover, the insurance in which Group companies are involved is intensive in details and circumstances, and therefore is associated with inherent risk that may not be quantified, of occurrence of an error or multiple errors by computer or by human error, both in structured work processes and in individual treatment of a customer, which may have far-reaching implications as to applying to many customers or cases, and as to the applicable monetary scope for an individual customer. Institutional entities of the Group regularly handle improvement of rights of insured parties, with regard to product management by institutional entities, based on gaps discovered from time to time.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

1. Contingent liabilities (Continued)

F. Other legal proceedings and other proceedings, directives of the Supervisor of Insurance, events and developments which involve exposure against the Company and/or subsidiaries thereof (Continued)

8. (Continued

The Company and subsidiaries have exposure to claims and lawsuits involving contract law and fulfilling insurance obligations pursuant to the insurance policy, deficient advice, breach of fiduciary duty, conflict of interest, duty of care, negligence as part of professional liability of professional entities of the Group, including Group agencies and similar claims arising from services provided by Group companies, and from time to time, circumstances and events may occur that give rise to concern about such claims. The Group obtains professional liability insurance policies, including as required by legislation, and as required, reports to such insurance policy or policies for coverage for indebtedness arising from professional liability that may be covered by obtaining insurance. The potential exposure amounts exceed the coverage amounts, and receiving actual coverage upon occurrence of an insurance event is uncertain.

For other general exposures, see Note 37.A.

2. Contracts

A. For more information about agreement to acquire non-life insurance claim portfolio, see Note 38.E.2.

B. Commitment to invest and extend credit

1) The total balance of commitments by the Company to make further investments by the Company in equity funds, as of December 31, 2023, amounts to NIS 14,317 million, of which NIS 12,381 million with respect to yield-dependent contracts (in 2022: NIS 13,515 million, of which NIS 11,656 million with respect to yield-dependent contracts).

2) The total balance of commitments to make further investments by the Company in acquired corporations, as of December 31, 2023, amounts to NIS 560 million, of which NIS 486 million with respect to yield-dependent contracts (in 2022: NIS 747 million, of which NIS 656 million with respect to yield-dependent contracts).

3) The total balance of commitments by the Company to extend credit, on demand, as of December 31, 2023, amounts to NIS 2,770 million, of which NIS 2,456 million with respect to yield-dependent contracts (in 2022: NIS 1,960 million, of which NIS 1,786 million with respect to yield-dependent contracts).

C. Contracting to acquire real estate properties

The total balance of commitments by Migdal Insurance to invest in real estate, as of December 31, 2023, amounts to NIS 199 million, of which NIS 156 million with respect to yield-dependent contracts (in 2022: NIS 359 million, of which NIS 278 million with respect to yield-dependent contracts). Some of these amounts are based on settlement provisions set forth in the agreement.

D. Letters of waiver and indemnification for officers

1) Letters of indemnification provided prior to 2006

a) The Company has provided letters of indemnification to officers of investees and other corporations served by virtue of being officers of the subsidiary, as well as to multiple Group employees, whereby Migdal would indemnify them, subject to scope, circumstances and restrictions set forth in the letters of indemnification, for monetary indebtedness to be imposed on them with respect to actions they would take in their capacity as officers of the aforementioned corporations, or with respect to actions listed in the letters of indemnification.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

2. Contracts (Continued)

D. Letters of waiver and indemnification for officers (Continued)

1) Letters of indemnification provided prior to 2006 (Continued)

b) The Company has provided waivers to officers of investees and other corporations served by virtue of being officers of Migdal and subsidiaries thereof, whereby the Company waived, subject to circumstances and restrictions set forth in the waivers, any claims against the officers with respect to any deed and/or omission by them in their capacity as officers of the aforementioned corporations.

c) The Company has provided waivers to officers of Migdal, subsidiaries of Migdal and investees, whereby they would be indemnified, subject to scope, circumstances and restrictions set forth in the letters of indemnification, for monetary indebtedness to be imposed on them with respect to the following:

(1) Company prospectus dated 1996.

(2) Obligations applicable to the Company and/or to Migdal Group companies, due to Company shares being held by the public and listed for trading on the stock exchange, provided that the commitment to indemnify would only apply to indebtedness arising from actions taken within a one year period from the prospectus date.

d) The Company has provided waivers and commitment to reject claims for officers of Migdal Group companies, waiving, subject to circumstances and restrictions as set forth in the waivers and commitment letters, any claims against the officers with respect to any deed and/or omission thereby in their capacity as officers of each of the corporations, including any action with respect to the following:

(1) Company prospectus dated 1996.

(2) Obligations applicable to the Company due to Company shares being held by the public or listed for trading on the stock exchange.

The Company also committed, subject to circumstances and restrictions set forth in the waivers and letters of commitment, to have rejected any claim filed against the corporations or any of them if, due to such claim, officers would be sued by any of the corporations involved in the claim which would not be rejected out of hand.

2) Letters of indemnification and waiver provided in 2006

In November 2006, an extraordinary General Meeting of Company Shareholders approved the award of waiver and indemnification commitment to Company officers.

Therefore, the Company has informed its officers as follows:

Waiver commitment – The Company waives its officers' liability towards the Company, pursuant to statutory provisions, for any damage incurred and/or to be incurred by the Company, if incurred and/or to be incurred due to breach of the duty of care owed by officers to the Company, in acting in good faith in their capacity as officers of the Company and/or at the Company's request, as officers of another Migdal Group company and/or as representative of the Company and at the Company's request with another corporation in which the Company has direct or indirect interest (hereinafter: "the Other Company"), as set forth in the waiver and letter of indemnification provided to the officers.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

2. Contracts (Continued)

D. Letters of waiver and indemnification for officers (Continued)

2) Letters of indemnification and waiver provided in 2006 (Continued)

Commitment to indemnify – The Company undertakes to indemnify its officers, including officers of the Other Company, in conformity with wording of the waiver and letter of indemnification provided to the officers. Pursuant to the letter of indemnification, and subject to statutory provisions, the Company shall commit to indemnify the officer for any indebtedness or expense, as set forth in the letter of indemnification, to be imposed on them or to be issued due to actions they took (including actions preceding the date of the letter of indemnification) and/or would take in their capacity as officers of the Company and/or of the Other Company, provided that such actions are related, directly or indirectly, to one or more of the event types listed in the addendum to the letter of indemnification, and provided that the maximum indemnification amount for indemnification pursuant to section 2.1.1 to the letter of indemnification, in total and on aggregate, payable by the Company to all officers on aggregate, pursuant to all letters of indemnification issued and/or to be issued by the Company would not exceed the aggregate amount equal to 25% of shareholder equity of the Company (on consolidated basis), according to the Company's most recent consolidated annual financial statements prior to providing the actual indemnification to any and all of the officers, for a single case and on aggregate, in addition to any amounts to be received from insurers under insurance obtained by the Company.

3) Specification of liability waiver and commitment to indemnify provided in 2011

In November 2011, the Company's Audit Committee resolved to set a deadline of November 30, 2020 for the period of events, during which the Company's current waiver and indemnification agreements would apply, unless superseded by other agreements, and waivers or letters of indemnification provided from time to time by the Company, pursuant to existing waiver and indemnification arrangements at the Company, with respect to Company officers, where the controlling shareholder of the Company may be deemed to have a personal interest in providing such waivers and letters of indemnification, incumbent or who would serve from time to time. See immediate report by the Company dated November 29, 2011, reference no. 2011-01-344328.

4) Revised letters of indemnification provided in 2012

In February 2012, an extraordinary General Meeting of Company Shareholders approved the award of revised letters of indemnification to Company officers, where the controlling shareholder of the Company may be deemed to have a personal interest in providing such letters of indemnification, and as appointed from time to time ("Certain Officers") and Board members of the Company. The revised letters of indemnification to be awarded to Certain Officers are identical to letters of indemnification to be awarded to Board members and are worded as enclosed with immediate reports issued on this matter, as set forth below. Provisions of the revised letters of indemnification to be awarded to Certain Officers would apply, subject to all statutory provisions, also to actions taken prior to said revision. The provisions included on letters of indemnification include the following:

a) Advance commitment to indemnify with respect to any monetary indebtedness imposed on the officer, for payment to victims of breach in an administrative proceeding, and expenses incurred by an officer with respect to an administrative proceeding conducted in regard there to, including reasonable litigation expenses, including attorney fees, all pursuant to the Administrative Enforcement Act and Amendment to the Securities Act, 1968 ("Securities Act"), and in conformity with the Increased Enforcement in the Capital Market Act (Legislative Amendments), 2011.

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

2. Contracts (Continued)

D. Letters of waiver and indemnification for officers (Continued)

4) Revised letters of indemnification provided in 2012 (Continued)

b) The maximum indemnification amount payable to officers of Migdal Group as a whole, pursuant to all letters of indemnification issued and to be issued from time to time, was not revised. However, a revision was made whereby this would not exceed 25% of the Company's shareholder equity (on consolidated basis) according to the company's financial statements last published before the actual indemnification date (*in lieu* of being determined by the most recent annual financial statements issued by the Company before the actual indemnification date).

c) Clarification whereby the commitment to indemnify also applies to other roles of the recipient with Migdal Group corporations and/or with another corporation served on behalf of Migdal Group.

d) Clarification whereby the commitment to indemnify applies to events in Israel as well as overseas.

Moreover, due to developments in the Company's business environment and in regulation applicable to the Company, the list of events for which the Company may provide a commitment to indemnify was revised to include *inter alia* the following: risk management, investment policy, SOX processes and controls, preparation of financial statements and other reports and management of customer funds.

For more information about these letters of indemnification, see immediate report by the Company dated December 28, 2011, reference no. 2011-01-378141, immediate report dated February 2, 2012, reference no. 2012-01-032109, and immediate report dated February 7, 2012 , reference no. 2012-01-036555.

5) Letters of indemnification and waiver to officers who are the controlling shareholder or relatives thereof

For more information about letters of indemnification and waiver to officers who are the controlling shareholder or relatives thereof, see Note 38.E.3.

6) Officer liability insurance

a) On February 13, 2022, the Company's Remuneration Committee approved renewal of the Board member and officer liability insurance policy for Board members and officers of Migdal Group, including for the controlling shareholder and relative thereof serving as officers of the Group. The insurance coverage would be renewed for a term of twelve (12) months, as from February 15, 2024, with liability capped at USD 100 million per case and in total for the insurance term. The annual premium cost for the aforementioned coverage and the deductible amount are in conformity with market terms and determined after reviewing proposals which the Company received from re-insurers. For more information see immediate report by the Company dated February 15, 2022 (reference no. 2022-01-018403).

b) On February 12 and 14, 2023, the competent organs of Migdal Group approved renewal of the Board member and officer liability insurance policy for Board members and officers of the Group, including for the controlling shareholder and relative thereof who serve as officers of the Group, for a further12-month term, from February 15, 2023 through February 14, 2024. The coverage in this insurance policy remains capped at USD 100 million per case and in total for the insurance period. Cost of the annual premium for the aforementioned coverage and the deductible are in conformity with market terms. The aforementioned insurance coverage was approved, in conformity with market terms. The aforementioned insurance coverage was approved in conformity with Regulation 1B1 of the Relief Regulations. For more information see immediate report by the Company dated February 15, 2023 (reference no. 2023-01-017529).

NOTE 39 – CONTINGENT LIABILITIES AND CONTRACTS (CONTINUED)

2. Contracts (Continued)

E. Other contracts

Migdal Insurance is party to a service provision agreement with Be-Well Quality of Life Solutions Ltd. ("Be-Well"), a wholly-owned subsidiary of Migdal Health and Quality of Life Ltd. ("Migdal Health"), a wholly-owned subsidiary of Migdal Holdings, which provides health-related services to Migdal.

In October 2015, Migdal Insurance and Be-Well signed a framework agreement for provision of services not included in service documents. This agreement governs provision of additional services to Migdal Insurance: Emergency call center service, provision of a service center and settlement of collective dental insurance claims and ambulatory health insurance claims. This agreement is for an un-specified term, and either party may terminate the agreement at any time, by providing advance notice to the other party.

In July 2016, Migdal Insurance and Be-Well signed a framework agreement for provision of services with respect to service documents, marketed to parties insured by Migdal ("the Service Riders Agreement"). This agreement governs the provision of various services pursuant to various service documents, divided into multiple categories, including based on the start date of service provision, and a separate contracting term was specified for each such category.

In 2021, the parties signed an amendment to the Service Riders Agreement between Be-Well and Migdal Insurance, whereby *inter alia* the settlement provisions between the parties were revised, with reference to some of the service documents, from payment of a fixed annual amount based on the number of insured parties who purchased the service rider, to payment

In 2023, 2022 and 2021, Migdal Insurance paid to Be-Well NIS 33,794 thousand, NIS 32,362 thousand and NIS 30,834 thousand, respectively.

F. Financial asset management and investment marketing services

Migdal Capital Markets Group manages investment portfolios and mutual funds, on behalf of customers other than related parties, amounting in total to NIS 68 billion as of December 31, 2023 (as of December 31, 2022: NIS 52 billion).

G. Operating leases where the Group is lessor

The Group leases investment property to external entities. The lease terms are on average between 3 and 7 years. Typically, lessees have an option to extend the lease term, at terms and conditions as set forth in the agreement.

Below is the minimum lease payments receivable with respect to irrevocable leases (excluding any optional periods):

	As of December 31, 2023
	NIS in thousands
Year 1	481,541
Year 2	425,627
Year 3	376,107
Year 4	327,634
Year 5	178,357
Year 6 and beyond	1,193,048
	2,982,314

In the year ended December 31, 2023, the Group recognized revenues amounting to NIS 2,494 thousand on the income statement with respect to contingent rent (in 2022 and 2021: NIS 2,413 thousand and NIS 1,665 thousand, respectively).

For more information about revenues recognized with respect to investment property, see Notes 8 and 26.

NOTE 40 – MATERIAL EVENTS SUBSEQUENT TO THE REPORTED PERIOD

A. On February 19, 2024, Mr. Tal Cohen, CFO of the Company and Manager, Finance Division of Migdal Insurance, announced his intention to conclude his term in office. Furthermore, on February 19, 2024, the Board of Directors of the Company and the Board of Directors of Migdal Insurance approved the appointment of Mr. David Saban to be CFO of the Company and Manager, Finance Division of Migdal Insurance, replacing Mr. Cohen, subject to no objection from the Supervisor of Capital Market, Insurance and Savings. The date for end of Mr. Cohen's term in office and start of Mr. Saban's term in office, has yet to be determined.

For departure and appointment of the Chief Actuary, Chief Actuary, non-life insurance, CRO and CEO of Makefet in the reported period, see Note 38G(5).

B. After the balance sheet date, in March 2024, an amendment was enacted to the VAT Ordinance (Tax rate for non-profits and financial institutions), 2024 ("the Ordinance"), stipulating that as from January 1, 2025, the payroll tax rate for financial institutions would be 18% of payroll, and the capital gain tax would be 18% of earnings. For more information see Note 21.

Appendix – Listing of assets for other financial investments of consolidated insurance company, pursuant to directives of the Supervisor of Insurance

A. Negotiable debt instruments

	As of December 31,			
	Carrying amount		Depreciated cost	
	2023	2022	2023	2022
	NIS in thousands			
Available-for-sale government debentures	10,030,058	10,420,642	11,341,852	11,451,528
Other debt instruments				
Non-convertible				
Available for sale	5,084,848	4,492,269	5,307,745	4,742,309
Stated at fair value on the income statement, designated upon initial recognition	914,446	872,313	877,827	858,854
Total Negotiable debt instruments	16,029,352	15,785,224	17,527,424	17,052,691
Impairment charged to income statement (cumulative)	202	32,323		

*) Less - provision for impairment.

B. Shares

	As of December 31,			
	Carrying amount		Depreciated cost	
	2023	2022	2023	2022
	NIS in thousands			
Trading volume				
Available for sale	14,225	13,978	12,584	16,240
Total Negotiable Shares	14,225	13,978	12,584	16,240
Non-negotiable				
Available for sale	244,330	229,709	180,258	142,900
Total non-negotiable shares	244,330	229,709	180,258	142,900
Total shares	258,555	243,687	192,842	159,140
Impairment charged to income statement (cumulative)	29,866	30,757		

*) Less - provision for impairment.

Appendix – Listing of assets for other financial investments of consolidated insurance company, pursuant to directives of the Supervisor of Insurance

C. Other financial investments

Other financial investments primarily include investments in ETFs, mutual funds, hedge funds, equity funds, financial derivatives, forward contracts, options and structured products.

	As of December 31,			
	Carrying amount		Depreciated cost	
	2023	2022	2023	2022
	NIS in thousands			
Trading volume				
Available for sale	1,587,219	1,123,311	1,392,293	1,082,034
Financial derivatives	11,872	–	–	–
Total negotiable financial investments	1,599,091	1,123,311	1,392,293	1,082,034
Non-negotiable				
Available for sale	4,536,699	3,766,961	4,063,186	3,317,797
Financial derivatives	389,892	261,360	12	12
Total non-negotiable financial investments	4,926,591	4,028,321	4,063,198	3,317,809
Total other financial investments	6,525,682	5,151,632	5,455,491	4,399,843
Impairment charged to income statement (cumulative)	1,176,478	1,143,258		

*) Less - provision for impairment.

- - - - - - - - - - - - - - - - -

Somech Chaykin
Millenium Tower KPMG
17 HaArba'a Street, PO Box 609
Tel Aviv, 6100601

Kost, Forer, Gabbay & Kasierer
144a Menachem Begin Road,
Tel Aviv, 6492102
Tel. +972 3 623 2525
Fax +972 3 562 2555

March 20, 2024

To:
The Board of Directors,
Migdal Insurance and Financial Holdings Ltd. ("the Company")
4 Ef'al Street, Kiryat Aryeh, Petach Tikva
Dear Sir/Madam,

Re: Consent letter with respect to shelf prospectus of Migdal Insurance and Financial Holdings Ltd. dated August 2021 (hereinafter: "the Shelf Prospectus")

We hereby inform you of our consent to inclusion (including by way of reference) of our reports listed below with respect to the aforementioned Shelf Prospectus:

1. Independent Auditor's Report dated March 20, 2024 with regard to the Company's financial statements as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.
2. Independent Auditor's report dated March 20, 2024 regarding audit of internal controls over financial reporting at the Company as of December 31, 2023.
3. Special report by the Independent Auditor dated March 20, 2024 regarding separate financial information in accordance with Regulation 9c of the Securities Regulations (Periodic and Immediate Reports), 1970 as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

Somech Chaykin	Kost, Forer, Gabbay & Kasierer
Independent Auditor	Independent Auditor

Joint Auditors

Separate financial information

Migdal Insurance and Financial Holdings Ltd.

Separate financial information

as of December 31, 2023

Migdal Insurance and Financial Holdings Ltd.
Separate financial information as of December 31, 2023

Table of contents

		Page
Special report by the Independent Auditor concerning separate financial information in accordance with Regulation 9c of the Securities Regulations (Periodic and Immediate Reports), 1970		2
Information about financial position		3
Income statement information		4
Comprehensive income information		5
Information regarding changes to equity		6
Cash flow information		9
Additional information for separate financial statements		
Note 1	Principal accounting policies applied in the separate financial information	10
Note 2	Cash and cash equivalents	11
Note 3	Taxes on income	11
Note 4	Contracting and material transactions with investees	11
Note 5	Equity requirements of subsidiaries	12
Note 6	Significant events after the reported period	12

Somech Chaykin
Millenium Tower KPMG
17 HaArba'a Street, PO Box 609
Tel Aviv, 6100601
03.6848000

Kost, Forer, Gabbay & Kasierer
144a Menachem Begin Road,
Tel Aviv, 6492102
Tel. +972 3 623 2525
Fax +972 3 562 2555
ey.com

To:
Shareholders of Migdal Insurance and Financial Holdings Ltd.

Dear Sir,

Re: Special report by the Independent Auditor concerning separate financial information pursuant to Regulation 9c of the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the separate financial information presented pursuant to Regulation 9c of the Securities Regulations (Periodic and immediate reports), 1970 of Migdal Insurance and Financial Holdings Ltd. (hereinafter: "the Company") as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in Part 4 of the Company's periodic report. The Board of Directors and the Company's Management are responsible for the separate financial information. We are responsible for our opinion of this separate financial information, based on our audit.

We have conducted our audit in accordance with generally accepted audit standards in Israel. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial information is free of material misstatement. The audit includes testing a sample of evidence in support of figures and items included in the separate financial information. The audit also includes a review of the accounting rules implemented in compiling the separate financial information and any significant estimates made by the Company's Board of Directors and management, as well as an evaluation of the overall appropriateness of the presentation of the separate financial information. We believe that our audit provides an appropriate basis for our opinion.

We believe that the separate financial information is compiled, in all material aspects, according to instructions of Regulation 9c of the Securities Regulations (Periodic and Immediate Reports) 5730-1970.

Tel Aviv March 20, 2024	Somech Chaykin Independent Auditor	Kost, Forer, Gabbay & Kasierer Independent Auditor

Joint Auditors

Information about financial position

	Note	As of December 31, 2023	As of December 31, 2022
		NIS in thousands	
Assets			
Investments in investees		8,537,609	8,030,112
Capital notes to investees	4.A	47,623	51,229
Total non-current assets		8,585,232	8,081,341
Financial investments		–	957
Receivables with respect to investees		2,165	231
Other accounts receivable		179	198
Cash and cash equivalents	2	3,387	8,285
Total current assets		5,731	9,671
Total assets		8,590,963	8,091,012
Equity attributable to equity holders of the Company			
Share capital		110,629	110,629
Share premium		273,735	273,735
Capital reserves		(78,784)	(42,790)
Retained earnings		8,283,142	7,746,574
Total equity		8,588,722	8,088,148
Liabilities			
Liabilities with respect to employee benefits, net		1,289	1,231
Payables with respect to investees		–	296
Other accounts payable		952	1,337
Total liabilities		2,241	2,864
Total equity and liabilities		8,590,963	8,091,012

The additional information enclosed with the separate financial information is an integral part thereof.

March 20, 2024			
Certification Date of Financial Statements	Justice (Retired) Professor Hanan Meltzer Chairman of the Board of Directors	Yossi Ben Baruch CEO	Tal Cohen CFO

Profit and loss information

	Note	2023	2022	2021
		For the year ended December 31,		
		NIS in thousands		
Company share of earnings of investees		601,154	760,944	1,395,549
General and administrative expenses		16,053	11,290	8,924
Earnings before financing revenues and taxes on income		585,101	749,654	1,386,625
Financing revenues with respect to investees		1,541	1,206	1,247
Financing revenues		536	114	11
Income before taxes on income		587,178	750,974	1,387,883
Taxes on income	3	–	–	–
Earnings for the period attributable to equity holders of the Company		587,178	750,974	1,387,883

The additional information enclosed with the separate financial information is an integral part thereof.

Comprehensive income information

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Earnings for the period attributable to equity holders of the Company	587,178	750,974	1,387,883
Other comprehensive income (loss)			
Other comprehensive income items which, after initial recognition in other comprehensive income, were or will be transferred to the income statement			
Net change in fair value of financial available-for-sale assets charged to other comprehensive income	(34)	(96)	(13)
Gain (loss), net from realized financial assets classified as available-for-sale, transferred to the income statement	98	–	–
Company share of other comprehensive income (loss) of equity-accounted investees	(61,546)	(1,311,517)	295,150
Total other comprehensive income (loss) for the period, which after initial recognition in other comprehensive income, was or will be transferred to the income statement, net of tax	(61,482)	(1,311,613)	295,137
Actuarial gain with respect to defined benefit plan	37	–	–
Other comprehensive income items not to be transferred to the income statement – Company share of other comprehensive income of equity-accounted investees	25,386	91,345	44,779
Total other comprehensive income (loss), net	(36,059)	(1,220,268)	339,916
Total comprehensive income (loss) for the period, attributable to equity holders of the Company	551,119	(469,294)	1,727,799

The additional information enclosed with the separate financial information is an integral part thereof.

Information about changes to equity

	Attributable to equity holders of the Company									
			Capital reserves							
	Share capital	Share premium	Capital reserves with respect to available-for-sale assets	Reserve from revaluation of investment upon achieving control	Capital reserve with respect to transactions with non-controlling interest	Share-based payment	Reserve from translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
	NIS in thousands									
Balance as of January 1, 2023	110,629	273,735	(464,830)	6,989	(1,735)	–	(993)	417,779	7,746,574	8,088,148
Income for the period	–	–	–	–	–	–	–	–	587,178	587,178
Comprehensive income (loss), net of tax	–	-	(61,719)	–	–	–	237	27,660	(2,237)	(36,059)
Total comprehensive income (loss)	–	-	(61,719)	–	–	–	237	27,660	584,941	551,119
Share-based payment	–	–	–	–	–	6,455	–	–	–	6,455
Transfer from revaluation reserve to retained earnings	–	-	-	-	-	-	-	(8,627)	8,627	–
Dividends	–	–	–	–	–	–	–	–	(57,000)	(57,000)
Balance as of December 31, 2023	110,629	273,735	(526,549)	6,989	(1,735)	6,455	(756)	436,812	8,283,142	8,588,722

The additional information enclosed with the separate financial information is an integral part thereof.

Information about changes to equity (Continued)

	Attributable to equity holders of the Company								
			Capital reserves						
	Share capital	Share premium	Capital reserves with respect to available-for-sale assets	Reserve from revaluation of investment upon achieving control	Capital reserve with respect to transactions with non-controlling interest	Reserve from translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
	NIS in thousands								
Balance as of January 1, 2022	110,629	273,735	848,123	6,989	(1,735)	(2,333)	355,261	6,966,773	8,557,442
Income for the period	–	–	–	–	–	–	–	750,974	750,974
Comprehensive income (loss), net of tax	–	–	(1,312,953)	–	–	1,340	70,497	20,848	(1,220,268)
Total comprehensive income (loss)	–	-	(1,312,953)	–	–	1,340	70,497	771,822	(469,294)
Transfer from revaluation reserve to retained earnings	–	-	-	-	-	-	(7,979)	7,979	–
Balance as of December 31, 2022	110,629	273,735	(464,830)	6,989	(1,735)	(993)	417,779	7,746,574	8,088,148

The additional information enclosed with the separate financial information is an integral part thereof.

Information about changes to equity (Continued)

	Attributable to equity holders of the Company								
			Capital reserves						
	Share capital	Share premium	Capital reserves with respect to available-for-sale assets	Reserve from revaluation of investment upon achieving control	Capital reserve with respect to transactions with non-controlling interest	Reserve from translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
	NIS in thousands								
Balance as of January 1, 2021	110,629	273,735	552,639	6,989	(1,735)	(1,986)	324,840	5,611,532	6,876,643
Income for the period	–	–	–	–	–	–	–	1,387,883	1,387,883
Comprehensive income (loss), net of tax	–	-	295,484	–	–	(347)	37,726	7,053	339,916
Total comprehensive income (loss)	–	-	295,484	–	–	(347)	37,726	1,394,936	1,727,799
Transfer from revaluation reserve to retained earnings	–	-	-	-	-	-	(7,305)	7,305	–
Dividends	–	–	–	–	–	–	–	(47,000)	(47,000)
Balance as of December 31, 2021	110,629	273,735	848,123	6,989	(1,735)	(2,333)	355,261	6,966,773	8,557,442

The additional information enclosed with the separate financial information is an integral part thereof.

	Appendix	For the year ended December 31, 2023	2022	2021
		NIS in thousands		
Cash flow provided by current operations				
Net cash used in current operations of the Company	A	(9,351)	(9,157)	(11,025)
Net cash used in current operations with respect to transactions with investees		(2,251)	(268)	(187)
Net cash used in current operations		(11,602)	(9,425)	(11,212)
Cash flow provided by investment operations				
Net realization of financial investments, net		1,007	10	1,051
Net cash provided by investment operations of the Company		1,007	10	1,051
Repayment of capital notes and loans provided to investees		2,700	5,647	1,020
Dividends from investees		60,000	10,000	47,000
Net cash provided by investment operations with respect to transactions with investees		62,700	15,647	48,020
Net cash from investing operations		63,707	15,657	49,071
Cash flows provided by financing operations				
Dividends		(57,000)	–	(47,000)
Net cash used in investment operations of the Company		(57,000)	–	(47,000)
Net cash used in financing operations		(57,000)	–	(47,000)
Effect of exchange rate fluctuations on cash and cash-equivalents		(3)	7	(12)
Increase (decrease) in cash and cash equivalents		(4,898)	6,239	(9,153)
Cash and cash equivalents – balance at start of period		8,285	2,046	11,199
Cash and cash equivalent balance at end of period		3,387	8,285	2,046

	2023	2022	2021
Appendix A – Cash flow provided by current operations of the Company			
Income for the period	587,178	750,974	1,387,883
Items not involving cash flow of investees:			
Company share of net results of investees	(601,154)	(760,944)	(1,395,549)
Financing revenues with respect to investees	(1,541)	(1,206)	(1,247)
Financing revenues	(536)	(114)	(11)
Change to share-based payment transaction settled in shares	6,455	–	–
Changes in other balance sheet items:			
Other accounts receivable	(16)	(39)	(141)
Other accounts payable	(385)	709	(1,996)
Liabilities with respect to employee benefits, net	95	1,361	–
Total adjustments required to present cash flow provided by current operations	(597,082)	(760,233)	(1,398,944)
Cash paid and received during the reported period for:			
Interest received	553	102	36
Net cash used in current operations of the Company	(9,351)	(9,157)	(11,025)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES APPLIED TO THE SEPARATE FINANCIAL INFORMATION

The following financial information out of the Company's consolidated financial statements as of December 31, 2023 (hereinafter: "consolidated financial statements") are published as part of the periodic reports, attributed to the Company solo (hereinafter: "separate financial information"), presented in conformity with regulation 9c (hereinafter: "the regulation") and Addendum X to the Securities Regulations (Periodic and immediate reports), 1970 (hereinafter: "Addendum X") with regard to separate financial information of the Corporation. The separate financial information should be read in conjunction with the consolidated financial statements.

In this separate financial information

- The Company – Migdal Insurance and Financial Holdings Ltd.
- Investees – Subsidiaries and companies where the Company's investment therein is accounted for (directly or indirectly) on equity basis on the financial statements.

Separate Financial Information does not constitute financial statements prepared and presented in accordance with International Financial Reporting Standards (hereinafter "IFRS") in general, and with provisions of IAS 27 "Consolidated and Separate Financial Statements" in particular. However, the accounting policy set forth in Note 2 to the consolidated financial statements, with regard to significant accounting policies and classification of financial information on the consolidated financial statements, has been applied in presentation of the Separate Financial Information, *mutatis mutandis*.

A. Information about financial position

And liabilities included in the consolidated financial statements and attributable to the Company are presented by type of assets and liabilities. This information was classified in the same manner as on the consolidated statements of financial standing.

Also presented is information based on the consolidated statements, concerning a net amount attributable to equity holders of the Company itself, of total assets net of total liabilities, in respect of Investees, including goodwill.

The aforementioned presentation results in equity attributable to equity holders of the Company, based on the consolidated financial statements, being identical to the Company's equity as derived from Separate Financial Information.

B. Information about income and other comprehensive income

Amounts of revenues and expenses presented on the consolidated financial statements are presented with respect to other comprehensive income (loss) attributable to the Company itself, by type of revenues and expenses. This data was classified in the same way as on the consolidated income statements and statements of comprehensive income.

The information presented includes information about the net amount, based on the consolidated financial statements, attributed to equity holders of the Company solo, for total revenues net of total expenses with respect to operating results of investees, including impairment of goodwill, impairment or reversal of investment in an associate as well as impairment or reversal of investment in am equity-accounted investment.

This presentation results in total income for the period attributable to equity holders of the Company, and total comprehensive income for the period attributable to equity holders of the Company, based on the consolidated financial statements, being identical to total income for the period attributable to equity holders of the Company and total comprehensive income for the period attributable to equity holders of the Company, as derived from the separate financial information.

C. Cash flow information

Cash flows included on the consolidated financial statements and attributable to the Company are presented as derived from the consolidated statements of cash flows, by cash flow provided by current operations, cash flow provided by investment operations and cash flow provided by financing operations, with details of the components thereof. This information was classified in the same manner as on the consolidated financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES APPLIED TO THE SEPARATE FINANCIAL INFORMATION (CONTINUED)

D. Transactions between the Company and investees

Presentation

Mutual intra-Group balances as well as revenues and expenses arising from mutual transactions, which were reversed in preparing the consolidated financial statements, are presented separately from the balance with respect to investees and income with respect to investees - together with similar balances with third parties.

Un-realized income or loss from transactions between the Company and investees thereof are presented under the balance with respect to investees and under income with respect to investees.

Measurement

Transactions between the Company and its subsidiaries were measured in conformity with recognition and measurement principles set forth in International Financial Reporting Standards, which stipulate the accounting treatment of such transactions conducted with third parties.

NOTE 2 – CASH AND CASH EQUIVALENTS

	As of December 31,	
	2023	2022
	NIS in thousands	
Cash and deposits for immediate withdrawal	3,387	8,285

As of the report date, cash with banks bears current interest based on the interest rate for daily bank deposits of 4.27% on average (as of December 31, 2022: 2.86%).

NOTE 3 – TAXES ON INCOME

A. Corporate tax assessments

The Company has finalized tax assessments, by agreement or due to obsolescence, through 2017.

B. Theoretical tax

A reconciliation between the tax expense, assuming that all revenues and expenses, gains and losses in the income statement would have been taxed at the statutory tax rate and the taxes on revenue recorded in the income statement is as follows:

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Income (loss) before taxes on income	587,178	659,279	1,351,942
Statutory tax rate	23%	23%	23%
Tax calculated using statutory tax rate	135,051	151,634	310,947
Increase (decrease) in taxes on income due to the following:			
Increase in tax losses for which no deferred taxes were recognized	3,262	2,464	2,006
Exempt revenues	(359)	(286)	(294)
Company's share of earnings of investees	(138,265)	(153,927)	(312,710)
Non tax-deductible expenses	311	115	51
Taxes on income	–	–	–

NOTE 4 – CONTRACTING AND MATERIAL TRANSACTIONS WITH INVESTEES

A. Capital notes

Below are details of capital notes issued to the Company by subsidiaries:

Issuer	Balance as of December 31,		Balance as of December 31,	
	2023	2022	2023	2022
	Par value		NIS in thousands	
Migdal Management Services Ltd.*)	11,900	13,500	11,798	13,084
Migdal Health and Quality of Life Ltd. *)	40,649	41,749	35,825	38,145
	52,549	55,249	47,623	51,229

*) The capital notes were issued to the Company for a term of 5 years or longer, are not linked to the Consumer Price Index and do not bear interest. The capital notes are carried at their present value.

B. Dividends received from subsidiary

	For the year ended December 31,		
	2023	2022	2021
	NIS in thousands		
Migdal Capital Markets (1965) Ltd.	60,000	10,000	47,000

NOTE 5 – EQUITY REQUIREMENTS OF SUBSIDIARIES

For equity requirements of Migdal Insurance, Migdal Makefet and Migdal Capital Markets, see Note 7.C to the consolidated financial statements.

NOTE 6 – MATERIAL EVENTS SUBSEQUENT TO THE REPORTED PERIOD

For information about material events subsequent to the reported period, see Note 40 to the consolidated financial statements.

\- - - - - - - - - - - - - - - -

Additional information regarding the Corporation

Chapter 5 – Additional Information Regarding the Corporation

Table of Contents

Regulation 9d:	**Report on liabilities of the reporting corporation and subsidiaries on their financial statements**	**2**
Regulation 10a:	**Condensed quarterly income statements**	**3**
Regulation 10a:	**Condensed quarterly income statements**	**4**
Regulation 10c:	**Use of proceeds from securities, with reference to proceeds designation in the prospectus**	**5**
Regulation 11:	**List of investments in subsidiaries and associates as of the balance sheet date**	**5**
Regulation 12:	**Changes to investments in subsidiaries and associates in the Reported Period**	**16**
Regulation 13:	**Revenues of subsidiaries and associates and corporation's revenues there from as of the balance sheet date, NIS in thousands**	**17**
Regulation 14:	**Group listing of balances of loans granted as of the balance sheet date, provided that granting loans is a primary activity of the Corporation**	**21**
Regulation 20:	**Stock exchange trading - Securities listed for trading - Dates and reasons for trading halts**	**21**
Regulation 21:	**Remuneration of interested parties and senior officers**	**22**
Regulation 21a:	**Control over the Corporation**	**26**
Regulation 22:	**Transactions with a controlling shareholder or in which a controlling shareholder has a personal interest**	**26**
Regulation 24:	**Shares and other securities held by interested parties and senior officers of the Corporation, subsidiary or associate as close as possible to the report date (to the best of the Corporation's knowledge)**	**27**
Regulation 24a:	**Registered share capital, issued share capital and convertible securities of the Corporation**	**28**
Regulation 24b:	**Registry of shareholders of the Corporation**	**28**
Regulation 25a:	**Formal address of the Corporation**	**29**
Regulation 26:	**Board members of the Corporation**	**30**
Regulation 26a:	**Senior officers of the Corporation**	**36**
Regulation 26b:	**Authorized signatories of the Corporation**	**41**
Regulation 27:	**Corporation’s Independent Auditor**	**41**
Regulation 28:	**Changes to the Corporation's Articles of Incorporation or Bylaws**	**41**
Regulation 29:	**Recommendations and resolutions by the Board of Directors**	**41**
Regulation 29a:	**Resolutions by the Corporation**	**43**
	Corporate governance questionnaire	**44**

Regulation 9d: Report on liabilities of the reporting corporation and subsidiaries on their financial statements

Liabilities of subsidiaries of the reporting corporation, other than entities which are, themselves, a reporting corporation or insurer, are as follows:

Credit received by subsidiaries from banks in Israel

	Principal payments					Interest payments, gross (excluding tax deductions)
	NIS, CPI-linked	NIS, non-CPI-linked	EUR	USD	Other	
	NIS in thousands					
Year 1	–	1	–	4	–	–
Year 2	–	–	–	–	–	–
Year 3	–	–	–	–	–	–
Year 4	–	–	–	–	–	–
Year 5 and beyond	–	–	–	–	–	–
Total	–	1	–	4	–	–

For equity issuances conducted by Migdal Insurance Raising Capital Ltd., an indirect subsidiary of the Corporation, see Note 24.F to the Corporation's consolidated financial statements.

Regulation 10a: Condensed quarterly income statements

Consolidated income statements of the Corporation

	1-3/2023	4-6/2023	7-9/2023	10-12/2023	1-12/2023
	NIS in thousands				
	Un-audited				Audited
Earned premiums, gross	3,074,625	3,116,895	3,232,180	3,150,999	12,574,699
Premiums earned by re-insurers	226,631	227,637	223,488	200,580	878,336
Earned premiums on retention	2,847,994	2,889,258	3,008,692	2,950,419	11,696,363
Investment gain, net and financing revenues	2,973,201	5,432,737	2,095,902	4,044,469	14,546,309
Management fee revenues	434,325	439,747	452,370	449,427	1,775,869
Commission revenues	115,360	104,430	91,941	76,833	388,564
Other revenues	17,846	17,731	18,725	18,664	72,966
Total revenues	6,388,726	8,883,903	5,667,630	7,539,812	28,480,071
Payments and changes in liabilities in respect of insurance contracts and investment contracts, gross	5,657,323	8,422,583	4,565,661	6,115,676	24,761,243
Share of re-insurers in insurance payments and change in liabilities with respect to insurance contracts	221,932	143,270	149,042	178,289	692,533
Payments and changes in liabilities in respect of insurance contracts and investment contracts on retention	5,435,391	8,279,313	4,416,619	5,937,387	24,068,710
Commissions, marketing expenses and other acquisition expenses	482,238	481,756	514,029	531,202	2,009,225
General and administrative expenses	285,589	308,906	305,856	345,681	1,246,032
Other expenses	4,598	12,578	4,770	4,366	26,312
Financing expenses	68,070	62,231	68,238	63,474	262,013
Total expenses	6,275,886	9,144,784	5,309,512	6,882,110	27,612,292
Income (loss) of equity-accounted investees	513	(3,358)	343	221	(2,281)
Pre-tax income (loss)	113,353	(264,239)	358,461	657,923	865,498
Taxes on income (tax benefit)	21,756	(93,509)	134,333	214,190	276,770
Income (loss) for the period	91,597	(170,730)	224,128	443,733	588,728
Attributable to:					
Equity holders of the Corporation	90,991	(170,969)	224,211	442,945	587,178
Non-controlling interest	606	239	(83)	788	1,550
Income (loss) for the period	91,597	(170,730)	224,128	443,733	588,728

Regulation 10a: Condensed quarterly income statements

Consolidated quarterly statements of comprehensive income

	1-3/2023	4-6/2023	7-9/2023	10-12/2023	1-12/2023
	NIS in thousands				
	Un-audited				Audited
Income (loss) for the period	**91,597**	**(170,730)**	**224,128**	**443,733**	**588,728**
Other comprehensive income (loss)					
Other comprehensive income (loss) items which, after initial recognition in other comprehensive income, were or will be transferred to the income statement					
Net change in fair value of financial available-for-sale assets charged to other comprehensive income	(45,149)	22,810	(453,857)	(58,208)	(534,404)
Net change in fair value of financial available-for-sale assets transferred to income statement	112,203	174,562	82,223	54,152	423,140
Loss from impairment of financial assets available for sale that were transferred to income statement	4,842	–	10,239	2,158	17,239
Foreign currency translation differences for foreign operations	340	293	434	(706)	361
Tax effect on available-for-sale financial assets	(24,312)	(67,724)	123,447	895	32,306
Tax effect on other comprehensive income items	(116)	(101)	(148)	241	(124)
Total other comprehensive income (loss) for the period, which after initial recognition in other comprehensive income, was or will be transferred to the income statement, net of tax	47,808	129,840	(237,662)	(1,468)	(61,482)
Other comprehensive income (loss) items not to be transferred to the income statement					
Actuarial loss in respect of defined benefit plan	–	-	-	(3,555)	(3,555)
Revaluation with respect to revaluation of fixed assets	–	-	-	36,148	36,148
Tax effect	–	-	-	(7,201)	(7,201)
Total other comprehensive income for the period, not to be transferred to the income statement, net of tax	–	–	–	25,392	25,392
Total other comprehensive income (loss), net	47,808	129,840	(237,662)	23,924	(36,090)
Total comprehensive income (loss) for the period	139,405	(40,890)	(13,534)	467,657	552,638
Attributable to:					
Equity holders of the Corporation	138,799	(41,129)	(13,451)	466,900	551,119
Non-controlling interest	606	239	(83)	757	1,519
Comprehensive income (loss) for the period	139,405	(40,890)	(13,534)	467,657	552,638

Regulation 10c: Use of proceeds from securities, with reference to proceeds designation in the prospectus

The Corporation has not offered any securities pursuant to the Corporation's shelf prospectus dated August 26, 2021.

Regulation 11: List of investments in subsidiaries and associates as of the balance sheet date[1]

1 The data regarding subsidiaries and investees appearing in the periodic report refer to active corporations only as at December 31, 2023

A. On corporation's accounts

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	In capital	In voting and right to appoint Board members
Migdal Insurance Company Ltd.	185,389,304[2]	Ordinary, NIS 0.1	9,773,357	186,366,640[2]	8,204,114	–	100	100	100	100
Migdal Health and Quality of Life Ltd.		Ordinary, NIS 0.1	20,870,000	2,087,000	(33,209)	35,825[3]		100	100	100
Migdal Capital Markets (1965) Ltd.		Ordinary, NIS 0.828	428,943,676[4]	355,165,364[4]	377,283	–		100	100	100
Migdal Management Services Ltd.	200			200	(10,579)	11,798[5]	100		100	100

2 Includes 105 shares held by subsidiaries of Migdal Insurance Company Ltd. (hereinafter: "Migdal Insurance"), a subsidiary of the Company, and 21 shares held by Migdal Insurance.

3 The balance consists of capital notes issued to the Company, amounting to NIS 40,649 thousand, not linked to CPI and not bearing interest. The total discounted balance thereof, as of December 31, 2023, is NIS 35,825 thousand, as follows:

Par value of capital note, NIS in thousands	Maturity	Discount rate	Balance of capital note as of December 31, 2023, NIS in thousands
c3,886	11/2025	2.24%	3,731
13,072	02/2026	1.92%	12,563
13,691	12/2026	5.27%	11,736
10,000	03/2028	6.03%	7,795
Total: 40,649			Total: 35,825

4 Includes 33,000 ordinary shares of NIS 0.828 par value, held by Migdal Mutual Funds Ltd. (hereinafter: "Migdal Funds"), a subsidiary of Migdal Capital Markets (1965) Ltd. (hereinafter: "Migdal Capital Markets").

5 The balance consists of capital notes issued to the Company, amounting to NIS 11,900 thousand, not linked to CPI and not bearing interest. The total discounted balance thereof, as of December 31, 2023, is NIS 11,798 thousand, as follows:

Par value of capital note, NIS in thousands	**Maturity**	Discount rate	Balance of capital note as of December 31, 2023, NIS in thousands
10,000	04/2024	2.22%	9,935
1,900	12/2024	1.98%	1,863
Total: 11,900			Total: 11,798

B. On accounts of the subsidiary, Migdal Insurance Company Ltd.[1]

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Migdal Makefet Pension and Provident Funds Ltd.	2,236			2,236	928,889	–	100		100	100
Migdal Insurance Capital Raising Ltd.		Ordinary, NIS 0.1	1,000	100	–	–		100	100	100
Migdal Holdings and Management Insurance Agencies Ltd.	810[6]			810[6]	272,557	49,029[7]	100		100	100
Mivtach Simon Insurance Agencies Ltd.[8]	10,000			10,000	222,354	–	100		100	100
Amir Aloni Life Insurance Agency (1994) Ltd.[9]	300			300	2,685	–	75		75	75
Eli Ehrlich Insurance Services (1999) Ltd.	2,000			2,000	3,325	–	100		100	100
Makefet Financial Services – Insurance Agency (1998) Ltd.	[10] 1,000			1,000[10]	8,583	–	100		100	100

6 Includes 5 shares held by subsidiaries of Migdal Insurance and 1 share held by the Company.

7 The balance consists of a capital note issued to Migdal Insurance, amounting to NIS 50,000 thousand, not linked to CPI and not bearing interest, maturing in or after December 2024. The capital note was discounted at a 1.98% discount rate, and its discounted balance as of December 31, 2023 was NIS 49,029 thousand.

8 On accounts of Migdal Holdings and Management Insurance Agencies Ltd. (hereinafter: "Migdal Agencies").

9 On accounts of Mivtach Simon Insurance Company Ltd. (hereinafter: "Mivtach Simon").

10 Includes 450 shares of NIS 1 par value, held by ProLine Exclusive Ltd., a subsidiary of Mivtach Simon.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Peltours Insurance Agencies Ltd.[8]		Ordinary, NIS 0.01	18,760,002	187,600.0 2	30,446	715[11]		73.28	73.28	73.28
Peltours Berman Insurance Agency Ltd.[12]		Base NIS 0.0001 Ordinary, NIS 0.0001	100 50,900	5.1	2,614	–		73.28	73.28	73.28
Peltours Diamonds General and Maritime Insurance Agency Ltd. [12]		Ordinary, NIS 0.1	1,000	100	3,150	–		73.28	73.28	73.28
Peltours Municipal General Insurance Agency Ltd.[12]	50			50	21	–	36.635		36,.635	36.635
Sagi Yogev Insurance Agencies (1988) Ltd.[8]	1,722	Earnings, NIS 1	2,000	3,722	34,010	–	100	100	100	100

11 The balance consists of perpetual capital note issued to Migdal Agencies.

12 On accounts of Peltours Insurance Agencies Ltd. (hereinafter: "Peltours"), a subsidiary of Migdal Agencies.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Ginger Insurance Agency Ltd.[13]	200			200	4,190	–	25		25	25
Ihud Insurance Agencies Network Ltd.[8]		Ordinary, NIS 0.001	1,500,000[14]	1,500[14]	24,786	–		100	100	100
Shaham Orlan Insurance Agency Ltd.[8]	6,395[15]	Preferred shares A, NIS 0.1	1,782	6,573.2	27,791	–	100	100	100	100
Isabel Oda-Shaham Insurance Agency[16]				–	265	–			51	51
So-bit Insurance Agency Ltd.[16]	154			154	(51)	900[17]	100		100	100
Stav-Orlan Retirement Insurance Agency (2012) Ltd.[16]	500			500	635	–	50		50	50

13 On accounts of Sagi Yogev Insurance Agencies (1988) Ltd. (hereinafter: "Sagi Yogev"), a subsidiary of Migdal Agencies.
14 Includes 1 share held by Migdal Insurance.
15 Excludes 36 shares of NIS 1 par value and 49 shares of NIS 0.1 par value, held by Shaham Orlan Insurance Agency Ltd. (hereinafter: "Shaham Orlan"), a subsidiary of Migdal Agencies.
16 On accounts of Shahem Orlan.
17 The balance consists of a capital note issued to Shaham Orlan, amounting to NIS 900 thousand, not linked to CPI and not bearing interest, maturing in July 2028.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Sofer Moshe Insurance Agency (1997) Ltd.[16]	55			55	815	–	35		35	35
Migdal Real Estate Holdings Ltd.		Ordinary, NIS 0.0001	61,660,406[18]	6,166.04[18]	1,349,700	–		100	100	100
HaMagen Assets Ltd.	6,090,837			6,090,837	404,641	–	100		100	100
Pel Beit HaMagen Ltd.[19]	14,066,596[14]			14,066,596[14]	404,641	–	100		100	100
Migdal Eshkol Finance Ltd.	485,057[20]			485,057[20]	135,397	–	100		100	100
Migdal Financing Services Ltd.[21]	100[22]			100[22]	3,192	–	100		100	100
Migdal Leasing Ltd.[21]	100			100	8,850	–	100		100	100

18 Includes 1 share held by Migdal Claim Management Ltd., a subsidiary of Migdal Insurance (see footnote 25 below).
19 On accounts of HaMagen Assets Ltd., a subsidiary of Migdal Insurance.
20 Includes 1 share held by Migdal Agencies.
21 On accounts of Migdal Eshkol Finance Ltd.
22 Includes 2 shares held by Migdal Insurance.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Migdal Technologies Ltd. [23]		Ordinary, NIS 0.001	101[24]	[24]0.101[24]	–	–		100	100	100
Migdal Claims Management Ltd. [25]		Ordinary, NIS 0.001	2,000[26]	2[26]	–	–		100	100	100
Data Car Israel Ltd.		Class A, NIS 1 Class B, NIS 1 Class C, NIS 1	10,000 10,000 10,000	30,000	12,067	–		100	100	100
Allbright Holdings Ltd.		Ordinary, NIS 0.01	13,996	139.96	499	–		100	100	100
Allbright Technologies Ltd.[27]		Ordinary, NIS 0.01	100,000	1,000	(7,406)	7,676[28]		100	100	100

23 Migdal Technologies Ltd. Is a wholly-owned subsidiary of Migdal Insurance, its operations are entirely on behalf of Migdal Insurance and fully financed thereby. The operations are recorded on accounts of Migdal Insurance and included on its financial statements.

24 Includes 3 shares held by indirect subsidiaries of Migdal Insurance.

25 Migdal Claims Management Ltd. Is a wholly-owned subsidiary of Migdal Insurance, operating and contracting on behalf thereof, its entire operations are on behalf of Migdal Insurance and fully financed thereby, and included on financial statements of Migdal Insurance.

26 Includes 1 share held by Migdal Real Estate Holdings Ltd. (hereinafter: "Real Estate Holdings"), a subsidiary of Migdal Insurance.

27 In the Allbright Holdings Ltd. (hereinafter: Allbright Holdings) books

28 The balance consists of capital notes issued to Allbright Holdings, amounting to NIS 7,676 thousand, not linked to CPI and not bearing interest, maturing in 2026-2028.

C. On accounts of the subsidiary, Migdal Capital Markets (1965) Ltd.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Migdal Capital Markets (Management Services) Ltd.		Ordinary, NIS 0.001	50,000[29]	50	1,088	–		100	100	100
Psagot Mutual Funds Ltd.	260,020,920			260,020,920	285,165	–	100		100	100
Migdal Investment Portfolio Management (1998) Ltd.	694,247[30]			694,247[30]	(7,139)	12,145[31]	100		100	100
Migdal Value Ltd.[32]		NIS 0.416	5,174,064	2,152,411	(840)	–		100	100	100
Migdal Global Growth Ltd. [33]	100			100	(8,612)	8,086[34]	100		100	100
Migdal Issuance Ltd. [35]	7,100			7,100	(125)	4,069[36]	100		100	100
Migdal Market Making Ltd.	1,000			1,000	5,145	–	100		100	
Tower Retirement Insurance Agency Ltd.	200			200	(1,654)	–	100		100	100
MCM Alternative Fund Cluster Ltd.	100			100	–	–	50		50	50

29 Includes 1 share held by Migdal Mutual Funds Ltd., a subsidiary of Migdal Capital Markets.
30 Includes 1 share held by Migdal Capital Markets (Management Services) Ltd., a subsidiary of Migdal Capital Markets.
31 The balance consists of perpetual loans provided by Migdal Capital Markets, not linked to CPI and not bearing interest. The loans would mature upon dissolution of the company.
32 On January 26, 2023 the name of Migdal Underwriting and Business initiatives Ltd. Was changed to Migdal Value Ltd. (hereinafter: Migdal Value)
33 On December 10, 2023, MCM Alternative Investments Ltd. Was renamed Migdal Global Growth Ltd. (hereinafter: "Migdal Global Growth").
34 The balance consists of capital notes issued to Migdal Capital Markets, amounting to NIS 8,086 thousand, not linked to CPI and not bearing interest, maturing in or after January 2025.
35 On accounts of Migdal Value, a subsidiary of Migdal Capital Markets.
36 The balance consists of capital notes issued to Migdal Value, amounting to NIS 4,280 thousand, not linked to CPI and not bearing interest, maturing in or after February 2026. The capital notes were discounted at 2.48%. The discounted balance of the capital notes as of December 31, 2023 was NIS 4,069 thousand.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Migdal Capital Markets Equity Funds Ltd. [355]	100			100	–	–	50	–	100	100
MCM Alternative Fund Cluster, Limited Partnership[37]				–	869	–	–	–	100	100
MCM General Partner Management, Limited Partnership [38]				–	1,489	–	–	–	100	100
Eitan Derivatives Ltd.		Ordinary NIS 0.01	1,000	10	131	2,032[39]	–	100	–	100
Migdal Capital Markets – Gilboa Management Ltd.[35]		Ordinary NIS 0.1	500	50	–	–	–	50	–	50
Migdal Capital Markets – Gilboa GP, Limited Partnership [40]				–	–	–	–	–	50	50

37 On accounts of MCM Alternative Fund Cluster Ltd., a subsidiary of Migdal Global Growth.
38 On accounts of Migdal Capital Markets Equity Funds Ltd., a subsidiary of Migdal Value.
39 The balance consists of a loan provided by Migdal Capital Markets. This loan is not linked to the CPI and bears interest at 2.9%. Maturity is TBD.
40 On accounts of Migdal Capital Markets – Gilboa Management Ltd. , a subsidiary of Migdal Value.

D. On accounts of the subsidiary, Migdal Health and Quality of Life Ltd.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
				In NIS	NIS in thousands	NIS in thousands	In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
Be Well Quality of Life Solutions Ltd.		Ordinary, NIS 0.1	1,200	120	1,790	–		100	100	100
50 Plus Ltd.	9,080			9,080	(5,580)	25,390 [41]	100		100	100

[41] The balance consists of perpetual capital notes issued to Migdal Health and Quality of Life Ltd. (hereinafter: "Migdal Health"), amounting to NIS 21,100 thousand, and a capital note amounting to NIS 5,515 thousand, not linked to CPI and not bearing interest, maturing in August 2028. The capital note was discounted at a 5.75% discount rate, and its discounted balance as of December 31, 2023 was NIS 4,290 thousand.

Corporation name	Ordinary shares NIS 1	Other share class	Number of shares in other class	Total par value	Carrying amount on separate financial statements	Balance of loans, debentures and capital notes	Holding stake as percentage of issued share capital			
							In shares, NIS 1 par value	In shares of other class	Of capital	In voting and right to appoint Board members
				In NIS	NIS in thousands	NIS in thousands				
Club 50 Insurance Agency Ltd. [42]	120			120	(6,454)	6,718[43]	100		100	100

[42] On accounts of 50 Plus Ltd. (hereinafter: "50 Plus"), a subsidiary of Migdal Health.

[43] Balance consists of capital notes issued to 50 Plus, as follows: Perpetual capital notes amounting to NIS 4,447 thousand, capital notes amounting to NIS 995 thousand, not linked to the CPI and not bearing interest, maturing by 2023. The total discounted balance as of December 31, 2023 was NIS 976 thousand. As well as capital notes issued to Migdal Health, amounting to NIS 1,730 thousand, not linked to the CPI and not bearing interest. The total discounted balance as of December 31, 2023 was NIS 1,600 thousand, as follows:

Par value of capital note, NIS in thousands	Maturity	Discount rate	Balance of capital note as of December 31, 2023, NIS in thousands
80	(*) 01/2024	1.76%	80
223	(*) 01/2024	1.76%	223
90	(*) 04/2024	2.71%	89
90	(*) 06/2024	2.17%	89
250	(*) 11/2024	2.02%	246
300	(*) 12/2024	1.92%	295
200	(*) 03/2026	2.11%	191
497	08/2028	5.72%	387
Total: 1,730			Total: 1,600

(*) On January 4, 2024, the principal of the capital notes indicated, amounting to NIS 1,233 thousand, was consolidated into a single capital note whose maturity was extended to January 2029.

Regulation 12: Changes to investments in subsidiaries and associates in the Reported Period

Date of change	Nature of change	Corporation name	Share type	Total shares	Cost / consideration, NIS in thousands
February 7, 2023	Incorporation of company (on accounts of Migdal Value Ltd.)	Migdal Capital Markets – Gilboa Management Ltd.	Ordinary NIS 0.1	500	–
February 7, 2023	Incorporation of partnership (on accounts of Migdal Capital Markets – Gilboa Management Ltd.)	Migdal Capital Markets – Gilboa GP, Limited Partnership	–	–	–
April 3, 2023	Share transfer to Migdal Capital Markets (1965) Ltd. (on accounts of Migdal Value Ltd.)	Eitan Derivatives Ltd.	Ordinary NIS 0.01	1,000	–
September 10, 2023	Acquisition (on accounts of Migdal Insurance Company Ltd.)	Allbright Holdings Ltd.	Ordinary NIS 0.01	6,998	7,199
December 21, 2023	Share allocation (on accounts of Migdal Insurance Company Ltd.)	Migdal Makefet Pension and Provident Funds Ltd.	Ordinary NIS 1	142 [44]	100,000

[44] Due to clerical error, Regulation 11 on the 2022 periodic report indicated the number of shares, NIS 1 par value as 2,034 instead of 2,094.

Regulation 13: Revenues of subsidiaries and associates and corporation's revenues there from as of the balance sheet date, NIS in thousands

Corporation name	Income (loss) for the period [45]	Other comprehensive income (loss) for the period [45]	Total comprehensive income (loss) for the period [45]	Dividends	Management fees	Nominal interest	Interest payment date
A. On accounts of the Corporation							
Migdal Insurance Company Ltd.	567,071	(36,340)	530,731	–	–	–	–
Migdal Health and Quality of Life Ltd.	(125)	32	(93)	–	–	–	–
Migdal Capital Markets (1965) Ltd.	34,830	117	34,947	60,000[46]	–	–	–
Migdal Management Services Ltd.	26	–	26	–	–	–	–
B. On accounts of the subsidiary, Migdal Insurance Company Ltd.							
Migdal Makefet Pension and Provident Funds Ltd.	18,149	3,895	22,044	–	–	–	–
Migdal Insurance Capital Raising Ltd.	–	–	–	–	–	–	–
Migdal Holdings and Management Insurance Agencies Ltd.	81,378	458	81,836	–	–	–	–
Mivtach Simon Insurance Agencies Ltd.	65,466	(58)	65,408	–	796[48]	–	–
Amir Aloni Life Insurance Agency (1994) Ltd.	883	–	883	–	–	–	–
Eli Ehrlich Insurance Services (1999) Ltd.	588	–	588	–	48[47]	–	–
Makefet Financial Services – Insurance Agency (1998) Ltd.	418	–	418	–	1,225[47]	–	–
Peltours Insurance Agencies Ltd.	4,970	(118)	4,852	–	144[48]	–	–
Peltours Berman Insurance Agency Ltd.	377	–	377	–	440[49]	–	–
Peltours Diamonds General and Maritime Insurance Agency Ltd.	854	–	854	–	150[49]	–	–

45 Reflects the entire income (loss) of the Corporation, excluding amortization, original differences and unrealized gain with respect to inter-company transactions.
46 Received by the Company.
47 Recorded by Mivtach Simon.
48 Recorded by Migdal Agencies.
49 Recorded by Peltours.

Corporation name	Income (loss) for the period [45]	Other comprehensive income (loss) for the period [45]	Total comprehensive income (loss) for the period [45]	Dividends	Management fees	Nominal interest	Interest payment date
Peltours Municipal General Insurance Agency Ltd.	392	–	392	250[50]	370[49]	–	–
Sagi Yogev Insurance Agencies (1988) Ltd.	6,291	30	6,321	–	125[48]	–	–
Ginger Insurance Agency Ltd.	643	–	643	–	–	–	–
Stav-Orlan Retirement Insurance Agency (2012) Ltd.	879	–	879	500[51]	–	–	–
Ihud Insurance Agencies Network Ltd.	1,529	409	1,938	–	15[48]	–	–
Shaham Orlan Insurance Agency Ltd.	3,609	194	3,803	–	151[48]	–	–
Isabel Oda-Shaham Insurance Agency	215	–	215	–	–	–	–
So-bit Insurance Agency Ltd.	(294)	–	(294)	–	60[51]	–	–
Sofer Moshe Insurance Agency (1997) Ltd.	248	–	248	140[51]	–	–	–
Migdal Real Estate Holdings Ltd.	62,840	16,382	79,222	–	–	–	–
HaMagen Assets Ltd.	15,306	2,421	17,727	–	–	–	–
Pel Beit HaMagen Ltd.	15,306	2,421	17,727	–	–	–	–
Migdal Eshkol Finance Ltd.	3,815	1	3,816	–	–	–	–
Migdal Financing Services Ltd.	82	–	82	–	–	–	–
Migdal Leasing Ltd.	242	–	242	–	–	–	–
Migdal Technologies Ltd.	–	–	–	–	–	–	–
Migdal Claims Management Ltd.	–	–	–	–	–	–	–
Data Car Israel Ltd.	1,878	–	1,878	–	–	–	–
Allbright Holdings Ltd.	(7,096)	–	(7,096)	–	–	–	–
Allbright Technologies Ltd.	(7,098)	–	(7,098)	–	–	–	–

[50] Received by Peltours.
[51] Received by Shaham Orlan.

Corporation name	Income (loss) for the period [45]	Other comprehensive income (loss) for the period [45]	Total comprehensive income (loss) for the period [45]	Dividends	Management fees	Nominal interest	Interest payment date
C. On accounts of the subsidiary, Migdal Capital Markets Ltd.							
Migdal Value Ltd.	204	–	204	–	–	–	–
Migdal Capital Markets (Management Services) Ltd.	(34)	84	50	–	–	–	–
Migdal Investment Portfolio Management (1998) Ltd.	144	(9)	135	–	–	–	–
Migdal Issuance Ltd.	1,005	–	1,005	–	–	–	–
Migdal Global Growth Ltd.	392	–	392	–	–	–	–
Psagot Mutual Funds Ltd.	28,212	23	28,235	36,000[52]	–	–	–
Migdal Market Making Ltd.	4,015	8	4,023	–	–	70[53]	Annual
Tower Insurance Agency Ltd.	(384)	–	(384)	–	–	–	–
MCM Alternative Fund Cluster Ltd.	–	–	–	–	–	–	–
Migdal Capital Markets Equity Funds Ltd.	–	–	–	–	–	–	–
MCM Alternative Fund Cluster, Limited Partnership	580	–	580	–	–	–	–
MCM Alternative Fund Cluster Ltd.	–	–	–	–	–	–	–
Migdal Capital Markets Equity Funds Ltd.	–	–	–	–	–	–	–
MCM Alternative Fund Cluster, Limited Partnership	580	–	580	–	–	–	–
MCM General Partner Management, Limited Partnership	953	–	953	–	–	–	–
Migdal Capital Markets – Gilboa Management Ltd.	–	–	–	–	–	–	–
Migdal Capital Markets – Gilboa GP, Limited Partnership	–	–	–	–	–	–	–
Eitan Derivatives Ltd.	–	–	–	–	–	32[53]	TBD

52 Received by Migdal Capital Markets.
53 Recorded by Migdal Capital Markets.

Corporation name	Income (loss) for the period [45]	Other comprehensive income (loss) for the period [45]	Total comprehensive income (loss) for the period [45]	Dividends	Management fees	Nominal interest	Interest payment date
D. On accounts of the subsidiary, Migdal Health and Quality of Life Ltd.							
50 Plus Ltd.	(84)	–	(84)	–	–	–	–
Club 50 Insurance Agency Ltd.	71	–	71	–	–	–	–
Be Well Solutions for Quality-of-Life Ltd.	1,065	32	1,097	1,200[54]	–	–	–

[54] Received by Migdal Health

Regulation 14: Group listing of balances of loans granted as of the balance sheet date, provided that granting loans is a primary activity of the Corporation

Extending loans is not a primary activity of the Corporation.

Regulation 20: Stock exchange trading - Securities listed for trading - Dates and reasons for trading halts

None.

Regulation 21: Remuneration of interested parties and senior officers

Below are details of remuneration (NIS in thousands) paid by the Corporation, or by other Group companies, and all payment obligations assumed, in NIS (excluding payroll tax and VAT), as recognized on the Corporation's 2023 financial statements, for each of the top 5 remunerated senior officers of the Corporation, or of entities controlled thereby, and of the top 3 remunerated senior officers of the Corporation.

Remunerated party				Remuneration for services rendered							Other remuneration			
Name	**Position**	**Full-time position equivalent**	**Holding stake in Company capital In %**	**Salary (1)**	**Bonus (2)**	**Share-based payment (3)**	**Management fees**	**Consulting fee**	**Commission**	**Other**	**Interest**	**Rent**	**Other**	**Total**
Yiftach Ron-Tal (4)	Former Chairman of the Board of Directors, Migdal Insurance Company Ltd.	100%	–	3,398	–	–	–	–	–	–	–	–	–	3,398
Yossi Ben Baruch (5)	CEO of the Corporation	100%	–	2,533	296	555	–	–	–	–	–	–	–	3,384
Lior Raviv (6)	CEO of Mivtach Simon	100%	0.0016%	2,300	734[55]	300	–	–	–	–	–	–	–	3,334
Sagi Stein (7)	CEO of Migdal Capital Markets	100%	0.0028%	1,287	1,713	300	–	–	–	–	–	–	–	3,300
Ronen Agassi (8)	CEO of Migdal Insurance Company Ltd.	100%	–	2,710	–	559	–	–	–	–	–	–	–	3,269
Tal Cohen (9)	CFO of the Corporation and Manager, Finance Division of Migdal Insurance Company Ltd.	100%	–	1,521	634	376	–	–	–	–	–	–	–	2,531
Chanan Meltzer (10)	Chairman of the Board of Directors of the Corporation	66%	–	2,010	–	447	–	–	–	–	–	–	–	2,457

55 The bonus amount listed in the table excludes an expense of NIS 167 thousand recognized this year with respect to 2022.

Below are notes and general explanations of data listed in the above table:

(1) Payroll – In general, the employment terms of officers of the Corporation, including those listed in the above table, are set by an individual employment contract, specifying their base salary and social benefits as customary for officers at Migdal Group. Officers are entitled to pay, including contributions towards retirement insurance, disability insurance, severance pay, study fund, paid leave, sick leave, vacation pay, car and so forth.

The salary component may also include payment mandated by agreement which is not dependent on targets and/or discretion, subject to policy of the Corporation or to remuneration policy of institutional entities (such as: adjustment bonus, guaranteed bonus and so forth).

Upon termination of employment, other than termination for cause, and unless employment terms and conditions include an agreement pursuant to Section 14 of the Severance Pay Act, 1963, officers are entitled to severance pay by law.

(2) Bonus – In conformity with the Corporation's remuneration policy, and remuneration policy of institutional entities applicable to Migdal Group officers (i.e. Applicable to all direct and indirect subsidiaries of the Corporation, other than Migdal Capital Markets), the variable remuneration component may include, *inter alia*, an annual bonus contingent on targets, as defined below.

Annual bonus contingent on targets – the annual bonus may be awarded to an officer (except for other bonuses, as set forth in the remuneration policy), to include three target types at different levels of measurement: (a) Company targets. (b) Unit / individual targets. (c) Individual evaluation (discretionary component). Each of these target types is assigned a weighting when setting the annual bonus, in line with the position of the officer and and the range of weightings specified in the remuneration policy for institutional entities.

Award of the annual bonus is not part of the employment contract, and is contingent, pursuant to the remuneration policy for institutional entities, on prior approval of eligibility for a normative bonus, by the competent organs. Moreover, and even after approval of eligibility for a normative bonus, it was stipulated that each bonus award in conformity with provisions of the the remuneration policy for institutional entities, is subject to approval by the competent bodies and the calculated bonus amount is, in fact, the maximum bonus amount which the competent organs may award.

Note that the bonus for 2023 has yet to be discussed and approved by the competent organs of the Corporation and of the institutional entities, and therefore has yet to be actually awarded to officers of the Company and of institutional entities in the Group.

Therefore, the above table lists the provision amount with respect to 2023 bonus, as recognized on the financial statements of the Corporation.

Note that the aforementioned provision for annual bonus to officers, as listed in the above table for 2023, in whole or in part, is recorded based on estimate only, and the actual bonus payable, if any, may change and is subject to approval by the competent organs of the Corporation and institutional entities in the Group.

For more information about the remuneration policy for institutional entities, see Note 38.G.3 to the consolidated financial statements of the Corporation.

(3) Share-based payment – On May 30, 2023, the Board of Directors of the Corporation approved an equity remuneration plan, which allows for award of equity remuneration, including allotment of options not listed for trading, which may be exercised for ordinary shares of the Corporation, of NIS 0.01 par value each "the Options") to officers serving Group companies, under the Capital Gain Track in Section 102 (b)(3) of the Income Tax Ordinance [New Version], 1961 ("Equity Remuneration Plan" and "Capital Gain Track", as the case may be). Pursuant to the Equity Remuneration Plan:

The option award is against waiver by the officer of part of the remuneration package to which they are entitled (i.e. For some officers, *in lieu* of part of their fixed salary, and for some – *in lieu* of bonus eligibility, in whole or in part).

The amount listed in column Share-based Payment reflects the expense in conformity with accounting principles, as recorded on the financial statements.

For more information about share-based payment, see Note 33 to the consolidated financial statements of the Corporation.

Additional information about remunerated parties:

(4) Mr. Yiftach Ron-Tal had served as Chairman of the Board of Directors of Migdal Insurance Company Ltd. as from August 1, 2021. For more information about remuneration paid to Mr. Yiftach Ron-Tal , see Note 38.G.4.e to the consolidated financial statements of the Corporation.

(5) Mr. Yossi Ben Baruch has served as CEO of the Corporation as from July 1, 2022. For more information about remuneration paid to Mr. Yossi Ben Baruch, see Note 38.G.4.g to the consolidated financial statements of the Corporation.

(6) Mr. Lior Raviv has served as CEO of Mivtach Simon Insurance Agencies Ltd. as from July 1, 2022. Mr. Raviv's terms of employment are specified in an individual employment contract, as set forth in sub-sections 1 and 3 above. On July 5, 2023, as part of the equity remuneration plan at Migdal Group, adopted by the Board of Directors of the Corporation on May 30, 2023, Mr. Raviv was allotted 730,123 options not listed for trading, which may be exercised for ordinary shares of the Corporation, with fair value of NIS 0.9 million. Concurrently, the fair value of options allotted was deducted from Mr. Raviv's bonus during the option vesting period. For more information about this allotment, see Note 33 to the consolidated financial statements of the Corporation. The contract is for an un-specified term, and either party may terminate it by 90 days' advance notice. Upon termination of his employment, Mr. Raviv would be entitled to an adjustment bonus equal to six months' salary. Note that Mr. Raviv is not subject to the remuneration policy of the Corporation nor of the institutional entities, as he is not an officer of the Corporation nor of the institutional entities.

(7) Mr. Sagi Stein has served as CEO of Migdal Capital Markets as from September 1, 2018. Mr. Stein also serves as Chairman of the Board of Directors or as Board member of subsidiaries of Migdal Capital Markets Group. Mr. Stein's terms of employment are specified in an individual employment contract, as set forth in sub-sections 1 and 3 above, including agreement pursuant to Section 14 of the Severance Pay Act, 1963.

Mr. Stein is eligible for an annual bonus based on a percentage of pre-tax income of Migdal Capital Markets. On July 5, 2023, as part of the equity remuneration plan at Migdal Group, adopted by the Board of Directors of the Corporation on May 30, 2023, Mr. Stein was allotted 730,123 options not listed for trading, which may be exercised for ordinary shares of the Corporation, with fair value of NIS 0.9 million. Concurrently, the fair value of options allotted was deducted from Mr. Stein's annual bonus, concurrently with accounting recognition of this allotment. For more information about this allotment, see Note 33 to the consolidated financial statements of the Corporation. Mr. Stein's total cost of annual salary is not to exceed NIS 3.3 million. Mr. Stein's employment contract is for an un-specified term, and either party may terminate it by 90 days' advance notice. Upon termination, Mr. Stein would be entitled to an adjustment bonus equal to four months' salary, beyond the advance notice period. Note that Mr. Stein is not subject to the remuneration policy of the Corporation nor of the institutional entities, as he is not an officer of the Corporation nor of the institutional entities.

(8) Mr. Ronen Agassi has served as CEO of Migdal Insurance Company Ltd. and in other positions with the Corporation, as from February 15, 2023. For more information about remuneration paid to Mr. Ronen Agassi, see Note 38.G.4.k to the consolidated financial statements of the Corporation.

(9) Mr. Tal Cohen has served as Deputy CEO and Manager, Finance and Resource Division of Migdal Insurance Company Ltd. And as CFO of the Corporation, as from June 1, 2022. Mr. Cohen's terms of employment are specified in an individual employment contract, as set forth in sub-sections 1 to 3 above. On July 5, 2023, the General Meeting of shareholders of the Corporation approved allotment to Mr. Cohen of 730,123 options, not listed for trading, which may be exercised for ordinary shares of the Corporation, with a fair value of NIS 1.13 million. This is in conformity with the equity-based remuneration plan of Migdal Group, adopted by the Board of Directors of the Corporation on May 30, 2023. Concurrently, Mr. Cohen's normative annual bonus was partially reduced over the option vesting period. For more information about this allotment, see Note 33 to the consolidated financial statements of the Corporation. The contract is for an un-specified term, and either party may terminate it by 60 days' advance notice. Upon termination of his employment, Mr. Cohen would be entitled to an adjustment bonus equal to nine months' salary. The adjustment bonus would be payable subject to terms and conditions and to dates set forth in the remuneration policy for officers of institutional entities of Migdal Group and for officers of the Corporation. On February 20, 2024, Mr. Cohen announced his wish to conclude his term in office with the Corporation.

(10) Mr. Hanan Meltzer has served as Chairman of the Board of Directors and Board of the Corporation since April 14, 2022, at 66% of a full-time position. For more information about remuneration paid to Mr. Hanan Meltzer, see Note 38.G.4.i to the consolidated financial statements of the Corporation.

Board member remuneration

Board member remuneration at the Corporation, other than the Chairman of the Board of Directors, is in conformity with remuneration payable to external Board members, set in a range between the maximum annual remuneration and the maximum attendance remuneration specified for a corporation of equal ranking to the Corporation in Corporate Regulations (Rules for remuneration and expense reimbursement for independent Board members), 2000 ("Remuneration Regulations"), and the maximum annual remuneration and the maximum attendance remuneration specified in the Remuneration Regulations for an expert external Board member serving a corporation of equal ranking to the Corporation.

Mr. Shlomo Eliyahu, the controlling shareholder of the Corporation, and former Chairman of the Board of Directors of the Corporation, currently serving as a Board member of the Corporation, has waived any salary and is not eligible for any monetary or equivalent consideration for his service, as noted. For more information see Note 38.G.4.a to the financial statements.

Total remuneration paid to other Board members of the Corporation in the Reported Period, some of whom also serve as Board members of other entities controlled by the Corporation, for their office with Boards of Directors and various Board committees, amounted to NIS 5,527 thousand.

Regulation 21a: Control over the Corporation

Mr. Shlomo Eliyahu, who jointly with Ms. Chaya Eliyahu holds 64.28% of the Corporation's issued and paid-in share capital, through private companies controlled thereby, is the ultimate controlling shareholder of the Corporation.

To the best of the Corporation's knowledge, as of the Report Issue Date, Eliyahu Issuance Ltd. (hereinafter: "Eliyahu Issuance") holds 58.13% of the issued and paid-in share capital of the Corporation, and Gan Ha'Ir Project Ltd. (hereinafter: "Gan Ha'Ir Project") holds 6.15% of the issued and paid-in share capital of the Corporation.

Eliyahu Issuance is wholly owned by Eliyahu 1959 Ltd. (hereinafter: "Eliyahu 1959"). To the best of the Corporation's knowledge, the shareholders of Eliyahu 1959 are:

Mr. Shlomo Eliyahu, who holds 25.14% of equity and 98% of management shares, Ms. Chaya Eliyahu, who holds 0.02% of equity and 2% of management shares: Shlomo Eliyahu Holdings Ltd. (hereinafter: "Shlomo Eliyahu Holdings"), which holds 61.7% of equity, and Eliyahu Brothers Trust and Investment Company Ltd. (hereinafter: "Eliyahu Brothers"), which holds 13.14% of equity.

The shareholders of Shlomo Eliyahu Holdings are Mr. Shlomo Eliyahu, who holds 83.31%, and Ms. Chaya Eliyahu, who holds 16.69%.

The sole shareholder of Eliyahu Brothers is Shlomo Eliyahu Holdings, held by Mr. Shlomo Eliyahu and Ms. Chaya Eliyahu, as set forth above.

The shareholder of Gan Ha'Ir Project is Mr. Shlomo Eliyahu, who holds 100% of company shares.

For more information about partial sale of corporation shares, between Eliyahu Issuance and Gan Ha'IR Project, closed in September 2023, see immediate report dated July 19, 2023 (reference no. 2023-01-082260), immediate report dated September 4, 2023 (reference no. 2023-01-102543), immediate Report dated September 11, 2023 (reference no. 2023-01-105237) and Note 38.A.1 to the Corporation's consolidated financial statements.

Regulation 22: Transactions with a controlling shareholder or in which a controlling shareholder has a personal interest

1. In the course of business of the Corporation, the Corporation and subsidiaries conduct, or may conduct, transactions with the controlling shareholder or transactions with another person in which the controlling shareholder has a personal interest, in the normal course of business and at market terms, and subject to approvals required by law and by procedures of the Corporation. Such transactions may be with respect to providing Group services to interested parties and related parties, and to companies held thereby (such as: insurance transactions, insurance brokerage services, provident fund and/or pension fund management services, including loans based on accumulated savings in provident funds or insurance policies, and property leasing), as well as with respect to purchase of goods and services from interested parties and related parties in the Corporation and/or from companies held thereby and/or with respect to Group investments (including investments in securities, credit, real estate and funds).

2. For more information about the Corporation's policy on negligible transactions, see Note 38.B to the consolidated financial statements of the Corporation.

3. For more information about transactions listed in Section 270 (4) of the Corporate Act, contracted by the Corporation in the Reporting Year, or still in effect as of the Report Date, see Note 38.E to the consolidated financial statements of the Corporation.

   For more information about renewal of Board member and officer liability insurance policy, for Board members and officers of Migdal Group, including the controlling shareholder and relative thereof who serve as officers with the Group, after the balance sheet date, dated February 15, 2024, see Regulation 29a below.

4. For more information about Mr. Shlomo Eliyahu's office as Board member of the Corporation and former Chairman of the Board of Directors, for no consideration for such office, see Note 38.G.4.a) to the consolidated financial statements of the Corporation.

Regulation 24: Shares and other securities held by interested parties and senior officers of the Corporation, subsidiary or associate as close as possible to the report date (to the best of the Corporation's knowledge)

a. In the Corporation

Name of interested party	ID / Company ID	Ordinary shares / options	Security ID on stock exchange	Number of shares / options held as of March 19, 2024[56]	Holding stake in capital	Holding stake in voting rights and right to appoint Board members
Shlomo Eliyahu [57]	043661602	Ordinary shares NIS 0.01	1081165	[58] 677,449,595	64.28	64.28
Migdal Insurance Company Ltd. [59]	52-000489-6	Ordinary shares NIS 0.01	1081165	6,365		
Psagot Mutual Funds Ltd.	51-130366-1	Ordinary shares NIS 0.01	1081165	9,583,615	0.81	0.81
HaPhoenix Holdings Ltd. [60]	52-001745-0	Ordinary shares NIS 0.01	1081165	39,022,721.35	3.70	3.70
HaPhoenix Investment House Ltd. [60, 61]	52-004198-9	Ordinary shares NIS 0.01	1081165	26,325,902.58	2.50	2.50
Hanan Meltzer [62]	050596444	Options	1197730	1,563,908	0.15	0.15
Yossi Ben Baruch [62]	027922996	Options	1197730	1,942,743	0.18	0.18
Ronen Agassi[62]	022929756	Options	1197730	2,401,715	0.22	0.22
Tali Kassif	054677836	Ordinary shares NIS 0.01	1081165	13,264	0.00	0.00
Tali Kassif [62]	054677836	Options	1197730	567,874	0.05	0.05
Sagi Stein	038366423	Ordinary shares NIS 0.01	1081165	29,834	0.00	0.00
Sagi Stein [62]	038366423	Options	1197730	730,123	0.07	0.07
Noam Hauslich[62]	017426354	Options	1197730	730,123	0.07	0.07
Tal Cohen -[62]	027427681	Options	1197730	730,123	0.07	0.07
Tamir Solomon [62]	025047176	Options	1197730	567,874	0.05	0.05
David Gilead [62, 63]	021390406	Options	1197730	563,738	0.05	0.05

56 Note that compared to report of holdings of interested parties and senior officers, see immediate report dated January 3, 2024 (reference no. 2024-01-001554), there were changes to holdings of securities of the Corporation by Migdal Mutual Funds Ltd. Pursuant to statutory provisions and to ISA directives, these changes are not reported daily, but rather in the quarterly holdings report only, provided that such changes do not exceed 2%, on aggregate, of the issued and paid-in capital of the Corporation.

57 Mr. Shlomo Eliyahu's holdings are through private companies wholly controlled thereby.

58 On January 1, 2024, shares of the Corporation held by the Bank HaPoalim Nominee Company Ltd. Were transferred to the Tel Aviv Stock Exchange Nominee Company Ltd. The Nominee Company holds, as of the Report Date, 1,049,845,004 shares of the Corporation. For more information about holding stake, see immediate report by the Corporation dated March 10, 2024 (reference no. 2024-01-023931).

59 Migdal holds in trust shares on behalf of former shareholders thereof prior to July 31, 1997.

60 Holdings of HaPhoenix Group in securities of the Corporation include, *inter alia*, holdings through the nostro account and/or life insurance accounts in profit sharing and/or provident fund management accounts or provident fund management companies and/or through special purpose partnerships in securities on behalf of members of HaPhoenix Holdings. For more information, see immediate report by the Corporation dated January 3, 2024 (reference no. 2024-01-001554).

61 HaPhoenix Holdings is the controlling shareholder of HaPhoenix Investment House Ltd. (hereinafter: "HaPhoenix Investment House"). For more information about holding stake of HaPhoenix Investment House in the Corporation, see immediate report by the Corporation dated January 3, 2024 (reference no. 2024-01-001554).

62 On May 30, 2023, the Board of Directors of the Corporation approved private allotment of options to officers. The holding stake in capital, as set forth in the above table, only assumes theoretical full exercise. For more information, see immediate report dated May 30, 2023 (reference no. 2023-01-058461) and Note 33 to the consolidated financial statements of the Corporation.

63 On October 9, 2023, the Board of Directors of the Corporation approved private allotment of options to an officer. The holding stake in capital, as set forth in the above table, only assumes theoretical full exercise. For more information, see immediate report dated October 10, 2023 (reference no. 2023-01-093334) and Note 33 to the consolidated financial statements of the Corporation.

Name of interested party	ID / Company ID	Ordinary shares / options	Security ID on stock exchange	Number of shares / options held as of March 19, 2024[56]	Holding stake in capital	Holding stake in voting rights and right to appoint Board members
Moshe Morgenstern [62]	034269555	Options	1197730	730,123	0.07	0.07
Yaron Shamai [62]	033638693	Options	1197730	730,123	0.07	0.07
Michal Gur-Kagan [62]	038648655	Options	1197730	730,123	0.07	0.07
Erez Migdali [62]	034943852	Options	1197730	730,123	0.07	0.07
Eli Berglass [62]	060516184	Options	1197730	567,874	0.05	0.05
Adva Shlanger Meiri [62]	037277027	Options	1197730	567,874	0.05	0.05
Anat Atlas [62]	032926263	Options	1197730	567,874	0.05	0.05
Ron Regev [62]	027213784	Options	1197730	567,874	0.05	0.05
Sigal Kleinstern [62]	023624810	Options	1197730	567,874	0.05	0.05
Avi Shamai [62]	024317463	Options	1197730	567,874	0.05	0.05
Lior Raviv [62]	032833683	Options	1197730	730,123	0.07	0.07
Lior Kashrian [62]	037594520	Options	1197730	567,874	0.05	0.05

For more information about shares and other securities held by interested parties and senior officers of the Corporation as of December 31, 2023 (to the best of the Corporation's knowledge), see immediate report by the Corporation dated January 3, 2024 (reference no. 2024-01-001554).

b. Subsidiaries and associates

For more information about subsidiaries and associates, see Regulations 11 and 13 in this chapter "Additional Information Regarding the Corporation".

c. Dormant shares and convertible / exercisable securities

Total options allotted to senior officers of the Corporation, a subsidiary or an associate on May 30, 2023: 16,860,216.

Total options allotted to a senior officer of the Corporation on October 9, 2023: 563,738.

Regulation 24a: Registered share capital, issued share capital and convertible securities of the Corporation

Registered share capital as of March 20, 2024
NIS 15,000,000
Divided into 1,500,000,000 ordinary shares of NIS 0.01 par value

Issued share capital as of March 20, 2024
NIS 10,539,082.34
Divided into 1,053,908,234 ordinary shares of NIS 0.01 par value

Options
Total allotted on May 30, 2023: 16,860,216
Total allotted on October 9, 2023: 563,738

Regulation 24b: Registry of shareholders of the Corporation

For more information about Registry of shareholders of the Corporation, see immediate report by the Corporation dated January 3, 2024

(reference no. 2024-01-001554) and immediate report by the Corporation dated January 10, 2024 (reference no. 2024-01-005028).

Regulation 25a: Formal address of the Corporation

The formal address of the Corporation is: 4 Ef'al Street, Kiryat Aryeh, Petach Tikva 4951104, PO Box 3063, Petach Tikva 49130

Tel 03-8868182 Fax 03-9238988

Email migdalhold@migdal.co.il

Regulation 26: Board members of the Corporation

Officer name	**Hanan Meltzer, Chairman of the Board of Directors**	**Shlomo Eliyahu**
ID:	050596444	43661602
Date of Birth:	April 12, 1951	January 18, 1936
Formal Address:	10 Recanati Street, Tel Aviv	6 Hadassah Street, Tel Aviv
Citizenship:	Israeli	Israeli
Member of Board committees:	Member, Charitable donations committee	Chair, Charitable donations committee
External or independent Board member?	No	No
Board member with accounting and financial expertise?	No	Yes
Employed by the Corporation, subsidiary, affiliate or interested party?	Yes	No
Start date in office as Board member:	April 14, 2022	October 29, 2012
Education and occupation during past five years, and listing of corporations on whose board serves as director:	Law graduate, Tel Aviv University, Magna Cum Laude, attorney and associate professor in the Law Faculty of Hebrew University Jerusalem. Employed as arbitrator or mediator and as advisor, in Israel and overseas. President of the Journalism Council (volunteer). Chairman, Righteous Among the Nations Committee of Yad VaShem (volunteer). Had served as Supreme Court Justice and Deputy President of the Supreme Court, through April 2021. Had served as Chairman of the Board of Directors of Migdal Holdings and Management Insurance Agencies Ltd. and of Mivtach Simon Insurance Agencies Ltd., through February 2023.	Chairman of Shlomo Eliyahu Holdings Ltd. and subsidiaries thereof, Eliyahu 1959 Ltd. And Eliyahu Issuance Ltd. Board member, developer and owner of Gan Ha'Ir Project Ltd. And subsidiaries thereof. Had served as Chairman of the Corporation through April 2022, as Board member and Chairman of the Risk Management and Solvency Committee and the Charitable Donations Committee of Migdal Insurance Company Ltd. Through October 2020, as Chairman of the Board of Directors of Migdal Holdings and Management Insurance Agencies Ltd. and of Mivtach Simon Insurance Agencies Ltd., through December 2020 and as Board member of Migdal Insurance Capital Raising Ltd. Through December 2020.
Relative of another interested party in the Corporation?	No	Yes, father of Mr. Israel Eliyahu, Chairman of the Board of Directors of Migdal Capital Markets (1965) Ltd., a subsidiary of the Corporation, and Chairman of the Nostro Investment Committee of Migdal Insurance Company Ltd., a subsidiary of the Corporation.

Regulation 26: Board members of the Corporation

Officer name	**Dr. Gavriel Picker**	**Shlomo Hendel**
ID:	000540302	77041739
Date of Birth:	January 30, 1950	February 11, 1946
Formal Address:	73 Weitzman Street, Tel Aviv	8 Feinstein Street, Tel Aviv
Citizenship:	Israeli	Israeli
Member of Board committees:	No	Chair, Audit Committee, Financial Statements Review Committee, Remuneration Committee
External or independent Board member?	No	Yes
Board member with accounting and financial expertise?	No	Yes
Employed by the Corporation, subsidiary, affiliate or interested party?	No	No
Start date in office as Board member:	November 12, 2013	September 22, 2019
Education and occupation during past five years, and listing of corporations served as Board member:	Dentist, D.M.D (Hebrew University and Hadassah Medical Center, Jerusalem). Serves as insurance advisor, health and dental insurance – Trusted Physician. Board member of Derech Ha-13 Ltd., Keren Heseg NGO and member, executive board of Picker Foundation. Had served as CEO of the Corporation from January 18, 2022 through July 1, 2022, as member of the Corporation's Audit Committee through January 2022, as Board member and member of the Audit Committee of Migdal Insurance Company Ltd. through November 2021 and as Board member of Eliyahu 1959 Ltd. through October 2021.	Undergraduate degree in social sciences and certificate of studies in management training, comptroller track (Tel Aviv University), qualified IT auditor, senior management course (Harvard University, USA). Board member of Pheonix Value Urban Renewal General Partner Ltd., external Board member of Pheonix Value Urban Renewal Limited Partnership, Council member and Chair, Audit Committee (Volunteer) of the Open University, and Chair, Audit Committee (Volunteer) of the Israeli Philharmonic Orchestra. Had served as Chair, Board of Directors (Volunteer) of the Young Entrepreneurs Promotion Foundation Ltd. of Ogen Group, through July 2020.
Relative of another interested party in the Corporation?	No	No

Regulation 26: Board members of the Corporation

Officer name	**Avraham Dotan**	**Carmi Gilon**
ID:	052300373	000540294
Date of Birth:	December 27, 1953	January 20, 1950
Formal Address:	27 Abba Even Street, Herzliya	6 HaZaiyt Street, Mevasseret Zion
Citizenship:	Israeli	Israeli
Member of Board committees:	Member, Audit Committee	Member, Remuneration Committee
External or independent Board member?	No	No
Board member with accounting and financial expertise?	Yes	Yes
Employed by the Corporation, subsidiary, affiliate or interested party?	No	No
Start date in office as Board member:	December 29, 2021	April 21, 2021
Education and occupation during past five years, and listing of corporations served as Board member:	Undergraduate degree in Political Science, Haifa University. Chair, IT, Cyber and Information Strategy Committee; Member, Audit Committee and Remuneration Committee of Migdal Insurance Company Ltd., a subsidiary of the Corporation. Chairman of the Board of Directors of National Park Ramat Gan Ltd. External Board member of Sunny Cellular Communications Ltd. Board member of Emilia Development (MAOF) Ltd., of the Israel Peled Zoological Center Ramat Gan Ltd., of Nur Inc. Innovations Ltd. Had served as CEO of Pi Glilot Petroleum Depots and Pipelines Ltd., and as Chairman of MAGAL Mifaley Gas LeIsrael Ltd., through 2020. Previously took part in creation of the IT system at Israeli Police, when he served as Head of the Intelligence Division of Israeli Police.	Undergraduate degree in Political Science and Public Administration, Hebrew University, Jerusalem. Graduate degree in Political Science and Public Administration, Haifa University. Had served as Board member, Chair of the IT, Cyber and Information Strategy Committee and member of the Financial Statements Review Committee of Migdal Insurance Company Ltd. ("Migdal Insurance"), a subsidiary of the Corporation, through February 2024. Had served as Interim Chair of the Board of Directors of Migdal Insurance, from January 7, 2023 through March 15, 2023 (appointment approved by Migdal Insurance Board of Directors on November 22, 2022, no objection confirmed by the Supervisor on January 7, 2023), and as member of the Independent Board Member Nomination Committee through January 31, 2024. Had served as external Board member of Dan Hotels Ltd. through July 2023, as Chairman of Cytegic, an Israeli startup company specialized in cyber risk in insurance and finance, for six years through 2020. This company was acquired by MasterCard. Lecturer in this field, in Israel and overseas.
Relative of another interested party in the Corporation?	No	No

Regulation 26: Board members of the Corporation

Officer name	**Ron Tor**	**Linda Ben-Shoshan**
ID:	050965862	59279224
Date of Birth:	March 10, 1952	May 26, 1965
Formal Address:	25 Shlomzion Street, Tel Aviv	16 Gefen Street, Macabim
Citizenship:	Israeli	Israeli
Member of Board committees:	Member, Financial Statements Review Committee	Member, Audit Committee, Financial Statement Review Committee and Remuneration Committee.
External or independent Board member?	Yes	Yes
Board member with accounting and financial expertise?	Yes	Yes
Employed by the Corporation, subsidiary, affiliate or interested party?	No	No
Start date in office as Board member:	September 30, 2021	April 30, 2020
Education and occupation during past five years, and listing of corporations served as Board member:	Undergraduate degree in Statistics, Hebrew University, Jerusalem and in Law, Interdisciplinary Center, Herzliya, attorney. Chair, Board of Directors of Medintech Ltd.	Undergraduate degree in Economics and Sociology, Hebrew University, Jerusalem. MBA (Financing and banking), Hebrew University, Jerusalem. Partner, Forma – equity fund investing in real estate in Europe; Monte Capital Management Company MCMC Ltd.; Yonsi and Galili Investments and Financial Consulting Ltd.; and Peal Investment Fund Ltd. Member, Advisory Committee of Monte Sides 2 Management Ltd.; Monte Fund, investing in fintech and insuretech; external Board member of Taro Pharmaceutical Industry Ltd.; external Board member and Chair, Balance Sheet Committee of Energix Renewable Energies Ltd.; external Board member of MRR Thirteen Limited; external Board member of Priortech Ltd.; external Board member of Sofrin Holdings Ltd. Serves as advisor to Pitango International MC 2019 Ltd. Board member (Volunteer) of Ogen Social Lending Fund Ltd. Had served as member of the Executive Board (Volunteer) of NGO for promotion of education in Tel Aviv Yafo and of the Executive Board and Board of Trustees of Sapir Academic College, through December 2023. Had served as advisor to F. T. P. F Ltd. Through December 2023. Had served as external Board member and Chair, Investment Committee of MAHAR Provident Fund Management Company for Academics and Engineers, through January 2024; as external Board member of Netivey Israel National Transportation Infrastructure Company Ltd., through February 2023; of MDG Real Estate Global Limited (company incorporated in the Virgin Islands) through February 2022; as external Board member of the Management Company of Rom Study Fund for Local Authority Employees Ltd., through May 2020; as external Board member and Chair, Investment Committee of El Al Employees Provident Fund, through March 2020.
Relative of another interested party in the Corporation?	No	No

Regulation 26: Board members of the Corporation

Officer name	**Orna Hausman Bechor**
ID:	024570202
Date of Birth:	November 12, 1969
Formal Address:	7 HaPrachim Street, Ramat HaSharon
Citizenship:	Israeli
Member of Board committees:	Member, Audit Committee, Financial Statement Review
External or independent Board member?	Yes
Board member with accounting and financial expertise?	Yes
Employed by the Corporation, subsidiary, affiliate or interested party?	No
Start date in office as Board member:	May 28, 2023
Education and occupation during past five years, and listing of corporations served as Board member:	Undergraduate degree in Business Administration (Marketing), Thames Valley University, London. Executive MBA, Bar Ilan University. Independent Board member of Energix Renewable Energies Ltd.Knafaim External Board member of BAZAN Oil Refineries Ltd. and of Global Knafaim Leasing Ltd. Board member of Megureit Israel Ltd. Volunteer member of the Board of Trustees and Audit Committee of the Academic Track, College for Management founded by the Clerk Union in Tel Aviv. Had served as Board member of Mishorim Real Estate Investments Ltd. through May 2023; Chair, Board of Directors of Ashdod Seaport, through March 2023; as Board member of AMI Foundation, owned by Apex, through December 2022; as member, Healthcare Basket Commission of the Ministry of Health, through 2020.
Relative of another interested party in the Corporation?	No

Board members whose term in office expired during the Reported Period and through the Report Date, hence no information provided about these:

Name	ID	Start date in office:	Termination of office
Dr. Keren Bar Chava	025326323	March 16, 2022	February 5, 2024

Regulation 26a: Senior officers of the Corporation [64]

Officer name:	**Yossi Ben Baruch**	**Tal Cohen** [65]
ID:	027922996	027427681
Date of Birth:	November 25, 1970	July 25, 1974
Position held in corporation:	CEO of the Corporation	CFO of the Corporation
Position held in a subsidiary, affiliate or interested party of the Corporation:	Chair, Board of Directors of Migdal Health and Quality of Life Ltd.; of Migdal Real Estate Holdings Ltd.; of Migdal Eshkol Finance Ltd.; of Migdal Financing Services Ltd.; of Migdal Leasing Ltd.; of HaMagen Assets Ltd.; of Pel Beit HaMagen Ltd.; of Migdal Management Services Ltd.; of Migdal Claims Management Ltd. Board member and CEO of Migdal Insurance Capital Raising Ltd. Board member of Migdal Holdings and Management Insurance Agencies Ltd.; of Mivtach Simon Insurance Agencies Ltd.; of Be Well Quality of Life Solutions Ltd.; of Peltours Insurance Agencies Ltd.; of Shaham Orlan Insurance Agency Ltd.; of So-bit Insurance Agency Ltd.; of Sagi Yogev Insurance Agencies (1988) Ltd.; of Ihud Insurance Agencies Network Ltd.; of Migdal Technologies Ltd.; of Makefet Non-negotiable Baskets Management Ltd.; of Migdal Holdings Energy US. G. P Ltd.; of Migdal Holdings Infrastructure Assets G. P Ltd. Board member and member, Audit Committee of Migdal Capital Markets (1965) Ltd.	Manager, Finance and Resource Division of Migdal Insurance Company Ltd. CFO of Migdal Insurance Capital Raising Ltd. Board member of Migdal Health and Quality of Life Ltd.; of Migdal Holdings and Insurance Agency Management Ltd. Board member of Mivtach Simon Insurance Agencies Ltd.; of Allbright Holdings Ltd.; of Allbright Technologies Ltd.; of Ashmoret Tichona Ltd.
Is interested party in the Corporation or relative of another senior officer or interested party in the Corporation?	No	No
Education and business experience over past 5 years:	Undergraduate degree in Law and Accounting, Tel Aviv University; CPA; attorney. MBA (Financing), Tel Aviv University. Qualified for Portfolio Manager license (short of residency). Had served as Deputy CEO and CFO of the Corporation; CFO and Manager, Finance Division of Migdal Insurance Company Ltd.; CFO of Migdal Insurance Capital Raising Ltd.; of Migdal Holdings and Management Insurance Agencies Ltd.; of Migdal Health and Quality of Life Ltd., through July 2022.	Undergraduate degree in Accounting, Tel Aviv University; CPA. Undergraduate degree in Economics, Hebrew University. MBA, Hebrew University. Had served as CFO of Migdal Health and Quality of Life Ltd., through January 2024; as Manager, Finance and Comptroller Division of Clal insurance Company Ltd. and Board member of subsidiaries thereof, through May 2022.
Start date in office:	July 1, 2022	July 1, 2022

[64] Note that the Corporation has reviewed the list of officers, as previously listed by the Corporation, including in conformity with applicable statutory requirements, and this is the revised list, after such review.
[65] On February 19, 2024, Mr. Cohen announced his wish to conclude his term in office with the Corporation. The end date of their term in office has yet to be determined.

Regulation 26a: Senior officers of the Corporation [64]

Officer name:	**Tamir Solomon**	**Tali Kassif** [66]	**David Gilead**
ID:	025047176	54677836	021390406
Date of Birth:	March 13, 1973	February 13, 1957	November 9, 1979
Position held in corporation:	Internal Auditor of the Corporation	Corporate Secretary of the Corporation	CRO of the Corporation
Position held in a subsidiary, affiliate or interested party of the Corporation:	Internal Auditor of Migdal Insurance Company Ltd.; Migdal Makefet Pension and Provident Funds Ltd.; Migdal Insurance Capital Raising Ltd.	Corporate Secretary of Migdal Insurance Company Ltd.; Migdal Makefet Pension and Provident Funds Ltd.; Migdal Health and Quality of Life Ltd. and other Migdal Insurance Group companies.	CRO of Migdal Insurance Company Ltd.; Migdal Makefet Pension and Provident Funds Ltd.
Is interested party in the Corporation or relative of another senior officer or interested party in the Corporation?	No	No	No
Education and business experience over past 5 years:	Undergraduate degree in Economics and Management, College for Management. MBA, Academic Campus. Qualified Internal Auditor, Institute of the Internal Auditors in Israel; member of IIA Israel and of ISACA.	Undergraduate law degree, Tel Aviv University; Attorney.	Undergraduate degree in Economics and Psychology, Tel Aviv University. MBA, INSEAD, France. Had served as VP, Risk Management Division; as Manager, Economic Capital, Overall Risk and Insurance Risk at Phoenix Investments, Insurance and Finance Ltd., through October 2023; as Manager, Overall Risk, Insurance Risk and Economic Capital at Clal Insurance and Finance Ltd., through January 2021.
Start date in office:	January 25, 2019	March 18, 1991	October 8, 2023

66 In February 2024, Ms. Tali Kassif announced her intention to retire. The retirement date has yet to be determined.

Regulation 26a: Senior officers of the Corporation [64]

Officer name:	**Noam Hauslich**	**Amir Barnea**	**Ronen Agassi**
ID:	017426354	003794310	022929756
Date of Birth:	October 31, 1974	September 10, 1939	April 15, 1968
Position held in corporation:	Legal Counsel and Chief Enforcement Officer of the Corporation	Has no position with the Corporation.	Has no position with the Corporation.
Position held in a subsidiary, affiliate or interested party of the Corporation:	Legal Counsel, Legal Risk Officer and Chief Enforcement Officer of Migdal Insurance Company Ltd., Migdal Makefet Pension and Provident Funds Ltd. And other Migdal Insurance Group companies.	Chair, Board of Directors of Migdal Insurance Company Ltd.	CEO, Migdal Insurance Company Ltd. Chair, Board of Directors of Migdal Insurance Capital Raising Ltd.; Migdal Makefet Pension and Provident Funds Ltd.; Migdal Holdings and Management Insurance Agencies Ltd.; Mivtach Simon Insurance Agencies Ltd.
Is interested party in the Corporation or relative of another senior officer or interested party in the Corporation?	No	No	No
Education and business experience over past 5 years:	Undergraduate law degree, Hebrew University, Jerusalem; Attorney MBA, College for Management. Had served as Manager, Regulation Division of Bank Leumi Le-Israel Ltd. through May 2021.	Undergraduate degree in Economics and Statistics, Hebrew University. Graduate degree in Economics and Business Administration, Hebrew University. PhD in Managerial Economics, Cornell University, New York State. Professor (Emeritus) of Financing, Interdisciplinary Center, Herzliya. Professor (Emeritus) at Faculty of Management, Tel Aviv University. Member, Risk Management and Solvency Committee and Independent Board Member Nomination Committee of Migdal Insurance Company Ltd. Owner, Barnea Economic and Financial Consulting Ltd. – providing economic consulting services. Observer, Board of directors of Nova Plasma Ltd. and Nova Green Technologies Ltd. Shareholder and Board member of Immonen Holding Management.	Undergraduate degree in Accounting and Business Administration, Academic Center, College for Management; CPA. Had served as CEO of Migdal Makefet Pension and Provident Funds Ltd., from July 14, 2023 through August 3, 2023. Had served as Deputy CEO, Manager, Business Division of Bank Leumi Le-Israel Ltd. through February 15, 2023; as Board member of Valley National Bank through February 2023; as Manager, Capital Markets Division of Bank Leumi Le-Israel Ltd. and as Chair, Board of Directors of Leumi Partners, through 2020.
Start date in office:	June 27, 2021	November 15, 2023 (Office with Migdal Insurance)	February 15, 2023 (Office with Migdal Insurance)

Regulation 26a: Senior officers of the Corporation [64]

Officer name:	**Israel Eliyahu**	**Sagi Stein**
ID:	27768969	038366423
Date of Birth:	May 16, 1970	May 21, 1976
Position held in corporation:	Has no position with the Corporation.	Has no position with the Corporation.
Position held in a subsidiary, affiliate or interested party of the Corporation:	Chair, Board of Directors of Migdal Capital Markets (1965) Ltd. Chair, Nostro Investment Committee of Migdal Insurance Company Ltd.	CEO of Migdal Capital Markets (1965) Ltd.; Board member and/or Chairman of subsidiaries of Migdal Capital Markets (1965) Ltd.
Is interested party in the Corporation or relative of another senior officer or interested party in the Corporation?	Yes, son of Mr. Shlomo Eliyahu, Board member and controlling shareholder of the Corporation.	No
Education and business experience over past 5 years:	Undergraduate degree in Economics, Cinema and TV, Tel Aviv University; graduate of executive management courses, specialized in negotiations, M&A and family businesses (INSEAD). Board member of Logos Projects and Real Estate Ltd.; Member, Executive Board of "VEHADARTA", National Council for Promoting the Elderly (Registered NGO) (Volunteer); of Lev Ohev (Registered NGO) (Volunteer); of Foundation for Reducing Social Gaps in Israel (Volunteer). Founder, Center for Family Businesses – Israel Ltd.	Undergraduate degree in Economics, Ben Gurion University; Board member and officer course; licensed portfolio manager; licensed retirement insurance advisor.
Start date in office:	February 1, 2014 (Office with Migdal Capital Markets)	September 1, 2018 (Office with Migdal Capital Markets)

Senior officers whose term in office expired during the Reported Period and through the Report Date:

Name	**ID**	**Start date in office:**	**Termination of office**
Ms. Michal Gur Kagan, former CRO of the Corporation	038648655	July 25, 2016	August 1, 2023

Regulation 26b: Authorized signatories of the Corporation

The Corporation has no sole authorized signatory.

Regulation 27: Corporation's Independent Auditor

Somech Chaykin CPAs, Millennium Tower KPMG, 17 HaArba'a Street, Tel Aviv, PO Box 609, Tel Aviv, 6100601

Kost, Forer, Gabbay & Kasierer, CPAs, Midtown Tower, 144a Menachem Begin Street, Tel Aviv 6492102.

Regulation 28: Changes to the Corporation's Articles of Incorporation or Bylaws

No changes were made to the Corporation's Bylaws in the Reported Period.

Regulation 29: Recommendations and resolutions by the Board of Directors

(a) Recommendations of Board members to the General Meeting and Board resolutions not requiring approval by the General Meeting, with regard to:

1. - Payment of dividends (final and interim) and bonus share distribution:
   - On April 4, 2023, the Board of Directors of the Corporation, after due consideration given to the Corporation's financial results, in conformity with its financial statements as of December 31, 2022, the distributable earnings, current and anticipated liabilities, capital structure, anticipated cash flow and current and projected liabilities, resolved to approve a dividend distribution amounting to NIS 32 million, payable from dividends received from the subsidiary, Migdal Capital Markets (1965) Ltd., in August 2022 and in March 2023.
     In conformity with the Corporation's Bylaws, this resolution by the Board of Directors was brought for approval by the General Meeting of shareholders.

   - On November 22, 2023, the Board of Directors of the Corporation, after due consideration given to the Corporation's financial results, in conformity with its financial statements as of September 30, 2023, the distributable earnings, current and anticipated liabilities, capital structure, anticipated cash flow and current and projected liabilities, resolved to approve a dividend distribution amounting to NIS 25 million, payable from dividends received from the subsidiary, Migdal Capital Markets (1965) Ltd.
     In conformity with the Corporation's Bylaws, this resolution by the Board of Directors was brought for approval by the General Meeting of shareholders.
2. Changes to corporation's authorized or issued share capital: None.
3. Changes to the Corporation's Articles of Incorporation or Bylaws: None.
4. Share buy-back: None.
5. Early redemption of debentures: None.

6. Transaction not at market terms between the Corporation and an interested party there of: None.

(b) Resolutions by the General Meeting of shareholders, in the aforementioned matters, passed other than in conformity with Board recommendations: None.

(c) Resolutions by an extraordinary General Meeting:

Date of the General Meeting	**Resolutions by the General Meeting**
April 27, 2023	Dividend distribution – The General Meeting resolved to approve a dividend to shareholders, amounting to NIS 32 million, or NIS 0.0303631 per share and 303.631% of the Corporation's issued and paid-in share capital, as of the date of resolution by the Board of Directors in respect of such distribution. The dividend was paid to shareholders of the Corporation registered in the Corporation's Registry of Shareholders at end of the effective date (May 1, 2023), which was also the Ex-Dividend Date, pursuant to Stock Exchange directives. The payment date was May 8, 2023. For more information about resolutions passed by the General Meeting on April 27, 2023, as set forth above, see immediate report by the Corporation dated April 27, 2023 (reference no. 2023-01-045336).
May 28, 2023	- Remuneration policy – The General Meeting resolved to re-approve the Corporation's remuneration policy for 2023-2025. - Appointment of external Board member – Approve the appointment and terms of office of Ms. Orna Hausman Bechor as external Board member of the Corporation, for (first) term in office of three (3) years, as from the approval date by the General Meeting. - Re-appointment of external Board member – Approve the appointment and terms of office of Ms. Linda Ben-Shoshan as external Board member of the Corporation, for (second) term in office of three (3) years, as from the approval date by the General Meeting. For more information about resolutions passed by the General Meeting on May 28, 2023, as set forth above, see immediate report by the Corporation dated May 28, 2023 (reference no. 2023-01-056577).
July 5, 2023	- Revision of remuneration policy – The General Meeting resolved to approve the Corporation's revised remuneration policy for 2023-2025. The remuneration policy is approved for three years, from the approval date of the current remuneration policy, through expiration thereof on February 10, 2026. - Revision of terms of office and employment of CEO – Approve award of 1,942,743 options to Mr. Yossi Ben Baruch, and approve the proposed revision - To his terms of office as CEO of the Corporation, as set forth in Section 2.2 of the Report Convening the General Meeting. - Revision of terms of office and employment of Chairman of the Board of Directors – Approve award of 1,563,908 options to Retired Justice Meltzer, and approve The proposed revision to his terms of office as Chairman of the Board of Directors of the Corporation, as set forth in Section 2.3 of the Report Convening the General Meeting. For more information about resolutions passed by the General Meeting on July 5, 2023, as set forth above, see immediate report by the Corporation dated July 5, 2023 (reference no. 2023-01-075333).
December 13, 2023	Dividend distribution – The General Meeting resolved to approve a dividend distribution amounting to NIS 25 million. The dividend was paid to shareholders of the Corporation registered in the Corporation's Registry of Shareholders at end of the effective date (December 18, 2023), which was also the Ex-Dividend Date, pursuant to Stock Exchange directives. The payment date was December 25, 2023. For more information about resolutions passed by the General Meeting on December 13, 2023, as set forth above, see immediate report by the Corporation dated December 13, 2023 (reference no. 2023-01-135650).

Regulation 29a: Resolutions by the Corporation

1. Approve actions pursuant to Section 255 of the Corporate Act: None

2. Action pursuant to Section 254 (a) of the Corporate Act that was not approved: None

3. Exceptional transactions requiring special approval pursuant to Section 270(1) of the Corporate Act: None.

4. Insurance, waiver or indemnification of officers in effect as of the Report Date:

   See Note 39.2.d to the consolidated financial statements of the Corporation.

5. **Board member and officer's liability insurance**

   On February 8, 2024, the Board of Directors of the Corporation, after approval by the Remuneration Committee of the Corporation dated February 8, 2024, resolved to approve renewal of the Board member and officer liability insurance policy, for Board members and officers of Migdal Group, including for the CEO and/or the controlling shareholder and/or relatives thereof serving as officers of the Group. The insurance coverage would be renewed for a term of seventeen (17) months, from February 15, 2024 through July 14, 2025, with liability capped at USD 120 million per case and in total for the insurance term. The insurance policy is contracted at market terms and should not materially affect the Corporation’s profitability, assets or liabilities.

   The aforementioned insurance coverage was approved in conformity with Regulations 1a1, 1b(a)(5) and 1b1 of the Relief Regulations and with the Corporation's remuneration policy.

   For more information see immediate report by the Corporation dated February 11, 2024 (reference no. 2024-01-014892).

Migdal Insurance and Financial Holdings Ltd.

Names of signatories and their positions:

Hanan Meltzer **Chairman of the Board of Directors**	**Yossi Ben Baruch** **CEO of the Corporation**

Date: March 20, 2024

Corporate governance questionnaire
[67]

Note that answers in the questionnaire exclude any reference to subsidiaries, unless otherwise explicitly indicated.

[67] Made public as part of proposed legislation for report improvement on March 16, 2014.

Board of Directors independence				
			True	**False**
1.		Throughout the Reported Year, two or more external Board members served the Corporation. This question may be answered True if the period in which no two external Board members served the Corporation does not exceed 90 days, as per Section 363a.(b)(10) of the Corporate Act; however, for any answer, indicate the period during the Reported Year (in days) in which no two external Board members served the Corporation (including any term of office approved retroactively, separately for the individual external Board members): **Board member A: Linda Ben-Shoshan** **Board member B: Shlomo Hendel** **Board member C: Orna Hausman Bechor**[68] Number of external Board members who serve the Corporation as of the publication date of this questionnaire: **3**	✓	
2.		Share[69] of independent Board members[70] who serve the Corporation as of the publication date of this questionnaire: **4/9 (44%)** Share of independent Board members stipulated in Bylaws [71] of the Corporation [72] ✓ N/A (no provision stipulated in Bylaws)		

[68] Ms. Orna Hausman Bechor started in office as external Board member of the Corporation on May 28, 2023.
[69] In this questionnaire, "**share**" – number out of total number. For example: 3/7.
[70] Including external Board members, as defined in the Corporate Act.
[71] In this question – Bylaws, including pursuant to any specific statutory provision applicable to the Corporation (e.g. for a banking corporation – directives of the Supervisor of Banks).
[72] Debenture Company is not required to answer this section.

Board of Directors independence				
			True	**False**
3.		In the Reported Year, the external (and independent) Board members were verified to be in compliance, during the Reported Year, with provisions of Sections 240(b) and (f) of the Corporate Act with regard to absence of affinity for external (or independent) Board members serving the Corporation - and verified to fulfill the requirements for the office of an external (or independent) Board member.	✓	
4.		All Board members who served the Corporation during the Reported Year do not report to the CEO, directly or indirectly (except for any Board member who is an employee representative - if employees are represented at this Corporation). If you answered False (i.e. a Board member reports to the CEO) - please indicate the share of Board members who did not comply with the aforementioned restriction: ____	✓	
5.		All Board members who announced their personal interest in approval of a transaction on the agenda for the meeting, did not attend the discussion and did not take part in voting (other than discussion and/or voting under circumstances pursuant to Section 278(b) of the Corporate Act: If you answered False – Was this for the purpose of presenting a specific matter, pursuant to provisions of Section 278(a) Final Part? ☐ YES ☐ NO (Check the appropriate box). Note the share of meetings at which such Board members attended discussion and/or took part in voting other than under circumstances as indicated in sub-section a: ____.	✓	

Board of Directors independence				
			True	**False**
6.	1.	The controlling shareholder (including any relative thereof and/or anyone on behalf thereof), other than a Board member or other senior officer of the Corporation, did not attend the Board meetings held during the Reported Year. If you answered False (i.e. the controlling shareholder and/or any relative thereof and/or anyone on behalf thereof, other than a Board member and/or other senior officer of the Corporation, did attend the Board meetings) – please indicate the following information with regard to any other person who attended the Board meetings: Identity: _____ **Position:** With the Corporation (if any) _____. Details of affinity to the controlling shareholder (if the person present was other than the controlling shareholder themselves): _____ Was this for the purpose of presenting a specific matter: YES ☐ NO (Check the appropriate box). Their attendance rate [73] at Board meetings held during the Reported Year: _____ For the purpose of presenting a specific matter: _______ Other attendance: ______ ☐ Not applicable (the Corporation has no controlling shareholder).	✓	

[73] Separately for the controlling shareholder, relative thereof and/or anyone on behalf thereof.

Board member competence and qualifications					
				True	**False**
7.		the Corporation Bylaws do not include a provision which restricts the option to immediately terminate the office of all Board members of the Corporation, other than external Board members (for this matter – a vote passed by simple majority does **not** constitute a restriction).[74] If you answered False (i.e. such a restriction exists), please indicate –		✓	
		A.	The duration specified in Bylaws for the term in office of a Board member: _____		
		B.	The majority required in Bylaws for termination of Board members' office: _____		
		C.	The legal quorum specified in Bylaws for the General Meeting to terminate Board members' office: _____		
		D.	The majority required to amend these provisions of the Bylaws: _____		

[74] Debenture Company is not required to answer this section.

Board member competence and qualifications					
				True	**False**
8.		the Corporation offers a training program for new Board members, covering the Corporation's business and the laws applicable to the Corporation and to Board members, as well as a further training program for incumbent Board members aligned, *inter alia*, with the Board member's role within the Corporation. If you answered True – please indicate if the program was offered during the Reported Year: ✓ Yes ☐ NO		✓ [75]	
9.		A.	the Corporation has specified the minimum number of Board members to have accounting and financial expertise. If you answered True – please indicate the minimum number specified. **3**	✓	
		B.	Number of Board members who served the Corporation during the Reported Year – Have accounting and financial expertise [76] **8** [77] Have professional qualifications [76] **8** [77] In case there was a change to the number of such Board members during the Reported Year, please provide the lowest number (other than within 60 days from such a change) of Board members of each category who served during the Reported Year		

[75] In conformity with procedure "Board of Directors operations", a new Board member holds a round of meetings with senior management and officers listed in the procedure for familiarization with the Company, the regulatory environment, the corporate governance system thereof and so forth. Moreover, in conformity with the procedure "Board of Directors", Board member seminars are held once every two years. On December 21, 2023, Board member seminars were held on the topic of Board member liability and enforcement trends, challenges facing the Board of Directors in IT and cyber, making peace with the Corporate Act and practical aspects of securities law in view of Migdal Group's enforcement policy. Furthermore, the company delivers, from time to time, training and seminars for officers and/or Board members on topics and with content that the Company considers should be in focus, or as requested by Board members from time to time.

[76] After review by the Board of Directors, in conformity with provisions of Corporate Regulations (Requirements and tests for Board members with accounting and financial skills and for Board members with professional skills), 2005.

[77] On February 5, 2024, Dr. Keren Bar Chava completed their term in office on the Board of Directors of the Corporation; Thus, as of said date, the number of Board members with accounting and financial expertise and professional competence is 7. See immediate report dated February 5, 2024 (reference no. 2024-01-013437).

Board member competence and qualifications					
				True	**False**
10.		A.	Throughout the Reported Year, the Board was composed of members of both genders. If you answered False - please indicate the duration (in days) in which the foregoing was false: ______ This question may be answered True if the period in which no Board members of both genders served the Corporation does not exceed 60 days; however, for any answer, please indicate the period during the Reported Year (in days) in which no Board members of both genders served the Corporation: _______	✓	
		B.	Number of Board members of each gender who serve on the Corporation's Board of Directors as of the publication date of this survey: **Men: 7 Women: 2**		

Board meetings				
			True	**False**
11.	A.	Number of Board meetings held in each quarter of the Reported Year: 2023 First quarter: 4 Second quarter: 4 Third quarter: 5 Fourth quarter: 6		
	B.	Next to the name of each Board member who served the Corporation during the Reported Year, please indicate their attendance rate [78] at Board meetings (in this sub-Section - including meetings of Board committees they are members of, as noted below) held during the Reported Year [79] (with reference to their term in office): (Please add more rows based on the number of Board members).		

[78] See footnote 69.

[79] Ms. Orna Hausman Bechor was appointed on May 28, 2023.

Board member name	Their attendance rate at **Board meetings**	Their attendance rate at **Audit Committee meetings** [80]	Their attendance rate at **Financial Statements Review Committee meetings**[80]	Their attendance rate at **Remuneration Committee meetings**[80]
Shlomo Eliyahu	(*)94%	__	__	__
Hanan Meltzer	100%	__	__	__
Dr. Keren Bar Chava [81]	95%	__	__	__
Gavriel Picker	100%	__	__	__
Ron Tor	89%	__	(***)75%	__
Linda Ben-Shoshan	100%	80%	100%	100%
Shlomo Hendel	100%	100%	100%	100%
Carmi Gilon	100%	____	____	100%
Avraham Dotan	100%	100%	____	____
Orna Hausman Bechor	100%	100%	100%	100%

80 For any Board member who is member of this committee.
(*) Mr. Shlomo Eliyahu did not attend some Board meetings due to personal interest in matters discussed at said meetings.
(***)Mr. Ron Tor attended 3 out of 4 meetings.

81 On February 5, 2024, Dr. Keren Bar Chava concluded their term in office with the Corporation. See immediate report dated February 5, 2024 (reference no. 2024-01-013437).

BOARD MEETINGS (AND CONVENING OF A GENERAL MEETING)				
			True	**False**
12.		During the Reported Year, the Board of Directors conducted at least one discussion concerning the management of the Corporation's business by the CEO and officers reporting there to, without the latter being present, after allowing them an opportunity to express their views.		✓

SEPARATION OF ROLES BETWEEN THE CEO AND THE CHAIRMAN OF THE BOARD OF DIRECTORS					
				True	**False**
13.		Throughout the Reported Year, a Chairman of the Board of Directors has served the Corporation. This question may be answered True if the period in which no Chairman of the Board of Directors served the Corporation does not exceed 60 days, as per Section 363a(2) of the Corporate Act; however, for any answer, please indicate the period during the Reported Year (in days) in which no Chairman of the Board of Directors served the Corporation: _____		✓	
14.		Throughout the Reported Year, a CEO has served the Corporation. This question may be answered True if the period in which no CEO served the Corporation does not exceed 90 days, as per Section 363a(6) of the Corporate Act; however, for any answer, please indicate the period during the Reported Year (in days) in which no CEO served the Corporation.		✓	
15.		For a corporation where the Chairman of the Board of Directors also serves as the CEO and/or exercises the authority thereof - this dual office was approved in conformity with provisions of Section 121(c) of the Corporate Act.[82] ✓ Not applicable (as there is no such dual office at the Corporation).			
16.		The CEO is <u>not</u> related to the Chairman of the Board of Directors. If you answered False (i.e. the CEO is related to the Chairman of the Board of Directors) –		✓	
		A.	Indicate the family relationship between the parties: _____	_____	_____
		B.	The appointment was approved in conformity with Section 121(c) of the Corporate Act: [82] ☐ YES ☐ NO *(Check the appropriate box)*	_____	_____
17.		The controlling shareholder or a relative thereof do <u>not</u> serve as CEO or as senior officer of the Corporation, other than as Board member. **Mr. Israel Eliyahu, son of Mr. Shlomo Eliyahu, Board member and controlling shareholder of the Corporation, serves as Chair, Board of Directors of Migdal Capital Markets (1965) Ltd., a subsidiary of the Corporation.** ☐ Not applicable (the corporation has no controlling shareholder).			✓

[82] For debenture company – approval pursuant to Section 121(d) of the Corporations Act.

AUDIT COMMITTEE				
			True	**False**
18.	During the Reported Period, the Audit Committee did <u>not</u> include as member -		_____	_____
	A.	The controlling shareholder or a relative thereof. ☐ Not applicable (the corporation has no controlling shareholder).	✓	
	B.	Chairman of the Board of Directors	✓	
	C.	A Board member employed by the Corporation or by the controlling shareholder of the Corporation or by a corporation controlled there by.	✓	
	D.	A Board member who regularly provides services to the Corporation or to the controlling shareholder of the Corporation or to a corporation controlled there by.	✓	
	E.	A Board member whose livelihood primarily depends on the controlling shareholder. ☐ Not applicable (the corporation has no controlling shareholder).	✓	
19.		During the reported year, any person not eligible to be a member of the Audit Committee, including a controlling shareholder or relative thereof, did not attend meetings of the Audit Committee, other than in conformity with provisions of Section 115(e) of the Corporate Act.	✓	
20.		The legal quorum for discussion and passing resolutions at all Audit Committee meetings held during the reported year was a majority of Committee members, with a majority of those present being independent Board members and at least one of them was an external Board member. If you answered False - please indicate the percentage of meetings which failed to fulfill this requirement: _____	✓	

AUDIT COMMITTEE

			True	False
21.		During the reported year, the Audit Committee held one or more meetings attended by the Internal Auditor and by the Independent Auditor, as the case may be, with no officers of the Company, other than Committee members, attending - concerning faults in business management of the Corporation.	✓	
22.		For all Audit Committee meetings attended by any person not eligible to be a Committee member - this was approved by the Committee Chairman and/or at the Committee's request (with regard to Legal Counsel and Corporate Secretary other than a controlling shareholder or relative thereof).	✓	
23.		During the Reported Year, there were valid arrangements specified by the Audit Committee with regard to handling complaints by employees of the Corporation with regard to faults in management of corporate business and with regard to protection to be extended to employees who made such complaints.	✓	
24.		The Audit Committee (and/or the Financial Statements Review Committee) was satisfied that the scope of work of the Independent Auditor and their fee for the financial statements in the Reported Year, were appropriate for carrying out a proper audit.	✓	

ROLES OF THE FINANCIAL STATEMENTS REVIEW COMMITTEE (HEREINAFTER "THE COMMITTEE") IN ITS WORK PRIOR TO APPROVAL OF THE FINANCIAL STATEMENTS				
			True	**False**
25.	A.	Please indicate the duration (in days) determined by the Board of Directors to be a reasonable time for providing recommendations by the committee prior to discussion by the Board to approve the financial statements: **2**		
	B.	The number of days actually elapsed between the date on which recommendations were submitted to the Board and the discussion date by the Board for approval of the financial statements: Q1 report: **1** Q2 report: **1** Q3 report: **1** 2023 Annual Report **3**		
	C.	The number of days actually elapsed between the date on which the draft financial statements were submitted to Board members and the discussion date by the Board for approval of the financial statements: Q1 report: **5** Q2 report: **5** Q3 report: **6** 2023 Annual Report **6**		
26.	The Corporation's Independent Auditor attended all meetings of the Committee and of the Board of Directors convened to discuss the Corporation's financial statements for periods within the Reported Year.		✓	

ROLES OF THE FINANCIAL STATEMENTS REVIEW COMMITTEE (HEREINAFTER "THE COMMITTEE") IN ITS WORK PRIOR TO APPROVAL OF THE FINANCIAL STATEMENTS				
			True	**False**
27.	During the Reported Year and through publication of the annual report, the Committee was in compliance with all of the following conditions:			
	A.	Committee members counted no fewer than three (as of the date of discussion by the Committee and approval of the financial statements).	✓	
	B.	Fulfilled all conditions listed in Section 115(b) and (c) of the Corporate Act (with regard to the office of Audit Committee members).	✓	
	C.	The Committee Chairman is an external Board member.	✓	
	D.	All Committee members are Board members and most members are independent Board members.	✓	
	E.	All Committee members are capable of reading and understanding financial statements and at least one of the independent Board members has accounting and financial expertise.	✓	
	F.	All Committee members provided a statement prior to their appointment.	✓	
	G.	The legal quorum for discussion and for passing resolutions by the Committee was a majority of Committee members, provided that a majority of those present were independent Board members and at least one of them was an external Board member.	✓	
	If you answered False to any of the sub-items in this question, indicate for which (periodic / quarterly) report this condition was not complied with, and the condition not complied with: ____.			

REMUNERATION COMMITTEE				
			True	**False**
28.	In the Reported Year, the Committee consisted of at least three members, with a majority of external Board members (upon the discussion date by the Committee). ☐ Not applicable (no discussion held).		✓	
29.	Terms of office and employment of all members of the Remuneration Committee in the Reported Year are in conformity with Corporate Regulations (Rules for remuneration and expense reimbursement for independent board members), 2000.		✓	
30.	In the Reported Year, the Remuneration Committee did <u>not</u> include as member –			
	A.	The controlling shareholder or a relative thereof. ☐ Not applicable (the corporation has no controlling shareholder).	✓	
	B.	Chairman of the Board of Directors	✓	
	C.	A Board member employed by the Corporation or by the controlling shareholder of the Corporation or by a corporation controlled there by.	✓	
	D.	A Board member who regularly provides services to the Corporation or to the controlling shareholder of the Corporation or to a corporation controlled there by.	✓	
	E.	A Board member whose livelihood primarily depends on the controlling shareholder. ☐ Not applicable (the corporation has no controlling shareholder).	✓	
31.	In the Reported Year, the controlling shareholder or relatives thereof did not attend meetings of the Remuneration Committee, unless the Committee Chair has specified that any of them are required for presentation of a specific matter.		✓	

REMUNERATION COMMITTEE			
		True	**False**
32.	The Remuneration Committee and the Board of Directors did not exercise their authority pursuant to Sections 267a(c), 272(c)(3) and 272(c1)(1)(c) to approve any transaction or remuneration policy, despite objection by the General Meeting. If you answered False, please indicate - The type of transaction thus approved: ______ The number of times they exercised their authority in the Reported Year: ______	✓	

INTERNAL AUDITOR			
		True	**False**
33.	The Chairman of the Board of Directors or the CEO of the Corporation is the direct supervisor of the Internal Auditor of the Corporation.	✓	
34.	The Chairman of the Board of Directors or the Audit Committee approved the work plan in the Reported Year. Also list the audit topics covered by the Internal Auditor in the Reported Year: **Audit topics at Migdal Group are derived from the multi-annual work plans of Migdal Holdings and subsidiaries, based on risk surveys conducted periodically and on audit outcome, organizational changes and events, regulatory updates and so forth.** **At Migdal Group, these topics include the various operating segments of the Group, including life and health insurance, non-life insurance, pension and provident funds, investments, actuary, capital market, finance, IT and information security, corporate governance and so forth.**	✓	
35.	Scope of Internal Auditor's work in the Reported Year (in hours)[83]: 38,400		
	In the Reported Year, the Audit Committee or the Board of directors discussed the Internal Auditor's findings	✓	
36.	The Internal Auditor is not an interested party in the corporation, relative thereof, Independent Auditor or anyone on behalf thereof, and has no material business relationship with the Corporation, the controlling shareholder thereof, relative thereof or entities controlled thereby	✓	

[83] Includes work hours for investees and audit work outside Israel, and as the case may be.

TRANSACTIONS WITH INTERESTED PARTIES			
		True	**False**
37.	The controlling shareholder or relative thereof (including a company controlled there by) is not employed by the Corporation nor provides management services to the Corporation. If you answered False (i.e. the controlling shareholder or relative thereof is employed by the Corporation nor provides management services to the Corporation), please indicate – – Number of relatives (including the controlling shareholder) employed by the corporation (including entities controlled thereby) and/or through management companies: 2. [84] **The controlling shareholder serves as Board member of the Corporation, and his son serves as Chairman of an investee and as Chairman of the Nostro Investment Committee of an investee.** - Were these employment contracts and/or management services approved by the organs as stipulated by law: ✓ Yes *(Check the appropriate box).* ☐ Not applicable (the corporation has no controlling shareholder). _____		✓

[84] Mr. Shlomo Eliyahu, the controlling shareholder of the Corporation, serves as Board member of the Corporation. Mr. Israel Eliyahu, son of Shlomo Eliyahu, serves as Chairman of the Board of Directors of Migdal Capital Markets, a subsidiary of the corporation, and Chairman of the Nostro Investment Committee of Migdal Insurance Company Ltd., a subsidiary of the corporation. Mr. Israel Eliyahu is entitled to Board member remuneration for their office as Chairman of a subsidiary of the Corporation, and member of the Nostro Investment Committee of Migdal Insurance. The Board member remuneration payable to Mr. Israel Eliyahu has been approved by the organs stipulated by law.

TRANSACTIONS WITH INTERESTED PARTIES			
		True	**False**
38.	To the best of the Corporation's knowledge, the controlling shareholder has <u>no</u> other business in the Corporation's field of business (in one or more segments). If you answered False – please indicate if an arrangement has been agreed to separate the operations of the Corporation from those of the controlling shareholder: ☐ YES ☐ NO *(Check* the appropriate box). ☐ Not applicable (the corporation has no controlling shareholder). **On January 1, 2013, Eliyahu 1959 Ltd. Transferred its entire life insurance operations to Harel; In August 2013, Eliyahu 1959 and Migdal Insurance contracted an agreement with respect to receiving the new non-life insurance policies (valid as from 2013); In June 2016, Eliyahu 1959 closed the sale of the non-life insurance RunOff portfolio to Migdal Insurance.**	✓	

Chairman of the Board of Directors: ______________________ **Chair, Audit Committee:** ______________________ **Chair, Financial Statements Review Committee:** ______________________

Signed on: March 20, 2024

Report and certifications with regard to effectiveness of internal control over financial reporting and disclosure

Annual Report on Effectiveness of Internal Control over Financial Reporting and Disclosure, pursuant to Regulation 9b(a)

Management, supervised by the Board of Directors of Migdal Insurance and Financial Holdings Ltd. ("the Corporation") is responsible to set and maintain proper internal control over financial reporting and disclosure by the corporation.

For this matter, management consists of:

1. Yossi Ben Baruch, CEO;
2. Tal Cohen, CFO;
3. David Gilead, Risk Officer;
4. Tamir Solomon, Internal Auditor;
5. Noam Hauslich, Legal Counsel and Enforcement Officer;
6. Tali Kassif, Corporate Secretary;

Internal control over financial reporting and disclosure consists of existing controls and procedures at the corporation, designed by the general manager and most senior financial officer, or under their supervision, or by those acting in said capacities, under supervision of the corporation's Board of Directors, which are designed to provide reasonable certainty with respect to reliability of financial reporting and preparation of reports pursuant to statutory provisions, and to ensure that information which the corporation is required to disclose in reports issued pursuant to statutory provisions is collected, processed, summarized and reported on schedule and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that information which the corporation is required to disclose, is collected and submitted to corporate management, including to the general manager and to the most senior financial officer, or to those acting in said capacities, so as to enable decisions to be made at the appropriate time with regard to the required disclosure.

Due to structural limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that misrepresentation of omission of information on the reports would be avoided or discovered.

Management, supervised by the Board of Directors, has reviewed and assessed internal control over financial reporting and disclosure at the corporation and the effectiveness there of; the assessment of effectiveness of internal control over financial reporting and disclosure by management, supervised by the Board of Directors, consisted of:

Entity-level controls; controls over report preparation and closing process; IT general controls (ITGC) and controls over highly material processes for financial reporting and disclosure (these processes are carried out by Migdal Insurance Company Ltd., a subsidiary of the Corporation, which is an institutional entity, which is subject to the following).

Migdal Insurance Company Ltd., is a subsidiary of the Corporation, is an institutional entity, which is subject to directives of the Supervisor of Capital Market, Insurance and Savings at the Ministry of Finance with regard to assessment of effectiveness of internal control over financial reporting.

With respect to the aforementioned subsidiary, management, supervised by the Board of Directors, conducted review and assessment of the internal control over financial reporting and the effectiveness thereof, based on directives in institutional entity circular 2009-9-10 "Management responsibility for internal control over financial reporting", institutional entity circular 2010-9-7 "Internal control over financial reporting – certifications, reports and disclosures" and amendments to these circulars.

Based on this assessment, the Board of Directors and management of the Corporation have concluded that internal control over financial reporting and disclosure, with respect to internal control at the institutional entity as of December 31, 2015 is effective.

Based on the assessment of effectiveness by management, supervised by the Board of Directors, as listed above, the management and Board of Directors of the corporation have concluded that internal control over financial reporting and disclosure at the corporation as of December 31, 2023 is effective.

Certification by Management
Certification by CEO

I, Yossi Ben Baruch, certify as follows:

(1) I have reviewed the periodic report of Migdal Insurance and Financial Holdings Ltd. ("the Corporation") for 2023 ("the Report");

(2) To the best of my knowledge, the Report is free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the Report;

(3) Based on my knowledge, the financial statements and other financial information included in the Report fairly represent, in all material respects, the financial condition, results of operations, and cash flows of the Corporation as of the dates and for the periods presented in the Report;

(4) I have disclosed to the corporation's Independent Auditor, Board of Directors and to the Audit Committee and Financial Statements Committee of the Corporation, based on my most current assessment of the internal control over financial reporting and disclosure:

(a) All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure which may reasonably impact the Corporation's capacity to collect, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and -

(b) Any fraud, whether or not material, involving the CEO or any of their direct reports, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;

(5) I, on my own or with others at the Corporation:

(a) Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under my supervision, designed to ensure that material information with regard to the corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010, is brought to my attention by others at the corporation and subsidiaries, specifically during preparation of the Report; and -

(b) Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally accepted accounting principles;

(c) Have assessed the effectiveness of internal control over financial reporting and disclosure, and have presented in this report the conclusions drawn by the Board of Directors and management with regard to effectiveness of said internal control as of the Report date.

The foregoing shall not derogate from my responsibility or that of any other person pursuant to all statutory provisions.

March 20, 2024

Yossi Ben Baruch, CEO

Certification by Management
Certification by most senior financial officer

I, Tal Cohen, certify as follows:

(1) I have reviewed the financial statements and other financial information included in the 2023 Report of Migdal Insurance and Financial Holdings Ltd. ("the Corporation") ("the Report");

(2) To the best of my knowledge, the financial statements and other financial information included on the Report is free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the Report.

(3) Based on my knowledge, the financial statements and other financial information included in the Report fairly represent, in all material respects, the financial condition, results of operations, and cash flows of the Corporation as of the dates and for the periods presented in the Report;

(4) I have disclosed to the corporation's Independent Auditor, Board of Directors and to the Audit Committee and Financial Statements Committee of the Corporation, based on my most current assessment of the internal control over financial reporting and disclosure:

   (a) All significant faults and material weaknesses in specification of operation of internal control over financial reporting and disclosure, in as much as it related to the financial statements and to other financial information included on the report, which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and -

   (b) Any fraud, whether or not material, involving the CEO or any of their direct reports, or involving any other employees having a significant capacity in internal control over financial reporting and disclosure;

(5) I, on my own or with others at the Corporation:

   (a) Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under my supervision, designed to ensure that material information with regard to the corporation, including subsidiaries thereof, as defined in Securities Regulations (Annual financial statements), 2010 - as it applies to financial statements and other financial information included on the Report, is brought to my attention by others at the corporation and subsidiaries, specifically during preparation of the Report; and -

   (b) Have set controls and procedures and/or verified that controls and procedures have been specified and maintained under our supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally accepted accounting principles;

   (c) I have assessed the effectiveness of internal control over financial reporting and disclosure, in as much as it relates to the financial statements and to other financial information included on the report as of the report date. My conclusions from my aforementioned assessment have been delivered to the Board of Directors and to management, and are incorporated in this Report.

The foregoing shall not derogate from my responsibility or that of any other person pursuant to all statutory provisions.

March 20, 2024

Tal Cohen, CFO

Appendixes
regarding Migdal
Insurance Company Ltd.

Migdal Insurance Company Ltd.

Certification

I, Ronen Agassi, certify as follows:

1. I have reviewed the annual report of Migdal Insurance Company Ltd. (hereinafter: "the Insurance Company") for 2023 (hereinafter: "the Report").
2. To the best of my knowledge, the report is free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and any other financial information included in the Report properly reflect, in all material aspects, the Insurance Company's financial standing, operating results, changes in shareholders' equity and cash flows as of the dates and for the periods presented in the Report.
4. I and others at the Insurance Company who provide this certification, are responsible for determining and maintaining controls and procedures with regard to disclosure1 and to the Insurance Company's internal controls over financial reporting; and
   (a) We have set such controls and procedures, or caused these controls and procedures to be determined under our supervision, for the purpose of ensuring that material information relating to the Insurance Company, including subsidiaries thereof, is made known to us by others at the Insurance Company and in those entities, particularly during the Report preparation period;
   (b) We have set such internal controls over financial reporting, or had it set under our supervision, intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements are prepared in conformity with International Financial Reporting Standards (IFRS) and with directives of the Capital Market Supervisor;
   (c) We have evaluated the effectiveness of the Insurance Company’s disclosure controls and procedures and have presented our conclusions about the effectiveness of the disclosure controls and procedures in this Report, as of the end of the period covered by this Report based on our evaluation; and
   (d) We have disclosed in this Report any change in the Insurance Company’s internal controls over financial reporting that occurred during the fourth quarter, that has materially affected, or is reasonably likely to materially affect, the Insurance Company’s internal controls over financial reporting; and
5. I and others at the Insurance Company who are declaring this certification, have disclosed, based on our most recent evaluation of the internal controls over financial reporting, to the Management Company’s independent auditors, the Board of Directors and the Financial Statements Review Committee of the Insurance Company ("Balance Sheet Committee"), based on our most current assessment of internal control over financial reporting:
   (a) All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting which are reasonably likely to impair the Insurance Company’s ability to record, process, summarize and report financial information; and –
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Insurance Company’s internal controls over financial reporting.

The foregoing shall not derogate from my responsibility or that of any other person pursuant to all statutory provisions.

March 20, 2024

Ronen Agassi, CEO

Migdal Insurance Company Ltd.

Certification

I, Tal Cohen, certify as follows:

1. I have reviewed the annual report of Migdal Insurance Company Ltd. (hereinafter: "the **Insurance Company**") for 2023 (hereinafter: "the **Report**").
2. To the best of my knowledge, the report is free of any mis-representation of material fact and is not lacking any representation of material fact required for the representations made there in, under the circumstances in which they were made, to not be misleading in reference to the period covered by the report.
3. To the best of my knowledge, the financial statements and any other financial information included in the Report properly reflect, in all material aspects, the Insurance Company's financial standing, operating results, changes in shareholders' equity and cash flows as of the dates and for the periods presented in the Report.
4. I and others at the Insurance Company who provide this certification, are responsible for determining and maintaining controls and procedures with regard to disclosure[1] and to the Insurance Company's internal controls over financial reporting; and
   (a) We have set such controls and procedures, or caused these controls and procedures to be determined under our supervision, for the purpose of ensuring that material information relating to the Insurance Company, including subsidiaries thereof, is made known to us by others at the Insurance Company and in those entities, particularly during the Report preparation period;
   (b) We have set such internal controls over financial reporting, or had it set under our supervision, intended to provide a reasonable degree of certainty with regard to the reliability of financial reporting and to the fact that the financial statements are prepared in conformity with International Financial Reporting Standards (IFRS) and with directives of the Capital Market Supervisor;
   (c) We have evaluated the effectiveness of the Insurance Company’s disclosure controls and procedures and have presented our conclusions about the effectiveness of the disclosure controls and procedures in this Report, as of the end of the period covered by this Report based on our evaluation; and
   (d) We have disclosed in this Report any change in the Insurance Company’s internal controls over financial reporting that occurred during the fourth quarter, that has materially affected, or is reasonably likely to materially affect, the Insurance Company’s internal controls over financial reporting; and
5. I and others at the Insurance Company who are declaring this certification, have disclosed, based on our most recent evaluation of the internal controls over financial reporting, to the Management Company’s independent auditors, the Board of Directors and the Financial Statements Review Committee of the Insurance Company ("Balance Sheet Committee"), based on our most current assessment of internal control over financial reporting:
   (a) All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting which are reasonably likely to impair the Insurance Company’s ability to record, process, summarize and report financial information; and –
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Insurance Company’s internal controls over financial reporting.

The foregoing shall not derogate from my responsibility or that of any other person pursuant to all statutory provisions.

March 20, 2024

Ronen Tal Cohen, Deputy CEO;
Manager, Finance Division Agassi, CEO

Migdal Insurance Company Ltd.

Report of the Board of Directors and management with regard to internal controls over financial reporting

Management, supervised by the Board of Directors of Migdal Insurance Company Ltd. (hereinafter: "the **Insurance Company**") is responsible for setting and maintaining appropriate internal controls over financial reporting. The internal control system of the Insurance Company was designed to provide reasonable certainty to the Management Company's Board of Directors and management with regard to appropriate preparation and presentation of financial statements published in conformity with International Financial Reporting Standards (IFRS) and with directives of the Insurance Supervisor. Regardless of the quality of their design, all internal control systems have inherent limitations. Therefore, even should it be determined that these systems are effective, they may only provide a reasonable degree of certainty with regard to preparation and presentation of financial statements.

The management, under supervision of the Board of Directors, maintains a comprehensive system of controls intended to ensure that transactions are executed in line with management authorization, that assets are protected, and that accounting records are reliable. Furthermore, management, under supervision of the Board of Directors, takes steps to ensure that information and communication channels are effective and monitor execution, including execution of internal control procedures.

Management of the Insurance Company, under supervision of the Board of Directors, has evaluated the effectiveness of the Management Company's internal control system of financial reporting as of December 31, 2023 based on criteria set forth in the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the aforementioned evaluation, management believes that as of December 31, 2023, the Insurance Company's internal controls over financial reporting are effective.

Chairman of the Board of Directors	**Professor Amir Barnea**	(signature)	______________
CEO	**Ronen Agassi**	(signature)	______________
Deputy CEO, Manager, Finance Division	**Tal Cohen**	(signature)	______________

Report approval date: March 20, 2024

Migdal Insurance Company Ltd.

March 20, 2024

Certification by Chief Actuary, life insurance

Part I – Identity of the actuary

I have been commissioned by Migdal Insurance Company Ltd. (hereinafter: "the Insurer") to assess the Reserves as listed in Part II below ("the Reserves") under life insurance for the Insurer's financial statements as of December 31, 2023, as set forth below.

I am employed by the Insurer and have been serving as the Chief Actuary of the Insurer since September 1, 2019.

I have no interest in the Insurer, nor am I a relative of any interested party in the Insurer.

Part II – Scope of actuarial opinion

1 . Scope of actuarial opinion

a. In calculating the Insurer's Reserves, I relied on data provided to me by the Insurer. My requests for information and data were answered in satisfactory fashion for assessment of the Reserves for the financial statements. I have reviewed the reasonability and adequacy of the data, including comparison of said data to data for the year of the report and to data for previous years.

b. As required, I also relied in my assessment on data obtained from other reliable sources. I have reviewed the appropriateness and relevance of the data.

c. I have determined the actuarial assumptions used in my work, as well as the methods for assessment of the Reserves as set forth below, to the best of my professional judgment, subject to provisions, directives and practices set forth in section 1 of Part III below.

d. For calculation of the residual value, I have asked the qualified parties for re-insurance of the Insurer for information about the Insurer's re-insurance agreements, claim collection capacity and issues with payment policies of re-insurers. Based on the information provided to me, I have reviewed the implications and effects of re-insurance agreements on the Reserves.

e. In my opinion, I have also accounted for the following matters:

f. The reserve calculated with respect to co-insurance managed by other Israeli insurers is the pro rata share of the provision calculated by the life insurance actuary of the lead insurer, including the life insurance portfolio of HaSneh Israeli Insurance Company, jointly acquired by the Company and by Clal Insurance Company, with respect to insurance policies managed by Clal Insurance Company.

2 . Data enclosed with section "Scope of actuarial opinion"

a. The appendix below lists the amounts of the Reserves, NIS in thousands, both gross and on retention, as follows:

1) Reserve for unpaid losses (incurred but unpaid claims, whether or not approved, except for claims paid out as allowances, such as: nursing, disability and family income), including reserve for incurred but not reported claims (IBNR).

2) Reserve for unpaid unallocated loss adjustment expenses,

3) Reserve due to insurance contract terms for separate life insurance, including:

a) Reserve for accrual plan;

b) Reserve required when part of the premium collected in early years of the contract is designated to provide future overage at a later date, such as: Reserve with respect to fixed premium, insurability and continuity;

4) Part of the reserve with respect to claims being paid, including claims paid out as allowances, such as: nursing, disability and family income.

5) Additional amount due to liability adequacy test (LAT) with respect to nursing insurance policies.

6) Other – additional reserves in conformity with the Supervisor's directives: Additional reserve for allowance insurance policies, pursuant to section 1.1.2.d in Volume 5, Part 2, Chapter 1 of the regulatory codex.

Migdal Insurance Company Ltd.

b. Effect of changes listed below on the reserves, NIS in thousands, are both gross and on retention:

1) For insurance policies that became effective after the end of the most recent annual financial reported period – amount of reserve adjustment for differences between premium base assumptions and reserve base assumptions – no such adjustment required.

2) For insurance policies that became effective prior to the most recent annual financial statements – amount of reserve adjustment for changes in assumptions, methods or expected premium collection, and for other amendments:

Additional reserve for allowances and LAT reserve.

Part III – Opinion

I hereby certify and confirm that for life insurance:

1. I have assessed the Insurer's reserves, as set forth in Part II, in conformity with provisions, directives and practices listed below, as effective on the date of the financial statements:
   a.. Provisions of the Supervision of Financial Services Act (Insurance), 1981;
   b. Directives and guidelines of the Capital Market Supervisor;
   c. Generally accepted actuarial practices.
2. Having reviewed the data listed in Part II, I have concluded that the data is reasonable and satisfactory and may be relied upon for my assessment.
3. I have determined the assumptions and methods used in assessment of the Reserves, to the best of my professional judgment and in conformity with the aforementioned provisions, directives and practices.
4. The reserves listed in Part II are, to the best of knowledge and assessment, an adequate reserve for coverage of the Insurer's liabilities with respect to their indebtedness arising from life insurance contracts, as valid on the date of the financial statements.

Part IV – Comments and clarifications

1. Information about reserve types and revisions are provided in the Notes to the financial statements. See Note 37.B.3.b to the financial statements as of December 31, 2023.
2. There were no material changes to actuarial assumptions and methods, compared to the previous annual actuarial assessment, except as set forth above in section 2.b.2.

March 20, 2024	**Chief Actuary, life insurance**	**Daniel Katzman**	
Date	Position	Name of actuary	Signature

Enclosed: Form 12a: Pending claims and reserve – gross
Form 12b: Pending claims and reserve – on retention

Form 12a Pending claims, reserve and reserve for extraordinary risk – gross
Company name: Migdal Insurance Company Ltd. **As of:** **December 31, 2023**
(NIS in thousands)

			Total	Savings and death savings (classic, traditional)		Pure savings or savings component of insurance policies (Adif, Maslul)		Pure death risk or death risk component of insurance policy		Disability	Nursing		Other coverage 1)
				Guaranteed return	Participant	Guaranteed return	Participant	Individual	Group		Individual	Group	
				1a	1b	2a	2b	3a	3b	4	5a	5b	6
1	Contingent liabilities		4,528,052	428,435	447,567	258,349	2,367,896	182,543	10,277	508,872	173,422	4,372	146,319
2	Reserve (total of rows 2a1 through 6)		172,174,090	3,650,255	1,021,152	28,627,445	131,317,990	141,690	4,852	2,702,140	4,698,556	9,942	68
2a1	Insurance policies including a savings component (including riders) by insurance policy issuance date:	Insurance policies issued through 1990	19,676,418	1,660,765	2,724	17,766,839	242,504	146	14	3,426	0	0	0
2a2		Insurance policies issued between 1991-2003	68,883,767	0	679,696	978	68,157,276	1,141	19	44,589	0	0	68
2a3		Insurance policies issued in 2004 and thereafter	49,083,087	0	2,807	36,781	49,038,222	594	0	4,683	0	0	0
2a4		Total (2a1 through 2a3)	137,643,272	1,660,765	685,227	17,804,598	117,438,002	1,881	33	52,698	0	0	68
2b	Insurance policies with no savings component		4,366,305	0	0	0	0	125,159	4,819	26,059	4,207,829	2,439	0
3	Reserve share of claims being paid		25,394,326	1,849,853	324,558	8,511,386	11,572,266	14,650	0	2,623,383	490,727	7,503	0
4	Profit sharing		0	0	0	0	0	0	0	0	0	0	0
5	Additional amount due to liability adequacy test		0	0	0	0	0	0	0	0	0	0	0
6	Other		4,770,187	139,637	11,367	2,311,461	2,307,722	0	0	0	0	0	0
7	Reserve for extraordinary risk		0	0	0	0	0	0	0	0	0	0	0

1) Other coverage, including: disabilities, duplicated accident etc.

8a	Effect of reserve adjustment for new business		0	0	0	0	0	0	0	0	0	0	0
8b1	Effect of reserve adjustment for existing business	Changes to assumptions	-1,556,582	-49,446	-7,813	-495,116	-1,004,207	0	0	0	0	0	0
8b2		Changes to methods	0	0	0	0	0	0	0	0	0	0	0
8b3		Differences in premium amount	0	0	0	0	0	0	0	0	0	0	0
8b4		Other changes	319,555	0	0	0	0	0	0	319,555	0	0	0

Form 12b Pending claims, reserve and reserve for extraordinary risk – on retention
Company name: Migdal Insurance Company Ltd. **As of:** **December 31, 2023**
(NIS in thousands)

			Total	Savings and death savings (classic, traditional)		Pure savings or savings component of insurance policies (Adif, Maslul)		Pure death risk or death risk component of insurance policy		Disability	Nursing		Other coverage 1)
				Guaranteed return	Participant	Guaranteed return	Participant	Individual	Group		Individual	Group	
				1a	1b	2a	2b	3a	3b	4	5a	5b	6
1	Contingent liabilities		4,436,623	428,435	447,551	258,349	2,367,896	175,915	10,277	501,963	143,607	4,372	98,258
2	Reserve (total of rows 2a1 through 6)		172,046,224	3,650,255	1,021,152	28,524,075	131,315,131	141,690	4,852	2,701,835	4,677,224	9,942	68
2a1	Insurance policies including a savings component (including riders) by insurance policy issuance date:	Insurance policies issued through 1990	19,609,859	1,660,765	2,724	17,702,674	240,115	146	14	3,421	0	0	0
2a2		Insurance policies issued between 1991-2003	68,883,484	0	679,696	978	68,157,276	1,141	19	44,306	0	0	68
2a3		Insurance policies issued in 2004 and thereafter	49,083,082	0	2,807	36,781	49,038,222	594	0	4,678	0	0	0
2a4		Total (2a1 through 2a3)	137,576,425	1,660,765	685,227	17,740,433	117,435,613	1,881	33	52,405	0	0	68
2b	Insurance policies with no savings component		4,366,293	0	0	0	0	125,159	4,819	26,047	4,207,829	2,439	0
3	Reserve share of claims being paid		25,341,954	1,849,853	324,558	8,480,806	11,571,806	14,650	0	2,623,383	469,395	7,503	0
4	Profit sharing		0	0	0	0	0	0	0	0	0	0	0
5	Additional amount due to liability adequacy test		0	0	0	0	0	0	0	0	0	0	0
6	Other		4,761,552	139,637	11,367	2,302,836	2,307,712	0	0	0	0	0	0
7	Reserve for extraordinary risk		0	0	0	0	0	0	0	0	0	0	0

1) Other coverage, including: disabilities, duplicated accident etc.

8a	Effect of reserve adjustment for new business		0	0	0	0	0	0	0	0	0	0	0
8b1	Effect of reserve adjustment for existing business	Changes to assumptions	-1,556,582	-49,446	-7,813	-495,116	-1,004,207	0	0	0	0	0	0
8b2		Changes to methods	0	0	0	0	0	0	0	0	0	0	0
8b3		Differences in premium amount	0	0	0	0	0	0	0	0	0	0	0
8b4		Other changes	277,567	0	0	0	0	0	0	277,567	0	0	0

Migdal Insurance Company Ltd.

March 20, 2024

Certification by non-life insurance actuary

Part I – Identity of the actuary

I have been commissioned by Migdal Insurance Company Ltd. to assess the Reserves as listed in Part II below under non-life insurance for financial statements of Migdal Insurance Company Ltd. as of December 31, 2023, as set forth below.

I have been the Chief Actuary, non-life insurance for Migdal since July 16, 2023 and I am being assisted by the assisting actuary, Dr. Stuart Coates, pursuant to approval of the appointment for this position by the Capital Market, Insurance and Savings Authority.

I have no business dealings with the Insurer, nor with any interested party in the Insurer nor with an relative of any interested party in the Insurer nor with any company affiliated with the Insurer, and I am a salaried employee of the Insurer.

Part II – Scope of actuarial opinion

1 . Scope of actuarial opinion

1. In calculating the Insurer's Reserves, I relied on data provided to me by the Insurer. My requests for information and data were answered in satisfactory fashion for assessment of the Reserves for the financial statements. I have reviewed the reasonability and adequacy of the data, including comparison of said data to data for the year of the report and to data for previous years.
2. As required, I also relied in my assessment on data obtained from other reliable sources. I have reviewed the appropriateness and relevance of the data.
3. I have determined the actuarial assumptions used in my work, as well as the methods for assessment of the Reserves as set forth in section 2 below, to the best of my professional judgment, subject to provisions, directives and practices set forth in section 1 of Part III below.
4. For calculation of the residual value, I have asked the qualified parties for re-insurance of the Insurer for information about Migdal Group's re-insurance agreements, claim collection capacity and issues with payment policies of re-insurers. Based on the information provided to me, I have reviewed the implications and effects of re-insurance agreements on the Reserves.
5. In my opinion, I have also accounted for the following matters:

   a. The reserve calculated with respect to reserve insurance agreement ("Pool") was based on the calculation provided by the Pool actuary.

   B. The reserve calculated for other co-insurance was in reference to information provided by the lead insurer. This reserve is not material.

   c. Migdal is re-insurer on multi-national transactions that do not materially impact the retention.

   d. Lack of correlation between different sectors was not accounted for in reducing the total reserve with respect to pending claims for all sectors included in my assessment.

Migdal Insurance Company Ltd.

2 . Data enclosed with section "Scope of actuarial opinion"

		As of December 31, 2023	
		NIS in thousands	
	Contingent liabilities	**Gross**	**Residual**
2 A 1)a)	Non-grouped (statistical) sectors:		
	Mandatory auto	2,170,106	2,055,126
	Employer liability	548,104	527,274
	Third party	1,061,152	592,015
	Professional liability	343,006	204,735
	Product liability	103,377	82,158
	Auto property	199,529	199,197
	Apartments	60,142	31,171
	Total non-grouped (statistical) sectors	4,485,416	3,691,676
	Total grouped sectors (non-statistical and combined claim portfolio)	270,129	33,253
2 A 1)b)	Total sectors	4,755,545	3,724,929
2 A 2)	Indirect expenses	85,660	85,660
2 A 3)	Difference between reserve for unexpired risk and unearned premium, net of deferred acquisition expenses:		
	Mandatory auto	Certification not required	48,598
	Auto property	Certification not required	–
	Home comprehensive	Certification not required	–
	Total insurance obligations with respect to insurance contracts included under non-life insurance, calculated based on actuarial assessment	4,841,205	3,859,187

Comments:

1. The aforementioned reserves include calculated reserves with respect to residual insurance agreement ("Pool")
2. Reserve for unexpired risk includes the following components:
   a. Cost of insurance risk;
   b. Margin for uncertainty associated with risk (as defined in the position statement);
   c. Cost for settlement of claims and associated expenses for such insurance.
3. Sectors not included in the actuarial assessment; grouped (non-statistical) sectors including comprehensive sectors for merchants, engineering insurance, contractor insurance, maritime insurance, air traffic insurance and goods in transit insurance, as well as assessment of pending claims with respect to non-life insurance portfolio acquired in 2016 and recorded in conformity with assessment of the Claims Department. Impact of combination of claims acquired on retention is not material (see Note 37.E.3).
4. In liability sectors (employer liability, third party liability, professional liability and product liability), amounts are with respect to pending claims and any difference between reserve for unexpired risk and unearned premium, net of deferred acquisition expenses.

Migdal Insurance Company Ltd.

Part III – Opinion

I hereby certify and confirm that in the following sectors: Mandatory auto, employer liability, third party liability, professional liability, product liability, auto property and home comprehensive:

1. I have assessed the Insurer's reserves, as set forth in Part II, in conformity with provisions, directives and practices listed below, as effective on the date of the financial statements:
   a. Provisions of the Insurance Business Supervision Act, 1981 and regulations based there upon;
   b. Directives and guidelines of the Capital Market Supervisor;
   c. Position of the Supervisor with regard to calculation of reserves in non-life insurance;
   d. Generally accepted actuarial practices.
2. Having reviewed the data listed in Part II, I have concluded that the data is reasonable and satisfactory and may be relied upon for my assessment.
3. I have determined the assumptions and methods used in assessment of the Reserves, to the best of my professional judgment and in conformity with the aforementioned provisions, directives and practices.
4. The reserves listed in Part II, section 2.A.1)a) with respect to non-grouped (statistical) sectors: Mandatory auto, employer liability, third party liability, professional liability, product liability, auto property and home comprehensive, is to the best of my knowledge and assessment , an adequate reserve for coverage of the Insurer's liabilities with respect to the aforementioned pending claims, in each sector listed separately, as valid on the date of the financial statements.
5. The total amount of reserves listed in Part II, section 2.A.1)b) is to the best of my knowledge and assessment, an adequate reserve for coverage of the Insurer's liabilities with respect to pending claims in non-grouped (statistical) sectors and in grouped (non-statistical) sectors in their entirety, as valid on the date of the financial statements.
6. The reserve listed in Part II, section 2.A.2) is to the best of my knowledge and assessment, an adequate reserve for coverage of the Insurer's liabilities with respect to unpaid unallocated loss adjustment expenses in all non-life sectors of the Company, as valid on the date of the financial statements.
7. The reserve listed in Part II, section 2.A.3) is to the best of my knowledge and assessment, an adequate reserve for coverage of the Insurer's liabilities with respect to any difference between unexpired risk and unearned premium on retention in the aforementioned sectors, as valid on the date of the financial statements.

Part IV – Comments and clarifications

1. The actuarial assessment is based on statistical estimates, that include an uncertainty component and are based on various assumptions which may not necessarily materialize. The assumptions used in the actuarial projection affect the final reserve outcome. Therefore, the actual claim amount may be higher or lower than the statistical estimate. Previously-determined assumptions may change, based on new information to be obtained in future due, *inter alia*, to Court rulings and precedents which may not be anticipated, changes to social and environmental factors. In such cases, pending claims would vary based on the change in assumptions and in actual outcome, and the differences arising in the reported year would be included on the non-life business report. Moreover, there is additional uncertainty associated with use of models in line with best practice principles, which incorporate judgment to a significant extent.
2. As from December 31, 2015, the Company applies the Supervisor's position with regard to best practice for calculation of insurance reserves in non-life insurance[1]. The reserves are calculated as "adequate reserve to cover insurer liabilities", based on the interpretation whereby it is fairly likely that the insurance liability determined would be sufficient to cover insurer liabilities. In this context, it is stipulated, with regard to pending claims in mandatory and liability sectors, that "fairly likely" means an estimated likelihood of 75% or higher. The safety margin accounts for both random risk, which may be estimated using statistical methods, and systemic risk, which due to their nature require the use of qualitative estimation methods that incorporate judgment to a significant extent.

   Given that assessment based on this best practice was first applied to the balance sheet as of December 2015, note that the Company continues to consider ways to improve assessment of the model components with reference, *inter alia*, to emerging market practices and to knowledge accumulated and to be accumulated in the coming years.
3. As noted, the Company reviews the adequacy of liabilities in non-life insurance in conformity with principles of the best practice. Following such review, the Company has adopted principles of the best practice for third party liability, employer liability and mandatory auto sectors. Consequently, the Company discounts future claim payouts in these sectors based on the risk-free interest curve, adjusting it to the non-liquid nature of insurance obligations and accounting for revaluation of assets designated against such liabilities.
4. The change in the short-term and medium-term risk-free interest curve and in excess fair value over the carrying amount of such assets, resulted in increase in insurance obligations in the liability sectors by NIS 11 million on

[1] Circular 2015-1-1, Supervisor's Position on "Best practice for calculating insurance reserves in non-life insurance for financial reporting".

Migdal Insurance Company Ltd.

retention, and in the mandatory auto sector – decrease in insurance obligations by NIS 2 million on retention, before tax.

5. There were no material changes to actuarial methods, compared to the previous annual actuarial assessment.
6. In the personal accident and travel insurance sector, an actuarial calculation of pending claims is made. This reserve is listed on the certification by the healthcare insurance actuary.
7. In conformity with directives of the Supervisor of Insurance, the Company has reviewed the optional calculation of actuarial reserves in the following sectors as well: Merchant comprehensive insurance, engineering insurance, contractor insurance, maritime insurance, air traffic insurance and goods in transit insurance. Due to lack of statistical significance, an actuarial model was not applied for these sectors.

March 20, 2024	**Chief Actuary, non-life insurance**	**Matan Gross** **F.IL.A.A**	
Date	Position	Name of actuary	Signature

Migdal Insurance Company Ltd.

Certification by Chief Actuary, healthcare insurance

Part I – Identity of the actuary

I have been commissioned by Migdal Insurance Company Ltd. (hereinafter: "the Insurer") to assess the Reserves as listed in Part II below ("the Reserves") under healthcare insurance for the Insurer's financial statements as of December 31, 2023, as set forth below.

I am a salaried employee of the Company. I have no interest in the Insurer, nor am I a relative of any interested party in the Insurer. I was appointed Chief Actuary, healthcare insurance on July 18, 2013.

Part II – Scope of actuarial opinion

1 . Scope of actuarial opinion

a. In calculating the Insurer's Reserves, I relied on data provided to me by the Insurer. My requests for information and data were answered in satisfactory fashion for assessment of the Reserves for the financial statements. I have reviewed the reasonability and adequacy of the data, including comparison of said data to data for the year of the report and to data for previous years.

b. As required, I also relied in my assessment on data obtained from other reliable sources. I have reviewed the appropriateness and relevance of the data.

c. I have determined the actuarial assumptions used in my work, as well as the methods for assessment of the Reserves as set forth below, to the best of my professional judgment, subject to provisions, directives and practices set forth in section 1 of Part III below.

d. For calculation of the residual value, I have asked the qualified parties for re-insurance of the Insurer for information about the Insurer's re-insurance agreements, claim collection capacity and issues with payment policies of re-insurers. Based on the information provided to me, I have reviewed the implications and effects of re-insurance agreements on the Reserves.

e. The Company has no incoming business nor co-insurance with regard to this report.

2 . <u>Data for assessment of reserve amount</u>

A. Below are reserve amounts, NIS in thousands:

	Individual insurance		Collective insurance		
Description	**Healthcare insurance business reported under Healthcare Segment (including travel insurance)***	**Personal accident****	**Healthcare insurance business reported under Healthcare Segment (including travel insurance)***	**Personal accident****	**Total**
Gross					
Contingent liabilities	264,534	170,305	107,401	7,344	549,584
Indirect expenses	7,447	4,534	6,782	192	18,955
Insurance contract terms	695,169	160,955	37,440	495	894,059
Total gross	**967,150**	**335,794**	**151,623**	**8,031**	**1,462,598**
Retention					
Contingent liabilities	195,250	170,305	107,401	7,345	480,301
Indirect expenses	7,447	4,534	6,782	192	18,955
Insurance contract terms	695,169	160,955	37,440	495	894,059
Total on retention	**897,866**	**335,794**	**151,623**	**8,032**	**1,393,315**

* Reserves for travel insurance were determined by the Chief Actuary, non-life insurance. See below in Part IV, section 1.F.

** Long-term personal accident insurance reserves were determined by the Chief Actuary, healthcare insurance. The section "Insurance contract terms" includes a reserve for employment disability claims, with payment amounting to NIS 13.8 million in individual insurance and NIS 0.5 million in collective insurance. Short-term personal accident insurance reserves were determined by the Chief Actuary, non-life insurance. See below in Part IV, section 1.F.

B. Effect of changes on reserves

1) For insurance policies that became effective after the end of the most recent annual financial reported period – amount of reserve adjustment for differences between premium base assumptions and reserve base assumptions: None.

1) For insurance policies that became effective prior to the most recent annual financial statements – amount of reserve adjustment for changes in assumptions, methods or expected premium collection, and for other amendments, in gross and on retention: None.

<u>Part III – Opinion</u>

I hereby certify and confirm that in the following health insurance sub-sectors:

- Medical expenses
- Severe illness
- Dental
- Long-term personal accident
- Other

Migdal Insurance Company Ltd.

1. I have assessed the Insurer's reserves, as set forth in Part II, in conformity with provisions, directives and practices listed below, as effective on the date of the financial statements:
   a. Provisions of the Supervision of Financial Services Act (Insurance), 1981 and regulations based there upon;
   b. Directives and guidelines of the Supervisor of Insurance;
   c. Generally accepted actuarial practices.
2. Having reviewed the data listed in Part II, I have concluded that the data is reasonable and satisfactory and may be relied upon for my assessment.
3. I have determined the assumptions and methods used in assessment of the Reserves, to the best of my professional judgment and in conformity with the aforementioned provisions, directives and practices.
4. The reserves listed in Part II are, to the best of knowledge and assessment, an adequate reserve for coverage of the Insurer's liabilities with respect to their indebtedness arising from life insurance contracts in the aforementioned healthcare insurance sub-sectors, as valid on the date of the financial statements.

Part IV – Comments and clarifications

1. Comments, clarifications and explanations
   a. Medical expenses – reserves due to contractual terms were determined using an actuarial model.
   b. Severe illness – reserves due to contractual terms were determined using an actuarial model.
   c. Other – "Healthy Investment" plan to cover medical expenses (surgery and other):

      Unlike regular plans, if the insured party made no claim for 15 years, they are eligible for monetary refund or for continued coverage at reduced premium.
   d. Calculation of reserves for pending claims and IBNR for medical expenses, severe illness and long-term personal accident was determined based on a statistical model forecasting future claim payouts based on past experience.
   e. Calculation of reserves for employment disability claims being paid, in the long-term personal accident sector, was determined based on expected payment coefficient, based on the Company's experience.
   f. Reserves in the short-term personal accident insurance and travel insurance sectors were determined by the Chief Actuary, non-life insurance, Mr. Matan Gross.
   g. In the nursing insurance sector, insurance obligations are subject to actuarial calculation. These obligations are listed in the certification by the Chief Actuary, life insurance.
2. Changes to assumptions and methods

There were no material changes to actuarial assumptions and methods, compared to the previous annual actuarial assessment, including in the discount rate.

March 20, 2024	Chief Actuary, healthcare insurance	Daniel Katzman	
Date	**Position**	**Name of actuary**	**Signature**