MIGDAL
Insurance and finance

Consolidated Financial Statements

as of Desember 31, 2024

MIGDAL INSURANCE AND FINANCIAL HOLDINGS LTD.

An accessible document

Migdal Insurance and Financial Holdings Ltd.

Consolidated Financial Statements

As of December 31, 2024

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the December 31, 2024, financial report of Migdal Insurance and Financial Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on March 24, 2025.

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

Migdal Insurance and Financial Holdings Ltd.
Consolidated Financial Statements as of December 31, 2024
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Somekh Chaikin
Millennium Tower KPMG
17 HaArba'a Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A
Tel Aviv 6492102
Tel. +972 3-623-2525
Fax +972 3-562-2555
ey.com

Report of the Independent Auditors to the Shareholders of Migdal Insurance and Financial Holdings Ltd.

regarding Audit of the Components of the Internal Control over Financial Reporting

In accordance with Section 9B(c) to the Securities Regulations

(Periodic and Immediate Reports), 1970

We have audited components of internal control over financial reporting of Migdal Insurance and Financial Holdings Ltd. and its subsidiaries (hereinafter, jointly – the "**Company**") as of December 31, 2024. These components of internal control were set as explained in the following paragraph. The Company's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and for assessing the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting based on our audit.

Components of internal control over financial reporting were audited by us according to Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of the Components of the Internal Control over Financial Reporting" (hereinafter – "**Audit Standard (Israel) 911**"). These components are: (1) Entity-level controls, including controls on the preparation process and close-end period controls of the financial reporting and information technology general controls; (2) Controls over processes which are highly material for the financial reporting and disclosure of Migdal Insurance Company Ltd. and of other material consolidated companies (hereinafter – the "**Audited Control Components**").

We conducted our audits in accordance with Auditing Standard (Israel) 911. This standard requires that we plan and perform the audit to identify the audited control components and to obtain reasonable assurance whether these control components have been maintained effectively in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists in the audited control components, as well as reviewing and evaluating the effectiveness of the planning and maintenance of these control components based on the assessed risk. Our audit of these control components included performing such other procedures as we considered necessary under the circumstances. Our audit focused only on the audited control components, unlike internal control of all material processes relating to financial reporting, and therefore our opinion refers only to the audited control components. In addition, our audit did not take into account the mutual effects between the audited control components and those which are not audited, and therefore our opinion does not take into account such possible effects. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Due to inherent limitations, internal control over financial reporting in general, and components of internal controls in particular, may not prevent or detect a misstatement. In addition, making projections on the basis of any evaluation of effectiveness is subject to the risk that controls may become inadequate due to changes in circumstances, or that the degree of compliance with the policies or procedures may be adversely affected.

In our opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2024.

We also audited, in accordance with the generally accepted auditing standards in Israel, the Company's Consolidated Financial Statements as of December 31, 2024 and 2023 and for each of the three years ended on December 31, 2024, and our report, of March 18, 2025 included an unqualified opinion on these financial statements as well as an emphasis of matter to that which is stated in Note 39(1) to the consolidated financial statements regarding exposure to contingent liabilities.

Tel Aviv, March 18, 2025 Accountants	Somekh Chaikin Certified Public Accountants	Kost Forer Gabbay & Kasierer Certified Public

Joint Independent Auditors

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ey.com

Report of the Independent Auditors to the Shareholders of Migdal Insurance and Financial Holdings Ltd.

We have audited the consolidated statements of financial position of Migdal Insurance and Financial Holdings Ltd. (hereinafter – the “**Company**”) as of December 31, 2024 and 2023 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion of these Financial Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those set forth in the Certified Public Accountants (Modus Operandi of Certified Public Accountant) Regulations, 1973. These standards require that we plan and perform the audit in order to obtain reasonable assurance that the financial statements do not contain material misstatements. An audit involves examining, on a sample basis, evidence supporting the amounts and information included in the Financial Statements. An audit also involves assessing the accounting principles used, and significant estimates made, by the Board of Directors and management of the Company, as well as evaluating the overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated companies as of December 31, 2024 and 2023 and their results of operations, changes in equity and cash flows for each of the three years ended December 31, 2024, in accordance with Securities Regulations (Annual Financial Statements), 2010, which pertain to holding companies of insurers, as described in Note 2.

Without qualifying our opinion abovementioned, we would like to draw attention to that which is stated in Note 39(1) to the Consolidated Financial Statements regarding exposure to contingent liabilities.

Key audit matters

The key audit matters listed below are those matters which were communicated or should have been communicated to the Company’s Board of Directors, and which in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters include, among other things, any matter that: (1) Relates, or may relate to material line items or disclosures on the Consolidated Financial Statements; and (2) our judgment in connection therewith was particularly challenging, subjective or complex. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon. Communicating these matters, as detailed below, does not alter our opinion on the Consolidated Financial Statements as a whole, and we do not use their communication to provide a separate opinion on these matters, nor on the line items or disclosures to which they relate.

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Measurement of liabilities in respect of insurance contracts in property and casualty insurance:

Why was the matter determined to be a key audit matter?

The Consolidated Financial Statements as of December 31, 2024 include material liabilities in respect of property and casualty insurance contracts totaling NIS 6,221,828 thousand, as described in Note 17 to the Consolidated Financial Statements.

As described in Notes 2.G.2 and 37.B.3.c to the Consolidated Financial Statements, these liabilities are measured in accordance with the estimated cost of settling the insurance claims, and include the expected cost of the incurred but not yet reported claims (IBNR) and the incurred but not enough reported reserves (IBNER), provision for unearned premium reserve, provision for premium deficiency and direct and indirect expenses incurred in the settlement of claims.

The measurement of the liabilities in respect of insurance contracts in property and casualty insurance is mainly based on actuarial estimates. The actuarial assessment is based on statistical estimates that include a component of uncertainty. The statistical estimates are based on various assumptions, which will not necessarily materialize. The assumptions used in the actuarial forecast affect the measurement of the reserve. The actual cost of claims may be higher or lower than the statistical estimates.

In some of the insurance subsegments the inherent uncertainty is higher, especially in compulsory motor and liability claims which are characterized by a "long tail", which means that often a long time elapses from the date of the incident until the claim's final settlement date. Note 17 to the Consolidated Financial Statements presents the development of the liabilities in the compulsory motor and liability subsegments.

Due to the inherent uncertainty of the estimates used to measure the liability in respect of property and casualty insurance contracts, we reached the conclusion that the measurement of the liability in respect of property and casualty insurance contracts is a key audit matter.

Solution provided to key audit matter

The key audit procedures we implemented to the measurement of the liabilities in respect of property and casualty insurance contracts included the following procedures:

- We assessed the planning and implementation of internal controls relating to the measurement of liabilities in respect of property and casualty insurance contracts and conducted procedures to test the effectiveness of those internal controls, including the controls applied to the IT systems used for data processing and the flow of information for financial reporting purposes.
- We checked that the methodology used to measure the liabilities in respect of property and casualty insurance contracts is implemented in accordance with the requirements of IFRS 4 regarding "Insurance Contracts", and the requirements set by the Commissioner of the Capital Market, Insurance and Savings.
- We checked, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, the reasonableness of the significant assumptions and data used as the basis for the models implemented to measure the liabilities in respect of property and casualty insurance contracts.
- We implemented analytical procedures in order to identify and analyze extraordinary material changes.

Furthermore, we assessed the appropriateness of the key disclosures regarding liabilities in respect of property and casualty insurance contracts in the consolidated financial statements.

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Measurement of Liabilities in respect of life and health insurance contracts:

Why was the matter determined to be a key audit matter?

The Consolidated Financial Statements as of December 31, 2024 include material liabilities in respect of non-yield-dependent life and health insurance contracts, at the total amount of NIS 39,079,122 thousand, and material liabilities in respect of yield-dependent life and health insurance contracts totaling NIS 151,711,589 thousand, as described in Notes 15 and 16 to the Consolidated Financial Statements.

As described in Notes 2.G.1, 2.G.3 and 37.B.3.b to the consolidated financial statements, the liabilities in respect of yield-dependent and non-yield-dependent life and health insurance contracts are measured in accordance with the directives of the Commissioner of the Capital Market, Insurance and Savings (regulations and circulars), International Financial Reporting Standards, and generally accepted actuarial methods. The liabilities in respect of life insurance contracts are measured, among other things, based on an actuarial valuation, executed by the Company's supervisor actuary according to the relevant coverage data, such as: the age and gender of the policyholder, number of years of coverage and type and amount of insurance, etc.

A significant part of the reserves in respect of life and health insurance contracts is based on actuarial estimates and various assumptions, and therefore measuring the reserves involves inherent uncertainty. These reserves mainly include:

- Supplementary pension reserve.
- Liability Adequacy Testing (LAT) reserve.
- Reserve in respect of paid pension and on-going claims being paid in long-term care insurance and disability insurance.

The key assumptions used in the measurement of the above liabilities pertain to rebates, cancellations, operating expenses, return, interest rates, illiquidity premiums, mortality, disability, pension uptake rates, and morbidity rates. The assumptions are assessed by the Company's supervisor actuary each year on the basis tests, past experience and other relevant studies.

Due to the inherent uncertainty of the estimates used to measure the liability in respect of life and health insurance contracts, we reached the conclusion that the measurement of the liability in respect of life and health insurance contracts is a key audit matter.

Solution provided to key audit matter

The key audit procedures we implemented to the measurement of the liabilities in respect of life and health insurance contracts included the following procedures:

- We assessed the planning and implementation of internal controls relating to the measurement of liabilities in respect of life and health insurance contracts and conducted procedures to test the effectiveness of those internal controls, including the key controls applied to the IT systems used for data processing and the flow of information for financial reporting purposes.
- We checked that the methodology used to measure the liabilities in respect of life and health insurance contracts is implemented in accordance with the requirements of IFRS 4, "Insurance Contracts", and the requirements set by the Commissioner of the Capital Market, Insurance and Savings.
- We checked, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, the reasonableness of the significant assumptions and data used as the basis for the models implemented to measure the liabilities in respect of life and health insurance contracts.
- We implemented analytical procedures in order to identify and analyze extraordinary material changes.

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- We checked, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, material studies conducted by the Company during the reporting period, and their implementation in the calculation of the reserves.

Furthermore, we assessed the appropriateness of the key disclosures regarding liabilities in respect of life and health insurance contracts in the Consolidated Financial Statements.

Measurement of the fair value of illiquid investments:

Why was the matter determined to be a key audit matter?

As described in Notes 8, 11 and 12 to the Consolidated Financial Statements, the balance of illiquid investments and the balance of the investment property as of December 31, 2024 amount to NIS 83,702,935 thousand and NIS 10,484,857 thousand, respectively.

The fair value of illiquid debt assets, which are measured at fair value, and the fair value of illiquid financial debt assets, for which fair value information is provided solely for disclosure purposes, is determined by discounting the estimated future cash flows from those assets. The interest rates used to discount the cash flows are set by Fair Spread Ltd.

The fair value of investments in illiquid shares is based mainly on external appraisals, and in investment and hedge funds it is mainly based on the fair value of the underlying assets or appraisals and is set in accordance with each fund's reports. Valuation techniques are subjective in nature, rely on various assumptions, and use estimates that have a significant effect on the fair value.

The fair value of investment property is based on appraisals conducted by external appraisers and include estimates and assumptions such as estimated rent and discount rates.

In some of the illiquid investments, especially those classified to Level 3 of the fair value hierarchy in accordance with IFRS 13, such as illiquid shares, investment funds and investment property, the inherent uncertainty in the fair value measurement is high, since this measurement is based on data, which are not based on observable market inputs.

Changes in estimates, assumptions or valuations which were used as part of the appraisals may have a significant influence on the measurement of the fair value of the illiquid assets.

Furthermore, fair value measurement affects the allocation of the difference between the carrying amount and the fair value of the assets which are not measured at fair value in the statement of financial position ("UGL"), for the purpose of calculating the LAT.

Due to the inherent uncertainty of estimates, assessments and appraisals as stated above, we concluded that the fair value measurement of the illiquid investments is a key audit matter.

Solution provided to key audit matter

The key audit procedures we conducted regarding the assessment of the fair value measurement of illiquid investments included the following procedures:

- We assessed the planning and implementation of internal controls relating to the process of determining the fair value of illiquid investments and conducted procedures to test the effectiveness of those internal controls, including the controls regarding the appropriateness of the data and the assumptions used in appraisals and the reasonableness of the appraisals.

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- We have assessed the methodology employed by the Company to measure the fair value of illiquid investments.
- We have made inquiries with finance department personnel and employees of the Company's investments department in order to obtain an understanding in connection with transactions, developments and material revaluations for the reporting period, and regarding material changes, if any, in data, assumptions and models compared to those used in the previous year.
- For certain appraisals, we examined, with the assistance of experts acting on our behalf, the reasonableness of the estimates and key underlying assumptions of the appraisals.
- We conducted a sample testing of the fair value of illiquid investments in the Consolidated Financial Statements compared with the appraisals received by Company from external experts, against the quotations of Fair Spread Ltd., and against the financial statements and the reports of the investment funds, as the case may be.
- We conducted a sample testing of the database used to receive a quotation from Fair Spread Ltd. against loan agreements.

Disclosure regarding the expected effects of the adoption of IFRS 17 – Insurance Contracts and IFRS 9 – Financial Instruments (see Note 41 to the Financial Statements)

Why was the matter determined to be a key audit matter?

For the periods beginning on January 1, 2025, the Company will apply for the first time IFRS 17 – Insurance Contracts (hereinafter – "**IFRS 17**"), which affects the recognition, measurement, presentation and disclosure of insurance contracts, and supersedes the existing provisions regarding this topic under IFRS 4 – Insurance Contracts (hereinafter – "**IFRS 4**") and the directives of the Capital Market, Insurance and Savings Authority (hereinafter – the "Authority"). In addition, on the abovementioned date the Company will apply for the first time IFRS 9 – Financial Instruments (hereinafter – "**IFRS 9**"), which supersedes IAS 39 – Financial Instruments (hereinafter – "**IAS 39**").

As required, in accordance with the provisions of IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" (hereinafter – "**IAS 8**"), the Company included a disclosure regarding the expected effects of the adoption of IFRS 17 and IFRS 9 in Note 41. In accordance with the provisions of IAS 8 as well as the Authority's implementation guidance included in the roadmap published on January 26, 2025, the Company presents in the note a pro forma balance sheet prepared in accordance with the provisions of IFRS 17 and IFRS 9 as of January 1, 2024 (the transition date for the readoption of IFRS including the abovementioned standards; hereinafter – the "**Transition Date**"), and discloses the contractual service margin (hereinafter – "**CSM**") and the risk adjustment for non-financial risk (hereinafter – "**RA**") for each of the operating segments. Furthermore, under the abovementioned note, the Company includes a disclosure regarding supplementary qualitative information pertaining, among other things, to the main changes in the accounting policies, which the Company intends to implement under the implementation of IFRS 17 and IFRS 9, and information on significant judgments it exercised in the process of implementing these accounting policies. The information also includes a breakdown of the material topics in the implementation of the abovementioned standards and the standards' expected effects on the financial statements, information on how to implement the Provisions for the Transitional Period of the abovementioned standards, and additional information according to the requirements of the roadmap (hereinafter – the "**First-Time Application Note**").

It is noted that the Authority has prescribed in several circulars substantial provisions relating to the application of IFRS 17 and IFRS 9, including: Provisions for the Transitional Period, discount rates, risk margin, breakdown into portfolios and groups, contract boundaries, etc.

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Due to the substantial changes to the Company's accounting policies with regard to the accounting treatment applied to insurance contracts, which are expected to apply following the first-time application of IFRS 17, and include the exercising of judgment and the use of new estimates compared to those required in the application of IFRS 4, and since the effects of IFRS 17 on the financial statements may be substantial and of importance to users of the Company's financial statements, we determined that the disclosure made by the Company under the First-Time Application Note, is a key audit matter.

Solution provided to key audit matter

Following are the audit procedures we carried out regarding the assessment of the disclosure provided under the First-Time Application Note:

- We assessed the design and implementation of internal controls relating to the measurement of liabilities and assets in respect of insurance contracts, which fall within the scope of IFRS 17, and the process of determining the fair value of designated Hetz bonds as of the transition date, and conducted procedures to test the effectiveness of those internal controls with regard to the quantitative information as of the transition date, which is included in the First-Time Application Note.

- We assessed whether the judgments exercised by the Company's management in selecting the accounting policies on the material topics relating to the application of IFRS 17 and IFRS 9 are in accordance with the provisions of the abovementioned standards and the directives of the Authority.

- We assessed, with the assistance of actuary experts on our behalf, whether the methodology, models, and assumptions used by the Company to determine the CSM, the RA, the fair value of liabilities or assets in respect of insurance contracts, the best estimate of cash flows in respect of insurance contracts and the fair value of designated Hetz bonds as of the transition date, are in accordance with the provisions of IFRS 17 and IFRS 9 on the abovementioned topics, the directives of the Authority and generally accepted practices. This assessment also included testing, on a sample basis and based on our risk assessment, the appropriateness of the data and assumptions used as the basis for the models implemented to measure the various balances as of the transition date and an assessment of the judgments exercised by management or experts on its behalf in the relevant cases.

- We tested, with the assistance of actuary experts on our behalf, on a sample basis and based on our risk assessment, the various calculation processes carried out by the Company to measure the various balances relating to the insurance contracts as of the transition date.

- We assessed the appropriateness of the various disclosures provided by the Company under the First-Time Application Note.

We have also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel “Audit of the Components of the Internal Control over Financial Reporting”, components of internal control over financial reporting of the Company as of December 31, 2024, and our report of March 18, 2025 included an unqualified opinion on the effectiveness of these components.

Tel Aviv,
March 18, 2025

Somekh Chaikin
Certified Public Accountants

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Joint Independent Auditors

Consolidated Statements of Financial Position

	Note	As of December 31 2024	As of December 31 2023
		NIS thousand	
Assets			
Intangible assets	4	1,726,870	1,570,616
Deferred tax assets	21.I	24,071	16,582
Deferred acquisition costs	5	2,488,796	2,204,801
Fixed assets	6	1,322,921	1,325,239
Investments in associates	7	47,411	19,097
Investment property in respect of yield-dependent contracts	8	9,351,062	8,972,287
Investment property – other	8	1,133,795	1,090,537
Reinsurance assets	15-16	1,658,524	1,548,933
Current tax assets		19,537	62,837
Receivables and debit balances	9	2,651,642	1,121,125
Premiums collectible	10	722,377	588,292
Financial investments in respect of yield-dependent contracts	11	122,831,466	116,891,056
Other financial investments:	12		
Liquid debt assets	12.A	16,971,310	16,032,719
Illiquid debt assets	12.B	28,057,358	27,065,496
Shares	12.D	289,425	258,555
Other	12.E	7,094,199	6,588,765
Total other financial investments		52,412,292	49,945,535
Cash and cash equivalents in respect of yield-dependent contracts	13	20,133,170	16,580,074
Other cash and cash equivalents	13.A	3,113,390	2,922,734
Total assets		219,637,324	204,859,745
Total investments with respect to yield-dependent contracts in consolidated insurance company	11	154,350,348	143,126,392

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

Consolidated Statements of Financial Position

	Note	As of December 31 2024	2023
		NIS thousand	
Equity and liabilities			
Equity	14		
Share capital		110,630	110,629
Share premium		273,968	273,735
Capital reserves		297,377	(78,784)
Retained earnings		8,857,767	8,283,142
Total equity attributable to Company's shareholders		9,539,742	8,588,722
Non-controlling interests		9,753	9,870
Total equity		9,549,495	8,598,592
Liabilities			
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	15	45,300,950	43,656,181
Liabilities in respect of insurance contracts and yield-dependent investment contracts	16	151,711,589	140,210,405
Liabilities in respect of deferred taxes	21.I	548,970	293,995
Liabilities for employee benefits, net	22	309,358	300,501
Liability for current taxes		41,025	5,335
Payables and credit balances	23	3,348,108	4,435,243
Financial liabilities	24	8,827,829	7,359,493
Total liabilities		210,087,829	196,261,153
Total equity and liabilities		219,637,324	204,859,745

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

March 18, 2025			
Approval date of the financial statements	Prof. Ronni Gamzu Chairman of the Board	Yossi Ben Baruch CEO	David Saban CFO

Consolidated Statements of Income

	Note	2024	2023	2022
		For the year ended December 31		
		NIS thousand		
Premiums earned, gross		12,056,328	12,574,699	12,486,060
Premiums earned by reinsurers		1,051,462	878,336	923,788
Premiums earned – retention	25	11,004,866	11,696,363	11,562,272
Net investment revenue (losses) and finance income	26	20,113,697	14,546,309	(7,340,973)
Revenue from management fees	27	2,088,260	1,775,869	1,762,435
Revenue from fees and commissions	28	444,991	388,564	426,105
Other revenue	29	76,628	72,966	68,091
Total revenue		33,728,442	28,480,071	6,477,930
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross		29,655,816	24,761,243	2,749,348
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts		636,985	692,533	615,877
Payments and change in liabilities in respect of insurance contracts and investment contracts – retention	30	29,018,831	24,068,710	2,133,471
Fees and commissions, marketing expenses and other purchase expenses	31	2,082,083	2,009,225	1,878,669
General and administrative expenses	32	1,331,250	1,246,032	1,073,400
Other expenses	34	19,363	26,312	20,157
Finance expenses	35	269,653	262,013	249,776
Total expenses		32,721,180	27,612,292	5,355,473
Profit (loss) of equity-accounted investees	7.B	1,966	(2,281)	435
Profit before taxes on income		1,009,228	865,498	1,122,892
Taxes on income	21.H	398,729	276,770	370,457
Income for the period		610,499	588,728	752,435
Attributable to:				
Company's shareholders		608,160	587,178	750,974
Non-controlling interests		2,339	1,550	1,461
Income for the period		610,499	588,728	752,435
Basic diluted earnings per share attributable to the Company's shareholders (in NIS)	36	0.58	0.56	0.71

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

Consolidated Statements of Comprehensive Income

	Note	For the year ended December 31 2024	2023	2022
		NIS thousand		
Income for the period		610,499	588,728	752,435
Other comprehensive income (loss)				
Other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss				
Net change in fair value of available for sale financial assets, carried to other comprehensive income		(151,222)	(534,404)	(2,572,440)
Net change in fair value of available for sale financial assets carried to profit and loss		654,302	423,140	453,318
Impairment loss of available-for-sale financial assets carried to profit and loss		95,442	17,239	124,818
Foreign currency translation differences in respect of foreign operations		744	361	2,036
Tax effect on available-for-sale financial assets	21	(203,471)	32,306	681,351
Tax effect on other components of other comprehensive income	21	(253)	(124)	(696)
Total other comprehensive income (loss) items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss, net of tax		395,542	(61,482)	(1,311,613)
Other comprehensive income (loss) items not transferred to profit and loss				
Actuarial income (loss) in respect of defined benefit plan	22.B	(3,572)	(3,555)	31,016
Revaluation of fixed assets		(5,964)	36,148	74,013
Revaluation with respect to revaluation of fixed assets transferred to investment property		3,588	-	17,776
Tax effect	21	1,692	(7,201)	(31,392)
Total other comprehensive income (loss) for the period not transferred to profit and loss, net of tax		(4,256)	25,392	91,413
Total other comprehensive income (loss), net		391,286	(36,090)	(1,220,200)
Total comprehensive income (loss) for the period		1,001,785	552,638	(467,765)
Attributable to:				
Company's shareholders		999,437	551,119	(469,294)
Non-controlling interests		2,348	1,519	1,529
Comprehensive income (loss) for the period		1,001,785	552,638	(467,765)

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
			Capital reserves									
	Share capital	Share premium	Available for sale financial assets	Investment revaluation subsequent to assuming control	Transactions with non-controlling interests	Share-based payment	Translation of foreign operations	Revaluation	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousand											
Balance as of January 1, 2024	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
Income for the period	-	-	-	-	-	-	-	-	608,160	608,160	2,339	610,499
Other comprehensive income (loss), net of tax	-	-	395,051	-	-	-	491	(2,043)	(2,222)	391,277	9	391,286
Comprehensive income (loss)	-	-	395,051	-	-	-	491	(2,043)	605,938	999,437	2,348	1,001,785
Share-based payment	-	-	-	-	-	8,453	-	-	-	8,453	-	8,453
Transfer from revaluation reserve to retained earnings	-	-	-	-	-	-	-	(23,687)	23,687	-	-	-
Exercise into employee share options	1	233	-	-	-	(234)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(55,000)	(55,000)	-	(55,000)
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,465)	(2,465)
Acquisition of non-controlling interests	-	-	-	-	(1,870)	-	-	-	-	(1,870)	-	(1,870)
Balance as of December 31 2024	110,630	273,968	(131,498)	6,989	(3,605)	14,674	(265)	411,082	8,857,767	9,539,742	9,753	9,549,495

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders											
			Capital reserves									
	Share capital	Share premium	Available for sale financial assets	Investment revaluation subsequent to assuming control	Transactions with non-controlling interests	Share-based payment	Translation of foreign operations	Revaluation	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousand											
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	-	-	-
Dividend 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 accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders										
			Capital reserves								
	Share capital	Share premium	Available for sale financial assets	Investment revaluation subsequent to assuming control	Transactions with non-controlling interests	Translation of foreign operations	Revaluation	Retained earnings	Total	Non-controlling interests	Total equity
	NIS thousand										
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 accompanying notes are an integral part of the Consolidated Financial Statements.

MIGDAL Insurance and finance

Consolidated Statements of Cash Flows

	Appendix	For the year ended December 31 2024	2023	2022
		NIS thousand		
Cash flows from operating activities	A	3,378,162	2,442,957	(2,853,991)
Cash flows provided by investing activities				
Investment in associates		(26,287)	-	(42)
Proceeds from disposal of investment in associate and held-for-sale assets, less transaction costs		-	7,087	578
Investment in fixed assets		(38,912)	(38,106)	(33,564)
Investment in intangible assets		(289,478)	(254,002)	(222,253)
Dividend received from associates		683	888	510
Proceeds from disposal of fixed assets		117	100	111
Net cash used for investing activities		(353,877)	(284,033)	(254,660)
Cash flows provided by financing activities				
Liabilities for REPO in respect of insurance contracts and non-yield-dependent investment contracts, net		713,695	(9,855)	(444,688)
Liabilities for Repo in respect of insurance contracts and yield-dependent investment contracts, net		-	-	(77,382)
Proceeds from issue of bonds		420,622	659,682	1,820,562
Less issuance expenses		(3,742)	(5,631)	(48,664)
Repayment of loans from banks and others		-	-	(56)
Repayment of lease liability principal		(37,380)	(32,680)	(29,137)
Redemption of bonds		(403,861)	(1,902,809)	-
Change in short-term credit from banks and others, net		3	(94)	(36,002)
Acquisition of non-controlling interests		(1,870)	-	-
Dividend to non-controlling interests		(2,465)	-	-
Dividend		(55,000)	(57,000)	-
Net cash provided by (used for) financing activities		630,002	(1,348,387)	1,184,633
Effect of exchange rate fluctuations on balance of cash and cash equivalents		89,465	(54,441)	202,431
Increase (decrease) in cash and cash equivalents		3,743,752	756,096	(1,721,587)
Balance of cash and cash equivalents as of the beginning of the period	B	19,502,808	18,746,712	20,468,299
Balance of cash and cash equivalents as of the end of the period	C	23,246,560	19,502,808	18,746,712

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

Appendix A – Cash Flows from Operating Activities before Income Taxes (1)

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
Income for the period	610,499	588,728	752,435
Items not involving cash flows			
Company's share in results of investees, net	(1,966)	2,281	(435)
Investment losses (income), net on financial investments in respect of insurance contracts and yield-dependent investment contracts	(15,651,189)	(10,250,407)	11,804,356
Losses (gains), net on other financial investments			
Liquid debt assets	(187,614)	(372,655)	(119,681)
Illiquid debt assets	(2,264,267)	(2,191,871)	(2,606,728)
Shares	(2,923)	(11,437)	(66,147)
Other investments	(546,552)	(113,644)	286,507
Finance expenses for financial and other liabilities	35,971	46,695	49,718
Loss on disposal			
Intangible assets	1,417	8,774	1,228
Fixed assets	964	3	1,184
Change in fair value of investment property in respect of yield-dependent contracts	(133,246)	(153,981)	(577,195)
Change in fair value of other investment property	16,888	(11,348)	(89,301)
Depreciation and amortization			
Fixed assets	88,837	80,893	78,723
Intangible assets	131,976	109,801	101,773
Change in liabilities in respect of insurance contracts and yield-dependent investment contracts	11,501,184	7,181,125	(9,922,815)
Change in liabilities in respect of insurance contracts and non-yield-dependent investment contracts	1,644,769	1,777,096	728,494
Change in share-based payment transactions	8,453	6,455	-
Change in reinsurance assets	(109,591)	(147,270)	(54,878)
Change in deferred acquisition costs	(283,995)	(84,867)	(95,826)
Taxes on income	398,729	276,770	370,457
Changes in other on-balance sheet line items			
Financial investments and investment property in respect of yield-dependent contracts			
Acquisition of investment property	(245,529)	(692,411)	(254,963)
Realization (purchase), net of financial investments	4,576,487	(3,021,319)	(2,204,954)
Financial investments and other investment property			
Acquisition of investment property	(80,643)	(160,885)	(121,958)
Proceeds from sale of investment property	26,500	-	2,600
Acquisitions of financial investments, net	(1,503,562)	(1,886,181)	(4,824,792)
Premiums collectible	(134,085)	176,228	(50,628)
Receivables and debit balances	(1,530,505)	2,820,884	(2,828,798)
Payables and credit balances	(867,389)	2,326,240	(652,896)
Liabilities for employee benefits, net	5,285	10,091	14,671
Total adjustments required to present cash flows arising from operating activities	(5,105,596)	(4,274,940)	(11,032,284)
Cash paid and received during the period			
Interest paid	(272,594)	(267,929)	(164,550)
Interest received (2)	3,248,022	3,056,053	4,247,164
Taxes paid, net	(274,285)	(178,983)	(611,044)
Dividend received from financial investments	5,172,116	3,520,028	3,954,288
Net cash provided by (used for) operating activities	3,378,162	2,442,957	(2,853,991)

(1) Cash flows from operating activities include acquisitions and sales of financial investments and investment property arising mostly from insurance contracts and investment contracts activities.

(2) Excluding interest received on current accounts and deposits totaling approx. NIS 1,004,164 thousand for the year ended December 31, 2024 and approx. NIS 850,461 thousand for the year ended December 31, 2023.

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

Consolidated Statements of Cash Flows

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Appendix B – Cash and Cash Equivalents as of the Beginning of the Period			
Cash and cash equivalents in respect of 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 C – Cash and Cash Equivalents as of the End of the Period			
Cash and cash equivalents in respect of yield-dependent contracts	20,133,170	16,580,074	14,715,486
Other cash and cash equivalents	3,113,390	2,922,734	4,031,226
	23,246,560	19,502,808	18,746,712
Appendix D – Material Activity Not Involving Cash Flows			
Acquisition of fixed assets, intangible assets and investment property against payables	54,239	40,626	47,684
Recognition of right-of-use asset against lease liabilities	44,476	56,675	46,135
Exchange of bonds by way of an exchange tender offer	519,693	503,027	-

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

NOTE 1 - GENERAL

A. The reporting entity

Migdal Insurance and Financial Holdings Ltd. (hereinafter – the "**Company**") is an Israeli resident company incorporated in Israel, whose official address is 4 Efal St., Kiryat Aryeh, Petah Tikva. The Company's consolidated financial statements as of December 31, 2024 include the financial statements of the Company and its subsidiaries (hereinafter, jointly – the "**Group**") and investments in associates. The Group is mainly engaged in insurance, pension, provident and financial services activities. The securities of the Company are listed for trading on the Tel Aviv Stock Exchange.

B. Control of the Company

Mr. Shlomo Eliahu – who, jointly with Ms. Chaya Eliahu, holds approx. 54.71% of the Company's issued and paid-up share capital, through Eliyahu Issues Ltd. – is the ultimate controlling shareholder of the Company.

On September 15, 2024, Eliahu Issues sold 35,613,185 Company shares to an institutional entity at a share price of NIS 4.577 and on December 5, 2024 (hereinafter – the "**Completion Date**"), Gan Ha'Ir Project Ltd. (a company owned by the Company's controlling shareholder, through which the controlling shareholder held some of its holding stakes in Company shares during the reporting period) 64,801,080 Company shares (which constituted the entire interests of Gan Ha'Ir Project Ltd. in Company shares as of that date) to several entities in an off-market transaction at a share price of NIS 6.7 (hereinafter in this section – the "**Acquirers**"). In addition, the Buyers received from Eliahu Issues options to purchase 64,801,080 additional Company shares (which constituted – as of the Completion Date – approx. 6.15% of its issued and paid-up share capital), which will be exercisable through June 30, 2025 in consideration for NIS 6.8 per share, subject to generally accepted adjustments.

Subsequent to the reporting date, in February 2025, the Buyers exercised some of the abovementioned options awarded to them, and accordingly – Eliahu Issues sold to the Buyers 280,000 additional Company shares at a share price of NIS 6.8.

Eliahu Issues' abovementioned holding stakes are as of this report publication date, i.e., including the above sales and without taking into account the balance of options, which have not yet been exercised.

C. Implication of the Iron Swords War

The State of Israel is in the midst of an ongoing war. Recently, the intensity of the fighting in the northern front subsided following the signing of a ceasefire agreement during November 2024.

During 2024, the ongoing geopolitical uncertainty caused the downgrading of Israel's credit rating; however due to the ceasefire and the subsidence in the intensity of the fighting, the risk premium, as reflected in the CDS spread, declined substantially. It is noted that, by virtue of its activity, the Group is exposed to financial market volatility, a slowdown in the Israeli economy and other risks arising from the War.

As of the balance sheet date, the War had no material effect on the Group, including its business continuity, liquidity, financial position and sources of financing, solvency ratio, assets under management, insurance liabilities and underwriting results.

Despite the aforesaid, at this stage, there is still significant uncertainty as to the future development of the War, its scope and duration. Therefore, it is currently impossible to assess the full effect of the War on the Group and its results.

D. Definitions

Company	-	Migdal Insurance and Financial Holdings Ltd.
The Group	-	Migdal Insurance and Financial Holdings Ltd. and its consolidated companies.
Consolidated companies/ 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 significant influence and are not consolidated companies and the Company's investment in which is included in the Company's consolidated financial statements using the equity method.
Investees	-	Consolidated companies and associates.

NOTE 1 - GENERAL (cont.)

D. Definitions (cont.)

The parent company or Eliahu Issues	-	Eliahu Issues Ltd.
Migdal Insurance	-	Migdal Insurance Company Ltd.
Makefet	-	Migdal Makefet Pension and Provident Funds Ltd.
Yozma	-	Yozma – Self Employed Pension Fund Ltd.
Migdal Capital Raising	-	Migdal Insurance Capital Raising Ltd., a subsidiary of Migdal Insurance.
Institutional entities	-	In accordance with the Supervision Law, the institutional entities in the Group are Migdal Insurance, Makefet and Yozma.
Related parties	-	As defined in IAS 24 (2009), Related Party Disclosures.
Interested parties	-	As defined in Paragraph (1) of the definition of an "interested party" in a company in Section 1 of the Securities Law, 1968.
The Supervisor or Commissioner	-	The Commissioner of the Capital Market, Insurance and Savings.
Supervision Law	-	Supervision of Financial Services Law (Insurance), 1981.
Capital Regulations	-	Supervision of Financial Services Regulations (Insurance) (Minimum Capital Required of an Insurer), 1998, including amendments thereto.
Investment Rules	-	Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012, and the Institutional Entities Circular entitled Investment Rules Applicable to Institutional Entities, published by the Commissioner.
Reporting Information Regulations	-	Supervision of Insurance Business Regulations (Reporting), 1998, and amendments thereto.
Insurance contracts	-	A contract under which one party (the insurer) assumes a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
Investment contracts	-	Policies that do not constitute insurance contracts.
Yield-dependent contracts	-	Insurance contracts and investment contracts in the life and health insurance segments in which the liabilities for the savings or risk components are linked to the returns on the investment portfolio (participating policies).
Assets for yield-dependent contracts	-	Total assets against liabilities arising from yield-dependent contracts.
Reinsurance assets	-	Reinsurers' share in insurance reserves and contingent claims.
Liabilities in respect to insurance contracts and investment contracts	-	Insurance reserves and contingent claims in the life insurance, property and casualty insurance and health insurance segments.
Premiums	-	Premiums including fees.
Premiums earned	-	Premiums relating to the reporting period.
Tier 2 capital	-	An additional Tier 1 capital instrument, which was not included in Tier 1, Tier 2 capital instrument, Hybrid Tier 2 and Hybrid Tier 3 capital instrument.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of measurement in the financial statements

The consolidated financial statements are prepared according to historical cost except for the main assets and liabilities, as follows: Insurance liabilities, financial instruments measured at fair value through the income statement, financial instruments classified as available for sale, investment property, land and own office buildings, liabilities for termination of employer-employee relations, deferred taxes and investments in associates.

For additional information regarding the measurement of these assets and liabilities, see Sections G, H, I, K, N, and R below.

B. Preparation format of the Financial Statements

Through December 31, 2022, the Group's consolidated financial statements were drawn up in accordance with IFRS, including in connection with the data relating to insurer consolidated subsidiaries, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010.

As from January 1, 2023, the Consolidated Financial Statements of the Company have been drawn up in accordance with the provisions of the Securities Regulations (Annual Financial Statements), 2010. In accordance with these provisions, those financial statements data that relate to a consolidated subsidiary, which falls within the scope of the definition of insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, are drawn up in accordance with the requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981.

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

With regard to the other issues, including in relation to financial statements data, which do not relate to the said subsidiary, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter – "**IFRS**").

C. Financial statements structure and operating cycle period

The Group's ordinary operating cycle generally exceeds one year, in particular for life insurance and long-term savings, long-term care, illnesses and hospitalization insurance, and property and casualty insurance in the liability and compulsory motor insurance sectors.

The consolidated statements of financial position, which include mainly the assets and liabilities of the consolidated insurance company, were presented according to liquidity, with no distinction made between current and non-current assets. This presentation, which provides more reliable and relevant information, is consistent with IAS 1, Presentation of Financial Statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Functional currency and foreign currency

Functional currency and presentation currency

These Consolidated Financial Statements are presented in NIS, which is the Group companies' functional currency, rounded to the nearest thousand. This currency best reflects the economic environment in which the Group operates.

E. Consolidated Financial Statements

The Consolidated Financial Statements include the statements of companies which are controlled by the Company (subsidiaries).

F. Investment in associates

Associates are entities in which the Group has significant influence over the financial and operating policy but is not a controlling shareholder therein.

G. Insurance contracts and asset management contracts

IFRS 4, Insurance Contracts, allows an insurer to continue applying the accounting policy it applied prior to the transition date to IFRS reporting in respect of insurance contracts that it issues (including related acquisition costs and related intangible assets) and reinsurance contracts that it acquires.

Following is a summary of the accounting policy applied to insurance contracts:

1. Life insurance and long-term savings

a) Revenue recognition – see Section P below.

b) Liabilities for life insurance contracts

Liabilities for life insurance contracts are calculated according to the Commissioner's directives (regulations and circulars), generally accepted accounting principles and generally accepted actuarial methods. The liabilities are calculated according to the relevant coverage data, such as the age of the policyholder, number of years of coverage and type and amount of insurance, etc.

Liabilities for life insurance contracts are determined on the basis of actuarial valuations performed by the supervisor actuary at Migdal Insurance Ltd., Mr. David Santori, who is an employee of Migdal Insurance. The reinsurers' share in liabilities for life insurance contracts is based on the terms and conditions of the relevant contracts.

c) Liabilities for CPI-linked life insurance contracts and CPI-linked investments used to cover these liabilities were included in the financial statements according to the last CPI published prior to the balance sheet date, including liabilities for life insurance contracts for policies with semi-annual linkage.

d) Commissioner's directives regarding liabilities for annuities

Circulars issued by the Commissioner, regarding the calculation of the liabilities for annuities in life insurance policies, set guidance on how to calculate the provisions as a result of the improvement in life expectancy rates requiring monitoring the adequacy of the liabilities for life insurance contracts to ensure that annuities are received and properly supplemented.

For further details, see Note 37.B.3.b).

e) Deferred acquisition costs in life insurance

(1) Deferred acquisition costs (hereinafter – "**DAC**") with respect to life insurance policies include fees and commissions to agents, resellers and purchasing supervisors and general as well as administrative expenses related to the purchase of new policies. DAC is amortized at equal annual rates over the term of the policy but no longer than 15 years. DAC for canceled policies are derecognized at the cancellation date.

(2) At least once a year, Migdal Insurance's actuary examines the recoverability of the DAC. The assessment is made to verify that the liabilities for insurance contracts, net of DAC, are expected to generate sufficient future revenue to cover the DAC's amortization and the insurance liabilities, operating expenses as well as fees and commissions for these policies. The assessment is conducted collectively at the level of all individual products and for all underwriting years.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Insurance contracts and asset management contracts (cont.)

1. Life insurance and long-term savings (cont.)

e) Deferred acquisition costs in life insurance (cont.)

(2) (cont.)

The assumptions used in this assessment – which include an assumption regarding cancellations, operating expenses, return on assets, mortality and morbidity rates – are determined by Migdal Insurance's actuary each year on the basis of past experience and relevant current studies.

f) Deferred acquisition costs in respect of the purchase of asset management contracts

Fees and commissions paid to agents and purchasing supervisors in respect of purchase of asset management contracts (pension and provident funds) are recognized as deferred acquisition costs if they are separately identifiable and reliably measurable, and if their recoverability through management fees is expected. The DAC is amortized over the estimated period for receiving revenue from management fees, taking into account cancellations. In accordance with international standards, as of 2018, the Company estimates the cancellation rate in the duration of the amortization. Each year, the actuary examines the recoverable DAC so as to reflect the value of the asset.

The DAC balance accrued as from as of December 31, 2017 is tested for impairment annually while comparing the total expected discounted cash flow to the DAC balance as of the reporting date. The DAC balance accrued as from January 1, 2018 is tested for impairment annually in accordance with IFRS 15, while comparing the total expected non-discounted cash flow to the DAC balance as of the reporting date.

The assumptions used for this testing, which include assumptions regarding cancellations, operating expenses, return on assets, mortality and morbidity rates, are determined by the Company's actuary each year on the basis of past experience and relevant current studies.

g) Liability adequacy testing for life and health insurance contracts:

Migdal Insurance performs liability adequacy testing for life insurance contracts. If the test indicates that all future revenue from the relevant policies do not cover all future expenses of these policies, a special provision for the shortfall is recorded. Individual policies and collective policies are tested separately. In the case of collective policies, the test is performed at the individual collective level. The test is conducted separately for groups of policies defined by the Commissioner and in accordance with Insurance Circular 2015-1-14 on LAT dated August 2, 2015 and Insurance Circular 2020-1-5, "Amendment to the Provisions of the Consolidated Circular regarding Measurement of Liabilities – Liability Adequacy Test (LAT)".

The assumptions used in these tests include assumptions for cancellations, operating expenses, fees and commissions, return on assets, interest rates, illiquidity premiums, mortality, pension uptake rates and morbidity rates, taking into account the excess fair value of assets over their carrying amounts. These assumptions are determined by the actuary each year on the basis of past experience, other relevant studies, and regulatory provisions.

For further details, see Note 37.B.3.b)(4).

h) Contingent claims

Contingent claims are calculated on a base-by-case basis, according to the valuation of Migdal Insurance, based on the notifications regarding the insured events and the insurance amounts.

The provisions for pension payments, ongoing payment claims for income protection insurance, the direct and indirect expenses arising there from, as well as the provisions for incurred but not yet reported claims (IBNR) are included under the liabilities for insurance contracts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Insurance contracts and asset management contracts (cont.)

1. Life insurance and long-term savings (cont.)

i) Investment contracts

Proceeds in respect of investment contracts are not included in the premiums earned line item but rather carried directly to liabilities in respect of insurance contracts and investment contracts. Redemptions and maturities of these contracts are not included in the income statement but rather deducted directly from liabilities in respect of insurance contracts and investment contracts.

Investment revenues, change in liabilities and payments for insurance contracts for policyholders' share in investment revenues, management fees, fees and commissions to agents, and general and administrative expenses are charged to the income statement in respect of these contracts.

j) Provision for profit participation of policyholders in collective insurance

The provision is included under the payables and credit balances line item. In addition, the change in the provision is offset against premiums earned, gross.

2. Property and Casualty Insurance

a) Revenue recognition – see Section P below.

b) Payments and changes in liabilities for insurance contracts, gross and in retention, include, among other things, settlement and direct handling costs in respect of claims paid, indirect costs of settling claims, outstanding claims in the reporting year, as well as adjustment of the provision for contingent claims (including a provision for direct and indirect costs for handling claims) recorded in previous years.

c) Liabilities for insurance contracts and deferred acquisition costs

The insurance reserves and outstanding claims included in the liabilities in respect of insurance contracts line item and the reinsurers' share in the reserve and in contingent claims included under the reinsurance assets line item and deferred acquisition costs, are calculated in property and casualty in accordance with the Financial Services Regulations (Insurance) (Calculation of Property and Casualty Insurance Reserves), 2013 (hereinafter – the "**Calculation of Reserves Regulations**"), the Commissioner's directives, and generally accepted actuarial methods for calculating contingent claims, applied at the discretion of the actuarial supervisor, Mr. Matan Gross, who is an employee of Migdal Insurance.

d) Liabilities for insurance contracts are composed of insurance reserves and contingent claims, as follows:

(1) The provision for the unearned premium reserve reflects the insurance premium for the insurance period subsequent to the balance sheet date.

(2) Provision for premium deficiency. This provision is recognized if the unearned premium (less deferred acquisition costs) does not cover the expected cost in respect of insurance contracts. In the motor property insurance, compulsory motor, and comprehensive home subsegments, the provision is based, inter alia, on a model prescribed by the Calculation of Reserves Regulations.

(3) Contingent claims calculated according to the methods detailed below:

3.1. Contingent claims (including IBNR) and the reinsurers' share therein are included on the basis of an actuarial valuation, except for the subsegments listed in Section 3.2 below. Indirect expenses to settle claims are included on the basis of an actuarial valuation. The actuarial calculation for Migdal Insurance was carried out by the Supervisor Actuary, Mr. Matan Gross, who is an employee of Migdal Insurance.

3.2. In comprehensive business insurance, engineering insurance, contractor insurance, marine insurance, aviation insurance, goods in transit and incoming businesses, the Supervisor Actuary determined that an actuarial model cannot be applied due to the lack of statistically significant data. The contingent claims in these subsegments were calculated based on a specific valuation for each claim, according to an opinion provided by Migdal Insurance's counsel and experts who handle the claims, plus IBNR as applicable.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Insurance contracts and asset management contracts (cont.)

2. Property and Casualty Insurance (cont.)

d) Liabilities for insurance contracts are composed of insurance reserves and contingent claims, as follows: (cont.)

(3) Contingent claims calculated according to the methods detailed below: (cont.)

3.3. Subrogation and salvage recoveries are taken into consideration in the underlying data by which the actuarial valuations of the contingent claims are calculated.

e) Liability adequacy testing in property and casualty insurance

The Company reviews the adequacy of Property and Casualty insurance (P&C) liabilities in accordance with the best practice principles as detailed in Note 37.B.3.c)(5).

f) Deferred acquisition costs in property and casualty insurance include fees and commissions to agents and general and administrative expenses in connection with the purchase of polices, relating to unearned premiums. The acquisition expenses are calculated separately for each subsegment, on the basis of the actual rates of expenses or according to standard rates as determined in the Supervision Regulations, as a percentage of the unearned premium, whichever is lower.

g) Business provided by the Compulsory Motor Insurance Pool of the Israeli Insurance Companies Association Ltd. (hereinafter – the “**Pool**”), from other insurance companies (including co-insurance) and from underwriting agencies is reported according to the reports received up to the balance sheet date with the addition of the relevant provisions, based on Migdal Insurance’s participation rate therein.

3. Health Insurance

a) Revenue recognition – see Section P below.

b) Liabilities for health insurance contracts

Liabilities for health insurance contracts are calculated according to the Commissioner’s directives (regulations and circulars), generally accepted accounting principles and generally accepted actuarial methods. The liabilities are calculated according to the relevant coverage data, such as the age of the policyholder, number of years of coverage and type and amount of insurance, etc.

Liabilities for health insurance contracts and reinsurers’ share therein are determined on the basis of actuarial valuations performed by the supervisor actuary at Migdal Insurance Ltd., Mr. Daniel Katsman, who is an employee of Migdal Insurance.

c) Contingent claims

The provisions for ongoing payment claims in long term care (LTC) insurance, the direct and indirect expenses arising therefrom, as well as provisions for incurred but not yet reported claims (IBNR), are included under the liabilities for insurance contracts line item.

In the travel subsegment, the actuary determined that an actuarial model cannot be applied due to the lack of statistically significant data. The contingent claims in these subsegments were calculated based on a specific valuation for each claim, according to an opinion provided by Migdal Insurance’s counsel and experts who handle the claims, plus IBNR as applicable.

d) Provision for policyholders’ profit participation in collective insurance

The provision is included under the payables and credit balances line item. In addition, the change in the provision is offset against premiums earned.

e) The unexpired risk reserve, included in the liabilities for insurance contracts line item, includes, if necessary, a provision for an expected retention loss (premium deficiency) which is calculated based on an actuarial valuation which is based on a cash flow estimate for the contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Insurance contracts and asset management contracts (cont.)

3. Health Insurance (cont.)

f) Liability adequacy testing for health insurance contracts:

Migdal Insurance performs liability adequacy testing for health insurance contracts. If the test indicates that the premiums received are insufficient to cover the expected claims, a special provision is recorded for the shortfall. Groups of policies defined by the Commissioner are tested separately.

The assumptions used in these tests include assumptions for cancellations, operating expenses, morbidity and mortality, interest rates and illiquidity premium, taking into account the excess fair value of assets over their carrying amount. These assumptions are determined by the actuary each year on the basis of past experience and other relevant studies. For collective policies, the testing is performed according to the claims history of the individual collective and subject to the statistical reliability of that experience.

For further details, see Note 37.B.3.b)(4).

g) Deferred acquisition costs

(1) Deferred acquisition costs include fees and commissions to agents and purchasing supervisors and general and administrative expenses related to the purchase of new policies. Deferred acquisition costs in illnesses and hospitalization insurance are amortized at equal rates over the policy period, but no longer than 6 years, and in long-term health insurance (such as long-term care and critical illnesses) – over no more than 15 years. Deferred acquisition costs relating to canceled policies are written off on the cancellation date.

(2) Each year, the actuary of Migdal Insurance examines the recoverability of the DAC. The assessment verifies that the liabilities for insurance contracts, net of DAC for policies sold, are sufficient, and that the policies are expected to generate future revenue to cover the DAC's amortization and the insurance liabilities, operating expenses as well as fees and commissions for those policies. This is done jointly for all underwriting years.

(3) The assumptions used in this assessment – which include assumptions regarding cancellations, operating expenses, return on assets, mortality and morbidity rates – are determined by Migdal Insurance's actuary each year on the basis of past experience and relevant current studies.

H. Financial instruments

Most of the Company's financial instruments belong to a consolidated subsidiary which meets the definition of an insurer and are presented in accordance with IAS 39; the accounting policy applied for the other financial instruments is measurement at fair value in the income statement in accordance with IFRS 9, similarly to the accounting policy applied in IAS 39 for these assets. Following are the accounting policies applied by the Company in respect of financial instruments of a consolidated subsidiary that meets the definition of insurer:

1. Non-derivative financial instruments

Non-derivative financial instruments include both financial assets and financial liabilities. Financial assets include financial investments (liquid debt assets, illiquid debt assets, shares and others) and other financial assets such as: Collectible premium, other accounts receivable and cash and cash equivalents. In addition, financial instruments include financial liabilities, such as: loans and credit received, repo liabilities, supplier credit, trade and other payables.

Initial recognition of non-derivative financial assets

The Group initially recognizes loans and receivables and deposits as they are incurred. All other financial assets acquired as part of a regular way purchase, including assets designated to fair value through profit and loss, are initially recognized on the trade date, when the Group becomes a party to the instrument's contractual terms, i.e., the date on which the Group has undertaken to buy or sell the asset.

Non-derivative financial assets include investments in shares and debt instruments, trade receivables, other accounts receivable, and cash and cash equivalents.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Financial instruments (cont.)

1. Non-derivative financial instruments (cont.)

Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows arising from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are effectively transferred.
Regarding the offsetting of financial assets and financial liabilities, see Section 3 below.
Regular way sales of financial assets are recognized on the trade date, i.e., the date on which the Group has undertaken to sell the asset.

Financial assets are classified into the following classes:

Cash and cash equivalents

Cash and cash equivalents include readily available cash balances and on-demand bank deposits. Cash equivalents include highly liquid short-term investments, which have an original maturity of 3 months or less and are readily convertible to known amounts of cash and are exposed to insignificant risk of changes in value.

Financial assets at fair value through profit and loss

A financial asset is classified as measured at fair value through profit and loss if it is classified as held-for-trading, or if it was designated as such upon initial recognition. Financial assets are designated at fair value through profit and loss if the Group manages investments of this type and makes buying and selling decisions in respect thereof based on their fair value, in accordance with the method employed by the Group to document the risk management or investment strategy, if the designation is meant to prevent an accounting mismatch, or if the asset in question is a hybrid financial instrument that includes an embedded derivative. Attributable transaction costs are recognized in profit and loss as incurred. These financial assets are measured at fair value, and changes therein are carried to profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not traded in an active market. These assets are initially recognized at fair value plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, net of impairment losses.

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets which were designated as available-for-sale financial assets or were not classified into any of the other classes. At the initial recognition date, available-for-sale financial assets are recognized at fair value plus all attributable transaction costs. In subsequent periods, these investments are measured at fair value, and changes therein – other than impairment losses, gains or losses from changes in the CPI, exchange rates, and accumulation of effective interest rate in debt instruments – are charged directly to other comprehensive income and presented in capital reserve in respect of financial assets classified as available for sale. Dividend received in respect of available-for-sale financial assets is carried to the statement of income at the eligible payment date. When the investment is derecognized, the gains or losses accrued in capital reserve in respect of financial assets classified as available for sale are transferred to profit and loss.

2. Non-derivative financial liabilities

The Group initially recognizes debt instruments as they are incurred. Other financial liabilities are initially recognized at the trade date when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities are initially recognized at fair value net of any attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when it is extinguished, i.e., when the liability is discharged, canceled or expires. A financial liability is extinguished when the debtor (the Group) repays the liability by a cash payment, other financial assets, goods or services, or is legally released from the liability.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Financial instruments (cont.)

2. Non-derivative financial liabilities (cont.)

Derecognition of financial liabilities (cont.)

Where an existing financial liability is exchanged for another liability from the same lender on substantially different terms and conditions, or where the terms and conditions of an existing liability are substantially modified, such an exchange or modification is accounted for as a derecognition of the original liability and the recognition of a new liability. The difference between the balances of the above two liabilities in the financial statements is carried to the income statement. If the exchange or modification is immaterial, it is accounted for as a change in the terms of the original liability and no profit or loss is recognized from the exchange. When determining whether a change has occurred in the substantive terms and conditions of an existing liability, the Company takes qualitative and quantitative considerations into account. See Note 24 for bonds replaced during the reporting year.

3. Netting of financial instruments

Financial assets and liabilities are offset and the net amounts are presented in the statement of financial position, with the Group currently having a legally enforceable right to offset the amounts recognized and intends to either extinguish the asset or liability on a net basis or to dispose of the asset and extinguish the liability simultaneously.

4. Derivative financial instruments

Derivatives are initially recognized at fair value. Attributable transaction costs are recognized in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes in fair value are immediately carried to the income statement under the investment revenue, net and finance income line item.

5. CPI-linked financial assets and financial liabilities not measured at fair value

The value of CPI-linked financial assets and financial liabilities, which are not measured at fair value, is adjusted each period in accordance with the actual increase/decrease in the CPI.

6. The Group decided to classify and designate assets as follows:

Assets in investment portfolios of participating policies

These assets, which include liquid and illiquid financial instruments, were designated at fair value through profit and loss, for the following reasons: These are discretionary portfolios, separate and identifiable, whose presentation at fair value significantly reduces an accounting mismatch of reporting assets and liabilities at different bases of measurement. Furthermore, their management is based on fair value, and the portfolio's performance is measured at fair value, in accordance with a documented risk management strategy. The information about the financial instruments is reported to management (the relevant investments committee) internally, at fair value.

Some of the illiquid debt instruments included in investment portfolios of participating policies are measured at amortized cost, using the effective interest method as permitted by a temporary order published by the Commissioner and in accordance with the standards.

Financial instruments that include embedded derivatives requiring bifurcation

These instruments are designated to fair value through profit and loss.

Liquid assets which are not included in investment portfolios against participating policies (nostro), which do not include embedded derivatives or do not constitute derivatives

These assets were classified as available-for-sale financial assets.

Illiquid assets which are not included in investment portfolios against participating policies (nostro)

Assets meeting the criteria of the loans and receivables class, including Hetz bonds, were classified to this class and measured at amortized cost, using the effective interest method.

Illiquid equity instruments were classified as available-for-sale financial assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Financial instruments (cont.)

6. The Group decided to classify and designate assets as follows: (cont.)

Investments in marketable securities in the financial statements of a consolidated subsidiary engaged in investment management

These assets were classified into fair value through profit and loss since they constitute held-for-trading financial assets.

7. Determining fair value

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

In determining the fair value of an asset or liability, the Group uses as much observable market inputs as possible. Fair value measurements are divided into three levels in the fair value hierarchy, based on the inputs used in the valuation, as follows:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Observable inputs from the market, either directly or indirectly, which are not included in Level 1 above.
- Level 3: Inputs which are not based on observable market inputs.

For further details regarding the interest rates used in determining the fair value, see Note 12.F.

8. Investment revenue (losses), net, finance income and finance expenses

Net investment revenue (losses) and finance income

Gains (losses) on investments, net and finance income include gains (losses) on sale and impairment of available-for-sale financial assets, changes in the fair value of financial assets and financial liabilities presented at fair value through profit and loss, foreign currency gains (losses) and linkage differences for debt assets and gains (losses) from realization of investments calculated as the difference between the net realization consideration and the original cost or amortized cost and recognized at the sale event date, interest income on amounts invested (including available-for-sale financial assets), dividend income, changes in the fair value of investment property and rental income from investment property.

Interest income is recognized as it accrues using the effective interest method.

Revenue from dividend is recognized when the Group is entitled to receive payment.

Gains and losses on foreign exchange rate differences, pm changes in the fair value of investments and on disposal of investments are reported on a net basis.

Finance expenses

Finance expenses comprise interest expenses, linkage differences and exchange rate differences on loans received, interest and exchange rate differences on reinsurers' deposits and balances and changes in the time value of provisions. All uncapitalized borrowing costs are charged to the income statements as incurred.

I. Fixed assets

1. Recognition and measurement

Fixed assets items are measured at cost less accumulated depreciation and accumulated losses from impairment, except for land and office buildings owned and displayed on a reevaluation basis – see below.

The cost of several fixed asset items is determined by their fair value as of January 1, 2007, the transition date to IFRS (deemed cost).

Cost includes costs directly attributable to the acquisition of the asset. Cost of purchased software, which constitutes an integral part of operating the related equipment, is recognized as part of the cost of that equipment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Fixed assets (cont.)

1. Recognition and measurement (cont.)

Profit or loss from derecognition of a fixed asset item is determined by comparing the consideration from derecognition of the asset to its carrying amount and recognized at net under the other revenue or other expenses line item, as the case may be, in the income statement.

Revaluation of own land and office buildings is charged to the revaluation reserve presented in shareholders' equity, less the tax effect. A revaluation reserve is transferred directly to retained earnings when the asset is derecognized and during the use of its asset – in accordance with its depreciation rate.

Revaluation is carried out routinely to ensure that the balance in the financial statements is not materially different from the value that would have been calculated at fair value at the reporting date.

Impairment of a revalued asset is carried directly to other comprehensive income, up to the amount of the credit balance in the revaluation reserve for that asset. Any further impairment is carried to profit or loss. Any increase in the asset's value as a result of revaluation is recognized in profit or loss up to the amount where it reverses the impairment which was previously recognized in profit or loss. Any subsequent increase is carried to the revaluation reserve.

2. Depreciation

The depreciation rates used in the current period and in the comparative periods are as follows:

Buildings	2%-4%
Leasehold improvements	5%-20%
Motor vehicles	15%
Computers and software	10%-33%
Furniture and equipment	6%-33%

Leasehold improvements are depreciated on a straight-line basis over the rental period (including the option period to extend the term of the contract, which the Group intends to exercise), or according to the estimated useful lives of the improvement, whichever the shorter.

Estimates as to the depreciation method, useful life and residual value are reviewed at least at the end of each reporting year and adjusted as needed.

J. Investment property

Investment property is a real estate asset (land or building, part of a building – or both) held (by the Group as the owner or under lease) for the purpose of generating rental income, for the purpose of appreciation or both, rather than for the purpose of using it for the production purposes or for the supply of goods or services for administrative purposes, or for sale in the ordinary course of business.

In addition, interests in investment property leased by the Group and designated for rental to a third party are classified and treated as investment property.

Investment property is initially measured at cost, plus transaction costs directly attributable to the acquisition. In subsequent periods, investment property is measured at fair value, and changes in fair value are carried to the statement of income.

The Group determines the fair value of investment property on the basis of valuations by external independent appraisers who are experts in the valuation of real estate properties and have the appropriate expertise and experience.

Investment property is derecognized on disposal or when its use is discontinued and no future economic benefits are expected from its disposal. The difference between the net consideration from the sale of the asset and the balance in the financial statements is recognized in profit and loss during the period in which the asset was derecognized.

Transfer of an asset from investment property to fixed assets is made when there is a change in use, such as when the asset is first used by the owners.

The deemed cost of the asset transferred from investment property to fixed assets is the fair value at the transfer date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Investment property (cont.)

When the use of real estate is transformed from use by the owner into investment property, which is measured at fair value, the property is re-measured at fair value and classified as investment property. Any profit generated from the re-measurement is attributed to other comprehensive income and is presented in a capital revaluation reserve which will not be released to profit and loss, unless the profit reverses a previous loss from impairment of real estate, in which case the profit is first attributed to the income statement. Each loss is directly recognized in profit and loss.

Investment property under development for future use as investment property is also measured at fair value as set out above, when fair value can be reliably measured. When the fair value cannot be reliably measured, due to the nature and scope of the project's risks, it is measured at cost, net of impairment losses, if any, until the date on which fair value can be reliably measured or construction is completed, whichever is earlier. The cost basis of investment property under development includes the cost of land, direct incremental planning and development costs and brokerage fees for rental agreements thereof.

For further details, see Note 8.

K. Leases

The Company accounts for a contract as a lease contract when the right to control an identifiable asset is transferred, as provided therein, for a period of time, for a consideration.

The Group as lessee

For transactions in which the Company is the lessee, it recognizes at effective date a right-of-use asset against a lease liability, excluding transactions for periods of up to 12 months and transactions in which the underlying asset is of low value, in which the Company opted to recognize the lease payments as an expense in profit or loss on a straight line basis over the lease term. When measuring the lease liability, the Company opted to apply the expedient available under IFRS 16 and did not separate between lease components and non-lease components such as management services, maintenance fees, etc., which are included in the same transaction.

L. Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost plus direct acquisition costs. Intangible assets acquired in business combinations are measured on acquisition date at fair value.

Subsequent to initial recognition, intangible assets are measured at their cost net of any accumulated amortization and net of any accumulated impairment losses.

1. Goodwill

Goodwill resulting from the acquisition of business combinations is presented under intangible assets. For information about the measurement of goodwill upon initial recognition, see Section G.2 above. The Company tests for impairment once a year; for further details, see Note 2A regarding the main considerations, estimates and assumptions in the preparation of the financial statements.

In subsequent periods, goodwill is measured at cost less accumulated impairment losses.

2. Software development costs

Software development costs are capitalized only if: the development costs can be reliably measured, the software is technically and commercially feasible, future economic benefits are expected from the development, and the Group intends to complete the development and use the software and has sufficient resources to do so. The capitalized cost includes the cost of materials, direct wages and overhead costs directly attributable to the preparation of the asset for its intended use. Other development expenses are carried to profit and loss as incurred.

In subsequent periods, capitalized development costs are measured at cost less any amortization and accumulated impairment losses.

3. Subsequent costs

Subsequent costs are recognized as an intangible asset only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs, including costs related to goodwill or internally generated brands, are carried to the income statement as incurred.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. Intangible assets (cont.)

4. Amortization

The estimated useful life for the current period and comparative periods of the main intangible assets (in %):

a) Excess costs arising from the acquisition of insurance agencies or from a business combination acquired from insurance agencies, which are mainly attributed to fees and commissions portfolios, are amortized at equal annual rates over a period of 5-10 years.

b) Future management fees – an original difference relating to expected future management fees is amortized in accordance with the expected period for receiving the management fees.

c) Computer software – amortized on a straight-line basis over 3-10 years.

d) Customer portfolio – amortized over 10 years using the sum of the digits method.

Estimates as to the depreciation method and useful life are reviewed at least at the end of each reporting year.

M. Impairment

1. Financial assets

The accounting policy applied by the Company in respect of impairment of financial instruments is in accordance with IAS 39. See Note 2.T(1) below, regarding the delayed adoption of IFRS 9.

An impairment of a financial asset which is not presented at fair value through profit and loss is tested when there is objective evidence that a loss event occurred subsequent to the initial recognition date of the asset and this loss event has had a negative effect on the estimated future cash flows of the asset which can be reliably measured.

Objective evidence that impairment of financial assets has occurred may include a breach of contract by a debtor, restructuring of an amount due to the Group under terms and conditions which the Group would not otherwise consider, the existence of indications that a debtor or debt issuer will go bankrupt or disappearance of an active market for a security, observable input indicating a measurable decrease in expected cash flow from a class of financial assets.

Evidence of impairment of available-for-sale financial assets

In testing for impairment available-for-sale financial assets which constitute equity instruments, the Group also examines the difference between the fair value of the asset and its original cost, taking into account the volatility of the instrument's price, the period in which the asset's fair value is lower than its original cost, and changes in the technological, economic or legal environment or in the market environment in which the issuer of the instrument operates. In addition, a substantial or prolonged decline in fair value below the original cost constitutes objective evidence of impairment.

Evidence of impairment of debt instruments

The Group considers evidence of impairment for debt assets classified as loans and receivables both on the specific asset level and on the collective level. All individually significant loans and receivables are tested for specific impairment. These loans and receivables for which no specific impairment was identified are collectively tested for any collective impairment which was incurred but not yet identified.

In testing for collective impairment, the Group uses historical trends of the probability of a breach, timing of receiving the return and total actual loss, with management exercising discretion as to whether the actual losses are expected to be higher or lower than the losses arising from historical trends in light of the economic situation and existing credit conditions.

Treating impairment losses of financial assets measured at amortized cost

An impairment loss of a financial asset, measured at amortized cost, is calculated as the difference between the asset's book value and the present value of estimated future cash flows, discounted according to the asset's original effective interest rate. Losses are stated in the income statement and presented as a provision for loss against the balance of these financial assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Impairment (cont.)

1. Financial assets (cont.)

Treating impairment losses of available-for-sale financial assets

Impairment losses in respect of available-for-sale financial assets are recognized by carrying over the cumulative loss charged to a capital reserve in respect of available-for-sale assets, to profit and loss. The cumulative loss transferred to profit and loss is the difference between the acquisition cost less principal repayments and amortization, and the present fair value less impairments previously recognized through profit and loss.

Reversal of impairment losses

An impairment loss is reversed if it can be objectively attributable to an event occurring after the impairment loss was recognized. A reversal of impairment loss in respect of financial assets measured at amortized cost and financial assets classified as available for sale which are debt instruments is stated in profit and loss. A reversal of impairment loss in respect of financial assets classified as available for sale which are equity instruments is stated in other comprehensive income.

2. Reinsurance

a) The liabilities of reinsurers towards Migdal Insurance do not exempt it from its liabilities to policyholders according to the insurance policies.

If a reinsurer fails to meet its liabilities under the reinsurance contracts, the Group may incur losses.

b) Migdal Insurance makes a provision for doubtful debts for reinsurers' debts whose collection is doubtful on the basis of specific risk estimates and on the basis of the extent of the debt.

In addition, when determining the reinsurers' share in insurance liabilities, Migdal Insurance also considers the likelihood of collection from the reinsurers. When the reinsurers' share as aforesaid is calculated on an actuarial basis, the share of those reinsurers who are in financial difficulties is calculated in accordance with the actuary's recommendation, which takes all risk factors into account. In addition, in making the provisions, Migdal Insurance takes into account, among other things, the willingness of the parties to reach cut off agreements (termination of agreements by final repayment of debts) in order to reduce exposure.

3. Collectible premium

Provision for doubtful debts in respect of collectible premium is calculated according to estimates based, among other things, on debts in arrears and actual productivity cancellations in previous years.

N. Employee benefits

The Group has several employee benefit plans.

Classification of employee benefits – for measurement purposes, as short-term benefits or as other long-term benefits – is determined in accordance with the Group's forecast for wholly settling the benefits.

1. Short-term benefits

Short-term employee benefits are benefits which are expected to be settled in full within 12 months after the end of the annual reporting period in which the employees render the related services.

These benefits – which include salaries, convalescence pay, vacation pay, and National Insurance payments – are measured on a non-capitalized basis and recognized as expenses with the provision of the services or in the case of non-cumulative absences (such as maternity leave) – during the actual absence. A liability for a bonus is recognized when the Group has a legal or constructive obligation to make such payment in respect of a service rendered by an employee and the amount can be measured reliably.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

N. Employee benefits (cont.)

2. Post-employment benefits

a) Defined contribution plan

The Group has a defined contribution plan in accordance with Section 14 of the Israeli Severance Pay Law, 1963 (in this section – the “Law”) under which the Group regularly pays contributions without having a legal or constructive obligation to pay further contributions even if the reserve does not have sufficient amounts to pay all employee benefits related to the employee's service in the current and prior periods.

Contributions to a defined contribution plan in respect of severance pay or in respect of compensation are recognized as an expense at the same time as receiving the work services from the employee with no additional provision in the financial statements being required.

b) Defined benefit plan

The Group operates a defined benefit plan in respect of severance pay in accordance with the law. Under law, employees are entitled to receive compensation upon their dismissal or retirement.

Calculations are made by a qualified actuary according to the projected unit credit method.

Re-measurement of the liability (asset), net for defined benefit includes actuarial gains and losses, return on plan assets (excluding interest), as well as any change in the effect on the asset ceiling (if applicable, excluding interest). Re-measurements are charged through other comprehensive income to retained earnings.

Interest costs in respect of a defined benefit obligation, interest income in respect of plan assets and interest in respect of the effect of the asset ceiling stated in profit and loss are presented under the general and administrative expenses line item.

Assets which are held against the severance pay component in policies issued by Migdal Insurance do not constitute defined benefit plan assets and are offset from liabilities in respect of insurance contracts.

3. Share-based payment transactions

Cash-settled transactions in equity instruments

The fair value, on award date, of share-based payment awards given to employees is charged as a payroll expense with a corresponding increase in equity over the period during which unconditional entitlement to awards is achieved. The amount stated as an expense in respect of share-based payment awards – subject to vesting conditions which constitute service conditions or performance conditions other than at market conditions – is adjusted to reflect the number of awards expected to vest.

O. Legal claims

A provision for claims is recognized if the Group has a present obligation (legal or constructive) as a result of a past event; it is more likely than not that the Group will require an outflow of economic resources to settle the obligation and the obligation can be reliably estimated. When examining the need to recognize the provisions and quantify them, the Group's management is assisted by its legal counsel.

For further details, see Note 39.

P. Revenue recognition

Following is the Group’s revenue recognition policy:

1. Premiums

a) Premiums in the life insurance segment and health insurance segment, including savings premiums and excluding proceeds in respect of investment contracts, are recorded as revenue on collection date.

Cancellations are recorded when a notification is received from the policyholder or when initiated by Migdal Insurance due to arrears in payments, subject to the provisions of the law.

Policyholders’ profit participation in collective insurance is deducted from the gross earned premiums line item.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

P. Revenue recognition (cont.)

1. Premiums (cont.)

b) Property and casualty insurance premiums are recorded as revenue based on monthly output reports. The premiums usually relate to an insurance period of one year. Gross revenue from premiums and changes in unearned premium are recorded under the line item premiums earned, gross.

Premiums on compulsory motor subsegment are recorded when the premium is paid, since insurance coverage is contingent upon payment of the premium.

Premiums from policies whose insurance begins subsequent to the reporting date are recorded as a prepaid income.

The revenue included in the financial statements is after cancellations requested by policyholders and net of cancellations and provisions due to non-payment of premiums, subject to the provisions of the law, and net of the policyholder's profit participation, based on valid agreements.

2. Management fees

a) Management fees in respect of life insurance contracts and yield-dependent investment contracts

The management fees are calculated in accordance with the Commissioner's directives on the basis of the yield and the aggregate savings of the policyholders in the participating portfolio.

Management fees include the following components:

For policies sold as from January 1, 2004 – fixed management fees only.

For policies sold through December 31, 2003 – fixed and variable management fees.

The fixed management fees are calculated at fixed percentages out of the aggregate savings and recorded on an accrual basis.

The variable management fees are calculated as a percentage of the annual real income (as from January 1 through December 31) attributable to the policy, less the fixed management fees collected on that policy.

During the year, the variable management fees are recorded on an accrual basis in accordance with the real monthly return to the extent that such return is positive. In months when the real return is negative, the variable management fees are reduced to the amount of the aggregate variable management fees recorded since the beginning of the year. Negative return for which a reduction of the management fees was not made during a current year, will be deducted for the purpose of calculating the management fees from positive return in subsequent periods.

b) Management fees from pension funds and provident funds

Revenue from the management of pension funds and provident funds is recognized on the basis of the balances of the assets under management and on the basis of the proceeds from planholders, in accordance with the Commissioner's directives.

c) Management fees from mutual funds and customer portfolio management

Revenue from management fees of mutual funds and revenue from management of investment portfolios are recognized on the basis of the balances of assets under management.

3. Fees and commissions

Revenue from property and casualty insurance fees and commissions is recognized as incurred by the insurance agencies.

Revenue from reinsurance fees and commissions in property and casualty, life and health insurance is recognized as incurred.

Revenue from life insurance fees and commissions in the insurance agencies is recognized on the basis of the dates of entitlement for payment of the fees and commissions according to agreements with the insurance companies, net of provisions for refunds of fees and commissions due to cancellations of insurance policies.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

P. Revenue recognition (cont.)

4. Investment revenue (losses), net, finance income and finance expenses – see Section H.8 above.

In its cash flow statement, the Company opted to present interest received, dividend received and interest paid as part of cash flows from operating activities. Dividends paid are presented under cash flows from financing activities.

Q. General and administrative expenses

General and administrative expenses are classified as indirect expenses to settle claims (included under payments and changes in liabilities for insurance contracts and investment contracts), acquisition-related costs (included under fees and commissions, marketing expenses and other purchase expenses) and the balance of general and administrative expenses included in this section. Classification is in accordance with the Group's internal models, in accordance with the Company's activity, based on direct expenses charged and indirect expenses attributed.

R. Income taxes

Income tax expense includes current and deferred taxes. Current and deferred taxes are stated in the income statement unless the tax arises from a business combination or from items recognized directly in equity or other comprehensive income.

Current taxes

The current tax is the amount of tax expected to be paid (or received) in respect of the taxable income for the year, calculated using the tax rates applicable under the tax laws enacted or substantively enacted, as of the reporting date as well as adjustments needed in respect of the tax liability payable for previous years.

Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying value of assets and liabilities as reported in the financial statements and those taken into account for tax purposes. The Group does not recognize deferred taxes in respect of the following temporary differences: Initial recognition of goodwill, initial recognition of assets and liabilities in a transaction which does not constitute a business combination and does not affect the accounting profit and profit for tax purposes, as well as differences arising from an investment in subsidiaries and investees, provided they are not expected to be reversed in the foreseeable future and the Group controls the difference reversal date.

Deferred taxes in respect of investment property held with the aim of recovering substantially all of the economic benefits inherent therein by way of disposal rather than by way of use, are measured according to the expected manner of recovering the underlying asset, based on disposal rather than on use.

Deferred taxes are measured at the tax rates which are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for carryforward losses, tax benefits and deductible temporary differences when it is more likely than not that the Group will have future taxable income against which it will be able to utilize its deferred tax assets. Deferred tax assets are examined on every reporting date, and if the attributable tax benefits are not expected to materialize, they are amortized.

The measurement of deferred taxes reflects the tax consequences which would follow the manner in which the Group expects to recover or settle the carrying value of its assets and liabilities at the end of the reporting period. For investment property measured using the fair value model, there is a rebuttable presumption that the carrying value of investment property will be recovered entirely through sale.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

R. Income taxes (cont.)

Offsetting deferred tax assets and liabilities

The Group offsets deferred tax assets and liabilities if it has is a legally enforceable right to offset current tax assets and liabilities and they are attributed to that taxable income taxed by the same tax authority in the same taxable company or different taxable companies, which intend to dispose of current tax assets and liabilities at net or the current tax assets and liabilities are settled simultaneously.

Added tax due to dividend distribution

When calculating deferred taxes, taxes applicable in the event of disposal of investments in investees are not taken into account – including investees whose sole business is holding real estate interests and which are consolidated in the Company's separate financial statements – if the sale of such investments in investees is not expected in the foreseeable future. In addition, deferred taxes that would apply in the event of the profit distribution by investees as dividends have not been taken into account when the Group has no intention of initiating a dividend distribution by a consolidated company which triggers an additional tax liability.

Intra-group transactions

Deferred tax in respect of intra-group transactions in the consolidated financial statements is recorded at the tax rate applicable to the acquiring company.

Uncertain tax positions

A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that the Group will need its economic resources to settle the obligation.

S. Reclassification

Classification of components of Note 20 – Change in Liabilities for Life Insurance Contracts, Investment Contracts and Health Insurance. The above classifications did not affect the equity, profit and loss and comprehensive income

T. Accounting policy change – Including first-time application of new financial reporting standards and amendments to existing accounting standards

1. Amendment to IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued an amendment to IAS 1 regarding the requirements for classifying liabilities as current or non-current (hereinafter – the "**Original Amendment**"). In October 2022, the IASB published a subsequent amendment to the aforementioned amendment (hereinafter – the "**Subsequent Amendment**").

The Subsequent Amendment stipulated that:

- Only financial covenants, which an entity is required to comply with at the end of or prior to the reporting period impact the classification of that liability as a current or non-current liability.
- In respect of liabilities for which the assessment of compliance with the financial covenants is tested within the 12 consecutive months after the reporting date, disclosure must be provided in a manner that will allow users of the financial statements to assess the risks regarding that liability. That is to say, the Subsequent Amendment requires disclosing the carrying value of the liability, information about the financial covenants and facts and circumstances as of the end of the reporting period, which may lead to a conclusion that the entity may find it difficult to comply with the financial covenants.

The Original Amendment stipulated that a conversion right of a liability will affect the classification of the entire liability as current or non-current, except for cases where the conversion component is capital-based.

The Original Amendment and the Subsequent Amendment were applied retrospectively as from annual periods commencing on January 1, 2024.

The above Amendment did not have a material effect on the Consolidated Financial Statements of the Company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. Accounting policy change – Including first-time application of new financial reporting standards and amendments to existing accounting standards (cont.)

2. Amendment to IFRS 16, Leases

In September 2022, the IASB published an amendment to IFRS 16, Leases (hereinafter – the "**Amendment**"), whose objective is to provide an accounting treatment in the financial statements of the seller-lessee in sale and leaseback transactions, when the lease payments are variable lease payments that do not depend on an index or rate. As part of the amendment, the seller-lessee is required to adopt one of two approaches to measure the lease liability at the initial recognition date of such transactions. The selected approach constitutes an accounting policies that should be implemented consistently.

The Amendment was applied as of annual periods beginning on January 1, 2024. The Amendment was applied retrospectively.

The above Amendment did not have a material effect on the Consolidated Financial Statements of the Company.

3. Amendment to IAS 7 – Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures

In May 2023, the IASB issued amendments to IAS 7 – Statement of Cash Flows – and IFRS 7 – Financial Instruments: Disclosures (hereinafter – the "**Amendments**"), to clarify the characteristics of supplier financing arrangements, and require additional disclosure regarding those arrangements.

The disclosure requirements in the Amendments are intended to assist users of financial statements in assessing the effects of the entity's supplier financing arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

The Amendments were applied for annual reporting periods beginning on January 1, 2024.

The above Amendments did not have a material effect on the consolidated financial statements of the Company.

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

For details regarding IFRS 17 – Insurance Contracts and IFRS 9, Financial Instruments, see Note 41.

1. IFRS 18, Presentation and Disclosure in Financial Statements

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

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

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

2. Amendment to IAS 21 – The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued an amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates (hereinafter – the "**Amendment**") in order to clarify how an entity assesses whether a currency is exchangeable into another currency, and the accounting requirements (measurement and disclosure), that an entity is required to comply with in instances where a currency is not exchangeable into another currency.

The Amendment sets the manner by which a spot exchange rate will be set when a currency is not exchangeable. The disclosure requirements as per the Amendment are designed to assist and enable users of the financial statements to understand how the currency, which is not exchangeable into the other currency, affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The Amendment was applied for annual reporting periods beginning on January 1, 2025 or thereafter. Early application is permitted but will need to be disclosed. In applying the Amendment, an entity shall not restate comparative information. Alternatively, if the currency is not exchangeable at the beginning of the annual reporting period in which the Amendment is implemented for the first time (the first-time application date), an entity shall translate assets, liabilities and equity in accordance with the provisions of the Amendment, and the differences on the first-time application date shall be recognized as an adjustment to the opening balance of the retained earnings and/or the reserve from translation differences, in accordance with the provisions of the Amendment.

The Company believes that the above amendment is not expected to have a material effect on the Company' Consolidated Financial Statements.

V. The following table presents information on the change in the CPI and USD exchange rate

	CPI		USD
	In lieu CPI	Known CPI	representative exchange rate
	%		
For the year ended December 31, 2024	3.3	3.4	0.6
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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

A. The considerations

In applying the Group's significant accounting policies, management took into account the following issues, which have the most material effect on the amounts recognized in the financial statements:

1. Classification and designation of financial investments

- Financial assets at fair value through profit and loss.
- Held-to-maturity investments.
- Loans and receivables.
- Available for sale financial assets.

See Section H.6 below.

2. Classification of insurance contracts and investment contracts

Insurance contracts are contracts in which the insurer assumes a significant insurance risk from another party. For each contract, or class of contracts, management considers whether they embody a significant insurance risk and should therefore be classified as either insurance contracts or investment contracts.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions

Preparation of the Financial Statements requires the management to exercise judgment and use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses. It is clarified that the actual results may differ from these estimates, inter alia, in view of extensive regulatory changes to which the insurance and long-term savings industry is subject, which may have material implications that cannot be assessed at this stage.

When formulating accounting estimates used in the preparation of the Company's financial statements, the Company's management is required to make assumptions regarding circumstances and events involving considerable uncertainty. When exercising its judgment to determine the estimates, the Company's management relies on past experience, various facts, external circumstances, and reasonable assumptions, according to the relevant circumstances of each estimate.

The estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in the accounting estimates are recognized in the period in which the change in estimate is made.

C. Main estimates

Following is information regarding main estimates conducted on implementing the accounting policy and which have a material effect on the financial statements:

- Liabilities in respect of insurance contracts and insurance contracts – These liabilities are based on actuarial valuation methods and on estimates as to demographic and economic variables. The various actuarial valuations and the assumptions are mainly derived from past experience and are based on the fact that past behavior patterns and claims represent what will happen in the future. Changes in risk factors, prevalence or severity of events, as well as changes in the legal situation could have a material effect on the amounts of liabilities in respect of insurance contracts.

  For further details, see Notes 37.B.2. and 37.B.3.

  Regarding changes in estimates and principal assumptions used to calculate the reserves in life and health insurance, including the supplementary retirement pension reserve, see Note 37.B.3.b)(5).

  Regarding the liability adequacy testing, see Section 2.G.1.g) above.

- Lawsuits – Several lawsuits and motions to certify lawsuits as class actions are pending against the Group. When assessing the chances of lawsuits filed against the Group, the companies relied on the opinions of its legal counsel. These opinions are issued based on the best of the legal counsels' professional judgment and take into account the current stage of the proceedings as well as legal experience gained on various matters. Since the outcomes of the lawsuits will ultimately be determined in the courts, these outcomes may differ from the assessments provided by legal counsel.

  In addition to the motions to certify claims as class actions, legal proceedings and other proceedings filed against the Group, there is a general exposure, which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these arrangements inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with an extensive series of commercial terms and regulatory changes.

  For further details, see Note 1.39.

- Determining fair value of illiquid financial instruments – The fair value of illiquid debt assets measured at fair value through profit and loss, as well as of illiquid financial debt assets whose fair value information is provided solely for the purpose of explanation, is calculated according to a model based on discounting cash flows with the discount interest rates and price quotes being determined by a company providing them to institutional entities. The fair value of investment funds is determined by net asset value (NAV) Based on the Financial Statements of the funds and on reports received from the funds. The fair value of illiquid shares is based on the valuation of an expert.

  For further details, see Note 12.F.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

C. Main estimates (cont.)

- Goodwill impairment - The Group tests goodwill for impairment at least once a year. This requires management to estimate the expected estimated future cash flows from the disposal or continued use of a cash-generating unit (or group of cash-generating units) to which goodwill has been allocated. Management is also required to estimate the appropriate discount rates for these cash flows. Impairment loss for goodwill is not reversed.

  For further details, see Note 4.B.

- Determining the recoverability of deferred acquisition costs – the recoverability of deferred acquisition costs is assessed at least once a year by using assumptions regarding cancellation, mortality and morbidity rates and other variables, as stated in Sections 2.G.1.(e), 2.G.1.(f) and 2.G.1.(g) above. If the costs are unrecoverable under these assumptions, the Group may need to accelerate the amortization or even write-off the deferred acquisition costs.

  For further details, see Note 5.

- Impairment of financial investments – When there is objective evidence of impairment loss of loans and receivables presented at amortized cost, or where the value of available-for-sale financial assets is impaired, the amount of the loss is recognized in the income statement. In the reporting date, the Group reviews whether there is objective evidence as described above.

  For further details, see Note 12.

- Determining the fair value of investment property – Investment property which can be reliably measured is presented at fair value at the reporting date with fair value changes carried to the income statement in the period in which they were generated. Fair value is determined by external independent appraisers based on economic valuations, which include assumptions regarding estimates of expected future cash flows from the asset and an estimated discount rate adequate for these cash flows as well regarding recent real estate transactions of a similar nature and location to the one being valued.

  When measuring the fair value of investment property, the appraisers and the Group’s management use certain assumptions as to rates of return required in respect of the Group's properties, future rental prices, occupancy rates, contract renewals, probability of leasing vacant spaces, operating expenses for the properties, the tenants' financial strength and the consequences arising from investments requiring future development, in order to assess the future cash flows from the properties.

  For further details, see Note 8.

- Revaluation of fixed assets – The Group measures own land and office buildings constituting fixed assets at revalued amounts, with fair value changes being recognized in other comprehensive income. The fair value is determined by independent external qualified appraisers in accordance with economic valuations based on a comparison of transactions in similar assets conducted recently on the real estate market in properties with similar characteristics, including location, physical condition, zoning, etc., or based on the income capitalization technique which is derived from the present value of the estimated operating cash flow from the rent arising from the property, based on the net annual pre-tax cash flows, discounted at a rate that reflects the specific risks embodied therein.

NOTE 3 - OPERATING SEGMENTS

A. General

The operating segments note includes several segments, which constitute strategic business units of the Group. These business units include a range of products; they are managed separately for the purposes of allocating resources and assessing performance. The underlying products of each segment are similar in terms of their nature, the manner of their distribution, customer mix, regulatory environment and long-term economic and demographic characteristics arising from similar exposure to insurance risks. In addition, the results of the investment portfolio held against the insurance liabilities may have a substantial effect on profitability.

The assets and liabilities of each segment include items that are directly attributed to the segment, and items that may be attributed on a reasonable basis. If a segment’s assets are managed separately from those of another segment, and there is no regulatory restriction, the assets and results are presented according to the specific accounts managed for that segment; otherwise, the results are attributed according to the rate of insurance liabilities.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. General (con.)

The accounting principles applied in segment reporting correspond to the generally accepted accounting principles applied in the preparation and presentation of the Group's consolidated financial statements.

Inter-company movements take place between the segments, which include, among other things, interest calculated in accordance with the provisions of the law.

Migdal Insurance allocates the assets, which are not measured at fair value, in accordance with the provisions of the law regarding the allocation of assets upon calculation of LAT and in accordance with Migdal Insurance’s procedures; for details, see Note 37.B.3.b)(4). Accordingly, this allocation may have an effect on measuring investment revenues attributable to the various segments.

Subordinated notes, which serve Migdal Insurance’s capital requirements and finance expenses in respect thereof are attributed to the “not attributed to operating segments” column.

1. Life Insurance and Long-Term Savings Segment
The Life Insurance and Long-Term Savings Segment includes the life insurance, pension and provident funds subsegments and focuses mainly on long-term savings (in the framework of various types of insurance policies, pension and provident funds including educational funds), as well as insurance coverage for various risks such as: death, disability, permanent health insurance, etc.

   In accordance with the Commissioner’s Directives, the Life Insurance and Long-Term Savings Segment is broken down into life insurance, pension funds and provident funds.

2. Health Insurance Segment
The Health Insurance Segment consolidates the Group's entire activities in health insurance – the segment includes long-term care insurance, medical expense insurance, operations, transplants, dental insurance, etc.

3. Property and Casualty Segment
The Property and Casualty Segment includes the Lability and Property subsegments. In accordance with the Commissioner’s directives, the Property and Casualty Insurance Segment is broken down into compulsory motor insurance, motor property, other property and other liability subsegments.

   - Compulsory Motor Subsegment
   The Compulsory Motor Subsegment focuses on coverage, the purchase of which by the vehicle owner or driver is mandatory, in respect of bodily injury caused as a result of the use of a motor vehicle (to the driver, passengers, or pedestrians).
   - Motor Property subsegment
   The Motor Property subsegment focuses on coverage against property damage to the policyholder’s vehicle and third-party property damage caused by the insured vehicle.
   - Other Liability subsegments
   The Liability subsegments provide coverage in respect of the policyholder’s liability for any third-party damage he/she may cause. These subsegments include:
   These subsegments include: employer liability, professional liability, third-party liability, product liability, vessel body and aircraft body insurance.
   - Property and Other Segment
   All other Property and Casualty insurance subsegments other than the Motor and Liability subsegments, including property loss insurance, comprehensive business insurance, comprehensive home insurance, mortgage banks, personal accidents, cargos in transit, engineering insurance and other risks.

4. Financial Services Segment
This segment mainly includes financial assets management services and investment marketing (mainly management of mutual funds and portfolio management), market making in various securities and other services.

5. Other Operating Segments
Other Operating Segments include the results of the insurance agencies operation.

6. Activity not attributed to operating segments
This activity includes part of the Group’s HQ function that is not attributed to the operating segments, activities which are ancillary/overlapping with the Group’s activity and holding assets and liabilities against the share capital of Migdal Insurance in accordance with the Capital Regulations.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Reportable segment

	For the year ended December 31, 2024							
	Life Insurance and Long-Term Savings	Health	P&C Insurance	Financial Services	Other Operating Segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS thousand							
Premiums earned, gross	7,553,890	2,032,431	2,470,007	-	-	-	-	12,056,328
Premiums earned by reinsurers	245,914	181,886	623,662	-	-	-	-	1,051,462
Premiums earned - retention	7,307,976	1,850,545	1,846,345	-	-	-	-	11,004,866
Net investment revenue and finance income	19,059,219	511,656	261,363	6,501	12,573	365,266	(102,881)	20,113,697
Revenue from management fees	1,812,708	-	-	275,552	-	-	-	2,088,260
Revenue from fees and commissions	56,056	27,075	100,081	5,045	427,741	-	(*(171,007)	444,991
Other revenue	-	-	140	21,420	49,628	25,471	(20,031)	76,628
Total revenues	28,235,959	2,389,276	2,207,929	308,518	489,942	390,737	(293,919)	33,728,442
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	26,053,971	1,907,263	1,710,979	-	-	-	(16,397)	29,655,816
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	157,952	144,584	334,449	-	-	-	-	636,985
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	25,896,019	1,762,679	1,376,530	-	-	-	(16,397)	29,018,831
Fees and commissions, marketing expenses and other purchase expenses	929,980	555,137	510,594	70,625	175,329	-	(159,582)	2,082,083
General and administrative expenses	743,424	99,711	82,389	150,151	173,259	99,217	(16,901)	1,331,250
Other expenses	2,836	-	-	959	2,819	12,749	-	19,363
Finance expenses	57,788	3,921	14,089	1,748	3,919	279,866	(91,678)	269,653
Total expenses	27,630,047	2,421,448	1,983,602	223,483	355,326	391,832	(284,558)	32,721,180
Share in profits (losses) of equity-accounted investees	650	-	275	-	1,113	(72)	-	1,966
Profit (loss) before taxes on income	606,562	(32,172)	224,602	85,035	135,729	(1,167)	(9,361)	1,009,228
Other comprehensive income before taxes on income	263,287	91,202	42,085	307	477	195,960	-	593,318
Total comprehensive income for the period before taxes on income	869,849	59,030	266,687	85,342	136,206	194,793	(9,361)	1,602,546

*) Arises from revenue from fees and commissions received from the agencies owned by the Group, from the Life Insurance and Long-Term Savings activity - in the amount of NIS 120,694 thousand, from Health Insurance - NIS 26,368 thousand, from Property and Casualty - NIS 21,821 thousand and from Financial Services - NIS 2,124 thousand.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Reportable segment (cont.)

	For the year ended December 31, 2023							
	Life Insurance and Long-Term Savings	Health	P&C Insurance	Financial Services	Other Operating Segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS thousand							
Premiums earned, gross	8,367,162	1,949,632	2,257,905	-	-	-	-	12,574,699
Premiums earned by reinsurers	147,065	166,454	564,817	-	-	-	-	878,336
Premiums earned - retention	8,220,097	1,783,178	1,693,088	-	-	-	-	11,696,363
Net investment revenue and finance income	13,801,302	350,222	194,398	6,068	6,079	295,092	(106,852)	14,546,309
Revenue from management fees	1,554,158	-	-	221,711	-	-	-	1,775,869
Revenue from fees and commissions	21,438	32,130	100,839	5,751	388,189	-	(159,783)*)	388,564
Other revenue	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 change 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
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	139,648	130,195	422,690	-	-	-	-	692,533
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	20,976,796	1,640,768	1,466,901	-	-	-	(15,755)	24,068,710
Fees and commissions, marketing expenses and other purchase expenses	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
Finance 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 in profits of equity-accounted investees	(3,946)	-	781	-	883	1	-	(2,281)
Profit (loss) before taxes on income	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 income tax	860,255	(129,600)	(58,312)	52,534	105,311	(23,933)	(1,828)	804,427

*) Arises from revenue from fees and commissions received from the agencies owned by the Group, from the Life Insurance and Long-Term Savings activity - in the amount of NIS 118,329 thousand, from Health Insurance - NIS 22,859 thousand, from Property and Casualty - NIS 16,125 thousand and from Financial Services - NIS 2,470 thousand.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Reportable segment (cont.)

	For the year ended December 31, 2022							
	Life Insurance and Long-Term Savings	Health	P&C Insurance	Financial Services	Other Operating Segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS thousand							
Premiums earned, gross	8,634,536	1,841,680	2,009,844	-	-	-	-	12,486,060
Premiums earned by reinsurers	271,002	154,358	498,428	-	-	-	-	923,788
Premiums earned - retention	8,363,534	1,687,322	1,511,416	-	-	-	-	11,562,272
Net investment revenue (losses) and finance income and finance income	(7,133,812)	(163,393)	100,959	2,422	889	(109,646)	(38,392)	(7,340,973)
Revenue from management fees	1,537,509	-	-	224,926	-	-	-	1,762,435
Revenue from fees and commissions	102,844	22,753	90,884	7,632	354,049	-	(152,057)*)	426,105
Other revenue	-	-	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 change in liabilities in respect of insurance contracts and investment contracts, gross	907,415	344,535	1,513,086	-	-	-	(15,688)	2,749,348
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	131,998	111,765	372,114	-	-	-	-	615,877
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	775,417	232,770	1,140,972	-	-	-	(15,688)	2,133,471
Fees and commissions, marketing expenses and other purchase expenses	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
Finance 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 in profits (losses) of equity-accounted investees	340	-	(593)	-	632	56	-	435
Profit (loss) before taxes on income	589,825	738,431	53,241	56,298	80,130	(395,876)	843	1,122,892
Other comprehensive income (loss) 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 income tax	(154,602)	532,768	(260,138)	56,889	81,226	(1,003,557)	843	(746,571)

*) Arises from revenue from fees and commissions received from the agencies owned by the Group, from the Life Insurance and Long-Term Savings activity - in the amount of NIS 113,223 thousand, from Health Insurance - NIS 19,241 thousand, from Property and Casualty - NIS 15,971 thousand and from Financial Services - NIS 3,622 thousand.

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Life Insurance and Long-Term Savings Segment

	For the year ended December 31, 2024			
	Life Insurance	Pension	Provident	Total
	NIS thousand			
Premiums earned, gross	7,553,890	-	-	7,553,890
Premiums earned by reinsurers	245,914	-	-	245,914
Premiums earned - retention	7,307,976	-	-	7,307,976
Net investment revenue and finance income	19,045,340	10,416	3,463	19,059,219
Revenue from management fees	1,213,094	430,285	169,329	1,812,708
Revenue from fees and commissions	56,056	-	-	56,056
Total revenues	27,622,466	440,701	172,792	28,235,959
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	26,053,971	-	-	26,053,971
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	157,952	-	-	157,952
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	25,896,019	-	-	25,896,019
Fees and commissions, marketing expenses and other purchase expenses	661,581	176,857	91,542	929,980
General and administrative expenses	429,761	230,612	83,051	743,424
Other expenses	17	-	2,819	2,836
Finance expenses	57,770	10	8	57,788
Total expenses	27,045,148	407,479	177,420	27,630,047
Group's share in income of equity-accounted investees	650	-	-	650
Profit (loss) before taxes on income	577,968	33,222	(4,628)	606,562
Other comprehensive income (loss) before taxes on income	265,134	(1,394)	(453)	263,287
Total comprehensive income (loss) for the period before income tax	843,102	31,828	(5,081)	869,849

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Life Insurance and Long-Term Savings Segment (cont.)

	For the year ended December 31, 2023			
	Life Insurance	Pension	Provident	Total
	NIS thousand			
Premiums earned, gross	8,367,162	-	-	8,367,162
Premiums earned by reinsurers	147,065	-	-	147,065
Premiums earned - retention	8,220,097	-	-	8,220,097
Net investment revenue and finance income	13,797,771	2,666	865	13,801,302
Revenue from management fees	1,029,684	386,351	138,123	1,554,158
Revenue from fees and commissions	21,438	-	-	21,438
Other revenue	11	-	-	11
Total revenues	23,069,001	389,017	138,988	23,597,006
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	21,116,444	-	-	21,116,444
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	139,648	-	-	139,648
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	20,976,796	-	-	20,976,796
Fees and commissions, marketing expenses and other purchase expenses	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
Finance expenses	69,910	13	1	69,924
Total expenses	22,151,812	355,390	144,228	22,651,430
Group's share in losses of equity-accounted investees	(3,946)	-	-	(3,946)
Profit (loss) before taxes on income	913,243	33,627	(5,240)	941,630
Other comprehensive income (loss) before taxes on income	(86,682)	4,071	1,236	(81,375)
Total comprehensive income (loss) for the period before income tax	826,561	37,698	(4,004)	860,255

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Life Insurance and Long-Term Savings Segment (cont.)

	For the year ended December 31, 2022			
	Life Insurance	Pension	Provident	Total
	NIS thousand			
Premiums earned, gross	8,634,536	-	-	8,634,536
Premiums earned by reinsurers	271,002	-	-	271,002
Premiums earned - retention	8,363,534	-	-	8,363,534
Net investment revenue (losses) and finance income	(7,134,875)	762	301	(7,133,812)
Revenue from management fees	1,040,658	370,870	125,981	1,537,509
Revenue from fees and commissions	102,844	-	-	102,844
Total revenues	2,372,161	371,632	126,282	2,870,075
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	907,415	-	-	907,415
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	131,998	-	-	131,998
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	775,417	-	-	775,417
Fees and commissions, marketing expenses and other purchase expenses	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
Finance expenses	42,070	5	1	42,076
Total expenses	1,842,016	316,254	122,320	2,280,590
Group's share in income of equity-accounted investees	340	-	-	340
Profit 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 income tax	(203,164)	47,236	1,326	(154,602)

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the property and casualty insurance segment

	For the year ended December 31, 2024				
	Compulsory motor	Motor property	Property and Other subsegments *)	Other Liability subsegments *)	Total
	NIS thousand				
Gross premiums	382,628	988,231	820,182	468,430	2,659,471
Reinsurance premiums	6,222	7,868	553,173	121,986	689,249
Premiums - retention	376,406	980,363	267,009	346,444	1,970,222
Change in unearned premium balance, retention	(18,081)	(69,969)	(21,496)	(14,331)	(123,877)
Premiums earned - retention	358,325	910,394	245,513	332,113	1,846,345
Net investment revenue and finance income	125,690	36,879	13,723	85,071	261,363
Revenue from fees and commissions	-	-	83,933	16,148	100,081
Other revenue	68	18	6	48	140
Total revenues	484,083	947,291	343,175	433,380	2,207,929
Payments and change in liabilities in respect of insurance contracts, gross	355,054	671,607	397,519	286,799	1,710,979
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	1,444	3,552	286,769	42,684	334,449
Payments and change in liabilities for insurance contracts - retention	353,610	668,055	110,750	244,115	1,376,530
Fees and commissions, marketing expenses and other purchase expenses	47,556	193,151	178,617	91,270	510,594
General and administrative expenses	16,994	24,096	20,996	20,303	82,389
Finance expenses	6,142	1,535	1,979	4,433	14,089
Total expenses	424,302	886,837	312,342	360,121	1,983,602
Share in profits of equity-accounted investees	133	35	12	95	275
Profit before taxes on income	59,914	60,489	30,845	73,354	224,602
Other comprehensive income before taxes on income	20,864	1,540	513	19,168	42,085
Total comprehensive income for the period before income tax	80,778	62,029	31,358	92,522	266,687
Liabilities in respect of insurance contracts, gross, as of December 31, 2024	2,332,706	695,448	757,673	2,436,001	6,221,828
Liabilities in respect of insurance contracts - retention - as of December 31, 2024	2,247,738	691,318	236,396	1,707,160	4,882,612

*) Property and other insurance subsegments mainly include results from the comprehensive home insurance, comprehensive business insurance, cargo in transit and engineering insurance, and property loss insurance subsegments, whose activity constitutes approx. 98% of total premiums in these subsegments.

Other Liability Insurance subsegments mainly include results from the following insurance subsegments: liability insurance, third-party insurance, professional liability insurance and employer liability insurance, the activity of which constitutes approx. 86% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the year ended December 31, 2023				
	Compulsory Motor	Motor Property	Property and Other subsegments *)	Other Liability subsegments *)	Total
	NIS thousand				
Gross premiums	366,745	836,047	724,381	444,825	2,371,998
Reinsurance premiums	6,245	7,546	483,342	114,428	611,561
Premiums - retention	360,500	828,501	241,039	330,397	1,760,437
Change in unearned premium balance, retention	16,359	(66,797)	(10,129)	(6,782)	(67,349)
Premiums earned - retention	376,859	761,704	230,910	323,615	1,693,088
Net investment revenue and finance income	96,713	18,973	13,073	65,639	194,398
Revenue from fees and commissions	-	-	84,291	16,548	100,839
Other revenue	81	16	5	55	157
Total revenues	473,653	780,693	328,279	405,857	1,988,482
Payments and change in liabilities in respect of insurance contracts, gross	512,395	606,504	363,914	406,778	1,889,591
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	11,832	3,403	283,073	124,382	422,690
Payments and change in liabilities for insurance contracts - retention	500,563	603,101	80,841	282,396	1,466,901
Fees and commissions, marketing expenses and other purchase expenses	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
Finance 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 in profits of equity-accounted investees	400	78	31	272	781
Profit (loss) before taxes on income	(95,202)	(19,081)	53,825	12,076	(48,382)
Other comprehensive loss before taxes on income	(5,092)	(995)	(389)	(3,454)	(9,930)
Total comprehensive income (loss) for the period before income tax	(100,294)	(20,076)	53,436	8,622	(58,312)
Liabilities in respect of insurance contracts, gross as of December 31, 2023	2,388,615	554,711	650,794	2,293,318	5,887,438
Liabilities in respect of insurance contracts - retention - as of December 31, 2023	2,298,975	551,881	192,659	1,583,569	4,627,084

*) Property and other insurance subsegments mainly include results from the comprehensive home insurance, comprehensive business insurance, cargo in transit and engineering insurance, and property loss insurance subsegments, whose activity constitutes approx. 98% of total premiums in these subsegments.

Other Liability Insurance subsegments mainly include results from the following insurance subsegments: liability insurance, third-party insurance, professional liability insurance and employer liability insurance, the activity of which constitutes approx. 86% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the year ended December 31, 2022				
	Compulsory motor	Motor property	Property and Other subsegments *)	Other Liability subsegments *)	Total
	NIS thousand				
Gross premiums	381,723	687,366	610,613	390,951	2,070,653
Reinsurance premiums	7,107	5,110	382,888	83,558	478,663
Premiums - retention	374,616	682,256	227,725	307,393	1,591,990
Change in unearned premium balance, retention	(15,741)	(44,773)	604	(20,664)	(80,574)
Premiums earned - retention	358,875	637,483	228,329	286,729	1,511,416
Net investment revenue and finance income	49,295	7,553	8,587	35,524	100,959
Revenue from fees and commissions	-	-	76,820	14,064	90,884
Other revenue	86	13	6	62	167
Total revenues	408,256	645,049	313,742	336,379	1,703,426
Payments and change in liabilities in respect of insurance contracts, gross	431,030	595,268	280,076	206,712	1,513,086
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	21,700	2,892	198,937	148,585	372,114
Payments and change in liabilities for insurance contracts - retention	409,330	592,376	81,139	58,127	1,140,972
Fees and commissions, marketing expenses and other purchase expenses	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
Finance expenses	1,807	307	5,085	1,314	8,513
Total expenses	470,407	757,695	262,962	158,528	1,649,592
Share in losses of equity-accounted investees	(305)	(46)	(23)	(219)	(593)
Profit (loss) before taxes on income	(62,456)	(112,692)	50,757	177,632	53,241
Other comprehensive loss before taxes on income	(160,981)	(24,565)	(11,861)	(115,972)	(313,379)
Total comprehensive income (loss) for the period before income tax	(223,437)	(137,257)	38,896	61,660	(260,138)
Liabilities in respect of insurance contracts, gross, as of December 31, 2022	2,277,198	510,286	513,268	2,163,824	5,464,576
Liabilities in respect of insurance contracts - retention - as of December 31, 2022	2,188,577	508,455	178,495	1,447,435	4,322,962

*) Property and other insurance subsegments mainly include results from the comprehensive home insurance, comprehensive business insurance, cargo in transit and engineering insurance, and property loss insurance subsegments, whose activity constitutes approx. 98% of total premiums in these subsegments.

Other Liability Insurance subsegments mainly include results from the following insurance subsegments: liability insurance, third-party insurance, professional liability insurance and employer liability insurance, the activity of which constitutes approx. 88% of total premiums in these subsegments.

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Details regarding segment assets and liabilities

	For the year ended December 31, 2024							
	Life Insurance and Long-Term Savings	Health	P&C Insurance	Financial services	Other Operating Segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS thousand							
Assets								
Intangible assets	259,647	-	168,470	356,012	124,141	819,990	(1,390)	1,726,870
Deferred acquisition costs	1,771,826	550,729	242,386	-	-	-	(76,145)	2,488,796
Investments in associates	28,274	-	5,954	-	6,099	7,084	-	47,411
Investment property in respect of yield-dependent contracts	9,123,885	227,177	-	-	-	-	-	9,351,062
Investment property - other	646,937	77,060	196,625	-	-	213,173	-	1,133,795
Reinsurance assets	182,440	136,868	1,339,216	-	-	-	-	1,658,524
Collectible premiums	149,662	40,268	532,447	-	-	-	-	722,377
Financial investments in respect of yield-dependent contracts	119,918,310	2,913,156	-	-	-	-	-	122,831,466
Other financial investments:								
Liquid debt assets	5,816,077	1,224,105	2,386,097	3,474	-	7,541,557	-	16,971,310
Illiquid debt assets	26,223,267	981,550	834,374	928	196,859	63,880	(243,500)	28,057,358
Shares	152,007	37,472	21,603	-	1	78,342	-	289,425
Other	3,488,302	851,729	816,706	30,130	-	1,907,332	-	7,094,199
Total other financial investments	35,679,653	3,094,856	4,058,780	34,532	196,860	9,591,111	(243,500)	52,412,292
Cash and cash equivalents in respect of yield-dependent contracts	19,644,049	489,121	-	-	-	-	-	20,133,170
Other cash and cash equivalents	1,029,308	98,016	501,571	25,159	160,833	1,298,503	-	3,113,390
Other assets	2,966,123	725,220	297,852	378,186	225,613	1,364,328	(1,939,151)	4,018,171
Total assets	191,400,114	8,352,471	7,343,301	793,889	713,546	13,294,189	(2,260,186)	219,637,324
Total assets for yield-dependent contracts	150,917,392	3,432,956	-	-	-	-	-	154,350,348
Liabilities								
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	35,571,408	3,507,714	6,221,828	-	-	-	-	45,300,950
Liabilities in respect of insurance contracts and yield-dependent investment contracts	148,025,667	3,685,922	-	-	-	-	-	151,711,589
Financial liabilities	1,810,370	333,603	13,588	213,978	160,474	6,637,504	(341,688)	8,827,829
Other liabilities	4,007,235	274,503	1,107,885	187,962	127,865	409,847	(1,867,836)	4,247,461
Total liabilities	189,414,680	7,801,742	7,343,301	401,940	288,339	7,047,351	(2,209,524)	210,087,829

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Details regarding segment assets and liabilities (cont.)

	For the year ended December 31, 2023							
	Life Insurance and Long-Term Savings	Health	P&C Insurance	Financial services	Other Operating Segments	Not attributed to operating segments	Adjustments and offsets	Total
	NIS thousand							
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 in respect of 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
Reinsurance assets	168,148	120,431	1,260,354	-	-	-	-	1,548,933
Collectible premiums	144,392	33,645	410,255	-	-	-	-	588,292
Financial investments in respect of yield-dependent contracts	114,212,564	2,678,492	-	-	-	-	-	116,891,056
Other financial investments:								
Liquid debt assets	5,646,679	1,220,695	2,309,624	3,367	24,528	6,827,826	-	16,032,719
Illiquid debt assets	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
Other	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 in respect of 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 in respect of insurance contracts and non-yield-dependent investment contracts	34,715,310	3,053,433	5,887,438	-	-	-	-	43,656,181
Liabilities in respect of 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 4 - INTANGIBLE ASSETS

A. Composition

	Goodwill	Original differences attributable to the value of insurance portfolios	Future management fees	Brand	Computer software	Customer portfolio	Other	Total
	NIS thousand							
Cost								
Balance as of January 1, 2023	1,068,928	742,345	214,593	7,559	2,220,330	81,115	27,930	4,362,800
Purchases and internal-use software [(1)]	-	10,451	-	-	235,145	-	899	246,495
Derecognitions 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
Purchases and internal-use software [(1)]	-	8,126	-	-	280,409	-	1,112	289,647
Derecognitions during the year	-	-	-	-	(10,537)	-	-	(10,537)
Balance as of December 31 2024	1,068,928	760,922	214,593	7,559	2,705,884	81,115	29,941	4,868,942
Accumulated amortization and accumulated impairment losses								
Balance as of January 1, 2023	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
Derecognitions 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
Amortization recognized during the year	-	2,148	2,819	-	125,433	-	1,576	131,976
Derecognitions during the year	-	-	-	-	(9,120)	-	-	(9,120)
Balance as of December 31 2024	228,921	744,022	209,759	7,559	1,843,320	81,115	27,376	3,142,072
Net carrying value								
As of December 31, 2024	840,007	16,900	4,834	-	862,564	-	2,565	1,726,870
As of December 31, 2023	840,007	10,922	7,653	-	709,005	-	3,029	1,570,616

(1) For computer software, amounts for internal-use software in 2024 and 2023 were included, totaling approx. NIS 205 million and approx. NIS 185 million, respectively.

NOTE 4 - INTANGIBLE ASSETS (cont.)

B. Impairment testing of intangible assets with indefinite useful lives

For the purpose of testing for impairment of goodwill, as of December 31, 2024, goodwill was allocated to the following cash-generating units: Pension, Provident, Financial Services, Property and Casualty, and Insurance Agencies.

Following is the carrying amount of the goodwill allocated to the cash-generating units below:

	As of December 31	
	2024	2023
	NIS thousand	
Pension	190,866	190,866
Provident	63,621	63,621
Financial Services	349,886	349,886
Property and Casualty Insurance	168,470	168,470
Insurance agencies	67,164	67,164
	840,007	840,007

In order to test for impairment of goodwill, the recoverable amount of the cash-generating unit to which the goodwill was allocated was compared to its carrying amount. To the extent that the recoverable amount of the cash-generating unit exceeds its carrying amount, value of the unit and the assets allocated to it shall not be considered to have been impaired.

The recoverable amount of the Pension Unit is determined based on the revenue forecast net of expected expenses for the existing pension portfolio based on the embedded value of this portfolio, in accordance with economic capitalization and return rates. The assumptions used for this review include, among other things, assumptions regarding expected management fee rates, cancellations, operating expenses, fees and commissions and investment portfolio returns, which are determined annually by the Group management based on the business environment and level of competition in the industry, past experience and current relevant studies.

It was found that, as of December 31, 2024 and December 31, 2023, the recoverable amount of the Pension Unit exceeds the carrying value.

The recoverable amount of the Provident Unit was based on its value in use and was determined based on the estimated future cash flow arising from all of the unit's operations.

It was found that, as of December 31, 2024 and December 31, 2023, the recoverable amount of the Provident Unit exceeds the carrying value, which consists mainly of goodwill, future management fees and deferred acquisition expenses; therefore, no impairment loss was recognized.

The recoverable amount of the Financial Services Unit, which mainly includes the mutual funds operations, was based on its value in use and was determined based on the estimated future cash flow arising from all of the unit's operations.

It was found that, as of December 31, 2024 and December 31, 2023, the recoverable amount of the Financial Services Unit exceeds the carrying value.

The recoverable amount of the Property and Casualty Insurance Unit was based on its value in use and was determined based on the estimated future cash flows for the Property and Casualty Insurance subsegments.

It was found that, as of December 31, 2024 and December 31, 2023, the recoverable amount of the Property and Casualty Insurance Unit exceeds the carrying value.

The recoverable amount of the Insurance Agencies Units was based on their value in use and was determined based on the estimated future cash flows for each unit.

It was found that, as of December 31, 2024 and December 31, 2023, the recoverable amount of the Insurance Agencies Units exceeds the carrying value.

The impairments are included in the other expenses line item.

Fair value measurements are classified to Level 3 in the fair value hierarchy. For a definition of the different levels in the hierarchy, see Note 2.H.7 above regarding setting fair value.

NOTE 4 - INTANGIBLE ASSETS (cont.)

B. Impairment testing of intangible assets with indefinite useful lives (cont.)

Key assumptions used in calculating the recoverable amount

The calculation of the pension unit's recoverability is based, among other things, on the following main assumptions:

Future return on assets based on weighting of designated bonds and guaranteed-return assets with a return on investments of approx. 5.5% (in 2023 - approx. 4%).

Post-tax real discount rate - approx. 9.4% (in 2023 - approx. 9%).

The calculation of the recoverable amount of the Provident Unit is based on the following main assumptions:

Nominal post-tax discount rate of approx. 12.1% (2023 - real post-tax discount rate of approx. 9.1%). This rate was determined according to the WACC model, based on parameters typical of this type of activity.

Nominal long-term growth rate of approx. 3.5% (2023 - real growth rate of approx. 1%). This rate is determined based on the average long-term growth rate prevalent in this type of activity.

The projected cash flows is for a period of 5 years.

The calculation of the recoverable amount of the Mutual Funds activity is based on the following main assumptions:

Post-tax real discount rate - approx. 10.8% (in 2023 - approx. 10.7%). This rate was determined according to the WACC model, based on parameters typical of this type of activity.

Real long-term growth rate of approx. 2% (in 2023 - approx. 2%). This rate is determined based on the average long-term growth rate prevalent in this type of activity.

The average long-term management fee rate for mutual funds is approx. 0.37% (in 2023 - approx. 0.37%).

The projected cash flows is for a period of 5 years.

The calculation of the recoverable amount of the Property and Casualty Insurance Unit is based on the following main assumptions:

Nominal post-tax discount rate was approx. 13.5% (in 2023 - approx. 11.8%), the projected cash flows was prepared for a five-year period, total loss ratio in the various Property and Casualty Insurance Subsegments was approx. 90%-125% (in 2023 - approx. 83%-132%), premium growth rate in most forecast years in the various Property and Casualty Insurance Subsegments was approx. 3% (in 2023 - approx. 3%), nominal growth rate of long-term insurance net income was approx. 3% (in 2023 - approx. 3%).

The calculation of the recoverable amount of the Insurance Agencies Units is based on the following main assumptions:

The average discount rate, after tax is approx. 12% (in 2023 - approx. 12%) and the long-term growth rate is mostly approx. 0%-1.5% (in 2023 - approx. 0%-1.5%).

These rates were determined based on parameters characteristic of this type of activity.

NOTE 5 - DEFERRED ACQUISITION COSTS

A. Composition

	As of December 31	
	2024	2023
	NIS thousand	
Life Insurance and Long-Term Savings:		
Life Insurance	951,979	947,807
Pension and provident funds	758,004	493,304
	1,709,983	1,441,111
Health Insurance	536,427	550,586
Property and Casualty Insurance	242,386	213,104
	2,488,796	2,204,801

B. Movement in deferred acquisition costs in life insurance and long-term savings and in health insurance

	Life Insurance and Long-Term Savings			Health	Total
	Life Insurance	Pension and provident funds	Total		
	NIS thousand				
Balance as of January 1, 2023	998,651	357,097	1,355,748	568,608	1,924,356
Additions					
Purchase fees	127,267	185,417	312,684	72,273	384,957
Other purchase expenses	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 for 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
Additions					
Purchase fees	134,714	340,372	475,086	76,760	551,846
Other purchase expenses	113,588	49,524	163,112	50,542	213,654
Total additions	248,302	389,896	638,198	127,302	765,500
Current amortization	102,782	125,196	227,978	100,377	328,355
Deduction for cancellations	141,348	-	141,348	41,084	182,432
Balance as of December 31 2024	951,979	758,004	1,709,983	536,427	2,246,410

NOTE 6 - FIXED ASSETS

A. Composition and changes

2024

	Land and office buildings	Computers and software	Motor vehicles	Office furniture and equipment	Leasehold improvements	Total
	NIS thousand					
Cost						
Cost as of January 1, 2024	1,238,787	241,506	67,864	201,466	31,961	1,781,584
Additions during the year (*)	24,159	31,162	35,685	4,334	1,499	96,839
Revaluation of assets transferred to investment property	3,588	-	-	-	-	3,588
Transfer to investment property	(9,196)	-	-	-	-	(9,196)
Revaluation recognized in other comprehensive income (see Section C below)	(33,764)	-	-	-	-	(33,764)
Derecognitions during the year	(2,316)	(24,827)	(20,841)	(2,649)	(887)	(51,520)
Cost as of December 31, 2024	1,221,258	247,841	82,708	203,151	32,573	1,787,531
Accumulated depreciation						
Accumulated depreciation as of January 1, 2024	64,197	185,829	28,622	159,933	17,764	456,345
Additions during the year (*)	39,973	15,830	24,096	6,882	2,056	88,837
Transfer to investment property	(3,193)	-	-	-	-	(3,193)
Revaluation recognized in other comprehensive income (see Section C below)	(27,800)	-	-	-	-	(27,800)
Derecognitions during the year	(1,892)	(24,819)	(19,997)	(1,984)	(887)	(49,579)
Accumulated depreciation as of December 31, 2024	71,285	176,840	32,721	164,831	18,933	464,610
Amortized cost as of December 31, 2024	1,149,973	71,001	49,987	38,320	13,640	1,322,921

(*) Of which for right-of-use asset

	Land and office buildings	Motor vehicles
Additions to cost during the year	9,215	35,261
Annual depreciation	11,043	48,859
Balance as of December 31 2024	88,730	49,188

NOTE 6 - FIXED ASSETS (cont.)

A. Composition and changes (cont.)

2023

	Land and office buildings	Computers and software	Motor vehicles	Office furniture and equipment	Leasehold improvements	Total
	NIS thousand					
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 in other comprehensive income (see Section C below)	9,380	-	-	-	-	9,380
Derecognitions 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 in other comprehensive income (see Section C below)	(26,768)	-	-	-	-	(26,768)
Derecognitions 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
Amortized cost as of December 31, 2023	1,174,590	55,677	39,242	41,533	14,197	1,325,239
(*) Of which for right-of-use asset						
Additions to cost during the year	19,702		36,973			
Annual depreciation	10,197		20,533			
Balance as of December 31, 2023	90,590		38,728			

B. Details regarding interests in real estate properties used by the Group as yield-dependent fixed assets

	As of December 31	
	2024	2023
	NIS thousand	
Owned	1,040,846	1,060,284
Under lease*)	109,127	114,306
	1,149,973	1,174,590

*) Capitalized leased assets totaling approx. NIS 20,397 thousand (in 2023 - approx. NIS 23,716 thousand), with a remaining lease term of 15 years.

Right-of-use real estate assets in which the Company is the lessee total approx. NIS 88,730 thousand (in 2023 - approx. NIS 90,590 thousand).

NOTE 6 - FIXED ASSETS (cont.)

C. The Company contracted with an external, independent qualified appraisers to determine the fair value of the land and buildings in its possession. The fair value was estimated in December 2024.

Due to the use of the revaluation model, a revaluation reserve has been created with a balance of NIS 520,975 thousand as of December 31, 2024, before the reduction and before tax (as of December 31, 2023 - NIS 539,189 thousand before the reduction and before tax). The decrease in the revaluation reserve during the year totaled approx. NIS 18,214 thousand following the reduction and before tax (in 2023 - an increase of approx. NIS 24,927 thousand following the reduction and before tax).

For further details, see Note 2.I.1.

Had the land and buildings been measured using the cost model, their value in the Financial Statements would have been as follows:

	As of December 31	
	2024	2023
	NIS thousand	
Cost	749,674	735,359
Accumulated depreciation and accumulated impairment losses	231,279	215,697
Amortized cost	518,395	519,662

Fair value of land and buildings is estimated based on a comparison with transactions of similar properties recently entered into on the real estate market with respect to properties of similar characteristics, such as location, physical condition, zoning, etc., if such transactions exist. With respect to some of the assets, fair value is estimated using an income discounting technique: The fair value model is based on the present value of the estimated rental operating cash flow arising from the asset.

D. Additional information

The Group has assets which have been fully depreciated and are still operational. The original cost of said assets as of December 31, 2024 totals approx. NIS 262 million (as of December 31, 2023 - approx. NIS 254 million).

In 2024, the Group derecognized a fixed asset which had been fully depreciated and no longer used by the Group, with its original cost being approx. NIS 48 million (in 2023 - approx. NIS 27 million).

E. Disclosures regarding lease transactions in which the Company is the lessee

The Company has lease agreements for buildings, land and vehicles used in the Company's operating activities. The lease agreements for the buildings are for a period ranging from 3 to 20 years, while the lease agreements for vehicles are for a period of approx. 3 years.

Some of the lease agreements that the Company entered into include extension and/or termination options.

In addition, the Company leases land and buildings under capitalized leases for periods of over 50 years, which it uses to carry out its operating activities.

Details regarding lease transactions

	As of December 31	
	2024	2023
	NIS thousand	
Interest expenses for lease liabilities	5,677	4,414
Total cash outflow for leases	37,380	32,680

Extension and termination options

The Company has lease agreements that include both extension and termination options. These options provide the Company with flexibility in managing lease transactions and adapting them to the Company's business needs.

The Company exercises significant judgment when assessing whether it is reasonably certain that the extension and termination options will be exercised.

For information regarding lease liabilities, see Note 24.

NOTE 7 - INVESTMENTS IN INVESTEES

A. Details regarding subsidiaries

Following is a list of the Group's main subsidiaries:

	Main location of company's operations	The Group's ownership interests in the subsidiary for the year ended December 31	
		2024	2023
		%	
Migdal Insurance Company Ltd.	Israel	100	100
Migdal Makefet Pension and Provident Funds Ltd.	Israel	100	100
Migdal Holdings and Management of 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 Agencies 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
B-Well Quality of Life Solutions Ltd.	Israel	100	100
Migdal Capital Markets (1965) Ltd.	Israel	100	100

B. Details regarding associates

1. Composition of investment in associates

	As of December 31	
	2024	2023
	NIS thousand	
Cost of shares	46,186	19,899
The Group's share in profits and capital reserves accumulated since the acquisition date, net of dividends	1,225	(802)
	47,411	19,097

2. Group's share in the results of operations of the associates

The data presented is in accordance with the holding stakes in the associates:

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Group's share in net income (loss)	1,966	(2,281)	435
Group's share in other comprehensive income	744	361	2,036

C. Capital Management and Requirements of the Group Companies

1. It is the Company's policy to maintain a strong capital base in order to retain Company's ability to continue its activities such that it will be able to generate returns to its shareholders and support future business activities.
2. The Group companies, which are institutional entities, are subject to capital requirements set by the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**").
3. The regulatory capital regime applicable to Migdal Insurance

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

   Risk-based solvency ratio

   A risk-based solvency ratio is calculated as the ratio between the economic shareholders' equity of the insurance company and the solvency capital requirement.

NOTE 7 - INVESTMENTS IN INVESTEES (cont.)

C. Capital Management and Requirements of the Group Companies (cont.)

3. The regulatory capital regime applicable to Migdal Insurance (cont.)

Risk-based solvency ratio (cont.)

The economic shareholders’ equity is calculated based on the equity arising from the economic balance sheet (see below) plus debt instruments, which include loss absorption mechanisms (hybrid Tier 1 capital instrument, Tier 2 capital instrument, hybrid Tier 2 capital and hybrid Tier 3 capital).

Economic balance sheet items are calculated based on economic value, with insurance liabilities calculated on the basis of a best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin.

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

The Solvency Circular includes, among other things, Provisions for the Transitional Period in connection with compliance with capital requirements. Migdal Insurance opted for the alternative of increasing the economic capital by making a deduction from the insurance reserves; such a deduction will decrease gradually through 2032 (hereinafter - “**Deduction during the Transitional Period**”).

4. Solvency ratio and Migdal Insurance's capital policy

a) In accordance with the Solvency Ratio Report as of June 30, 2024, approved on November 20, 2024, Migdal Insurance has excess capital, taking into account the Provisions for the Transitional Period in the Transitional Period. For further details, see Section 3.2.1 to the Report of the Board of Directors.

The Company’s said calculation was reviewed by its independent auditors in accordance with the principles of the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard is relevant for the execution of the engagement to assess whether the Company’s solvency calculations as of June 30, 2024, do not comply, in all material respects, with the Commissioner’s Directives, and are not part of the audit or review standards that apply to financial statements. It should be emphasized that the projections and assumptions on the basis of which the Economic Solvency Ratio Report as of June 30, 2024, are based mainly on past experience as arising from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and the changes in the economic environment, past data do not necessarily reflect future results. The calculation is sometimes based on assumptions regarding future events, steps taken by management, and the pattern of the future development of the risk margin, which will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation. Furthermore, actual results may materially vary from the calculation, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

In June 2024, Migdal Capital Raising issued bonds totaling approx. NIS 421 million, under a public offering of two new series of bonds (Series M and N), which were recognized as Tier 2 capital, subject to the restrictions set forth in the Solvency Circular regarding this matter. For further details, see Note 24E.

In December 2024, Migdal Capital Raising replaced some of the Bonds (Series F) in circulation on the offering date, by way of a partial exchange tender offer, against the allocation of Bonds (Series M and N) by way of expanding these series. The bond proceeds received in respect of the abovementioned series expansion were recognized as Tier 2 capital, subject to the restrictions set in the Solvency Circular regarding this matter. For further details, see Note 24E.

b) Restrictions on dividend distribution and Migdal Insurance's capital management policy

Migdal Insurance's policy is to have a solid capital base to ensure its solvency and ability to meet its liabilities to policyholders, to preserve Migdal Insurance's ability to continue its business activity such that it is able to provide returns to its shareholders. In its capacity as an institutional entity, the Company is subject to the capital requirements set by the Commissioner.

NOTE 7 - INVESTMENTS IN INVESTEES (cont.)

C. Capital Management and Requirements of the Group Companies (cont.)

4. Solvency ratio and Migdal Insurance's capital policy (cont.)

b) Restrictions on dividend distribution and Migdal Insurance's capital management policy (cont.)

According to the letter published by the Commissioner, in October 2017, an Insurance Company shall be entitled to distribute a dividend only if, following the distribution, the Company has a solvency ratio (according to the Solvency Circular) of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by the Board of Directors. The aforesaid ratio is calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies activity. In addition, the letter sets out provisions for reporting to the Commissioner. As of the Economic Solvency Ratio Report dated June 30, 2024, Migdal Insurance does not meet the conditions required for dividend distribution.

On January 29, 2025, Migdal Insurance's Board assessed Migdal Insurance's capital policy and set a minimum capital requirement for dividend distribution (hereinafter, jointly - the "**Capital Policy**"), as detailed below:

1. Migdal Insurance will strive to operate under an economic solvency ratio of 150% to 170% (instead of 155% to 175%), and the minimum economic solvency ratio target (taking into account the Provisions for the Transitional Period) will be 115%, which will gradually increase to 135% (instead of 140%) at the end of the Transitional Period, i.e., the end of 2032.
2. The minimum capital requirement for dividend distribution will be an economic solvency ratio of 115% without taking into account the Provisions for the Transitional Period.

The abovementioned revision to the Capital Policy as stated in Sections (1) and (2) above, was made against the backdrop of assessing sensitivity tests to the risk factors relevant to Migdal Insurance, including the volatility inherent therein and their effect on the solvency ratio.

It is clarified that Migdal Insurance's Board may review the Capital Policy from time to time and decide on a revision thereof, taking into account, among other things, changes to the risk factors and their effect on Migdal Insurance, the development of Migdal Insurance's economic solvency ratio and the legal and regulatory provisions applicable to it.

5. Capital requirements from management companies

The capital requirements from the Group's management companies include capital requirements in accordance with the total assets under management and the annual expenses, but no less than a start-up capital of NIS 10 million. As of the date of this report, these companies comply with the requirements of the Capital Regulations.

Consolidated companies, which manage mutual funds and investment portfolios are required to hold a minimum capital in accordance with the Israel Securities Authority's guidance. As of the date of this report, the consolidated companies comply with those requirements.

6. Dividend distributed

a) On May 23, 2024, the Company's Board of Directors approved a dividend distribution in the amount of NIS 25 million, which originated from dividends received from a subsidiary, Migdal Capital Markets Ltd., to the Company's shareholders.

b) On November 20, 2024, the Company's Board of Directors approved a dividend distribution in the amount of NIS 30 million, which originated from dividends received from a subsidiary, Migdal Capital Markets, to the Company's shareholders.

NOTE 8 - INVESTMENT PROPERTY

A. Composition and changes

	Investment property in respect of yield-dependent contracts					
	Leased as commercial space		Leased as offices and other		Total	
	2024	2023	2024	2023	2024	2023
	NIS thousand					
Balance as of January 1	1,850,160	1,818,831	7,122,127	6,311,624	8,972,287	8,130,455
Additions during the year						
Purchases	2,666	1,019	85,121	481,651	87,787	482,670
Capitalized costs and expenses	1,046	2,878	156,696	202,303	157,742	205,181
Total additions	3,712	3,897	241,817	683,954	245,529	687,851
Derecognitions during the year						
Total derecognitions	-	-	-	-	-	-
Changes in fair value (unrealized)	43,837	27,432	89,409	126,549	133,246	153,981
Balance as of December 31	1,897,709	1,850,160	7,453,353	7,122,127	9,351,062	8,972,287

	Investment property - other					
	Leased as commercial space		Leased as offices and other		Total	
	2024	2023	2024	2023	2024	2023
	NIS thousand					
Balance as of January 1	207,885	203,141	882,652	715,163	1,090,537	918,304
Additions during the year						
Purchases	182	437	44,720	121,994	44,902	122,431
Capitalized costs and expenses	380	822	35,361	37,632	35,741	38,454
Transfer from fixed assets	-	-	6,003	-	6,003	-
Total additions	562	1,259	86,084	159,626	86,646	160,885
Derecognitions during the year						
Realized	-	-	(26,500)	-	(26,500)	-
Total derecognitions	-	-	(26,500)	-	(26,500)	-
Changes in fair value (unrealized)	5,767	3,485	(21,455)	7,863	(15,688)	11,348
Changes in fair value (realized)	-	-	(1,200)	-	(1,200)	-
Balance as of December 31	214,214	207,885	919,581	882,652	1,133,795	1,090,537

B. Investment properties are measured at fair value and are classified to Level 3 of the fair value hierarchy.

NOTE 8 - INVESTMENT PROPERTY (cont.)

C. Data regarding measurements of fair value of investment property

Type of asset	Fair value valuation techniques	Significant non-observable inputs	The inter-relationships between the significant non-observable inputs and the fair value measurement
Rental properties used for commercial/office use and other	Fair value is estimated using an income discounting technique: The fair value model is based on the present value of the estimated rental operating cash flow arising from the asset. The appraisal of the value of the real estate is based on the net annual pre-tax cash flows, discounted by a discount rate that reflects the specific risks embodied therein. When actual leases are in place, the payments in respect of which vary from appropriate rent, adjustments are made to reflect the actual rent paid in the contract period, or alternatively - a discount rate reflective of the specific risk is set. The appraisals take into account the type of tenants that actually occupy the leased property, or who are responsible to meet the lease obligations, or those who may be in the leased property after an unoccupied property is rented out (a reduced discount rate for tenants such as government entities, institutional entities, including tenants characterized by highly robust financial health), as well as a general assessment of the remaining economic life of the asset, where those parameters are relevant. At times, fair value is determined based on a comparison with transactions of similar properties recently entered into on the real estate market with respect to properties of similar characteristics - such as location, physical condition, zoning, etc., if such transactions exist, and at times - a combination is made between comparing transactions in similar properties and the income capitalization technique. Additionally, there are properties in which there is significant planning potential due to the approval of a new urban building plan or as a result of a new urban building plan which is in advanced stages of approval and in which the fair value of the property reflects the positive economic contribution arising from said potential. Fair value of properties under construction is estimated using the "residual value" technique, i.e., extracting the value of the asset in its current condition from its value subsequent to completion of its construction, net of a reasonable developer's profit, less remaining construction costs according to the budget.	• Market value of rental payments. • Discount rate of cash flows (5% to 10%, weighted average - 6.6% in 2024 and 5% to 10%, weighted average 6.6% in 2023).	The estimated fair value will increase if: • Market value of rental payments will grow. • The discount rate of the cash flows will decrease.

NOTE 8 - INVESTMENT PROPERTY (cont.)

D. Sensitivity analysis

The discount rate constitutes a critical estimate in determining the fair value, since a change in the discount rate will have a material effect on the investment property's fair value. However, it is noted that a change in the fair value of investment property in respect of some of the insurance contracts (yield-dependent) does not fully affect the Group's profit and loss, since most of the change in value therein is credited to the planholders.

The sensitivity analysis below shows the effect of a change in the capitalization rate on assets estimated using the income capitalization approach (most assets) at the rates specified (the analysis below does not include assets whose fair value is estimated using other methods, as detailed in Section C above):

	Increase (decrease) in the fair value as of December 31		Increase (decrease) in profit and loss before tax	
	2024	2023	2024	2023
	NIS thousand			
0.5% increase	(622,919)	(504,785)	(118,417)	(35,185)
Decrease of 0.5%	730,224	597,770	138,986	41,572

E. Valuation techniques implemented by the Company

The value of investment property is determined based on appraisals conducted by independent external appraisers, with suitable professional qualifications and recent experience as to the location and type of the assessed asset. The valuations are reviewed by the relevant parties at the Company.

F. Commitments for the acquisition of investment property

For information regarding commitments to acquire investment property, see Note 39.2.C.

G. Operating lease arrangements

For details regarding operating lease arrangements in which the Group serves as a lessor and which are classified as investment property, see Note 2.39.F.

H. Rental income and operating expenses recognized in the income statement

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Rental income from investment property	560,514	523,239	482,366
Direct operating expenses *)	(60,215)	(57,025)	(72,662)
	500,299	466,214	409,704

*) Direct operating expenses arising from investment property which did not generate rental income during the period were immaterial.

I. Details regarding interests in real estate properties used by the Group as yield-dependent investment property

	As of December 31	
	2024	2023
	NIS thousand	
Owned	5,168,868	5,012,812
Capitalized lease	5,315,989	5,050,012
	10,484,857	10,062,824

Some of the ownership and lease rights have not yet been registered in the name of Group companies with the Land Registry and the Israel Lands Authority, as applicable, mainly due to technical registration arrangements.

NOTE 8 - INVESTMENT PROPERTY (cont.)

I. Details regarding interests in real estate properties used by the Group as yield-dependent investment property (cont.)

Remaining lease periods, in years:

	As of December 31	
	2024	2023
	NIS thousand	
Up to 15 years	210,209	98,589
16-50 years	1,886,462	1,857,611
Over 50 years	3,219,318	3,093,812
Total leased	5,315,989	5,050,012

NOTE 9 - RECEIVABLES AND DEBIT BALANCES

A. Composition

	As of December 31	
	2024	2023
	NIS thousand	
Government institutions and authorities	1,952	35,974
Revenue receivable	44,754	48,760
Prepaid expenses	84,896	65,104
Employees	248	975
Advances to suppliers	8,268	8,536
Receivables for securities	1,983,730	576,368
Advances on account of fees and commissions to insurance agents	3,123	3,433
Insurance companies and insurance brokers	102,704	133,212
Other	424,110	249,747
Less provision for doubtful debts	(2,143)	(984)
Total receivables and debit balances	2,651,642	1,121,125

See the breakdown of assets and liabilities by linkage base under Note 37.C.

B. Provision for doubtful debts

	2024	2023
	NIS thousand	
Balance as of January 1	(984)	(779)
Change in provision during the period	(1,159)	(205)
Balance as of December 31	(2,143)	(984)

NOTE 10 - COLLECTIBLE PREMIUMS

A. Composition

	As of December 31	
	2024	2023
	NIS thousand	
Collectible premiums *)	732,422	597,786
Less provision for doubtful debts	(10,045)	(9,494)
Total collectible premiums	722,377	588,292
*) Including checks collectible and direct debits	303,449	264,785

For the linkage terms of collectible premiums, see Note 37.C.

B. Aging

	As of December 31	
	2024	2023
	NIS thousand	
Unimpaired collectible premium:*)		
No arrears	519,102	388,755
In arrears		
Under 90 days	41,240	43,387
Between 90 and 180 days	38,963	38,782
Over 180 days	120,726	115,340
Total unimpaired collectible premium	720,031	586,264
Impaired collectible premium	2,346	2,028
Total collectible premium	722,377	588,292

*) Includes an amount of NIS 149,662 thousand (as of December 31, 2023 - NIS 144,392 thousand) debts in arrears in the life insurance segment. These debts are mainly backed by the repayment value of the policy.

C. The change in provision for doubtful debts in respect of collectible premiums

	2024	2023
	NIS thousand	
Balance as of January 1	(9,494)	(9,593)
Change in provision during the period	(551)	99
Balance as of December 31	(10,045)	(9,494)

NOTE 11 - ASSETS FOR YIELD-DEPENDENT CONTRACTS

A. Breakdown of assets presented at fair value through profit and loss

	As of December 31	
	2024	2023
	NIS thousand	
Investment property	9,351,062	8,972,287
Financial investments		
Liquid debt assets	25,208,086	26,397,493
Illiquid debt assets *)	16,715,583	17,195,281
Shares	29,814,322	25,981,430
Other financial investments	51,093,475	47,316,852
Total financial investments	122,831,466	116,891,056
Cash and cash equivalents	20,133,170	16,580,074
Other**)	2,034,650	682,975
Total assets for yield-dependent contracts	154,350,348	143,126,392
*) Of which debt assets measured at amortized cost	14,757	28,415
Fair value of debt assets measured at amortized cost	14,837	29,731

**) The balance mainly includes receivables for securities, see Note 9.

Regarding the exposure with respect to yield-dependent insurance policy assets, see Note 37.B.1.

For details regarding linkage for debt assets, see Note 37.D.1.

Regarding the quoted prices and interest rates used in determining the fair value of illiquid debt assets, see Note 12.F.

B. Fair value of financial assets by level

Following is an analysis of assets held against insurance contracts and investment contracts presented at fair value through profit and loss.

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial investments				
Liquid debt assets	21,694,384	3,513,702	-	25,208,086
Illiquid debt assets	-	11,172,557	5,528,269	16,700,826
Shares	24,823,381	-	4,990,941	29,814,322
Other financial investments	22,522,611	1,845,628	26,725,236	51,093,475
Total financial investments	69,040,376	16,531,887	37,244,446	122,816,709
Illiquid debt assets disclosed at fair value (11A above)	-	14,837	-	14,837

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial investments				
Liquid debt assets	21,367,782	5,029,711	-	26,397,493
Illiquid debt assets	-	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
Illiquid debt assets disclosed at fair value (11A above)	-	29,731	-	29,731

NOTE 11 - ASSETS FOR YIELD-DEPENDENT CONTRACTS (cont.)

C. Financial assets measured at fair value - Level 3

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Illiquid debt assets	Shares	Other financial investments	Total
	NIS thousand			
Balance as of January 1, 2024	6,286,184	4,653,449	25,510,612	36,450,245
Total gains (losses) recognized:				
In profit and loss *)	441,515	(74,104)	1,805,106	2,172,517
Proceeds from interest and dividend	(336,863)	(110,756)	(3,093,798)	(3,541,417)
Investments	295,534	522,352	3,850,014	4,667,900
Realized	(457,099)	-	(1,053,133)	(1,510,232)
Redemptions	(701,002)	-	-	(701,002)
Transfers to Level 3	-	-	(**(293,565)	(293,565)
Balance as of December 31 2024	5,528,269	4,990,941	26,725,236	37,244,446
*) Total income (losses) for the period included in profit and loss in respect of assets held as of December 31, 2024	424,043	(74,104)	1,754,376	2,104,315

**) Transfers from Level 3 in respect of a security which has begun to receive a marketable quote.

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Illiquid debt assets	Shares	Other financial investments	Total
	NIS thousand			
Balance as of January 1, 2023	6,751,267	4,869,736	20,921,038	32,542,041
Total gains (losses) recognized:				
In profit and loss *)	692,534	(339,453)	2,093,285	2,446,366
Proceeds from interest and dividend	(419,525)	(149,869)	(1,805,095)	(2,374,489)
Investments	659,823	397,677	4,705,689	5,763,189
Realized	(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 income (losses) for the period included in profit and loss in respect of assets held as of December 31, 2023	627,605	(352,662)	2,070,898	2,345,841

**) Transfers to Level 3 arise from a security for which the publication of observable inputs was discontinued.

NOTE 12 - OTHER FINANCIAL INVESTMENTS

	As of December 31, 2024			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	NIS thousand			
Liquid debt assets (a)	1,045,805	15,925,505	-	16,971,310
Illiquid debt assets (b)	-	-	28,057,358	28,057,358
Shares (d)	-	289,425	-	289,425
Other (e)	470,109	6,624,090	-	7,094,199
Total	1,515,914	22,839,020	28,057,358	52,412,292

	As of December 31, 2023			
	Presented at fair value through profit and loss	Available-for-sale	Loans and receivables	Total
	NIS thousand			
Liquid debt assets (a)	917,813	15,114,906	-	16,032,719
Illiquid debt assets (b)	-	-	27,065,496	27,065,496
Shares (d)	-	258,555	-	258,555
Other (e)	464,847	6,123,918	-	6,588,765
Total	1,382,660	21,497,379	27,065,496	49,945,535

A. Liquid debt assets

Composition

	As of December 31	
	2024	2023
	NIS thousand	
Government bonds		
Presented at fair value through profit and loss - held-for-trading	3,474	3,367
Available for sale	10,613,223	10,030,058
Total government bonds	10,616,697	10,033,425
Other debt assets		
Non-convertible		
Presented at fair value through profit and loss, designated upon initial recognition	1,042,331	914,446
Available-for-sale	5,312,282	5,084,848
Total other non-convertible debt assets	6,354,613	5,999,294
Total liquid debt assets	16,971,310	16,032,719
Impairment carried to profit and loss (cumulative)	63	202

NOTE 12 - OTHER FINANCIAL INVESTMENTS (cont.)

B. Illiquid debt assets

Composition

	As of December 31			
	Carrying amount		Fair value	
	2024	2023	2024	2023
	NIS thousand			
Government bonds - designated bonds *)	25,449,523	24,898,529	29,846,710	30,010,292
Other non-convertible debt assets				
Presented as loans and receivables, excluding deposits with banks	2,281,688	1,810,709	2,287,914	1,788,865
Deposits with banks	326,147	356,258	364,707	408,244
Total other non-convertible debt assets	2,607,835	2,166,967	2,652,621	2,197,109
Total illiquid debt assets	28,057,358	27,065,496	32,499,331	32,207,401
Impairment carried to profit and loss (cumulative)	30,015	35,963		

*) The fair value of the designated bonds was calculated according to the contractual repayment date.

C. Details on paid interest and linkage in respect of debt assets (effective interest rate)

	As of December 31	
	2024	2023
	Percentage	
Liquid debt assets		
Linkage basis		
CPI-linked	2.3	2.1
NIS	4.5	4.3
Linked to foreign currency	6.6	6.8
Illiquid debt assets		
Linkage basis		
CPI-linked	5.0	5.0
NIS	5.2	4.6
Linked to foreign currency	6.1	7.0

D. Shares

	As of December 31	
	2024	2023
	NIS thousand	
Available-for-sale liquid shares	49,638	14,225
Available-for-sale illiquid shares	239,787	244,330
Total shares	289,425	258,555
Impairments carried to profit and loss (cumulative)	14,399	29,866

NOTE 12 - OTHER FINANCIAL INVESTMENTS (cont.)

E. Other financial investments

Other financial investments mainly include investments in ETFs, participation certificates in mutual funds, investment funds, hedge funds, financial derivatives, futures, options and structured products.

	As of December 31	
	2024	2023
	NIS thousand	
Liquid		
Presented at fair value through profit and loss - held-for-trading	18,266	52,006
Available for sale	1,947,531	1,587,219
Derivative instruments (e1)	-	11,872
Total liquid financial investments	1,965,797	1,651,097
Illiquid		
Presented at fair value through profit and loss	218,424	11,064
Available for sale	4,676,559	4,536,699
Derivative instruments (e1)	233,419	389,905
Total illiquid financial investments	5,128,402	4,937,668
Total other financial investments	7,094,199	6,588,765
Impairments carried to profit and loss (cumulative)	1,551,279	1,176,478

E1. Derivative instruments

Set forth below is the amount of net exposure to the underlying asset, presented in delta terms of financial transactions carried as of the financial statements dates. The exposure to interest rate derivatives is presented at value:

	As of December 31	
	2024	2023
	NIS thousand	
Shares	148,635	58,565
CPI	1,000,172	2,792,183
Foreign currency	(6,213,988)	(6,558,752)
Interest	5,785	11,994

F. The interest rates used in determining the fair value

The fair value of illiquid debt assets, which are measured at fair value through profit and loss, and the fair value of illiquid financial debt assets, for which fair value information is provided solely for disclosure purposes, is determined by discounting the estimated future expected cash flows. The discount rates are based primarily on yields on government bonds and spreads of corporate bonds as measured on the TASE. The quoted prices and interest rates used for discounting purposes are determined by a company which won the tender, published by the Ministry of Finance, for the setting up and operating a database of quoted prices and interest rates for institutional entities.
Regarding this matter, we note that a notice was issued by the Capital Market Authority regarding the results of a tender for selecting a supplier for the revaluation of illiquid debt assets for institutional entities. In accordance with the notice, "Ness Fair Value Ltd." was selected as the new revaluation supplier, following a comprehensive tender conducted in accordance with the provisions of the law. The Company is looking into the implications of the decision and is preparing to implement the change in accordance with the guidelines to be received from the Capital Market Authority, including the implication regarding fair value measurement.

Following are the weighted average interest rates for illiquid debt assets included in each rating group of other financial investments: (*)

	As of December 31	
	2024	2023
	Percentage	
AA and above	1.2	0.7
A	5.5	4.4
BBB	6.2	6.4
Unrated	5.5	6.6

(*) The sources for the ratings in Israel are Maalot, Midroog rating agencies and internal rating. Midroog's data were converted to the rating symbols according to generally acceptable conversion coefficients. Each rating includes all ranges, for example: rating A includes from A- to A+.

Regarding internal rating, see Note 37.B.4.b)(1).

NOTE 12 - OTHER FINANCIAL INVESTMENTS (cont.)

G. Fair value of financial assets by level

Following is an analysis of the financial instruments presented at their fair value.

The balance as per the financial statements of cash and cash equivalents, collectible premiums and receivables and debit balances is equal to or approximates their fair value.

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Liquid debt assets	15,970,311	1,000,999	-	16,971,310
Illiquid debt assets	-	-	-	-
Shares	49,638	-	239,787	289,425
Other	1,965,797	495,629	4,632,773	7,094,199
Total	17,985,746	1,496,628	4,872,560	24,354,934
Illiquid debt assets disclosed at fair value (12.B above)	-	31,787,459	711,872	32,499,331

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Liquid debt assets	14,760,605	1,272,114	-	16,032,719
Illiquid debt assets	-	-	-	-
Shares	14,225	-	244,330	258,555
Other	1,651,097	455,006	4,482,662	6,588,765
Total	16,425,927	1,727,120	4,726,992	22,880,039
Illiquid debt assets disclosed at fair value (12.B above)	-	31,544,229	663,172	32,207,401

Financial assets measured at fair value - Level 3

	Fair value measurement at the reporting date Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other financial investments	Total
	NIS thousand		
Balance as of January 1, 2024	244,330	4,482,662	4,726,992
Total gains (losses) recognized:			
In profit and loss *)	(125)	383,562	383,437
In other comprehensive income	(10,579)	(60,873)	(71,452)
Proceeds from interest and dividend	(4,486)	(780,348)	(784,834)
Investments	10,647	669,821	680,468
Realized	-	(62,051)	(62,051)
Balance as of December 31 2024	239,787	4,632,773	4,872,560
*) Of which Total income (losses) for the period included in profit and loss in respect of assets held as of December 31, 2024	(125)	389,551	389,426

NOTE 12 - OTHER FINANCIAL INVESTMENTS (cont.)

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

Financial assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date		
	Financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other financial investments	Total
	NIS thousand		
Balance as of January 1, 2023	229,709	3,711,169	3,940,878
Total gains (losses) recognized:			
In profit and loss *)	14,497	380,057	394,554
In other comprehensive income	(22,225)	21,641	(584)
Proceeds from interest and dividend	(4,644)	(416,961)	(421,605)
Investments	38,536	829,481	868,017
Realized	(11,543)	(42,725)	(54,268)
Balance as of December 31, 2023	244,330	4,482,662	4,726,992
*) Of which			
Total income for the period included in profit and loss in respect of assets held as of December 31, 2023	11,848	377,202	389,050

H. Aging of investments in illiquid debt assets

	As of December 31	
	2024	2023
	NIS thousand	
Government bonds - designated bonds	25,449,523	24,898,529
Unimpaired debt assets *)		
No arrears	2,570,645	2,123,377
In arrears **)		
Up to 90 days	1,262	957
Between 90 and 180 days	405	377
Over 180 days	1,398	6,646
Total unimpaired debt assets	2,573,710	2,131,357
Impaired debt assets		
Specifically impaired assets, gross	55,483	53,527
Impairments carried to profit and loss (cumulative)	(21,358)	(17,917)
Total specifically impaired debt assets	34,125	35,610
Total illiquid debt assets	28,057,358	27,065,496

*) Debt assets whose value is unimpaired, subsequent to a general provision for impairment, total NIS 8,657 thousand as of December 31, 2024 (2023 - NIS 18,046 thousand).

**) Mainly loans pledged by policies against which there are full redemption values and/or mortgages.

It is noted that the above amounts do not constitute the actual amount in arrears, but rather the portion of the outstanding debt involved in arrears.

NOTE 13 - CASH AND CASH EQUIVALENTS IN RESPECT OF YIELD-DEPENDENT CONTRACTS

	As of December 31	
	2024	2023
	NIS thousand	
Cash and deposits available for immediate withdrawal	17,075,238	16,580,074
Short-term deposits	3,057,932	-
Cash and cash equivalents	20,133,170	16,580,074

As of the reporting date, the cash with banking corporations bear a current interest rate based on the interest rates applicable to daily deposits with banks at an average rate of approx. 4.0% (in 2023 - approx. 4.6) for deposits - an average rate of approx. 4.3%.

For the terms and conditions of linkage of cash and short-term deposits, see Note 37.D.1.

NOTE 13A - OTHER CASH AND CASH EQUIVALENTS

	As of December 31	
	2024	2023
	NIS thousand	
Cash and deposits available for immediate withdrawal	3,040,355	2,688,864
Short-term deposits	73,035	233,870
Cash and cash equivalents	3,113,390	2,922,734

As of the reporting date, the cash with banking corporations bear a current interest rate based on the interest rates applicable to daily deposits with banks at an average rate of approx. 4.0% (in 2023 - approx. 4.3) for deposits - an average rate of approx. 4.2% (in 2023 - approx. 4.6%).

For the terms and conditions of linkage of cash and short-term deposits, see Note 37.C.

NOTE 14 - EQUITY

A. Composition of share capital

	December 31, 2024		December 31, 2023		December 31, 2022	
	Authorized	Issued and paid up *)	Authorized	Issued and paid up *)	Authorized	Issued and paid up *)
	NIS thousand					
Ordinary shares of NIS 0.01 p.v. each	15,000	10,540	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 capital.

2. Issued and paid up share capital

In 2024, the number of issued and outstanding shares is 1,053,982,119 and their par value is NIS 10,540 thousand; in each of the years 2023 and 2022, the number of shares is NIS 1,053,908,234 and their par value is NIS 10,539 thousand.

C. The shares are traded on the Tel Aviv Stock Exchange and confer voting rights in general meetings, rights to receive dividends, rights upon liquidation of the Company, and rights to appoint directors in the Company.

D. Dividend distributed

The following dividends were distributed by the Company:

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Total dividend	(* 55,000	(** 57,000	-

*) Each NIS 0.02 per share for a dividend distributed on June 24, 2024 and NIS 0.03 per share for a dividend distributed on December 23, 2024.

**) Each NIS 0.03 per share for a dividend distributed on May 8, 2023 and NIS 0.02 per share for a dividend distributed on December 25, 2023.

NOTE 15 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND NON-YIELD-DEPENDENT INVESTMENT CONTRACTS

	As of December 31					
	2024	2023	2024	2023	2024	2023
	Gross		Reinsurance		Retention	
	NIS thousand					
Life Insurance and Long-Term Savings						
Insurance contracts	34,852,475	34,344,718	179,640	164,991	34,672,835	34,179,727
Investment contracts	745,913	399,057	-	-	745,913	399,057
	35,598,388	34,743,775	179,640	164,991	35,418,748	34,578,784
Net of amounts deposited with the Group as part of a defined benefit plan for the Group's employees	26,980	28,465	-	-	26,980	28,465
Total life insurance and long-term savings	35,571,408	34,715,310	179,640	164,991	35,391,768	34,550,319
Insurance contracts included in the health insurance segment	3,507,714	3,053,433	118,219	99,206	3,389,495	2,954,227
Insurance contracts included in the property and casualty subsegment	6,221,828	5,887,438	1,339,216	1,260,354	4,882,612	4,627,084
Total liabilities in respect of insurance contracts and non-yield-dependent investment contracts	45,300,950	43,656,181	1,637,075	1,524,551	43,663,875	42,131,630

NOTE 16- LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND YIELD-DEPENDENT INVESTMENT CONTRACTS

	As of December 31					
	2024	2023	2024	2023	2024	2023
	Gross		Reinsurance		Retention	
	NIS thousand					
Life Insurance and Long-Term Savings						
Insurance contracts	140,601,819	131,877,578	2,800	3,157	140,599,019	131,874,421
Investment contracts	7,583,648	5,194,497	-	-	7,583,648	5,194,497
	148,185,467	137,072,075	2,800	3,157	148,182,667	137,068,918
Net of amounts deposited with the Group as part of a defined benefit plan for the Group's employees	159,800	153,983	-	-	159,800	153,983
Total life insurance and long-term savings	148,025,667	136,918,092	2,800	3,157	148,022,867	136,914,935
Insurance contracts included in the health insurance segment	3,685,922	3,292,313	18,649	21,225	3,667,273	3,271,088
Total liabilities in respect of insurance contracts and yield-dependent investment contracts	151,711,589	140,210,405	21,449	24,382	151,690,140	140,186,023

In yield-dependent insurance contracts, the insurance benefits payable to the beneficiary are dependent on or linked to the yield on certain investments of Migdal Insurance, net of management fees. These contracts include, among other things, bonus-malus insurance plans in which the policyholder is credited/debited in accordance with the investment results of Migdal Insurance's participating policies portfolio. In non-yield-dependent insurance contracts, the insurance benefits to which the policyholder is entitled are not dependent on the profit or loss from investments made by Migdal Insurance.

The distinction between yield-dependent contracts and non-yield-dependent contracts is made at the individual coverage level, such that there are insurance policies with several coverages, some of which are yield-dependent contracts and some are non-yield-dependent contracts.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT

A1. Liabilities in respect of insurance contracts included in the property and casualty segment by type

	As of December 31					
	2024	2023	2024	2023	2024	2023
	Gross		Reinsurance		Retention	
	NIS thousand					
Compulsory motor and liability subsegments						
Provision for unearned premium reserve	412,505	369,245	70,209	59,361	342,296	309,884
Contingent claims and provision for premium deficiency	4,356,202	4,312,688	743,600	740,028	3,612,602	3,572,660
Total compulsory motor and liability subsegments (see B.1 below)	4,768,707	4,681,933	813,809	799,389	3,954,898	3,882,544
Of which - total liability in respect of the compulsory motor subsegment (see C3 and C4 below)	2,332,706	2,388,615	84,968	89,640	2,247,738	2,298,975
Property and other subsegments						
Provision for unearned premium reserve	817,026	670,823	273,714	218,976	543,312	451,847
Contingent claims	636,095	534,682	251,693	241,989	384,402	292,693
Total property and other subsegments (see B.2 below)	1,453,121	1,205,505	525,407	460,965	927,714	744,540
Total liabilities in respect of insurance contracts included in the property and casualty insurance segment	6,221,828	5,887,438	1,339,216	1,260,354	4,882,612	4,627,084
Deferred acquisition costs						
Compulsory motor and liability subsegments	68,552	64,325	11,942	10,971	56,610	53,354
Property and other subsegments	173,834	148,779	47,810	40,966	126,024	107,813
Total deferred acquisition costs	242,386	213,104	59,752	51,937	182,634	161,167
Liabilities in respect of property and casualty insurance contracts, net of deferred acquisition costs						
Compulsory motor insurance	2,312,310	2,367,707	84,968	89,640	2,227,342	2,278,067
Other liability subsegments	2,387,845	2,249,901	716,899	698,778	1,670,946	1,551,123
Property and other subsegments	1,279,287	1,056,726	477,597	419,999	801,690	636,727
Total liabilities in respect of property and casualty insurance contracts, net of deferred acquisition costs	5,979,442	5,674,334	1,279,464	1,208,417	4,699,978	4,465,917

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

A2. Insurance liabilities in respect of insurance contracts included in the property and casualty segment by calculation methods

	As of December 31					
	2024	2023	2024	2023	2024	2023
	Gross		Reinsurance		Retention	
	NIS thousand					
Actuarial assessments						
Total actuarial assessments by Mr. Matan Gross, Supervising Actuary, Property and Casualty	4,723,984	4,577,070	765,354	745,141	3,958,630	3,831,929
Provisions based on other estimates						
Claims Department's estimates in respect of known contingent claims	251,313	256,433	216,877	226,477	34,436	29,956
Addition for contingent claims in respect of claims incurred but not yet reported (IBNR)	17,000	13,867	13,062	10,399	3,938	3,468
Provision for unearned premium reserve	1,229,531	1,040,068	343,923	278,337	885,608	761,731
Total insurance liabilities in respect of insurance contracts included in the property and casualty segment	6,221,828	5,887,438	1,339,216	1,260,354	4,882,612	4,627,084

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

B. Change in liabilities in respect of insurance contracts included in the property and casualty segment, net of deferred acquisition costs

1. Compulsory motor and liability subsegments

	As of December 31					
	2024	2023	2024	2023	2024	2023
	Gross		Reinsurance		Retention	
	NIS thousand					
Balance at beginning of year [1]	4,617,608	4,377,714	788,418	795,261	3,829,190	3,582,453
Estimated ultimate cost of claims in respect of current underwriting year [2]	836,071	834,369	92,438	113,279	743,633	721,090
Change in balances at beginning of year as a result of linkage to the CPI and investment income in accordance with the discount assumption implicit in the liabilities	120,686	153,692	23,479	34,099	97,207	119,593
Change in the estimated ultimate cost of claims in respect of previous underwriting years	(275,871)	(70,216)	(61,912)	(3,120)	(213,959)	(67,096)
Total change in ultimate cost of claims	680,886	917,845	54,005	144,258	626,881	773,587
Payments to settle claims during the year[3]						
In respect of current underwriting year	6,407	4,754	170	137	6,237	4,617
In respect of previous underwriting years[4]	591,932	673,197	40,386	150,964	551,546	522,233
Total payments for the period	598,339	677,951	40,556	151,101	557,783	526,850
Balance at end of year [1]	4,700,155	4,617,608	801,867	788,418	3,898,288	3,829,190

Comments

(1) The opening and closing balances include: contingent claims, provision for premium deficiency, unearned premium net of deferred acquisition costs.

(2) The ultimate cost of claims is: the balance of contingent claims, provision for premium deficiency, unearned premium net of deferred acquisition costs plus total payments in respect of claims including direct and indirect expenses associated with the settlement of claims.

The ultimate cost of claims is revised based on the model in accordance with the actual development of claims.

(3) The payments include indirect costs associated with the settlement of claims attributed to the relevant underwriting year.

(4) Last year, the difference between gross and retention in the change in ultimate cost of claims and payments in respect of previous underwriting years line items arise from a single large claim covered by reinsurance.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

B. Movement in liabilities in respect of insurance contracts included in the property and casualty segment, net of deferred acquisition costs (cont.)

2. Other Property subsegments

	As of December 31					
	2024	2023	2024	2023	2024	2023
	Gross		Reinsurance		Retention	
	NIS thousand					
Balance at beginning of year [(1)]	1,056,726	891,284	419,999	298,082	636,727	593,202
Estimated ultimate cost of claims in respect of events in the reporting year [(2)]	968,049	991,456	191,543	255,909	776,506	735,547
Change in the estimated ultimate cost of claims in respect of events prior to the reporting year [(3)]	101,077	21,285	98,778	30,567	2,299	(9,282)
Payments to settle claims during the year:						
In respect of events in the reporting year	557,322	636,878	66,921	122,734	490,401	514,144
In respect of events prior to the reporting year [(4)]	410,391	265,993	213,696	76,859	196,695	189,134
Total payments	967,713	902,871	280,617	199,593	687,096	703,278
Change in provision for unearned premium reserve, net of deferred acquisition costs	121,148	97,895	47,894	35,034	73,254	62,861
Change in provision for premium deficiency	-	(42,323)	-	-	-	(42,323)
Balance at end of year [(1)]	1,279,287	1,056,726	477,597	419,999	801,690	636,727

Comments

(1) The opening and closing balances include: contingent claims, with the addition of a provision for premium deficiency, unearned premium net of deferred acquisition costs.

(2) The ultimate cost of claims in respect of events in the reporting year includes the balance of contingent claims as of the end of the reporting year plus total payments in respect of claims in the reporting period, including direct and indirect expenses associated with the settlement of claims.

(3) The change in the gross estimated ultimate cost of claims for events preceding the reporting year stems primarily from the property loss subsegment, for claims largely covered by reinsurance.

(4) Payments to settle claims include direct and indirect expenses associated with the settlement of claims attributed to the damage years.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

C1. Examination of development in estimated liabilities in respect of insurance contracts, net of deferred acquisition costs, gross, in the compulsory motor and liability insurance subsegments

	As of December 31, 2024										
	Underwriting year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	NIS thousand, adjusted to the November 2024 CPI										
Claims paid (cumulative) as of the end of the year[1]											
After the first year	8,134	9,469	7,797	10,867	10,872	8,800	5,472	6,632	4,999	6,517	
After two years	73,298	97,613	81,316	100,418	93,050	65,528	43,635	48,246	44,556		
After three years	221,049	272,437	225,331	264,419	247,880	184,788	141,368	153,626			
After four years	346,258	431,113	354,973	407,328	353,007	286,243	228,840				
After five years	448,919	556,783	457,757	493,805	426,482	348,756					
After six years	536,024	647,135	512,270	551,062	487,122						
After seven years	606,334	709,451	562,119	621,827							
After eight years	687,153	783,278	633,076								
After nine years	724,468	829,889									
After ten years	742,773										
Estimated ultimate cost of claims (including payments) as of the end of the year											
After the first year	841,743	1,053,467	892,645	955,048	964,320	940,565	860,474	861,742	863,031	836,181	
After two years	891,423	1,042,961	890,924	946,800	947,199	994,725	816,974	891,610	814,602		
After three years	886,138	1,054,584	894,331	982,396	1,006,603	885,675	806,273	837,362			
After four years	914,127	1,069,615	963,593	1,003,841	961,008	879,927	763,213				
After five years	909,793	1,078,375	960,133	962,413	949,180	849,239					
After six years	873,902	1,046,026	888,788	940,437	875,632						
After seven years	841,944	991,910	875,533	913,838							
After eight years	848,584	969,390	868,273								
After nine years	856,134	966,084									
After ten years	858,928										
Surplus (deficit) relating to the first year that does not involve accrual[2]	(17,185)	87,383	24,372	41,210	88,688	91,326	97,261	24,380	48,429		485,864
Deviation rate in respect of the first year that does not involve accrual, in %	(2.04%)	8.29%	2.73%	4.31%	9.20%	9.71%	11.30%	2.83%	5.61%		5.90%
Ultimate cost of claims as of December 31, 2024	858,928	966,084	868,273	913,838	875,632	849,239	763,213	837,362	814,602	836,181	8,583,352
Aggregate payments through December 31, 2024	742,773	829,889	633,076	621,827	487,122	348,756	228,840	153,626	44,556	6,517	4,096,982
Outstanding contingent claims	116,155	136,195	235,197	292,011	388,510	500,483	534,373	683,736	770,046	829,664	4,486,370
Contingent claims for the years up to and including the underwriting year 2014											196,441
Balance of contingent claims for the purchase of a property and casualty claims portfolio[3]											17,344
Total liability in respect of insurance contracts in compulsory motor and liability insurance subsegments less deferred acquisition costs as of December 31, 2024											4,700,155

(1) The amounts presented above are adjusted to reflect the effect of inflation in order to allow examination of development in real values.

(2) Surplus (deficit) with respect to the first year that does not include accrual in the claims estimate.
A change in the estimated ultimate cost of claims in respect of previous underwriting years arises, among other things, from a change in the cost of specific claims affected by the actuarial model as well as regulatory changes.

(3) Data from a claims file which was added in 2016 and excluded from the triangles. See Note 38.E.1.

Comments

* The significance level of the actuarial models is higher when the development of the claims is assessed together for all underwriting years. Accordingly, it will be more appropriate to assess the development of the Company's assessments together for all underwriting years rather than separately for each underwriting year.

** The estimated ultimate claims as of the end of the first year includes the reserve for unearned premium net of deferred acquisition costs.

*** According to a probe conducted by the Company in the Property and Other subsegments, the cost of claims is usually resolved within one year; therefore, no information is provided regarding the development of claims in these subsegments.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

C2. Examination of development in estimated liabilities in respect of insurance contracts, net of deferred acquisition costs, own retention, in the compulsory motor and liability insurance subsegments

	As of December 31, 2024										
	Underwriting year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	NIS thousand, adjusted to the November 2024 CPI										
Claims paid (cumulative) as of the end of the year(1)											
After the first year	8,007	9,334	7,532	10,826	10,557	8,620	5,284	6,386	4,855	6,344	
After two years	71,760	96,303	79,058	97,777	90,424	63,951	42,528	46,604	43,536		
After three years	218,543	269,743	216,858	252,903	239,171	179,009	136,121	150,654			
After four years	342,659	425,657	337,903	381,851	330,667	276,512	223,014				
After five years	434,980	548,278	413,708	459,613	398,680	336,564					
After six years	517,620	630,912	462,296	511,154	453,129						
After seven years	581,312	687,150	504,902	574,865							
After eight years	656,900	751,119	565,505								
After nine years	691,133	796,169									
After ten years	709,683										
Estimated ultimate cost of claims (including payments) as of the end of the year											
After the first year	808,380	996,069	804,045	871,282	876,586	831,977	754,166	764,710	745,869	743,740	
After two years	841,263	988,414	781,888	862,149	844,175	876,472	708,972	781,285	708,981		
After three years	843,413	1,000,718	774,018	873,944	889,369	768,905	698,701	740,004			
After four years	867,217	1,017,865	823,051	888,998	844,499	757,066	661,476				
After five years	866,437	1,018,616	816,379	838,571	829,522	725,831					
After six years	832,673	997,682	738,245	817,571	766,071						
After seven years	802,069	944,154	730,507	804,211							
After eight years	798,448	921,392	730,714								
After nine years	805,525	918,530									
After ten years	806,360										
Surplus (deficit) relating to the first year that does not involve accrual(2)	2,020	77,539	73,331	67,071	110,515	106,146	92,690	24,706	36,888		590,906
Deviation rate in respect of the first year that does not involve accrual, in %	0.25%	7.78%	9.12%	7.70%	12.61%	12.76%	12.29%	3.23%	4.95%		7.93%
Ultimate cost of claims as of December 31, 2024	806,360	918,530	730,714	804,211	766,071	725,831	661,476	740,004	708,981	743,740	7,605,918
Aggregate payments through December 31, 2024	709,683	796,169	565,505	574,865	453,129	336,564	223,014	150,654	43,536	6,344	3,859,463
Outstanding contingent claims	96,677	122,361	165,209	229,346	312,942	389,267	438,462	589,350	665,445	737,396	3,746,455
Contingent claims for the years up to and including the underwriting year 2014											151,689
Balance of contingent claims for the purchase of a property and casualty claims portfolio(3)											144
Total liability in respect of insurance contracts in compulsory motor and liability insurance subsegments less deferred acquisition costs as of December 31, 2024											3,898,288

(1) The amounts presented above are adjusted to reflect the effect of inflation in order to allow examination of development in real values.

(2) Surplus (deficit) with respect to the first year that does not include accrual in the claims estimate.
A change in the estimated ultimate cost of claims in respect of previous underwriting years arises, among other things, from a change in the cost of specific claims affected by the actuarial model as well as regulatory changes.

(3) Data from a claims file which was added in 2016 and excluded from the triangles. See Note 38.E.1.

Comments

* The significance level of the actuarial models is higher when the development of the claims is assessed together for all underwriting years. Accordingly, it will be more appropriate to assess the development of the Company's assessments together for all underwriting years rather than separately for each underwriting year.

** The estimated ultimate claims as of the end of the first year includes the reserve for unearned premium net of deferred acquisition costs.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

C3. Examination of development in estimated liabilities in respect of insurance contracts, net of deferred acquisition costs, gross, in the compulsory motor insurance subsegment

	As of December 31, 2024										
	Underwriting year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	NIS thousand, adjusted to the November 2024 CPI										
Claims paid (cumulative) as of the end of the year[1]											
After the first year	5,940	6,268	5,604	8,051	7,902	5,758	3,207	3,492	2,404	3,550	
After two years	53,236	76,127	60,957	84,747	76,542	50,373	30,824	33,575	31,794		
After three years	171,800	213,124	168,359	217,257	199,098	141,526	105,642	119,466			
After four years	260,390	326,854	250,279	318,223	264,019	216,893	171,943				
After five years	327,213	413,582	295,241	377,610	312,969	266,024					
After six years	380,222	466,661	325,225	412,097	345,980						
After seven years	425,997	509,053	350,666	465,949							
After eight years	493,339	561,440	400,473								
After nine years	514,403	595,925									
After ten years	525,332										
Estimated ultimate cost of claims (including payments) as of the end of the year											
After the first year	519,263	655,084	481,757	582,025	563,058	550,179	471,699	487,006	457,011	435,315	
After two years	546,204	651,321	458,752	578,354	543,599	587,820	448,891	494,935	412,015		
After three years	537,670	666,111	447,633	610,500	582,414	518,958	439,884	462,069			
After four years	579,321	677,671	504,029	627,664	579,037	516,642	415,022				
After five years	579,177	687,543	504,728	632,736	574,201	501,603					
After six years	584,093	696,129	480,821	622,809	531,503						
After seven years	559,467	671,849	472,042	621,912							
After eight years	580,049	659,002	493,068								
After nine years	588,813	668,753									
After ten years	594,561										
Surplus (deficit) relating to the first year that does not involve accrual[2]	(75,298)	(13,669)	(11,311)	(39,887)	31,555	48,576	56,677	24,937	44,996		66,576
Deviation rate in respect of the first year that does not involve accrual, in %	(14.50%)	(2.09%)	(2.35%)	(6.85%)	5.60%	8.83%	12.02%	5.12%	9.85%		1.40%
Ultimate cost of claims as of December 31, 2024	594,561	668,753	493,068	621,912	531,503	501,603	415,022	462,069	412,015	435,315	5,135,821
Aggregate payments through December 31, 2024	525,332	595,925	400,473	465,949	345,980	266,024	171,943	119,466	31,794	3,550	2,926,436
Outstanding contingent claims	69,229	72,828	92,595	155,963	185,523	235,579	243,079	342,603	380,221	431,765	2,209,385
Contingent claims for the years up to and including the underwriting year 2014											85,971
Balance of contingent claims for the purchase of a property and casualty claims portfolio[3]											16,954
Total liability in respect of insurance contracts in the compulsory motor insurance subsegment less deferred acquisition costs as of December 31, 2024											2,312,310

(1) The amounts presented above are adjusted to reflect the effect of inflation in order to allow examination of development in real values.

(2) Surplus (deficit) with respect to the first year that does not include accrual in the claims estimate.
A change in the estimated ultimate cost of claims in respect of previous underwriting years arises, among other things, from a change in the cost of specific claims affected by the actuarial model as well as regulatory changes.

(3) Data from a claims file which was added in 2016 and excluded from the triangles. See Note 38.E.1.

Comments

* The significance level of the actuarial models is higher when the development of the claims is assessed together for all underwriting years. Accordingly, it will be more appropriate to assess the development of the Company's assessments together for all underwriting years rather than separately for each underwriting year.

** The estimated ultimate claims as of the end of the first year includes the reserve for unearned premium net of deferred acquisition costs.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

C4. Examination of development in estimated liabilities in respect of insurance contracts, net of deferred acquisition costs, own retention, in the compulsory motor insurance subsegment

	As of December 31, 2024										
	Underwriting year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	NIS thousand, adjusted to the November 2024 CPI										
Claims paid (cumulative) as of the end of the year[1]											
After the first year	5,940	6,268	5,535	8,051	7,902	5,758	3,211	3,492	2,404	3,550	
After two years	53,236	76,127	60,889	84,747	76,542	50,373	30,828	33,575	31,794		
After three years	171,800	213,124	168,290	217,257	199,098	141,526	105,647	119,466			
After four years	260,390	326,854	250,210	317,619	264,019	216,893	171,948				
After five years	324,391	413,582	295,172	377,001	312,969	266,114					
After six years	377,411	464,307	325,157	411,488	345,980						
After seven years	423,198	506,699	350,598	465,340							
After eight years	487,022	556,906	398,344								
After nine years	508,085	591,366									
After ten years	520,225										
Estimated ultimate cost of claims (including payments) as of the end of the year											
After the first year	514,112	651,462	478,653	578,913	559,656	545,898	467,685	480,960	450,364	432,634	
After two years	542,582	646,536	455,572	573,568	539,429	581,193	442,783	488,205	402,944		
After three years	534,636	661,444	444,161	603,255	578,389	512,843	433,141	452,359			
After four years	576,208	673,455	500,141	620,018	572,968	509,031	408,611				
After five years	575,071	682,813	500,624	619,284	567,408	495,250					
After six years	579,469	691,723	474,570	610,487	529,240						
After seven years	555,072	667,534	469,568	610,984							
After eight years	566,643	654,468	485,947								
After nine years	576,531	664,194									
After ten years	582,625										
Surplus (deficit) relating to the first year that does not involve accrual[2]	(68,513)	(12,732)	(7,294)	(32,071)	30,416	50,648	59,074	28,601	47,420		95,549
Deviation rate in respect of the first year that does not involve accrual, in %	(13.33%)	(1.95%)	(1.52%)	(5.54%)	5.43%	9.28%	12.63%	5.95%	10.53%		2.02%
Ultimate cost of claims as of December 31, 2024	582,625	664,194	485,947	610,984	529,240	495,250	408,611	452,359	402,944	432,634	5,064,788
Aggregate payments through December 31, 2024	520,225	591,366	398,344	465,340	345,980	266,114	171,948	119,466	31,794	3,550	2,914,127
Outstanding contingent claims	62,400	72,828	87,603	145,644	183,260	229,136	236,663	332,893	371,150	429,084	2,150,661
Contingent claims for the years up to and including underwriting year 2014[3]											76,551
Balance of contingent claims for the purchase of a property and casualty claims portfolio[4]											130
Total liability in respect of insurance contracts in the compulsory motor insurance subsegment less deferred acquisition costs as of December 31, 2024											2,227,342

(1) The amounts presented above are adjusted to reflect the effect of inflation in order to allow examination of development in real values.

(2) Surplus (deficit) with respect to the first year that does not include accrual in the claims estimate.
A change in the estimated ultimate cost of claims in respect of previous underwriting years arises, among other things, from a change in the cost of specific claims affected by the actuarial model as well as regulatory changes.

(3) Also includes property and casualty portfolio purchase data for the years prior to the 2008 underwriting year and added in 2016. See Note 38.E.1.

(4) Data from a claims file which was added in 2016 and excluded from the triangles. See Note 38.E.1.

Comments

* The significance level of the actuarial models is higher when the development of the claims is assessed together for all underwriting years. Accordingly, it will be more appropriate to assess the development of the Company's assessments together for all underwriting years rather than separately for each underwriting year.

** The estimated ultimate claims as of the end of the first year includes the reserve for unearned premium net of deferred acquisition costs.

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

C5. Aggregate data regarding underwriting years in the compulsory motor insurance subsegment

	Underwriting year						
	2024	2023	2022	2021	2020	2019	2018
	NIS thousand						
For the year ended December 31, 2024							
Gross premiums	392,170	364,528	391,401	351,028	451,479	480,961	514,603
Comprehensive income (loss) - retention - in respect of the underwriting year	(83,849)	(64,272)	(89,245)	(83,224)	(38,138)	(15,185)	(49,328)
Cumulative effect of investment revenue over accumulated comprehensive income - retention - in respect of the underwriting year	11,944	33,379	31,716	36,193	53,616	72,557	78,711

C6. Aggregate data regarding underwriting years in the other liability insurance subsegments

	Underwriting year						
	2024	2023	2022	2021	2020	2019	2018
	NIS thousand						
For the year ended December 31, 2024							
Gross premiums	433,303	436,810	390,927	375,692	382,179	383,872	345,641
Comprehensive income (loss) - retention - in respect of the underwriting year	(51,431)	(38,855)	(40,783)	(46,344)	(13,092)	(1,228)	20,610
Cumulative effect of investment revenue over accumulated comprehensive income - retention - in respect of the underwriting year	7,988	22,736	20,403	18,358	31,372	43,164	44,687

C7. Composition of comprehensive income (loss) in the compulsory motor insurance subsegment

	Comprehensive income (loss) in respect of current underwriting year	Comprehensive income (loss) in respect of previous underwriting years	Comprehensive income (loss) in respect of current underwriting year	Comprehensive income (loss) in respect of previous underwriting years
	Gross		Retention	
	NIS thousand			
For the year ended December 31				
2024	(82,397)	167,953	(83,849)	164,627
2023	(114,626)	8,745	(112,620)	12,326
2022	(121,617)	(116,413)	(121,100)	(102,337)

NOTE 17 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE PROPERTY AND CASUALTY INSURANCE SEGMENT (cont.)

C8. Composition of comprehensive income (loss) in other liability insurance subsegments

	Gross		Retention	
	Comprehensive income (loss) in respect of current underwriting year	Comprehensive income (loss) in respect of previous underwriting years	Comprehensive income (loss) in respect of current underwriting year	Comprehensive income (loss) in respect of previous underwriting years
	NIS thousand			
For the year ended December 31				
2024	(54,816)	199,644	(51,431)	143,953
2023	(67,021)	39,875	(41,086)	49,708
2022	(72,485)	76,058	(47,452)	109,112

NOTE 18 - ADDITIONAL DATA REGARDING LIFE INSURANCE AND LONG-TERM SAVINGS SEGMENT

A. Breakdown of liabilities in respect of insurance contracts and investment contracts by exposures

	As of December 31, 2024						
	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy		
			From 2004				
	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
	NIS thousand						
(a) By insurance exposure							
Liabilities in respect of insurance contracts without secured coefficients	-	-	-	9,887,290	-	-	9,887,290
Annuity with guaranteed coefficients:							
Until May 2001	19,375,665	62,003,588	-	-	-	-	81,379,253
From June 2001	-	11,812,702	6,210	36,132,128	-	-	47,951,040
Annuity paid	11,352,615	10,314,591	99,709	3,175,065	-	-	24,941,980
Equity (without an annuity option)	1,335,622	930,326	-	12,110	-	-	2,278,058
Supplementary reserve for pension [2]	1,874,623	2,807,815	-	6,187	-	-	4,688,625
Other risk-weighted components	114,143	956,032	-	2,296,824	845,337	115,712	4,328,048
Total in respect of insurance contracts	34,052,668	88,825,054	105,919	51,509,604	845,337	115,712	175,454,294
Liabilities in respect of investment contracts	-	1,060	744,853	7,583,648	-	-	8,329,561
Total	34,052,668	88,826,114	850,772	59,093,252	845,337	115,712	183,783,855
(b) By financial exposure							
Non yield-dependent	32,853,260	269,465	850,772	1,012,354	584,312	28,225	35,598,388
Yield-dependent	1,199,408	88,556,649	-	58,080,898	261,025	87,487	148,185,467
Total	34,052,668	88,826,114	850,772	59,093,252	845,337	115,712	183,783,855

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

2) The supplementary retirement pension reserve included in the above table is in respect of the deferred annuity component. An additional component is included in the paid annuity line item.

See Note 37.B.3.b)(6).

Additional amount in respect of the existing accrual of NIS 4,256 million, shall be charged as an expense to profit and loss over the remaining life of the policy until the retirement age. For further details, see Note 37.B.3.b)(6).

NOTE 18 - ADDITIONAL DATA REGARDING LIFE INSURANCE AND LONG-TERM SAVINGS SEGMENT (cont.)

A. Breakdown of liabilities in respect of insurance contracts and investment contracts by exposures (cont.)

	As of December 31, 2023						
	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy		
			From 2004				
	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
	NIS thousand						
(a) By insurance exposure							
Liabilities in respect of insurance contracts without secured coefficients	-	-	-	8,955,394	-	-	8,955,394
Annuity with guaranteed coefficients:							
Until May 2001	19,241,821	57,151,510	-	-	-	-	76,393,331
From June 2001	-	11,571,849	6,161	36,227,002	-	-	47,805,012
Annuity paid	10,268,137	8,660,813	116,746	2,844,907	-	-	21,890,603
Equity (without an annuity option)	1,327,466	897,794	-	12,161	-	-	2,237,421
Supplementary reserve for pension [2]	2,498,229	2,268,609	-	3,349	-	-	4,770,187
Other risk-weighted components	105,649	960,132	-	2,175,000	813,461	116,106	4,170,348
Total in respect of insurance contracts	33,441,302	81,510,707	122,907	50,217,813	813,461	116,106	166,222,296
Liabilities in respect of 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 until 1990 (including increases in respect thereof) were primarily guaranteed-return policies mostly backed by designated bonds.

2) The supplementary retirement pension reserve included in the above table is in respect of the deferred annuity component. An additional component is included in the paid annuity line item. See Note 37.B.3.b)(6).

Additional amount in respect of the existing accrual of NIS 4,073 million, shall be charged as an expense to profit and loss over the remaining life of the policy until the retirement age. For further details, see Note 37.B.3.b)(6).

NOTE 18 - ADDITIONAL DATA REGARDING LIFE INSURANCE AND LONG-TERM SAVINGS SEGMENT (cont.)

B. Breakdown of results by type of policy

	For the year ended December 31, 2024						
	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy		
			From 2004				
	Until 1990	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
	NIS thousand						
Gross premiums							
Traditional/mixed	8,112	9,624	-	-	-	-	17,736
Savings component	201,517	2,109,425	-	3,728,011	-	-	6,038,953
Other	21,240	163,200	-	535,174	758,428	19,159	1,497,201
Total	230,869	2,282,249	-	4,263,185	758,428	19,159	7,553,890
Financial margin including management fees	142,670	658,346	(2,817)	560,165	-	-	1,358,364
Payments and change in liabilities in respect of insurance contracts, gross	2,209,959	12,512,536	5,019	10,026,224	471,609	26,109	25,251,456
Payments and changes in liabilities in respect of investment contracts	-	82	11,274	791,159	-	-	802,515
Profit (loss) from life insurance business	420,012	(118,794)	23,480	127,525	125,390	355	577,968
Other comprehensive income (loss) from life insurance business	229,783	11,558	(11,833)	31,766	3,575	285	265,134
Comprehensive income (loss) from life insurance business	649,795	(107,236)	11,647	159,291	128,965	640	843,102
Profit from pension and provident funds							28,594
Other comprehensive loss from pension and provident							(1,847)
Total comprehensive income from life insurance and long-term savings							869,849
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	454,785	2,753,575	-	-	3,208,360
Annualized premium for insurance contracts - new business	-	-	-	78,977	97,638	-	176,615
One-off premium for insurance contracts	20	-	-	1,236,363	-	-	1,236,383
Annualized premium for investment contracts - new business	-	-	-	59,018	-	-	59,018
One-off premium for investment contracts	-	-	454,785	2,589,939	-	-	3,044,724
Transfers to the Company in respect of insurance contracts and investment contracts	-	-	-	602,150	-	-	602,150
Transfers from the Company in respect of insurance contracts and investment contracts	129,122	2,533,374	-	6,156,564	-	-	8,819,060

Comments

1. Products issued until 1990 (including increases in respect thereof) were primarily guaranteed return policies which were mainly backed by designated bonds.
2. Enlargements of existing policies are not included as part of the annualized premium in respect of new business, but as part of the operating results of the original policy.
3. The financial margin comprises investment revenue (losses) recognized in other comprehensive income, excludes other revenue of Migdal Insurance, which are collected as a percentage of the premium, and calculated before the deduction of investment management expenses. The financial margin in guaranteed return policies is based on actual investment revenue, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
4. Payments and changes in liabilities in respect of investment contracts include only the investment income (losses) amount in respect of investment contracts.

NOTE 18 - ADDITIONAL DATA REGARDING LIFE INSURANCE AND LONG-TERM SAVINGS SEGMENT (cont.)

B. Breakdown of results by type of policy (cont.)

	For the year ended December 31, 2023						
	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy		
			From 2004				
	Until 1990	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
	NIS thousand						
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 fees	(171,236)	478,304	(7,962)	509,424	-	-	808,530
Payments and change 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
Profit (loss) from life insurance business	367,179	767,991	34,342	(286,035)	36,283	(6,517)	913,243
Other comprehensive income from life insurance business	(66,009)	(2,264)	(5,561)	(8,185)	(4,381)	(282)	(86,682)
Comprehensive income (loss) from Life Insurance business	301,170	765,727	28,781	(294,220)	31,902	(6,799)	826,561
Profit from pension and provident funds							28,387
Other comprehensive income from pension and provident							5,307
Total comprehensive income from life insurance and long-term savings							860,255
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	174,823	1,280,663	-	-	1,455,486
Annualized premium for insurance contracts – new business	-	-	-	129,076	98,991	-	228,067
One-off premium for insurance contracts	35	-	-	1,345,039	-	-	1,345,074
Annualized premium for investment contracts – new business	-	-	-	36,816	-	-	36,816
One-off premium for 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

Comments
1. Products issued until 1990 (including increases in respect thereof) were primarily guaranteed return policies which were mainly backed by designated bonds.
2. Enlargements of existing policies are not included as part of the annualized premium in respect of new business, but as part of the operating results of the original policy.
3. The financial margin comprises investment revenue (losses) recognized in other comprehensive income, excludes other revenue of Migdal Insurance, which are collected as a percentage of the premium, and calculated before the deduction of investment management expenses. The financial margin in guaranteed return policies is based on actual investment revenue, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
4. Payments and changes in liabilities in respect of investment contracts include only the investment income (losses) amount in respect of investment contracts.

NOTE 18 - ADDITIONAL DATA REGARDING LIFE INSURANCE AND LONG-TERM SAVINGS SEGMENT (cont.)

B. Breakdown of results by type of policy (cont.)

	For the year ended December 31, 2022						
	Policies including a savings component (including appendices) by policy issuance date				Policies without a savings component sold as a single policy		
			From 2004				
	Until 1990	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
	NIS thousand						
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 fees	(919,238)	451,308	(47,843)	459,347	-	-	(56,426)
Payments and change 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)
Profit (loss) from life insurance business	102,559	(87,674)	89,296	272,561	152,861	882	530,485
Other comprehensive loss from life insurance business	(568,897)	(18,143)	(44,403)	(67,752)	(32,015)	(2,439)	(733,649)
Comprehensive income (loss) from Life Insurance business	(466,338)	(105,817)	44,893	204,809	120,846	(1,557)	(203,164)
Profit from pension and provident funds							59,340
Other comprehensive loss from pension and provident							(10,778)
Total comprehensive loss from life insurance and long-term savings							(154,602)
Proceeds in respect of investment contracts credited directly to insurance reserves	-	-	118,898	2,033,490	-	-	2,152,388
Annualized premium for insurance contracts – new business	-	-	-	189,550	86,768	-	276,318
One-off premium for insurance contracts	30	-	-	1,139,217	-	-	1,139,247
Annualized premium for investment contracts – new business	-	-	-	38,933	-	-	38,933
One-off premium for 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

Comments

1. Products issued until 1990 (including increases in respect thereof) were primarily guaranteed return policies which were mainly backed by designated bonds.
2. Enlargements of existing policies are not included as part of the annualized premium in respect of new business, but as part of the operating results of the original policy.
3. The financial margin comprises investment revenue (losses) recognized in other comprehensive income, excludes other revenue of Migdal Insurance, which are collected as a percentage of the premium, and calculated before the deduction of investment management expenses. The financial margin in guaranteed return policies is based on actual investment revenue, for the reporting year, less the product of the annual guaranteed rate of return, multiplied by the average reserve per year in the various insurance reserves. In yield-dependent contracts, the financial margin is the total fixed and variable management fees calculated on the basis of the yield and average balance of insurance reserves.
4. Payments and changes in liabilities in respect of investment contracts include only the investment income (losses) amount in respect of investment contracts.

NOTE 19 - BREAKDOWN OF LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE HEALTH INSURANCE SEGMENT

A.1. Breakdown of insurance liabilities in respect of insurance contracts by financial exposure

	As of December 31, 2024				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
Yield-dependent	3,568,754	-	117,168	-	3,685,922
Other	2,002,919	11,225	1,480,105	13,465	3,507,714
Total	5,571,673	11,225	1,597,273	13,465	7,193,636

*) The most substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel.

	As of December 31, 2023				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
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 substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel.

A.2. Breakdown of liabilities in respect of insurance contracts by insurance exposure

	As of December 31, 2024				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
Annuity paid	568,447	6,660	20,235	-	595,342
Other risk-weighted components	5,003,226	4,565	1,577,038	13,465	6,598,294
Total	5,571,673	11,225	1,597,273	13,465	7,193,636

*) The most substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel.

	As of December 31, 2023				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
Annuity paid	490,727	7,503	19,473	-	517,703
Other risk-weighted 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 substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel.

NOTE 19 - BREAKDOWN OF LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE HEALTH INSURANCE SEGMENT (cont.)

B. Breakdown of results by type of policy

	For the year ended December 31, 2024				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
Gross premiums	484,718	3,621	1,515,927	29,576	2,033,842
Payments and change in liabilities in respect of insurance contracts, gross	888,252	4,330	999,837	14,844	1,907,263
Profit (loss) from health insurance business	(53,943)	268	23,351	(1,848)	(32,172)
Other comprehensive income from health insurance business	60,215	367	30,380	240	91,202
Total comprehensive income (loss) from health insurance business	6,272	635	53,731	(1,608)	59,030
Annualized premium - new **)	-	-	76,333	-	76,333

*) The most substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel. Of which, individual premiums in the amount of NIS 1,299,586 thousand and collective premiums in the amount of NIS 245,917 thousand.

**) Including policy riders.

	For the year ended December 31, 2023				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
Gross premiums	481,546	3,457	1,432,496	32,908	1,950,407
Payments and change in liabilities in respect of insurance contracts, gross	747,395	7,572	1,000,659	15,337	1,770,963
Profit (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 substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel. Of which, individual premiums in the amount of NIS 1,241,535 thousand and collective premiums in the amount of NIS 223,869 thousand.

**) Including policy riders.

NOTE 19 - BREAKDOWN OF LIABILITIES IN RESPECT OF INSURANCE CONTRACTS INCLUDED IN THE HEALTH INSURANCE SEGMENT (cont.)

B. Breakdown of results by type of policy (cont.)

	For the year ended December 31, 2022				
	LTC		Other*)		
	Individual	Collective	Long-term	Short-term	Total
	NIS thousand				
Gross premiums	469,362	5,234	1,344,898	23,340	1,842,834
Payments and change in liabilities in respect of insurance contracts, gross	(489,257)	7,535	812,999	13,258	344,535
Profit (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 substantial coverage included in other long-term health insurance is medical expenses and in short-term health insurance - travel. Of which, individual premiums in the amount of NIS 1,154,277 thousand and collective premiums in the amount of NIS 213,961 thousand.

**) Including policy riders.

NOTE 20 - CHANGE IN LIABILITIES FOR LIFE INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND HEALTH INSURANCE

	Life insurance and long-term savings			
	Insurance contracts	Investment contracts	Total	Health Insurance
	NIS thousand			
Balance as of January 1, 2023	159,204,645	4,858,440	164,063,085	5,565,885
Interest, linkage differences and investment income(1)	11,743,011	458,240	12,201,251	(* 329,870
Increase in premiums and deposits stated in liabilities(2)	6,807,022	1,455,486	8,262,508	(* 266,196
Decrease in respect of management fees on accruals	(984,834)	(44,850)	(1,029,684)	-
Decrease in respect of 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)	(* 229,498
Balance as of December 31, 2023	166,222,296	5,593,554	171,815,850	6,345,746
Interest, linkage differences and investment income(1)	16,137,315	809,696	16,947,011	416,191
Increase in premiums and deposits stated in liabilities(2)	6,038,690	3,208,360	9,247,050	263,204
Decrease in respect of management fees on accruals	(1,149,483)	(63,611)	(1,213,094)	-
Decrease in respect of claims, redemptions and end of term	(11,914,024)	(1,211,257)	(13,125,281)	(45,354)
Other changes(3)	119,500	(7,181)	112,319	213,849
Balance as of December 31 2024	175,454,294	8,329,561	183,783,855	7,193,636

Comments

(1) Interest, linkage differences and investment income - this line item includes interest, linkage differences and investment income in respect of the balance as of the beginning of the year, plus interest, linkage differences and investment gains in respect of premiums paid solely for savings, which were recorded in the reporting period.

(2) Increase in respect of premiums recorded under liabilities - this premium does not include all premiums recorded as revenue in the Company. The premium includes the premiums in respect of savings and some of the premiums in fixed-premium products, net of management fees collected as a percentage of the premium.

(3) Other changes - the line item includes changes in the contingent claims reserve, reserve for periodic claims, IBNR, paid annuities etc. (in accordance with the assumptions used at the end of the previous year). The line item also includes the effect of interest, linkage differences and investment income not included under the “interest, linkage differences and investment income” item, such as: interest, linkage differences and investment income on claim payments and non-saving premiums.

In the reporting year, there was a decrease of approx. NIS 527 million in the supplementary retirement pension reserve provision in life insurance; last year, there was a decrease of approx. NIS 1,557 million in the abovementioned provision. Furthermore, an increase of approx. NIS 320 million was recorded in this line item last year, in respect of the reserve for permanent health insurance claims. See Note 37.B.3.b)(5).

*) Reclassified, for further details, see Note 2.S.

NOTE 21 - TAXES ON INCOME

A. General

The revenue of the Company and all Group companies is subject to corporate tax in accordance with the Income Tax Ordinance, 1961 (New Version) (hereinafter - the “**Ordinance**”). Furthermore, the revenue of Group companies classified as “Financial Institutions” as defined in the Value Added Tax Law, 1975 is subject to profit tax and payroll tax. It is noted that the operations of companies classified as financial institutions in the insurance, pension and finance industries constitute most of the Group's operations.

B. Tax arrangements unique to the insurance industry

The Association of Life Insurance Companies in Israel Ltd. and the Israel Tax Authority have in place sectoral agreements, which regulate issues specific to the insurance industry, the highlights of which are detailed below. The latest sectoral agreement signed between the Israel Tax Authority and the Life Insurance Association in December 2023 (hereinafter - the “**New Sectoral Agreement**” - for more information, see below in Section 5) is in respect of tax years 2020 through 2022.

NOTE 21 - TAXES ON INCOME (cont.)

B. Tax arrangements unique to the insurance industry (cont.)

The accounting treatment applied to the tax line items in the financial statements is based on the said agreements.

The sectoral agreements address, among other things, the following issues:

1. Deferred Acquisition Costs (DAC) - expenses incurred to purchase life insurance contracts in respect of underwriting years through 2014 shall be deductible for tax purposes in equal shares over four years, and in respect of underwriting years 2015 through 2020 - over ten years. Such expenses relating to canceled life insurance contracts shall be deductible for tax purposes in the cancellation year.

   Purchase expenses of pension and provident contracts (as defined in the agreement) in respect of underwriting years 2015 through 2020 inclusive, shall be deductible for tax purposes in equal shares over ten years or in accordance with the amortization rate in the financial statements, as decided by the Company. The expense in respect of pension and provident contracts cannot be brought forward.

   Deferred acquisition costs relating to critical illnesses and hospitalization insurance are not included in the sectoral agreement and are amortized over a six-year period, in accordance with their amortization period as per the books of accounts. Expenses pertaining to such canceled policies shall be deductible in the cancellation year.

2. Attribution of expenses to preferred revenues - to tax-exempt revenue and/or revenue subject to a lower tax rate earned by insurance companies (hereinafter - "**preferred revenue**"), which will result with some of the preferred revenue becoming taxable at the full tax rate in accordance with the attribution rate. The attribution rate set in the sector agreement depends on the source of funds generating the preferred revenue.

3. Provision for indirect expenses for settling claims - in respect of each underwriting year from 2013, part of the provision for indirect expenses for settling claims in property and casualty insurance and health insurance shall be adjusted. The adjustment amount shall be recognized for tax purposes over three years, starting in the year following the year of adjustment.

4. Taxation of income from assets held as investments against yield-dependent liabilities - In order to prevent potential tax distortions, it was agreed to account for gains from liquid securities and gains from revaluation and disposal of real estate properties such that the income will correspond to the expenses.

5. Tax applicable to cancellation of the reserve for extraordinary risks in life insurance - The Economic Arrangements Law (Legislative Amendments for the Implementation of the Budgetary Targets and Economic Policy for the 2007 Fiscal Year), 2007 of January 11, 2007 sets out rules regarding the tax that applies to the cancellation of the reserve for extraordinary risks in life insurance, which was included in the financial statements through December 31, 2006 (hereinafter - the "**Reserve**"). According to the rules, a portion of the reserve, which is calculated at 0.17% of the amount of the insurance at risk (own retention) in life insurance, and respect of which the capital requirement was defined, shall be tax-exempt. The sectoral taxation agreement, from 2006, indicates that the basis for the exemption is the capital requirement, which is reflected as stated above; it is further indicated that if the capital requirement will be canceled or reduced, the parties shall discuss the tax consequences of such a change, if any.

   On June 1, 2017, Insurance Circular 9-1-2017 of the Capital Market Authority was published regarding "Application of Solvency II-based Economic Solvency Regime" that became effective on June 30, 2017 (hereinafter - the "**New Capital Regulations**"), cancelling the old capital requirement for the reserve. As a result, the New Sectoral Agreement specifies that:

   A. In the 2020 tax year, income for corporate income tax purposes will be recorded as will profit tax at a rate of 0.01% of the insured amount at risk - own retention - as calculated as of December 31, 2006.

   B. If the new capital regulations regarding components relating to the special risks in life insurance are cancelled or reduced, the parties will discuss the resulting tax implications, if any.

   The effect of the above arrangement on the Company's financial statements is immaterial.

NOTE 21 - TAXES ON INCOME (cont.)

B. Tax arrangements unique to the insurance industry (cont.)

In January 2017, Migdal Insurance's Board decided to withdraw its membership in the Israel Insurance Association (Registered NGO) and the Association of Life Insurance Companies in Israel Ltd., effective from the end of 2017. As from that date, Migdal Insurance ceased handling the various regulatory issues through these entities. However, Migdal Insurance undertook to implement the provisions of the sectoral agreements, for tax years 2017 through 2022, as signed on November 5, 2020 and on February 21, 2024. Migdal Insurance believes that the said withdrawal of membership has no material effects on the tax line items in the Company's financial statements.

C. The OECD's International Tax Reform (hereinafter - "**Pillar 2**")

The Pillar Two Rules were published on December 20, 2021 with the aim of dealing with the tax challenges arising from the global digital economy; the rules were agreed upon by 142 countries worldwide. The rules are intended to ensure that large multinational groups pay a minimum level of tax on the revenue within each country in which they operate. The Pillar Two provisions apply to multinational groups whose turnover in the consolidated report of the consolidated parent company equals or exceeds EUR 750 million in at least two of the four years preceding the tax year under examination.

According to the Pillar Two provisions, the effective tax rate is calculated for each country in which the group operates, and accordingly, a decision is made as to whether a top-up tax liability applies to the group due to the difference between the effective rate of that country and the minimum tax rate set in the Pillar Two provisions (15%).

Any top-up tax created will be charged according to an adjusted system of combined rules introduced into the Pillar Two Rules to ensure that the top-up tax is collected.

Temporary relief from the said effective tax rate calculation was granted for a jurisdiction in which the multinational group operates, upon compliance with the Transitional CbCR Safe Harbor (hereinafter - "**TCSH**") tests, which are based on CbCR data and other financial data of the multinational group, during the Transitional Period (between 2024 and 2026):

(a) The De Minimis Test - will be met when the revenue and gains of a specific country are lower than the set threshold.

(b) The Simplified Effective tax rate test - will be met when the simplified effective tax rate of a specific country is equal to or higher than the set rate (2024 - 15%, 2025 - 16%, and 2026 - 17%).

(c) The routine profit test - will be met when according to the Pillar Two definition, the activity in that country is routine.

In May 2023, the International Accounting Standards Board (IASB) published the International Tax Reform - Pillar Two Model Rules - Amendment to IAS 12 (hereinafter - the "**Amendment**"). The Amendment clarifies that IAS 12 applies to income taxes arising from the tax laws enacted or substantively enacted for the implementation of the OECD's Pillar Two Model Rules, including the tax laws that implement minimum local taxes (minimum top-up tax).

The Amendment includes:

(a) A temporary exemption from the implementation of the provisions of the standard in respect of accounting for and disclosing deferred tax assets and liabilities arising from the adoption of the Pillar 2 rules; and

(b) Focused disclosure requirements for multinational entities affected by the International Tax Reform.

The temporary exemption presented in Section (a) above applies effective immediately and disclosure is required regarding its implementation; the remaining focused disclosure requirements referred to in Section (b) above apply to annual reporting periods beginning on January 1, 2023 or thereafter.

It is noted that the Group is examining the effects of the International Tax Reform on its financial statements.

In addition, the Group applies the Temporary Exemption, and therefore no disclosure was given and deferred tax assets and liabilities arising from the adoption of the Pillar Two rules were not recognized.

NOTE 21 - TAXES ON INCOME (cont.)

C. The OECD's International Tax Reform (hereinafter - "**Pillar 2**") (cont.)

The Pillar Two legislation has been completed in certain jurisdictions where the Group operates (Bulgaria, Luxembourg and the UK). The legislation took effect in those countries as from January 1, 2024. The Group does not expect any material tax exposures in the year ended December 31, 2024 as a result of the adoption of Pillar Two legislation in the countries in which it operates, based on the status of the adoption of the legislation in all countries in which it operates, its current holding structure and the TCSH test it performed in accordance with the most up-to-date financial information.

D. Restructuring in Migdal Group

On December 31, 2024, and as part of streamlining measures, the organs in the relevant Group companies made decisions regarding a restructuring, which will include statutory mergers in accordance with the provisions of the Eighth Part to the Companies Law, 1999, and the provisions of the Income Tax Ordinance [New Version], 1961 (hereinafter - the "**Companies Law**" and the "**Income Tax Ordinance**", respectively); as a consequence of the restructuring, the Group recorded deferred tax assets totaling approx. NIS 19 million.

E. Tax rate

1. The statutory tax applicable to financial institutions, which constitutes most of the Group's activities, is composed of corporate tax and profit tax.
2. In March 2024, an amendment was approved to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "**Ordinance**"), which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the profit generated.
3. The statutory tax rates applicable to the Group Companies, including financial institutions:

	Corporate income tax rate	Profit tax rate	Total effective tax rate in financial institutions
		In %	
Until 2024	23.00	17.00	34.19
2025 and onwards	23.00	18.00	34.75

4. The deferred tax balances included in the financial statements as of December 31, 2024 are calculated according to the tax rates in effect as of balance sheet date and take into account the effects which may arise from the increase in tax rates as described above. The effect of the change in tax rates as of December 31, 2024 was immaterial.

F. Tax Assessments

Final tax assessments

Migdal Makefet Pension and Provident Funds Ltd. has final tax assessments through 2020. The other Company subsidiaries have final tax assessments by virtue of an agreement or by virtue of prescription through 2019. At the end of 2024, Migdal Insurance and the Assessing Officer for Large Enterprises signed an assessment agreement in respect of the distribution of dividends to Migdal Insurance in respect of the 2019 tax year. Under the agreement, the Company was charged profit tax for some of the retained earnings distributed as dividends in 2019, in respect of which a tax reserve was recorded in the books of accounts in 2019. In addition, the agreement sets a mechanism for distributing the balance of the subsidiaries' accounting retained earnings: Hamagen Properties Ltd. and Migdal Real Estate Holdings Ltd. The Company intends to carry out the distribution during 2025 in accordance with the mechanism set in the assessment agreement subject to the approval of the relevant companies' competent organs. Due to the above, an additional deferred tax reserve totaling approx. NIS 66 million was recorded in the books of accounts.

G. Carryforward losses and other temporary differences

As of December 31, 2024, the Group has carryforward tax losses, for which deferred tax assets totaling approx. NIS 20 million were recorded in the financial statements.

Deferred tax assets in respect of carryforward losses totaling approx. NIS 186 million were not recognized, since it is not expected that they will be utilized in the foreseeable future.

NOTE 21 - TAXES ON INCOME (cont.)

H. Taxes on income included in the income statements

	For the year ended December 31		
	2024	2023	2022
	In NIS thousand		
Current taxes	342,136	219,491	265,671
Deferred taxes in respect of the creation and reversal of temporary differences*)	38,817	63,693	103,820
Taxes for previous years	11,139	(6,414)	966
Effect of change in tax rates	6,637	-	-
Taxes on income	398,729	276,770	370,457

*) See also Section I below.

NOTE 21 - TAXES ON INCOME (cont.)

I. Deferred taxes

Composition

	Deferred acquisition costs	Available-for-sale financial assets	Fixed assets and investment property*)	Intangible assets	Losses for tax purposes	Other	Total
	NIS thousand						
Balance of deferred tax asset (liability) as of January 1, 2023	(73,998)	245,220	(285,645)	(188,329)	11,631	52,420	(238,701)
Changes carried to profit and loss	13,704	(75,883)	(24,607)	(6,518)	(8,678)	38,289	(63,693)
Changes carried to other comprehensive income	-	32,306	(8,488)	-	-	1,163	24,981
Balance of deferred tax asset (liability) As of December 31, 2023	(60,294)	201,643	(318,740)	(194,847)	2,953	91,872	(277,413)
Changes carried to profit and loss	1,492	(64,919)	(10,446)	110	17,416	10,893	(45,454)
Changes carried to other comprehensive income	-	(203,471)	333	-	-	1,106	(202,032)
Balance of deferred tax asset (liability) As of December 31, 2024	(58,802)	(66,747)	(328,853)	(194,737)	20,369	103,871	(524,899)

*) Includes deferred taxes for software presented in the balance sheet under the intangible assets line item.

NOTE 21 - TAXES ON INCOME (cont.)

I. Deferred taxes (cont.)

The deferred taxes are presented in the statement of financial position include:

	As of December 31	
	2024	2023
	In NIS thousand	
Deferred tax assets	24,071	16,582
Liabilities in respect of deferred taxes	(548,970)	(293,995)
	(524,899)	(277,413)

J. Theoretical tax

Following is a reconciliation between the tax amount that would have applied had all income and expenses, profits and losses in the income statement been taxed at the statutory tax rate, and the taxes on income amount recognized in the income statement:

	For the year ended December 31		
	2024	2023	2022
	In NIS thousand		
Profit before taxes on income	1,009,228	865,498	1,122,892
Statutory tax rate applicable to financial institutions (see Section C above)	34.19%	34.19%	34.19%
Tax calculated according to total statutory tax rate	345,055	295,914	383,917
Deduction due to non-application of profit tax to companies which are not financial institutions	(23,222)	(19,917)	(17,420)
Increase (decrease) in taxes on income resulting from the following factors			
Non-deductible expenses	10,985	7,678	5,033
Exempt revenue, mainly from dividends	(890)	(1,421)	(949)
Group's Share in the profits (losses) of associates	(7,877)	1,068	(463)
Effect of the change in tax rates on deferred taxes	6,637	-	-
Utilization of losses for tax purposes from previous years, for which deferred taxes were not credited in the past	(7,389)	2,687	2,158
Taxes for previous years	11,139	(6,414)	966
Deferred tax in respect of profit tax (see Section F above)	66,801	-	-
Measurement basis and other differences	(2,510)	(2,825)	(2,785)
Taxes on income	398,729	276,770	370,457
Effective tax rate	39.51%	31.98%	32.99%

K. Application of IFRS 17 and IFRS 9

In accordance with Note 41 below, the manner in which the insurance companies' tax returns will be handled has not yet been decided.

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS

Employee benefits include short-term benefits, post-employment benefits, termination benefits, other long-term benefits - as defined in IAS 19, and share-based payments.

For further details regarding the accounting policies pertaining to these benefits, see Note 2.N.

For information regarding benefits to key management personnel, see Note 38.G regarding related parties and interested parties.

Post-employment benefits

Under labor laws in Israel and the Israeli Severance Pay Law, the Group is required to pay severance pay to employees upon dismissal or retirement, or to make regular contributions to a defined contribution plan in accordance with Section 14, as described below. The Group's subsequent liabilities are accounted for as post-employment benefits.

The Group's post-employment employee benefits liability is calculated in accordance with the employment agreement in force, based on the Group's forecast of the employee's salary at the time of termination or retirement.

Post-employment employee benefits are normally funded by contributions into qualifying insurance policies classified as a defined contribution plan or as a defined benefit plan, as detailed below:

Defined contribution plans

The provisions of Section 14 to the Severance Pay Law, 1963 (hereinafter - "**Section 14**"), according to which the Group's current contributions to policies in insurance companies and/or pension funds, exempt it from any further obligation towards the employees in respect of whom the said amounts were deposited. These contributions and contributions in respect of retirement benefits constitute defined contribution plans. In 2024, 2023 and 2022, the expenses in respect of defined contribution plans totaled NIS 81,899 thousand, NIS 75,877 thousand and NIS 69,955 thousand, respectively - included under general and administrative expenses.

Defined benefit plan

The portion of the severance pay payments which is not covered by contributions to defined contribution plans as described above is accounted for by the Group as a defined benefit plan under which a liability is recorded in respect of employee benefits.

Plan assets

The Group has defined benefit plans, in respect of which amounts are deposited with provident funds, pension funds, and qualifying insurance policies.

A. Composition of liabilities for employee benefits, net

	As of December 31	
	2024	2023
	In NIS thousand	
Liabilities in respect of unfunded defined benefit plan	13,221	13,845
Liability in respect of funded defined benefit plan	522,149	472,457
Total liability in respect of defined benefit plan - see B.1.	535,370	486,302
Less fair value of plan assets - see B.1 and C below	324,804	275,280
Total liability, net for defined benefit plans	210,566	211,022
Other short-term benefits - contribution towards leave	85,241	76,728
Other long-term benefits	13,551	12,751
Total liabilities for employee benefits, net	309,358	300,501

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

B. Information regarding defined benefit plans

1. Changes in the present value of the liability in respect of a defined benefit plan and movement in fair value of plan assets

		Total expenses (revenue) charged to profit or loss *)					Actuarial loss (gain) in respect of remeasurement in other comprehensive income						
	Balance as of January 1, 2024	Cost of past services	Interest expenses, net	Current service cost	Total	Payments from plan	Return on plan assets **)	Changes in demographic assumptions	Changes in financial assumptions	Other actuarial loss (gain)	Total	Plan contributions by employers	Balance as of December 31 2024
Defined benefit liabilities	486,302	-	25,172	40,167	65,339	(46,980)	-	12	(33)	30,730	30,709	-	535,370
Fair value of plan assets	(275,280)	-	(15,393)	-	(15,393)	24,889	(27,137)	-	-	-	(27,137)	(31,883)	(324,804)
Net defined benefit asset (liability)	211,022	-	9,779	40,167	49,946	(22,091)	(27,137)	12	(33)	30,730	3,572	(31,883)	210,566

*) The expenses were included in the wages and related expenses line item under general and administrative expenses; see Note 32.

**) Excluding amounts recognized in net interest expenses.

		Total expenses (revenue) charged to profit or loss *)					Actuarial gain (loss) in respect of remeasurement in other comprehensive income						
	Balance as of January 1, 2023	Cost of past services	Interest expenses, net	Current service cost	Total	Payments from plan	Return on plan assets **)	Changes in demographic assumptions	Changes in financial assumptions	Other actuarial loss (gain)	Total	Plan contributions by employers	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 defined benefit asset (liability)	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

*) The expenses were included in the wages and related expenses line item under general and administrative expenses; see Note 32.

**) Excluding amounts recognized in net interest expenses.

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

B. Information regarding defined benefit plans (cont.)

2. Main actuarial assumptions in determining the liability for the defined benefit plan

	For the year ended December 31		
	2024	2023	2022
	%		
Discount rate on December 31	5.52	5.49	5.14
Rate of pay raise	3.92	3.91	3.53

Potential changes which are considered to be reasonable as of the reporting date for each of the actuarial assumptions, assuming that all other actuarial assumptions remain constant, have the following effect on the defined benefit obligation:

	As of December 31, 2024		As of December 31, 2023	
	+1%	-1%	+1%	-1%
	NIS thousand			
Future rate of wage increase	5,984	(3,417)	7,499	(4,448)
Discount rate	(3,966)	7,654	(5,635)	11,207

3. Actual return

	For the year ended December 31		
	2024	2023	2022
	%		
Actual return on plan assets	11.43	5.28	(0.68)

4. The plan's effect on the Group's future cash flows

- The Group's estimate of expected contributions into plan assets in 2025 in a funded defined benefit plan totals approx. NIS 34 million.
- The Group's estimate as to the term of the plan (according to a weighted average) as of the end of the reporting period is approx. 10 years.

C. Composition of plan assets

	As of December 31	
	2024	2023
	%	
Central severance pay fund	4.7	4.9
Executive insurance	16.6	18.2
Provident funds and pension funds	78.7	76.9
	100	100

NOTE 23 - PAYABLES AND CREDIT BALANCES

	As of December 31	
	2024	2023
	NIS thousand	
Payables for securities	1,222,167	2,591,154
Employees and other liabilities in respect of compensation and salaries	260,978	185,462
Accrued expenses	165,170	173,995
Trade payables	168,989	183,962
Government institutions and authorities	52,869	16,787
Deferred acquisition costs in respect of reinsurance	59,752	51,937
Insurance companies and insurance brokers		
Deposits by reinsurers	137,086	130,922
Other accounts	223,092	186,658
Total insurance companies and insurance brokers	360,178	317,580
Insurance agents	404,826	407,831
Policyholders and planholders	425,884	357,105
Provision for policyholders' share in profits	3,036	3,314
Prepaid premium	173,758	95,280
Other	50,501	50,836
Total payables and credit balances	3,348,108	4,435,243

See the breakdown of assets and liabilities by linkage base under Note 37.C.

NOTE 24 - FINANCIAL LIABILITIES

This note provides information regarding the contractual terms of financial liabilities. For additional information regarding the Group's exposure to interest rate, foreign currency and liquidity risks, see Note 37.B.

A.1. Breakdown of financial liabilities

	As of December 31			
	Carrying amount		Fair value	
	2024	2023	2024	2023
	NIS thousand			
1. Financial liabilities presented at amortized cost:				
Loans from banking corporations	8	5	8	5
Subordinated notes (hereinafter - the "**Bonds**") *)	5,846,221	5,832,309	5,813,108	5,728,590
Repo liability	1,633,128	927,679	1,544,875	921,023
Total financial liabilities presented at amortized cost	7,479,357	6,759,993	7,357,991	6,649,618
2. Financial liabilities presented at fair value through profit and loss:				
Derivatives held for yield-dependent contracts	892,989	310,755	892,989	310,755
Derivatives held for non-yield-dependent contracts	129,123	94,228	129,123	94,228
Short sales	178,496	56,997	178,496	56,997
Total financial liabilities presented at fair value through profit and loss	1,200,608	461,980	1,200,608	461,980
Total	8,679,965	7,221,973	8,558,599	7,111,598
Lease liabilities	147,864	137,520		
Total financial liabilities	8,827,829	7,359,493		

*) The fair value of the liquid bonds, which is provided for disclosure purposes only, is determined in accordance with their closing price as of the reporting date.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

A.2. Movement in liabilities arising from financing activity

	Loans from banking corporations	Loans from non-bank entities	Subordinated notes	In respect of liabilities for repo*)	Other financial liabilities	Total
	NIS thousand					
Balance as of January 1, 2024	5	-	5,877,287	927,679	137,520	6,942,491
Movement in liabilities arising from financing activity Changes resulting from cash flows provided by financing activities						
Additions	8	-	416,880	713,695	-	1,130,583
Repayments	(5)	-	(403,861)	-	(37,380)	(441,246)
Interest payments	-	-	(237,419)	(35,175)	-	(272,594)
Total net cash provided by (used for) financing activities	3	-	(224,400)	678,520	(37,380)	416,743
Effect of changes in foreign exchange rates	-	-	-	(11,026)	-	(11,026)
Other changes	-	-	231,669	37,955	47,724	317,348
Balance as of December 31 2024	8	-	5,884,556	1,633,128	147,864	7,665,556

*) Repo transactions are short-term and are presented at net.

**) The movement in liabilities does not include derivatives and short sales.

	Loans from banking corporations	Loans from non-bank entities	Subordinated notes	In respect of liabilities for repo*)	Other financial liabilities	Total
	NIS thousand					
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 activity Changes resulting from cash flows provided by financing activities						
Additions	5	-	654,051	-	-	654,056
Repayments	(99)	-	(1,902,809)	(9,855)	(32,680)	(1,945,443)
Interest payments	-	-	(267,929)	182	-	(267,747)
Total net cash used for financing activities	(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 and are presented at net.

**) The movement in liabilities does not include derivatives and short sales.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

A.2. Movement in liabilities arising from financing activity (cont.)

	Loans from banking corporations	Loans from non-bank entities	Subordinated notes	In respect of liabilities for repo*)	Other financial liabilities	Total
	NIS thousand					
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 activity						
Changes resulting from cash flows provided by financing activities						
Additions	99	-	1,771,898	-	-	1,771,997
Repayments	(36,101)	(56)	-	(522,070)	(29,137)	(587,364)
Interest payments	-	-	(164,550)	244	-	(164,306)
Total net cash provided by (used for) financing activities	(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 and are presented at net.

**) The movement in liabilities does not include derivatives.

B. Financial liabilities presented at amortized cost

1. Details on paid interest and linkage

	Effective interest rate as of as of December 31	
	2024	2023
	Percentage	
Linkage basis		
CPI	3.3	4.0
NIS	4.2	3.9
Foreign currency	4.2	13.4

NOTE 24 - FINANCIAL LIABILITIES (cont.)

B. Financial liabilities presented at amortized cost (cont.)

2. Repayment dates

	As of December 31	
	2024	2023
	NIS thousand	
First year	2,185,066	1,363,738
Second year	741,712	1,398,855
Third year	367,556	727,753
Fourth year	983,305	11,284
Fifth year and onwards	3,349,582	3,395,883
Total	7,627,221	6,897,513

For details regarding the repayment dates of undiscounted financial liabilities, see Note 37.B.2.

*) Of which, lease liabilities:

	As of December 31	
	2024	2023
	NIS thousand	
First year	39,980	32,566
Second year	30,441	25,891
Third year	18,833	17,389
Fourth year	10,144	11,284
Fifth year and onwards	48,466	50,390
Total	147,864	137,520

C. Fair value of financial liabilities presented at fair value through profit and loss by level

Following is an analysis of the financial liabilities presented at fair value.

The balance as per the financial statements of payables and credit balances is equal to or approximates their fair value.

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Derivatives	699,659	322,453	-	1,022,112
Short sales	178,496	-	-	178,496
Total financial liabilities	878,155	322,453	-	1,200,608
Financial liabilities the fair value of which was disclosed (24.A above)	5,813,108	1,544,883	-	7,357,991

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Derivatives	3,191	401,792	-	404,983
Short sales	56,997	-	-	56,997
Total financial liabilities	60,188	401,792	-	461,980
Financial liabilities the fair value of which was disclosed (24.A above)	5,728,590	921,028	-	6,649,618

NOTE 24 - FINANCIAL LIABILITIES (cont.)

D. The interest rates used in determining the fair value

	As of December 31	
	2024	2023
	Percentage	
Loans	-	13.4
Bonds constituting Tier 2 capital instruments	5.1	4.9
Repo liability	5.6	4.2

E. Bonds

E.1. Issuances and redemptions of bonds

Full early redemption of Bonds (Series E)

On June 3, 2024, Migdal Capital Raising and Migdal Insurance's Boards of Directors resolved to execute full early redemption, initiated by Migdal Capital Raising, of the outstanding bonds of Migdal Capital Raising (Series E) in accordance with their terms and conditions. The full early redemption of Bonds (Series E) was executed on June 30, 2024.

In accordance with the provisions set in the Bonds' Deed of Trust, the amount paid to the bond holders under the full early redemption, equals the par value of approx. NIS 404 million in Bonds (Series E) plus interest through the payment date, such that bond holders were paid approx. NIS 417 million for Series E.

Issuance of Bonds (Series M and N)

In June 2024, Migdal Capital Raising issued 210,311,000 Bonds (Series M) and 210,311,000 Bonds (Series N) of NIS 1 par value each, which were issued in accordance with Migdal Capital Raising's shelf offering report dated June 4, 2024, and in accordance with Migdal Capital Raising's shelf prospectus dated July 29, 2022 (hereinafter jointly - the "**Bonds**").

The Bonds which were issued are unlinked and bear annual interest of 6.07%. The interest in respect of the Bonds (Series M) is paid twice a year, on June 30th of each calendar year between 2025 and 2037 and December 31 of each calendar year between 2024 and 2037. The interest in respect of the Bonds (Series N) is paid twice a year, on June 30th of each calendar year between 2025 and 2038 and December 31 of each calendar year between 2024 and 2038. The principal of the bonds will be repaid in a single installment, which will be paid on December 31, 2037 for Series M and on December 31, 2038 for Series N, unless Migdal Capital Raising will exercise - prior to those dates - its right to execute full or partial early redemption of the bonds, as detailed in the Deed of Trust.

The First Early Redemption Date of the Bonds (Series M and N) will be June 30, 2029, in accordance the terms and conditions set out in the deed of trust, and insofar as early redemption, whether full or partial, will take place as of that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest, as detailed below), the provisions detailed in the deed of trust shall apply, whereby the Company shall pay the bond holders the higher of the following amounts: (1) The market value of the average balance of the bonds in the thirty trading days preceding the Board of Directors' resolution to execute the early redemption. (2) The outstanding par value of the Bonds in circulation which will be repaid early, i.e., the principal amount plus interest, through the actual early redemption date. (3) The balance of cash flows of the bonds that are due for early redemption (principal plus interest), discounted by a discount rate and at the terms listed in the deed of trust.

If this full early redemption right is not exercised by or on December 31, 2032 for Series M and December 31, 2033 for Series N (hereinafter - the "**Additional Interest Effective Date**"), bond holders will be paid interest in addition to the interest the bonds bear as of those dates, in respect of the remaining period (from the said unutilized early redemption date through the actual repayment date), which will be equal to 50% of the original risk margin set in the issuance.

If the early redemption will be executed from Additional Interest Effective Date (inclusive) and thereafter, on the early redemption date Migdal Capital Raising will pay the bond holders the outstanding par value of the bonds in circulation, which are due for early redemption, i.e., principal (the par value which will be repaid under early redemption) plus interest as accrued through the payment date.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

E. Debentures (cont.)

E.1. Issuances and redemptions of bonds (cont.)

Issuance of Bonds (Series M and N) (cont.)

The early redemption will be executed through one of the following: a) Issuance of a capital instrument (as defined in the Capital Composition Circular) of the same or better quality; b) at the prior approval of the Insurance Commissioner and the terms and conditions they will set. As a general rule, early redemption will be possible if Migdal Insurance's shareholders' equity after the early redemption exceeds the SCR.

The proceeds of the issuance were deposited with Migdal Insurance and recorded in the financial statements of Migdal Insurance and were recorded - in accordance with the Commissioner approval - as Tier 2 capital in Migdal Insurance, subject to the restrictions set in the Solvency Circular regarding this matter.

On June 4, 2024 the Midroog rating agency assigned an A1.il rating with a stable outlook to the Subordinated Notes (Series M and N) recognized as Tier 2 capital instruments.

Deferred issuance expenses in respect of the Bonds (Series M) and Bonds (Series N), totaled approx. NIS 3.7 million. The effective interest rate in respect of each of the Bonds (Series M and N) is approx. 6.3%.

Replacement of Bonds (Series F) with Bonds (Series M) and Bonds (Series N)

In December 2024, 515,992,604 Bonds (Series F) of NIS 1 p.v. were replaced, by way of a partial exchange tender offer, in consideration for the issuance of 242,258,528 Bonds (Series M) and 242,258,528 Bonds (Series N) of NIS 1 p.v. each, by way of expansion of existing series, in accordance with Migdal Capital Raising's shelf offering report dated December 5, 2024, and in accordance with Migdal Capital Raising's shelf prospectus dated July 29, 2022, whose term was extended through July 28, 2025 (hereinafter - the "**Bonds**").

The exchange ratio is 0.939, i.e., for each NIS 1 p.v. in Bonds (Series F) Migdal Capital Raising issued NIS 0.4695 p.v. in Bonds (Series M) and NIS 0.4695 p.v. in Bonds (Series N).

The terms and conditions of Bonds (Series F) vary from those of Bonds (Series M) and Bonds (Series N) and accordingly they were accounted for as replacement of debt instruments with materially different terms and the difference between the balance of the above two liabilities - totaling approx. NIS 7.9 million - was recognized as income in the finance expenses line item in the income statement. The issuance expenses for the Bonds (Series M) and Bonds (Series N) expansion totaled approx. NIS 0.5 million and reduced the aforementioned income. These amounts were recorded simultaneously against the deferred deposits in Migdal Insurance.

In accordance with the terms and conditions detailed in the Shelf Prospectus and Shelf Offering Report - the issued bonds will be used by Migdal Insurance, at its discretion and responsibility, and Migdal Insurance has an obligation, vis a vis the trustee for the Bonds, to fulfill the Bonds' terms and conditions. Furthermore, the Bonds issued were recognized by the Commissioner as Tier 2 capital instrument held by the Company, subject to the restrictions placed by the Commissioner's Directives, all as detailed in the Shelf Prospectus and Shelf Offering Report.

It is noted that there has been no changes to the repayment terms of the remaining Bonds (Series F) in circulation after the completion of the exchange tender offer.

On December 5, 2024, Midroog assigned a A1.il (hyb) rating to Subordinated Notes (Series M and N) issued by way of expansion of liquid series (Series M and N) of Tier 2 capital instruments through an exchange tender offer for Bonds (Series F).

The effective interest rate in respect of the expansion of Series M is approx. 5.5% and in respect of the expansion of Series N - approx. 5.57%.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

E. Debentures (cont.)

E. 2. Details and composition of the bonds[1] [2] serving as Tier 2 capital [3] in Migdal Insurance:

	Rating by Midroog Ltd.										
Bonds	As of series' issuance date	As of the balance sheet date	Issuance date	Nominal value	Proceeds of the issuance [4]	Nominal interest rate [5]	Effective interest rate	Payment date of principal	First date for early redemption[6]	Effective early redemption date for Additional Interest[7]	Interest payment date
Series F	Aa3.il (hyb)	A1.il (hyb)	1.2018	863,156	849,980	2.63%	3.53%	12.2030	December 31, 2025	December 31, 2025	On December 31 between 2018 and 2030
Series G	Aa3.il (hyb)	A1.il (hyb)	12.2018	713,205	706,294	4.10%	3.47%	12.2031	December 31, 2026	December 31, 2026	On December 31 between 2019 and 2031
Series H	Aa3.il (hyb)	A1.il (hyb)	12.2021	650,165	618,294	2.38%	2.86%	12.2034	March 31, 2027	March 31, 2030	On March 31 between 2022 and 2034 as well as on December 31, 2034
Series I	Aa3.il (hyb)	A1.il (hyb)	4.2022	985,711	964,489	3.26%	4.24%	3.2038	April 30, 2027	March 31, 2028	On March 31 between 2023 and 2038
Series J	A1.il (hyb)	A1.il (hyb)	12.2022	610,214	605,708	5.17%	3.07%	5.2035	December 31, 2027	November 30, 2029	Two equal semi-annual payments, on May 31 from 2023 to 2035 and on November 30 from 2023 to 2034
Series K	A1.il (hyb)	A1.il (hyb)	7.2023	571,507	572,593	5.40%	5.44%	12.2035	December 31, 2028	December 31, 2030	Two equal semi-annual payments, on June 30th of each year from 2024 to 2035 and on December 31st of each year from 2023 to 2035
Series L	A1.il (hyb)	A1.il (hyb)	7.2023	571,507	572,472	5.40%	5.45%	12.2036	December 31, 2029	December 31, 2031	Two equal semi-annual payments, on June 30th of each year from 2024 to 2036 and on December 31st of each year from 2023 to 2036
Series M	A1.il (hyb)	A1.il (hyb)	6.2024	452,570	460,685	6.07%	5.88%	12.2037	June 30, 2029	December 31, 2032	Two equal semi-annual payments, on June 30th of each year from 2025 to 2037 and on December 31st of each year from 2024 to 2037
Series N	A1.il (hyb)	A1.il (hyb)	6.2024	452,570	460,491	6.07%	5.91%	12.2038	June 30, 2029	December 31, 2033	Two equal semi-annual payments, on June 30th of each year from 2025 to 2038 and on December 31st of each year from 2024 to 2038

Comments:

(1) The bonds are recognized as Tier 2 capital subject to restrictions on the maximum rate of Tier 2 capital, as stated in the Commissioner's Directives regarding the composition of an insurance company's equity.

(2) The bonds are not secured by any pledge.

(3) The bonds constitute a Tier 2 capital instrument.

(4) The proceeds of the issuance are net of deferred issuance expenses amortized using the effective interest method.

(5) All bonds are liquid and bear an unlinked fixed NIS interest.

(6) Subsequent to this date, Migdal Capital Raising shall be entitled to redeem the bonds by way of full or partial early redemption, at any time, and subject to the TASE Rules and Regulations and the guidance thereunder.

(7) If Migdal Capital Raising does not execute early redemption, additional interest rate shall be paid as detailed in Note 24.E.e.3.3.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

E. Bonds (cont.)

E. 2. Details and composition of the bonds used as Tier 2 capital in Migdal Insurance (cont.)

Bonds	Amortized cost		Accrued interest		Fair value*)		Balance of deferred issuance expenses	
	As of December 31, 2024	As of December 31, 2023	As of December 31, 2024	As of December 31, 2023	As of December 31, 2024	As of December 31, 2023	As of December 31, 2024	As of December 31, 2023
Series E	-	403,488	-	6,644	-	407,011	-	373
Series F	860,664	1,372,964	-	-	845,634	1,327,982	2,492	6,185
Series G	711,271	710,364	-	-	702,650	703,719	1,934	2,841
Series H	627,621	623,834	11,605	11,604	583,523	567,399	22,544	26,331
Series I	973,158	969,626	24,101	24,101	961,364	953,577	12,553	16,085
Series J	607,075	606,524	2,629	2,629	617,292	617,659	3,139	3,690
Series K	572,661	572,826	-	-	580,594	576,650	(1,154)	(1,319)
Series L	572,561	572,683	-	-	578,308	574,593	(1,054)	(1,176)
Series M	460,706	-	-	-	471,849	-	(8,136)	-
Series N	460,504	-	-	-	471,894	-	(7,934)	-
Total bonds	5,846,221	5,832,309	38,335	44,978	5,813,108	5,728,590	24,384	53,010

*) The fair value of the bonds is determined based on the value on the TASE as of balance sheet date.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

E. Bonds (cont.)

E.3. Status of the bonds

The bonds are recognized as Tier 2 capital subject to restrictions on the maximum rate of Tier 2 capital, as stated in the Commissioner’s Directives regarding the composition of an insurance company’s equity.

Migdal Insurance undertook to bear the payment of all of the amounts required for repayment of the Bonds (Series F-N), which constitute Tier 2 capital to their holders. This undertaking of Migdal Insurance is subordinate to its other undertakings to its creditors regarding components and instruments included in its Tier 1 capital.

1. Pledges and collateral

The bonds are not pledged.

2. Deferral of principal and/or interest repayment dates

Under the terms of the bonds, it was determined that upon the occurrence of suspending circumstances (as listed below), payment of the principal and/or interest in respect of hybrid Tier 2 capital instruments and Tier 2 capital instruments in Migdal Insurance will be postponed, without prejudice to Migdal Insurance's right to make other payments of higher precedence.

Such deferral shall be until such date on which the suspending circumstances will no longer apply or up to three years from the relevant principal and/or interest’s original repayment date, whichever is earlier, unless the Commissioner has approved the payment of the relevant principal and/or interest at an earlier date.

“Suspending Circumstances" with respect to bonds constituting Tier 2 capital in Migdal Insurance, mean that one or more of the following circumstances have occurred:

a) With regard to the deferral of interest payments on Migdal Insurance’s hybrid Tier 2 capital instruments and Tier 2 capital instruments: In accordance with Migdal Insurance’ latest financial statements published prior to the interest repayment date, Migdal Insurance has no distributable profits as defined in the Companies Law, 1999 (hereinafter - the "**Companies Law**");

b) With regard to the deferral of principal and/or interest payments on hybrid Tier 2 capital instruments and Tier 2 capital instruments: In accordance with Migdal Insurance’ latest financial statements published prior to the relevant principal and/or interest repayment date:

   1) Migdal Insurance’s equity amount is lower than the capital requirement for suspending circumstances in accordance with the Solvency Circular.

   2) Migdal Insurance did not execute capital supplementation as of the report publication date.

c) Migdal Insurance’s Board ordered the deferral of a principal or interest payment, if it deemed that there is a real and imminent concern regarding Migdal Insurance's ability to meet the capital requirement for suspending circumstances, or to repay on time undertakings, which take precedence over the bonds, provided that the Commissioner's advance approval was obtained.

The terms “equity” and “capital requirement for suspending circumstances” were included in this section in accordance with the Commissioner's position regarding the appropriate interpretation of the terms “capital requirement” and “eligible capital” for the purpose of suspending circumstances.

Under the terms of the bonds, it was determined that as long as the principal and/or interest payments, whose payment date was deferred, had not been repaid, Migdal Insurance shall not carry out any distribution, as defined in the Companies Law, will not repay any capital note, letter of undertaking or loan from the controlling shareholders thereof or in which the controlling shareholders thereof have a vested interest, and will only pay any amount due to an approved transaction or a transaction which requires approval in accordance with the provisions of Section 270(4) of the Companies Law, after all such deferred principal or interest payments are repaid. With regard to hybrid Tier 2 capital, the abovementioned restrictions shall not apply to types of payments as detailed in the Commissioner’s Directives "regarding the composition of insurance companies' equity". With respect to Tier 2 capital instruments, the restrictions will not apply to payment types as detailed in the Solvency Circular.

NOTE 24 - FINANCIAL LIABILITIES (cont.)

E. Bonds (cont.)

E.3. Status of the bonds (cont.)

3. Early redemption

Regarding Bonds (Series F-G), Migdal Capital Raising shall be entitled - without giving bond holders and/or the trustee a right of choice - to redeem the Bonds by way of full or partial early redemption, provided that the first early redemption date shall be as detailed in the table in Section B above. Regarding the Bonds (Series H-N), the first early redemption date, which is not an Additional Interest Effective Date, and the early redemption date, which is an Additional Interest Effective Date, are as detailed in the table in Section E.2 above. If this early redemption right is not exercised, additional interest will be paid in addition to the interest the bonds bear as of the dates detailed in the abovementioned table, in respect of the remaining period (from the said unutilized early redemption date through the actual repayment date), which will be at the rate and the terms detailed below:

For hybrid Tier 2 capital instruments and Tier 2 capital instruments, additional interest of 50% of the original risk margin set in the issuance will be paid. The early redemption of the hybrid Tier 2 capital instruments and the Tier 2 capital instruments will be executed through one of the following: (a) Issuance of a capital instrument of the same or better quality; (b) at the prior approval of the Insurance Commissioner and the terms and conditions they will set. (c) As a general rule, early redemption will be possible if the insurance company's shareholders' equity after the early redemption exceeds the SCR.

4. Immediate repayment

Regarding Bonds (Series F-N), it was determined that the immediate repayment of which may be called if Migdal Capital Raising would pass a liquidation decision (except for liquidation for the purpose of a merger with another company, or a company restructuring) or if the court issues a permanent and final liquidation order to the company, or if it will be appointed a permanent liquidator.

The deferral of principal and/or interest payments in respect of the Bonds due to the occurrence of such suspending circumstances, does not establish a right to call for immediate repayment of the Bonds. The trustee will not be entitled to call for immediate repayment of the outstanding bonds without obtaining the Commissioner's prior written approval.

5. Rating

Migdal Insurance was assigned an Insurer Financial Strength (IFS) rating of Aa2.il by the rating agency, Midroog Ltd. (hereinafter - "**Midroog**").

On November 20, 2024, the Company received a tracking report rating from Midroog Ltd. (hereinafter - "**Midroog**"). Midroog reiterated the Company's Insurer Financial Strength (IFS) rating at Aa2.il, and reiterated the A1.il (hyb) rating of the subordinated notes (Tier 2 capital instruments) issued by Migdal Capital Raising The rating outlook is stable.

E.4. The trustee for the Bonds is Rezncik Paz Nevo Trusts Ltd. The name of the officer in charge in the trust company - Adv. Hagar Shaul. E-mail; hagar@rpn.co.il; Phone: 03-6389200; Fax: 03-6389222; Address: 14 Yad Harutzim St. Tel-Aviv.

E.5. To the best of the Company's knowledge, during 2024 and as of December 31, 2024, Migdal Capital Raising met all the conditions and undertakings in accordance with the deeds of trust for the Bonds, no conditions arose, which give rise to grounds for immediate repayment of the Bonds and it did not receive notice from the trustee for the Bonds regarding its failure to comply with the conditions and undertakings in accordance with the deeds of trusts.

E.6. Migdal Insurance has given Migdal Capital Raising an undertaking that it will bear all of its expenses, including issuance expenses, current operating expenses and reimbursement of directors indemnification expenses, if any.

NOTE 25 - PREMIUMS EARNED - RETENTION

	For the year ended December 31, 2024		
	Gross	Reinsurance	Retention
		NIS thousand	
Life insurance premiums	7,553,890	245,914	7,307,976
Health insurance premiums	2,033,842	181,886	1,851,956
Property and casualty insurance premiums	2,659,471	689,249	1,970,222
Total premiums	12,247,203	1,117,049	11,130,154
Less change in unearned premium balance*)	(190,875)	(65,587)	(125,288)
Total premiums earned	12,056,328	1,051,462	11,004,866

	For the year ended December 31, 2023		
	Gross	Reinsurance	Retention
		NIS thousand	
Life insurance premiums	8,367,162	147,065	8,220,097
Health insurance premiums	1,950,407	166,454	1,783,953
Property and casualty insurance premiums	2,371,998	611,561	1,760,437
Total premiums	12,689,567	925,080	11,764,487
Less change in unearned premium balance*)	(114,868)	(46,744)	(68,124)
Total premiums earned	12,574,699	878,336	11,696,363

	For the year ended December 31, 2022		
	Gross	Reinsurance	Retention
		NIS thousand	
Life insurance premiums	8,634,536	271,002	8,363,534
Health insurance premiums	1,842,834	154,358	1,688,476
Property and casualty insurance premiums	2,070,653	478,663	1,591,990
Total premiums	12,548,023	904,023	11,644,000
Less change in unearned premium balance*)	(61,963)	19,765	(81,728)
Total premiums earned	12,486,060	923,788	11,562,272

*) In principle, in property and casualty insurance; see Note 17.

NOTE 26 - INVESTMENT REVENUE (LOSSES), NET AND FINANCE INCOME

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Gains (losses) for assets held against yield-dependent liabilities			
Investment property	596,616	587,842	959,145
Financial investments			
Liquid debt assets	1,299,246	1,569,124	(2,282,341)
Illiquid debt assets	1,315,327	1,150,724	(32,437)
Shares	5,883,418	1,374,779	(3,300,732)
Other financial investments	7,069,441	6,178,775	(6,385,422)
Cash and cash equivalents	802,166	796,839	1,058,978
Total investment gains (losses) for assets held against yield-dependent liabilities, net	16,966,214	11,658,083	(9,982,809)
Gains (losses) for assets held against non yield-dependent liabilities, capital and other			
Income from investment property:			
Revaluation of investment property	(16,888)	11,348	89,301
Current revenue in respect of investment property	36,929	32,353	27,754
Total revenue from investment property	20,041	43,701	117,055
Gains (losses) for financial investments, excluding interest, linkage differences, exchange rate differences and dividend			
Available-for-sale assets (a)	(1,058,752)	(461,122)	(726,416)
Assets presented at fair value through profit and loss (b)	133,910	(258,313)	(692,083)
Assets presented as loans and receivables (c)	5,076	(6,335)	(15,648)
Interest revenue and linkage differences on financial assets not accounted for at fair value through profit and loss*)	3,175,335	2,991,187	3,244,308
Interest revenue and linkage differences on financial assets accounted for at fair value through profit and loss	61,209	46,460	45,682
Gains on exchange rate differences on investments not accounted for at fair value through profit and loss and on other assets **)	18,258	89,772	224,954
Dividend income	792,406	442,876	443,984
Total investment revenue (losses), net and finance income	20,113,697	14,546,309	(7,340,973)
*) The above revenue includes interest in respect of impaired financial assets which are not presented at fair value through profit and loss	242	5,278	3,238

**) Regarding exchange rate differences in respect of financial liabilities, see Note 35.

A. Gains (losses), net on investments for available-for-sale assets

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Net losses on realized securities	(654,302)	(423,140)	(453,318)
Net impairments carried to profit and loss	(404,450)	(37,982)	(273,098)
Total investment losses for assets presented as available-for-sale assets	(1,058,752)	(461,122)	(726,416)

B. Investment gains (losses) for assets presented at fair value through profit and loss

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
In respect of assets designated on initial recognition	23,043	7,192	(63,714)
Changes in net fair value, including realization gains	110,867	(265,505)	(628,369)
Total investment gains (losses) for assets presented at fair value through profit and loss	133,910	(258,313)	(692,083)

NOTE 26 - INVESTMENT REVENUE (LOSSES), NET AND FINANCE INCOME (cont.)

C. Investment gains (losses) for assets presented as loans and receivables

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
Net losses on realization of assets presented as loans and receivables	-	(2,437)	-
Net impairments carried to profit and loss	5,076	(3,898)	(15,648)
Total investment gains (losses) for assets presented as loans and receivables	5,076	(6,335)	(15,648)

NOTE 27 - REVENUE FROM MANAGEMENT FEES

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
Management fees in the pension and provident subsegments	599,614	524,474	496,851
Variable management fees for life insurance contracts	135,447	-	-
Fixed management fees for life insurance contracts	1,014,036	984,834	1,004,184
Management fees for investment contracts	63,611	44,850	36,474
Total management fees from planholders and policyholders	1,812,708	1,554,158	1,537,509
Other management fees	275,552	221,711	224,926
Total revenue from management fees	2,088,260	1,775,869	1,762,435

NOTE 28 - REVENUE FROM FEES AND COMMISSIONS

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
Insurance agency fees and commissions	256,734	228,406	201,992
Reinsurance fees and commissions, net of change in deferred acquisition costs in respect of reinsurance	183,212	154,407	216,481
Other fees and commissions	5,045	5,751	7,632
Total revenue from fees and commissions	444,991	388,564	426,105

NOTE 29 - OTHER REVENUES

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
Revenues from other non-insurance activities	76,439	72,809	67,924
Revenues from claim portfolio purchased under property and casualty insurance (1)	140	157	167
Capital gain from sale of fixed assets, net	49	-	-
Total other revenue	76,628	72,966	68,091

(1) For further details, see Note 38.E.1.

NOTE 30 - PAYMENTS AND CHANGE IN LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND INVESTMENT CONTRACTS - RETENTION

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
For life insurance contracts			
Paid and contingent claims - death, disability and other	1,588,829	1,620,737	1,427,475
Less - reinsurance	157,639	136,795	128,272
	1,431,190	1,483,942	1,299,203
Redeemed policies	8,623,686	7,046,236	5,415,127
Expired policies	3,191,530	2,802,968	1,926,141
Pension	1,881,936	1,653,487	1,486,808
Total claims	15,128,342	12,986,633	10,127,279
Increase in liabilities in respect of life insurance contracts (except for a change in contingencies) - retention	9,965,162	7,537,568	(8,959,472)
Increase in liabilities in respect of investment contracts due to the yield component	802,515	452,595	(392,390)
Total payments and change in liabilities in respect of insurance contracts and investment contracts - retention - for life insurance contracts	25,896,019	20,976,796	775,417
Total payments and change in liabilities in respect of P&C insurance contracts			
Gross	1,709,779	1,888,391	1,511,886
Reinsurance	334,449	422,690	372,114
Retention	1,375,330	1,465,701	1,139,772
Total payments and change in liabilities in respect of health insurance contracts			
Gross	1,892,066	1,756,408	330,047
Reinsurance	144,584	130,195	111,765
Retention	1,747,482	1,626,213	218,282
Total payments and change in liabilities in respect of insurance contracts and investment contracts - retention	29,018,831	24,068,710	2,133,471

NOTE 31 - FEES AND COMMISSIONS, MARKETING EXPENSES AND OTHER PURCHASE EXPENSES

	For the year ended December 31		
	2024	2023	2022
		NIS thousand	
Purchase fees	822,929	636,963	575,265
Other purchase expenses	663,157	624,023	574,918
Change in deferred acquisition costs	(283,995)	(84,867)	(95,826)
Total acquisition costs	1,202,091	1,176,119	1,054,357
Other fees and commissions	830,475	787,344	774,888
Other marketing expenses	49,517	45,762	49,424
Total fees and commissions, marketing expenses and other purchase expenses	2,082,083	2,009,225	1,878,669

NOTE 32 - ADMINISTRATIVE AND GENERAL EXPENSES

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Salaries and related expenses	1,387,287	1,333,203	1,180,908
Depreciation and amortization	214,270	183,477	172,285
Office maintenance and communications	109,871	106,777	106,882
IT services	202,416	182,568	150,051
Marketing and advertising	58,218	46,407	50,484
Legal and professional advice	120,239	110,533	78,362
Other	155,013	143,336	132,244
Total *)	2,247,314	2,106,301	1,871,216
Less:			
Amounts classified under change in liabilities and payments in respect of insurance contracts	(203,390)	(190,484)	(173,474)
Amounts classified under fees and commissions, marketing expenses and other purchase expenses	(712,674)	(669,785)	(624,342)
General and administrative expenses	1,331,250	1,246,032	1,073,400
*) General and administrative expenses include automation expenses totaling	451,396	407,222	360,723

A. On June 12, 2023, a new collective agreement was signed between Migdal Insurance and Migdal Makefet (Migdal Insurance and Migdal Makefet will be hereinafter jointly referred to as “**Migdal**”) and the New Histadrut Workers’ Union (hereinafter - “**Histadru**t”) for a period of four years, until December 31, 2026 (hereinafter - the “**Agreement**” or “**Collective Agreement**”).
According to the Agreement, the provisions of the collective agreement signed in May 2019 and other collective agreements of May 2020 and January 2022, which extended the term of the 2019 Agreement, will be included in the new agreement, except for changes defined therein, the highlights of which are as follows:

1. As from April 1, 2025, the gross minimum wage for a full-time employee will increase to NIS 6,800 per month for a new employee; NIS 35 per hour for an hourly employee.
2. In each of the years 2023 to 2026, Migdal will pay a 3.4% annual average pay raise to eligible employees (compared to an average rate of 3% in the previous agreement), of which 1.6% is a fixed component and 1.8% is a discretionary component. Furthermore, a pay raise mechanism was set for employees in 2026 for meeting the Company's profit targets for 2023 to 2025 at a rate of up to 0.8% of the salary. Some of this additional budget will be divided as a fixed component and some as a differential component - only to employees who received the first three pay raises (2023 to 2025) under this agreement.
3. Immediately after the Collective Agreement’s signing date, employees who started working for the Company before June 1, 2022 were paid a one-off bonus of 25% of their monthly salary.
4. Increasing the salary cap for advanced education fund contributions from NIS 15,712 (the tax-exempt salary cap) to NIS 21,000 in 2023; 2025 - NIS 27,000. In addition, the employer's contributions rate was increased from 2.5% to 5% for employees who are employed 24 months or more.
5. Revisions were included regarding various employee welfare benefits, which include, among other things, increased participation in lunch and parking costs, expanded coverages in collective health insurance as well as increased welfare budget to finance of a vacation for employees. In addition, the eligibility period for a health survey was shortened.

The estimated increase in the total cost of Migdal's salaries and related expenses in each of the Agreement’s years compared to the relevant previous year is approx. NIS 23.6 million.

NOTE 33 - SHARE-BASED PAYMENT

A. Expense recognized in the financial statements

The expense recognized in the financial statements for services received from employees is presented in the following table:

	For the year ended December 31	
	2024	2023
	NIS thousand	
In respect of equity-settled bonuses	8,453	6,444
	8,453	6,444

Share-based payment transactions awarded by the Company to its employees are described below.

B. Further details regarding share-based payment plans

	2024(1)	2023(1)
No. of options allocated to the Chairman of the Board	692,225	-
No. of options allocated to the former chairman of the board	-	1,563,908
No. of options allocated to the CEO	-	1,942,743
Number of options allocated to other employees included in the plan	1,077,091	13,917,303
Total options allocated	1,769,316	17,423,954
No. of options forfeited	(1,480,528)	-
No. of options exercised	(189,291)	-
The balance of options not yet exercised as of balance sheet date	17,523,451	17,423,954
Conversion ratio	1	1
Exercise price *)	4.99-7.62	4.18-5.19
Award dates:		
To Chairman of the Board	12.2024	-
To the former chairman of the board and CEO	-	07.2023
To the Company's employees **)	5.2024	5.2023, 10.2023
To Migdal Insurance Group employees who are not also Company employees	12.2024	05.2023
Vesting date	12.2027-05.2028	07.2024-07.2026
Expiry date	07.2027-07.2029	07.2027-07.2029
Fair value (in NIS million) as of the award date * * *):		
To the Chairman of the Board, former chairman of the board and CEO	1.4	5.3
For the other employees included in the plan	1.6	18.2

*) After retrospective adjustment of data presented last year in respect of dividend distribution in accordance with the plan's terms.
The exercise price will not be CPI-linked or linked to any other index and will be subject to adjustments as detailed in the plan.

**) Including employees working for the Company, Migdal Insurance and/or Migdal Capital Markets (1965) Ltd. under the joint employment model.

***) All options awarded under the above plans were deposited with a trustee under the capital gains track pursuant to Section 102 to the Income Tax Ordinance.

All awards described in the above table, which were made in 2024 and 2023, are in respect of the 2023 Plan.

(1) 2023 plan

On May 30, 2023, the Company's Board approved an equity compensation plan for the award of equity compensation, including, among other things, allocation of options to officers who serve in and work for the Company and Group companies, in accordance with the capital gains track in Sections 102(b)(2) and 102(b)(3) to the Income Tax Ordinance (New Version), 1961 (hereinafter - the "**Equity Compensation Plan**" and the "**Capital Gains Track**", as applicable). Accordingly, on May 30, 2023, the Company's Board (after receiving the Company Compensation Committee's approval regarding offerees who are officers therein), decided to allocate to the former Chairman of the Board, the Company's CEO and 18 other offerees, who are officers in the Company and in companies directly and indirectly controlled thereby (hereinafter - the "**Offerees**"), 16,860,216 unlisted options exercisable into ordinary Company shares of NIS 0.01 par value each (hereinafter - the "**Options**"). The exercise price range for the allocation to Offerees after adjustment for dividend distribution under the plan's terms is NIS 4.16 per share to NIS 4.56 per share.

NOTE 33 - SHARE-BASED PAYMENT (cont.)

B. Further details regarding share-based payment plans (cont.)

(1) 2023 Plan (cont.)

In addition, on October 9, 2023, the Company’s Board approved a further allocation of 563,738 options to a Company officer, who also serves as a Migdal Insurance officer (hereinafter - the “**Additional Offeree**”), and the exercise price range for this allocation after adjustment for dividend distribution under the plan’s terms is NIS 4.81 per share to NIS 5.27 per share. The other conditions (excluding the options’ vesting period) are identical to those of the options allocated to the Offerees and approved by the Company’s Board in May 2023.

These allocations are in accordance with the provisions of the Equity Compensation Plan and the Company's revised compensation policy (such that it will also allow award of equity compensation), which applies to each of the abovementioned Offereesת and which was approved by the Company's shareholders meeting on July 5, 2023. The shares, which will arise from the exercise of the options offered to the Offerees constituted, as of their award date, approx. 1.62% of the Company's issued and paid up share capital and voting interests, immediately after the allocation and approx. 0.05% of the Company's issued and paid up share capital and voting interests, immediately after the allocation with regard to the Additional Offeree. Notwithstanding the above, the assumption that all options will be exercised into an identical number of shares is merely theoretical due to the implementation of a “net exercise” mechanism, which reflects the award of a lower number of exercise shares reflecting only the amount of the potential monetary benefit implicit in the options alone (hereinafter - the “**Net Exercise Mechanism**”). The fair value of the total options awarded to all Offerees in these allocations was determined according to a valuation of an external and independent appraiser based on the binomial option pricing model in accordance with the conditions under which these instruments were awarded and in accordance with the data, which were correct on the award date. It is noted that the option package is awarded against Officers’ waiver of part of the compensation package to which they are entitled (i.e., some of the officers will waive part of their fixed salary and other officers will waive eligibility for the entire bonus or part thereof). In addition to the expiration the vesting dates as detailed below, the options’ vesting is also subject to cumulative compliance with the following two cumulative performance conditions: (1) The latest solvency ratio published by the Company (including and taking into account equity transactions carried out subsequent to the solvency ratio’s publication date) shall not fall below the statutory minimum solvency ratio, except if the competent organs will believe that failure to comply with this requirement is due to exogenous and substantial event, which affected the entire Israeli insurance sector; and (2) no occurrence of suspending circumstances with regard to the notes, as defined in the Consolidated Circular, Chapter 1, Appendix B, Part B, Directives regarding the Equity of an Insurance Company, Section B - Tier 2 equity instruments (hereinafter - the “**Performance Conditions**").

Regarding the former Chairman of the Board and the Company's CEO, the options are allocated in a single tranche, at a fair value of approx. NIS 2,374 thousand and approx. NIS 2,949 thousand, respectively, which will vest within 3 years; for further details see Note 38. Accordingly, the options’ vesting date is July 5, 2026 and their expiry date is July 5, 2029, except if employment relations between the Company and the Offeree or the Offeree’s tenure in the Company were terminated in accordance with the terms of the equity compensation plan. In this context, it is noted that, as a rule, (a) in the event of the Company's decision to terminate the engagement, or in the event that the Company and the officer reach mutual agreement on the termination of engagement; or (b) termination of the engagement following a change in control (as the term "Control" is defined by the Securities Law, 1968 (hereinafter - the “**Securities Law**”); in both cases, the following shall apply: On the employment termination date, the relative share of the options calculated according to the period which had elapsed from the vesting date in relation to the entire vesting period shall be regarded as having vested and exercisable as of the termination date, and this relative share will not be forfeited on termination date.

In view of Mr. Melcer’s announcement (former Chairman of the Board) at the Company’s annual general meeting, to the effect that he will not stand for another term as a Board member and Chairman of the Company’s Board, on November 5, 2024 he terminated his tenure. For further details regarding a decision made by the Compensation Committee and the Company's Board regarding favorably considering accelerating the vesting of the options awarded to him and which will not vest automatically upon termination, and subject to obtaining the Company competent organs’ approval as required by law as part of a discussion of Mr. Melcer's retirement, see Note 38, Interested party and related party transactions and balances.

NOTE 33 - SHARE-BASED PAYMENT (cont.)

B. Further details regarding share-based payment plans (cont.)

(1) 2023 Plan (cont.)

The options allocated to the other Offerees shall vest in three equal tranches; the first - within one year from the options' allocation date, the second - within two years from the options' allocation date, and the third - within three years from the options' allocation date. The options' term is three years from each tranche's vesting date. Accordingly, the options' vesting datesת which shall vest in 3 tranchesת 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 their expiration dates are July 5, 2027, July 5, 2028 and July 5, 2029 (for the Additional Offeree - October 9, 2027, October 9, 2028 and October 9, 2029), except in the case of termination of employment or tenure between the Company and the Offeree in accordance with the terms of the equity compensation plan. Subject to the options' vesting, the fulfilment of the performance conditions, and prior to the options' expiry, the relevant tranche shall be exercised into ordinary shares under a forced exercise if the stock exchange closing price of an ordinary share shall be equal to or greater than NIS 9.06 for the first tranche (equal to or greater than NIS 9.92 for the Additional Offeree); equal to or greater than NIS 9.26 for the second tranche (equal to or greater than NIS 10.15 for the Additional Offeree); and also, equal to or greater than NIS 9.46 for the third tranche (equal to or greater than NIS 10.38 for the Additional Offeree).

It is noted that the options to all Offerees are subject to generally accepted adjustments.

With regard to the abovementioned awards, in 2024 189,291 unlisted options were exercised into 73,885 ordinary Company shares, and 1,480,269 options were forfeited due to termination of the employer-employee relationships of some of the Offerees and the Company or Migdal Insurance, as the case may be, before the said options vested.

Subsequent to the reporting period, 574,634 unlisted options were exercised into 230,610 ordinary Company shares.

On May 23, 2024 and December 26, 2024, the Company's Board decided to allocate to a Migdal Insurance officer (who became a Company officer in August 2024), and to a Migdal Insurance officer, 1,077,091 unlisted options, which are exercisable into ordinary Company shares of NIS 0.01 par value each (hereinafter - "**the Offeree**" the "**Second Offeree**" and the "**Additional Options**", respectively). The shares, which will arise from the exercise of the offered options, constituted, as of their award date, approx. 0.07% (for the Offeree) and approx. 0.03% (for the Second Offeree) of the Company's issued and paid up share capital and voting interests, immediately after the allocation. The exercise price range for the Offeree and Second Offeree's allocations (hereinafter jointly - the "**Additional Offerees**") are NIS 5.04 per share to NIS 5.52 per share (for the Offeree) and NIS 6.96 per share to NIS 7.63 per share (for the Second Offeree). The options to the Additional Offerees shall vest in three equal tranches; the first - within one year from the options' allocation date, the second - within two years from the options' allocation date, and the third - within three years from the options' allocation date. The options' term is three years from each tranche's vesting date. Accordingly, the options' vesting dates for the offeree are May 23, 2024, May 23, 2025 and May 23, 2026, and their expiration dates are May 23, 2027, May 23, 2028 and May 23, 2029; the vesting dates for the offeree are December 26, 2027, December 26, 2028 and December 26, 2029, and their expiration dates are December 26, 2030, December 26, 2031 and December 26, 2032, except in the case of termination of the employment or tenure between the Company or subsidiary (as applicable) and the other offerees, in accordance with the terms and conditions of the equity compensation plan. Subject to the options' vesting, the fulfilment of the performance conditions, and prior to the options' expiry, the relevant tranche shall be exercised into ordinary shares under a forced exercise if the stock exchange closing price of an ordinary share shall be equal to or greater than NIS 10.4 for the first tranche for the Offeree (equal to or greater than NIS 14.92 for the Offeree); equal to or greater than NIS 10.6 for the second tranche for the Offeree (equal to or greater than NIS 15.25 for the Offeree); and also, equal to or greater than NIS 10.8 for the third tranche for the Offeree (equal to or greater than NIS 15.58 for the Offeree) (hereinafter - the "**Limit Price for Forced Exercise for the Offeree**").

It is noted that the options to the Additional Offerees are subject to generally accepted adjustments.

NOTE 33 - SHARE-BASED PAYMENT (cont.)

B. Further details regarding share-based payment plans (cont.)

(1) 2023 Plan (cont.)

On December 26, 2024, the Company's general meeting approved, after the Board and the Compensation Committee's approval, the award of options to Prof. Gamzu, Chairman of the Company's Board, under the approval of his terms of tenure and employment. On that date, and after the general meeting's approval, the Board approved the award of 692,225 unlisted options exercisable into ordinary Company shares of NIS 0.01 par value each, which constitutes the final number of options awarded to the Chairman of the Board, and additional terms derived from the closing price of the Company's share on that date.

The options to the Chairman of the Board are allocated in one tranche at a fair value of approx. NIS 1,440 thousand, which will vest within 3 years; for further details see Note 38. Accordingly, the options' vesting date is December 26, 2027 and their expiry date is December 26, 2030, except if employment relations between the Company and the Chairman of the Board or his tenure in the Company were terminated in accordance with the equity compensation plan. In this context, it is noted that, as a rule, (a) in the event of the Company's decision to terminate the engagement, or in the event that the Company and the Chairman of the Board reach mutual agreement on the termination of engagement; or (b) termination of the engagement following a change in control (as the term "Control" is defined by the Securities Law); in both cases, the following shall apply: On the employment termination date, the relative share of the options calculated according to the period which had elapsed from the vesting date in relation to the entire vesting period shall be regarded as having vested and exercisable as of the termination date, and this relative share will not be forfeited on termination date.

The other terms of award to the Additional Offerees and the Chairman of the Board, including the method of calculating the options' value, are identical to those of the Offerees, except for adjustments, which will apply to the Limit Price for Forced Exercise for the Second Offeree and the Chairman of the Board.

It is noted that the TASE's approval of the listing of the shares, which will arise from the exercise of the options awarded to the Chairman of the Board and the Second Offeree (if exercised) was received subsequent to the reporting period.

C. Change during the year

The following is a table presenting the changes in the number of share options and the weighted average of their exercise price:

	2024		2023	
	No. of Options	Weighted average of exercise price	No. of Options	Weighted average of exercise price
Share options as of beginning of year	17,423,954	4.39	-	-
Share options granted during the year	1,769,316	5.91	17,423,954	4.46
Share options exercised during the year *)	(189,291)	4.16	-	-
Share options forfeited during the year	(1,480,528)	4.50	-	-
Share options as of end of year	17,523,451	4.50	17,423,954	4.46
Exercisable share options as of end of the year	3,980,498	4.19	-	-

*) After adjustment as of December 31, 2024 for dividend distribution according to the plan's terms.

**) The weighted average of the share price on the options' exercise date during 2024 is NIS 4.16.

D. The weighted average of the remaining contractual life of the share options as of December 31, 2024 is 3.60 years.

NOTE 33 - SHARE-BASED PAYMENT (cont.)

E. Fair value measurement of the share options settled with Company's equity instruments

The Company uses the binomial model to measure the fair value of the share options settled with its equity instruments. The measurement takes place on the award date of the share options, which are settled with Company's equity instruments, since these are employee benefits.
The following table presents the data used in measuring the fair value of the share options settled with the Company's equity instruments, in accordance with the binomial option pricing model, with respect to the above plan:

	2024	2023
Expected volatility of share prices (%)	30.85%-38.18%	35.22%-39.49%
Risk-free interest rate (%)	4.3%-4.4%	3.8%-4%
Expected life of the options of the share options (years)	4-6	4-6
Share price (NIS) for the Company's employee	5.73	4.26-4.63
Share price (NIS) for Migdal Insurance Group employees who are not also Company employees	5.16	4.02

In accordance with the above data, the options' fair value on their award date in 2024 and 2023 was set to NIS 3,040 thousand and NIS 23,536 thousand, respectively.

The share options' expected life is based on their expiry dates and does not necessarily represent the future pattern of their exercise into shares. The expected share price volatility reflects the assumption that the historical volatility of the share price constitutes a good indication of future trends.

NOTE 34 - OTHER EXPENSES

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Amortization of intangible assets (excluding computer software) *)	6,543	7,217	8,211
Expenses from other non-insurance activities	10,389	10,509	9,532
Capital loss from sale of fixed assets, net	1,013	3	1,184
Other equity losses, net	1,418	8,583	1,230
Total other expenses	19,363	26,312	20,157

*) For further details, see Note 4.A.

NOTE 35 - FINANCE EXPENSES

	For the year ended December 31		
	2024	2023	2022
	NIS thousand		
Interest expense and linkage differences in respect of			
Finance expenses for bonds	232,972	222,405	206,215
Interest expenses for reinsurers	1,747	1,264	1,063
Exchange rate differences, net in respect of liabilities*)	(11,913)	5,416	37,315
Lease finance expenses	5,677	4,414	2,664
Fees and commissions and other finance expenses	(** 41,170	(** 28,514	2,519
Total finance expenses	269,653	262,013	249,776

*) Regarding exchange rate differences in respect of financial investments, see Note 26.

**) Mainly interest expenses for REPO obligations.

NOTE 36 - EARNINGS PER SHARE

	For the year ended December 31		
	2024	2023	2022
	In NIS		
Basic diluted earnings per share attributable to the Company's shareholders in NIS	0.58	0.56	0.71

NOTE 36 - EARNINGS PER SHARE (cont.)

A. Basic earnings per share

The calculation of basic earnings per share for 2024 was based on the net income attributable to ordinary shareholders of NIS 608,160 thousand (in 2023 - net income of NIS 587,178 thousand and in 2022 - net income of NIS 750,974 thousand), divided by the weighted average number of outstanding ordinary shares, as detailed below:

Weighted average of the number of ordinary shares

	For the year ended December 31		
	2024	2023	2022
	In NIS		
Balance as of January 1	1,053,908,234	1,053,908,234	1,053,908,234
Effect of options exercised for shares	1,215	-	-
Weighted average number of ordinary shares used in calculation of basic earnings per share as of December 31	1,053,909,449	1,053,908,234	1,053,908,234

B. Diluted earnings per share

Diluted earnings per share for 2024 was calculated based on the net income attributable to holders of ordinary shares totaling NIS 608,160 thousand (2023 and 2022 - net income of NIS 587,178 thousand and NIS 750,974 thousand, respectively) divided by the weighted average of the number of ordinary shares in circulation, after adjustment for all potentially dilutive ordinary shares as detailed below:

Weighted average of the number of ordinary shares (diluted)

	For the year ended December 31		
	2024	2023	2022
	In NIS		
Balance as of January 1	1,053,909,449	1,053,908,234	1,053,908,234
Effect of options exercised for shares	27,954	-	-
Effect of dilutive options	602,839	-	-
Weighted average number of ordinary shares used in calculation of basic earnings per share as of December 31	1,054,540,242	1,053,908,234	1,053,908,234

In 2024, the calculation of diluted earnings per share did not include convertible securities for 10,892,877 employee options since their inclusion had an anti-dilutive effect.

For details regarding share-based payment plans, see Note 33.

NOTE 37 - RISK MANAGEMENT

A. General

1. Key risks

The Group has insurance, long-term savings and financial services activities. Insurance activity focuses on life insurance and long-term savings (life insurance, pension funds and provident funds), health insurance and property and casualty insurance. The financial services activity focuses on providing financial asset management services, investment marketing and investment banking.

The Group's activities expose it to the following risks:

- Insurance risks;
- Financial risks, including:
  - Market risks;
  - Liquidity risks;
  - Credit risks;
- Operational risks, including information security and cybersecurity risks;

NOTE 37 - RISK MANAGEMENT (cont.)

A. General

1. Key risks (cont.)

These risks are accompanied by additional general risks such as: environmental risks including evolving climate risks, regulatory and compliance risks, legal risks, goodwill risks and business risks (such as increased competitiveness, changes in public tastes, etc.). For further details, see Section B.5. below.

Insurance risks - Life and health insurance risks result from uncertainty in the prevalence, timing, and duration of payment of anticipated future claims with respect to assumptions regarding mortality/longevity rates, annuity takeup rate, morbidity/disability rates, expenses, cancellations or redemptions.

The actuarial risks in the pension fund apply to the planholders and their influence on the management company is manifested in terms of management fees.

P&C insurance risks are mainly due to pricing, valuation of reserves, contingent claims and catastrophes.

It is of note that the insurance risks are also affected, among other things, by emerging climate, physical and transition risks, which, in addition to climate changes, also stem from changes in environmental protection-related global legislation and regulatory requirements.

Market risks are the risk that the reported value, the fair value or future cash flows of financial assets, financial liabilities or insurance liabilities will change as a result of changes in market prices. Market risks include, among other things, risks arising from changes in interest rates, in equity instrument/real asset rates, in the CPI and in foreign exchange rates.

Liquidity risks - the risk of loss as a result of the Group having difficulty meeting its liabilities on time, including, among other things, the sale of assets at a value lower than their market value or unexpected recruitment in a short time.

Credit risks - the risk of loss as a result of the failure of a borrower/reinsurer to meet its obligations, or as a result of changes in the rating of borrowers and the credit spreads in the capital market.

Operational risks including information security and cyber risks - the operational risk is the risk of harm to the Company due to inadequacies or failure (maliciously or not) of internal processes caused by people, systems and external events. Cyber risk is the risk of unauthorized use of identity, disruption of activity by impairing network activity or shutdown of services, damage to systems, theft of digital assets, embezzlement, fraud and computer crimes, introduction of codes or malware, hacking the system or disclosure of information, disruption of information or use of information without authorization or by deviating from the authorization.

For further details regarding the risks, see Section B below.

Migdal Insurance's Board of Directors defines the exposure policy of the insurer and of the planholders' portfolios to the various risks, including setting risk exposure limits, insofar as they can be determined, and addressing the overall level of exposure to the risks considering the correlation among the various risks.

The Board of Directors appointed a risk and solvency management committee on its behalf, which discussed issues relating to risk management and capital management under Solvency 2. For details regarding the Solvency II-based economic solvency regime, see Note 7.C. above.

This note provides information about the Group's exposure to each of the above risks, a description of the Risk Management Policy, the working processes, the risk identification and the Group's controls. Additional quantitative and qualitative disclosures are included throughout the Financial Statements.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

2. Legal requirements

In insurance and Long-Term Savings

The regulatory frameworks regulate and determine, among other things, arrangements with respect to the risks to which the companies are exposed by stipulating regulatory requirements and among other things as follows:

As part of the regulatory directives regarding the Board of Directors' activity and in the context of risk exposure management, the Board of Directors must, among other things, appoint a risk management committee, define the policy of the insurer's and policyholders' exposure to various risks, determine the maximum exposure to risks to the extent it is possible to determine them, determine the level of overall exposure to risks given the correlation among the various risks, determine guidelines for identifying and managing the risks inherent in a new project, approve tools and controls for measuring the risks and their management and ways of contending with the various risks and their realization.

Investment management - provisions have been established regarding how the investments are managed by the institutional entities that stipulate, among other things, requirements for the degree of diversification, restrictions on investments, and liquidity.

Credit management - provisions have been established pertaining to ensuring the existence of adequate management, supervision and control mechanisms for credit risk management in the course of investment activity, including the establishment of a credit committee and its functions, defining credit extension policies as well as methods of supervision, control and reporting to the various investment committees and the Board of Directors.

Reinsurers - provisions have been set forth regarding management of the exposure to reinsurers (hereinafter - "**Reinsurers' Exposure**").

Capital requirements - Provisions were set regarding solvency capital requirements; for further details, see Note 7.C.

Risk Management - the provisions of the Consolidated Circular - Gate 5, Part 1, Chapter 10 dealing with the risk management function in an institutional entity, including guidelines detailing the qualification conditions of the Chief Risk Officer and the establishment of a Risk Management Unit, which are to be distinct from the business lines whose ongoing operations it examines. In addition, the Circular specifies the powers of the Chief Risk Officer to obtain information and access to the data required to perform the functions of the Risk Management Unit, as well as the resources required for this. The circular also specifies the duties and work practices of the chief risk officer, which include, among others: identifying the material risks, quantifying and assessing the risks identified as material and reporting to the relevant organs.

Operational risks - In addition to the above arrangements, the Commissioner published instructions regarding the management of specific exposures, the main ones being: embezzlement and fraud (hereinafter - the "**Provisions of the Consolidated Circular - Gate 5, Part 3, Chapter 1 Embezzlement and Fraud by Parties inside the Organization and outside the Organization**") and cyber risk management (the "Cyber Risk Management in Institutional Entities Circular").

Effectiveness of Internal Control over Financial Reporting and Disclosure (SOX) - in addition, under the provisions of the securities regulatory requirements, the Company implements the required procedures regarding the examination of the effectiveness of internal control over disclosure and financial reporting within the Company and attaches the required reports and statements in respect of this to its Financial Statements. Concomitantly, the Group's institutional entities apply the provisions of the Insurance Supervision Department regarding the effectiveness of internal control over the disclosure and financial reporting of these entities.

In the financial services activity

Migdal Capital Markets and its subsidiaries operate in accordance with the provisions of the law applicable to them, and among other things are subject to the supervision of various regulators such as the Israel Securities Authority, which define provisions, rules and restrictions on the activities of the Group's companies, including: rules for investment management and mutual fund management, conduct toward managed customers, etc.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods

a) Overall Risk Management Function

In insurance and Long-Term Savings

Migdal Insurance appointed a Chief Risk Officer for the insurance company and the institutional entities under its management.

The Risk Management Unit complements the risk management activity of the business entities and is responsible for the formulation of the work framework for risk management within the Group, challenging the activities of the business lines, developing tools and methods for the assessment, identification and quantification of risks, including evolving risks, reporting on current or special risk exposures to the reporting entities (such as investment committees, Board of Directors, Risk Management Committee, etc.), implementing and managing risk assessment systems (including the implementation of a computerized system for Solvency II calculations) in the various Group subsegments, and implementing regulatory provisions in all matters relating to risk management in its various subsegments. In addition, the unit is responsible for professional guidance of the control units located in the Company's business lines, including formulating the annual control plans, monitoring implementation and handling findings to reduce risks, as well as handling embezzlement and fraud risks, and failure events.

In addition, the unit is responsible for assessing economic capital adequacy under the Solvency 2 regime and performing the Company's Own Risk Solvency Assessment process (hereinafter - the “**ORSA Report**”), which takes into account, among other things, the relations between the management of the Company's business strategy, including work plans, the risks to which the Company is exposed from the risk management values and capital management strategies.

Assessment of economic capital adequacy and the ORSA Report are, respectively, the first and second pillars as part of the Solvency II Directive adopted by the European Union and implemented in Israel.

The unit operates in cooperation with the headquarter units responsible for insurance and reinsurance activity, investment and finance activity.

The Group regularly holds professional discussions on risk management issues both in the management forum and in dedicated professional forums headed by the CEO.

In the financial services activity

The head officer in charge of risk management of each of the Migdal Capital Markets companies is the CEO of that specific company, while in addition a compliance and control legal department operates in the Group, which is responsible for implementing and enforcing the relevant regulatory provisions, and for control and monitoring of violations of the management’s regulatory and internal guidelines. This department is independent of the subsidiaries’ CEOs and its work is carried out independently using software tools and advanced methods.

Among other things, the Group's companies have approved risk management methodologies, exposure documents are frequently presented, and procedures are updated and distributed in accordance with an orderly methodology.

Policy papers have been written, which, among other things, relate to the risk appetite well as how it is managed.

This department reports to the audit committees and boards of directors of Migdal Capital Markets and its subsidiaries on defects that have been identified, including deviations from prescribed procedures.

In addition, there is a dedicated Market Risk Management Unit in Migdal Capital Markets to perform market risk control for the activity of the mutual funds and the market maker. The unit reports to the Vice President at Migdal Capital Markets headquarters.

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group

The Group's risk management policy is based on an Enterprise Risk Management concept and is intended to support the achievement of its business objectives and maintain its financial strength while assessing the losses that may result from exposure to the risks the Group faces as a result of its business activity, and limiting these losses in accordance with the established risk policy, while addressing the changes applying to the business environment as well as the regulatory guidelines and requirements.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Migdal Group's risk management is based on three lines of defense: a first line of business line managers, a second line of risk management including the Risk Management Division, as well as specialists addressing specific types of risk such as privacy protection, information security and cyber, compliance and legal, and a third line of internal audit.

Identification of the material risks, assessment of their management as well as quantification of the exposure and the potential impact of these risks on the future financial position of the Group companies and its planholders and on the capital status of Migdal Insurance, is conducted jointly by the Risk Management Unit and the headquarter units and/or actuarial units responsible for the insurance activity, reinsurance activity, investment and financial activity respectively.

Risk management control is carried out in a number of locations in the Group as follows

- The headquarters units are responsible, each in their respective fields, for complying with the Group's procedures and the guidelines of both the Board of Directors' and the Investment Committees regarding the limitations of exposure to risks.

  There are professional forums in the Group headed by the CEO and the heads of the investment, insurance and pension subsegments. The development of exposure to the insurance risks in the various insurance subsegments and the financial risks is regularly reviewed by these forums as well as developments in other factors, and accordingly, relevant managerial decisions are made in relation to them.

- The Group operates an array of operational and compliance risk control under the business units. The control system in the business divisions examines the infrastructures established for addressing the various risks in work processes and provisions of the law in accordance with an annual control plan, under the professional guidance of the Operational Risks Manager and the Compliance Officer.

- For overall responsibility of the Risk Management Unit, see Section A.3 (a) above.

- The internal audit incorporates in its work plans topics defined in the risk survey as requiring special attention.

New products

The process of entering into a new insurance plan or a new area of activity in the Group is carried out in accordance with the procedure for launching a new product or project, which among other things, meets the regulatory guidelines on this subject as well. The identification and quantification of the risks involved in the product or project is carried out as follows:

Insurance risks - measurement of exposure to insurance risks is done with reference to both the risk expectation, which serves as the basis for product pricing, as well as the exposure to potential losses anticipated beyond the risk expectation, in various scenarios.

Market risks - in products that involve guaranteeing a return of some kind, the exposure to market risks is measured, among other things, by stochastic tools used to measure both the expected loss in respect of market risks (which forms the basis for product pricing) and the expected potential loss at a given level of certainty, in respect of these risks.

Comprehensive risk and additional risks - the alignment with the Company's risk appetite and risk management policy is measured as is the impact on its capital status and capital development forecast under the Solvency 2 regime. Furthermore, the director of the relevant field is responsible for sharing in the development process any other relevant function in the company, with access to additional knowledge for the purpose of launching the project.

Market and liquidity risks

The market risks are managed by the investment managers in accordance with the provisions of the law and the overall policy of the Board of Directors as well as the investment committees of the asset portfolios of the planholders' funds: the profit participating policies, the pension funds and the provident funds (in which the risk is mainly on the planholders), as well as the Nostro assets portfolios.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

The market risks (cont.)

These entities receive reports on the exposure of the Group's various investment portfolios to changes in the financial and capital markets, including as abovementioned, interest rates, exchange rates and inflation rates, including asset liability management (ALM), and, with reference to this, they define levels of exposure to the various investment channels as frameworks for making investments by the Group's Investment Division and subject to the Investment Methods Regulations.

The Company addresses market risks, among other things, via diversification between: investment channels, issuers, subsegments and geographic regions. In addition, restrictions are defined, among other things, for exposure to investment channels, ALM restrictions, etc. In addition, an overall risk appetite is determined for the financial scenarios.

For information regarding exposure to the linkage bases of the managed portfolios, see Sections C and D below.

Liquidity risk is managed by the investment managers both by ongoing monitoring of the liquidity of the liabilities in the various investment portfolios as well as quantifying the expected loss in an extreme scenario of the immediate disposal of assets. The issue is discussed by the Board of Directors and the investment committees of the managed portfolios, both the Nostro portfolios and the planholders' portfolios, the profit participating policies, the pension funds and the provident funds. The exposure limits to the risk factors of the assets in the managed portfolios are defined, among other things, with respect to these data.

The transition to investment baskets reduced the liquidity risk especially of the smaller funds.

The exposure to market risks and liquidity risks of the investment portfolios is quantified for market risks both by means of the Value at Risk (VaR) measurement, which measures the potential maximum damage at a given probability during a given period of time, and by examining the expected damage to the Group in various historical and hypothetical sensitivity scenarios. As part of the quantification of exposure to market risks, the total exposure is measured - to the balance sheet and economic interest rate risk, among other things, by examining the alignment of assets and liabilities (ALM) in the Nostro portfolio, as well as the quantification of the exposure derived from the participant's portfolios, the effect of changes in the interest rate curves on their fair value and compliance with the defined exposure limits.

For liquidity risk, regarding the planholders' portfolios, the expected loss is also calculated as a result of the need to liquidate the portfolio under the extreme scenario of immediate realization of accruals.

In addition, various performance indicators are calculated regarding the managed portfolios (the asset portfolios of the planholders' funds: the profit participating policies, the pension funds and the provident funds), pertaining to the relationship between the attained return and the level of risk in the portfolio.

The abovementioned measurement of exposures of the Group's various asset portfolios is carried out at least every quarter and includes the risk indices described above, as well as the status of the exposures to risk factors compared to the restrictions defined by the Board of Directors and the various investment committees. At the same time, periodic audits are conducted by the audit unit of the Investment Division, which manages investments, with respect to compliance with investment regulations and with the investment and credit policies of the various portfolios.

The disclosure reports are regularly reported to the relevant investment committees in respect of the various asset portfolios.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Insurance risks

The insurance risks are managed by the insurance managers and actuaries of the various subsegments, including the pension funds (where the risks apply to the planholders). The Board of Directors receives the assessment of the exposure to the maximum expected loss from the material insurance risks, at the level of certainty determined based on the risk-weighted components as follows:

- The scope of the expected maximum loss as a result of the exposure to a single large damage event or accumulation of damages due to a particularly large event (catastrophe event), as well as the exposure to an unexpected change of risk factors covered by the policies sold by the company, at a given level of certainty during a one-year period.
- The effect of the measures taken by the Company to disperse, reduce or limit the insurance risks both through underwriting procedures and rules for obtaining business and through reinsurance arrangements, to reduce the expected loss and impact on the capital required against these risks as a result of the exposure to the insurance risks.

With regard to the assessment of the Company's exposures to the insurance risks as well as the actuarial risk of the pension fund's planholders, the Board of Directors determines the limits of the Company's or fund's exposure to these risks.

In life and health insurance and pension funds - quantification of the exposure to loss resulting from the risk components of the life and health insurance businesses and the actuarial risks in pension funds such as mortality and morbidity risk both in cost and in the amount of claims, life expectancy, a particularly large event such as an earthquake, epidemic, war or terrorism (catastrophe event) and an increase in cancellation rates (including redemptions and outgoing mobility) is conducted through the impact of extreme scenarios on the value of long-term savings portfolios taking into account the correlations between the risk factors, within a one-year time period

The Company conducts various periodic studies and analyses, including examination of sensitivity scenarios, on developments in exposures to insurance/actuarial risks, such as mortality risk, life expectancy, permanent health insurance, cancellations, expenses, etc., and their impact on insurance reserves, as well as on the profitability of the Group's new products and sales value.

In P&C insurance - quantifying the exposure to a significant deterioration in the risk factors covered by the policies, as well as a single large damage event or accumulation of damages due to a particularly large event, such as an earthquake (which is the main catastrophe event to which there is exposure), or another environmental catastrophe event, and the effect of reinsurance arrangements on the potential loss to the Group, are carried out by examining scenarios for the main risk factors to which the Group is exposed at the predetermined level of certainty. Furthermore, the Group regularly performs profitability tests for the various operating subsegments. There is ongoing control over the developments and trends in the exposure to the insurance risks of the various insurance subsegments, arising mainly from changes in the incidence of claims and their severity as well as in other expenses and costs, and their effect on both the profitability of the products and the insurance reserves.

The Group addresses insurance risks via reinsurance, pricing, and underwriting. In addition, diversification of insurance contracts as well as diversification among subsegments, geographical areas, risk types, coverage amount etc., mitigate the risks.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Credit risks

Investment credit risks - are managed by the investment managers in accordance with the provisions of the law as well as the overall policy of the Board of Directors and the investment committees. The policy includes exposure limits, mainly exposures to a single borrower, a group of borrowers, exposure to credit rating groups, etc. The regulatory requirements are also taken into account when determining the said restrictions. The institutional entities have a credit subcommittee that discusses and approves transactions according to the degrees of authority granted to it by each of the various investment committees.

For further information regarding the credit rating of the assets in the managed portfolios, see Section B.4.A) (2) below.

The estimated exposure to credit risks provided in the various investment portfolios is based mainly on an examination of the expected damage to the Group from the credit assets in various scenarios as is derived from the credit rating and from the asset's average duration.

The credit rating issued as part of the investment portfolios is based on an external rating, if such exists, and on an internal rating of the Investment Division's Research Department, which also examines the external rating.

On the internal rating, see Section B.4.b)(1) below.

The composition of borrowers with respect to the credit extended in the Group's various investment portfolios is reviewed by the Group's Research Unit on a quarterly basis, for changes in the borrower's credit risk. In addition, the Credit Unit continuously reviews the credit financial covenants, as well as compliance with applicable regulatory guidance and with the Board of Directors' and Investment Committees' guidance. The various investment portfolios' exposure to credit risks – including the exposure to borrowers, subsegments and sectors, borrower ratings, troubled debt, and so on – is presented to the Investment Committees for quarterly discussion.

The Company manages the credit risks associated with its investments through diversification across investment channels, issuers, subsegments, and geographical areas, while assessing the robustness and solvency of the entities in which the Company invests, both before making the investment and throughout the investment's duration.

Reinsurer credit risks – are managed by the Reinsurance Department, which presents the exposure to credit risks attributed to reinsurers to the Board of Directors. The Board of Directors limits the exposure to reinsurer credit risk ratings, considering, among other things, the type of insurance (long/short tail), the specific reinsurer, and the limitations stipulated in the legislative arrangement.

The estimated exposure to reinsurer credit risks is based mainly on the probability of loss at a given level of certainty, as arising from the reinsurers' credit rating.

The rating is set mainly according to the S&P Rating Agency.

For information regarding credit risks from reinsurers, see Section B.4.1 below.

The Reinsurance Department examines the reinsurers' financial resilience.

The Financial Division continuously monitors collection from reinsurers.

The Company manages reinsurer credit risks by diversifying across reinsurers, limiting exposure to individual insurers, and through credit rating limits.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Operational risks

Main operational risks: Operational risks are managed by division managers, with the support of various organizational entities and functions, including the control function (which is deployed in the organization's different operating segments); operational risk management, including fraud and embezzlement prevention; the Organization and Methods Unit; compliance and enforcement; SOX; privacy; information security; the Technology Division; and the internal audit. Policy papers, which reflect the applicable regulatory operational risk management provisions, were approved by the Company's Board of Directors, and the Company acts pursuant to them.

The loss arising from operational risks is quantified in the calculation of the solvency ratio, using the customary parameters relating to the scope of the Group's operations in different insurance subsegments.

The Company handles its operational risks by mapping the operational risks and establishing mitigation plans to address the high residual risks. In addition, implementation of the control plans in the operating segments facilitates the escalation and resolution of operational deficiencies in the course of ongoing work processes.

Information security and cyber security - In recent years there has been a significant increase in global cyber threats. There have been many attacks - globally and in Israel - against national infrastructures, government entities and a wide range of corporations, including financial entities.

The business activity of the Group Companies and Group companies relies - to a great extent - on IT systems that support the business processes. The availability of the systems, the reliability of the data, and maintaining the confidentiality of the data are essential for an orderly business activity.

As technology evolves and as various threats grow more frequent and sophisticated, the level of risk facing the Group and its customers increases. The incorporation of new technologies into the Group Companies' business core, its end systems and among its customers increases the risk that cyber-attacks will occur. In addition to the effect of technology on the landscape of cybersecurity and information security threats and risks, many regulatory changes in this area have been observed in the last few years, including various legal and regulatory requirements that could potentially pose a legal risk.

The information security and cybersecurity risk could entail various types of damage and adverse effects, including an adverse effect on the Company's continuous business activity, revenues, and goodwill, in addition to damage to or adverse effects on third parties, including the Company's customers, suppliers, business partners, and employees.

The Company and Group companies (collectively, hereinafter – the "**Group**") take frequent and regular proactive preparation measures to mitigate cybersecurity threats, investing substantial resources in this area, including obtaining cyber insurance coverage from global insurers.

The Group has a cybersecurity risk management and privacy protection policy that establishes the Group's and the management's commitment to the issue and sets the risk management methodology from which the Group's preparation plan and the procedures comprising the cybersecurity risk mitigation work processes and controls derive, in addition to the manner of using and managing personal information and the manner of appointing the responsible entities. The Head of Information Security and Cybersecurity (who is accountable to the Head of the Technology Division) and the Data Protection Officer (who is accountable to the Chief Legal Counsel and the Group's Compliance Officer) are responsible for the policy's implementation. It is noted that the aforementioned appointed functionaries and other key personnel in this area report directly to the authorized bodies designated by the Board of Directors to deliberate on these matters, as well as to the Board Committees and to the Board of Directors itself.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Operational risks (cont.)

The procedures deriving from the policy define the cybersecurity, information security, and privacy protection processes, including the security and cybersecurity incident reporting mechanisms, a proactive cyber protection plan, and, moreover, the means and controls ensuring compliance with information security requirements, in accordance with the information security regulations. Migdal Insurance is certified by the Standards Institute of Israel pursuant to international information security and privacy protection standards (ISO 27001 and ISO 27701, respectively).

The Group’s risk management function engages in rigorous testing of the Group’s risk management and defense practices, supported by external consultants with experience, expertise, and skill in information security and cybersecurity.

The cybersecurity risk management and privacy protection policy is approved by the Company’s Board of Directors once a year. The annual work plans addressing these matters, including the mitigation plans associated therewith, are approved within the framework of the work plans presented to the Board of Directors. In addition, the implementation of this work plan is monitored, with semi-annual reports to the Board of Directors.

The Board of Directors appointed a dedicated committee that convenes once per quarter to discuss IT, cybersecurity, and information security strategy. This committee deliberates on the threat landscape, incidents and research findings from across the globe, material changes to and essential principles of the Company’s information security procedures and database configuration documentation, risk appetite, the work plans’ status, and implementation of the risk mitigation plans, among other things.

Furthermore, The Company’s oversight and control mechanisms include the Cybersecurity Risk Management Committee, led by the institutional entities’ respective CEOs and senior management members, including the Company’s gatekeepers. This committee convenes on a quarterly basis, and serves as an operative oversight, control, and decision-making committee with respect to these areas.

The Committee’s summaries are reported to the Company’s Board of Directors as part of the semi-annual report on this matter.

The Group’s gatekeepers all provide a basis for the Board of Directors’ effective control, among other things, including the Company’s auditor, who routinely audits the Company’s privacy protection and information security functions, aided by specialized external entities in accordance with a multi-year audit plan deriving from the risk this activity reflects, within which the relevant audit reports are presented to the institutional entities’ audit committees, with methodical control of how such findings are remediated. In addition, compliance entities, the Data Protection Officer, and external experts all conduct internal and external compliance surveys with respect to statutory privacy protection and information security provisions.

As part of the Group’s cybersecurity risk management, the Group manages several key risks, such as the risk of information corruption, unauthorized access to information, shutdown of the Group’s network or systems, adverse effects on its business activity, information leakage, and invasion of privacy.

The Group regularly revises its cybersecurity and information security risk assessments, using various means, including surveys, penetration testing, information security exposure detection, monitoring and control, cyber intelligence, failure incidents and insights derived from domestic and international cybersecurity incidents, as well as implementing innovative anomaly detection technologies and capabilities, to enhance the Group’s identification and early warning capabilities with respect to these risks.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Operational risks (cont.)

The Group has an orderly but flexible work plan that is revised from time to time in accordance with the development of the ever-changing threats. The plan is based, among other things, on an analysis of the threats and risks which are relevant to the Group, and includes actions aimed at reducing the probability that the risks and threats will materialize. The plan stipulates guidelines, responsibilities, and applicability provisions on the implementation and integration of information security guidelines in the Group's business affairs, ongoing operations, and technological development; furthermore, an appropriate managerial infrastructure has been established to specify and implement all required privacy protection and cybersecurity measures.

As part of the plan, and to ensure that the implemented risk management and protection measures are effective, as well as before implementing a new system or technological process, and when implementing significant changes to the Group's systems. The Group takes measures to remediate survey findings and minimize the risk on a regular basis, according to time frames that correspond to the findings' severity; in addition, it implements advanced technological capabilities that constantly and rigorously evaluate the protective measures' effectiveness in a wide range of scenarios.

In addition, the plan includes extensive privacy protection and information security training and awareness activities for Group employees, as the employees are the most critical line of defense for identifying and alerting of cybersecurity incidents.

Furthermore, close guidance and support are provided with respect to privacy protection, information security, and cybersecurity, which are integrated into routine operational processes, from the initial conception of technological and business initiatives through to the ongoing management of internal and external risks, incident investigations, and mandatory disclosure of events (e.g., severe security breaches, information leakage, network shutdowns, data corruption, and unauthorized access to information) that could potentially impact business operations.

The Group invests substantial resources in supplier and supply chain resilience management and control, using advanced technological systems that incorporate resilience assessment questionnaires and scanning Company suppliers' digital assets.

No cybersecurity incidents affecting the financial reporting were detected in the reporting period.

Embezzlement and fraud prevention: The Group's institutional entities take measures on this matter pursuant to the provisions of the Commissioner's Circular on Fraud and Embezzlement, and pursuant to the policy approved by the Group's Board of Directors. Within the Group's risk management, the Embezzlement and Fraud Prevention Officer is responsible for identifying, assessing, and minimizing exposures, with the division managers' cooperation, aided by the organizational control function.

NOTE 37 - RISK MANAGEMENT (cont.)

A. General (cont.)

3. Description of risk management procedures and methods (cont.)

b) Risk management policy, work processes and method of identifying risks and risk management control of insurance activities and long-term savings of the Group (cont.)

Operational risks (cont.)

Disaster preparedness (emergency): Group companies have a general business continuity framework that addresses reference scenarios and their potential ramifications for the Group, a mapping of essential emergency processes, emergency service objectives, and a business continuity plan. The Business Continuity Plan (BCP) addresses the emergency requirements in various aspects, including personnel, physical infrastructure, and technological infrastructure. Among other things, the plan stipulates emergency operating procedures for essential and auxiliary business processes; an essential personnel backup plan; a plan to relocate to an alternative site or to transition to remote work (for Group employees who support essential emergency business processes); and a backup site (DRP site) that stores policyholder and member data, and enables RPO (Return Point Objective) and RTO (Return To Operation) within specified time frames to support the emergency service objectives. The Company has an additional (third) alternative, ensuring data recovery in scenarios in which the data is simultaneously compromised at both the primary site and the backup site. The general framework includes a business continuity plan, which, pursuant to the circular, is presented in a separate document for the Board of Directors' approval as well. As required, both the general framework and the business continuity plan for 2023 were approved by the management and the Board of Directors, respectively. The approval is valid for two years. In addition, the Business Continuity Officer's report, which reviews the Company's operations in the past year, was approved in 2024; employees were trained on the business continuity plan through an interactive e-learning software, as well as through the business continuity exercise for Migdal's management, in the cybersecurity outline document. In addition, in 2024, the Group operated through a real event (the Iron Swords War) and enhanced its preparedness for potential escalation scenarios along the northern border and in the face of the conflict with Iran and the Houthis, in accordance with its general framework and business continuity plan, including regular reports to the Group's supervisory entities and management.

B. Breakdown of risks

1. Market risks

Market risk is, as mentioned above, the risk that the fair value or future cash flows of financial assets, financial liabilities or insurance liabilities will change as a result of changes in market prices. Market risks include, among other things, risks arising from changes in interest rates, in equity instrument/real asset rates, in the CPI and in foreign exchange rates. For a sensitivity analysis for the effect of the change in the variables described below on the profit (loss) for the period and on the comprehensive income (loss), see Section B.1.a below.

Interest rate risk - is the risk that the fair value or future cash flows of a financial instrument will change as a result of changes in the interest rates.

In most of the Group's businesses, the average duration of assets is incommensurate with the average duration of liabilities, especially in life insurance liabilities (as well as in long-term health insurance and pension), in which the average duration of liabilities exceeds the average duration of assets. As a result, a decline in interest rates has the effect of reducing future returns when assets are refinanced against liabilities and reducing the embedded value of a life insurance portfolio, as well as reducing the future embedded return on planholders' funds.

In P&C insurance, the interest rate decrease's effect is reflected in the products' reduced profitability, stemming from a reduction in investment revenues against the reserves.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

1. Market risks (cont.)

It is noted that in 2024, global economic activity improved, as inflation stabilized in many countries and interest rates in the US and Europe were reduced. In contrast with the global trend, the inflation environment in Israel was still high in the reporting period. In January 2024, the Bank of Israel lowered the interest rate by 0.25% (to 4.5%); however, Israel's higher risk premium, owing to the aggravated geopolitical uncertainty, which has resulted in, among other things, several rating agencies downgrading the State of Israel's sovereign debt, has led to a downward revision of the growth forecasts for 2024 and 2025 in October 2024, and to an increase in the expected inflation forecast and an upward revision of the expected interest rate in 2025, bringing it to a rate identical to the current rate.

Market risks (equity instruments/real assets): The risks arising from a change in stock prices or a change in the fair value of other assets.

Risks associated with the Consumer Price Index: Real losses resulting from write-downs in shekel-denominated assets due to inflation rates exceeding the capital market's inflation expectations, against index-linked insurance liabilities.

As noted above, higher inflation rates were observed in 2024, following a mild recession in the previous year.

It should be noted that a significant increase in inflation has the impact of reducing the real return on planholder portfolios and therefore, has a derivative effect of reducing the variable management fees charged by the Company, as well as an impact on the financial margin on the Company's nostro portfolio.

Foreign currency risk - is the risk that the fair value or future cash flows of a financial instrument will change as a result of changes in the exchange rates of foreign currency.

The investment income that offsets insurance reserves and share capital has a material effect on the income of the insurance companies. A significant portion of the Group's asset portfolio is invested in securities traded on the capital market and in financial derivatives, which are characterized by volatility as a result of political, security and economic events in Israel and around the world. Liquid securities are recorded in accordance with their prices on the TASE as of the reporting date. As a result, fluctuations in these investments' value in the nostro portfolios and the effect of changing investment revenues on variable management fees in the participating policy portfolio may have a material effect on the Group's profitability and equity, as well as on the value of its life insurance portfolio. The decrease in asset value against the participating policies, pension funds, and provident funds leads to reduced fixed management fees charges in these portfolios. The extent of the effect on income also depends on the characteristics of the insurance liabilities (yield-dependent, non-yield-dependent) and the terms and conditions of management fees for products against which the relevant reserve is held.

Yield-dependent liabilities are liabilities for contracts in which the insurance benefits to which the policyholder is entitled depend on the return generated by certain investments made with respect to these policies, net of management fees, as detailed below:

- Regarding policies that were issued until 2004, fixed management fees and variable management fees at a rate of 15% of the real return after deduction of the fixed management fees.
- In policies issued in 2004 and thereafter - fixed management fees.

The Company has a direct exposure due to the changing interest rate curve's effect on the calculation of insurance liabilities for these contracts. In addition, the Company has exposure derived from variable management fees according to the volatility of the return credited to policyholders, only for policies issued until 2004, and from total amount of the liabilities from which the insurer's fixed management fees are derived with respect to all yield-dependent products.

The sensitivity tests and maturity dates of liabilities detailed in the following sections include only the direct effect of changes in the interest rate curve on the insurance liabilities calculation.

Any 1% change in the real return on investments under yield-dependent contracts in respect of policies issued until 2004, the liability amount of which as of December 31, 2024 is approx. NIS 91 billion, (approx. NIS 84 billion last year) affects the management fees by approx. NIS 137 million (approx. NIS 126 million last year).

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

1. Market risks (cont.)

When the return on these contracts is negative, the Company does not charge variable management fees, but rather only fixed management fees at a rate of 0.6% of the accrual, if a positive net real return (minus fixed management fees) is not achieved to cover the aggregate negative return.

In the last quarter of 2024, Migdal Insurance began to charge variable management fees totaling approx. NIS 135 million, after achieving a positive real return that covered the investment losses accrued to policyholders since 2022 in most participating life insurance policies marketed until 2004.

The effect of such a change on policies issued from 2004 onwards is immaterial.

In yield dependent life insurance policies - most of the life insurance portfolio is for guaranteed return policies, which are mainly backed by designated bonds (linked life insurance bonds, hereinafter - “**Hetz**”) issued by the Bank of Israel throughout the policy period. Therefore, the Company has overlapping financial coverage in respect of most of its interest and linkage liabilities for the life of the policies. As of December 31, 2024, the designated bonds covered approx. 75% of all life insurance liabilities in these plans (approx. 74% last year).

In life insurance (in respect of that portion of the life insurance portfolio that is not backed by designated bonds), in property and casualty insurance in the equity portfolio, the linkage of assets does not fully correspond to the linkage of the liabilities.

Changes in the capital markets, the CPI and foreign exchange rates may have a material impact on the Group's operating results.

a) Sensitivity tests relating to market risks

Following is a sensitivity analysis for the effect of the change in the variables described below on the profit (loss) for the period and on the comprehensive income (loss). The sensitivity analysis pertains to the carrying value of the financial assets, financial liabilities and liabilities in respect of insurance contracts and investment contracts, for the relevant risk variable at each reporting date and assuming that all other variables remain constant. For example, the change in interest rate is taken into account assuming that all other parameters remain constant. It has also been assumed that the aforementioned changes do not reflect an impairment of assets presented at amortized cost and therefore, in the sensitivity analysis, no impairment losses were included for these assets.

The sensitivity analysis, which reflects only direct effects and no secondary effects.

It should also be noted that the sensitivities are not necessarily linear, such that greater or more minor changes relative to the changes described below are not necessarily a straightforward extrapolation of the effect of these changes.

It is clarified that the sensitivity tests below are based on current accounting standards (IFRS 4), and do not necessarily reflect the Company’s expected sensitivity according to the new standard (IFRS 17). For details regarding the application of the new standard, see Note 41.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

1. Market risks (cont.)

a) Sensitivity tests relating to market risks (cont.)

As of December 31, 2024

	Rate of interest rate change (1) (2)		Rate of change in prices of investments in equity instruments (3)		% of change in the CPI		% of change in foreign currency exchange rates (5)	
	+1%	-1%	+10%	-10%	+1%	-1%	+10%	-10%
	NIS thousand							
Profit (loss)	5,757	(1,151,941)	9,805	(14,316)	(15,457)	15,457	(394,854)	394,103
Comprehensive income (loss) (4)	(785,763)	(232,093)	460,182	(460,150)	(15,457)	15,457	(27,911)	27,160

As of December 31, 2023

	Rate of interest rate change (1) (2)		Rate of change in prices of investments in equity instruments (3)		% of change in the Consumer Price Index		% of change in foreign currency exchange rates (5)	
	+1%	-1%	+10%	-10%	+1%	-1%	+10%	-10%
	NIS thousand							
Profit (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)

Comments

(1) With respect to fixed-interest instruments, the exposure is to the carrying value of the instrument, and for variable-interest instruments, the exposure to the cash flow from the financial instrument. The sensitivity analyses are based on the carrying amount, rather than on economic value. The sensitivity tests did not take into account, out of the assets with direct interest rate risk, illiquid debt assets at fixed interest rates, cash and cash equivalents, reinsurance assets, financial liabilities measured, subsequent to initial recognition, at amortized cost, in accordance with the effective interest method, and liabilities for investment contracts.
The assets to which the sensitivity analysis was applied constitute approx. 28% of total assets for non-yield dependent contracts in 2024.

(2) The effect of a 1% decrease in the interest rate on income and comprehensive income for insurance liabilities in life and health insurance included in the sensitivity analysis is estimated at a loss of approx. NIS 1,192 million after tax (last year, a loss of approx. NIS 1,473 million after tax). The effect of a 1% increase in the interest rate is estimated at approx. NIS 43 million in post-tax income (last year, the post-tax income was approx. NIS 211 million). See Section B.1. above.
In P&C insurance, the Company discounts its insurance liabilities in the third party insurance, employers' liability insurance, and compulsory motor insurance subsegments. The effect of a 1% decrease in the risk-free interest rate will lead to an increase in liabilities and a decrease in income and comprehensive income totaling approx. NIS 96 million, post-tax (approx. NIS 94 million, post-tax, last year). A 1% increase in the risk-free interest rate will increase the income and comprehensive income by approx. NIS 89 million, post-tax, by reducing liabilities (approx. NIS 87 million, post-tax, last year).

(3) Investments in instruments with no fixed cash flows, or alternatively, where the Company has no information about this cash flow (in accordance with the definitions in IFRS 7 - do not include investments in associates).

(4) The sensitivity analyses in relation to the comprehensive income (loss) also reflect the effect on the profit (loss) for the period.

(5) The change in foreign exchange rates, including the effect on non-monetary and other items, whose book value totals approx. NIS 5.3 billion.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

1. Market risks (cont.)

b) Direct interest rate risk

Direct interest rate risk is the risk that a change in the market interest rate will cause a change in the fair value or cash flow resulting from the asset or liability. This risk relates to assets that are settled in cash. The addition of the word "direct" highlights the fact that the change in interest rates can also affect other types of assets, but not directly, such as the effect of the change in interest rates on stock prices.

The following is a breakdown of assets and liabilities according to exposure to interest rate risks:

	As of December 31, 2024		
	Non yield-dependent	Yield-dependent	Total
	NIS thousand		
Assets with direct interest rate risk			
Liquid debt assets	16,971,310	25,208,086	42,179,396
Illiquid debt assets			
Hetz bonds	25,449,523	921,107	26,370,630
Other	2,607,835	15,794,476	18,402,311
Other financial investments	507,684	2,467,162	2,974,846
Cash and cash equivalents	3,113,390	20,133,170	23,246,560
Reinsurance assets	1,637,075	21,449	1,658,524
Total assets with direct interest rate risk	50,286,817	64,545,450	114,832,267
Assets without direct interest rate risk *)	15,000,159	89,804,898	104,805,057
Total assets	65,286,976	154,350,348	219,637,324
Liabilities with direct interest rate risk			
Financial liabilities	6,099,773	743,940	6,843,713
Liabilities in respect to insurance contracts and investment contracts	45,300,950	151,711,589	197,012,539
Other	366,740	970,838	1,337,578
Total liabilities with direct interest rate risk	51,767,463	153,426,367	205,193,830
Liabilities without direct interest rate risk **)	4,541,146	352,853	4,893,999
Total liabilities	56,308,609	153,779,220	210,087,829
Total assets less liabilities	8,978,367	571,128	9,549,495
Off-balance sheet risk (commitments to provide credit)	1,480,633	2,923,511	4,404,144

*) Assets that do not embody a direct interest rate risk include: shares, funds, fixed assets and rental property, deferred acquisition costs and other assets, as well as on-balance sheet classes of financial assets (collectible premiums current account balances of insurance companies and receivables and debit balances), the average duration of which is up to six months and therefore, the interest rate risk they represent is relatively low.

**) Liabilities that do not have a direct interest rate risk include: tax reserves, various types of debt balances, etc.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

1. Market risks (cont.)

b) Direct interest rate risk (cont.)

	As of December 31, 2023		
	Non yield-dependent	Yield-dependent	Total
	NIS thousand		
Assets with direct interest rate risk			
Liquid debt assets	16,032,719	26,397,493	42,430,212
Illiquid debt assets			
Hetz bonds	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
Reinsurance assets	1,524,551	24,382	1,548,933
Total assets with direct interest rate risk	47,875,146	61,424,148	109,299,294
Assets without direct interest rate 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 rate risk			
Financial liabilities	5,955,175	63,171	6,018,346
Liabilities in respect to insurance contracts and investment contracts	43,656,181	140,210,405	183,866,586
Other	452,695	2,336,432	2,789,127
Total liabilities with direct interest rate risk	50,064,051	142,610,008	192,674,059
Liabilities without direct interest rate risk **)	3,202,982	384,112	3,587,094
Total liabilities	53,267,033	142,994,120	196,261,153
Total assets less liabilities	8,466,320	132,272	8,598,592
Off-balance sheet risk (commitments to provide credit)	314,470	2,456,079	2,770,549

*) Assets that do not embody a direct interest rate risk include: shares, funds, fixed assets and rental property, deferred acquisition costs and other assets, as well as on-balance sheet classes of financial assets (collectible premiums current account balances of insurance companies and receivables and debit balances), the average duration of which is up to six months and therefore, the interest rate risk they represent is relatively low.

**) Liabilities that do not have a direct interest rate risk include: tax reserves, various types of debt balances, etc.

c) Details of exposure to economic sectors for investments in shares *)

	As of December 31, 2024					
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares Index	Illiquid - in Israel	Overseas	Total	% of total
	NIS thousand					
Economic sector						
Manufacturing	6,642	1	-	12,447	19,090	6.6
Construction & real estate	21,007	381	17,193	-	38,581	13.3
Electricity and water	10,643	-	56,301	114,107	181,051	62.6
Communications and IT services	3	-	6,131	-	6,134	2.1
Financial Services	-	-	-	8,338	8,338	2.9
Other business services	-	-	4,000	3,627	7,627	2.6
Holding companies	-	-	-	28,604	28,604	9.9
Total	38,295	382	83,625	167,123	289,425	100.0

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

1. Market risks (cont.)

c) Details of exposure to economic sectors for investments in shares [*)] (cont.)

	As of December 31, 2023					
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares Index	Illiquid - in Israel	Overseas	Total	% of total
	NIS thousand					
Economic sector						
Manufacturing	-	1	-	10,702	10,703	4.1
Construction & real estate	-	-	15,233	-	15,233	5.9
Electricity and water	-	-	52,898	117,747	170,645	66.1
Communications and IT 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

[*)] Excluding investments in associates. See Note 7.B.1.

2. Liquidity risks

The liquidity risk is the risk of loss resulting from the Group's difficulty satisfying its obligations in a timely manner, and it includes, among other things, the risk of selling at a loss ("fire sale") on the market or obtaining financing from an unexpected source in short time frames.

The Group is exposed to risks arising from uncertainty as to when the Group will be required to pay claims and other benefits to policyholders relative to the amount of funds available for that purpose at that date. However, much of its insurance liabilities in the life insurance sector are not exposed to liquidity risk due to the nature of the insurance contracts as described below.

Yield-dependent contracts, in life insurance - according to the terms of the contracts, their owners are entitled to receive no more than the value of the aforementioned investments. Therefore, if the investments' value increases, the Group's total liabilities will increase correspondingly, less the management fees that the Group charges.

Non-yield-dependent contracts in life and health insurance, totaling approx. NIS 41 billion (approx. 21% of the insurance and other liabilities in life insurance as of December 31, 2024) (last year, approx. NIS 40 billion and 22%, respectively) are attributed to non-yield-dependent contracts with a guaranteed contractual return. These contracts are partially backed by designated bonds (Hetz) issued by the Bank of Israel. The Group is entitled to sell these bonds when the said policies are redeemed.

The liquidity risk against the Group's insurance liabilities stems therefore mainly from the balance of assets other than designated bonds rather than against yield-dependent contracts. As of December 31, 2024, these assets constitute approx. 11% of the Group's total assets (approx. NIS 23 billion), (last year - approx. 11% of the Group's total assets, a total of approx. NIS 22 billion).

Of the aforementioned asset balance as of December 31, 2024, a total of approx. NIS 12 billion (last year approx. NIS 12 billion) are liquid assets and cash and cash equivalent balances.

It is noted, however, that a possible need for unexpected short-term borrowing may require the disposal of assets with very short notice at prices that will not necessarily reflect their market value.

According to the Investment Regulations, Migdal Insurance must hold liquid assets, as defined in the Investment Regulations.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

2. Liquidity risks (cont.)

Asset and Liability Management (ALM)

Migdal Insurance manages its assets and liabilities in accordance with the requirements of the Supervision Law and the regulations promulgated thereunder.

The tables below summarize the estimated repayment dates of Migdal Insurance's uncapitalized insurance and financial liabilities. Since these amounts are not capitalized, there is no adjustment between them and the balance of insurance and financial liabilities as per the statement of financial position.

a) The estimated repayment dates for life and health insurance liabilities are included in the tables as follows:
Saving funds - contractual repayment dates, i.e. retirement age, excluding cancellation assumptions, assuming that all savings will be withdrawn as capital rather than as annuity.
Paid pensions, paid permanent health insurance and paid long-term care - based on an actuarial estimate.
Contingent claims and risk reserves - reported in the column "no defined repayment date".

b) The estimated repayment dates of the liabilities for property and casualty insurance contracts are included in the tables as follows:
Liabilities, in non-aggregated (statistical) subsegments, which are assessed by an actuary - are reported based on an actuarial estimate, based on past claims payment experience.
Insurance liabilities in property and other subsegments, which aggregated (non-statistical) and in subsegments where the provisions are based on non-actuarial estimates - are reported in the time-to-maturity of up to 3 years column.

c) The repayment dates of financial liabilities and liabilities in respect of investment contracts were included based on the contractual repayment dates. In contracts where the counterparty may select the timing of payment, the liability is included based on the earliest date on which the Company may be required to pay the liability.

c *)

	Up to one year	Over one year and up to 5 years	Over 5 years and up to 10 years	Over 10 years and up to 15 years	More than 15 years	No defined repayment date	Total
				NIS thousand			
As of December 31, 2024	12,670,731	12,200,372	8,515,506	4,262,012	3,498,870	4,370,008	45,517,499
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

*) Excluding liabilities for yield-dependent contracts.

Liabilities in respect of property and casualty insurance contracts

	Up to 3 years	Over 3 years and up to 5 years	More than 5 years	No defined repayment date	Total
			NIS thousand		
As of December 31, 2024	3,801,174	1,119,691	1,417,894	2,080	6,340,839
As of December 31, 2023	3,579,748	1,067,852	1,359,112	1,676	6,008,388

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

2. Liquidity risks (cont.)

Financial liabilities and liabilities in respect of investment contracts

	Up to one year (1)	Over one year and up to 5 years	Over 5 years and up to 10 years	Over 10 years and up to 15 years	More than 15 years	No defined repayment date	Total
				NIS thousand			
As of December 31, 2024							
Financial liabilities, excluding for lease(2)	3,517,351	3,601,836	2,998,669	-	-	-	10,117,856
Lease liabilities	40,802	75,339	40,570	15,322	-	-	172,033
Liabilities in respect of non-yield-dependent investment contracts	144,925	391,264	233,101	35,770	50	-	805,110
Liabilities in respect of yield-dependent investment contracts (3)	7,583,648	-	-	-	-	-	7,583,648
As of December 31, 2023							
Financial liabilities, excluding for lease (2)	2,044,312	3,736,338	2,620,199	-	-	-	8,400,849
Lease liabilities	33,277	69,481	38,567	21,077	-	-	162,402
Liabilities in respect of non-yield-dependent investment contracts	91,398	187,086	115,712	26,937	883	-	422,016
Liabilities in respect of yield-dependent investment contracts (3)	5,194,497	-	-	-	-	-	5,194,497

(1) Financial liabilities in the one-year term include approx. NIS 8 thousand, payable upon request (approx. NIS 5 thousand in 2023).

(2) Including financial liabilities in respect of yield-dependent insurance policies totaling approx. NIS 893 million as of December 31, 2024 (approx. NIS 311 million in 2023).

(3) Liabilities in respect of yield-dependent investment contracts are up to one year, since they are redeemable on demand.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

3. Insurance risks

a) General

The Group is exposed to insurance policies that cover various risks, such as mortality risks (especially before retirement age), extended life expectancy risk for annuity recipients after retirement age ("longevity"), and higher rates of annuity realization, permanent health insurance, critical illness, long-term care, disability, fire, naturally occurring disasters, catastrophe event (such as an earthquake), theft, burglary, liabilities for bodily injury, etc. Policy pricing and the actuarial valuations of the Company's insurance liabilities are mainly based on past experience and known applicable law and regulation.

The duty to deposit executive insurance savings funds into the pension track (since January 2008) and the public's preference for annuity tracks over capital tracks upon retirement age substantially affect the Company's exposure to longevity risk.

Changes in risk factors, in the events' prevalence and severity, and in applicable law and regulation, may affect the Group's business results.

Insurance risks

Life and health insurance risks

Mostly stem from the uncertain prevalence, timing, amount, and duration of anticipated future claim payments with respect to the assumptions on mortality/longevity rates, morbidity/disability rates, expenses, and cancellations (including redemptions and customer churn).

Property and casualty insurance segment

Pricing risk: The risk of applying faulty pricing due to deficiencies in the underwriting process, as well exposure to a deterioration in the risk factors that the policy covers, which exceeds the actuarial valuation used to set the premium to cover such risks. The discrepancies may be due to accidental changes in business results and changes in average claim costs and/or the incidence of claims as a result of various factors.

Insurance liability assessment risk (reserve for contingent claims): The exposure to a deterioration in future contingent claim payments, exceeding the Company's assessment of the liability for such claims. The actuarial models according to which, among other things, the Company assesses its insurance liabilities, are based on the fact that the pattern of behavior and claims in the past represents that which is to happen in the future.

The Company's exposure is composed of the following risks:

Model risk - the risk of selecting the wrong model for pricing and/or assessing the insurance liabilities.

Parameter risk - the risk of using incorrect parameters, including the risk that the amount to be paid for the extinguishment of the Company's insurance liabilities or the date of the insurance liability extinguishment will be different than expected.

Catastrophe risk

Exposure to the risk that a single event with a high impact (catastrophe), such as an earthquake, war or act of terrorism, will result in a large-scale aggregate damage. The catastrophe event to which the Group is exposed is earthquakes, mainly in respect of property insurance and in life and health insurance.

The maximum expected loss in P&C insurance, as a result of exposure to a single large loss or accumulation of losses due to an especially large event with a maximum possible loss (MPL) according to a model adopted by the Company), is essentially approx. 1.8%* of the amount at risk, which is approx. NIS 6,957 million gross, of which approx. NIS 200 million is in own retention.

* Except for exposure arising from motor property coverage, which is covered under contractual reinsurance agreements, applying an MLP of approx. 5%.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

3. Insurance risks (cont.)

a) General (cont.)

In the life insurance business, there is a valid Catastrophe (CAT) reinsurance contract that covers death, disability, and permanent health insurance claims following a catastrophe event (such as naturally occurring damage, including earthquakes and accidents). The coverage applies to events in the passive warfare category (at a specified rate) and does not apply to active warfare and pandemics. In 2024, the coverage under this reinsurance treaty is approx. NIS 400 million, after an approx. NIS 150 million deductible.

For data regarding the various insurance products in respect of which the insurer incurs an exposure to insurance risk, see the details of insurance liabilities by insurance risks in Notes 3, 17, 18.A and 19.

Business mix

The Group's operations focus mainly on life insurance and long-term savings. Changes in the mix of different subsegments within long-term savings – i.e., the pension funds subsegment's growth at the expense of the life insurance subsegment – have a material effect on the Group's long-term operating results.

Churn rate of the life insurance and long-term savings portfolio

The Company's life insurance and long-term savings portfolio is exposed to policy cancellation and redemptions, as well as accrual transfers. The portfolio retention level is mainly affected by economic growth and employment levels, regulatory provisions, consumer preferences, and the level of competition between various long-term savings product channels, as well as the increasingly fierce competition between all entities in this field. Insurance portfolio retention rates, including transitions between different long-term savings categories (life insurance, pension funds, and provident funds) with varying profitability rates, have notable consequences for insurance companies' profitability.

For sensitivity tests examining sensitivity to changes in cancellation rates, see Section B.3.b)(7) below.

b) Risk in life and health insurance policies

(1) General

The following is a description of the various insurance products and assumptions used to calculate the liabilities in respect thereof according to the product type.

In general, according to the Commissioner's directives, the insurance liabilities are calculated by an actuary according to generally accepted actuarial methods. The liabilities are calculated according to the relevant coverage data, such as: age and gender of the policyholder, insurance term, policy commencement date, type of insurance, insured amount and other.

(2) The actuarial methods for calculating insurance liabilities

"Adif" and "Investment Tracks" type of insurance plans:

There is an identified savings component in "Adif" and "Investment Tracks" type insurance plans. The basic and principal reserve is the amount of savings accrued plus the return according to the policy's terms and conditions, as follows:

- Principal linked to investment portfolio's yield (for yield-dependent contracts).
- Principal linked to the CPI plus a guaranteed fixed interest rate or guaranteed return against adjusted assets (for guaranteed return contracts).

For other insurance components (permanent health, life, long-term care, etc.), an insurance liability is calculated separately, as stated below.

"Mixed" and similar ("Traditional") insurance plans:

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(2) The actuarial methods for calculating insurance liabilities (cont.)

Legacy insurance plans combine a savings amount component in the event that the policyholder is alive at the end of the plan term with a mortality risk insurance component for the plan term. For these products, an insurance liability is calculated for each cover as discount of the cash flow in respect of the expected claims, including payment at the end of the period, less expected future premiums. This calculation is based on the assumptions on which the products are priced and/or the assumptions derived from claims history, including interest rates (hereinafter - "**Calculative Interest Rate**"), mortality or morbidity table. The calculation is done using a method known as net premium reserve, which does not include in the expected revenue stream the component included in the premium rate to cover fees and expenses, but on the other hand - does not deduct the expected expenses and fees. For traditional yield-dependent products, the reserve is calculated in accordance with the actual yield minus management fees.

Liabilities for paid pensions are calculated in accordance with the expected life expectancy, based on the mortality tables published in the Commissioner's circular in 2024. See also Section (3)(b) below.

Liabilities for lifetime annuities for policies in force (paid and settled) which have not yet reached the benefit takeup stage or have not yet reached retirement age and have not yet begun actual payouts, are calculated according to the probability of annuity takeup and the expected life expectancy based on current mortality tables, as well as according to expected cancellation rates and relevant discount rates in the annuity portfolio until retirement date. These estimates are calculated according to Migdal Insurance's experience, in combination with data published by the Commissioner.

Changes in assumptions regarding the discount rate, life expectancy, cancellation rates, the rate of policyholders who opt to withdraw annuities and/or other changes will affect the aforementioned liabilities.

The aforementioned liabilities include a basic reserve, which reflects the cash surrender value accrued for the policyholder and a supplementary pension reserve.

The provision for the supplementary pension reserve is made gradually until the expected retirement date by using the discount K factor (hereinafter - the "**K factor**"); for further details regarding the discount K factor, see Section (3)(d) below.

Other life insurance plans include pure risk products (permanent health insurance, life insurance, and long-term care), which are sold as independent policies or are attached to policies with a basic "Adif", "Investment Tracks" or "Traditional" plan. For these plans, an actuarial liability is calculated, as needed. The calculation is carried out using the "Premium Reserve Net" method.

For ongoing claims for payment, in long-term care insurance and permanent health insurance, an insurance liability is calculated according to the claimant's age, the length of the claim, and the expected payment period based on Migdal Insurance's experience, discounted according to the product's standard calculative interest rate.

The reserves for individual medical expenses insurance are calculated as the present value of anticipated future claims, based on past experience, net of probable net premiums. The assumptions on morbidity and cancellation parameters used in the calculation are based on Migdal Insurance's experience, with a conservative margin, as is the custom in reserve calculations.

Contingent claims in the surgery, pharmaceuticals, and critical illness subsegments are calculated based on the triangles (Chain Ladder, Bornhuetter-Ferguson) using paid claim amounts by months of loss, without discounting and without a confidence interval.

The contingent claims are calculated based on the reports of the claims department and a statistical model of claim payments, based on past experience.

The insurance liability for collective insurance consists of a reserve for unearned premium, a reserve for contingent claims, a reserve for IBNR (claims incurred but not reported) and a provision for future losses, as required.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Breakdown of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(2) The actuarial methods for calculating insurance liabilities (cont.)

The liability for contingent life insurance claims mainly consists of provisions for contingent claims and IBNR for fatalities, based on the amount at risk for deaths occurring until the report date, and for permanent health insurance and disability – according to the Chain Ladder and Bornhuetter-Ferguson model, by months of loss.

(3) Main assumptions used to calculate the insurance liabilities

(a) Discount rate

For "Mixed" and similar ("Traditional") insurance plans and pure risk products with fixed premium, the interest rate used for discounting purposes is as follows:

Insurance plans which are primarily backed by bonds have a fixed interest rate ranging from 3% to 5%, linked;

For yield-dependent products issued in 1991 and thereafter, a linked calculative interest rate of 2.5% was set. The differences between the interest and the net return will be credited to the policyholders, as stipulated in the policy.

A decrease in the economic interest rate may increase the supplementary retirement pension reserve, due to the use of the gross discount rate, as noted in Circular 2013-1-2.

Additionally, decrease in the long-term interest rate may cause an increase in insurance reserves in respect of the free component (not backed by designated bonds) of policies whose saving component includes a guaranteed return that is higher than the discount rate, due to the need to provide additional reserves as part of liability adequacy test (LAT). See Note 2.G.1.g).

(b) Mortality and morbidity rates

(1) The mortality rates used to calculate insurance liabilities in respect of policyholders who die before they reach retirement age (i.e., excluding the death of policyholders receiving pension annuities and of recipients of monthly permanent health compensation) are generally identical to the rates used in determining the rate.

(2) The liability for lifetime annuities is usually calculated in accordance with up-to-date mortality tables published by the Commissioner.

An increase in the mortality rate assumption to a level that is higher than the current assumption may cause a decrease in the liability for lifetime annuities.

In July 2024, the Commissioner published the Circular “Amendment of the Provisions of the Consolidated Circular regarding Measurement of Liabilities - Updating the Demographic Assumptions System in Life Insurance and Pension Funds” (hereinafter - the “**Circular**”).

The Circular includes a revision of the default demographic assumptions (mortality rates)used to calculate liabilities and coefficients in Life Insurance policies and pension funds.

As a result, the Company increased the supplementary annuity reserves as of June 30, 2024 by approx. NIS 458 million before tax.

Regarding sensitivity analysis, see Section B.3.b)(7) below.

(3) Morbidity rates refer to the prevalence of claims for critical illnesses, permanent health insurance, long-term care, surgery and hospitalization, accident disability, etc. These rates are determined based on the Group’s experience or studies by reinsurers. In long-term care and permanent health insurance, the annuity payout period is determined based on the Group's experience or studies by reinsurers.

As morbidity rates and severity increase, insurance liabilities may increase for critical illness, permanent health insurance, long-term care, surgeries and hospitalization, and accidental disability.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(3) The main assumptions used to calculate the insurance liabilities (cont.)

(c) Annuity assumptions

In respect of funds deposited through 2008, life insurance contracts, which include a savings component, were managed under two tracks: equity or annuity. In annuity policies and policies with annuity appendixes, the policyholder may choose the track on their retirement date in respect of the accrual attributed to deposits made until the end of 1999. Since the insurance liability amount differs in each of these two tracks, Migdal Insurance must determine the rate of policies in which the policyholders will select the annuity track. This rate is set according to the Group's experience, as revised from time to time. Since 2008, all savings premiums deposited in insurance funds are designated as annuities, and the option to withdraw the accrued savings attributed to them as a lump sum is now limited.

From time to time, Migdal Insurance conducts studies on pension assumptions, including annuity uptake rates, retirement tracks, and retirement age, and adjusts the supplementary retirement pension reserve accordingly.

In addition, assumptions on the supplementary pension reserve are revised, following a study of policy cancellations before the expected retirement age (due to redemptions, outgoing transfers, etc.).

During the reporting period, Migdal Insurance revised the actuarial assumptions of the expected retirement dates and accordingly, the pension takeup rates were adjusted. The assumptions were revised following the maturing of the portfolio and accumulation of information and experience for ages older than the statutory retirement age.

For details regarding the financial effect, see Section B.3.b)(5)(a) below.

(d) Discount factor (K)

The provision for the supplementary retirement pension reserve is made gradually, using the K factor, as detailed in Section B.3.b(2) above.

The supplementary retirement pension reserve is accumulated gradually in respect of the funds accrued in the policies at the same time as the income from management fees is recognized over the remaining period until the policyholder reaches retirement age. For premiums expected to be paid in respect of the policies, the reserve will be accumulated from the date of their receipt and through the retirement age.

The gradual reserve is provided for by using a K factor derived from the rate of the future income as detailed above. This factor is taken into account in calculating the supplementary annuity reserve and is capped at the expected future income from management fees or a financial margin arising from the investments held against the insurance reserve in respect of the policy or from premium payments less expenses relating to the policy. The higher the K Factor, the lower the liability for the supplementary annuity reserve that will be recognized in the financial statements and the higher the amount that will be deferred and recorded in the future.

Migdal Insurance's actuary determines, in accordance with the Commissioner's Directives, two separate K values. The first K Factor is determined for liabilities in respect of participating policies, and the second is determined in respect of guaranteed return policies.

As of the financial statements date, the K value used by Migdal Insurance for participating policies is 0.97% (as of December 31, 2023 - 0.95%). The supplementary reserve for the benefit for guaranteed return policies is at its full amount as of December 31, 2024 and December 31, 2023 (the K-value is 0.00% as of these dates).

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(3) The main assumptions used to calculate the insurance liabilities (cont.)

(d) Discount factor (K) (cont.)

As a result of the increase in the risk-free interest rate curve and the effect of investment income in the participating portfolio, which is offset by a decline in the illiquidity premium, the Company reached the K-value ceiling as of March 31, 2024, and there was no change as of December 31, 2024.

For details regarding the financial effect, see Section B.3.b)(5)(a) below.

(e) Cancellation rates

The cancellation rate affects the estimation of insurance liabilities for deferred annuities and for some health insurance policies. Cancellations of insurance contracts can result from settlements, cancellations, or redemptions of policies at the request of policyholders, and from cancellation of policies initiated by the Company due to discontinuation of premium payments. The assumptions regarding cancellation rates are based on the experience of Migdal Insurance and are based on the type of cancellation, type of product and length of the coverage period.

(f) Continuity rates

In some collective health insurance policies, policyholders are entitled to continue to be insured under the same terms and conditions even if the collective contract is not renewed. In respect of this option available to the policyholder, Migdal Insurance has an obligation based on assumptions regarding the continuity rates of the collective insurance, and the continuity rates of the contracts with the policyholders after the termination of the collective contract.

(4) Liability adequacy testing (LAT)

Migdal insurance is testing the LAT in life and health insurance, including the supplementary retirement pension reserve.
The assumptions used for the above tests include assumptions regarding cancellations, operating expenses, return on assets, interest rates, illiquidity premiums, taking into account the excess of the fair value of the assets over their carrying amounts, mortality, annuity takeup and morbidity assumptions, and are determined by the actuary based on tests, past experience and other relevant studies and regulatory provisions.
Pursuant to the Capital Market, Insurance and Savings Authority's Code of Regulations, the LAT test shall be conducted while aggregating all life insurance products (excluding long-term care insurance). This approach enables offsetting profitable categories against loss-making categories.

Revision of the Provisions of the Consolidated Circular - Allocation of Assets that are not Measured at Fair Value when Performing LAT:

A revision of the consolidated circular was published on June 20, 2020, which included clarifications regarding the allocation of assets not measured at fair value when calculating LAT. The clarification discusses, among other things, the question of whether changes can be made to the method of allocating assets to insurance liabilities for the purposes of the UGL (the surplus value, i.e. the positive difference between the fair value of assets and their carrying amounts). In accordance with the clarification, assets with an external or internal limitation on distribution to cover certain reserves are distinct from assets for which no such limitation applies.

In accordance with the clarification, Migdal Insurance has adopted a procedure whereby maximum utilization of excess value can be achieved, among other things, through the allocation of assets with excess value, first – to the characterized categories in the LAT, up to the total amount at which the liabilities are measured, prior to offsetting for UGL.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(4) Liability adequacy testing (LAT) (cont.)

Revision of the Provisions of the Consolidated Circular - Allocation of Assets that are not Measured at Fair Value when Performing LAT: (cont.)

Following are data on the assets used to calculate the UGL:

	Property and Casualty Insurance		Life and Health Insurance	
	2024	2023	2024	2023
	NIS million			
Fair value of assets	776	488	1,008	602
Carrying values of assets	717	432	991	576
Excess value on assets	59	56	17	26

The discrepancy between the fair value and the book value stems from illiquid debt assets; in life and health insurance – mainly from deposits, loans, and illiquid bonds (not including designated bonds); and in P&C insurance – mainly from loans and illiquid bonds.

Migdal Insurance fully utilized the UGL stemming from assets held against liabilities in the P&C segment.

There is no LAT reserve in life and health insurance as of December 31, 2024, and 2023, and the excess value of the assets has therefore not been used.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(5) Changes in estimates and principal assumptions used to calculate the life and health insurance reserves

(a) Effect of the changes on the supplementary retirement pension reserve and on the liability adequacy test in life and health insurance

	As of December 31	
	2024	2023
	NIS million	
Life insurance[*)]		
Decrease in supplementary retirement pension reserve with respect to change in the discount rate [1)]	(169)	(479)
Decrease in the annuity reserves following a change in expected future income due to the change in interest rate (K)	(78)	(508)
Total decrease in contributions towards benefits as a result of the change in interest rate	(247)	(987)
Change in annuity assumptions [2)]	(738)	(570)
Revision to the life expectancy rates [3)]	458	-
Total supplementary pension reserve	(527)	(1,557)
Migdal Batuach reserve (Section B)	(84)	(29)
Total - life insurance	(611)	(1,586)
Health Insurance		
Revision to the discount rate estimate (Section C)	(44)	-
Total before tax	(655)	(1,586)
Total after tax	(431)	(1,044)

*) An additional effect, not presented in the table, see Section (d).

1) Migdal Insurance uses return assumptions based on the existing and expected portfolio in order to determine the estimated future returns as part of determining the provision for the pension reserve.

In the reporting year, following the increase in the risk-free interest rate curve, offset by the lower margins in linked bonds, and following the revised assumptions on the asset portfolio's composition, the expected return in the existing and expected asset portfolio has increased. As a result, assumptions regarding the discount rates used to calculate contributions towards benefits were updated leading to a decrease in the reserves.

In the corresponding period last year, following the increase in the risk-free interest rate curve and the higher margins in linked bonds, and following the revised assumptions on the asset portfolio's composition, the expected return in the existing and expected asset portfolio has increased. As a result, assumptions regarding the discount rates used to calculate contributions towards benefits were revised and the reserves decreased.

2) In the reporting year, the supplementary pension reserve decreased, mainly due to the revised actuarial assumptions on the expected retirement dates, and pension takeup rates were adjusted accordingly. Last year, the reserve was reduced, mainly due to the revised assumption on pension takeup rates and the distribution of retirement ages.

3) In the reporting year, Migdal Insurance increased the supplementary pension reserve, following the publication of a circular on liability measurement, which specified the revised assumptions used to calculate liabilities in life insurance policies. As stated in Section B.3.b)(3)(b) above.

(b) The "Migdal Batuach" plan is a Profit Participating plan, which includes an undertaking for a linked minimum return when planholders have been with the plan over 20 years. In respect of this liability, Migdal Insurance has in place a reserve, which is based, among other things, on risk-free interest rates and other assumptions. In the reporting year, there was an approx. NIS 84 million decrease in the reserve, pre-tax, following the risk-free interest increase and the revised assumptions on cancellations, compared to an approx. NIS 29 million decrease in the reserve last year, pre-tax, following the risk-free interest increase.

(c) During the reporting year, Migdal Insurance revised the estimate of the discount rate in insurance liabilities for medical expenses and critical illness. The revision of the estimate caused an approx. NIS 44 million decrease in insurance liabilities before tax.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

b) Insurance risk in life and health insurance policies (cont.)

(5) Effect of changes in estimates and principal assumptions used to calculate the insurance reserves (cont.)

(d) Last year, Migdal Insurance increased the reserve for permanent health insurance claims by approx. NIS 280 million (in retention) during the Reporting Year, based on its actual experience of the repayment of claims duration in recent years. This amount is not included in the above table.

In the reporting year, based on a new study, assumptions were revised regarding the duration of payment for permanent health insurance claims and on the probable number of permanent health insurance claims due to insurance events that have occurred but for which payment has not commenced (contingent claims and IBNR). Following the reserve increase last year, the revised assumptions did not lead to an increase in the total insurance liabilities in permanent health insurance this year.

(6) Supplementary pension reserve

The supplementary retirement pension reserve included in Migdal Insurance's books totals as of December 31, 2024 and 2023, approx. NIS 8,875 million and approx. NIS 8,309 million, respectively*. The balance of the provisions which will be stated to profit and loss, by using the discount K-factor as stated above, gradually until the policyholder reaches retirement age, amounts to approx. NIS 4,256 million as of December 31, 2024 (previous year - approx. NIS 4,073 million).

* Of which, approx. NIS 4,689 million are attributed to a deferred annuity (approx. NIS 4,770 million attributed to a deferred annuity in 2023).

It is noted that the above data in connection with the supplementary retirement pension reserve and in connection with the balance of the provisions that will be carried in the future relate to funds accrued in the policies until the end of each of the reporting periods, and do not include a liability in respect of additional future accrual.

It is clarified that the foregoing is based on current accounting standards (IFRS 4), not on the New Standards (IFRS 17). For details regarding the application of the new standards, see Note 41.

(7) Sensitivity analyses

It is clarified that the sensitivity tests below are based on current accounting standards (IFRS 4), and do not reflect the Company's expected sensitivity according to the New Standard (IFRS 17).

	As of December 31, 2024							
	Morbidity rate		Cancellation rates 3)		Mortality rate		Rate of annuity uptake 2)	
	+10%	-10%	+10%	-10%	+10%	-10%1)	5%+	-5%
	NIS thousand							
Profit (loss)	(242,904)	-	6,773	(6,776)	632,907	(1,669,851)	(212,068)	231,443

	As of December 31, 2023							
	Morbidity rate		Cancellation rates 3)		Mortality rate		Rate of annuity uptake 2)	
	+10%	-10%	+10%	-10%	+10%	-10%1)	5%+	-5%
	NIS thousand							
Profit (loss)	(95,529)	-	3,488	(3,779)	798,070	(1,556,042)	(427,871)	295,972

1) Mostly due to supplementary retirement pension reserve.

2) For sensitivity analysis analyzing sensitivity to the annuity uptake rate, the annuity uptake rate was increased/reduced by 5%. For the amount of the supplementary retirement pension reserve, see Note 18.A.

3) Cancellation rates include redemptions, settlements, and reductions.

c) Insurance risk in property and casualty insurance contracts

(1) Summary description of the main insurance subsegments in which the Group operates

Migdal Insurance's operations focus on the compulsory motor insurance, motor property insurance, property insurance, and liability insurance subsegments.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(1) Summary description of the main insurance subsegments in which the Group operates (cont.)

A compulsory motor insurance policy covers the policyholder and driver for any liability they may incur under the Road Accident Victims Compensation Law, 1975 for bodily harm caused by the use of a motor vehicle to the driver, passengers or pedestrians injured by the vehicle. Claims in this subsegment are characterized by a "long tail", which means that often a long time elapses from the date of the incident until the claim's final settlement date.

The motor property insurance rate and the policy as a whole require approval by the Insurance Commissioner and is a differential actuarial rate (non-uniform for all policyholders and risk-adjusted). The said rate is based on a number of parameters, both those related to the vehicle insured under the policy (such as vehicle type, year of manufacture, etc.) and those related to characteristics of the policyholder (driver's age, claim history, etc.).

Motor property insurance (CASCO) is the most common type of voluntary insurance in the Property and Casualty Insurance Segment. The Motor Property subsegment focuses on coverage against property damage to the policyholder's vehicle and third-party property damage caused by the insured vehicle.

The coverage is normally limited to the value of the damaged car and/or the liability limit to a third party in the policy.

The motor property insurance rate and the policy as a whole require approval by the Insurance Commissioner and is a differential actuarial rate (non-uniform for all policyholders and risk-adjusted). The said rate is based on a number of parameters, both those related to the vehicle insured under the policy (such as vehicle type, year of manufacture, etc.) and those related to characteristics of the policyholder (driver's age, claim history, etc.).

The underwriting process is carried out partly through the rate itself and partly through the Group's underwriting policy, as applicable from time to time.

In most cases, motor property insurance policies are issued for a one-year period. In addition, in most cases, claims in respect of these policies are investigated close to the date of the insured event.

Liability insurance is intended to cover a policyholder's legal liability for damage which he/she may cause to any third party. The main types of insurance are: third party liability insurance, employer liability insurance and other liability insurance, such as professional liability, product liability and directors' and officers' liability. Liability insurance policies are usually issued for a period of one year. However, claim management in this subsegment is slower, and may last over several years, for multiple reasons: the covered damage under the policy incurs to a third party, not the policyholder; the duration between the occurrence of the event giving rise to the claim and the emergence of the damage and liability – and subsequently the claim filing date – is relatively protracted.

This often involves a relatively complex factual and legal investigation, both with respect to the policyholder's liability and the scope of the damage, and the prescription period for the cause of action is longer than the typical prescription period in property insurance. Claims in this subsegment are characterized by a "long tail", which means that often a long time elapses from the date of the incident until the claim's final settlement date.

Property insurance is intended to provide policyholders with coverage against physical damage to his/her property. The main risks covered by property policies are fire, explosion, burglary, earthquake and naturally occurring disasters. Property insurance often includes loss-of-income damage due to the physical damage caused to the property. Property insurance is an important part of home insurance, business insurance, engineering insurance, cargo in transit (maritime, land and air), etc.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(1) Summary description of the main insurance subsegments in which the Group operates (cont.)

In most cases, property insurance policies are issued for a one-year period. In addition, in most cases, claims in respect of these policies are investigated close to the date of the insured event.

(2) Principles of calculating the actuarial assessment in property and casualty insurance

(a) Liabilities in respect of property and casualty insurance contracts include the following main components:

- Provision for unearned premium reserve
- Contingent claims including a reserve for their settlement.
- Provision for premium deficiency
- Net of deferred acquisition costs.

The provision for unearned premium reflects the premium component attributed to the period subsequent to the balance sheet date, according to generally accepted accounting principles.

In addition, pursuant to the Commissioner's guidance, provisions for premiums that do not cover the expected cost of the claims (hereinafter – "**Premium Deficiency**") are disclosed, as necessary, in the compulsory motor, motor property, and comprehensive home insurance subsegments. This provision, as applicable, is made under the contingent claims line item.

Pursuant to the Commissioner's Directives, contingent claims (including reinsurers' shares thereof) in the non-aggregated (statistical) subsegments (the liability subsegments, compulsory motor, motor property, home insurance, and personal accidents) were calculated by Matan Gross, the supervisor actuary in P&C insurance, who declared, among other things, that the assessments were made according to generally accepted actuarial principles, and that he determined the assumptions and methodology for assessing the provisions, to the best of his professional judgment and pursuant to the guidelines, instructions, and rules.

The actuarial valuations are mainly based on paid claim databases, which also include direct claim settlement and deductible expenses. Subrogation and salvage recoveries are taken into consideration in the underlying data by which the actuarial valuations of the contingent claims are calculated. In accordance with the Insurance Commissioner's Directives, the assessments included indirect costs for settling claims for all Property and Casualty Insurance subsegments in which the Company engages.

(b) In accordance with the Commissioner's Directives, contingent claims are calculated by an actuary, using generally acceptable actuarial methods that are consistent with the previous year. The choice of the appropriate actuarial method for each insurance subsegment and for each event or underwriting year is determined by exercising judgment on the degree of the method's suitability to the subsegment, and sometimes the various methods are combined. The Group's assessment with respect to contingent claims is based, in most subsegments, on past experience in the development of actual claim payments (the "paid" model), and partly on the claims' aggregated cost (actual claim payments plus specific assessments – the "incurred" model). The assessments include assumptions about the average claim cost, claim handling costs, and prevalence of claims in the relevant risk group. Additional assumptions may take into account changes in interest rates, foreign exchange rates and timing and severity of payments. Claim payments include direct and indirect expenses to settle claims, less subrogation and deductibles.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(2) Principles of calculating the actuarial assessment in property and casualty insurance (cont.)

(c) The use of actuarial methods based on the development of claims is particularly appropriate when there is concrete and satisfactory information on claims payments and/or individual assessments to estimate the total expected cost of claims. When the information available in the actual claim history is insufficient, the actuary, at times, uses a calculation which weights a known estimate (in the Company and/or industry) such as LR and the claims' actual development. Greater weight can be estimated based on experience. As time goes by, more information about the claims accumulates.

(d) In addition, qualitative assessments are included with regard to change in trends in the future after exercising judgment, when 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 applicable.

(e) In unusually substantial claims, the assessment relies on individual assessments by experts on the Company's behalf.

(f) New phenomena may occur that are not truly reflected in current claim payouts. If actual experience ultimately varies from the current cumulative claim payouts experience, the need for additional provisions may arise in the future.

(g) The actuarial assessment is based on statistical estimates that include a component of uncertainty. The statistical estimate is based on various assumptions, which will not necessarily materialize. The assumptions used in the actuarial forecast affect the measurement of the reserve. The actual cost of claims may be higher or lower than the statistical estimates.

(h) Past assumptions may change as new information is received in the future. In such cases, contingent claims may vary, depending on the change to the assumptions and the actual outcomes, and differences arising in the reporting year will be included in the report on the P&C insurance business.

(i) In the compulsory motor, employers' liability, and third party subsegments, the Company adheres to the best practice, and accordingly, it discounts future claim payouts in these subsegments. The discount is according to the risk-free interest rate curve, while adjusting to the illiquid nature of the insurance liabilities and taking into account the manner in which the assets against these liabilities are revalued.

(j) The contingent claims are calculated at gross, with the share of reinsurers in the contingent claims being estimated according to the type of agreement (proportional or non-proportional) and the actual claims history, and the premium paid to reinsurers.

(k) The provision for contingent claims for a residual insurance arrangement (hereinafter – the "**Pool**") relied on the calculation by the Pool's actuary.

(3) Details of actuarial methods in the major insurance subsegments

For the purpose of calculating the contingent claims, the following actuarial models were used in combination with the various assumptions:

(a) Link ratio - This statistical method is based on the development of claims (development in payments and/or development in total claims, development in the number of claims, etc.), to assess the expected development in existing and future claims. The use of this method is best suited after a sufficient period has elapsed since an event has occurred or the policy underwritten, where sufficient information is available from current claims in order to estimate the total expected claims. The Sherman power curve methodology, which fits nonlinear distributions to the development coefficients reached using the Link Ratio method, is applied, as necessary. Through the breakdown, the development coefficients can be calculated for early periods for which we have no information (the "development tail").

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(3) Details of actuarial methods in the major insurance subsegments (cont.)

(b) Bornhuetter-Ferguson - this method combines an early (a priori) estimate commonly used in the Company or subsegment with an additional estimate based on the claims themselves. The preliminary estimate uses the premiums and rate of damages to estimate total claims. The second estimate uses actual claims history, based on other methods (such as link ratios). The combined claims assessment weighs both estimates, giving greater weight to an assessment based on the claims history based on longer periods of time in which additional information about the claims accumulates. The use of this method is mainly suited to the most recent period, in which there is insufficient information from the claims, or where the business in question is new or does not have sufficient historical information.

(c) The averages - Sometimes, such as in the case of the Bornhuetter-Ferguson method, where the claims history in recent periods are insufficient, historical averaging is used. In this method, the cost of claims is determined based on the cost of the claim per policy in the early years and the number of policies in later years. Similarly, the cost of claims is calculated based on the forecast number of claims (the link ratio method) and the historical average claim.

(d) Other: For employers' liability insurance claims due to occupational diseases, which are based on cumulative damage, the provision is calculated according to the expected future cost. In such claims, the employee is not injured on any one occasion, and the damage arises from prolonged exposure to risk factors. In such claims, the duration between the initial exposure to the risk factors and the report of the claim is typically very long (long-tail claims).

(4) Following are details of actuarial methods applied to the major insurance subsegments

(a) Compulsory motor and liability subsegments

In these subsegments, liabilities are calculated based on the development of claim payouts and/or development of payments and contingent claims (link ratio). The model is calculated at the gross claims level.

For periods in respect of which there are insufficient data, a combination is made between the cost of claims/loss ratio based on an a priori estimate, and the cost from the payment development model/claim amounts.

The Claims Department's specific assessments are taken into account in cases of long-tail claims and large claims.

Since the contingent claims assessment is calculated on a gross basis, as noted above, there is a model for assessing contingent claims in reinsurance, as follows:

In non-proportional reinsurance ("excess"), the model for the senior underwriting years is based on consideration of specific claims. For the latter underwriting years, the estimate is based on a large claims model that predicts the number of claims that exceed the "excess," as well as the average claimed amount therein.

In quota share reinsurance, including facultative reinsurance, the model is based on an assessment of individual contingent claims for the non-recent and most recent years according to the loss ratio.

In addition, a stochastic model is used to measure the expected variance in reserves to satisfy the requirements on the best practice for calculating reserves in P&C insurance pursuant to the Commissioner's position.

In addition, an adequate provision is calculated for indirect expenses for settling claims.

(b) Motor property

In the Motor Property Subsegment, liabilities are calculated based on the development of claim payments (link ratio), taking into account the types of coverage such as comprehensive/third party, vehicle types and types of damage such as accidents, theft and naturally occurring damage.

For the last months of damage in respect of which there are insufficient data, the Group uses the average method based on the cost per claim for the policy.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(4) Following are details of actuarial methods applied to the major insurance subsegments (cont.)

(b) Motor property (cont.)

The Claims Department's specific assessments are taken into account in cases of long-tail claims.

In specific assessments, the deductible amount that will be collected from the policyholder is taken into account.

Subrogation and salvage recoveries are taken into account, as the actuarial model is based on the development of all payments (positive and negative). In addition, an adequate provision is calculated for indirect expenses for settling claims.

The contingent claims assessment is calculated on a gross basis. The reinsurance component in this subsegment is immaterial.

(c) Home

In the home insurance subsegment, liabilities are calculated according to the development of the claimed amounts (link ratio). In recent damage months, the average method was used, which is based on claims per policy.

The Claims Department's specific assessments are taken into account in cases of long-tail claims.

In this subsegment, reinsurance is relative, and retention is calculated according to the actual reinsurance rates in each year of loss. In addition, an adequate provision is calculated for indirect expenses for settling claims.

(d) Personal accidents

In the personal accidents subsegment, liabilities are calculated according to the development of the claimed amounts (link ratio).

In the latter underwriting years, the Bornhuetter Ferguson methodology is used, based on the loss ratio.

The Claims Department's specific assessments are taken into account in cases of long-tail claims.

In this subsegment, reinsurance is divided between quota share reinsurance and excess of loss reinsurance, and the retention is calculated according to the actual reinsurance rates in each underwriting year. In addition, an adequate provision is calculated for indirect expenses for settling claims.

(e) Subsegments in which provisions were made on a non-actuarial basis

An actuarial model was not implemented in the following subsegments due to a lack of statistical significance: comprehensive business, engineering insurance, contractor insurance, marine insurance, aviation insurance, and goods in transit insurance.

Contingent claims in these subsegments were included based on assessments that include the following components:

- Known contingent claims which include an appropriate provision for settlement and handling expenses until the end of the period and which have not yet been paid as of the financial statements date. This provision is based mainly on an individual assessment for each claim, according to the opinion of the Company’s legal counsel and experts who handle claims. Most liabilities are covered by reinsurance and their effect is, therefore, immaterial.
- A provision for claims incurred but not yet reported (IBNR) to the company is based on past experience.

  In addition, the provision for the inclusion of a P&C insurance claim portfolio is based on individual assessments by the Company’s experts.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(5) Changes in main assumptions used to calculate insurance liabilities for property and casualty insurance contracts

- Provisions for contingent claims are made while making conservative assumptions regarding risk factors arising from regulatory changes, precedent-setting and other court rulings over the years (such as the lost years precedent, the right of subrogation in favor of the National Insurance Institute (NII), the imposed duty to report to the NII), the termination of an agreement with the NII and the execution of a renewed agreement in late 2014, the assignment of insurance liability for medical services to the health management organizations, the change in the annuity discount rate, and more. If claims do not materialize in accordance with the estimates, there is an excess or shortfall in the development of the contingent claims. In addition, as an additional precaution, the Company does not typically discount contingent claims (except in the compulsory motor, employers' liability, and third party subsegments).
- As of December 31, 2015, the Company implemented the Commissioner's position regarding the best practice for calculating insurance reserves in Property and Casualty Insurance in accordance with the Commissioner's Directives, which includes, among other things, the following:
  (a) "Prudence" signifies that, with regard to a reserve calculated by an actuary, "an adequate reserve to cover the insurer's liabilities" implies that it is fairly likely that the insurance liability set will suffice to cover the insurer's liabilities. In the case of contingent claims in the compulsory motor and liability subsegments, the assessment of "fairly likely" shall mean a probability at least 75%. However, to the extent that there are limitations to the statistical analysis, the actuary will exercise discretion and may use acceptable actuarial methods. In this context, the random risk and the systemic risk must be considered.
  (b) The Company reviews the adequacy of Property and Casualty insurance (P&C) (LAT) liabilities in accordance with the best practice principles detailed above. As part of the assessment, the Company discounts the future claim payouts in the employer liability, third-party and compulsory motor subsegments according to the risk-free interest rate curve, while adjusting to the illiquid nature of the insurance liabilities and taking into account the manner in which the assets against these liabilities are revalued.
  (c) Aggregation - for the purpose of calculating spreads for uncertainty in statistical subsegments (as defined in the circular), each subsegment must be treated separately, but the risks from all underwriting years (or damage) in the subsegment may be aggregated. In non-statistical subsegments, all subsegments may be treated as a single one.

(6) The National Insurance allowance discount rate – the applicable damages discount rate in damages for bodily injury in torts has been adjusted in recent years, following court rulings on the subject. Insofar as the discount rate is adjusted based on the mechanism recommended by the inter-ministerial committee appointed to examine the matter, the provision may be updated.

(7) Sensitivity of provisions to changes in assumptions

Actuarial assessment is subject to significant uncertainty. The actuarial estimates for predicting contingent claims relate to the claims' expected value. Due to the stochastic nature of claims payouts, there may be deviations around the expected value. In addition, the statistical estimate is based on various assumptions, which will not necessarily materialize. If there is a change in the manner in which the claims are settled or, alternatively, the total claim amount reported, a difference may arise between the actuarial assessment and actual outcome. In addition, a change in the interest rate may cause discrepancies between the estimates and the actual outcome.

Since the actuarial model is based on past experience, an unexpected change in the model's assumptions or the claims' behavior will result in a change in the reserve.

It should be noted that these risks were taken into account under the requirements of the Commissioner's position in the systemic risk estimates.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

3. Insurance risks (cont.)

c) Insurance risk in property and casualty insurance contracts (cont.)

(8) Changes in assumptions and main estimates used to calculate insurance liabilities for property and casualty insurance contracts

(a) Provisions for contingent claims are made while making conservative assumptions regarding risk factors arising from regulatory changes, precedent-setting and other court rulings over the years (such as the lost years precedent, the right of subrogation in favor of the National Insurance Institute (NII), the imposed duty to report to the NII), the termination of an agreement with the NII and the execution of a renewed agreement in late 2014, the assignment of insurance liability for medical services to the health management organizations, the change in the annuity discount rate, and more. If claims do not materialize in accordance with the estimates, there is an excess or shortfall in the development of the contingent claims.

(b) Regarding certainty in statistical subsegments (as defined in the circular) - each subsegment must be treated separately, but the risks from all underwriting years (or damage) in the subsegment may be aggregated. In non-statistical subsegments, all subsegments may be treated as a single one.

(c) The following table summarizes the increase (decrease) in insurance liabilities resulting from the changes described above:

Line item	2024	2023
	In NIS million	
Change to the risk-free interest rate curve – compulsory motor, employers' liability, and third party *)	(22)	(13)
Change in the excess fair value of the assets above their carrying amounts - employers' liability and third-party	(3)	22
Total	(25)	9

*) Including current change in illiquidity premium

4. Information regarding credit risks in respect of assets against non-yield-dependent contracts

As noted abovementioned, credit risk refers to the risk of loss as a result of a borrower's default on their obligations, or as a result of changes in the credit spreads in the capital market.

A counterparty's default on their obligations as a result of an adverse change in its repayment capacity, including insolvency, affects Migdal Insurance's business results.

Credit assets paid out of planholder funds and marketable credit assets in the Nostro portfolios, which are calculated at fair value, are also affected by changes in credit spreads, as reflected in the capital market or by downgrades in the debtor's credit rating.

Regarding the rating sources, see Section D.2 and D.3 below.

The carrying amount is an approximation of the maximum credit risk. Thus, the total column represents maximum credit risk.

a) Debt asset credit risks

(1) Distribution of debt assets by location

	As of December 31, 2024		
	Liquid *)	Illiquid	Total
		NIS thousand	
In Israel	15,970,311	27,648,830	43,619,141
Overseas	1,000,999	408,528	1,409,527
Total debt assets	16,971,310	28,057,358	45,028,668

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks in respect of assets against non-yield-dependent contracts (cont.)

a) Debt asset credit risks (cont.)

(1) Distribution of debt assets by location (cont.)

	As of December 31, 2023		
	Liquid *)	Illiquid	Total
	NIS thousand		
In Israel	14,760,605	26,630,355	41,390,960
Overseas	1,272,114	435,141	1,707,255
Total debt assets	16,032,719	27,065,496	43,098,215

*) Liquid debt assets are mainly classified into the available-for-sale category and presented at fair value.

See also breakdown of assets by rating below.

(2) Breakdown of assets by rating

(a) Debt assets

	Local rating *)				
	As of December 31, 2024				
	AA and above	BBB to A	Lower than BBB	Unrated	Total
	NIS thousand				
Debt assets in Israel					
Liquid debt assets					
Government bonds	10,493,714	-	-	-	10,493,714
Corporate bonds	4,651,203	825,394	-	-	5,476,597
Total liquid debt assets in Israel	15,144,917	825,394	-	-	15,970,311
Illiquid debt assets					
Government bonds	25,449,523	-	-	-	25,449,523
Corporate bonds	122,205	26,941	-	410	149,556
Deposits with banks and financial institutions	326,147	-	-	-	326,147
Other debt assets by collateral					
Mortgages	-	-	-	284,308	284,308
Loans against policies	-	-	-	17,822	17,822
Loans secured by real estate properties	246,755	314,548	-	-	561,303
Other collateral	320,504	320,304	-	209,755	850,563
Unsecured	-	2,408	-	7,200	9,608
Total illiquid debt assets in Israel	26,465,134	664,201	-	519,495	27,648,830
Total debt assets in Israel	41,610,051	1,489,595	-	519,495	43,619,141
Of which - internally rated debt assets	246,755	308,406	-	-	555,161

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks with respect to assets against non-yield-dependent contracts (cont.)

a) Debt asset credit risks (cont.)

(2) Breakdown of assets by rating (cont.)

(a) Debt assets (cont.)

	International rating *)				
	As of December 31, 2024				
	A and above	BBB	Lower than BBB	Unrated	Total
	NIS thousand				
Debt assets abroad					
Liquid debt assets					
Government bonds	-	122,983	-	-	122,983
Corporate bonds	-	651,496	226,520	-	878,016
Total liquid debt assets abroad	-	774,479	226,520	-	1,000,999
Illiquid debt assets					
Corporate bonds	-	11,823	-	-	11,823
Other debt assets	292,402	60,150	-	44,153	396,705
Total illiquid debt assets abroad	292,402	71,973	-	44,153	408,528
Total debt assets abroad	292,402	846,452	226,520	44,153	1,409,527
Of which - internally rated debt assets	203,415	-	-	-	203,415

*) Each rating includes all ranges, for example: A rating includes A- up to A+.

	Local rating *)				
	As of December 31, 2023				
	AA and above	BBB to A	Lower than BBB	Unrated	Total
	NIS thousand				
Debt assets in Israel					
Liquid debt assets					
Government bonds	9,672,347	-	-	-	9,672,347
Corporate bonds	4,232,920	855,319	-	19	5,088,258
Total liquid debt assets in Israel	13,905,267	855,319	-	19	14,760,605
Illiquid debt assets					
Government bonds	24,898,529	-	-	-	24,898,529
Corporate bonds	131,320	-	-	83,279	214,599
Deposits with banks and financial institutions	356,258	-	-	-	356,258
Other debt assets by collateral					
Mortgages	-	-	-	215,966	215,966
Loans against policies	-	-	-	16,921	16,921
Loans secured by real estate properties	103,093	28,127	-	57,236	188,456
Other collateral	338,459	287,357	-	98,601	724,417
Unsecured	3,763	9,177	-	2,269	15,209
Total illiquid debt assets in Israel	25,831,422	324,661	-	474,272	26,630,355
Total debt assets in Israel	39,736,689	1,179,980	-	474,291	41,390,960
Of which - internally rated debt assets	120,022	36,062	-	-	156,084

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks with respect to assets against non-yield-dependent contracts (cont.)

a) Debt asset credit risks (cont.)

(2) Breakdown of assets by rating (cont.)

(a) Debt assets (cont.)

	International rating *)				
	As of December 31, 2023				
	A and above	BBB	Lower than BBB	Unrated	Total
	NIS thousand				
Debt assets abroad					
Liquid debt assets					
Government bonds	361,078	-	-	-	361,078
Corporate bonds	17,148	605,421	288,467	-	911,036
Total liquid debt assets abroad	378,226	605,421	288,467	-	1,272,114
Illiquid debt assets					
Corporate bonds	-	12,837	-	-	12,837
Other debt assets	120,939	58,346	-	243,019	422,304
Total illiquid debt assets abroad	120,939	71,183	-	243,019	435,141
Total debt assets abroad	499,165	676,604	288,467	243,019	1,707,255
Of which - internally rated debt assets	66,316	-	-	-	66,316

*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(b) Credit risks in respect of other assets (in Israel)

Additional information

	Local rating *)				
	As of December 31, 2024				
	AA and above	BBB to A	Lower than BBB	Unrated	Total
	NIS thousand				
Receivables and debit balances, excluding balances for reinsurers	52,512	4,583	-	532,740	589,835
Deferred tax assets	24,071	-	-	-	24,071
Other financial investments	-	-	-	2,012,377	2,012,377
Cash and cash equivalents	3,082,368	-	-	558	3,082,926

	Local rating *)				
	As of December 31, 2023				
	AA and above	BBB to A	Lower than BBB	Unrated	Total
	NIS thousand				
Receivables and debit balances, excluding balances for reinsurers	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

*) Each rating includes all ranges, for example: A rating includes A- up to A+.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks with respect to assets against non-yield-dependent contracts (cont.)

a) Debt asset credit risks (cont.)

(2) Breakdown of assets by rating (cont.)

(c) Credit risks for off-balance sheet instruments (in Israel)

	Local rating *)				
	As of December 31, 2024				
	AA and above	BBB to A	Lower than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	71,679	575,292	-	798,912	1,445,883

	Local rating *)				
	As of December 31, 2023				
	AA and above	BBB to A	Lower than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	56,972	181,484	-	60,617	299,073

*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(d) Credit risks in respect of other assets (abroad)

	International rating *)				
	As of December 31, 2024				
	A and above	BBB	Lower than BBB	Unrated	Total
	NIS thousand				
Receivables and debit balances, excluding balances for reinsurers	130,615	-	-	21,151	151,766
Other financial investments	-	-	-	5,081,822	5,081,822
Cash and cash equivalents	-	30,464	-	-	30,464

	International rating *)				
	As of December 31, 2023				
	A and above	BBB	Lower than BBB	Unrated	Total
	NIS thousand				
Receivables and debit balances, excluding balances for reinsurers	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

*) Each rating includes all ranges, for example: A rating includes A- up to A+.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks with respect to assets against non-yield-dependent contracts (cont.)

a) Debt asset credit risks (cont.)

(2) Breakdown of assets by rating (cont.)

e) Credit risks for off-balance sheet instruments (abroad)

	International rating *)				
	As of December 31, 2024				
	A and above	BBB	Lower than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	34,750	-	-	-	34,750

	International rating *)				
	As of December 31, 2023				
	A and above	BBB	Lower than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	15,397	-	-	-	15,397

*) Each rating includes all ranges, for example: A rating includes A- up to A+.

b) Additional information regarding credit risks

(1) Pursuant to the provisions of the amendment to the consolidated circular published in November 2020, for an institutional entity that satisfies the criteria specified in the circular, its internal model shall be deemed approved by the Commissioner.

Regarding statutory provisions regarding credit rating, the rating according to the model shall be deemed equivalent, in terms of risk, to a rating agency's rating, subject to the board of directors' approval of the rating model (or approval by a committee that the board of directors authorized for this purpose), subject to satisfaction of the criteria specified in the circular. Pursuant to the circular, the Company's Board of Directors approved an internal credit rating model (hereinafter – the "**Model**").

(a) The Model shall be applied subject to the structure, methodology, and procedures approved by the Board of Directors or a committee authorized thereby, as part of the Model approval and review process.

(b) Any material change to the Model's structure requires prior approval of the Board of Directors or a committee authorized thereby.

(c) Approved Models may be applied to the calculation of the capital requirements under the Solvency 2 regime, subject to the conditions specified in that capital regime.

(2) The rating scale used for debt assets in Israel varies from that used for debt assets abroad. It is noted that according to the capital market circular 1-2008-6, Publication of a Conversion Scale from the Israeli Rating Scale to the International Rating Scale, the rating agencies published a comparative analysis for converting the local rating scale to the international one.

(3) Credit risk information in this note does not include the assets for yield-dependent contracts, which are presented in Section D below.

(4) For information on exposure to credit risks of reinsurers, see Section B(4.1) below.

(5) The Group's operations also expose it to other accounts receivable, such as employers and policyholders. An increase in business insolvency cases in Israel may also affect the scope of employer debts for failure to transfer pension contributions for their employees, which requires the Group's institutional entities to take legal action. Regarding outstanding collectible premium totaling NIS 722,377 thousand (NIS 588,292 thousand in 2023), see Note 10.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks with respect to assets against non-yield-dependent contracts (cont.)

b) Additional information regarding credit risks (cont.)

(6) Details of exposure to economic sectors in respect of investments in liquid and illiquid financial debt assets

	As of December 31, 2024		
	On-balance-sheet credit risk		Off-balance-sheet risk
	Amount NIS thousand	% of total	NIS thousand
Economic sector			
Manufacturing	157,508	0.3	15,069
Construction & real estate	3,069,562	6.8	425,485
Electricity and water	1,710,044	3.8	33,291
Commerce	51,905	0.1	-
Hotels and tourism	36,593	0.1	-
Transportation and storage	272,660	0.6	173,126
Communications and IT services	235,717	0.5	34,750
Banks	2,347,298	5.2	798,912
Financial Services	164,960	0.4	-
Other business services	182,794	0.4	-
Holding companies	110,690	0.2	-
Private individuals	622,717	1.4	-
Government bonds	36,066,220	80.2	-
Total	45,028,668	100.0	1,480,633

	As of December 31, 2023		
	On-balance-sheet credit risk		Off-balance-sheet risk
	Amount NIS thousand	% of total	NIS thousand
Economic sector			
Manufacturing	331,425	0.8	-
Construction & real estate	2,399,335	5.6	111,163
Electricity and water	1,540,840	3.6	65,280
Commerce	84,103	0.2	-
Hotels and tourism	47,461	0.1	-
Transportation and storage	257,939	0.6	120,032
Communications and IT 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	-
Private individuals	441,744	1.0	-
Government bonds	34,931,954	81.0	-
Total	43,098,215	100.0	314,470

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4. Information regarding credit risks with respect to assets against non-yield-dependent contracts (cont.)

b) Additional information regarding credit risks (cont.)

(7) Geographical risks

Breakdown of countries/regions exposure thereto exceeds 1% of the total investments

	As of December 31, 2024									
	Government bonds	Corporate bonds	Shares	Mutual funds or ETFs	Mutual funds	Investment property	Other investments *)	Total balance sheet exposure	Derivatives in delta terms	Total
	NIS thousand									
Israel	36,066,220	6,261,421	137,077	1,285,300	23,894	1,133,795	6,043,679	50,951,386	-	50,951,386
USA	-	174,094	112,783	-	76,087	-	1,951,926	2,314,890	148,635	2,463,525
UK	-	-	10,961	-	-	-	603,191	614,152	-	614,152
Europe	-	-	-	-	-	-	1,821,708	1,821,708	-	1,821,708
Other	-	80,477	28,604	348,586	290,633	-	1,764,403	2,512,703	-	2,512,703
Total	36,066,220	6,515,992	289,425	1,633,886	390,614	1,133,795	12,184,907	58,214,839	148,635	58,363,474

	As of December 31, 2023									
	Government bonds	Corporate bonds	Shares	Mutual funds or ETFs	Mutual funds	Investment property	Other investments*)	Total balance sheet exposure	Derivatives in delta terms	Total
	NIS thousand									
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

*) Other investments include reinsurance assets, investments in associates, cash and other financial investments that were not included in the other columns.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4.1. Reinsurer credit risks

Migdal Insurance reinsures part of its business - all through foreign reinsurers. However, reinsurance does not release Migdal Insurance from its obligation to its policyholders under the insurance policies.

Migdal Insurance is exposed to risks arising from uncertainty about the ability of reinsurers to pay their share of liabilities in respect of insurance contracts (reinsurance assets). Therefore, the reinsurers' financial stability and repayment capacity may affect the Company's business results. This exposure is managed by ongoing monitoring of the reinsurers' ratings on the global market, as well as fulfillment of its financial obligations to the Company.

Migdal Insurance is exposed to concentration of credit risk in respect of a single reinsurer due to the structure of the reinsurance market and the limited number of reinsurers with satisfactory rating.

In accordance with the Commissioner's directives, Migdal Insurance's Board of Directors determines, once a year, maximum exposure limits for reinsurers, which the Company has contracted, based on their international rating. These exposures are managed by the Company by individually assessing each of the reinsurers.

In addition, Migdal Insurance's exposures are diversified among various reinsurers; the main exposures are in respect of reinsurers who have relatively high international ratings.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4.1. Reinsurer credit risks (cont.)

	As of December 31, 2024										
			Reinsurance assets							Delinquent debt (b)	
Rating group (d)	Total premiums to reinsurers for 2024	Net receivable (payable) balances	In life insurance	In health insurance	In property insurance	In liability insurance	Deposits by reinsurers	Amount of letters of credit received from reinsurers	Total exposure (a) (c)	Between six months and one year	Over one year
AA and above											
Swiss Reinsurance Co. (e)	233,695	(19,844)	18,422	45,749	32,351	57,849	1,091	-	133,436	-	-
Hannover Reinsurance Co.	140,759	(36,827)	674	39,362	22,410	10,336	-	-	35,955	-	-
Other	285,796	(50,965)	152,249	39,732	104,311	283,728	11,929	6,285	510,841	11	120
	660,250	(107,636)	171,345	124,843	159,072	351,913	13,020	6,285	680,232	11	120
A	456,799	(65,404)	11,095	12,025	366,315	458,596	124,066	1,083	657,478	11,939	2,247
BBB	-	(54)	-	-	14	2,788	-	-	2,748	-	-
Less than BBB - or unrated (f)	-	(3,294)	-	-	6	512	-	-	(2,776)	2,427	2,502
Total	1,117,049	(176,388)	182,440	136,868	525,407	813,809	137,086	7,368	1,337,682	14,377	4,869

Comments

1. (a) Total exposure to reinsurers is: net receivable (payable) balances, reinsurance assets, net of deposits and net of the amount of letters of credit received from the reinsurers as guarantee for their liabilities.
   (b) Net of allowance for doubtful accounts of approx. NIS 10,185 million.
   (c) The total provisions for doubtful debts plus the reduction of reinsurers' share of contingent claims and reserves amounts to approx. NIS 10,185 thousand, which constitutes approx. 0.8% of total exposure as of December 31, 2024.
   (d) The rating is mainly assigned by rating agency S&P; where S&P does not assign a rating, it is assigned by another rating agency and converted, for reporting purposes to S&P, according to a formula set in the Investment Methods Regulations. Each rating includes all ranges, for example: rating A includes from A- to A+.
   (e) Including balances arising from a reinsurance treaty under an acquisition of a claim portfolio by P&C Insurance. For details, see Note 38.E.1.
   (f) The unrated group includes balances for contingent claims through brokers from businesses received up to and including 2003 in the amount of approx. NIS 7 thousand.
2. The total exposure of reinsurers to an earthquake event in P&C Insurance is approx. NIS 6,757 million, with a maximum damage probability which was mainly approx. 1.80% (the MPL was determined according to a model adopted by the Company).
   For details, see also Note 37.B.3.a). The most significant reinsurer is Swiss Re, and its share in this exposure is approx. NIS 900 million.
3. There are no additional reinsurers in addition to those listed above the exposure to which exceeds 10% of total reinsurance exposure or the premium in respect of which exceeds 10% of total reinsurance premiums for 2024.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

4.1. Reinsurer credit risks (cont.)

	As of December 31, 2023										
			Reinsurance assets							Delinquent debt (b)	
Rating group (d)	Total premiums to reinsurers for 2023	Net receivable (payable) balances	In life insurance	In health insurance	In property insurance	In liability insurance	Deposits by reinsurers	Amount of letters of credit received from reinsurers	Total exposure (a) (c)	Between six months and one year	Over one year
AA and above											
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	-	-
Other	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	-
Less than BBB - or unrated (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

Comments

1. (a) Total exposure to reinsurers is: net receivable (payable) balances, reinsurance assets, net of deposits and net of the amount of letters of credit received from the reinsurers as guarantee for their liabilities.
   (b) Net of provision for doubtful accounts of approx. NIS 5,765 million.
   (c) The total provisions for doubtful debts plus the reduction of reinsurers' share in contingent claims and reserves amounts to approx. NIS 5,765 thousand, which constitutes approx. 0.4% of total exposure as of December 31, 2023.
   (d) The rating is mainly assigned by rating agency S&P; where S&P does not assign a rating, it is assigned by another rating agency and converted, for reporting purposes to S&P, according to a formula set in the Investment Methods Regulations. Each rating includes all ranges, for example: rating A includes from A- to A+.
   (e) Including balances arising from a reinsurance treaty under an acquisition of a claim portfolio by P&C Insurance. For details, see Note 38.E.1.
   (f) The unrated group includes balances for contingent claims through brokers from business received up to and including 2003, totaling approx. NIS 8 thousand.
2. The total exposure of reinsurers to an earthquake event in P&C Insurance is approx. NIS 6,301 million, with a maximum damage probability which was mainly approx. 1.80% (the MPL was determined according to a model adopted by the Company).
   For details, see also Note 37.B.3.a). The most significant reinsurer is Swiss Re, and its share in this exposure is approx. NIS 739 million.
3. There are no additional reinsurers in addition to those listed above the exposure to which exceeds 10% of total reinsurance exposure or the premium in respect of which exceeds 10% of total reinsurance premiums for 2023.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

5. Other general risks

a) Environmental risks, including emerging climate risks

Environmental risks are risks of harm to the Group's income or goodwill stemming from the environmental impact of the Group's business activity and from the environment's potential effects on the Group's activity. The main environmental risks to which the Group is exposed are emerging climate risks arising from its insurance activity and investment activity.

Emerging risks are characterized by lack of quantitative data for their estimation, with a high variance potential, which requires well-structured processes to adjust their management and measurement tools.

Emerging climate risks are the risks arising from the higher intensity and frequency of weather events as a result of global warming. Climate risks include acute physical risks, such as floods, fires, etc.; chronic physical risks, such as melting icecaps, rising sea levels, etc.; and transition risks stemming from the encouragement of measures to mitigate the effect of global warming, such as regulatory and legislative changes, carbon taxation, changing consumer preferences, etc.

The Group may be harmed by climate changes and natural hazards affecting directly (due to harm to its facilities and assets), or indirectly (in connection with a borrower's credit risk or the depreciation of collateral with an exposure to environmental risk). In addition, the Group may be indirectly harmed by the environmental risk, through the insurance risk and the credit risk, if a borrower's or reinsurer's financial situation deteriorates due to the need to make investments pursuant to environmental regulation. In addition, the Group may incur a reputational risk, as it may become associated with an environmental hazard, whether as its creator, or indirectly, as its sponsor. On the other hand, it is noted that this risk may present new business opportunities as new needs emerge, noting the higher awareness and increasing importance of environmental risk management, as detailed above. It is noted that the foregoing is not intended as an exhaustive list of all risk events to which the Group is exposed (directly or indirectly).

The Group recognizes the importance of promoting activity and risk management in this context. Migdal Insurance has adopted an ESG investment policy that governs the overall management of its investment portfolio, and it announced this openly, pursuant to the Commissioner's requirements, in the Company's declaration of its investment policy. Pursuant to the policy, the Group shall continue to take measures to incorporate ESG considerations in the Investment Division's decision-making process. It is noted that the Group's primary objective is to maximize value for its customers. ESG considerations shall comprise part of the overall considerations that the Group will make in its decision-making process.

The Company addresses the management of key environmental risks in its risk management policy and in various reports that the Management and Board of Directors deliberate, and revises its aforementioned risk management procedure, as necessary. In addition, Migdal Insurance has begun developing and implementing an emerging climate risk management policy, including monitoring relevant regulatory, technological and social developments.

b) Status of the economy and employment

Employment levels have a notable effect on the Group's life insurance and long-term savings businesses. Adverse changes in employment levels, fewer employees, higher unemployment rates, and lower employee wages affect the scope of new sales and portfolio cancellation rates. In addition, overall economic conditions have ramifications for the Group's business in its various operating segments. An economic recession could lead to an increase in bad debts, an increase in claims in the Group's various operating segments (including permanent health insurance claims), reduced scopes of coverage purchased in the policies, and higher incidence of fraud. In addition, economic conditions could affect the market value of the Group's assets in Israel.

The Group monitors economic developments and prepares in accordance with market conditions.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

5. General risks (cont.)

c) Regulatory and compliance changes

Group companies are subject to extensive regulation in their operating segments, and the applicable regulation is modified and revised regularly. Failure to comply with regulatory requirements, including inadvertently, may lead to legal action, as well as enforcement proceedings and sanctions launched and imposed by regulatory entities, including financial sanctions, up to and including license revocation in extreme cases.

The applicable regulation in the insurance and long-term savings segments, including the pension insurance market, substantially affects the rates and management fees charged for various products; distribution channels; sales and marketing processes; the products' substantial characteristics; the ability to differentiate products from competing products; and the total expenditure of Group companies operating in these segments. The statutory provisions, guidelines, and agreements governing the structure of savings products in the economy, especially pension savings (including their tax consequences), affect changes in the scope of activity in the segment, substitutability between different products, and transitioning between products. In addition, legislative and regulatory changes, especially with respect to long-term savings, may also affect products sold in the past, both by way of retroactive applicability (due to their effect on the interpretation of agreements made in the past), or because of their effect on competition. Hence, such provisions affect companies' life insurance and long-term savings portfolios and their future sales alike.

The frequent regulatory changes strain technology and operation systems and may increase exposure to operational errors or affect the ability to comply with the new guidelines, due to the need to change processes.

Capital adequacy requirements are among the key regulatory requirements for insurance companies. Regulatory changes to the capital requirements may affect the companies' operations and scope. For details regarding the capital requirements applicable to the Company, see Note 7.c. to the Financial Statements.

In addition, the Group's insurance agencies are subject to regulation and enforcement measures by the supervisory entities as well, including the regulation of insurer holdings of agencies, and the obligations imposed on pension resellers. Changes in the statutory provisions governing insurance agencies' operations affect the agencies' operations and profitability.

The Group companies monitor precedent-setting court rulings and regulatory developments in their operating segments and/or in areas that could affect them, in order to adopt and implement the changes mandated thereby, and, concurrently, identify the core principles and general trends the courts, the legislator, or the regulator aim at, to conduct themselves according to these principles and trends, even if they are not yet concretely reflected in recent legal precedents or regulatory arrangements. However, it is difficult to anticipate new precedents, statutory provisions, or regulatory arrangements, including changes in the relevant authorities' priorities or trends, and they are uncertain by their nature. Naturally, as this concerns the occurrence of an unknown and uncertain future event, the risk in question can be managed or mitigated only to a limited extent.

d) Increased competition

Higher competition levels in the Group's operating segments could affect the Group's profitability. The Commissioner, through regulatory arrangements, has been pursuing measures in the past decade to drive up competition in long-term savings in terms of product substitutability, by defining uniform products, and in terms of the management fees and their structure.

e) Change in public preferences

Risk of financial loss due to the public's tendency to choose alternative products within the various areas or the public's tendency not to take out insurance may affect the demand for the Group's products and profitability in the various areas of activity.
The wide range of products that the Company offers in most insurance segments mitigates this risk.
The Company mitigates the risk by monitoring consumer preferences and adapting its products accordingly.

NOTE 37 - RISK MANAGEMENT (cont.)

B. Details of risks (cont.)

5. General risks (cont.)

f) Legal risks – legal precedents, class actions and derivative actions, the Commissioner's powers, and interpretation

Group companies are exposed to judicial rulings, including in class actions and derivative actions brought against the Company or against other entities in the subsegment; such rulings could potentially give rise to material payment liabilities, and, furthermore, set a legal precedent relating to the Group's operations, including with regard to insurance claim payments and higher payments in respect thereof, which was not anticipated when it issued the policies, and/or higher operating costs. Accordingly, such judicial rulings may affect the Group's operations and/or financial results and increase its insurance and/or financial liabilities.

In particular, the Group has a material exposure to class actions and derivative claims, both claims and class actions in respect of which legal proceedings were instigated, and claims and class actions in respect of which the potential exposure to the filing of a class action or a derivative claim was brought to the attention of Group companies through self-disclosure and/or through various methods of enquiry by customers or third parties, and derivative claims and class actions that Group companies are not aware of. In recent years, there has been an increase both in the number of motions to certify class actions and in the number of lawsuits, which are certified by the courts as class actions. The Company believes that the above is affected, among other things, by a general shift in judicial attitudes toward class actions in general, and the unique characteristics of the insurance, pension, and provident funds segment in particular. Regarding class actions and legal and other proceedings, including claims and proceedings related to regulatory risks or operational risks, see Note1.39.f.6).

In addition, institutional entities within the Group are subject to various stipulations under circulars, rulings, position papers, etc., issued by the Commissioner and/or other regulators, regarding the institutional entities' modus operandi. In addition, the Group's institutional entities are subject to periodic audits by the Commissioner and/or other regulators. These proceedings may result in material charges being imposed on the institutional entities and/or in provisions affecting their modus operandi in relation to insurance/pension/provident plans that had been marketed prior, which could vary from the modus operandi based on which the Group originally marketed them, and which could increase the costs associated with these products, including the imposition of financial sanctions. See Section B.5.b) above for the Company's handling of the above, and for details regarding additional aspects relating to the Commissioner's guidelines and instructions, including rulings rendered in the Commissioner's controls, see Note 1.39.f.5.

The complexity and scope of the Group's activities, in particular the long term of the insurance agreements, create significant exposure to legal risks which may arise from possible deficiencies in processes, legal documents, including policies and reinsurance contracts, from operational deficiencies in the implementation of agreements or processes, and from interpretive changes which occur over time, even with respect to products sold many years ago; accordingly, the possibility of reducing the risk inherent in developments of court rulings, including Supreme Court rulings, the application of interpretation rules thereunder, or the establishment of adequate norms under the rulings with respect to products that were sold in the past, is inherently limited.

Legal risk management entails regular legal advice to the Company's competent organs on the various matters that the Company's operations encompass; continuous review of work processes, documents, and forms wherever multiple instances of the same type or matter occur naturally, and which are inherently vulnerable to class actions. In addition, as much as possible, the Company examines lawsuits and proceedings brought against it, as well as lawsuits and proceedings that were not brought against it in the areas it engages in, and rulings on such cases, with the aim of drawing conclusions for its own operating procedures.

g) Reputational damage

The risk of financial loss or harm to the Group's image due to negative publicity, public perception, or uncontrollable events that could affect the Group's reputation and good name.

NOTE 37 - RISK MANAGEMENT (cont.)

C. Breakdown of assets and liabilities by linkage bases**)

	As of December 31, 2024					
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency *)	Non-financial and other	Yield-dependent	Total
	NIS thousand					
Assets						
Intangible assets	-	-	-	1,726,870	-	1,726,870
Deferred tax assets	-	-	-	24,071	-	24,071
Deferred acquisition costs	-	-	-	2,488,785	11	2,488,796
Fixed assets	-	-	-	1,322,921	-	1,322,921
Investments in associates	-	-	-	47,411	-	47,411
Investment property in respect of yield-dependent contracts	-	-	-	-	9,351,062	9,351,062
Investment property - other	-	-	-	1,133,795	-	1,133,795
Reinsurance assets	273,714	1,349,605	13,756	-	21,449	1,658,524
Current tax assets	1,537	-	1,234	-	16,766	19,537
Receivables and debit balances	524,850	-	223,020	86,574	1,817,198	2,651,642
Premiums collectible	62,952	414,199	66,000	-	179,226	722,377
Financial investments in respect of yield-dependent contracts	-	-	-	-	122,831,466	122,831,466
Other financial investments						
Liquid debt assets	4,480,695	11,489,616	1,000,999	-	-	16,971,310
Illiquid debt assets	593,150	26,994,632	469,576	-	-	28,057,358
Shares	-	-	-	289,425	-	289,425
Other	136,317	191,348	108,050	6,658,484	-	7,094,199
Total other financial investments	5,210,162	38,675,596	1,578,625	6,947,909	-	52,412,292
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	20,133,170	20,133,170
Other cash and cash equivalents	2,816,430	-	296,960	-	-	3,113,390
Total assets	8,889,645	40,439,400	2,179,595	13,778,336	154,350,348	219,637,324

*) Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD and EUR or linkage thereto.

**) The data presented in the table are presented according to accounting classification rules and do not necessarily reflect actual foreign exchange exposure. For details regarding sensitivity to foreign exchange, see Section B.1.a) above.

	As of December 31, 2024					
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency *)	Non-financial and other	Yield-dependent	Total
	NIS thousand					
Total equity	-	-	-	9,549,495	-	9,549,495
Liabilities						
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	1,050,803	44,214,202	35,945	-	-	45,300,950
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	151,711,589	151,711,589
Deferred tax liabilities	-	-	-	548,970	-	548,970
Liability for employee benefits, net	112,013	-	-	37,545	159,800	309,358
Liability for current taxes	-	41,025	-	-	-	41,025
Payables and credit balances	964,072	581,618	608,871	178,705	1,014,842	3,348,108
Financial liabilities	7,378,623	147,864	408,353	-	892,989	8,827,829
Total liabilities	9,505,511	44,984,709	1,053,169	765,220	153,779,220	210,087,829
Total equity and liabilities	9,505,511	44,984,709	1,053,169	10,314,715	153,779,220	219,637,324
Total balance sheet exposure	(615,866)	(4,545,309)	1,126,426	3,463,621	571,128	-
Exposure to underlying assets through derivatives in delta terms	5,159,839	921,772	(6,237,199)	155,588	-	-
Total exposure	4,543,973	(3,623,537)	(5,110,773)	3,619,209	571,128	-

*) Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD and EUR or linkage thereto.

**) The data presented in the table are presented according to accounting classification rules and do not necessarily reflect actual foreign exchange exposure. For details regarding sensitivity to foreign exchange, see Section B.1.a) above.

NOTE 37 - RISK MANAGEMENT (cont.)

C. Breakdown of assets and liabilities by linkage bases**) (cont.)

	As of December 31, 2023					
	In NIS - non-linked	In NIS - CPI-linked	Foreign currency *)	Non-financial and other	Yield-dependent	Total
	NIS thousand					
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 in respect of yield-dependent contracts	-	-	-	-	8,972,287	8,972,287
Investment property - other	-	-	-	1,090,537	-	1,090,537
Reinsurance assets	218,976	1,290,736	14,839	-	24,382	1,548,933
Current tax assets	-	29,204	1,985	-	31,648	62,837
Receivables and debit balances	522,428	1	69,302	66,084	463,310	1,121,125
Premiums collectible	53,143	336,824	34,703	-	163,622	588,292
Financial investments in respect of yield-dependent contracts	-	-	-	-	116,891,056	116,891,056
Other financial investments						
Liquid debt assets	4,307,484	10,453,121	1,272,114	-	-	16,032,719
Illiquid debt assets	373,410	26,236,899	455,187	-	-	27,065,496
Shares	-	-	-	258,555	-	258,555
Other	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 in respect of 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

*) Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD and EUR or linkage thereto.

**) The data presented in the table are presented according to accounting classification rules and do not necessarily reflect actual foreign exchange exposure. For details regarding sensitivity to foreign exchange, see Section B.1.a) above.

	As of December 31, 2023					
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency *)	Non-financial and other	Yield-dependent	Total
	NIS thousand					
Total equity	-	-	-	8,598,592	-	8,598,592
Liabilities						
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	872,358	42,749,849	33,974	-	-	43,656,181
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	140,210,405	140,210,405
Deferred tax liabilities	-	-	-	293,995	-	293,995
Liability for employee benefits, net	103,324	-	-	43,194	153,983	300,501
Liability for current taxes	-	5,335	-	-	-	5,335
Payables and credit balances	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 balance sheet exposure	(550,846)	(5,072,594)	1,787,838	3,703,330	132,272	-
Exposure to underlying assets through derivatives in delta terms	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	-

*) Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD and EUR or linkage thereto.

**) The data presented in the table are presented according to accounting classification rules and do not necessarily reflect actual foreign exchange exposure. For details regarding sensitivity to foreign exchange, see Section B.1.a) above.

NOTE 37 - RISK MANAGEMENT (cont.)

D. Information on financial investments for yield-dependent contracts

1. Breakdown of composition of investments by linkage bases

	As of December 31, 2024				
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency	Non-financial and other	Total
	NIS thousand				
Cash and cash equivalents	12,733,035	-	7,400,135	-	20,133,170
Liquid assets	8,121,911	13,618,464	3,528,406	47,297,486	72,566,267
Illiquid assets	4,882,226	8,001,178	7,442,596	41,324,911	61,650,911
Total assets	25,737,172	21,619,642	18,371,137	88,622,397	154,350,348
Exposure to underlying asset through derivatives in delta terms	9,985,386	-	(32,914,481)	22,929,095	-

	As of December 31, 2023				
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency	Non-financial and other	Total
	NIS thousand				
Cash and cash equivalents	5,654,746	-	10,925,328	-	16,580,074
Liquid assets	8,898,113	12,782,805	5,646,894	39,342,727	66,670,539
Illiquid 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 asset through derivatives in delta terms	18,560,627	-	(34,997,742)	16,437,115	-

2. Credit risk for assets in Israel

	Local rating *)				
	As of December 31, 2024				
	AA and above	BBB to AA	Lower than BBB	Unrated	Total **)
	NIS thousand				
Debt assets in Israel					
Government bonds	12,681,533	-	-	-	12,681,533
Other debt assets - liquid	6,665,890	2,218,682	-	128,279	9,012,851
Other debt assets - illiquid	4,725,051	4,732,448	-	3,130,230	12,587,729
Total debt assets in Israel	24,072,474	6,951,130	-	3,258,509	34,282,113
Of which - internally rated debt assets	1,565,653	1,096,493	-	-	2,662,146

*) The sources for the ratings in Israel are Maalot, Midroog rating agencies and internal rating. Midroog's data were converted to the rating symbols according to generally acceptable conversion coefficients. Each rating includes all ranges, for example: A rating includes A- up to A+.

**) The carrying amount is an approximation of the maximum credit risk. Thus, the total column represents maximum credit risk.

	Local rating *)				
	As of December 31, 2023				
	AA and above	BBB to AA	Lower than BBB	Unrated	Total **)
	NIS thousand				
Debt assets in Israel					
Government bonds	11,783,275	-	-	-	11,783,275
Other debt assets - liquid	6,851,482	2,573,413	-	159,612	9,584,507
Other debt assets - illiquid	4,703,168	3,998,237	-	3,783,386	12,484,791
Total debt assets in Israel	23,337,925	6,571,650	-	3,942,998	33,852,573
Of which - internally rated debt assets	1,115,930	456,116	-	-	1,572,046

*) The sources for the ratings in Israel are Maalot, Midroog rating agencies and internal rating. Midroog's data were converted to the rating symbols according to generally acceptable conversion coefficients. Each rating includes all ranges, for example: A rating includes A- up to A+.

**) The carrying amount is an approximation of the maximum credit risk. Thus, the total column represents maximum credit risk.

NOTE 37 - RISK MANAGEMENT (cont.)

D. Information on financial investments for yield-dependent contracts (cont.)

3. Credit risk for assets abroad

	International rating *)				
	As of December 31, 2024				
	A and above	BBB	Lower than BBB	Unrated	Total **)
	NIS thousand				
Total debt assets abroad	1,899,747	2,455,753	1,463,860	1,822,196	7,641,556
Of which - internally rated debt assets	1,349,896	-	-	-	1,349,896

	International rating *)				
	As of December 31, 2023				
	A and above	BBB	Lower than BBB	Unrated	Total **)
	NIS thousand				
Total debt assets abroad	1,516,811	3,036,326	2,008,850	3,178,214	9,740,201
Of which - internally rated debt assets	553,329	-	-	-	553,329

*) The sources for the ratings abroad are the rating agencies approved by the Commissioner: S&P, Moody's and Fitch. Each rating includes all ranges, for example: A rating includes A- up to A+.

**) The carrying amount is an approximation of the maximum credit risk. Thus, the total column represents maximum credit risk.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES

A. General

1. As of the report publication date, Mr. Shlomo Eliahu - who, jointly with Ms. Chaya Eliahu, holds approx. 54.71% of the Company’s issued and paid-up share capital, through a privately-held company under his control (Eliahu Issues Ltd.) is the actual controlling shareholder of the Company.

   On September 15, 2024, Eliahu Issues sold 35,613,185 Company shares to an institutional entity at a price of NIS 4.577 per share. Subsequently, on December 5, 2024 (in this section, hereinafter – the “**Completion Date**”), Gan Ha’Ir Ltd. (hereinafter – “**Gan Ha’Ir**,” the company through which Mr. Eliahu held some of his holdings in the Company’s shares) sold 641,836,410 shares of the Company (which had constituted Gan Ha’Ir’s full holdings in the Company’s shares on that date) to several entities in an off-market transaction, at the price of NIS 6.7 per share (hereinafter – the “**Acquirers**”). The Acquires received warrants from Eliahu Issues, to purchase approx. 641,836,410 additional shares of the Company (which had constituted approx. 6.15% of the Company’s issued and paid-up share capital as of the Completion Date), exercisable until June 30, 2025, in consideration for NIS 6.8 per share, subject to the customary adjustments.

   On February 4, 2025, subsequent to the warrant granted to the Acquirers, some Acquirers exercised warrants for the purchase of 280,000 shares from Eliahu Issues in accordance with the terms set forth above.

   In accordance with the directives issued by the Competition Commissioner (then referred to as the Antitrust Commissioner), under the approval it had issued in connection with Mr. Eliahu’s purchase of the control of the Company, and effective from the completion date of the transaction to purchase the control of the Company, the Company may not enter (directly and indirectly) into any agreement with brokerage firms in which the Company’s controlling shareholder holds 5% or more of the share capital, directly or indirectly (except for Migdal Capital Markets, a brokerage firm whose shares were wholly held by the Company, directly or indirectly, on the transaction completion date), to execute transactions using members’ assets, in which the contractual consideration is payable out of the members’ assets, except by way of a tender in which every brokerage firm has equal opportunity to participate, under the conditions set forth by the Competition Commissioner.

   Details and data on transactions with the controlling shareholder, with his relatives, or with companies under his control, or on third-party transactions in which the controlling shareholder has a vested interest (hereinafter – “**Controlling Shareholder Transactions**”) are presented in Sections C to E below.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

A. General (cont.)

2. Details and data regarding engagements with associates are presented in Sections C, D, and F below.

   The Note does not provide a description of Controlling Shareholder Transactions and/or other related-party transactions that had been made before the related party in question became a related party. Financial data on such transactions during the reporting period are presented among the data in Sections C and D below. The Company's related-party and interested-party balances and transactions, executed with parties that were related parties and/or interested parties at the time of transacting, and subsequently became non-interested parties and/or unrelated parties during the reporting period, are included in this Note due to the comparative figures appearing in the data for previous periods.

3. Some of the Company's financial and insurance activities are carried out with interested and related parties in the ordinary course of business and under market terms, subject to the approvals required as per the law and the Company's procedures. This activity may include transactions as part of the Group's service provision to interested parties, related parties and their investees (such as: insurance transactions, insurance brokerage services, provident fund and/or pension fund management services including loans based on the savings accrued in provident funds or insurance policies, financial and/or economic services and renting out assets) as well as transactions as part of the procurement of services and products from interested parties and related parties in the Company and/or from their investees and/or as part of the Group's investments (including investments in securities, credit, real estate and funds). Insofar as these transactions constitute negligible transactions in accordance with the guidelines and tools stipulated in the procedure that the Company had adopted, as stated in Section B below, these statements do not provide a separate description.

B. Company's policy regarding negligible transactions

1. The Company adopted guidelines and rules on classifying transactions that the Company or companies under its control make as negligible transactions, as the term is defined in Regulation 41(A3)(1) of the Reports Regulations (hereinafter – the "**Negligible Transaction Procedure**"). These rules and guidelines also apply when examining the scope of required disclosure and reporting in connection with transactions the Company or companies under its control make with the controlling shareholder, or in whose approval the controlling shareholder has a vested interest, as stipulated in Regulation 22 of the Securities Regulations (Periodic and Immediate Reports), 1970.

2. The financial data appearing in Sections C and D below include financial data on negligible transactions. The detailed description of Controlling Shareholder Transactions and/or other related-party transactions does not provide a description of the transactions classified as negligible according to the negligibility criteria established by the Board of Directors.

3. In March 2025, the Company's competent organs reviewed the guidelines and rules on classifying interested party and/or controlling shareholder transaction as a "negligible transaction," and they resolved not to modify these guidelines, as follows: A transaction shall be considered a "negligible transaction" if it satisfies all the following criteria:

   1) It is not an extraordinary transaction (as the term is defined in the Companies Law).

   2) If no special qualitative considerations arise from the overall relevant circumstances, a transaction shall be considered a negligible transaction if one of the following criteria is satisfied:

      a) Insurance transaction -

         1. The total premiums in respect of the transaction, including separate but interdependent transactions, may not exceed NIS 2 million (adjusted for Consumer Price Index increases, based on the known index in January 2017); in addition, the premium ratio may not exceed 0.5%.

         2. The liability ratio in the relevant segment may not exceed 0.5% (for the purpose of calculating the liability ratio, the insurance amount is used as the liability arising from the event).

      b) Life insurance and long-term savings, health insurance, and finances transactions – these transactions are made on the same terms as the terms applicable to the Group's employees.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Company's policy regarding negligible transactions (cont.)

3. (cont.)

2) (cont.)

c) Other commitments -

1. The scope of each transaction does not exceed NIS 5 million (in the investments segment, the scope of a controlling-shareholder or interested-party transaction is examined according to the fees or management fees payable to or by the controlling shareholder or the interested party, as applicable), adjusted to Consumer Price Index increases from the known index in January 2017.

and -

2. The results of its measurement against one or more of the relevant criteria, as stated below, do not exceed 0.5%.

The relevant criteria for the purpose of examining a particular transaction's classification as a negligible transaction are:

- In an insurance sale or reinsurance purchase – the premium ratio.
- On asset acquisition - asset ratio.
- On asset sale - income ratio, asset ratio.
- In a purchase or sale of other products or services – the ratio of expenses or revenues in respect of services, as applicable.
- In assuming a financial liability (including borrowing credit) – the liability ratio.

In this matter:

Premium ratio: The total transaction-related premiums divided by the average annual premiums in the relevant segment (life insurance and long-term savings, health insurance, property and casualty insurance) calculated based on the latest 4 quarters for which reviewed or audited financial statements were published.

Asset ratio: Total assets relating to the event (whether purchased or sold), divided by the total assets; the ratio shall be measured separately with respect to planholder funds under the Group's management and with respect to nostro funds. In case of a joint transaction involving planholder funds and nostro funds, the relevant ratio shall be examined separately for each type of asset in accordance with the relative nostro portion/planholder fund portion in the transaction, as applicable, compared to the total assets and nostro funds/planholder funds, as applicable, according to the most recent known reviewed/audited financial report.

Income ratio - the total transaction-related profit or losses attributed to the event divided by the average annual comprehensive income or loss for the period (including changes in capital reserves) in the last three calendar years.

Liability ratio: The liabilities in connection with the event, divided by the total liabilities, according to the most recent known reviewed/audited financial report.

Equity ratio: The increase or decrease in equity divided by equity, in accordance with the most recent reviewed or audited financial statements.

Revenue ratio

From services: The total transaction-related revenues divided by the average annual non-premium revenues in the last three years, calculated based on the latest 4 quarters for which reviewed or audited financial statements were published.

Expense ratio

In respect of services - the total transaction-related expenses divided by the annual general and administrative expenses, calculated based on the latest 4 quarters for which reviewed or audited financial statements were published.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Company's policy regarding negligible transactions (cont.)

4. In multi-year transactions, the scope of the transaction will be calculated on an annual basis for the purpose of determining negligence. For example, in an insurance transaction for several years, the scope of the transaction shall be calculated as the annual paid or billed insurance premiums. Separate transactions that are interdependent, such that they are effectively part of the same engagement, shall be examined as a single transaction.

5. In cases in which, at the Company's discretion, all quantitative criteria above are irrelevant for the purpose of determining a transaction's negligibility, the transaction shall be deemed negligible in accordance with another relevant criterion, to be set by the Company, provided that the rate of the relevant criterion calculated for the transaction is less than 0.5%, and that the scope of the transaction does not exceed NIS 5 million, index-linked (as stated above).

6. The foregoing notwithstanding, the examination of the qualitative considerations in a controlling shareholder or interested-party transaction may result in the transaction's classification as a non-negligible transaction. For example, and for illustration purposes only, a controlling shareholder transaction would not generally be considered negligible if the Company's management perceives it as a significant event, using it as a basis for managerial decision-making, or if the controlling shareholder or interested party, as applicable, is expected to receive benefits as part of the controlling shareholder or interested party transaction, for which public disclosure is deemed important.

7. A transaction classified as negligible by a Company investee shall be deemed negligible at the Company level as well. Such a transaction which has been classified as non-negligible by the investee shall be reviewed according to the relevant criteria at the Company level.

8. The Company's Board of Directors shall examine the need to modify the provisions of this procedure from time to time, noting the controlling shareholder transactions or interested-party transactions that the Company makes, as well changes to the relevant provisions of the law.

C. Balances of related parties and interested parties

Composition

	As of December 31, 2024		
	Eliahu Group	Other related parties	Associates
	NIS thousand		
Financial investments in respect of yield-dependent contracts	-	41,540	-
Other financial investments:			
Debt assets *)	-	-	10,108
Receivables and debit balances	-	-	6
Premiums Collectible	1	298	-
Payables and credit balances	-	(35)	(138)

*) The highest balance of debt assets during the year for an interested party was NIS 13,621 thousand.

	As of December 31, 2023		
	Eliahu Group	Other related parties	Associates
	NIS thousand		
Financial investments in respect of yield-dependent contracts	2,224	42,231	-
Other financial investments:			
Debt assets *)	-	-	13,621
Receivables and debit balances	-	275	276
Premiums collectible	27	20	-
Payables and credit balances	-	(1,780)	-

*) The highest balance of debt assets during the year for an interested party was NIS 19,564 thousand.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

D. Transactions with interested parties and related parties

	For the year ended December 31, 2024		
	Eliahu Group	Other related parties	Associates
	NIS thousand		
Premiums received	127	7,693	-
Paid claims	445	1,383	-
Agent commission and other fees and commissions	-	336	2,978
Rental income / revenue from usage fees	-	45	-
Revenue from management fees	-	268	463
Other	-	(911)	-

	For the year ended December 31, 2023		
	Eliahu Group	Other related parties	Associates
	NIS thousand		
Premiums received	89	6,742	3
Paid claims	47	60	-
Agent commission and other fees and commissions	-	129	4,512
Rental income / revenue from usage fees	-	43	-
Revenue from management fees	-	103	327
Other	-	(304)	(4,446)

	For the year ended December 31, 2022		
	Eliahu Group	Bank Igud and other related parties	Associates
	NIS thousand		
Premiums received	104	4,047	-
Paid claims	10	875	-
Agent commission and other fees and commissions	-	111	3,322
Rental income / revenue from usage fees	-	42	-
Revenue from management fees	-	141	370
Other	-	(540)	1,189

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

E. Description of controlling shareholder transactions

Below is a description of controlling shareholder transactions or transactions with another person in which a controlling shareholder has a vested interest, as listed in Section 270(4) of the Companies Law.

Extraordinary transactions with controlling shareholders

No.	Party to engagement with the Company	Approval date / approved by[1]	Nature and main principles of the transaction
1	Eliahu 1959	February 3, 2016 - approval by the Company's General Meeting	Agreement for the purchase of a P&C insurance claim portfolio – Migdal Insurance contracted with Eliahu 1959 Ltd. (hereinafter – "**Eliahu 1959**"), a private company controlled by Mr. Shlomo Eliahu (the Company's controlling shareholder), under an agreement pursuant to which Migdal Insurance assumed sole liability for the purchased P&C insurance claim portfolio consisting of policies issued by Eliahu 1959 Ltd. until December 31, 2012 (hereinafter – the "**Insurance Portfolio**"). Upon the transfer of the Insurance Portfolio, Eliahu 1959 concurrently transferred an amount (in cash) equal to the actuarial assessment of the liabilities contained in the Insurance Portfolio to Migdal Insurance (intended to finance the handling of the Insurance Portfolio), subject to the adjustments stipulated in the agreement (the actuarial assessment of the exposure to the claims in the Insurance Portfolio, as of June 30, 2015, according to the Eliahu 1959 Ltd. financial statements, totaled approx. NIS 393 million), which was deposited in a dedicated account (hereinafter – the "**Claims Account**"); as well as an amount equal to the actuarial assessment of the indirect claims handling expenses for the claims in the Insurance Portfolio (regarding the approval of the revised total indirect expenses, see below). In addition, in consideration for handling the Insurance Portfolio, Migdal Insurance shall be entitled to 71% of the gains arising from the Insurance Portfolio, if any, but no less than NIS 7 million (the gain guaranteed by Eliahu 1959, which was transferred as an advance on the transaction completion date). As part of the engagement and as a condition thereto, Migdal Insurance and Swiss Re ("Swiss") signed a reinsurance agreement, under which Swiss is to provide insurance coverage to the Insurance Portfolio, fully covering Migdal Insurance's insurance liabilities (hereinafter – the "**Swiss Reinsurance**"). Under the Swiss Reinsurance Agreement, Swiss is entitled to a premium of approx. NIS 10.5 million (which was transferred as an advance immediately after the transaction's completion, by way of an offset out of the funds deposited in the Claims Account, according to the mechanism stipulated in the reinsurance agreement (hereinafter – the "**Premium**")) and (in addition to the Premium) to 29% of the gains arising from the Insurance Portfolio, if any. In addition, as part of the engagement, arrangements were set forth referring to Eliahu 1959's indemnity and payment obligation in the event that the actuarial assessment and the Swiss Reinsurance do not fully cover the claims and expenses in connection with the Insurance Portfolio, stipulating that any such indemnity would be taken into account in the netting between the parties. In addition, Eliahu 1959 separately warranted to indemnify Migdal Insurance in the event that the amounts deposited in the expense account do not fully cover the indirect expenses in connection with the Insurance Portfolio. Any such indemnity shall be offset from Migdal Insurance's gains from the Insurance Portfolio, if any. In addition to the indemnity undertaking, on the transaction completion date, Eliahu 1959 provided an autonomous bank guarantee from an Israeli banking corporation in favor of Migdal Insurance, equal to 5% of the actuarial assessment (hereinafter – the "**Bank Guarantee**"), pursuant to the Commissioner's demand, which was one of the conditions for approving the agreement. According to these conditions, the Bank Guarantee must be valid at least until 2020, and its amount must be updated once a year according to the total assessment of the claims in the Insurance Portfolio, as disclosed in Migdal Insurance's financial statements (on the Bank Guarantee's termination, see below). In addition, various indemnity arrangements were stipulated in the engagement, whenever the Swiss Reinsurance does not apply (e.g., due to the exceptions stipulated in the Swiss Reinsurance terms) and in cases of various claims, demands, and procedures, as the parties stipulated, such that the indemnity pursuant to such arrangements shall not be included in the netting. Accordingly, as of December 31, 2024, there is no such balance.

[1] In this note, this refers to the date of the most recent approval by the relevant organ in terms of corporate law, and the specific organ. Transactions approved by the shareholders' meeting were previously approved by the respective company's audit committee and board of directors; in cases of an update and/or change to a previous engagement, the description of the overall engagement is provided on the earlier of the two dates.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

E. Description of controlling shareholder transactions (cont.)

Extraordinary transactions with controlling shareholders

No.	Party to engagement with the Company	Approval date / approved by[1]	Nature and main principles of the transaction
1	Eliahu 1959 cont.	cont.	On April 21, 2016, after the court's approval for the transaction was obtained, the transaction was completed, and Migdal Insurance assumed liability for the Insurance Portfolio. On August 4, 2016, the Company's general meeting approved an amendment to the P&C claim insurance portfolio purchase agreement, due to an error in the original agreement regarding the calculation of indirect expenses. The main amendment concerns the calculation method with respect to the indirect expenses that Eliahu 1959 had to transfer to Migdal Insurance on the agreement completion date, such that, pursuant to the aforementioned amendment, the indirect expenses shall be calculated as 3% of the adjusted actuarial assessment, before reinsurance (instead of 3% of the "original" actuarial assessment (i.e., the actuarial assessment as of the effective date, June 30, 2015), before reinsurance). In accordance with the adjusted actuarial assessment (as of the completion date, according to the data as of March 31, 2016), the indirect expenses following the aforementioned amendment totaled approx. NIS 9.8 million. On June 16, 2019, following Mr. Shlomo Eliahu's request, the Commissioner approved the Bank Guarantee's termination, against Mr. Shlomo Eliahu's personal guarantee, according to the amount and terms of the Bank Guarantee, as detailed above. In addition, the Commissioner confirmed that Mr. Shlomo Eliahu's personal guarantee, made for an unlimited time and for an unlimited amount, pursuant to his contractual warranties, may be deemed a guarantee for the purpose of satisfying the conditions for terminating the Bank Guarantee, as described above. Accordingly, the Eliahu 1959 Bank Guarantee was terminated. Further to the foregoing, regarding Eliahu 1959's indemnity undertaking toward Migdal Insurance in the event that the funds deposited in the expense account do not fully cover the indirect expenses in connection with the Insurance Portfolio, Migdal Insurance received approx. NIS 0.5 million in January 2022, making up the above indirect expenses amount, pursuant to its undertaking. In September 2022, the amounts in the Claims Account were depleted, and Migdal Insurance is therefore entitled to receive the surplus amounts required to finance the claims from Swiss, in accordance with the reinsurance agreement. Accordingly, Swiss requested (without derogating from its obligation to Migdal Insurance under the reinsurance agreement) that the first amounts to which Migdal Insurance shall be entitled under the reinsurance agreement (up to approx. NIS 10.5 million) be transferred to Migdal Insurance directly from Eliahu 1959. The above – in light of a separate, independent obligation that Eliahu Holdings Ltd. (hereinafter – "**Eliahu Holdings**") owes Swiss, pursuant to which, in the event that the amounts deposited in the Claims Account are deleted, Eliahu Holdings shall bear Swiss's liability, up to approx. NIS 10.5 million (which is identical to the Premium amount), and pay that amount into the Claims Account. Pursuant to Eliahu Holdings' above obligation toward Swiss, Eliahu Holdings shall also indemnify Swiss in the event that the payable amounts under the reinsurance agreement exceed NIS 535 million. The Company's Audit Committee examined Swiss's request that Migdal Insurance be paid the insurance payments directly from Eliahu 1959 (as Migdal Insurance demands from Swiss from time to time), up to the total aforementioned Premium; furthermore, it examined Eliahu Holdings' indemnity undertaking toward Swiss. The Audit Committee found that, since the Eliahu Holdings' abovementioned obligations toward Swiss, to which Migdal Insurance is not a party, do not affect Migdal Insurance's rights to receive the insurance payments or Swiss's obligations toward Migdal Insurance; and since, from the Company's and Migdal Insurance's perspective, these obligations do not alter the transaction's overall inherent risk, nor its viability, as previously approved by the shareholders' meeting in light of the controlling shareholder's vested interest in the transaction – there is no impediment to receiving the insurance payments in accordance with Swiss's request.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

E. Description of controlling shareholder transactions (cont.)

Extraordinary transactions with controlling shareholders

No.	Party to engagement with the Company	Approval date / approved by[1]	Nature and main principles of the transaction
2	Israel Eliahu	Approval by the Company's general meeting on September 22, 2022	Term of office – Mr. Israel Eliahu, son of Mr. Shlomo Eliahu, the Company's controlling shareholder, has been Chairman of the Migdal Insurance Nostro Investment Committee since October 31, 2013, and Chairman of the Migdal Capital Markets (1965) Ltd. (hereinafter – "**Migdal Capital Markets**") Board of Directors since February 1, 2014. In addition, he served as a director of the Company and Migdal Insurance until May 28, 2018. For his service as Chairman of the Nostro Investment Committee of Migdal Insurance, Mr. Israel Eliahu is entitled to annual compensation equal to approx. NIS 130 thousand, and to attendance compensation for Board of Directors and/or committee meetings, equal to approx. NIS 5 thousand per meeting, identical to the compensation paid to Migdal Insurance's other directors and investment committee representatives, including external directors or independent directors in the institutional entity (except for the Chairman of the Board) in accordance with the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000 (hereinafter – the "**Compensation Regulations**"). VAT, at the lawful rate, is added to these amounts, and they are adjusted once a year according to Consumer Price Index increases compared to the March 2011 index. For his attendance in meetings via telecommunication, he is entitled to 60% of the attendance compensation payable for regular meetings, and for participation via written resolution, he is entitled to 50% of the attendance compensation payable for regular meetings. In addition, Mr. Israel Eliahu is entitled to reimbursement of expenses incurred for his participation in professional training and seminars, as required to fulfill his duties, at an annual amount no higher than NIS 2,000. On September 22, 2022, the Company's general meeting approved the renewal of the compensation payable to Mr. Israel Eliahu for his service as Chairman of the Migdal Insurance Nostro Investment Committee, on the same terms, for 3 additional years, i.e., until 2025 (inclusive). The total compensation paid to Mr. Israel Eliahu as for his office in the Migdal Insurance Nostro Investment Committee in 2024 was approx. NIS 256 thousand (including VAT); in 2023, it was approx. NIS 241 thousand (including VAT); and in 2022, it was approx. NIS 307 thousand (including VAT). In addition, effective from September 1, 2019, Mr. Israel Eliahu is entitled to a gross monthly compensation of NIS 54 thousand, for his service as Chairman of the Board at Migdal Capital Markets, based on a 60% appointment percentage as a salaried employee, as well as to ancillary social benefits, such as paid leave, convalescence, sick days, and pension savings contributions. The total compensation paid to Mr. Israel Eliahu for his service in Migdal Capital Markets in 2024, 2023, and 2022 was approx. NIS 848 thousand.
3	Mr. Shlomo Eliahu, the Company's controlling shareholder, who serves as a Company director; and his son, Mr. Israel Eliahu, who serves as Chairman of the Board of Migdal Capital Markets and as Chairman of the Migdal Insurance Nostro Investment Committee.	February 14, 2023, and February 8, 2024 – approval of the officer insurance by the Company's Board of Directors (following the Compensation Committee's approval). September 22, 2022 – approval of letters of indemnity and releases of liability by the general meeting	Officer insurance – on February 12 and February 14, 2023, and on February 8, 2024, the competent entities in the Migdal Group approved the renewal of the D&O liability insurance policy covering the Group's directors and officers, including in favor of the controlling shareholder and his relative, who are serving as officers of the Group, for a twelve-month term and for a 17-month term, respectively, such that the insurance coverage is currently valid until July 14, 2025; for details, see Section G.6 below. The above insurance coverage for the controlling shareholder and/or his relatives, which aligns with the Company's compensation policy, was approved in accordance with the Companies Regulations (Exemptions for Interested Party Transactions), 2000 (hereinafter – the "**Exemptions Regulations**"). Officer indemnity letters and releases of liability for the controlling shareholder or his relatives – on September 22, 2022, the Company's general meeting approved the execution of officer indemnity letters and releases of liability for the Company's controlling shareholder and his relative, who were officers in Group companies at the time, pursuant to the provisions of Section 275 of the Companies Law, for a period of three years. The indemnity letters and releases of liability in favor of Mr. Shlomo Eliahu (in respect of his service as a Company director) were granted to him by the Company, and the indemnity letters and releases of liability in favor of Mr. Israel Eliahu (in respect of his service as Chairman of the Board of Migdal Capital Markets and as Chairman of the Migdal Insurance Nostro Investment Committee) were granted by Migdal Capital Markets and Migdal Insurance, respectively. The indemnity letters and releases of liability granted to the controlling shareholder and his relative are identical to the indemnity letters and releases of liability granted in favor of other Company officers.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

F. Associates

1. Regarding investments in associates, see Note 7 – Investment in Investees.
2. Migdal Insurance pays immaterial fees and commissions for insurance and pension product marketing to associates.
3. In 2015, Migdal Insurance provided loans totaling approx. NIS 20,162 thousand to overseas associates, which are due by the end of 2025. The outstanding loans as of December 31, 2024, total NIS 10,108 thousand, and as of December 31, 2023 – NIS 13,621 thousand. In respect of these loans, investment income (losses) was/were recorded in 2024, 2023, and 2022, totaling approx. (8,629) NIS thousands, (4,405) NIS thousands, and NIS 2,166 thousand, respectively. These loans are presented as illiquid debt assets, under other financial investments.
4. The Company owns various real estate properties. Some of these real estate properties are used for the Compny's own purposes, and others are leased to Group companies for their purposes, including companies that are not wholly owned by the Company, for immaterial amounts.

G. Compensation and benefits for key management personnel (including directors)

The Company's key management personnel are entitled to wages, bonuses, and non-cash benefits (such as cars, health insurance, etc.). The Group also deposits contributions for them in a defined benefit plan and a defined contribution plan post-employment.

The Company's and its subsidiaries' officers, including the Chairman of the Company's Board and the CEO of the Company, are referenced in the equity compensation plan that the Company had adopted and that allows granting equity compensation – particularly, Company stock option – allocation, as part of their comprehensive compensation package (for additional information, see Note 33, on share-based payments).

The compensation granted to Company directors, excluding the Chairman of the Board, matches the compensation paid to external directors, which ranges from the maximum annual compensation and the maximum attendance compensation stipulated for companies in the Company's tier according to the Compensation Regulations, and the maximum annual compensation and the maximum attendance compensation, respectively, according to the Compensation Regulations, for an expert external director serving in companies in the Company's tier.

Data regarding compensation and benefits to key management personnel

1. Benefits to key management personnel, including directors, employed by the Company

	For the year ended December 31					
	2024		2023		2022	
	No. of people	Amount	No. of people	Amount	No. of people	Amount
		NIS thousand		NIS thousand		NIS thousand
Short-term benefits	12	25,877	12	24,021	11	21,555
Post-employment benefits	11	2,316	11	2,345	10	3,096
Other long-term benefits	2	806	-	-	-	-
Share-based payment (see Note 33)	10	5,192	10	3,745	-	-
		34,191		30,111		24,651

It is clarified that these amounts do not include the benefits paid to key management personnel who were not Company officers in that year. Such payments are detailed in Section G.4 below.

2. Benefits to non-employee Company directors

	For the year ended December 31					
	2024		2023		2022	
	No. of people	Amount	No. of people	Amount	No. of people	Amount
		NIS thousand		NIS thousand		NIS thousand
Management fees to non-employee Company directors on the Company's behalf	14	4,205	14	5,527	16	4,854
		4,205		5,527		4,854

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

3. The Company's officer compensation policy

a) Compensation policy - General

The compensation policy adopted by the Company purports to set the Company officer compensation guidelines, in a manner that puts proper incentives in place to promote the Company's long-term objectives, work plan, and policies, with a view to risk management and alignment with the best interests of the Company, the savers who save through the Company, and its customers.

The compensation policy was set in accordance with Amendment No. 20 to the Companies Law and the Officer Compensation in Financial Corporations Law (Special Approval and Prohibition on Expenses for Tax Purposes Due to Extraordinary Compensation), 2016 (hereinafter – the "**Officer Compensation Law**"). In addition, as the Company directly and indirectly controls institutional entities, and as the majority of the Company's officers also hold office in some of the institutional entities under the Company's control – the respective compensation policies of the Group's institutional entities (hereinafter – the "**Institutional Entities' Compensation Policy**") were taken into account as well, for the purposes of the Company's compensation policy. The Institutional Entities' Compensation Policy is an independent policy that was drawn up and approved by the relevant institutions in accordance with the legislative arrangement governing the Group's institutional entities, which stipulates compensation restrictions and provisions with respect to institutional entities.

The Company's compensation policy is revised from time to time and is submitted to the Company's general meeting for approval, following the approval of the Company's Compensation Committee and Board of Directors.

b) Below are the highlights of the Company's policy and the Institutional Entities' Compensation Policy for 2023 to 2025 (inclusive):

- The maximum expected annual cost of the Chairman of the Board, CEO, and other executives, according to the provisions of the law (35 times the compensation paid to the lowest-paid employee).
- Instructions regarding the fixed component – monthly salary ceilings, ancillary conditions, linkage, guaranteed annual bonus, etc.
- Provisions regarding the variable component/annual bonus – the measurement periods; the variable component spread; the variable component's subcomponents (the Company's objectives, individual goals, a discretionary component, and general assessment) and the calculation thereof; the threshold condition for the annual bonus payment and its deferred components; the option of granting a variable component even if not all threshold conditions are satisfied; and the ratio of the fixed wage components to the variable wage components.
- Provisions regarding the option of including equity compensation in the comprehensive officer compensation package.
- Variable component restitution arrangements, under the circumstances specified in the policy.
- Provisions regarding post-employment.

c) The Company's Compensation Policy for 2023-2025

On May 28, 2023, the Company's general meeting approved the Company's compensation policy for 2023 to 2025, without change compared to the Company's previous compensation policy (for 2020 to 2022), except for the added comprehensive officer compensation ceiling during the advance notice period, in addition to the non-compete consideration or retirement bonus, such that the total compensation does not exceed the equivalent of the compensation for 12 months of the officer's work. It is noted that the said amendment, regarding the compensation ceiling, was also implemented in the respective compensation policies of the Group's institutional entities.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

3. The Company's officer compensation policy (cont.)

c) The Company's Compensation Policy for 2023-2025 (cont.)

On July 5, 2023, the Company's general meeting approved an update to the Company's compensation policy for 2023 to 2025, which stipulated the following main changes: (1) the added option to grant Company officers equity compensation, exercisable into shares of the Company or of Company subsidiaries, as part of their overall compensation package, including to the Chairman of the Board and the Company's CEO, for whom the maximum weight of the equity compensation in a given calendar year may not exceed one third of the total compensation to which they are entitled. The policy stipulates the standard provisions regarding the essential equity compensation provisions, such as the scope of the equity compensation, vesting periods and division into tranches, the manner of determining the exercise price, the option warrant expiration dates, and the option warrant exercise procedure. In addition, it was clarified that, at present, the Company intends to use non-marketable options, exercisable into Company shares, noting specifically that if the Company opts to grant its officers restricted shares in the future, this shall be conditioned on a quantitative threshold, and otherwise, the grant will be limited to the equivalent of three months of the officer's salary cost; (2) the option was added to reduce the normative bonus and the maximum bonus in the event of equity compensation; (3) the threshold set for the purpose of the maximum ratio of the variable compensation to the total officer compensation cost (for officers in audit-related roles) was raised from 30% to 40%; and (4) the normative officer bonus ceiling was raised from six to seven monthly salaries, along with a lower overperformance ceiling (120%, compared with 140%) when calculating the maximum bonus.

It is noted that on May 30, 2023, the Migdal Insurance Board of Directors concurrently approved amendments to the Institutional Entities' Compensation Policy for 2023 to 2025, which includes, among other things, the option of granting equity compensation, exercisable into Company shares or shares of Company subsidiaries, to the Migdal Insurance officers, as part of their comprehensive compensation package.

On December 26, 2024, the Company's general meeting approved a revision to the Company's compensation policy for 2023 to 2025, such that the total compensation cap will be set as required by law (35 times the compensation to the lowest paid employee), and the limit set in the policy was removed, whereunder the total cost of the annual compensation to an employee and an officer will not exceed NIS 3.5 million (plus provisions for severance pay and retirement benefits as required by law). The compensation limit in 2024 was approx. NIS 3.5 million as of the compensation policy approval date, according to the assessment.

Concurrently, on November 20, 2024, an identical amendment to the compensation Migdal Group Institutional Entities' Compensation Policy was approved.

Highlights of the Compensation Policy of the institutional entities are published on Migdal Insurance's website, in the following link: https://www.migdal.co.il/about/reward-policy.

4. Interested parties - Chairman of the Board / CEO

a) Mr. Shlomo Eliahu, the Company's (outgoing) Chairman of the Board

Mr. Shlomo Eliahu has been serving as a director of the Company since October 29, 2012. In addition, Mr. Eliahu served as Chairman of the Company's Board from June 18, 2018, to April 14, 2022. Furthermore, Mr. Shlomo Eliahu served as a director of Migdal Insurance from October 29, 2012, to October 15, 2020; in the same period, he also served as Chairman of the Migdal Insurance Board of Directors from October 10, 2013, to December 31, 2013.

On February 24, 2014, Mr. Shlomo Eliahu reported to the Company's Board of Directors and the Migdal Insurance Board of Directors that he waived any pay in connection with his service as Chairman of the Company's Board of Directors and as director of Migdal Insurance, and that he shall not demand pay in respect of the above. In addition, on June 18, 2018, upon his reappointment as Chairman of the Company's Board of Directors, Mr. Eliahu waived all pay, and he was not entitled to any monetary consideration or anything of value in respect of the above.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

a) Mr. Shlomo Eliahu, the Company's (outgoing) Chairman of the Board (cont.)

On January 18, 2022, Mr. Shlomo Eliahu announced his intention to resign from his position as Chairman of the Company's Board, and requested that the Company's Board of Directors approve the convening of an extraordinary general meeting whose agenda shall include the appointment of Supreme Court Judge Hanan Meltzer (Ret.) as a member and Chairman of the Company's Board of Directors, while Mr. Shlomo Eliahu shall remain a Company director.

On March 16, 2022, the general meeting approved Mr. Meltzer's appointment as Chairman of the Company's Board of Directors, effective from April 14, 2022, and accordingly, Mr. Shlomo Eliahu resigned from his position as Chairman of the Company's Board, effective from that date. Since then, Mr. Eliahu has served as a Company director, without consideration for his service.

It is noted that the renewal of Mr. Eliahu's term as a Company director was recently approved by the Company's annual general meeting on November 5, 2024, in accordance with the Companies Law.

b) Mr. Ran Oz, Former CEO of Migdal Insurance

On September 1, 2019, Mr. Ran Oz was appointed as CEO of Migdal Insurance, and on February 5, 2019, he was appointed as Chairman of the Migdal Makefet Board of Directors, in addition to his other positions in the Migdal Group by virtue of these roles. On November 21, 2021, Mr. Oz's tenure in Migdal Insurance and other Migdal Group companies expired, following the notice made on his behalf with respect to the above.

Mr. Oz was entitled to a monthly salary of approx. NIS 221 thousand. At the beginning of each calendar year, the monthly salary will be adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which the Company expects to incur in respect of the total compensation to Mr. Oz in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter in this section - the "**Compensation Limit**").

In 2022, Mr. Oz's adjusted monthly salary was approx. NIS 239 thousand. Mr. Oz was eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay and a mobile phone. In 2023, the Company incurred a tax cost arising from the "excess expense", in accordance with the Compensation Law, of approx. NIS 257 thousand; and in 2022 - approx. NIS 1,201 thousand. Mr. Oz's employment agreement is for an indefinite period. Each party to the agreement may terminate it at any given time and for any reason by giving a nine-month advance notice, which applies as of July 11, 2021. Subject to the restrictions arising from the legislative arrangement, upon the termination of his employment, Mr. Oz was entitled to be paid a retirement bonus equal to nine monthly salaries, subject to a non-compete agreement. In 2022, an expense totaling approx. NIS 1,409 thousand was recorded in respect of the retirement bonus.

c) Mr. Moti Rosen, the Company's (former) CEO and Chairman of the Board

Mr. Moti Rosen assumed office as Chairman of the Migdal Insurance Board on January 3, 2021, and assumed office as CEO of the Company on February 1, 2021. On April 22, 2021, Mr. Rosen resigned from his position in Migdal Insurance, and on August 8, 2021, he resigned from his position in the Company.
The terms of Mr. Rosen's compensation in respect of his term as Chairman of the Migdal Insurance Board and as CEO of the Company were set in accordance with the management services agreement between Migdal Insurance, the Company, and Mr. Rosen (hereinafter – the "**Service Agreement**"), and Mr. Rosen's compensation under the Service Agreement was the comprehensive compensation for all his duties in the Migdal Group. According to the cost allocation model between the Company and Migdal Insurance under the Service Agreement, Migdal Insurance bore 90% of the cost of Mr. Rosen's compensation under the Service Agreement from the beginning of Mr. Rosen's term as CEO of the Company.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

c) Mr. Moti Rosen, the Company's (former) CEO and Chairman of the Board (cont.)

Mr. Rosen was entitled to a monthly salary of approx. NIS 283 thousand. As stipulated in the Service Agreement, whenever any payable amount would result in exceeding the compensation limit under the applicable legislative arrangement (in this section, hereinafter – the "**Excess Amount**"), the Excess Amount shall not be paid, and Migdal Insurance shall be exempt from payment thereof. Following a dispute between the parties regarding the existence of such an Excess Amount, on February 13, 2024, it was agreed that Mr. Rosen would be entitled to a lump sum equal to approx. NIS 170 thousand, which was paid in the reporting period. The management fees payable to Mr. Rosen include his entitlement to pay in lieu of social benefits, paid leave, convalescence pay, sick leave, and related benefits.

On March 11, 2021, the Migdal Insurance Board of Directors resolved, further to the Board's deliberations, that – in light of disputes and irreconcilable differences between Mr. Rosen and Mr. Ran Oz (then-CEO of Migdal Insurance) with respect to Migdal Insurance's conduct, the Board would take measures to terminate Mr. Rosen's service as Chairman of the Migdal Insurance Board of Directors. The negotiations on retirement terms had failed. On March 14, 2021, the Migdal Insurance Board of Directors resolved to suspend Mr. Rosen from his position as Chairman of the Migdal Insurance Board of Directors, effective immediately. On April 22, 2021, when the settlement agreement between the Company, Migdal Insurance, and Mr. Rosen came into force, Mr. Rosen's term as Chairman of the Migdal Insurance Board of Directors expired.

In light of the abovementioned disputes, including with respect to funds that the companies must pay Rosen, as Rosen alleged – the Company's and Migdal Insurance's competent organs, including the general meeting, approved the entry into a settlement agreement with Mr. Rosen, between Migdal Insurance and the Company as the parties of the first part, and Mr. Rosen as the party of the second part, without conceding any of Mr. Rosen's allegations and for the sole purpose of reaching a settlement, whose main terms are as follows:

1. Mr. Rosen would immediately resign from all his positions in Migdal Insurance and the subsidiaries. Mr. Rosen's resignation from his position as CEO of the Company took effect on August 8, 2021.
2. Mr. Rosen was entitled to an advance notice period according to the cost allocation model under the Service Agreement, as well as pursuant to the relevant applicable advance notice period in connection with his service as a Company and Migdal Insurance officer, as follows: Migdal Insurance would pay 90% of a nine-month period, and the Company would pay the relative portion of 10% of a six-month period. The advance notice fee was paid in consecutive monthly installments, starting from the resignation date (with varying advance notice periods between the Company and Migdal Insurance, as noted above).
3. Further to the aforementioned payments, Mr. Rosen alleges his entitlement to other payments, regarding which the Company and Migdal Insurance disagreed, notwithstanding the settlement agreement (concerning the non-compete consideration for 9 months and compensation for damage incurred by Mr. Rosen, including damage to his good name, following Migdal Insurance's and its organs' actions, which the Company and Migdal Insurance deny, as they believe that they have acted lawfully and in the companies' best interests) (hereinafter – the "**Disputed Payments**"). The parties have agreed to attempt mediation, and, in the event that it fails, launch an arbitration proceeding in connection with the Disputed Payments, provided that the amounts awarded in the mediation or arbitration proceeding do not exceed the management fees for nine months (approx. NIS 2.5 million), before taxes and expenses, and that the companies bear the mediation and/or arbitration expenses, as applicable, in accordance with the terms of the settlement agreement; the parties have mutually waived all other claims or lawsuits.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

c) Mr. Moti Rosen, the Company's (former) CEO and Chairman of the Board (cont.)

The parties' consensual mediation eventually failed, and the matter was submitted to the arbitrator, Honorable Supreme Court Judge Zvi Zylbertal (Ret.), in accordance with the settlement agreement. On June 13, 2024, the Honorable Arbitrator partially accepted Mr. Rosen's claims against the Company and Migdal Insurance, and ruled that Migdal Insurance pay Mr. Rosen NIS 1.5 million in damages for Mr. Rosen's claims in tort, i.e., approx. NIS 1,795 thousand, with the linkage stipulated in the arbitration ruling, plus VAT. In addition, Mr. Rosen was awarded court costs and other expenses, equal to approx. NIS 530 thousand, plus VAT, based on the provisions of the settlement agreement, which preceded the arbitration. During the reporting period, Migdal Insurance and the Company paid Mr. Rosen the amounts ruled in his favor in the arbitration award.

d) Mr. Yiftach Ron-Tal, Chairman of the Migdal Insurance Board until November 15, 2022

Mr. Yiftach Ron-Tal served as Chairman of the Migdal Insurance Board from August 1, 2021, to November 15, 2022, on a 100% appointment percentage.

In addition, Mr. Ron-Tal served as CEO of the Company from August 8, 2021, to December 31, 2021. Mr. Ron-Tal's notice of the end of his term was made following the resolution of the Company's general meeting dated November 8, 2021, against approving the Company's relative share (10%) of Mr. Ron-Tal's comprehensive employment cost, as well as release from liability and indemnity in his favor in respect of his above role.

As Chairman of the Migdal Insurance Board, Mr. Ron-Tal was entitled to an approx. NIS 231 thousand monthly salary. At the beginning of each calendar year, the monthly salary was adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which Migdal Insurance expects to incur in respect of the total compensation to Mr. Ron-Tal in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter in this section - the "**Compensation Limit**"), and under no circumstances - no more than NIS 3.5 million, excluding retirement benefits and severance pay as required by law. in 2022, Mr. Ron-Tal's adjusted monthly salary totaled approx. NIS 247 thousand. Mr. Ron-Tal was eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, a car and a mobile phone. In 2023, Migdal Insurance incurred a tax cost arising from the "excess expense", in accordance with the Compensation Law, of approx. NIS 1,208 thousand; in 2022 - at the total of approx. NIS 528 thousand. Mr. Ron-Tal's employment agreement is for an indefinite period. Each party to the agreement was entitled to terminate it at any given time and for any reason by giving a nine-month advance notice, subject to the provisions pertaining to Migdal Insurance's Compensation Policy, whereunder the specified notice period during the first six months will stand at three months, and in the second half of the year - four and a half months. Mr. Ron-Tal has undertaken that upon the termination of his employment he will not compete with the Group's businesses and activity during nine months from the actual date on which employer-employee relations actually end, and Migdal Insurance will pay him an amount equivalent to the total cost of his pay during the said non-competition period, subject to the provisions of the Compensation Policy, and in particular the provision whereunder the arrangement will come into effect only after Mr. Ron-Tal will have completed eighteen months of work for Migdal Insurance.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

d) Mr. Yiftach Ron-Tal, Chairman of the Migdal Insurance Board until November 15, 2022 (cont.)

On November 5, 2023, Migdal Insurance and Mr. Ron-Tal signed a settlement agreement, further to Mr. Ron-Tal's allegations regarding, among other things, the manner in which his employment in Migdal Insurance had been terminated; various kinds of damage he allegedly incurred; and his eligibility for a non-compete bonus according to his employment agreement. In the settlement agreement, it was agreed that Migdal Insurance would pay Mr. Ron-Tal an NIS 1,725,000 one-time non-compete bonus in consideration for a non-compete clause, as stipulated in Mr. Ron-Tal's employment agreement with Migdal Insurance, for 5.5 months, commencing on November 5, 2023. Half the payment was made immediately, and the second half is spread linearly over three annual payments, starting from the date of Mr. Ron-Tal's retirement from Migdal Insurance. At the same time, the parties have fully, irrevocably, and completely waived all claims as of the agreement signing date, particularly with respect to any matter arising out of or in relation with Mr. Ron-Tal's tenure as a Migdal Insurance employee.

In 2024 and 2023, approx. NIS 830 thousand and approx. NIS 920 thousand (respectively) were recorded as expenses in respect of the above settlement agreement.

e) Mr. Sagi Yogev, CEO of Migdal Insurance until February 15, 2023

On October 7, 2021, Mr. Sagi Yogev was appointed as CEO of Migdal Insurance, assuming office on November 21, 2021; on December 23, 2021, he was appointed as Chairman of the Migdal Makefet Board, in addition to his other roles in the Migdal Group by virtue of the foregoing.

Subsequent to Mr. Yogev's announcement of his desire to terminate his service as CEO of Migdal Insurance on October 31, 2022, Mr. Yogev completed his term on February 15, 2023 (in this section, hereinafter – the "**Term of Office Expiration Date**"). Mr. Yogev's advance notice period, four and a half months, commenced on the Term of Office Expiration Date.

Mr. Yogev was entitled to a monthly salary of approx. NIS 239 thousand. At the beginning of each calendar year, the monthly salary was adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which Migdal Insurance expects to incur in respect of the total compensation to Mr. Yogev in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter in this section - the "**Compensation Limit**"), and under no circumstances - no more than NIS 3.5 million, excluding retirement benefits and severance pay as required by law. Mr. Yogev's adjusted monthly salary in 2022 was approx. NIS 248 thousand. Mr. Yogev was eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, a car and a mobile phone. In 2023, the Company incurred a tax cost arising from the "excess expense", in accordance with the Compensation Law, of approx. NIS 505 thousand; and in 2022 - approx. NIS 530 thousand. Mr. Yogev's employment agreement is for an indefinite period. Each party to the agreement was entitled to terminate it at any given time and for any reason by giving a nine-month advance notice, subject to the provisions pertaining to Migdal Insurance's Compensation Policy, whereunder the specified notice period during the first six months will stand at three months, and in the second half of the year - four and a half months. Mr. Yogev has undertaken that upon the termination of his employment he will not compete with the Group's businesses and activity during six months from the actual date on which employer-employee relations actually end, and Migdal Insurance will pay him an amount equivalent to the total cost of his pay during the said non-competition period, subject to the provisions of the Compensation Policy, and in particular the provision whereunder the arrangement will come into effect only after Mr. Yogev will have completed eighteen months of work for Migdal Insurance. Insofar as the non-compete agreement will not take effect, the non-compete undertaking will not take effect either.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

f) Yossi Ben Baruch, the Company's CEO

Mr. Yossi Ben Baruch has been serving as the Company's CEO since July 1, 2022. From October 1, 2018, to June 30, 2022, Mr. Ben Baruch served as Deputy CEO and Head of Finance at Migdal Insurance, and as CFO of the Company. In addition, Mr. Ben Baruch has served as Deputy CEO of the Company since August 8, 2021. Until August 31, 2018, Mr. Ben Baruch served as CEO of Migdal Capital Markets.

Mr. Ben Baruch's terms of employment and office as CEO of the Company were approved by the Company's general meeting on July 18, 2022. Accordingly, Mr. Ben Baruch is entitled to an approx. NIS 150 thousand monthly salary, adjusted for Consumer Price Index increases. Mr. Ben Baruch is eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, a car and a mobile phone. The salary and the related benefits under the agreement are subject, at all times, to the provisions of the Officer Compensation Law and the total permitted payable amounts thereunder (in this section, hereinafter – the "**Compensation Ceiling**"). Whenever any payable amount would result in exceeding the Compensation Limit (in this section, hereinafter – the "**Excess Amount**"), the Excess Amount shall not be paid, and the Company shall be exempt from payment thereof. In 2024, the Company incurred a tax cost arising from the "excess expense", in accordance with the Compensation Law, of approx. NIS 494 thousand; in 2023 - at the total of approx. NIS 318 thousand and in 2022 - approx. NIS 236 thousand. In addition, Mr. Ben Baruch is entitled to a conditional objective-based annual bonus in accordance with and subject to the Company's compensation policy, as applicable from time to time, subject to the approval of the Company's competent organs for this purpose. The Company is not obligated to pay any severance pay with respect to Mr. Ben Baruch's term as a Migdal Capital Markets employee, which is subject to Section 14 Arrangement of the Severance Pay Law, 1963.

Mr. Ben Baruch's employment agreement is for an indefinite period. Each party to the agreement may terminate it at any given time and for any reason by giving a six-month advance notice. Upon the termination of his employment, Mr. Ben Baruch has warranted not to compete with the Group's businesses and operations for six months from the agreement termination date, and, moreover, to take no measures to recruit Migdal Group employees for twelve months from the employee-employer relations' termination date. Upon the agreement's termination, Mr. Ben Baruch is entitled to receive a retirement bonus equal to 6 double salaries, of which, 4.5 salaries shall be payable upon his retirement, and 1.5 salaries shall be payable after one year, subject to the threshold conditions stipulated in the compensation policy, and provided that he does not compete with the Company.

In addition, on July 5, 2023, the Company's general meeting approved the allocation of 1,942,743 unlisted options, exercisable into ordinary shares of the Company (which constituted approx. 0.18% of the Company's issued and paid up share capital and voting interests therein at the time), to the Company's CEO, in accordance with the Migdal Group's equity compensation plan, as adopted by the Company's Board of Directors on May 30, 2023, and with the Company's compensation policy. The exercise price with respect to the allocation to Mr. Ben Baruch is NIS 4.44 per share, adjusted for dividends. Subject to the vesting of the options and to meeting their execution terms and conditions, and prior to the options' expiration, the options shall be automatically exercised into the Company's shares in the event that the closing price of an ordinary share on the TASE is equal to or greater than NIS 9.26. In addition, options are subject to customary adjustments. For further details regarding the allocation, see Note 33, Share-Based Payments. In addition, on July 5, 2023, the General Meeting approved an update to the terms and conditions of Mr. Ben Baruch's tenure and employment, such that as of the option allocation date, the CEO will not be entitled to an annual bonus (which, according to his employment agreement, stands at up to four monthly salaries for a "normative bonus"), for three years, while accounting for the allocation. The other provisions of Mr. Ben Baruch's employment terms as the Company's CEO remain unchanged.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

g) Dr. Gavriel Picker, CEO of the Company in the “interim period”

On January 18, 2022, the Company’s Board of Directors approved the appointment of Dr. Gavriel Picker, a Company director, as CEO of the Company in the interim period, until July 1, 2022, when Mr. Ben Baruch assumed office as CEO of the Company.

Dr. Picker served on a part-time basis, and was entitled to compensation equal to NIS 25,000, against an invoice, in his capacity as CEO of the Company in the interim period. Dr. Picker’s eligibility for coverage under the Company’s insurance policy, and the indemnity letters and releases of liability made in Dr. Picker’s favor in his capacity as a Company director, also apply in connection with his role as CEO of the Company in the interim period. On March 16, 2022, the general meeting approved the above compensation provisions.

h) Supreme Court Judge Hanan Meltzer (Ret.), Chairman of the Company’s Board Until November 5, 2024

Mr. Meltzer was a director and Chairman of the Company’s Board from April 14, 2022, to November 5, 2024, at a 66% appointment percentage.

The Company’s general meeting approved the terms of Mr. Meltzer’s service as Chairman of the Company’s Board on March 16, 2022. Accordingly, Mr. Melcer was entitled to a monthly salary of approx. NIS 159 thousand. At the beginning of each calendar year, the monthly salary was adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which the Company expects to incur in respect of the total compensation to Mr. Melcer in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter in this section - the “**Compensation Limit**”), and under no circumstances - no more than NIS 3.5 million, excluding severance pay and retirement benefits as required by law. Mr. Meltzer’s adjusted monthly salary in 2024 totaled NIS 176 thousand, approx. NIS 165 thousand in 2023, and approx. NIS 159 thousand in 2022. Mr. Melcer was eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, a car and a mobile phone. Mr. Melcer’s employment agreement is for an indefinite period. Each party to the agreement was entitled to terminate it at any given time and for any reason by giving a nine-month advance notice, subject to the provisions pertaining to the Company’s Compensation Policy, whereunder the specified notice period during the first six months will stand at three months, and in the second half of the year - four and a half months. Mr. Melcer has undertaken that upon the termination of his employment he will not compete with the Group’s businesses and activity during six months from the actual date on which employer-employee relations actually end, and the Company will pay him an amount equivalent to the total cost of his pay during the non-competition period, subject to the provisions of the Compensation Policy, and in particular the provision whereunder the arrangement will come into effect only after Mr. Melcer will have completed eighteen months of work for the Company (hereinafter in this section - the “**Non-Compete Arrangement**”). Notwithstanding the foregoing, the total payment in respect of the non-compete clause and advance notice may not exceed the compensation for 12 months of work, unless Mr. Meltzer actually works for more than 6 months in the advance notice period. During the reporting period, Mr. Melcer forwarded a letter addressed to the Company, which concerns a unilateral waiver in connection with some of the provisions of the non-compete arrangement included in his employment agreement, such that the payment of the non-compete fees will be subject to the discretion of the relevant organs in the Company and is conditional upon their approval. Such permits (if any) will be issued close to the termination date of the employee-employer relationship between Mr. Melcer and Migdal Insurance.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

h) Supreme Court Judge Hanan Meltzer (Ret.), Chairman of the Company's Board Until November 5, 2024 (cont.)

On July 5, 2023, the Company's general meeting approved the allocation of 1,563,908 unlisted options, exercisable into ordinary shares of the Company (which constituted approx. 0.15% of the Company's issued and paid up share capital and voting interests therein at the time), to the Company's former Chairman, in accordance with the Migdal Group's equity compensation plan, as adopted by the Company's Board of Directors on May 30, 2023, and with the Company's compensation policy. The exercise price with respect to the allocation to Mr. Melcer is NIS 4.44 per share, adjusted for dividends. Subject to the vesting of the options and to meeting their execution terms and conditions, and prior to the options' expiration, the options shall be automatically exercised into the Company's shares in the event that the closing price of an ordinary share of the Company on the TASE is equal to or greater than NIS 9.26. In addition, options are subject to customary adjustments. For further details regarding the allocation, see Note 33, Share-Based Payments. In addition, on July 5, 2023, the general meeting approved an update to the terms of Mr. Meltzer's service and employment, such that, effective from the option allocation date, Mr. Meltzer's monthly salary would be reduced by the equivalent of the allocation's full accounting value throughout the expense recognition period. Mr. Meltzer's entitlement to full social benefits for the full monthly salary to which he is entitled was not prejudiced, including in respect of the reduced amount. The other terms Mr. Meltzer was entitled to as Chairman of the Company's Board remained unchanged. On October 15, 2024, as part of a discussion held in the Company's Compensation Committee and Board of Directors in connection with Mr. Meltzer's terms of retirement, it was decided that the Company will look favorably, in accordance with the option award terms and conditions, on accelerating the remaining options awarded to Mr. Melcer which will not vest automatically on his exit date, which is expected to take place on August 5, 2025, all subject to Mr. Melcer's request, approval by the Company's competent organs, at their discretion, and to Mr. Melcer's waiver of a portion of the compensation he is entitled to, such that it does not exceed the compensation cap in accordance with the Officer Compensation Law.

i) Mr. Carmi Gillon, Interim Chairman of the Migdal Insurance Board

On November 24, 2022, the Migdal Insurance Board of Directors approved the appointment of Mr. Carmi Gillon, a Company director and a Migdal Insurance director at the time, as Interim Chairman of the Migdal Insurance Board. On January 17, 2023, the Commissioner announced his non-objection to Mr. Gillon's appointment as Chairman of the Migdal Insurance Board until March 15, 2023.

On April 24, 2023, the Migdal Insurance Board of Directors appointed Mr. Carmi Gillon as Interim Chairman until May 30, 2023, subject to the Commissioner's non-objection, and on May 29, 2023, the Commissioner announced that he would be unable to approve the submitted application because of incomplete details. Under these circumstances, the Migdal Insurance Board of Directors resolved, for the sake of good order, to appoint Mr. Gillon as Chairman at the start of each meeting, until Prof. Amir Barnea was appointed as permanent Chairman of the Migdal Insurance Board on November 15, 2023.

On May 31, 2023, the Company's Board of Directors, convened as the general meeting of Migdal Insurance, approved an NIS 60 thousand additional fixed monthly compensation in consideration for Mr. Gillon's service as Interim Chairman of the Board, effective from November 24, 2022, in addition the compensation payable to Mr. Gillon as an ordinary Migdal Insurance director. On August 21, 2023, the Company's Board of Directors resolved that, effective from June 2023, Mr. Gillon would be entitled to compensation equal to the compensation paid to directors for three meetings, for each meeting in which Mr. Gillon serves as Chairman.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

j) Mr. Ronen Agassi, CEO of Migdal Insurance as of February 15, 2023

On December 22, 2022, Mr. Ronen Agassi was appointed as CEO of Migdal Insurance, and he assumed office on February 15, 2023.

Mr. Agassi is entitled to a monthly salary of approx. NIS 253 thousand. At the beginning of each calendar year, the monthly salary will be adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which the Company expects to incur in respect of the total compensation to Mr. Agassi in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter - the “**Compensation Limit**”), and under no circumstances - no more than NIS 3.5 million (hereinafter in this section - the “**Additional Compensation Limit**”), excluding retirement benefits and severance pay as required by law. In 2024, Migdal Insurance incurred a tax cost arising from the “excess expense”, in accordance with the Compensation Law, of approx. NIS 620 thousand and in 2023, it incurred a tax cost of approx. NIS 464 thousand. Once a year, Mr. Agassi may convert up to one third of his monthly salary, mutatis mutandis, into equity compensation, subject to the required approvals by law, including the approval of the Company’s equity compensation plan. Mr. Agassi is eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, a car and a mobile phone. Mr. Agassi’s employment agreement is for an indefinite period. Each party to the agreement may terminate it at any given time and for any reason by giving a nine-month advance notice, subject to the provisions pertaining to the Company’s Compensation Policy, whereunder the specified notice period during the first six months will stand at three months, and in the second half of the year - four and a half months. Mr. Agassi has undertaken that upon the termination of his employment he will not compete with the Group’s businesses and activity during six months from the actual date on which employer-employee relations actually end, and the Company will pay him an amount equivalent to the total cost of his pay during the said non-competition period, subject to the provisions of the Compensation Policy, and in particular the provision whereunder the arrangement will come into effect only after Mr. Agassi will have completed eighteen months of work for the Company. Insofar as the non-compete agreement will not take effect, the non-compete undertaking will not take effect either (hereinafter in this section – “**the Non-Compete Arrangement**”).

During 2024, the relevant organs in Migdal Insurance approved an update to Mr. Agassi's employment agreement, such that the Additional Compensation Limit was removed, and Mr. Agassi's annual compensation cost will continue to meet the limits set out in the provisions of the Compensation Law (35 times the salary of the lowest paid employee). It is noted that such a revision was made following the revision of the institutional entities’ compensation policies, as detailed in Note 38.G.3.c.

On July 5, 2023, pursuant to the Migdal Group’s equity compensation plan, as the Company’s Board of Directors adopted on May 30, 2023, Mr. Agassi was allocated 2,401,715 unlisted options, exercisable into ordinary shares of the Company (which constituted approx. 0.22% of the Company’s issued and paid up share capital and the voting interests therein at that time), with a fair value of approx. NIS 2.967 million. The fair value of the options allocated out of the CEO’s wages was reduced concurrently with the allocation’s recognition, and the Company continued to contribute the social benefits for the reduced portion of the wages in respect of the equity bonus. The exercise price with respect to the allocation to Mr. Agassi is NIS 4.44 per share, adjusted for dividends. Subject to the vesting of the options and to meeting their execution terms and conditions, and prior to the options’ expiration, the options shall be automatically exercised into the Company's shares in the event that the closing price of an ordinary share on the TASE is equal to or greater than NIS 9.26. In addition, options are subject to customary adjustments. For further details regarding the allocation, see Note 33, Share-Based Payments.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

j) Mr. Ronen Agassi, CEO of Migdal Insurance as of February 15, 2023 (cont.)

During the reporting period, Mr. Agassi forwarded a letter addressed to Migdal Insurance, which concerns a unilateral waiver in connection with some of the provisions of the non-compete arrangement included in his employment agreement, such that the payment of the non-compete fees will be subject to the discretion of the relevant organs in Migdal Insurance and is conditional upon their approval. Such permits (if any) will be issued close to the termination date of the employee-employer relationship between Mr. Agassi and Migdal Insurance.

k) Mr. Amir Barnea, Chairman of the Migdal Insurance Board as of February 15, 2023

On October 9, 2023, the Company's Board of Directors resolved to appoint Prof. Amir Barnea as a director of Migdal Insurance, subject to the Commissioner's non-objection, which was received on October 15, 2023. On October 18, 2023, the Migdal Insurance Board of Directors appointed Prof. Barnea as Permanent Chairman of the Migdal Insurance Board, subject to the Commissioner's notice of non-objection to the appointment, at a 50% appointment percentage. On November 7, 2023, following the Authority's request, the Migdal Insurance Board of Directors resolved to increase Mr. Barnea's appointment percentage as Chairman of the Migdal Insurance Board to two thirds (66.7%). On November 15, 2023, the Commissioner's notice of non-objection to the appointment was received, and Prof. Barnea has been serving as Chairman of the Migdal Insurance Board since.

Mr. Barnea is entitled to a monthly salary of approx. NIS 180 thousand. At the beginning of each calendar year, the monthly salary will be adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which Migdal Insurance expects to incur in respect of the total compensation to Mr. Barnea in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter in this section - the "**Compensation Limit**"), and under no circumstances, as long as the Company's Compensation Policy has not been revised (as detailed in Section n below) - no more than NIS 3.5 million (hereinafter in this section - the "**Additional Compensation Limit**"), with each being multiplied by the Chairman's appointment percentage - excluding severance pay and retirement benefits as required by law. Mr. Barnea shall be eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, sick leave, a car, a mobile phone and reimbursement of expenses. Mr. Barnea's employment agreement is for an indefinite period. Each party to the agreement may terminate it at any given time and for any reason by giving a nine-month advance notice, subject to the provisions pertaining to institutional entities' compensation policies, whereunder the specified notice period during the first six months will stand at three months, and in the second half of the year - four and a half months. Mr. Barnea has undertaken that upon the termination of his employment he will not compete with the Group's businesses and activity during three months from the actual date on which employer-employee relations actually end, and Migdal Insurance will pay him an amount equivalent to the total cost of his pay during the said Non-Compete Period, subject to the provisions of the Institutional Entities' Compensation Policies, and in particular the provision whereunder the arrangement will come into effect only after Mr. Barnea will have completed eighteen months of work for Migdal Insurance (hereinafter in this section - the "**Non-Compete Arrangement**").

During 2024, the relevant organs in Migdal Insurance approved an update to Prof. Barnea's employment agreement, such that the Additional Compensation Limit was removed, and Prof. Barnea's annual compensation cost will continue to meet the limits set out in the provisions of the Compensation Law (35 times the salary of the lowest paid employee). It is noted that such a revision was made following the revision of the institutional entities' compensation policies, as detailed in Note 38.G.3.c.

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

k) Mr. Amir Barnea, Chairman of the Migdal Insurance Board as of February 15, 2023 (cont.)

During the reporting period, Prof. Barnea forwarded a letter addressed to Migdal Insurance, which concerns a unilateral waiver in connection with some of the provisions of the non-compete arrangement included in his employment agreement, such that the payment of the non-compete fees will be subject to the discretion of the relevant organs in Migdal Insurance and is conditional upon their approval. Such permits (if any) will be issued close to the termination date of the employee-employer relationship between Prof. Barnea and Migdal Insurance.

For details regarding Prof. Barnea's notice to Migdal Insurance regarding the termination of his service as Chairman of the Migdal Insurance Board, see Note 40.

l) Prof. Ronni Gamzu, Director and Chairman of the Company's Board as of November 17, 2024

On November 5, 2024, the Company's general meeting resolved to appoint Prof. Ronni Gamzu as a director and the Company's Chairman of the Board, as from November 17, 2024 on a 50% FTE basis. On that day, the general meeting approved Prof. Gamzu's terms of office and employment. Accordingly, Prof. Gamzu is entitled to a monthly salary of approx. NIS 140 thousand (before the reduction of his pay against the allocation of options, as detailed below). At the beginning of each calendar year, the monthly salary will be adjusted to the employment period in accordance with the provisions of the Compensation Law, such that the annual expense, which the Company expects to incur in respect of the total compensation to Prof. Gamzu in accordance with the total cost of all compensation components for the year - in accordance with generally accepted accounting principles - shall stand at the maximum compensation amount as per the Compensation Law (hereinafter - the "**Compensation Limit**"), and under no circumstances - no more than NIS 3.5 million, excluding severance pay and retirement benefits as required by law, excluding severance pay and compensation according to law. In 2024, Prof. Gamzu's monthly salary was approx. NIS 140 thousand.

Prof. Gamzu is eligible to social benefits and related benefits, such as: Advanced education fund, paid leave, convalescence pay, a car and a mobile phone. Prof. Gamzu's employment agreement is for an indefinite period. Each party to the agreement may terminate it at any given time and for any reason by giving a nine-month advance notice, subject to the provisions pertaining to the Company's Compensation Policy, whereunder the specified notice period during the first six months will stand at three months, and in the second half of the year - four and a half months. Prof. Gamzu has undertaken that upon the termination of his employment he will not compete with the Group's businesses and activity during three months from the actual date on which employer-employee relations actually end, and the Company will pay him an amount equivalent to the total cost of his pay during the non-competition period, subject to the provisions of the Compensation Policy, and in particular the provision whereunder the arrangement will come into effect only after Prof. Gamzu will have completed eighteen months of work for the Company (hereinafter in this section - the "**Non-Compete Arrangement**").

NOTE 38 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

G. Compensation and benefits for key management personnel (including directors) (cont.)

Data regarding compensation and benefits to key management personnel (cont.)

4. Interested parties - Chairman of the Board / CEO (cont.)

l) Prof. Ronni Gamzu, Director and Chairman of the Company's Board as of November 17, 2024 (cont.)

Out of the monthly compensation, Prof. Gamzu waives a gross monthly sum of NIS 40 thousand (in this section, hereinafter – the "**Reduction Amount**") for 36 months, against the allocation of 692,225 unlisted options, exercisable into ordinary shares of the Company, with an NIS 0.01 par value each, at a total value of NIS 1,440 thousand. The Reduction Amount reflects the allocation's accounting value throughout the expense recognition period. The abovementioned options constituted approx. 0.06% of the Company's issued and paid up share capital and the voting interests therein at the time, and the allocation was executed in accordance with the Migdal Group's equity compensation plan, as adopted by the Company's Board of Directors on May 30, 2023, and with the Company's compensation policy. The exercise price with respect to the allocation to Prof. Gamzu is NIS 6.63 per share, adjusted for dividends. Subject to the vesting of the options and to meeting their execution terms and conditions, and prior to the options' expiration, the options shall be automatically exercised into the Company's shares in the event that the closing price of an ordinary share on the TASE is equal to or greater than NIS 15.25 (hereinafter - the "**Limit Price for Forced Exercise**"). In addition, the limit price in a forced exercise and the options are subject to the customary adjustments. For further details regarding the allocated options, see Note 33, on share-based payments.

During the reporting period, Prof. Gamzu forwarded a letter addressed to the Company, which concerns a unilateral waiver in connection with some of the provisions of the non-compete arrangement included in his employment agreement, such that the payment of the non-compete fees will be subject to the discretion of the relevant organs in the Company and is conditional upon their approval. Such permits (if any) will be issued close to the termination date of the employee-employer relationship between Prof. Gamzu and Migdal Insurance.

5. On January 31, 2024, Migdal Insurance's Board of Directors approved the appointment of Mr. David Santori as a Supervising Actuary of Life Insurance in Migdal Insurance, which came into effect on April 18, 2024, after receiving the Commissioner's notice of non-objection to the said appointment,, subject to assistance by another actuary for a period of one year from the appointment's effective date.

On August 19, 2024, Mr. Tal Cohen ended his service in the Group as the Company's CFO and Head of the Finance and Resources Division of Migdal Insurance. On August 19, 2024, Mr. David Saban assumed office as the Company's CFO, concurrently with his service as Head of Finance and Corporate Resources at Migdal Insurance, and his other roles in the Group.

6. Officer insurance, including for the controlling shareholder or his relatives

Each year, the Company procures D&O liability insurance policies for a one-year term from an insurer who is not a related party of the Company. The policy is shared by the Company and the Group's subsidiaries, including Migdal Insurance, Migdal Capital Markets, and companies controlled by Migdal Insurance or Migdal Capital Markets.

In accordance with the Company's compensation policy for 2023 to 2025, which was approved on May 28, 2023, as updated from time to time, and whose most recent update came into force on December 26, 2024 – the Company may procure D&O liability insurance for its officers, directors, and investment committee members, including for the controlling shareholder and his relatives, who hold office in the Company and/or the Migdal Group, at insurance amounts no greater than USD 200 million, for an annual premium and with a deductible determined in accordance with market terms, provided that the cost of procuring the policy is immaterial to the Company. For further details regarding the Company's compensation policy, see Note 38.G.3.c.

For details regarding the renewal of the Group's D&O liability insurance policy, including for the controlling shareholder and his relative, as approved pursuant to the Exemption Regulations, see Note 2.39.d.6.

7. For details regarding letters of indemnity and releases of liability in favor of the Company's directors and other officers, granted by the Company and its interested parties, see Note 2.39.D.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS

1. Contingent liabilities

A. Legal and other proceedings - general

Sections (b) to (f) (inclusive) below contain details regarding legal and other proceedings against the Company and/or consolidated companies. Section (b) below describes pending motions to certify lawsuits as class actions, including lawsuits that have been certified as class actions (hereinafter - "**Class Actions**"); Section (c) below describes Class Proceedings that have concluded during the reporting period and up to the report publication date; Section (d) below describes other legal proceedings and material lawsuits; Section (e) below presents a summary of the legal actions data; and Section (f) below describes additional legal proceedings and other proceedings, the Insurance Commissioner directives, and events and developments that create an exposure for the Company and/or its consolidated companies.

In recent years, a substantial increase has been observed in Class Proceedings brought against the Company and/or its consolidated companies. The above is in line with an upward trend in motions to certify class actions in general, and an upward trend in such motions against companies in the consolidated companies' operating segments. This trend significantly increases the Company's and/or the consolidated companies' potential exposure to losses in the event that a class action against the Company and/or consolidated companies is granted. The Class Proceedings are at different stages legal procedural stages, from the stage of adjudicating the motion to certify a class action to the stage in which the claim is certified as a class action and is adjudicated as such. Some of the class actions are under appeal.

Class actions may be brought for a variety of causes of action the law specifies for this purpose, and with respect to an insurer, they include any matter between a company and its customer, regardless of whether or not they entered into a transaction. The law stipulates procedures and restrictions regarding settlement agreements in class actions that hinder the conclusion of settlement agreements in class actions, including, among other things, the right granted to the Attorney General and others to submit their objection to the settlement agreements and the appointment of an examiner for the settlement agreement. A class action's scope is determined once it is certified, and it depends on the certified causes of action and the approved remedy for these causes.

In respect of legal proceedings or motion to certify class actions in which, in the Company's assessment, based among others on legal opinions it received, it is more likely than not (i.e. a probability of more than 50%) that the plaintiff's claims will be accepted and the case decided in his favor (or in the case of a class action certification motion – that the court will certify a class action), provisions were included in the financial statements to cover the exposure estimated by the Company and/or its consolidated companies

In respect of motions to certify lawsuits in which a class action was certified by the court, provisions were included in the financial statements to cover the exposure estimated by the Company and/or its consolidated companies, where, in management's assessment, based, among other things, on legal opinions it received, it is more likely than not that the plaintiff's claims will be accepted in the action itself. If a class action has been certified by the court and the plaintiff appeals, petitioning to extend the scope of the judgment rendered, the financial statements include provisions to cover the estimated exposure in the appeal, according to the Company and/or its consolidated companies, if, according to the management's assessment, based, among other things, on legal opinions it receives, it is more likely than not that the plaintiff's claims in the appeal would be accepted.

If there is a willingness to settle in any proceeding, a provision is made, equal to the acceptable potential settlement, even in cases in which, according to the above details, no provision would have been made in the financial statements were it not for the settlement or the willingness to settle. In cases in which, according to the above description, a provision must be made in the financial statements and there is a willingness to settle, a provision is made in the statements to cover the estimated exposure according to the Company and/or its consolidated companies, or the total acceptable settlement, whichever is higher. If a settlement agreement is approved, the statements include a provision equal to the estimated cost of the settlement agreement, according to the Company and/or the consolidated companies.

For legal and other proceedings, as described below in this note, in which the foregoing does not apply according to the management's assessment, based, among other things, on legal opinions it has received, and for proceedings in the initial stages detailed in Items 23, 27 to 30 and 33 to 36 in the table below, whose chances cannot be estimated – no provision is made in the financial statements.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

A. Legal and other proceedings - general (cont.)

In management's assessment, which is based on, inter alia, legal opinions it received, adequate provisions were included in the financial statements, where necessary, to cover the exposure estimated by the Company and/or its consolidated companies or in respect of the amount the Company and/or its companies are prepared to pay for a settlement agreement, as the case may be.

B. Class proceedings – pending class action certification motions and certified class actions

Below is a breakdown of the motions to certify lawsuits as class actions and pending certified class actions against the Company and/or its consolidated companies, presented in chronological order according to the day they were brought:

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
1	1/2008 District Court - Tel Aviv	A life insurance policyholder v. Migdal Insurance and additional insurance companies	Unlawful collection of a premium component known as “sub-annuals” with respect to certain policy components and/or types of coverage, at an amount that exceeds the permitted amount. The remedies include a motion to order a refund of the amount the class members were unlawfully charged due to sub-annuals, as well as a mandatory injunction compelling the defendants to change their modus operandi.	Anyone who was charged a fee for the “sub-annuals” component under circumstances and at an amount that deviate from the permitted limit.	In July 2016, the court rendered a ruling that certified the lawsuit as a class action with respect to anyone who was charged a fee for sub-annuals in relation to the savings component of mixed policies or in relation to the policy factor component or in relation to policies that cover health, disability, critical illness, permanent health, and long-term care. Migdal Insurance and the other defendant companies brought a motion for leave to appeal the ruling before the Supreme Court in December 2016. In May 2018, the Supreme Court granted the motion for leave to appeal and overturned the District Court’s ruling in favor of certifying the class action. A motion for a further hearing of the case was brought in June 2018. In July 2019, the Supreme Court ordered a further hearing before a panel comprising 7 judges. In February 2020, the Attorney General’s position was submitted, stating that insofar as the regulator’s interpretation of its guidelines is acceptable according to accepted interpretation principles, it ought to be preferred, unless there are other considerations that warrant giving it less weight. It is noted that the regulator’s position before the trial court was that there is no impediment to charging the sub-annuals component in relation to the collection components. In July 2021, the Supreme Court rendered a judgment in the further hearing, overturning the judgment on the motion for leave to appeal and holding that the regulator’s position ought not to be preferred and that its status is the same as any administrative authority’s. Accordingly, it was held that the District Court’s judgment would be reinstated, and the motion to certify and the class action would be heard on their merits. In May 2023, the parties accepted the Court’s recommendation and went into mediation. The parties submitted an affidavit of evidence-in-chief. An evidentiary hearing of the case was scheduled. Since the first quarter of 2024, the lead plaintiffs’ representatives have been in communication with the defendants’ representatives, further to the mediator’s referral in the case.	Approx. NIS 2,300 million. Approx. NIS 827 million is attributed to Migdal Insurance.

1 The filing date of the lawsuits and the motions is the original lawsuit and motion filing date, and the court is the court before which the proceeding was originally brought.
2 References to statutes are according to their full title, without the year on which they were enacted in.
3 The class that the plaintiff seeks to represent, as requested in the original motion to certify in the proceeding, is the class that forms the basis for estimating the claimed amount in the statement of claim, unless stated otherwise.
4 The amount that the plaintiff estimated in the original lawsuit. Unless stated otherwise, the amounts are approximations.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
2	5/2013 District Court - Tel Aviv	Health insurance policyholders v. Migdal Insurance and additional insurance companies	Defaults on linkage differences and interest payments from the date of the insured event, and alternatively, payment of the interest differentials due to insurance benefits after 30 days from the lawsuit service date and until the payment date. The sought remedy is the payment of linkage differences and interest that have not been lawfully paid.	Any eligible party (policyholder, beneficiary, or third party) who received insurance benefits without lawful interest and linkage in the 7 years preceding the claim filing date and/or who receives them until a judgment is rendered.	In August 2015, a ruling was rendered, denying the motion to certify a class action with respect to linkage differences, and granting the motion to certify with respect to the interest lawsuit, starting 30 days from the day of submitting the claim for insurance benefits (as opposed to the day of delivery of the last document the insurer requires to examine its liability), for a period of 3 years prior to filing the claim and until the date of the abovementioned ruling, except with respect to insurance benefits that were paid pursuant to a court judgment. The defendants brought a motion for leave to appeal before the Supreme Court, and in a hearing held in August 2016, they withdrew their motion for leave to appeal, while preserving their claims. On February 28, 2021, a partial judgment was rendered in the lawsuit, according to which the class action against the defendants was certified (hereinafter - the "**Judgment**"), for all eligible parties (policyholders, beneficiaries, or third parties) who, during the period commencing three years before the lawsuit was brought and ending on the day the Judgment was rendered, received insurance benefits from the defendants, other than pursuant to an applicable judgment, without the lawful interest being added (hereinafter - the "**Class Members**"). It is noted that the principles according to which the class members' entitlement to interest differentials is to be calculated were specified in the Judgment. Furthermore, the court held that an expert would be appointed to implement it and calculate the restitution. In addition, the costs and legal fees payable to the lead plaintiffs and their counsel were awarded, at immaterial amounts. The payable compensation to the lead plaintiffs and their legal counsel shall be determined in the final judgment. In May 2021, Migdal Insurance and other defendants filed a motion for leave to appeal and a motion for stay of execution of the Judgment. In November 2022, the Supreme Court denied the motion for leave to appeal, while preserving the defendants' right to raise their arguments again in an appeal on the final judgment. In January 2023, the court appointed an expert for the case, pursuant to the judgment, and the expert began to work with parties, keeping the court informed of the developments through interim motions. It is noted that another lawsuit and another motion to certify a class action have been brought against Migdal Insurance for the same cause of action, regarding another class of plaintiffs, with respect to the period after the certification ruling. In light of the court's decision in the judgment, to extend the class membership until the day a judgment is rendered (instead of the ruling in the certification ruling, as noted above), it is reasonable to assume that litigating this additional lawsuit and the respective motion to certify it as a class action, which was filed only for the sake of caution in the first place, in the event that the court holds otherwise for the class members, would become unnecessary. Regarding this matter, see Claim 8 in this section below.	Approx. NIS 503 million, of which, approx. NIS 120 million with respect to Migdal Insurance.[5]

[5] In accordance with the amended statement of claim that was filed in accordance with the certification ruling.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
3	7/2014 District Court - Central	NGOs and organizations, which support the elderly, vs. Migdal Makefet and four other pension fund management companies	Bad faith use of the right to raise the management fees to the highest permitted rate under the bylaws upon the planholder's retirement, as well as failure to give advance notice before retirement. The sought remedies are the remedy of compelling restitution of the excessive management fees that pensioners or the pension fund were, was, and/or will be unlawfully charged, and alternatively, to refund the total management fees the pensioners were charged to the pension fund and make an equitable, fair distribution of the funds the pensioners were illegally charged among all pension planholders; to prohibit the defendants from raising the management fees for each policyholder shortly before they retire; to rule that the condition in the defendants' bylaws that allows them to raise the management fees from time to time is (allegedly) an unduly disadvantageous condition in a standard contract; and to order its revocation or modification such that the alleged disadvantage is eliminated.	Each planholder in the respondents' new comprehensive pension fund who is entitled to an old-age pension and/or becomes entitled to an old-age pension.	In March 2022, the District Court approved the certification motion against Makefet and the other defendants. The court ruled that the definition of the class shall be as requested in the motion to certify and shall include anyone who is a planholder in a new comprehensive pension fund included among the defendants, and who is entitled to an old-age pension and/or becomes entitled to an old-age pension in the future. The certified causes of action are: breach of the duty of good faith; breach of fiduciary duty; and breach of the duty of proactive disclosure. The questions under discussion in the class action are whether the defendants had had to notify the planholders of the management fees they would be charged in the pension period in advance, and if so, what damage had been caused by the failure to provide such a notice. Migdal Makefet submitted its statement of defense in July 2022, and the preliminary procedures were then adjudicated. In January 2024, the parties accepted the court's recommendation and went into mediation.	At least NIS 48 million, "without quantifying the other remedies at this stage", as well as compensation for the future from all defendants.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
4	9/2015 District Court - Central	An LTC policyholder v. Migdal Insurance and other insurance companies	Breach of policy terms due to an interpretive position regarding the manner of assigning points for the "incontinence" component when examining the policyholders' eligibility for long-term care insurance benefits only when their incontinence stems from urological or gastroenterological conditions, whereas it is argued that points ought to be awarded for this component even in cases of functional lack of control, and failure to fulfill the duty of disclosure in this context before the policy is bought. The sought remedies include charging the plaintiffs damages.	Anyone who was a long-term care insurance policyholder and did not receive the appropriate points for incontinence upon an insured event because of that interpretation.	In April 2020, a ruling was rendered in favor of partially granting the motion to certify against Migdal Insurance and three other insurance companies. The class was certified with respect to any policyholder of Migdal Insurance and the other companies against whom the class action was certified, who suffered from loss of bowel or bladder control, due to a combination of incontinence that does not amount to an organic loss of control with a poor functional condition, and regardless of the aforesaid did not receive from the said insurers credit points for incontinence when examining their claim to receive long-term care insurance benefits, such that their rights to insurance benefits were impaired between September 2012 and the date of certifying the claim as a class action. An amended statement of claim was filed in accordance with the certification ruling in June 2020. The parties in the case, except for Migdal Insurance, went into mediation. Migdal Insurance filed a statement of defense in the case.	Tens, even hundreds of millions of shekels.
5	9/2015 District Court - Tel Aviv	A pension fund planholder v. Migdal Insurance and pension fund management companies	According to the claim, the respondents pay insurance agents fees that derive from the management fees, which puts the insurance agents in a conflict of interest and puts the planholder in a situation where they pay excessive management fees. The claimed remedies are a declaratory remedy, according to which the respondents must change their arrangement with the agents and adapt it to the law; restitution of all excessive management fees; and any other remedy the court finds equitable and suitable under the circumstances.	Planholders of provident funds of the management companies, who were charged management fees from which the agents' commission is derived based on the management fees amount.	In November 2022, the Tel Aviv District Court denied the motion to certify the claim as a class action and ruled, among other things, that the common practice at the relevant time for the purpose of the motion to certify, prior to Amendment No. 20 to the Financial Services Supervision Law (Provident Funds), 2005, was not prohibited by law. Migdal Insurance was served a statement of appeal to the Supreme Court in January 2023. In August 2023, Migdal Insurance submitted its response to the appeal.	NIS 2 billion - probably from all the defendants.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
6	1/2019 District Court - Tel Aviv	A policyholder v. Migdal Insurance	The lawsuit concerns the allegation that the denial of claims under a personal accidents policy in cases of hospitalization in rehabilitation-centered medical facilities (hospitals), based on the policy's definition of a "hospital" to the exclusion of rehabilitation centers, is unlawful. According to the plaintiff, this is a coverage restriction that had been presented in a misleading manner and/or improperly stated.	The class that the plaintiff seeks to represent consists of Migdal customers who had purchased personal accident health insurance policies and whose claims pursuant to the compensation for hospitalization days component were denied, on the grounds that a "hospital," within the meaning thereof in the policy, is exclusively a medical institution that is recognized as a general hospital by the competent authorities in Israel or overseas, not a rehabilitation center and/or mental health facility and/or convalescent home and/or nursing care facility.	In February 2021, a ruling was issued in favor of the lawsuit's class certification, as detailed below: The class members: Migdal Insurance policyholders who had purchased personal accident health insurance policies and whose claims pursuant to the compensation for hospitalization days component were denied, on the grounds that a "hospital," within the meaning thereof in the policy, is exclusively a medical institution that is recognized as a general hospital by the competent authorities in Israel or overseas, not a rehabilitation center and/or mental health facility and/or convalescent home and/or nursing care facility, in the three years preceding the day the motion to certify the lawsuit as a class action was brought. The causes of action for which the lawsuit was certified as a class action: violation of Section 3 of the Insurance Contract Law, 1981 (hereinafter - the "**Insurance Contract Law**"); breach of the provisions of the Capital Market, Insurance and Savings Authority circular regarding "Full disclosure to the policyholder upon joining a health insurance policy"; breach of insurance contract. The claimed remedy: payment of insurance benefits for hospitalization days that qualify for compensation for hospitalization days, regardless of the institution the policyholder was hospitalized in; the removal of the definition of "hospital" from the policy or its revision in accordance with the law; and a declaratory judgment that states that Migdal Insurance has violated the law. In April 2021, Migdal Insurance brought a motion for leave to appeal the certification ruling to the Supreme Court. In July 2022, the Attorney General submitted her position on the case, according to which the definition of a "hospital" in insurance policies, that Migdal Insurance relied on when denying the insurance claims, is a restriction on liability under the policy. According to the Attorney General, that restriction was not duly emphasized, as required in the relevant legislative arrangement, and Migdal Insurance is therefore barred from relying on it. In July 2022, Migdal Insurance filed a consensual motion to strike out the motion for leave to appeal. A settlement agreement was submitted to the Tel Aviv District Court for approval in April 2023. Following the Attorney General's position on the settlement agreement, in February 2025, the parties submitted an amended settlement agreement that stipulated, among other things, a cash refund to the relevant policyholders, as well as an immaterial award compensation~ and legal fees payment.	At this stage, it is estimated at approx. NIS 24 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
7	5/2019 District Court - Tel Aviv	A life insurance policyholder v. Migdal Insurance	The lawsuit concerns the allegation that in policies that stipulate a profit participation formula with an RM formula, Migdal Insurance does not pay the full amounts it must pay under the insurance policy and statutory provisions, and within this, it does not pay the full share of the profits owed to the policyholders under the policies; and the allegation of a breach of the duties of disclosure and reporting to policyholders in connection with the policy and the policyholders' rights thereunder. In the motion, the plaintiff relied on a ruling that had certified a class action against another insurance company regarding that company's policies, with similar causes of action. A similar claim was also filed against another insurance company.	The class that the plaintiff seeks to represent consists of all Migdal Insurance policyholders or former policyholders who received payments pursuant to participating life insurance policies with an RM formula.	A response has been filed to the class action certification motion. The proceeding is in the stage of the class action certification motion being reviewed. This claim and Claim No. 9 in this section below are heard jointly, with each motion to certify being heard in accordance with the original statements of claim, which were filed separately. An evidentiary hearing of the case was scheduled.	NIS 692 million.
8	6/2019 District Court - Tel Aviv	A third-party motor insurance policyholder v. Migdal Insurance and additional insurance companies	The lawsuit concerns the allegation that Migdal Insurance does not pay interest on insurance benefits at the lapse of 30 days from the day the claim is filed. This is a follow-up lawsuit to the lawsuit described above in Section 2 (hereinafter - the "**First Lawsuit**"), and it was filed, as the movant claims, solely for the sake of caution in case the court denies his motion to extend the class until a judgment is rendered therein.	Anyone who was and/or is paid insurance benefits from Migdal Insurance in the period commencing on August 31, 2015 (after the date of the certification ruling in the First Lawsuit) and ending when a judgment is rendered on that lawsuit, without the lawful interest being added to the insurance benefits.	No response has as yet been filed with respect to the class action certification motion. In February 2021, a partial judgment was rendered on the First Lawsuit, granting the lawsuit, including the plaintiffs' motion to extend the class, until the date the judgment is rendered, as the movant in that lawsuit had petitioned. Accordingly, the adjudication of this lawsuit and the motion to certify it as a class action are likely to be rendered unnecessary. In November 2022, the Supreme Court denied the motion for leave to appeal in the abovementioned Lawsuit No. 2, while preserving Migdal Insurance's and the other respondents' right to raise the claims raised in the motion for leave to appeal again in an appeal on the final judgment in the class action, if such an appeal is brought. For details regarding the first claim and the partial ruling, see Claim No. 2 above in this section.	NIS 90 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
9	6/2019 Regional Labor Court - Tel Aviv	A disability insurance policy-holder v. Migdal Insurance	The lawsuit concerns the allegation that Migdal Insurance unlawfully subtracts sums due to "calculative interest," starting from the 25th payment, from the insurance benefits paid under participating policies that include permanent health insurance and/or a waiver of premium. A similar claim was also filed against another insurance company.	Policyholders or former policyholders in participating life insurance policies that stipulate a mechanism for linking insurance benefits and/or the waiver of premium to the returns on the investment portfolio from the 25th payment onward, and to whom Migdal Insurance paid insurance benefits and/or applied a waiver of premium from savings appendixes for a period exceeding 24 months, and from the 25th month onward, deducted interest from the returns, except for policyholders or former policyholders whose respective policies prominently and exactly stated the interest rate that would be deducted in the linkage clause, provided that the words "according to which the monthly benefits amount is calculated" do not appear.	A response has been filed to the class action certification motion. The proceeding is in the stage of the class action certification motion being reviewed. This claim and Claim No. 7 in this section above are heard jointly, with each motion to certify being heard in accordance with the original statements of claim, which were filed separately. An evidentiary hearing of the case was scheduled.	NIS 1.5 billion.
10	2/2020 Regional Labor Court - Tel Aviv	A life insurance policy-holder v. Migdal Insurance	The lawsuit concerns the allegation that Migdal Insurance raised the movant's management fees over the agreed-upon rate, unilaterally and without consent, and that Migdal Insurance must refund the management fees it had overcharged. The motion stated that there is a pending motion to certify against another insurance company because of an identical practice, in which a settlement agreement has been submitted to the court, wherein the insurance company pledged to reinstate the class members' management fees had originally agreed upon, as well as to refund the class members a total of 67.5% of the management fees it had overcharged. The main alleged causes of action are: the contractual causes of breach of contract and breach of the duty of good faith when performing a contract; unjust enrichment; breach of duties of trust; deception; and breach of statutory duty. The main claimed remedy in the lawsuit is a monetary remedy to refund the full amount Migdal had charged to the class members due to management fees in excess of the specified management fees under the policy and/or in contrast with the competent authority's instructions and/or in contravention of the law.	All of Migdal Insurance's customers under executive insurance policies, who had been charged management fees at a rate that exceeds the specified rate in the policy and/or the insurance schedule and/or in contravention of the directives issued by the Commissioner of the Capital Market, Insurance and Savings (or any other relevant competent authority) and/or in contravention of the Insurance Contract Law (or any other relevant statutory provision).	The proceeding is in the stage of the class action certification motion being reviewed. A response to the class action certification motion has been filed. An evidentiary hearing of the case was scheduled. In June 2024, Migdal Insurance submitted its response to the revised motion to certify. A summation hearing was scheduled.	Was not estimated by the movant.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
11	4/2020 District Court - Haifa	A motor insurance (compulsory and property) policyholder v. Migdal Insurance and additional insurance companies	The lawsuit concerns the allegation that the defendants, in alleged contravention of their legal obligation, do not reduce the insurance premiums in motor insurance policies (compulsory and property), despite the highly material decrease in the risk that the defendants are exposed to, as alleged in the lawsuit, due to the movement restrictions that have been imposed because of the outbreak of the coronavirus in Israel, that had led to a dramatic drop in travel volumes, from March 8, 2020, to the absolute and total removal of the aforementioned movement restrictions (hereinafter - the "**Effective Period**"). The main alleged causes of action are: unjust enrichment; violation of the Insurance Contract Law; the contractual causes of breach of the duty of good faith when performing a contract; the tort of breach of statutory duty; and the tort of negligence. The main claimed remedies are: restitution of the excess premium that the defendants had charged to the class members during the Effective Period; a mandatory injunction compelling the defendants to adjust the insurance premiums they charge to the actual risk that the defendants were exposed to during the Effective Period; and/or a declaratory judgment that states that a material reduction in car usage in circumstances like those of events described in the lawsuit calls for an adjustment to the premium (reduction).	Anyone who had been a policyholder of one or more of the defendants, under compulsory motor insurance and/or comprehensive insurance and/or third-party insurance, during the Effective Period or part thereof.	In April 2020, three motions to certify a class action lawsuit against Migdal Insurance and other insurance companies were brought, that raised similar allegations. The claim was submitted for adjudication before the Tel Aviv District Court, before the panel that had heard the other two motions. One motion to certify regarding motor insurance policies (insofar as it concerns Migdal Insurance) has been stricken out, and the two remaining motions have been consolidated and resubmitted in April 2021. In January 2023, a pre-trial hearing was held, during which the court suggested that the parties in this case go into mediation. The defendants informed the court that they are not interested in mediation. The parties submitted summations on their behalf.	NIS 125 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
12	5/2020 District Court - Tel Aviv	An advanced education fund planholder v. Migdal Makefet and additional management companies	The motion to certify concerns the allegation that the defendants allegedly classify some of the contributions for planholders as taxable, even though they are not taxable, and/or that the records about them are false. The alleged causes of action are, among other things, breach of the fund bylaws; breach of the duty of good faith; violation of the Financial Services Supervision Law (Provident Funds), the Wage Protection Law, and the Income Tax Ordinance; breach of statutory duty; unjust enrichment; negligence; breach of autonomy; theft; and violation of the Consumer Protection Law. The main remedies: compelling the defendants to cease the unlawful denial of the tax benefit; compelling restitution and/or payment, as detailed in the lawsuit, to all class members and/or the public; and compelling the defendants to revise the annual statements in which the contributions were incorrectly classified.	All of the defendants' past and present clients, for whom the defendants managed and/or manage an advanced education fund, and for whom, the defendants unlawfully classified the contributions made for them as taxable and/or regarding whose contributions that records are incorrect (whether tax has already been deducted because of them or not).	A response to the class action certification motion has been filed. Migdal Makefet filed a motion to file a third-party notice against the Israel Tax Authority. In August 2021, the Israel Tax Authority submitted its response to the third-party notice, stating that it accepts the respondents' position on the interpretation of the law regarding the classification of taxable contributions to an advanced education fund, noting that the respondents are a mere conduit for transferring funds to the Israel Tax Authority. The Authority's position is that the main allegation in the proceeding is against the Authority's guidelines on implementing the provisions of the law regarding setting the tax benefit ceiling, and therefore, it should be joined to the proceeding as a respondent, as an "indispensable party," not as a third party. In January 2022, the court decided to join the Israel Tax Authority as a respondent in the motion and advised the parties to go into mediation. In August 2022, the Israel Tax Authority submitted its response to the motion brought against it in the motion to certify, stating that it believes that the motion to certify a class action lawsuit ought to be denied. The parties are conducting a mediation procedure.	Cannot be estimated.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
13	5/2020 Regional Labor Court - Tel Aviv	An executive insurance policy-holder v. Migdal Insurance	The motion to certify concerns the allegation that Migdal has allegedly made excessive deductions from employer contributions, compared to the permitted rate under the law for the purpose of buying life insurance coverage, and moreover, that it purchased non-life insurance coverage for the policyholders that may not be purchased out of employer contributions, with respect to policyholders whose insurance policies were issued between August 1999 and December 2003 (hereinafter - the "**Relevant Period**"). The alleged causes of action are, among other things, breach of statutory duty (the Income Tax Regulations) and unjust enrichment. The main remedies claimed in the lawsuit are mandatory injunctions compelling Migdal to transfer the excessive funds it had collected into the class members' savings account kept at the insurance fund/s registered to them that it manages, or into the class members' or their heirs' respective bank accounts, with the accrued returns in the fund from the date each excess payment was deposited to the day they are refunded, and from here on out, to terminate the collection that exceeds the rate set out in the Income Tax Regulations (Provident Fund Approval and Management Rules), 1964 (hereinafter - the "**Income Tax Regulations**").	All of the respondent's policyholders whose insurance fund was opened during the Relevant Period, and for whom Migdal deducted a sum that exceeds 10% of the total employer contribution portion of these contributions for the purpose of insurance coverage, starting seven years before the motion was brought and until Migdal discontinues the wrongful deductions or the day the lawsuit is certified as a class action, whichever is earliest. The above – except for such policyholders who had asked that Regulation 45 of the Income Tax Regulations be applied to them.	The proceeding is in the stage of the class action certification motion being reviewed. In July 2021, the Commissioner presented his position on the case, which supports Migdal Insurance's position regarding the purchase of death benefit coverage out of the employee contributions. The position noted that it is prohibited to purchase any other insurance coverage (such as income disability) out of the contributions, unless the employee has consented after the start of 2004, in accordance with Regulation 45 of the Income Tax Regulations, as applicable on January 1, 2004. In addition, the Commissioner asked the court to reconsider the continued adjudication of the class proceeding, in light of the Commissioner's intention to carry out a comprehensive regulatory process addressing this subject. In December 2021, the Commissioner sent a demand for information notice to Migdal Insurance regarding the collection of insurance coverage in accordance with the limitations under Regulation 45 of the Income Tax Regulations, that contained instructions to carry out restitution if it is found that Migdal Insurance has acted in contravention of the rules set out in the notice (hereinafter - the "**Demand**"). The Demand stipulated that Migdal Insurance must submit a detailed outline of the measures it will take to execute the restitution of the funds it had charged unlawfully to the Commissioner. In March 2022, Migdal Insurance submitted its position about the Demand to the Capital Market Authority and held a meeting on the subject with the Capital Market Authority. The Authority has not yet addressed Migdal Insurance's abovementioned position. Regarding this matter, see Section F.7 to this note below.	Cannot be estimated.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
13	cont.				A ruling that partially granted the motion to certify against Migdal Insurance was rendered in January 2024. The lawsuit's certification relates to any policyholder who had contracted with the respondent to purchase executive insurance during the relevant period and with respect to whom, in the seven years preceding the date the case in question was brought, funds contributed for them due to provident or severance pay had been designated to purchase disability income insurance. Furthermore, in the motion, the movant's allegation regarding death benefit coverage was dismissed (including the allegation that for policies bought in the relevant period, only 1.3% of the wages could be designated for the purchase of death risk). The plaintiffs brought a motion for leave to appeal before the National Labor Court in January 2024, with respect to these allegations' dismissal. The National Court held that the motion for leave to appeal would be heard as an appeal. The Regional Court proceeding is stayed until the appeal is decided. In the appeal proceeding, summations were submitted, a hearing was conducted to supplement arguments orally, and further written supplemental filings were submitted as well.	

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
14	6/2020 District Court – Central	A planholder of a pension fund v. Migdal Insurance, Migdal Makefet, and other insurance companies	The class action certification motion involves an allegation that in CPI-linked loan agreements the defendants supposedly adopted an unlawful practice that is purportedly a depriving condition in a contract, in view of the one-way linkage mechanism – by which when the Consumer Price Index is lower at the time of making a loan payment (hereinafter - the "**New Index**") than the index that was known at the time the loan was granted (hereinafter - the "**Base Index**"), the planholder does not receive the difference, contrary to the opposite situation (where the new index is higher than the base index) where the payment is raised by the rate at which the new index is higher than the base index. The alleged causes of action are, among other things, an unduly disadvantageous condition in a standard contract under the Standard Contracts Law, 1982, and unjust enrichment. The main remedies claimed in the lawsuit are: a declaratory order according to which the defendants' actions within index-linked loan agreements, as described above, are contrary to the law; a mandatory injunction compelling the defendants to establish a two-way linkage mechanism and allow borrowers to benefit from decreases in the new index, compared to the base index, in index-linked loans; and damages in favor of the class members. As claimed in the motion to certify, there are pending motions to certify against two other insurance companies that raise common factual and legal issues, as detailed in the motion to certify.	All the defendants' customers who had borrowed index-linked loans of any kind, in which an unduly disadvantageous condition was set, according to which a decrease in the index compared with the base index would not benefit the customer.	A response to the class action certification motion has been filed. The proceeding is in the stage of the class action certification motion being reviewed. The Commissioner of the Capital Market, Insurance and Savings presented the position that, among other things, the question of the condition's being an unduly disadvantageous condition is a legal question that the court has jurisdiction over, and to the extent that the court grants the lawsuit, the restitution ought to be made out of the planholders' funds. In April 2023, a decision was made to assign the adjudication of the case to the Labor Court. In December 2023, there was a hearing in which the court proposed a settlement outline to conclude the proceeding to the parties.	Over NIS 3 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
15	7/2020 District Court - Central	A health and permanent health insurance policyholder v. Migdal Insurance and additional insurance companies	The motion to certify concerns the allegation that in cases of insurance policies that stipulate that an event / injury / illness, or any materialized risk that arose from and/or were related to the policyholder's pre-existing medical condition on the policy purchase date are not covered under the policy (hereinafter - "**Exclusion**"), the defendants charged premiums unlawfully, as they did not lower the premiums on such policies in proportion to the reduced risk following the Exclusion. The alleged causes of action include, among other things, contravention of the Equal Rights of People with Disabilities Law, 1998; the Prohibition of Discrimination in Products, Services, and Entry to Places of Entertainment and Public Places Law, 2000; bad faith; violation of the provisions of the Financial Services Supervision Law (Insurance), 1981; breach of statutory duty; negligence; and unjust enrichment. The sought remedies are the restitution of the excess premiums that had been allegedly charged, as well as a mandatory injunction compelling the defendants to rectify their conduct and lower the premium when an Exclusion applies.	Anyone who was a policyholder during the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, by one or more of the defendants, under an insurance policies for disability, long-term care, life, permanent health, personal accidents, health (including critical illness, surgeries in Israel or abroad, transplants in Israel or abroad, medications, ambulatory procedures or any other medical coverage) that contains an exclusion.	The proceeding is in the stage of the class action certification motion being reviewed. A response to the class action certification motion has been filed. In January 2022, the movant replied to the response to the motion. In August 2022, Migdal Insurance and the other respondents submitted supplemental statements of claim. Following the parties' consent, a consensual expert was appointed as part of a mediation procedure.	NIS 228 million.
16	3/2021 District Court - Tel Aviv	Health insurance policyholders v. Migdal Insurance and additional insurance companies	The motion to certify concerns the allegation that the defendants are in breach of the terms of the insurance contract, as they refuse to fund the plaintiffs' medical cannabis purchase expenses, despite the fact that medical cannabis is an approved medical indications in several Western countries that the insurance contract terms referenced. The alleged causes of action include, among other things, breach of agreement, bad faith, unjust enrichment, and the tort of negligence. The claimed remedies in the lawsuit are a declaratory remedy, stating that the defendants must reimburse the non-Healthcare Services Basket pharmaceuticals insurance coverage policyholders for expenses incurred for the purchase of medical cannabis; and a monetary remedy, within which the defendants would be compelled to reimburse the value of the economic damage resulting from their faulty conduct and the breach of the insurance contract to all class members.	The class on whose behalf the motion to certify is brought encompasses anyone who was the defendants' policyholder under a non-Healthcare Services Basket pharmaceuticals insurance, and who was not reimbursed for their medical cannabis purchase expenses.	A response to the class action certification motion has been filed. According to the Court's recommendation, the parties entered into a mediation proceeding.	Approx. NIS 79 million from all the defendants.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
17	4/2021 District Court - Tel Aviv	An advanced education fund planholder v. Migdal Insurance, as well as against institutional entities, banks, and credit card companies	The motion to certify mainly concerns the allegation that when the defendants' customers surf their account/personal area on the defendants' websites and applications, the defendants' customers' private, personal, and confidential information is disclosed to third parties without the customers' express consent, while committing a serious and unprecedented violation of their right to privacy and the defendants' legal obligations. The alleged causes of action are, among other things, infringement of privacy, breach of the duties of confidentiality and trust, unjust enrichment, bad faith in the performance of an agreement and breach of agreement, deception, negligence, breach of statutory duty, and breach of autonomy. The main sought remedies in the lawsuit are, among other things, to compel the defendant to refrain from transferring and/or sharing and/or disclosing, or otherwise revealing, information about the defendants' customers and the activity in their account to third parties, and to Google in particular; to act in accordance with the law to protect and safeguard their customers' privacy; and to compensate the class members for the damage they incurred.	Any person who uses and/or used the defendants' and/or any defendant's digital services in the 7 years preceding the motion's submission, and whose private and/or personal and/or confidential information has been transferred to a third party.	A response to the class action certification motion has been filed. In July 2024, a hearing was held, in which it was decided that the parties would discuss the issues among themselves and advise the court on whether they have reached a consensual settlement outline. At the same time, the court instructed the parties to file their summations.	The class members' total damage was not estimated, and the movants estimate it in millions of shekels, and more than NIS 2.5 million in any case.
18	7/2021 District Court - Tel Aviv	Executive insurance policy-holders v. Migdal Insurance and additional insurance companies	The motion to certify mainly concerns the allegation that upon receiving a pension, the defendants deduct annual interest at a rate of 2.5% (or any other rate) from the monthly return that accrues on the outstanding cash surrender value, unlawfully and without a contractual basis in the policy terms. The alleged causes of action are, among other things, breach of contract, breach of statutory duty, breach of the defendants' heightened duties as insurance companies, breach of the duty of disclosure, unjust enrichment, and an unduly disadvantageous condition in a standard contract. The main remedies sought in the lawsuit are a declaratory order, stating that the interest deduction from the monthly return, as described above, is a breach of the policies the defendants had issued, a breach of a statutory duty, unjust enrichment, and more; a mandatory injunction compelling the defendants to rectify the breach in the future; restitution of the full amounts that were unlawfully deducted from the class members' monthly return, plus linkage differences and interest, from the deduction date to the actual compensation, starting seven years before the motion to certify was filed. The total pecuniary damage to the plaintiff is estimated at NIS 1,000.	All the defendants' policyholders who purchased from them a life insurance policy that includes accrued savings, issued between 1991 and 2004, and from which interest was and/or will be deducted at a rate not specified in the policy, based on the provision in the policy, according to which the amount of the monthly pension will change "each month according to the results of the investments net of the interest according to which the amount of the monthly pension was calculated, and the appropriate provisions for this matter in the insurance plan" and/or any other similar provision.	A response to the class action certification motion has been filed. The parties in the case, except for Migdal Insurance, went into mediation. It is noted that two lawsuits and motions to certify lawsuits as class actions were filed against Migdal Insurance with respect to similar issues; see Claims 7 and 9 above in this section.	The total claimed damage amount for the class members was not assessed and was estimated by the movants at more than NIS 2.5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
19	8/2021 District Court - Central	A motor property insurance policyholder v. Migdal Insurance	The motion to certify mainly concerns the allegation that Migdal Insurance does not pay insurance benefits for diminution of value to policyholders who had purchased a non-regulated insurance policy and whose vehicle was hit in the accident and incurred damage in the form of diminution of value, claiming that the policy does not indemnify against such damage. The main causes of action are: violation of the provisions of the Insurance Contract Law; breach of the duty of good faith in the performance of contracts; an unduly disadvantageous condition in a standard contract; breach of statutory duty; and unjust enrichment. The main sought remedies are an order that states that the policyholders in the policies the motion to certify contemplates must be paid for the diminution in value, and payment of diminution in value damages to the class members. The pecuniary damage to the plaintiff is estimated to be approx. NIS 20,061. The lawsuit seeks to add interest and linkage to that sum.	Any policyholder or third party (including their heirs) who, in the three years preceding the submission of the motion to certify and until its certification as a class action, has not been paid for the diminution of value of their vehicle as a result of an insured event that is covered by a Migdal Insurance non-regulated insurance policy.	In August 2023, a settlement agreement was submitted to the court for approval, which includes paying immaterial damages to the class, as well as an immaterial payment of the award and legal fees. In November 2024, the Attorney General submitted its position regarding the settlement agreement, whereunder, among other things, the restitution amount should be distributed among all class members, and the payment mechanism should be modified in order to maximize class members' exercise of their right to the compensation.	The class members' total damage was not estimated, and the movant estimates it at many millions of shekels.
20	8/2022 District Court - Central	A health insurance policyholder v. Migdal Insurance	The motion to certify mainly concerns the allegation that a Migdal Insurance advertisement promised a full discount for the youngest child in a family with four children or more, until they reach adulthood; and that the plaintiff had relied on this advertisement, whereas Migdal Insurance had explained to the plaintiff that the discount would only apply to the adult child, and only after they had contracted.	The class on whose behalf the motion to certify was brought consists of all Migdal Insurance health insurance policy customers who had been exposed, directly or indirectly, to Migdal Insurance advertisements that indicate "free from the fourth child onward," and had contracted with Migdal Insurance, as they allege, in accordance with the offer in these advertisements.	A response to the class action certification motion has been filed. Evidentiary hearings and oral summations were held with respect to the case.	The total claimed damage amount for the class members was estimated by the plaintiff at more than NIS 5.5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
21	9/2022 District Court - Central	A health insurance policyholder v. Migdal Insurance	The motion to certify mainly concerns the allegation that Migdal Insurance does not compensate its policyholders for half the actual cost of surgery in a private hospital, but rather pays according to the Ministry of Health's price list index; moreover, it alleges that Migdal Insurance does not indemnify policyholders for the deductible they had paid for the surgery, in alleged contravention of the policy's terms.	The classes on whose behalf the motion to certify is submitted: 1. All past and present Migdal Insurance policyholders who had bought personal or collective health insurance policies from it that stipulate a compensation arrangement that is identical or similar to the arrangement the movant's policy stipulates, and who have experienced an insured event that is subsidized by a health maintenance organization via Form 17 (or an equivalent form), from the date the policies were marketed and until Migdal Insurance discontinues the alleged breach of insurance contracts and/or until a final, irreversible decision is made on the class action. 2. All past and present Migdal Insurance policyholders who had bought personal or collective health insurance policies from Migdal Insurance, that stipulate a compensation arrangement that is identical or similar to the arrangement the movant's policy stipulates, and who have experienced an insured event that is subsidized by a health maintenance organization via Form 17 (or an equivalent form), for which the policyholders had paid the deductible and were allegedly not refunded by Migdal Insurance, from the date the policies were marketed and until Migdal Insurance discontinues the alleged breach of insurance contracts and/or until a final, irreversible decision is made on the class action.	In January 2025, a ruling was rendered in favor of the lawsuit's class certification, whose highlights include the lawsuit's class certification in relation to the allegation regarding the compensation paid to the policyholders, which equals half the actual costs of the surgery in a private hospital (hereinafter – the "**Compensation Allegation**"), and the dismissal of the allegation regarding the policyholders' indemnity for the deductible fees they had paid for the surgery (hereinafter – the "**Indemnity Allegation**"). In February 2025, the movant appealed the ruling that dismissed the Indemnity Allegation to the Supreme Court, as well as the finding that the Compensation Allegation is subject to the prescription period set forth in Section 31 of the Insurance Contract Law. After filing this appeal, the court ruled, following the lead plaintiff's motion in this case, that the proceeding that must be litigated before the court is to be stayed, following its aforementioned ruling, which certified it as a class action.	The total claimed damage amount for the class members was estimated by the movant at more than NIS 2.5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
22	9/2022 District Court - Tel Aviv	A health insurance policyholder v. Migdal Insurance and additional insurance companies	The motion to certify mainly concerns the allegation of wrongful discrimination by Migdal Insurance and other defendants against men who are covered under their health insurance policies, based solely on their gender. Accordingly, it was argued that the defendants deny men who pay an additional premium for the ambulatory services appendix reimbursement for expenses they incur for their infant, claiming that only women are entitled to be reimbursed for pregnancy-, childbirth-, and newborn care-related expenses.	The class on whose behalf the motion to certify is brought is all policyholders under the defendants' health insurance policies, whose policies (or the appendixes thereto) include coverage for services in connection with pregnancy, childbirth, and newborn care, and who have been denied coverage because they are men and/or because they had used a surrogate's services for the pregnancy and childbirth; as well as all of the defendants' policyholders under health insurance policies, or any person who had sought to obtain health insurance from one or more of the defendants and who had been exposed to the defendants' discriminatory policy in connection with coverage for pregnancy-, childbirth-, and newborn care-related services for women only, and suffered harm because of this, in the form of humiliation and violation of dignity due to the discrimination, among other things.	A response to the class action certification motion has been filed. According to the Court's recommendation, the parties entered into a mediation proceeding.	The total claimed damage amount for the class members was estimated by the movant at more than NIS 2.5 million.
23	6/2023 District Court - Central	A policyholder under a mortgage insurance policy v. Migdal Insurance	The motion to certify mainly concerns the allegation that Migdal Insurance automatically renews the mortgage insurance policy without informing the customer and obtaining their consent, on new conditions that allegedly include an insurance premium increase. As alleged, this price increase exceeds the index increase and reflects, among other things, the revocation of the first-year bonus to policyholders.	The class on whose behalf the motion to certify was brought consists of the respondent's customers for whom the respondent had extended the apartment insurance policy while raising the premiums disproportionately to the index increase, including by way of revoking the benefit, without duly informing them and/or duly obtaining their consent, subject to the prescription period.	No response has as yet been filed with respect to the motion to certify. The parties are conducting a mediation procedure.	The total claimed damage amount for the class members was estimated by the movant at more than NIS 2.5 million.
24	7/2023 Regional Labor Court - Tel Aviv	Planholder in a pension fund v. Migdal Makefet	The motion to certify mainly concerns the allegation that Migdal Makefet customarily has some of its planholders sign an insurance extension arrangement that allows an automated deduction of the risk cost from the remaining accrued pension savings when they join the pension funds it manages, ahead of time, for a period that may not exceed 24 months overall, in alleged contrast with the statutory arrangement.	The class on whose behalf the motion to certify is brought includes anyone from whose accrued remaining pension savings the respondent had unlawfully deducted the risk cost in the last 7 years.	A response to the class action certification motion has been filed. An evidentiary hearing for the case was scheduled.	The total claimed damage amount for the class members was estimated by the movant at more than NIS 4 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
25	9/2023 District Court - Tel Aviv	A motor insurance policyholder v. Migdal Insurance and additional insurance companies	The motion to certify mainly concerns the allegation that in the event of a malfunction that requires lifting to tow front-wheel drive or all-wheel drive vehicles, whether they are hybrid, electric, or controlled by a computer, Migdal Insurance refuses to provide the service and demands an additional fee.	The class on whose behalf the motion to certify is brought is the class of customers that holds, or has held in the past 7 years, riders on behalf of the respondent, whose vehicle requires towing by lifting when it is immobilized (and must be towed to an auto repair shop).	In November 2024, the court ruled that joining six movants and eight respondents (including Migdal Insurance) in a single motion to certify was unjustified, and Migdal Insurance and other respondents from therefore stricken off with immaterial costs awarded. In January 2025, an appeal was filed against the ruling with the Supreme Court.	The movant estimates the total damage to the class members in the aggregate, and for all sued insurance companies in the motion to certify, at NIS 80 million.
26	11/2023 District Court - Tel Aviv	A motor insurance policyholder v. Migdal Insurance and additional insurance companies	The motion to certify concerns the allegation that in an extreme event such as the Iron Swords War, insurance companies anticipate a sharply reduced risk in life insurance, health insurance, and property and casualty insurance policies, which was not taken into account when setting the premium when the insurance was bought. Therefore, per the plaintiffs, the premium ought to be partially or fully refunded in policies whose risk-weighted components have decreased significantly (or eliminated altogether).	The class on whose behalf the motion to certify is brought is “the policyholders under the respondents’ various insurance policies who, faced with the sudden attack on Simchat Torah on Saturday, October 7, 2023, did not and will not receive all insurance services and/or coverage from any of the respondents until the War is over – in a state of emergency in accordance with the ever-changing, ever-shifting emergency rules and instructions” (verbatim from the motion). Moreover, the motion itself names several sub-classes.	A response to the class action certification motion has been filed. In May 2024, a pretrial hearing was held in which the court ordered the movants to announce whether they intend to continue the case’s litigation, noting its likelihood of success. In June 2024, the movants announced their intent to proceed with the case’s litigation.	The claimed damage amount for the class members with respect to all defendants was assessed at more than NIS 2.5 million. As for one of the defined subclasses in the motions to certify – reservists who had been called up for reserve duty – the alleged damage for all defendants was estimated at approx. NIS 10 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
27	2/2024 District Court - Tel Aviv	A motor insurance policyholder v. Migdal Insurance	The motion to certify concerns the allegation that when paying insurance benefits under a comprehensive motor insurance policy in a total loss, Migdal Insurance subtracts funds due to "reducing variables" or "special variables," even though these variables were not disclosed to the policyholders in the pre-contractual stage, in contravention of the "Motor insurance (Property) – Insurance Benefits in a Total Loss" circular.	Anyone who has received or receives reduced insurance benefits under a comprehensive motor insurance policy issued by Migdal Insurance, including through Respondent 1 (an insurance agency), in cases of a "total loss" or a "constructive total loss," because of "reducing/special variables," while these variables had not been disclosed to them in the pre-contract stage, in the last 3 years and until the class action is certified.	A response to the class action certification motion has been filed.	The claimed damage amount for the class members was assessed at more than NIS 2.5 million.
28	4/2024 Regional Labor Court - Tel Aviv	A (former) pension fund planholder v. Migdal Makefet	The motion to certify concerns the allegation that when the employer makes retroactive contributions, Migdal Makefet deducts the cost of the insurance coverage for permanent health insurance or death out of the contributions or the planholders' pension savings funds in the pension funds under its management retroactively, without this having granted these planholders any insurance benefits and without Migdal Makefet having assumed any risk. The above is allegedly in contravention of the law, including the Supervision of Financial Services Regulations (Provident Funds) (Insurance Coverages in a Provident Fund), 2013, and the pension bylaws.	Any present or former Migdal Makefet pension fund planholder, from whose pension contributions or pension savings Migdal Makefet had deducted funds to buy insurance coverages unlawfully in the last 7 years.	No response has as yet been filed with respect to the motion to certify.	The claimed damage amount for the class members was assessed at more than NIS 2.5 million.
29	5/2024 District Court - Tel Aviv	A travel insurance policyholder v. Migdal Insurance	The motion to certify concerns the allegation that Migdal Insurance offers a discount on the purchase of travel insurance to members of the "Behatzda'a" and "Beyachad Bishvilcha" loyalty programs, yet Migdal Insurance does not provide the discount in practice, and even charges loyalty program members a higher price compared to the price it charges the general public.	All loyalty program members, and anyone who was entitled to receive the benefit Migdal Insurance has been offering in the past 7 years, who had purchased travel insurance or any other insurance product based on the said benefit, and did not receive the discount Migdal Insurance had announced in practice.	A response to the class action certification motion has been filed. At the court's recommendation, the parties agreed to conduct a mediation proceeding.	The total claimed damage amount for the class members was assessed at more than NIS 2.5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

   B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
30	6/2024 District Court - Tel Aviv	Movants v. Migdal Insurance and additional insurance companies	The motion to certify concerns the allegation that the windshield installers operating on behalf of the defendants under a "windshield insurance" rider do not calibrate the safety systems installed on the front vehicle's front windshield when dismantling the broken windshield and installing the new (spare) windshield. The defendants allegedly do not order the installers to perform the calibration, as noted above, and even refrain from disclosing to the policyholders, when they buy the rider or after the vehicle is delivered, that the coverage does not include inspection and calibration of the safety system when replacing the front windshield, despite the manufacturer's instructions and the risk this entails.	The three classes on whose behalf the lawsuit was brought include the category of consumers who hold or have held windshield riders/insurance issued by the defendants, whose vehicles' safety systems were not inspected and/or calibrated when exercising the rider (Class A); the category of consumers who hold or have held windshield riders/insurance issued by the defendants, whose vehicles' safety systems were inspected and/or calibrated when exercising the rider, and the installer on the defendants' behalf charged them an extra fee for the inspection and/or calibration (Class B); the category of consumers who own a vehicle that features a safety system, who bought the defendants windshield rider/insurance, and were not told that the coverage does not include the safety system's inspection and calibration when replacing the front windshield when they bought the rider (Class C).	No response has as yet been filed with respect to the motion to certify.	The total claimed damage amount for the class members was assessed at more than NIS 2.5 million.
31	6/2024 Haifa Regional Labor Court	A life insurance policyholder v. Migdal Insurance	The motion to certify concerns the allegation that Migdal Insurance acts unlawfully and harms policyholders as it allegedly unilaterally changes the end of the policy period for permanent health insurance coverage, thus cutting the policy period short, without the policyholder's knowledge and without full disclosure.	All of the respondent's permanent health insurance policyholders whose policy period the respondent had changed from the date specified in the insurance offer and/or such policyholders whose policy period end date the respondent set unilaterally, before they turned 65 or 67, respectively, starting seven years before the motion was filed.	A response to the class action certification motion has been filed. In February 2025, the court ordered a stay of proceedings in the case, in light of developments in a contemporaneous proceeding currently adjudicated with respect to another insurance company. In the contemporaneous proceeding, the motion to certify was granted, and a motion for leave to appeal the ruling was filed, in which the Capital Market Authority submitted its position.	The total claimed damage amount for the class members was assessed at more than NIS 2.5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
32	7/2024 District Court - Tel Aviv	A former life insurance policyholder and a former pension fund planholder v. Migdal Insurance	The motion to certify concerns the allegation that Migdal Insurance acts unlawfully by increasing the total debt owed by customers who had borrowed loans from it and defaulted on the repayments, by not seizing the collateral it has recourse to as a "secured creditor" out of the pension savings funds accrued to these customers' credit within a reasonable time.	Anyone who defaulted on loan repayments owed to Migdal Insurance in the past 7 years and who overpaid, under execution procedures or otherwise. The above, because Migdal Insurance, which is defined as a "secured creditor" under the parties' loan agreement, did not seize the collateral it had had recourse to, i.e., the pension funds it holds, within a reasonable time.	A response to the class action certification motion has been filed.	The total claimed damage amount for the class members was assessed at more than NIS 50 million.
33	9/2024 District Court - Central	Movant v. Migdal Insurance	The motion to certify concerns the allegation that Migdal Insurance and/or the insurance agents working with it refuse to issue a compulsory motor insurance for a vehicle without such vehicle also having a comprehensive insurance or third party insurance, and that such refusal is in breach of the prohibition in Section 8 to the Motor Vehicle Ordinance [New Version], 1970, and Section 57 to the Financial Services Supervision Law (Insurance), 1981. It is also alleged that Migdal Insurance breaches the privacy of the customers, who provided it with personal information solely for the purpose of issuing compulsory motor insurance.	Every customer who made enquiries regarding the option of taking out compulsory motor insurance with the defendant (whether they entered into insurance contract with the defendant or not) or who asked for compulsory motor insurance quotes through an insurance agent but did not receive a quote from the defendant due to the unlawful condition, or received a quote subject to the unlawful condition and accrued damages in one or more of the ways described above during the 7 years prior to the submission of the lawsuit and until it is certified as a class action.	A response to the class action certification motion has been filed.	The total claimed damage amount for the class members was assessed at more than NIS 2.5 million.
34	11/2024 District Court - Tel Aviv	Planholder in provident fund v. Migdal Insurance, Migdal Makefet	The motion to certify concerns the allegation that Migdal Insurance and Migdal Makefet allegedly sent to the movant and to a large group of recipients notices, which constitute an "advertisement" contrary to the provisions of Section 30A to the Communications Law (Bezeq and Broadcasting), 1982 (hereinafter - the "**Communications Law**").	All recipients, who received an advertisement from Migdal Insurance and/or Migdal Makefet over the past seven years contrary to the provisions of Section 30A to the Communications Law, and who consequently suffered damage.	No response has as yet been filed with respect to the motion to certify.	The total claimed damage amount for the class members was assessed NIS 5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

B. Class proceedings – pending class action certification motions and certified class actions (cont.)

No.	Date and court[1]	Parties	Main arguments, causes and reliefs[2]	Class[3]	Details	Claimed amount[4]
35	11/2024 District Court - Central	A health insurance policyholder v. Migdal Insurance	The motion to certify concerns the allegation that Migdal Insurance unlawfully denies health insurance policyholders' claims for reimbursement of expenses incurred for the medical procedure known as "imaging-guided injection," claiming that this medical procedure is not an event that qualifies for insurance coverage, as it neither meets the definition of "surgery" nor of "non-surgical alternative," as defined in the policy.	All Migdal policyholders holding the same policy as the movant and other Migdal health insurance policies, of any kind, whose claims for insurance coverage due to any kind of imaging-guided injection Migdal denied, and/or who were paid a lower compensation amount than the amount they are entitled to be paid for the procedure, in accordance with the provisions of their respective policies, subject to the prescription period, and until a final judgment on the lawsuit is handed down.	No response has as yet been filed with respect to the motion to certify.	The total claimed damage amount for the class members was assessed at more than NIS 2.5 million.
36	2/2025 District Court - Central	Life and health insurance policyholders v. Migdal Insurance	The motion to certify concerns the allegation that Migdal Insurance unlawfully charges policyholders an NIS 10 "handling fee" or "fee" for unsuccessful attempts to bill them for their insurance premium; as well as the allegation of overcharging in cases of delayed billing.	All Migdal Insurance policyholders who were charged handling fees or fees for delayed payment and/or unsuccessful billing attempts in the last 7 years until the breach is cured. In addition, all Migdal Insurance policyholders who were charged an additional amount for interest and/or linkage, for whom these components were calculated incorrectly and/or in contravention of the law or the policy.	No response has as yet been filed with respect to the motion to certify.	The total claimed damage amount for the class members was assessed at more than NIS 2.5 million.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date

No.	Date and court	Parties	Main points of claim	Amount	Details
1	5/2016 District Court - Central	Policyholders v. Migdal Insurance	Allegations that Migdal Insurance divides the premiums it receives arbitrarily, in contrast with the instructions it receives, and contrary to contractual and statutory provisions; that Migdal Insurance transfers some of the overcharged amounts to another insurance plan that the policyholder never asked for; that Migdal Insurance charges the policyholders premiums for non-existent risks and makes retroactive corrections to reports it issues, thus misleading the policyholders; and that Migdal Insurance does not implement review mechanisms that could flag potential errors and prevent unlawful charges. The main sought remedies are: (a) damages to the class members for the pecuniary and non-pecuniary damage they incurred; (b) to compel Migdal Insurance to adjust the premiums it charges to what it should have charged, and compel Migdal Insurance to correct the statements; (c) to compel Migdal Insurance to refund premiums it had received without a legal right and that exceed the agreed-upon premiums and to refund income and management fees it had accrued on the overcharged amounts; (d) to declare that Migdal Insurance charged funds unlawfully and must take action to rectify the situation; (e) to issue a mandatory injunction on changing the work procedures and systems and on the policies' wording.	Was not estimated by the plaintiff.	In February 2022, a settlement agreement was submitted to the court for approval. The agreement stipulated that Migdal Insurance would carry out several reviews of executive insurance policies to detect discrepancies, to the extent possible, in the class members' policies, and resolve them insofar as discrepancies are detected, in accordance with the provisions of the settlement agreement. Among other things, it was stipulated that overcharge examinations would be carried out regarding the difference between the actual premium and the consensual premium, as well as examinations regarding employer underpayments due to the permanent health insurance component. Following the Attorney General's position in November 2022, an amended settlement agreement was submitted in December 2023. In January 2024, a ruling was handed down confirming the amended settlement agreement. Migdal Insurance is taking measures to meet the provisions of the settlement agreement.
2	7/2019 District Court - Tel Aviv	A third party who was hit by a motor insurance policyholder v. Migdal Insurance	The lawsuit concerns the allegation that when a third party chooses to exercise their right and not repair the damaged vehicle, Migdal Insurance makes arbitrary and disparate deductions out of the amounts specified in the appraiser expert opinion for the damaged parts that need to be replaced and that have not been replaced in practice, according to the value of the remaining salvage, without presenting an opposing expert opinion on its behalf, and despite the salvage being of no value.	NIS 11.5 million.	In May 2023, a settlement agreement was filed, according to which Migdal Insurance would pay the class members approx. NIS 1.1 million, as well as immaterial legal fees, award, and costs. It was, furthermore, agreed that in the future, Migdal would attach to its position letters the appraiser's assessments concerning the deduction of the salvage value from here on out; such assessments shall be drafted in accordance with the claim investigation and settlement circular. In October 2023, the Attorney General's position on the settlement agreement was received, proposing that the refund to the class members would be carried out via wire transfer or using the method by which the policyholder had paid the company. In January 2024, a judgment was rendered, confirming the settlement agreement. Migdal Insurance is taking measures to meet the provisions of the settlement agreement.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date (cont.)

No.	Date and court	Parties	Main points of claim	Amount	Details
3	10/2016 Regional Labor Court - Jerusalem	An advanced education fund policyholder v. Migdal Makefet	An allegation that investment management expenses were charged without an applicable contractual provision. The sought remedy is full restitution of the investment management expenses or fees charged to the class members in the seven years prior to the date of filing the lawsuit, plus shekel-denominated interest as per the law, as well as to compel Migdal Makefet to refrain from charging any amounts to the class members' account due to investment management expenses or fees.	Approx. NIS 94 million.	In June 2023, the Supreme Court ruled on a contemporaneous proceeding, in which an appeal brought by four insurance companies against the District Court's ruling in favor of certifying class actions against the insurance companies was heard, alleging unlawful collection of investment management expenses from individual insurance policyholders. The Supreme Court granted the appeal and ruled that the insurance companies were entitled to charge policyholders investment management costs, dismissing the motion to certify. The parties submitted supplemental summations regarding the effect of the Supreme Court's judgment in the contemporaneous proceeding on the proceeding herein. In March 2024, a consensual motion to withdraw the motion to certify was submitted to the court, moving with the court to strike out the lawsuit and the motion to certify and to order the denial of the plaintiffs' individual claims, without a costs order; the court granted the motion. See also Claims 4 and 9 in this section.
4	12/2016 Regional Labor Court - Tel Aviv	Executive insurance policyholders v. Migdal Insurance	An allegation that investment management expenses were charged without a contractual provision that allows this in the policies. The sought remedy is full restitution of the investment management expenses charged to the class members in the seven years prior to the date of filing the lawsuit, plus shekel-denominated interest as per the law, as well as to compel Migdal Insurance to refrain from charging any amounts to the class members' account due to investment management expenses.	NIS 567 million.	In June 2023, the Supreme Court ruled on a contemporaneous proceeding, in which an appeal brought by four insurance companies against the District Court's ruling in favor of certifying class actions against the insurance companies was heard, alleging unlawful collection of investment management expenses from individual insurance policyholders. The Supreme Court granted the appeal and ruled that the insurance companies were entitled to charge policyholders investment management costs, dismissing the motion to certify. The parties submitted supplemental statements of claim regarding the effect of the Supreme Court's judgment in the contemporaneous proceeding on the proceeding herein. In April 2024, a consensual motion to withdraw the motion to certify was submitted to the court, moving with the court to strike out the lawsuit and the motion to certify and to order the denial of the plaintiffs' individual claims, without a costs order; the court granted the motion. See also Claims 3 and 9 in this section.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date (cont.)

No.	Date and court	Parties	Main points of claim	Amount	Details
5	1/2017 District Court - Central	Two compulsory motor insurance policyholders v. Migdal Insurance and additional insurance companies	An allegation that Migdal Insurance refrains from disclosing to its policyholders that, according to its prevailing practice (that the other insurance companies practice as well), they are entitled to a lower premium when they reach the applicable age and/or driving experience bracket. The sought remedies are to compel Migdal Insurance to refund the class members for the unlawfully overcharged insurance premium following its above-described conduct, and a mandatory injunction compelling Migdal Insurance to rectify its conduct, as described above.	Approx. NIS 62 million.	In March 2022, the movants brought a motion to stay the proceedings in light of the denial of a similar motion against another insurance company, until a ruling was issued on the appeal they would submit on the denied motion to certify in that proceeding. The motion to stay the proceedings was granted. The appeal that had been brought in the contemporaneous proceeding was denied in March 2024. The case was scheduled for a hearing in June 2024, regarding the ramifications of the judgment rendered in the appeal in the abovementioned contemporaneous proceeding. In July 2024, the movants who had filed the lawsuit and the motion to certify against Migdal Insurance brought a motion to approve their withdrawal from the motion to certify and the denial of their personal lawsuits. The court granted the motion. The legal proceeding thus concluded.
6	12/2017 District Court - Jerusalem	Insurance applicants v. Migdal Insurance, other insurance companies, and the Maccabi and Clalit Healthcare Services health maintenance organizations	An allegation that Migdal Insurance refuses to provide long-term care insurance to the movants and other individuals on the autism spectrum, while setting impossible and unreasonable conditions for them without providing any explanation or justification for their conduct. Moreover, complaints were raised about the failure to offer the insurance candidate a detailed and respectful response regarding the refusal and the detailed justifications for the refusal, and that the refusal is not based on relevant statistical, actuarial, or medical data, in alleged contrast with the Equal Rights for People with Disabilities Law, 1998, and the Equal Rights for People with Disabilities Regulations (Insurer's Notice of Different Treatment of One or of Refusal to Insure), 2016.	According to the movants, the personal damage they incurred sums up to tens of thousands of shekels per movant. The total damage to all class members cannot be estimated accurately at this stage; the amount in question gives the District Court jurisdiction.	In February 2023, a judgment was rendered, denying the motion to certify. In April 2023, the movants appealed the judgment to the Supreme Court. In July 2024, an appeal hearing took place, and a Supreme Court judgment was rendered, denying the appeal, based on the appellants' announcement that they were withdrawing the appeal. The proceeding was thus concluded.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date (cont.)

No.	Date and court	Parties	Main points of claim	Amount	Details
7	4/2011 District Court - Central	A life insurance policy-holder v. Migdal Insurance and additional insurance companies	Charging funds due to a "policy factor," that can amount to a sizable portion of the premium payments, without consent in the contract and without full disclosure. The sought remedies include paying damages or restitution equal to the total "policy factor" charged to the class members in practice, including the return they had been denied on that sum, and a mandatory injunction ordering that these sums may no longer be charged.	Approx. NIS 1,470 million (over a period of 7 years), of which, a total of approx. NIS 522 million is attributable to Migdal Insurance.[1]	In November 2016, a ruling was issued partially granting the motion to certify a class action regarding the charged policy factor, starting seven years before the lawsuit filing date (April 2004), as charged to policyholders holding combined life insurance and savings policies that were issued between 1982 and 2003, whose accrued savings were diminished because of the policy factor charged to them. In June 2023, the defendants brought a motion to approve a settlement agreement, whose main terms were restitution of 42% of the total policy factor charges that should have allegedly been transferred to the savings but were not, starting from seven years before the motion to certify was filed. The parties to the settlement agreement disagree on the revaluation of the restitution amounts; the parties agreed that the court would decide the matter. The parties further agreed that future policy factor charges would be reduced by 50%. The parties to the agreement agreed on legal fees and compensation in accordance with the common increments in case law. In July 2023, Migdal Insurance and the lead plaintiff reached an agreement, according to which the parties would seek out a legal expert (hereinafter - the "**Deciding Entity**") who would issue a decision on whether, noting the wording of two Migdal Insurance individual policies (hereinafter - the "**Unique Policies**"), they ought to be subject to the settlement agreement the other defendants had signed.

[1] According to the amended statement of claim that the movant had brought after the lawsuit's class certification.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date (cont.)

No.	Date and court	Parties	Main points of claim	Amount	Details
7	cont.				In August 2023, the Deciding Entity's decision was issued, whose consequences with regard to the settlement agreement and the two Unique Policies, are as follows: (1) for one type of policy, the restitution rate would be 23.1% (instead of 42%), and future charges would be reduced by 27.5% (instead of 50%); (2) for the second type of policy, the restitution rate would be 36.4% (instead of 42%), and future charges would be reduced by 43.3% (instead of 50%). In August 2023, the signed settlement agreement between Migdal Insurance and the lead plaintiff was submitted to the District Court for approval, including the aforementioned arrangement regarding the two Unique Policies; as for the other policies, the provisions of the settlement agreement concluded with the other defendants would apply, as described above. According to the estimate, the settlement agreement stipulates a total nominal restitution of NIS 120 million to NIS 147 million. To clarify, this estimate does not include the returns on the collected amounts, some of which are subject to a supplementary court ruling, and the lead plaintiff's award and their counsel's legal fees, which are subject to the court's approval as well. Moreover, these amounts do not include the reduced charge in the future. In May 2024, the Attorney General submitted her position on the settlement agreement, and in July 2024, the parties submitted a consensual supplemental filing on their behalf, addressing the aspects mentioned in the Attorney General's position on the settlement agreement. In August 2024, the court approved the settlement agreement and validated it as a judgment (hereinafter - the "**Judgment**"); with respect to the manner of revaluating the total refunds to policyholders from 2013 to the "Reduction Date" (as defined in the Judgment), the court ruled, in accordance with Section 79A of the Courts Law, without an explanation, according to the consents in the settlement agreement, and ruled that 90% of the returns would be added to the refund to policyholders. In addition, the court approved the legal fees and the award stipulated in the settlement agreement and ruled that the legal fees shall be calculated separately for each defendant, out of each defendant's respective total refund, in accordance with the rates stipulated in the settlement agreement. The legal proceeding was thus concluded and the Company is working to implement the provisions of the settlement agreement.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date (cont.)

No.	Date and court	Parties	Main points of claim	Amount	Details
8	1/2016 Supreme Court	A policyholder v. Migdal Insurance	Infringement of the policyholders' rights in the implementation of Amendment No. 3 to the Financial Services Supervision Law (Provident Funds), 2005 (hereinafter - "**Amendment 3 to the Pension Funds Law**"). According to the claim, this is because the defendant did not give the policyholders, who had held a lump-sum policy before Amendment 3 to the Pension Funds Law came into effect, the annuity conversion factors they had had according to an earlier annuity policy they had held (hereinafter - "**Earlier Annuity Policy**").	NIS 50 million per year.	The court rendered a ruling in favor of assigning the case to the Labor Court in May 2017. In February 2018, the Labor Court denied the plaintiff's motion to certify the lawsuit as a class action based on the Granit Case (Case No. 10-03-48006 - Granit v. Clal Insurance) and held that Migdal Insurance's conduct toward its policyholders should be examined separately. In September 2021, the class action lawsuit in the Granit Case was denied and it was held, among other things, that the defendant is not obligated to give a guaranteed conversion factor to policyholder that hold a lump-sum executive insurance policy that does not have symmetrical contributions into an annuity insurance policy. In January 2022, an appeal on the Granit Case was brought before the Supreme Court. The court ordered a stay of proceedings in the case until the Supreme Court ruled on the Granit appeal. In May 2023, the judgment on the Granit Case appeal - which was filed with the Supreme Court - was rendered, and the appeal was denied after the appellant had withdrawn it. In September 2024, the movant requested to withdraw the motion to certify. A judgment was rendered on that day, which allows the movant's withdrawal and denies their individual lawsuit.
9	2/2017 District Court - Central	A registered NGO that caters to the elderly population v. Migdal Makefet	An allegation that Migdal Makefet charged planholders in the pension fund and provident funds it manages a fee for "direct expenses due to execution of transactions in provident fund assets", in contravention of the provisions of the bylaws and contrary to its contractual and pre-contractual representations toward its planholders. Thus, Migdal Makefet is allegedly in breach of its contract with the planholders and is moreover violating the provisions of the law.	Approx. NIS 287 million.	In March 2018, the case was assigned to the Regional Labor Court in Tel Aviv. In July 2018, the Labor Court contacted the Commissioner, asking him to state his opinion on whether his positions, as presented in the other cases, are applicable to this case. In November 2018, the Commissioner replied and referred to the position he had submitted in a contemporaneous case. In May 2019, the District Court granted a motion to certify a class action against other insurance companies, which alleged that they unlawfully charge direct expenses from policyholders in individual insurance policies. The Supreme Court rendered its judgment in the contemporaneous proceeding in June 2023, wherein it granted the appeal and held that the insurance companies were entitled to impose the investment management expenses the savers had borne on the savers and ordered the denial of the motion to certify in the contemporaneous proceeding. On November 12, 2024 a consensual motion to withdraw the motion to certify was submitted. On November 14, 2024 a judgment was rendered, which allows the movant's withdrawal and denies their individual lawsuit. See also Claims 3 and 4 in this section.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

C. Class actions that ended during the reporting period and up to the report publication date (cont.)

No.	Date and court	Parties	Main points of claim	Amount	Details
10	5/2022 District Court - Central	A home insurance policyholder v. Migdal Insurance	A claim whereby Migdal Insurance chooses to transfer insurance benefits or money their customers have paid to the customers by check, in contrast with the provisions of Institutional Entities Circular 9-9-2016, regarding clarifying and settling claims and handling public inquiries which stipulate that funds must be remitted to customers via wire transfer or credit card by the plaintiff at a total of more than NIS 3 million.	By the plaintiff at a total of more than NIS 3 million.	In May 2024, the court received a motion to approve a settlement agreement; the settlement agreement sets out the restitution outline for Migdal Insurance's property and casualty insurance customers who had been credited for insurance premiums through uncashed checks. Pursuant to the settlement agreement, Migdal Insurance would refund policyholders whose restitution amount exceeds the amount specified in the settlement agreement (hereinafter - the "**Full Restitution Cap Amount**") the full restitution amount, subject to the terms and conditions specified therein. In addition, the settlement agreement defines the percentage of the restitution amounts that would be transferred to a funds management and distribution fund, for funds that are awarded as a remedy in favor of the public, with respect to policyholders who did not respond to Migdal Insurance's notifications, according to the outline set out in the settlement agreement, and with respect to policyholders whose specific restitution amount is lower than the stipulated amount under the settlement agreement. Moreover, the settlement agreement addresses the matter of regulating future conduct regarding premium refunds and the payable award to the lead plaintiff and its counsels' legal fees. In November 2024, a judgment was rendered confirming the settlement agreement.
11	4/2024	A life and health insurance policyholder v. Migdal Insurance	The motion to certify concerns the allegation that the Migdal Insurance website does not feature accessibility adaptations for people with disabilities to enable proper use of the website, in violation of the provisions of the Equal Rights of People with Disabilities Law, 1998, and the Equal Rights for People with Disabilities Regulations (Service Accessibility Adaptations), 2013.	Estimated at NIS 2.5 million.	In December 2024, a consensual motion to withdraw that the parties had submitted was granted, in which the motion to certify was stricken off and the movant's personal claim was dismissed, in which an immaterial award and legal fees were paid.
12	5/2024	Movant v. Migdal Insurance and additional insurance companies	The motion to certify concerns the movant's allegation of discrimination in providing services or products in travel insurance policies that do not provide insurance coverage for "mental illnesses" (the term appearing in the motion to certify).	Monetary damages to the movant and the class members, totaling NIS 250 thousand, and punitive damages totaling NIS 26 billion.	In February 2025, the court ruled that the lawsuit be stricken off due to the movant's failure to appoint a lead counsel despite the court's previous rulings on this matter.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

D. Legal and other proceedings

No.	Date and court	Parties	Main points of claim	Amount	Details
1	10/2018 District Court - Tel Aviv	Luxury Apartments Ltd. v. Migdal Insurance, Migdal Makefet Pension and Provident Funds, Migdal Real Estate Holdings and Pel-Hamagen House Ltd.	An allegation of non-compliance with a contractual obligation and harm caused to the plaintiff in Rishon LeZion's Gold Mall, held (75%) by Migdal Insurance and Migdal Makefet, in a partnership with Luxury Apartments, Ltd., who holds 25% of the rights in the Gold Mall. According to Luxury Apartments, the non-compliance with contractual obligations torpedoed the construction of a culinary recreational complex, i.e., the Mall's "Golden Market" project, among other things. This lawsuit was preceded by Luxury Apartments' prior lawsuit for declaratory orders regarding the food market, which culminated in the court issuing a ruling on May 3, 2018, in favor of striking it out and imposing the movant's costs, NIS 7,500.	NIS 800 million.	A statement of defense was filed in January 2019. In November 2019, Migdal Insurance filed a pecuniary lawsuit against the defendant, Luxury Apartments, suing for approx. NIS 60 million. According to Migdal Insurance, Luxury Apartments violated its undertakings pursuant to the set of agreements between the parties, by not fully exercising all its approved additional rights, much less constructing, building, and leasing out the mall's first underground floor as a typical retail floor according to the building permit that had already been authorized in 2015, until the permit expired. Accordingly, the investment funds Migdal Insurance was supposed to invest in the mall were never invested, and the return thereon, which is equal to the claimed amount, never yielded. The plaintiff breached its undertakings in the way it had managed the Golden Market project in the mall, thus causing loss of returns. Furthermore, Migdal Insurance brought a motion to consolidate the hearing with a pending lawsuit against it. In August 2024, a judgment was rendered ordering the denial of the lawsuit against the defendants and accepting the counter-claim they had filed. The total pecuniary remedy to be paid to the defendants due to the counter-claim has not yet been determined. In December 2024, an appeal was filed against the ruling with the Supreme Court.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

E. Lawsuit Data – Summary

1) The following table summarizes the amounts claimed in pending motions to certify class actions, claims certified as class actions and other material claims, as noted by the plaintiffs in the statements of claim filed on their behalf. It is hereby clarified that the amount claimed does not necessarily constitute a quantification of the exposure amount assessed by the Company and/or consolidated companies, since these are assessments on behalf of the plaintiffs which will be litigated as part of the legal proceedings. It is further clarified that the table below does not include proceedings that have been concluded.

Type	No. of lawsuits	Amount claimed, in NIS thousand [1]
Certified class actions	5	1,018,778
Stated amount attributed to the Group	4	1,018,778
No claim amount was specified.	1	-
Pending motions to certify claims as class actions	29	4,734,605
Stated amount attributed to the Group	7	2,645,550
The claim pertains to several companies and no specific amount was attributed to the Group	3	2,089,055
No claim amount was specified.	19	-

(1) All amounts are stated in NIS thousands and as approximations, as of the motions' or the lawsuits' filing date, as applicable.

2) The total provision amount in respect of class actions, legal proceedings and others filed against the consolidated companies as detailed above as of December 31, 2024 and December 31, 2023, amounted to approx. NIS 481 million (of which a total of approx. NIS 277 million is for lawsuits which have been concluded) and approx. NIS 384 million, respectively.

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure

Additional legal proceedings and other proceedings against the Company and/or its consolidated companies are described below:

1) In 2023, several letters from the Commissioner of the Capital Market, Insurance and Savings (hereinafter–the "**Commissioner**") were received. These letters were addressed to the Company's and Migdal Insurance's respective directors, and in these letters, the Commissioner raised allegations regarding Migdal Insurance's stability, proper management, and corporate governance, among other things, and ordered Migdal Insurance – by virtue of his authority under Section 65 of the Financial Services Supervision Law (Insurance), 1981, to take measures to correct the alleged defects in the letter. The Company and Migdal Insurance held discussions with the Capital Market, Insurance and Savings Authority (hereinafter - the "**Authority**" or "**Capital Market Authority**"), in writing and orally, regarding the claims raised.

After these discussions, on July 28, 2023, a letter was received from the Commissioner, ordering Migdal Insurance to take various measures, including regarding the number of independent directors; the duration of the Chairman of the Migdal Insurance Board of Directors' term; establishing a procedure for transferring information between Migdal Insurance and its shareholders and a controlling shareholder procedure; as well as separating the Chairman of the Company's Board of Directors' place of residence from that of the other Migdal Insurance officers (hereinafter - the "**Commissioner's Directives**").

On August 30, 2023, the Company petitioned the Jerusalem District Court (in session as the Court of Administrative Affairs) to order the revocation of the Commissioner's Directives.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

1) (cont.)

On February 14, 2024, the court rendered its judgment, according to which the directive regarding the separation of the Company's Board of Directors Chairman's place of residence from that of the other Migdal Insurance officers is revoked. In addition, the petition regarding the other guidance issued by the Commissioner - regarding which the Company notified in the hearing on the petition and after hearing the court's comments that it did not comply with the remedies pertaining thereto - was dismissed, with the court commenting that the Company's notice did not detract from the Company's ability to apply to the Commissioner in the future regarding the effective period of these provisions, without the court expressing any opinion in this regard.

2) On July 28, 2023, a notice was issued by the Commissioner regarding his intention to object to Company CEO Mr. Yossi Ben Baruch's appointment as a director of Migdal Insurance. On May 15, 2024, the Commissioner sent Mr. Ben Baruch another letter, stating, among other things, that due to the lack of accurate, relevant information about the forthcoming composition of Migdal Insurance's Board of Directors, it was impossible, at the time, to continue discussing the request to approve Mr. Ben Baruch's directorship in Migdal Insurance. Further to the aforementioned, in June 2024, Mr. Ben Baruch filed a petition with the District Court in Jerusalem, sitting as an administrative court (hereinafter - the "**Petition**"), to order that the deadline for the Commissioner's objection (as defined by law) to the appointment of Mr. Ben Baruch as a director in Migdal Insurance has passed and expired, and therefore, under law, his appointment was completed both procedurally and substantively, and alternatively, that the intention to oppose the appointment of Mr. Ben Baruch as a director in Migdal Insurance did not mature into an objection as defined by law and that, in view of the Authority's reasons to conduct the hearing held for Mr. Ben Baruch and as part of the hearing, there is no longer any impediment to the immediate beginning of his term as a director in Migdal Insurance.

In the petition, the legal and factual grounds underlying the requested remedies are detailed. In addition, the petition includes detailed reasoning for dismissing the Commissioner's claims and details of Mr. Ben Baruch's rich experience, his suitability for the position of director in Migdal Insurance and his obligation to act as a director in Migdal Insurance to ensure its success and to uphold the interests of its policyholders and planholders. The Company and Migdal Insurance were added as respondents to the petition.

On December 31, 2024, the Commissioner sent Mr. Ben Baruch another letter (hereinafter – the "**Letter dated December 31, 2024**"), stating that after further examining the overall data on Mr. Ben Baruch's appointment as a Migdal Insurance director, and based on the information that the Authority has gathered throughout its ongoing supervision of Migdal Insurance, he intends to object to the appointment.

On January 13, 2025, the court decided to strike off the petition without prejudice to the parties' claims, as the original petition had been rendered irrelevant in light of the Letter Dated December 31, 2024.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

3) On February 19, 2024, the annual general meeting of Migdal Insurance resolved to reappoint the current directors of Migdal Insurance, Mr. Avraham Dotan and Mr. Gad Nussbaum, for another term of office. On that date, the term of office of directors Mr. Arie Mintkevich and Mr. Carmi Gillon ended. Migdal Insurance's Board of Directors consists of 7 directors, of which 4 are independent directors. On February 19, 2024, shortly before the Company's board meeting, Migdal Insurance received a letter from the Commissioner addressed to the Chairman of the Board of Migdal Insurance, regarding the composition of Migdal Insurance's Board of Directors. In his letter, the Commissioner raised various allegations against the conduct of Migdal Insurance and ordered it to send to him a detailed response regarding the eventual composition of the Board of Directors, the number of its members and the extent to which it complies with the provisions of the law, including the required expertise. On February 22, 2024, Migdal Insurance's Chairman of the Board replied to the abovementioned Commissioner's letter, stating that Migdal Insurance operates with full transparency as to its intentions regarding the composition of Migdal Insurance's board of directors, that the Commissioner was presented with a staffing plan for Migdal Insurance's Board, and that these fall under the purview of Migdal Insurance's general meeting, that a board of directors consisting of seven members meets the specialization requirements under law, that the majority of the board (four directors) consists of independent directors, and that - in order to further strengthen its board - the Company intends to expand Migdal Insurance's Board to include nine members, with the aim of one of the additional candidates being a woman, all subject to identifying suitable candidates and approval by the Company in its capacity as an extraordinary general meeting of Migdal Insurance.

On May 15, 2024, the Commissioner sent a letter to Migdal Insurance's Chairman of the Board (hereinafter - the "**Letter Regarding the Composition of the Board**"), in which he stated, among other things, that - despite his letter dated February 19, 2024 - the General Meeting did not renew the term of office of Mr. Carmi Gillon and of Mr. Arie Mintkevich as directors in Migdal Insurance, and that he regards this conduct as a direct continuation of the marked managerial instability in Migdal Insurance. In his letter, the Commissioner reviewed Migdal Insurance's response dated February 22, 2024, noting that he had not yet been notified of the changes that have been made and were expected to be made in the composition of Migdal Insurance's Board of Directors and mentioned the fact that, according to the regulations, Migdal Insurance's Board of Directors should determine the Board's composition, including the desired number of its members, and that an inappropriate application of the provisions of the law could contradict the aims of the Insurance Supervision Law, including ensuring the proper management of Migdal Insurance. In the letter regarding the composition of the Board of Directors, the Commissioner notified that the review of Migdal Insurance's requests to change the composition of the Board of Directors will be made by the Commissioner only after a detailed response has been submitted by Migdal Insurance regarding the eventual composition of Migdal Insurance's Board of Directors, the number of its members and the extent to which it complies with the various legal provisions. The Commissioner also noted in the Letter Regarding the Composition of the Board of the Authority's intention to conduct an audit at Migdal Insurance regarding corporate governance, through employees of the Capital Market Authority and an external auditor, in accordance with the power of the Commissioner according to Sections 50(a) and 97 of the Supervision Law.

According to the Company's position, among other things, Migdal Insurance's board of directors is an independent board, whose composition complies with the various legal provisions, as well as the provisions of expertise required by law.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

3) (cont.)

On June 3, 2024, Migdal Insurance's Chairman of the Board sent the Commissioner a letter in response to the Letter Regarding the Composition of the Board, in which it was stated that Migdal Insurance acted with complete transparency towards the Capital Market Authority, and presented to it the desired composition of Migdal Insurance's board of directors (nine members, including at least three women and four independent directors, subject to meeting the terms and conditions of professional expertise as required). Migdal Insurance's Chairman of the Board also stated in his letter that, during his term of office until February 2024, the Board of Directors of Migdal Insurance appointed nine members and that, as of June 2024, Migdal Insurance's Board of Directors appointed seven members, due to the changes in the identity of the members of the Board of Directors resulting from the non-renewal of the terms of office of two directors - as resolved by the general meeting of Migdal Insurance, the resignation of an additional director and the appointment of another independent director; therefore, the composition of Migdal Insurance's board of directors is adequate and meets the requirements of the law, including the guidance issued by the Commissioner to Migdal Insurance as of July 28, 2023. It is noted that the request that the Chair of the Migdal Insurance Board of Directors made in his letter to the Capital Market Authority, to reexamine the need for an audit of Migdal Insurance's corporate governance, was denied, and the Authority launched the audit.
Noting the forthcoming expiration of the terms of Ms. Meirav Ben Cnaan Heller and Ms. Ronit Bodo as independent directors of Migdal Insurance, on January 16, 2025, after the recommendations issued by the search committee established for the purpose of appointing two independent directors to Migdal Insurance were presented, the Company's Board of Directors (convened as the General Meeting of Migdal Insurance) approved the Mr. Isaac Benbenisti's and Ms. Sabina Biran's appointment as independent directors of Migdal Insurance, subject to the Commissioner's non-objection. Subsequent to the report date, on March 2, 2025, the Commissioner's non-objection notices were received, stating that, further to the requests to appoint Ms. Biran and Mr. Benbenisti, Ms. Biran's term as an independent director of Migdal Insurance shall commence on the non-objection notice date, and Mr. Benbenisti's term as an independent director of the Company shall commence on April 6, 2025.
Furthermore, subsequent to the report date, on March 2, 2025, the Company's Board of Directors (convened as the General Meeting of Migdal Insurance) approved Mr. Israel Gravinsky's and Ms. Yael Greenwald's appointments as ordinary directors of Migdal Insurance, subject to the Commissioner's non-objection.

Subsequent to the report date, on February 9, 2025, Prof. Amir Barnea, Chairman of the Board of Migdal Insurance, announced his intention to resign from his positions as Chairman and as a director of Migdal Insurance, effective June 30, 2025.

On February 11, 2025, the Company's and Migdal Insurance's respective board members received the Commissioner's letter in connection with the notice of the termination of Prof. Amir Barnea's tenure as Chairman of the Board of Migdal Insurance (hereinafter – the "**Letter**").

In the Letter, the Commissioner noted that recent developments in Migdal Insurance, such as the ongoing high officer turnover and the expectation of a further staffing change in the office of Chairman of the Board, may suggest that Migdal Insurance's proper business conduct, within the meaning of the term in Section 65(a) of the Supervision Law, has been compromised, which – as stated in the Letter – contravenes the Commissioner's directives in the letter dated July 28, 2023, regarding, among other things, the appointment of the Chairman of Migdal Insurance for at least a 3-year term and the establishment of a structural separation between the Company and Migdal Insurance, as specified in Section F.1) above.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

3) (cont.)

In the Letter, the Commissioner noted that Prof. Barnea’s notice of the termination of his tenure was submitted only one year after he took office, and that in the year preceding his appointment as Chairman of the Board, Migdal Insurance did not have a permanent Chairman of the Board. The Commissioner noted, furthermore, that the controlling shareholder of the Company, Mr. Shlomo Eliahu, had informed the Commissioner (prior to Prof. Barnea’s notice) of the intention to appoint Prof. Ronni Gamzu (Chairman of the Company’s Board of Directors) Chairman of Migdal Insurance, as Prof. Barnea’s successor, despite the fact that the authority and responsibility to appoint a company’s chair is vested in that company’s board of directors, and the Migdal Insurance Board of Directors is clearly obligated to make an independent decision, following deliberations free of ulterior considerations and external pressures, and while duly noting the chair’s important role as the entity entrusted with the Board of Directors’ proper functioning.

In connection with the audit of Migdal Insurance’s corporate governance, the Commissioner has advised that, noting the audit findings (which have not yet been delivered to Migdal Insurance), and in light of the foregoing, the Commissioner is considering exercising the powers vested in him by law; exercising such powers may also affect aspects relating to the appointment of the Chairman of the Migdal Insurance Board of Directors.

4) Proceedings pursuant to Sections 198 and 198A of the Companies Law, 1999 (hereinafter - the “**Companies Law**”), in light of the controlling shareholder’s conduct.

On November 22, 2020, a motion to certify a derivative lawsuit against the Company’s controlling shareholder, Mr. Shlomo Eliahu (hereinafter - “**Mr. Eliahu**” and the “**First Motion to Certify a Derivative Lawsuit**”, respectively), was filed with the Economic Department of the Tel Aviv District Court.

The First Motion to Certify a Derivative Lawsuit concerns the allegation that Mr. Eliahu’s conduct constitutes a breach of his duty of loyalty as a director of the Company and (former) director in Migdal Insurance; a breach of the duty of care; a breach of the duty of fairness as the Company’s controlling shareholder; as well as causing and assisting in a breach of the directors’ duty of loyalty in the Company and Migdal Insurance, which caused the Company damage totaling NIS 332.8 million.

In response to Mr. Eliahu’s inquiry and in accordance with the letter of indemnity he had been issued, the Audit Committee authorized an interim payment for the expert’s fees in connection with the above lawsuit, including the independent committee’s deliberations, up to the total deductible under the D&O liability insurance policy (USD 150 thousand). The interim payment is subject to a duty to repay, if and to the extent that liability is established in accordance with causes that are not covered under the letter of indemnity.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

4) (cont.)

On May 8, 2024, a judgment was rendered on the First Motion to Certify a Derivative Lawsuit, in which the court denied the motion to certify (hereinafter - the "**Judgment**"). In its judgment, the court ruled, among other things, that the movant did not meet the prima facie burden it must meet during the discussion of the motion to certify, to prove Mr. Eliahu's involvement in managing the Company's regular affairs, including staffing changes among the Company's and Migdal Insurance's senior officers. Furthermore, it was ruled, among other things, that when Mr. Eliahu exercises his structural power as the controlling shareholder within the Company's regular activity, his property right should be assigned a greater weight, and accordingly, judicial interference with his activities as the Company's controlling shareholder must be minimized, based on the assumption that his actions as the controlling shareholder directly and significantly affect his personal interests, and that the Company's interest aligns with his interest as the latter's largest, most important shareholder (provided that there is no discrimination or abuse of his control for the controlling shareholder's personal interest). In addition, the judgment determined, among other things, that Migdal Insurance is subject to strict regulation in real time by the Commissioner, who had exercised his authority, including with respect to removing senior Migdal Insurance officers from office. With regard to the causes the movant raises in connection with Mr. Eliahu's role as a director, as opposed to the controlling shareholder, the court held that the motion to certify is without merit. The court found that Mr. Eliahu had exercised independent judgment and that there was no fault in his conduct as a sole director, as no infrastructure has been laid to establish, even prima facie, that the frequency of officer replacements was affected by a conflict of interest, or was in bad faith, or not in the Company's best interest.

On July 7, 2024, the movant appealed the ruling to the Supreme Court, requesting that it be revoked and that the motion to certify the derivative claim be granted. A hearing on the appeal before the Supreme Court was initially scheduled for May 26, 2025 and later postponed to February 4, 2026.

5) On March 15, 2023, another motion to certify the Company's derivative lawsuit against Mr. Eliahu, the Company's controlling shareholder, was received at the Company's offices, having been brought to the Economic Department of the Tel Aviv District Court by a Company shareholder (hereinafter - the "**Movant**" and "**Second Motion to Certify**", respectively); the motion was brought by the Movant and counsel who had brought the First Motion to Certify a Derivative Lawsuit, as described in Section F.4 to this note.

In the Second Motion to Certify, the court was moved to certify the lawsuit brought against Mr. Eliahu, ordering Mr. Eliahu to pay the Company approx. NIS 487 million, alleging that over a period of two years - from November 20, 2020, to November 15, 2022 (hereinafter - the "**Period**"), Mr. Eliahu had caused harm to the Company. The abovementioned motion alleged, among other things, that Mr. Eliahu's involvement in Migdal Insurance, in his capacity as director and Chairman of the Company's Board of Directors (during his tenure in that position), caused managerial instability in Migdal Insurance and constitutes a breach of the duty of loyalty and the duty of care. The movant further alleged that Mr. Eliahu infringed on the Board of Directors members' independent judgment, thus causing the Directors to violate their duty of loyalty. In addition, allegations were made in connection with breaches of statutory duty and with the tort of negligence.

On July 10, 2023, the Company's Board of Directors resolved to establish an independent committee to examine and discuss the issues that the second motion to certify raised (hereinafter - the "**Committee**").

On October 23, 2023, the Committee submitted its findings, according to which the claims raised in the motion to certify a derivative lawsuit were without merit in the factual and in the legal sense, and that, having considered the Company's best interests in the context of the profitability of bringing and adjudicating a derivative lawsuit, bringing a lawsuit against Mr. Eliahu would be unwarranted. After the Board of Directors adopted the Committee's report, the Company submitted its response to the motion to certify on January 4, 2024, in which the court was moved to deny the motion to certify, based, among other things, on the Committee's report.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

5) (cont.)

On August 26, 2024, Mr. Eliahu and the Company's motion to stay the hearing on the Second Motion to Certify was accepted, due to the appeal on the judgment that denied the Movant's First Motion to Certify a Derivative Lawsuit.

Further to Mr. Shlomo Eliahu's request and in accordance with the letter of indemnity granted to him, the Audit Committee authorized an interim payment for Mr. Eliahu's legal defense expenses on February 12, 2024, in connection with the aforementioned lawsuit, up to NIS 120 thousand in total (including VAT). The interim payment is subject to a duty to repay, if and to the extent that liability is established for causes that are not covered under the letter of indemnity.

6) The Company and/or the consolidated companies are exposed to lawsuits and additional claims for various reasons - other than claims with respect to insurance coverage for an insured event according to a policy issued by Migdal Insurance - by customers, past customers, and various third parties, of which a total of approx. NIS 19 million is with respect to claims filed (as of December 31, 2023 - approx. NIS 19 million), beyond the general exposures described in this note, including in Sections F.13 and F.14 to this note.

7) On December 21, 2021, the Commissioner sent Migdal Insurance a demand for information notice regarding the collection due to insurance coverages in accordance with the limitations under Regulation 45 of the Income Tax Regulations (Provident Fund Approval and Management Rules), 1964, that also contained an instruction to carry out restitution if it is found that Migdal Insurance has acted in contravention of the rules set out in the notice. On this matter, see the detailed description in Section 39(1)(b)(13) above.

8) On September 28, 2023, the Capital Market Authority notified Migdal Insurance that a request had been submitted to the Capital Market Authority's Committee on imposing financial sanctions (hereinafter - the "**Committee**" or the "**Sanctions Committee**") against Migdal Insurance due to an alleged violation of the provisions of Section 7 of the Prohibition on Money Laundering Law, 2000, based on an audit of Migdal Insurance for the period between July 2018 and June 2019. That notice concerned alleged violations of various reporting duties by Migdal Insurance, pursuant to the Prohibition on Money Laundering Ordinance (Identification, Reporting, and Record-Keeping Duties of Insurance Companies, Insurance Agents, and Managing Companies, to Prevent Money Laundering and Terror Financing), 2017 (hereinafter - the "**Ordinance**"), and the allegation that Migdal Insurance did not keep a record of the control process to detect its customers' unusual activity as required under Section 17(d) of the Ordinance. On April 18, 2024, after Migdal Insurance submitted its response to the Sanctions Committee, Migdal Insurance received the Committee's decision to impose a financial sanction totaling NIS 250 thousand. Migdal Insurance has long taken measures, after the Audit Period, to prevent the violations that are specified in the audit from recurring and to optimize its internal processes in connection with the duties imposed on it by the Ordinance.

9) On May 15, 2024, Migdal Insurance received the Authority's notice regarding the latter's intention to impose a financial sanction on Migdal Insurance due to failure to report to the Commissioner, pursuant to Chapter 1 in Part 3 of Section 5 of the Consolidated Circular on "embezzlement and fraud". The background for the financial sanction is Migdal Insurance's thorough and comprehensive investigations following anonymous inquiries regarding a Migdal Insurance employee's alleged modus operandi in the motor insurance claims and appraisal segment, which did not yield findings of actions that constitute embezzlement or fraud. The allegations the Authority raised in its notice concern the duty to report to the Commissioner, which, according to the Authority, Migdal Insurance had acquired when the investigation first commenced. Migdal Insurance argues that under the circumstances, it did not have an obligation to report according to the circular. The financial sanction specified in the notice totaled NIS 970 thousand, comprised of a sanction due to the breach of the initial duty to report and the ongoing breach. On November 10, 2024, after the Authority considered Migdal Insurance's arguments on the subject, the Commissioner issued a notice regarding the imposition of a financial sanction of NIS 242 thousand, having concluded that some of the grounds for reducing the sanction amount as listed in the provisions of the Fifth Addendum to the Insurance Supervision Law have been met.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

10) In July 2024, the Authority authorized Migdal Insurance's restitution outline to refund premium payments to eligible policyholders due to overlapping insurance in the compulsory motor insurance subsegment, following a broad audit of various insurance companies that the Authority had conducted on the subject. The restitution outline refers to compulsory motor policies issued for the same vehicle for an overlapping period of over 30 days, starting from the 2014 underwriting year and until the restitution demand was received in March 2024. Migdal Insurance's investigation shows that the restitution amounts are immaterial. Migdal Insurance is working to carry out the restitution in accordance with the Authority-approved outline, as described above.

11) For details regarding the arbitration proceeding between the Company and Migdal Insurance, on the one hand, and Mr. Rosen, former CEO of the Company and Chairman of Migdal Insurance, on the other, see the details in Note 38.G.4.d.

12) Subsequent to the report date, on February 27, 2025, Migdal Insurance received the Authority's notice of its intention to impose an NIS 1 million financial sanction on Migdal Insurance due to its breach of Insurance Circular 2024-1-1 (Online Interface for Surgeries in Israel) (hereinafter, in this section – the "**Notice**" and the "**Circular**," respectively). In the Notice, the Authority alleged breach of the provisions of the Circular regarding compliance with the time frames stipulated therein in connection with amending the reporting files transferred to the Authority, concerning information about policyholders holding "first-shekel" surgical insurance policies. As of the report publication date, Migdal Insurance has not yet presented its arguments with respect to the Notice before the Authority and has not yet specified the relevant criteria and considerations for reducing the financial sanction, pursuant to the right granted to it by virtue of Section 92A4 of the Supervision Law.

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

It is impossible to predict in advance whether and to what extent the insurers are exposed to allegations connected to and/or resulting from directives that may arise in part through the procedural mechanism set forth in the Class Actions Law. Similar circulars issued by the Commissioner with a future effective date may have such an effect.

From time to time complaints are filed against the Group, including complaints to the Commissioner with respect to rights of policyholders and/or planholders according to insurance plans and/or funds and/or the law. These complaints are handled regularly by the Group's Ombudsman. At times, the Commissioner's decisions (or draft decisions) on these complaints are rendered across the board for a class of policyholders.

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

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

1. Contingent liabilities (cont.)

F. Additional legal proceedings and other proceedings, Insurance Commissioner directives, events and developments in respect of which the Company and/or its consolidated companies are subject to exposure (cont.)

14) There is a general exposure, which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these arrangements inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with a long list of commercial and regulatory terms. This exposure is expressed mainly in connection with pension savings and long-term insurance products, including health insurance, in which the Group operates, due to them being characterized by a prolonged lifespan and extreme complexity, particularly in view of the legislative arrangements relating both to management of the products and to taxation, including on issues concerning setting tariffs, the deposits made by employers and policyholders, separation and attribution of the deposits to the various policy components, investment management, the policyholder's employment status, his deposit payments, etc. In this context, it is noted that the Supervision of Financial Services Regulations (Provident Funds) (Payments to Provident Funds), 2014, which came into effect gradually from February 1, 2016, were meant to facilitate this complexity by arranging automated flow of information between all the involved parties on how deposits are made and attributed to the components of the provident fund, including the taxation.

It is noted further that the Group’s products, which are managed over years during which changes occur in policies and regulation, as well as to shifting trends in law, including in court rulings. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and the application of the changes over many years lead to an increased operational exposure. Receipt of a new interpretation to insurance policies and long-term pension products may, at times, affect the Group's future profitability with respect to the existing portfolio, in addition to the exposure implicit in the demands to compensate customers for past activities. It is impossible to anticipate the types of claims that will be raised in this area or the exposure arising from these and other claims in connection with insurance contracts - claims which are raised through, among other things, the procedural mechanism set forth in the Class Actions Law.

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

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

Regarding other general exposures, see Note 37.A.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

2. Commitments

A. For details regarding the acquisition of a P&C insurance claim portfolio, see Note 38.E.2.

B. Investment and credit undertakings

1) The balance of the Company's liability for future investments in investment funds total approx. NIS 14,003 million as of December 31, 2024, of which approx. NIS 11,930 million is in respect of yield-dependent contracts (as of 2023 - approx. NIS 14,317 million, of which approx. NIS 12,381 million is in respect of yield-dependent contracts).

2) The balance of the Company's liability for future investments in acquired corporations total approx. NIS 502 million as of December 31, 2024, of which approx. NIS 435 million is in respect of yield-dependent contracts (as of 2023 - approx. NIS 560 million, of which approx. NIS 486 million is in respect of yield-dependent contracts).

3) The Company's liability for credit provision, upon request, total approx. NIS 4,404 million as of December 31, 2024, of which approx. NIS 2,924 million is in respect of yield-dependent contracts (as of 2023 - approx. NIS 2,770 million, of which approx. NIS 2,456 million is in respect of yield-dependent contracts).

C. Real property purchase commitments

The balance of Migdal Insurance's liability for real estate investments totals approx. NIS 72 million as of December 31, 2024, of which approx. NIS 61 million is in respect of yield-dependent contracts (as of 2023 - approx. NIS 199 million, of which approx. NIS 156 million is in respect of yield-dependent contracts). Some of the above amounts are based on the netting mechanism stipulated in the agreement.

D. Release of liability, indemnity and insurance for officers

1) Release of liability

Pursuant to the Company shareholder meeting's resolutions, from time to time, the Company (after obtaining the Compensation Committee's and the Board of Directors' approval) grants its serving officers and directors, as applicable from time to time, and its controlling shareholder, who serves as a Company director (in this section, collectively, hereinafter – the "**Officers**"), a release from their liability, in whole or in part, in advance and in retrospect, for any damage incurred to it, directly or indirectly, following a breach of the Officers' duty of care toward the Company and its subsidiaries and in their capacity as Company officers or as officers on the Company's behalf – provided that the release shall not apply to any resolution or transaction in which the controlling shareholder of the Company or a Company officer has a vested interest.

2) Indemnification Letters

In accordance with the Company shareholders meeting's resolution, from time to time, (after obtaining the Compensation Committee's and the Board of Directors' approval), the Company grants all Company officers and directors, as applicable from time to time (including Mr. Shlomo Eliahu, the Company's controlling shareholder and a director in the Company), an indemnity undertaking for any liability or expense to which the effective indemnity letter applies. The provisions of the indemnity letters include, among other things:

a) An advance indemnity undertaking for any financial liability to pay the injured parties in a breach, as imposed on an officer in an administrative proceeding, as well as expenses incurred by an officer in connection with an administrative proceeding concerning the officer, including reasonable litigation expenses, such as legal fees, in accordance with the Administrative Enforcement Law and the Amendment to the Securities Law, 1968 (hereinafter – the "**Securities Law**"), and in accordance with the Law for Enhanced Enforcement in the Capital Market (Legislative Amendments), 2011.

b) The maximum indemnity amount payable to Migdal Group officers (for the Migdal Group as a whole), pursuant to all indemnity letters issued from time to time, may not exceed 25% of the Company's equity (consolidated) according to the most recent financial statements that the Company publishes prior to the actual indemnity date (rather than being set according to the most recent annual financial statements the Company publishes prior to the actual indemnity date).

c) The indemnity undertaking also applies to the other positions that the indemnitee under the indemnity undertaking holds in Migdal Group corporations and/or any other corporation in which they serve on behalf of the Migdal Group.

NOTE 39 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

2. Commitments (cont.)

D. Indemnity letters and waivers for officers (cont.)

2) Revised letters of indemnity granted in 2012 (cont.)

d) The indemnity undertaking applies both to events taking place in Israel and to events taking place outside Israel.

In addition, in light of developments in the business environment in which the Company operates and in applicable regulation, the list of events for which the Company may make an indemnity undertaking has been amended to refer, among other things, to the following events: risk management, investment policy, SOX procedures and controls, the preparation of financial statements and other reports, and the management of customers' funds.

The provisions of the effective indemnity letters shall also apply to actions taken prior to their amendment, subject to the provisions of any law.

3) Indemnity and exemption letters in favor of officers who are the controlling shareholder or the controlling shareholder's relatives

For details regarding the indemnity and exemption letters made in favor of officers who are the controlling shareholder or the controlling shareholder's relatives, see Note 38.E.3.

4) Officer insurance

a) Entry into an insurance policy, effective from February 15, 2022, to February 14, 2023: On February 13, 2022, the Company's Compensation Committee approved the renewal of the D&O liability insurance policy for the Migdal Group directors and officers, including for the controlling shareholder and the controlling shareholder's relatives serving as officers in the Group, on the following terms: (1) a USD 100 million limit of liability per event and for the insurance period; (2) the annual premium for the above coverage and the total deductible were set according to market terms, after reviewing offers that the Company had received from reinsurers.

b) On February 12, 2023, the Company's Compensation Committee approved the renewal of a D&O liability insurance policy for the Migdal Group directors and officers, including for the controlling shareholder and the controlling shareholder's relatives serving as officers in the Group, on identical terms to the terms specified in Note 39.2.d. above, for 12 months, from February 15, 2023, to February 14, 2024.

c) Entry into an insurance policy from February 15, 2024, to July 14, 2025: On February 8, 2024, the Company's Compensation Committee approved the renewal of the D&O liability insurance policy for the Migdal Group directors and officers, including for the controlling shareholder and the controlling shareholder's relatives serving as officers in the Group, on the following conditions: (1) USD 120 million limits of liability per event and for the insurance period; (2) the cost of the annual premium for the above coverage and the deductible were set according to market terms.

E. Financial asset management services and investment marketing

The Capital Markets Group manages investment portfolios and mutual funds for customers (excluding related parties) at a total value of approx. NIS 68 billion as of December 31, 2024 (approx. NIS 52 billion as of December 31, 2023).

F. Leases in which the Group is the lessor in an operating lease

The Group leases investment properties to external entities. The lease agreements are for an average period of over 3 and up to 7 years. Lessees typically have an option to extend the term of the lease under the terms set forth in the agreement.

Following is a breakdown of the future lease fees receivable in respect of non-cancelable lease contracts (excluding the option period):

NOTE 39 – CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

2. Commitments (cont.)

F. Leases in which the Group is the lessor in an operating lease (cont.)

	As of December 31 2024
	NIS thousand
First year	469,144
Second year	426,943
Third year	381,135
Fourth year	250,812
Fifth year	192,810
Sixth year and onwards	485,360
	2,206,204
Of which the minimum lease payments receivable related to properties in which the Group is a lessee under a finance lease	1,613,474

In the year ended December 31, 2024, the Group recognized approx. NIS 2,513 thousand as income in the profit and loss statement in respect of contingent rent (in 2023 and 2022, approx. NIS 2,494 thousand and approx. NIS 2,413 thousand, respectively).

For further details regarding the recognized income attributed to investment property, see Notes 8 and 26.

NOTE 40 - SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the reporting date, on February 9, 2025, Prof. Amir Barnea, Migdal Insurance's Chairman of the Board, announced his intention to terminate his tenure as a director and Migdal Insurance's Chairman of the Board on June 30, 2025. For details, see Note 39.1.F.3.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010

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

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

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

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

As part of the standards' adoption process, Migdal Insurance has completed implementing and integrating IT systems that are necessary for applying the provisions. Furthermore, so far, Migdal Insurance has met all the milestones required in the project in accordance with the Roadmap, including the submission of all Quantitative Impact Surveys (QIS) to the Capital Market, Insurance and Savings Authority.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

For the purpose of the preparations made by insurance companies in Israel for the adoption of IFRS 17, the Commissioner published an insurance circular entitled Professional Issues Pertaining to the Application of IFRS 17 in Israel (hereinafter - the "**Professional Issues Circular**"). The accounting policies detailed below are based, among other things, on the provisions of the Professional Issues Circular.

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

A. IFRS 17 - Main changes in the accounting policies

Following are the main requirements and accounting policies, which were selected by Migdal Insurance:

The Standard's scope

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

a) Insurance contracts, including reinsurance contracts, issued by Migdal Insurance;
b) Reinsurance contracts held by Migdal Insurance; and
c) Investment contracts with discretionary participation features, which Migdal Insurance issues, provided that it also issues insurance contracts. It is noted that the Company does not issue investment contracts with a discretionary participation feature.

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

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

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

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

Measurement model

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

1. General measurement model (GMM)

This model is the standard's default model. The liability in respect of groups of insurance contracts should be measured at the initial recognition date as the present value of the discounted best-estimate of future cash flows (BE), plus an explicit risk adjustment (RA) in respect of the non-financial risks. The expected income implicit in the insurance contracts, which is derived from such calculations, shall be recognized as a liability (contractual service margin - CSM), which will be recognized in profit and loss over the coverage period, by coverage units provided during the period. If there is an expected loss, a loss component will arise, and it will be recognized immediately.

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

Migdal Insurance's products, which will be measured under the GMM model, are the long-term health insurance products, life and disability insurance products, which are sold separately, and contracts, which include guaranteed-return savings. In addition, all reinsurance contracts in the Life and Health Insurance Segment will be measured under the GMM model.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

A. IFRS 17 - Main changes in the accounting policies (cont.)

2. The variable fee approach - the VFA model

This model is a modification of the GMM model and applies to contracts with direct participation features (insurance contracts in which Migdal Insurance guarantees the policyholder return on investments based on underlying assets - i.e. - the contract includes a significant service relating to investments).

In accordance with the VFA model, the cash flows for the fulfillment of the contract are composed of the liability to pay the policyholder an amount equal to the fair value of the underlying assets, net of the variable fee in respect of the investment service. A change in the liability to pay the policyholder an amount equal to the fair value of the underlying items (in accordance with the investments made) is recognized directly in finance expenses in respect of insurance contracts. As opposed to the GMM, the contractual service margin (CSM) is also adjusted in respect of financial changes which affect the variable fee and in respect of other financial changes affecting the non-yield dependent cash flow which is included in the contract.

The insurance contracts, which include participating savings, meet this definition in the implementation of IFRS 17 and will be measured in accordance with the VFA model. Application of the model to these contracts is expected to significantly reduce the volatility in Migdal Insurance's results in respect of insurance contracts, which include a participating savings component, arising from the actual performance of the capital market in the reporting period.

3. The premium allocation approach - the PAA model

This model is a simplification of the general measurement model; it can be applied to certain groups of insurance contracts, for which it provides a measurement, which is a reasonable approximation to a measurement in accordance with the general measurement model.

In accordance with this model, the liability in respect of the remaining coverage is determined as the total amount of the premiums received net of any insurance acquisition cash flows, and net of the premium amounts and insurance acquisition cash flows, which were recognized in profit or loss in respect of the coverage period, which elapsed. Premiums received and insurance acquisition cash flows are recognized in profit or loss over the coverage period on the basis of the passage of time.

For groups of insurance contracts, under the PAA model the Company may recognize any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group is no more than one year. Migdal Insurance opted not to apply this alternative.

If facts and circumstances indicate that a group of insurance contracts is onerous, the Company measures the present value of the future cash flows plus a risk adjustment in respect of non-financial risks, as is the case in the principles of the GMM. If this amount exceeds the carrying amount of the liability in respect of the remaining coverage, the Company shall increase the liability in respect of the remaining coverage against an immediate recognition of a loss in the statement of profit and loss.

If a reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by it, the Company will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the carrying amount of the asset for remaining coverage.

The liability for incurred claims is calculated in accordance with the same principles as those used in the GMM model. The standard allows not to discount the future cash flows in respect of incurred claims if those cash flows are expected to be paid or received within one year or less from the date the claims are incurred. Migdal Insurance does not apply the abovementioned expedient.

This model will be implemented in the Company mainly in the property and casualty insurance portfolios (including in respect of property and casualty reinsurance contracts), short-term health - travel insurance where the coverage period of most contracts is up to one year, and in collective health insurance contracts, which are for a short period; in accordance with the eligibility criteria applied by the Company, these contracts can be implemented using the PAA model.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

A. IFRS 17 - Main changes in the accounting policies (cont.)

3. The Premium Allocation Approach - the PAA model (cont.)

The measurement of the insurance contracts using the PAA model is essentially similar to the measurement of property and casualty insurance contracts under Migdal Insurance's existing policy pursuant to IFRS 4.

Aggregation level

IFRS 17 requires the aggregation of insurance contracts into groups for recognition and measurement purposes.

First, Migdal Insurance needs to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Once it identified a portfolio, Migdal Insurance divides it into the following groups, based on the expected profitability upon initial recognition:

- A group of contracts, which are onerous at initial recognition;
- a group of contracts, which at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

Migdal Insurance expects the second group to be negligible.

IFRS 17 stipulates that an entity shall not include contracts issued more than one year apart in the same group, such that each underwriting year will be associated with a separate group of insurance contracts.

The lowest unit of account in IFRS 17 is the insurance contract, with all insurance coverages included therein. In addition, in certain cases where a set of policies reflects - in economic terms - a single insurance contract, Migdal Insurance will recognize and measure such policies as a single insurance contract.

IFRS 17 permits the inclusion of contracts in the same group if they belong to different groups only because a law or regulation specifically constrains Migdal Insurance's practical ability to set a different price or level of benefits for policyholders with different characteristics. Migdal Insurance's relative share in compulsory motor insurance policies issued through the Managing Corporation Of Compulsory Car Insurance Pool Ltd. (hereinafter - the "**Pool**") meets this requirement; therefore, Migdal Insurance opted to include its relative share in these policies in the same group as the ordinary compulsory motor insurance policies sold by Migdal Insurance.

In life and health insurance, the aggregation level required in accordance with IFRS 17 will be significantly lower than the aggregation level as reflected in the calculations of the Liability Adequacy Test (LAT) under IFRS 4. Accordingly, under IFRS 17, a lower subsidy level between profitable and onerous contracts will be possible.

In certain insurance subsegments of property and casualty insurance (such as business and home insurance) and contracts, which include property and liability coverages, and which are currently recognized and measured separately, will be accounted for as a single insurance contract under IFRS 17. This change is expected to reduce the loss due to onerous contracts in these subsegments.

It is noted that the Company aggregated its insurance portfolios according to the guidance of the Capital Market Authority's Professional Issues Circular.

The contract boundaries

Cash flows are within the boundaries of an insurance contract if they arise from substantive rights and obligations which exist during the reporting period in which Migdal Insurance can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with services.

When determining the contract boundaries of insurance contracts, Migdal Insurance assesses each contract separately, and weighs all the substantive obligations and rights, regardless of whether they arise from a contract, law or regulation, and ignoring conditions with no commercial substance.

Following are the contract boundaries of material policies, which were identified:

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

A. IFRS 17 - Main changes in the accounting policies (cont.)

The contract boundaries (cont.)

1. Individual health insurance policies issued as from 2016

   Despite the fact that the policy is renewed every two years, it is impossible to assert that the Company has a practical ability to reassess the portfolio's risks and accordingly to set a new price, which fully reflects those risks. Accordingly, the periods subsequent to fixed renewal date will be included in the contract's boundaries.

2. Life insurance policies, which include a savings component without a guaranteed annuity conversion factor on the policy issuance date

   Life insurance policies, which include a savings component to the retirement age and disability and/or life insurance coverage are insurance contracts, which often also provide an additional pension insurability (hereinafter - the "**Annuity Option**"). The Annuity Option is not included in the contract boundaries, since the Company has the practical ability to reassess the contract's risks and to set an annuity conversion factor, which reflects those risks. Insofar as a certain conversion factor was not fixed and the option subsequently became onerous, the Annuity Option shall be recognized as a new insurance contract after its exercise in accordance with the standard's recognition rules.

3. Reinsurance contracts held

   In accordance with the accounting policy applied under IFRS 4, the measurement of the reinsurance contracts is only in respect of the underlying contracts, which were transferred to the reinsurer as of the balance sheet date. In accordance with IFRS 17, except for these cash flows, the reinsurance contract boundaries may also include cash flows in respect of underlying contracts which Migdal Insurance expects to sell (and deliver to the reinsurance) in the reporting period, if the Company and the reinsurer do not have the right to cancel or reprice the obligation to deliver those futures.

Risk adjustment (RA) in respect of non-financial risk

The RA reflects the compensation which Migdal Insurance demands for bearing the uncertainty regarding the amount and timing of the cash flows arising from non-financial risks, which include insurance risk and other non-financial risks, such as lapse risk, and expenses risk.

Migdal Insurance adjusts the estimated present value of the future cash flows in respect of this amount, which is reflected separately in Migdal Insurance's total liabilities.

IFRS 17 does not specify the estimation techniques used to determine the RA for non-financial risk.

Migdal Insurance determines RA using the "Value at Risk" (VaR) method, which reflects the expected loss in the insurance portfolios at a defined certainty level.

In order to determine the required margins in the various insurance portfolios, the Company assesses a range of reasonable negative scenarios. The scenarios are selected taking into account the unique risk characteristics of the various coverages and the relevant risk factors. With respect to long-term life and health coverages and similarly to the solvency principles, the scenarios reflect events, which may occur in the forthcoming year, and may affect the cash flow both during and after the year.

In property and casualty insurance coverages, the scenarios are determined in accordance with the principles of "best practice". In order to determine the overall margin required, the Company takes into account the effects of diversification between the operating segments in the portfolio and between the various risk-weighted components. It assigns the final result back to the contract portfolios.

To determine the RA in respect of reinsurance contracts, the Company implements these methods twice - gross (without reinsurance); and retention. The risk transferred to reinsurers is estimated as the difference between the two results.

For all lines of business except long-term care insurance (and reinsurance in a long-term care insurance portfolio), RA is calibrated to a certainty level of 75%, after diversification at the Company level. In accordance with the Capital Market, Insurance and Savings Authority's guidance, the certainty level in respect of the long-term care insurance portfolio is determined at approx. 90% before diversification.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

A. IFRS 17 - Main changes in the accounting policies (cont.)

The coverage units and the manner of releasing the contractual service margin (CSM)

The CSM represents the liability in respect of the unearned profit relating to future services. In accordance with the standard, the CSM will be recognized in profit and loss over the coverage period through a pattern which reflects the insurance service provided by Migdal Insurance in connection with the contracts, which are included in the insurance contracts group. This pattern is determined based on the coverage units which were provided during the period compared to the coverage units which are expected to be provided in the future in connection with the insurance contracts group.

The number of coverage units in a group is the quantity of coverage services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period.

Migdal Insurance selected several parameters for the purpose of calculating the coverage units and set various weights in order to adapt the different coverage units, based on the expected amount of benefits payable to a policyholder from each type of coverage or service.

The coverage units for reinsurance contracts held are consistent with the coverage units for the underlying contracts, with adjustments in respect of the differences in the services provided.

IFRS 17 does not determine whether the time value of money should be taken into consideration when allocating the contractual service margin to the coverage units, such that the allocation will reflect the expected timing of the coverage units, which will be provided.

For the purpose of allocating the contractual service margin to the coverage units, Migdal Insurance opted to discount the coverage units.

Discount rate curves

IFRS 17 stipulates that the estimates of future cash flows should be adjusted to reflect the time value of money and the financial risks related to those cash flows.

Migdal Insurance determines the interest rate curves for all groups of insurance contracts using the bottom-up approach, which represents the default in accordance with the Professional Issues Circular published by the Commissioner. In this approach, the discount rate is obtained by adding the illiquidity premium (which reflects the liability's illiquidity) to the risk-free interest rate curve. The risk-free interest rate curve is based on yields to maturity of liquid bonds of the Israeli government. The last liquid point is the 25th year. Beyond this point, Migdal Insurance will set the risk-free interest rate curves by way of extrapolation - in accordance with the Smith-Wilson method - up to the ultimate forward rate, which will be set at 60 years.

The full illiquidity premium is set based on the average spread of the bonds included in the Tel-Bond 60 Index. This premium is added in full or in part to the risk-free interest rate curve in accordance with the illiquidity characteristics of the relevant cash flows.

The technique used to estimate the risk-free interest rate curve as described above is mostly in line with the approach implemented for purposes of Liability Adequacy Test (LAT) under IFRS 4.

Presentation

Under IFRS 17, Migdal Insurance will disaggregate the amounts recognized in the statement of profit or loss and other comprehensive income into:

a) Insurance service results, comprising insurance revenue and insurance service expenses; and

b) Finance income or finance expenses from insurance.

The above disaggregation shall increase transparency as to Migdal Insurance's sources of income.

Insurance service results

Total revenues from insurance contracts for a group of insurance contracts is the consideration for the contracts adjusted to reflect finance effects.

Revenue from insurance services in the GMM and VFA model shall be calculated based on the decrease in liability in respect of the remaining coverage in respect of the services provided in the period plus the allocation of the premiums amount relating to recovery of the insurance acquisition cash flows for the reporting period. Migdal Insurance will make this allocation in accordance with the coverage units used to release the CSM. In the PAA model, revenue from insurance services are recognized over the coverage period based on the passage of time.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

A. IFRS 17 - Main changes in the accounting policies (cont.)

Insurance service results (cont.)

Investment components, which were not separated from the insurance contracts, will not be recognized in expenses and revenue from insurance contracts. These components represent amounts, which will be refunded to the policyholder in any case, even if an insured event did not take place, and constitute a kind of a deposit deposited by the policyholder. Therefore, this amount does not constitute a part of the consideration received by Migdal Insurance in respect of the service, and its refund does not constitute part of Migdal Insurance's expenses.
Following the above, Migdal Insurance expects that its revenue and expenses from insurance services will decline significantly in the transition to IFRS 17, with no effect on comprehensive income.

Expenses which are directly attributable to sale and fulfillment of the insurance contracts shall be included in the measurement of the insurance contract and recognized as an expense as part of insurance service results. Expenses which are not directly attributable to the insurance contracts will be recognized as an expense as incurred outside the insurance service results.

Finance revenue or finance expenses from insurance

Under IFRS 17, changes in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk are recognized as insurance finance income or expenses.

IFRS 17 stipulates that Migdal Insurance shall make an accounting policy choice between:

a) Including insurance finance income and expenses for the period in profit or loss; or
b) Disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income.

This selection is carried out at the level of the insurance contracts portfolio.

The accounting policy, which was selected by Migdal Insurance for all insurance portfolios, is the inclusion of insurance finance income and expenses for the period in profit or loss. This policy, together with the Company's decision to designate or classify, as the case may be, the investments in equity and debt instruments which fall within the scope of IFRS 9, to a fair value through profit or loss group, will reduce the potential mismatch in the measurement of assets and liabilities and be in line with the asset management.

IFRS 17 does not require disaggregation of the RA between insurance service results and finance income or finance expenses from insurance. Migdal Insurance opted not to apply this expedient and to disaggregate the RA between insurance service results and finance income or finance expenses from insurance.

Provisions for the Transitional Period

IFRS 17 should be applied retrospectively (hereinafter - "**Full Retrospective Application**"), unless it is impractical to do so, in which case entities may opt for the modified retrospective approach or the fair value as of the transition date approach.

Migdal Insurance will apply the retrospective application approach to the property and casualty insurance portfolios and to the health insurance portfolios accounted for using the PPA.

Migdal Insurance is of the opinion that it is impractical to apply IFRS 17 retrospectively to groups of life and health insurance contracts, and therefore it is expected to apply the fair value approach to transition to all life and health insurance portfolios, excluding collective health and travel insurance.

Migdal Insurance is of the opinion that it is impractical to apply IFRS 17 retrospectively to groups of life and health insurance contracts, for the following reasons:

- The effects of a full retroactive application cannot be determined since the required information (for example, expectations as to an insurance contract's profitability and the risk of its becoming onerous, information regarding historical cash flows and illiquidity rates, information regarding changes in assumptions and assessments, etc.) is not collected nor available due to changing of systems, data retention requirements or other reasons.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

A. IFRS 17 - Main changes in the accounting policies (cont.)

Provisions for the Transitional Period (cont.)

- The retrospective application approach requires assumptions regarding Company management's intentions in previous periods or material accounting estimates, which cannot be made without using hindsight (for example, assumptions regarding illiquidity rates, adjustment for non-financial risk (RA), including its diversification or allocation for previous periods where these assumptions were not required by Migdal Insurance).

The fair value approach - FVA

In accordance with the Commissioner's guidance in the Professional Issues Circular, the assessment of the fair value of the liabilities and the reinsurance assets shall be carried out using the Appraisal Value method (hereinafter - "**AV**"). The calculations under this method shall be based - to the extent possible - on calculations of IFRS 17 and Solvency 2-based economic solvency regime and in accordance with the provisions of the Professional Issues Circular.

In applying the fair value approach, Migdal Insurance may include in a group contracts issued more than one year apart. Migdal Insurance opted to apply this expedient, rather than to divide groups into those, which include only contracts issued one year or less apart.

Following are the highlights of the assumptions underlying the valuation:

- In principle, a valuation according to the AV method determines the fair value of the insurance contract groups by determining the compensation which will be required by a market participant for assuming such portfolios. The abovementioned compensation is required due to the fact that the market participant is required to hold capital in respect of economic solvency requirements, in addition to the basic amounts held in order to pay the expected cash flows to cover insurance liabilities.
- The valuation assumes that the amounts of the assets to be held by the market participant against the insurance liabilities and against the additional capital buffers required by virtue of the economic solvency regime provisions, will be invested at a risk-free interest rate until they are distributed as dividends;
- In accordance with the Commissioner's Directives, the valuation assumes that the capital buffers to be held against the insurance liabilities in each group are at the rate of 121% of the solvency capital requirements (SCR), in the year subsequent to the transition date, which will rise to 135% at the end of 2032 (in which the provisions of the transitional period of the economic solvency regime end);
- The valuation assumes that 40% of the capital requirements will be provided through the raising of Tier 2 capital instruments;
- The valuation was based, in principle, on cash flow forecasts, including the forecast of expenses, which are used by the Company for the purpose of its solvency regime, in accordance with the Commissioner's guidance and the assumption that such forecasts reflect those of a market participant;
- The amount of capital required to be held for the portfolio is affected, among other things, by the level of diversification. In accordance with the Commissioner's Directives, as a starting point, the valuation is based on the diversification level in the Company's portfolios as of the actual transition date, assuming that this is the diversification level that matches that of a market participant. For the purpose of estimating the capital requirements forecast attributed to the valued portfolios, the valuation assumes that the market participant will market new insurance products, of a similar scope and type to the insurance products actually marketed by the Company in 2023, which will affect the forecast as to the effect of future diversification. The abovementioned resulting diversification effect has been uniformly allocated to the capital requirements of the assessed insurance portfolios;
- The valuation assumes that the market participant will require a total target return on equity of 13.6% (nominal), based mainly on the CAPM model.

For details regarding the quantitative effects of the transition date, see Section C below.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

B. IFRS 9 - Main changes in the accounting policies

Classification and measurement

Financial assets

In implementing IFRS 9, Migdal Insurance will classify financial assets in accordance with their subsequent measurement at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, based on the entity's business model for managing financial assets, and projected cash flow of the financial asset.

The application of IFRS 9 will have the following effect on the classification and measurement of Migdal Insurance's financial assets:

Participating portfolio

The underlying items of insurance contracts, which include profit participation, will be measured at fair value through profit or loss, similarly to the current practice under IAS 39.

Nostro portfolio

- Investment in equity instruments will be measured at fair value through profit or loss instead of at fair value through capital reserve under IAS 39.
- Derivatives will be measured at fair value through profit or loss as is the case in IAS 39.
- Investments in debt instruments, which do not meet the Solely Payments of Principal and Interest test shall be classified to fair value through profit or loss.
- The remaining debt assets in the nostro portfolio, including Hetz bonds, are expected to be designated to fair value through profit or loss in order to prevent an accounting mismatch with the liabilities in respect of insurance contracts, or - alternatively - they are managed at fair value and will therefore be measured at fair value through profit and loss (including in the case of the assets held against equity and other liabilities, which are not insurance liabilities). This will not apply to certain debt assets, which do not constitute investment assets, such as debtors' assets.

Financial liabilities

The classification and measurement of financial liabilities in the Company will not change.

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

C. Quantitative disclosure - pro forma data

Following is the expected effect of the application of IFRS 17 and IFRS 9 on statement of financial position line items as of January 1, 2024:

	Reference	As of December 31, 2023 as previously reported	Effect of first-time application of IFRS 17 and IFRS 9	Pro forma balance sheet as of the transition date January 1, 2024
		NIS thousand		
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		16,580,074	-	16,580,074
Other cash and cash equivalents		2,922,734	-	2,922,734
Financial investments in respect of yield-dependent contracts measured at fair value		116,891,056	-	116,891,056
Other financial investments measured at fair value	1	22,880,040	34,681,402	57,561,442
Other financial investments measured at depreciated cost	1	27,065,495	(27,065,495)	-
Receivables and debit balances		1,121,125	(24,950)	1,096,175
Collectible premiums	2	588,292	(588,292)	-
Current tax assets		62,837	-	62,837
Insurance contract assets	7	-	779,468	779,468
Reinsurance contract assets	8	1,548,933	(249,093)	1,299,840
Equity-accounted investments		19,097	-	19,097
Investment property in respect of yield-dependent contracts		8,972,287	-	8,972,287
Investment property - other		1,090,537	-	1,090,537
Fixed assets measured at fair value		1,082,204	-	1,082,204
Other fixed assets		243,035	-	243,035
Intangible assets and goodwill		1,570,616	-	1,570,616
Costs of obtaining investment management service contracts		540,084	-	540,084
Deferred acquisition costs	3	1,664,717	(1,664,717)	-
Deferred tax assets	4	16,582	925,398	941,980
Total assets		204,859,745	6,793,721	211,653,466
Total assets for yield-dependent contracts		143,126,392	(188,013)	142,938,379
Liabilities				
Loans and credit		6,897,513	-	6,897,513
Liabilities in respect of derivative instruments		461,980	-	461,980
Payables and credit balances		4,435,243	(727,353)	3,707,890
Liability for current taxes		5,335	-	5,335
Liabilities in respect of yield-dependent investment contracts		5,194,499	-	5,194,499
Liabilities in respect of non-yield-dependent investment contracts	5	385,220	-	385,220
Total liabilities in respect of insurance contracts	7	178,286,867	8,842,613	187,129,480
Labilities in respect of reinsurance contracts	8	-	459,980	459,980
Liabilities for employee benefits, net		300,501	-	300,501
Liabilities in respect of deferred taxes		293,995	(98)	293,897
Total liabilities		196,261,153	8,575,142	204,836,295
Equity				
Share capital		110,629	-	110,629
Share premium		273,735	-	273,735
Capital reserves	6	(78,784)	526,579	447,795
Retained earnings		8,283,142	(2,308,000)	5,975,142
Total equity attributable to Company's shareholders		8,588,722	(1,781,421)	6,807,301
Non-controlling interests		9,870	-	9,870
Total equity		8,598,592	(1,781,421)	6,817,171
Total current liabilities and equity		204,859,745	6,793,721	211,653,466

NOTE 41 - APPLICATION OF IFRS 17 AND IFRS 9 IN SUBSIDIARIES WHICH MEET THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010 (cont.)

C. Quantitative disclosure - pro forma data (cont.)

1. The change arises from the transition to measurement of illiquid debt assets at fair value (designated Hetz bonds and other illiquid financial assets, which are currently measured at amortized cost).
2. In accordance with IFRS 17, the balance of collectible premium is included under the liability in respect of insurance contracts line item.
3. In accordance with IFRS 17, acquisition costs are part of the insurance contracts' cash flows. Accordingly, deferred acquisition expenses in the life and health insurance subsegment were derecognized as of the transition date against a decrease in equity under the measurement of insurance liabilities at fair value; in the property and casualty insurance subsegment they were included in the liability in respect of insurance contracts line item. On the side of on-balance sheet assets, costs of obtaining investment management service contracts which reflect deferred acquisition expenses in respect of investment contracts, pension and provident.
4. As to the tax effect, it is noted that the Company believes that the transition date for income tax purposes will be January 1, 2025, and that the full effect of the decrease in equity, after taking into account the 2024 results will be recognized as a loss carried forward or as a current loss in subsequent periods, both for the purpose of corporate income tax, and for the purpose of profit tax, which applies to the Company in its capacity as a financial institution.
5. This line item also includes liabilities in respect of contracts for the management of guaranteed return provident funds.
6. Following the change in the measurement of financial assets, which were previously measured at fair value through other comprehensive income and are currently measured at fair value through profit and loss in accordance with IFRS 9, capital reserves for available-for-sale financial assets were classified into retained earnings.
7. Of which for insurance contracts (gross):

	Life Insurance Segment	Health Insurance Segment	Property and Casualty Segment	Total
	NIS thousand			
CSM	5,636,956	6,403,979	-	12,040,935
RA	1,226,645	1,927,482	115,703	3,269,830
Key portfolios contributing to CSM	Participating savings	LTC	-	

8. Of which for reinsurance contracts:

	Life Insurance Segment	Health Insurance Segment	Property and Casualty Segment	Total
	NIS thousand			
CSM	114,214	534,236	-	648,450
RA	25,322	216,244	81,303	322,869
Key portfolios contributing to CSM	Permanent health insurance	LTC	-	

MIGDAL
Insurance and finance

Appendix - Breakdown of Assets for Other Financial Investments of a Consolidated Insurance Company according to the Insurance Commissioner's Directives

A. Liquid debt assets

	As of December 31			
	Carrying value		Cost*)	
	2024	2023	2024	2023
	NIS thousand			
Government bonds - Available for sale	10,613,223	10,030,058	11,627,385	11,341,852
Other debt assets				
Non-convertible:				
Available-for-sale	5,312,282	5,084,848	5,456,323	5,307,745
Fair value through profit and loss, designated upon initial recognition	1,042,331	914,446	974,828	877,827
Total liquid debt assets	16,967,836	16,029,352	18,058,536	17,527,424
Impairments carried to profit and loss (cumulative)	63	202		

*) Net of provisions for impairments.

B. Shares

	As of December 31			
	Carrying value		Cost*)	
	2024	2023	2024	2023
	NIS thousand			
Liquid				
Available for sale	49,638	14,225	40,154	12,584
Total liquid shares	49,638	14,225	40,154	12,584
Illiquid				
Available for sale	239,787	244,330	186,294	180,258
Total illiquid shares	239,787	244,330	186,294	180,258
Total shares	289,425	258,555	226,448	192,842
Impairments carried to profit and loss (cumulative)	14,399	29,866		

*) Net of provisions for impairments.

C. Other financial investments

Other financial investments mainly include investments in ETFs, participation certificates in mutual funds, hedge funds, investment funds, financial derivatives, futures, options and structured products.

	As of December 31			
	Carrying value		Cost*)	
	2024	2023	2024	2023
	NIS thousand			
Liquid				
Available for sale	1,947,531	1,587,219	1,467,979	1,392,293
Derivative instruments	-	11,872	-	-
Total liquid financial investments	1,947,531	1,599,091	1,467,979	1,392,293
Illiquid				
Presented at fair value through profit and loss	206,575	-	206,575	-
Available for sale	4,676,559	4,536,699	4,262,395	4,063,186
Derivative instruments	233,404	389,892	4,264	12
Total illiquid financial investments	5,116,538	4,926,591	4,473,234	4,063,198
Total other financial investments	7,064,069	6,525,682	5,941,213	5,455,491
Impairments carried to profit and loss (cumulative)	1,551,279	1,176,478		

*) Net of provisions for impairments.

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Somekh Chaikin
Millennium Tower KPMG
17 HaArba'a Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A
Tel Aviv 6492102
Tel. +972 3-623-2525
Fax +972 3-562-2555
ey.com

March 18, 2025

Attn.

Board of Directors of

Migdal Insurance and Financial Holdings Ltd. (hereinafter - the "**Company**")

4 Efal St., Kiryat Aryeh, Petach Tikva

Dear Sir/Madams,

Re: Letter of consent in connection with a shelf prospectus of Migdal Insurance and Financial Holdings Ltd. of August 2024 (hereinafter - the "Shelf Prospectus")

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports, as detailed below with respect to the Shelf Prospectus in the subject line:

1. The independent auditors' report, dated March 18, 2025, in respect of the Company's Financial Statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

2. Report of the Independent Auditors dated March 18, 2025 regarding Audit of the Components of the Internal Control over Financial Reporting of the Company as of December 31, 2024.

3. Special Report by the independent auditors dated March 18, 2025 on separate financial information pursuant to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970 as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024.

Somekh Chaikin	Kost Forer Gabbay & Kasierer
Certified Public Accountants	Certified Public Accountants

Joint Independent Auditors