

An aerial photograph of a river delta, likely the Jordan River, showing a complex network of channels and a large body of water. The land is a mix of brown and green, indicating different vegetation and soil types. The river flows from the top center towards the bottom right, branching out into several smaller channels. The overall scene is a natural landscape with a prominent water feature.

Report and Statements Regarding the Internal Control over the Financial Reporting and Disclosure

Jordan River

Report regarding the effectiveness of internal control over the Financial reporting and Disclosure (pursuant to Regulation 9b (a))

Management, supervised by Migdal Insurance and Financial Holdings Ltd.'s Board of Directors (hereinafter - the Corporation), is in charge of setting and executing a proper internal control over the financial reporting and disclosure in the Corporation.

For this matter, management members are as follows ¹:

1. Yonel Cohen, CEO;
2. Eran Czerninski, CFO;
3. Gil Yaniv, LTS and Health and Quality of Life Businesses Division Manager;
4. Ofer Eliahu, General Insurance and Reinsurance Division Manager;
5. Shay Basson, Technology and Organizational Infrastructure Division Manager;
6. Arik Yogev, Customers, Service and Distribution Channels Division Manager;
7. Bezalel Zucker, CEO of Makefet Pension and Provident Funds Ltd. and Yozma Pension Fund for Self-Employed;
8. Gideon Rozolio, Reinsurance Discipline Manager;
9. Moshe Tamir, Marketing and Business Development Discipline Manager;
10. Hava Salomon, Risk Management Section Manager;
11. Sigalit Raz, Human Resources Discipline Manager;
12. Leybush Ulmann, Chief Actuary, Actuary in Charge of Life Assurance;
13. Michal Leshem, Strategy, Enforcement and Control Discipline Manager;
14. Itamar Farbstein, Claims Management Array;
15. Omer Kreizel, CIO of Beneficiaries, Real Estate and Hedge Funds Investments;
16. Limor Zalzburg-Denesh, CIO of Real Investments, Credit and Nostro Investments;
17. Ilana Bar, Legal Counseling Discipline Manager;
18. Tali Cassif, Secretariat Discipline Manager;
19. Osnat Manor Zisman, Internal Auditor Deputy;
20. Shlomo Handel, Internal Auditor;

The internal control over the financial reporting and disclosure includes controls and procedures that exist in the Corporation, that were planned by the CEO and the highest Senior Officer in the area of finances or under their supervision, or by whoever performs these roles in reality, under the supervision of the Corporation's BoD, aimed at providing a reasonable level of confidence as to the reliability of the financial reporting and preparation of reports pursuant to the Law provisions, and make sure that information that the Corporation is required to disclose in the reports it publishes pursuant to the Law is collected, processed, summarized and reported on time and in the outline set forth by the Law.

The internal control includes, inter alia, controls and procedures designed to make sure that information that the Corporation is required to disclose as set forth above, is collected and submitted to the Corporation management, including to the CEO and the most senior officeholder in the area of finances or to whoever performs these roles in reality, in order to allow making decisions at the appropriate time, regarding the disclosure requirements.

Due to its structural limits, internal control over the financial reporting and disclosure is not aimed at providing complete confidence that misstatement or omission of information in the reports shall be prevented or found out.

Management, under the BoD supervision, performed an examination and evaluation of the internal control over the financial reporting and disclosure in the Corporation and its effectiveness; the evaluation of the effectiveness of the internal control over the financial reporting and disclosure that was conducted by management, under the supervision of the BoD, included:

¹ Updated as per the date upon which the FS were signed.

Entity Level Controls; controls over the process of preparing and closing the reports, general controls over the IT systems (ITGC) and controls over processes that are very material for the financial reporting and disclosure (these processes are performed under Migdal Insurance Company Ltd, a subsidiary of the Corporation, that is an institutional organ, and to which the aforesaid applies).

Migdal Insurance Company Ltd., a subsidiary of the Corporation, is an institutional organ, to which the provisions of the Commissioner of Capital Market, Insurance and Savings in the MoF regarding the evaluation of the effectiveness of internal control over the financial reporting, apply.

As to the above mentioned subsidiary, the management, under the BoD supervision, performed an examination and evaluation of the internal control over the financial reporting and its effectiveness, based on the provisions of the Institutional Organs Circular 2009-9-10 "Management Liability over the Internal Control over the Financial Reporting", Institutional Organs Circular 2010-9-7 "Internal Control over Financial Reporting – Statements, Reports and Disclosures" and amendments thereof.

Based on this evaluation, the Corporation's BoD and management concluded that the internal control over the financial reporting, regarding the internal control in the institutional organ as of December 31st, 2012, is effective.

Based on the effectiveness evaluation conducted by the management, supervised by the BoD, as aforesaid, the Corporation's BoD and management concluded that the internal control over the financial reporting and disclosure in the Corporation as of December 31st, 2012, is effective.

Managers' statement
CEO Statement

I, Yonel Cohen, confirm that:

- (1) I have reviewed Migdal Insurance and Financial Holdings Ltd.'s (hereinafter: "the Corporation") Periodic Report for 2012 (hereinafter: "the Reports");
- (2) To the best of my knowledge, the Reports do not contain any untrue statement of a material fact nor omit any material fact necessary such that the statements, given the circumstances under which such statements were made, are not misleading with respect to the covered periods;
- (3) To the best of my knowledge, the Financial Statements and other financial information included in the report, fairly present in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and periods presented in the Report;
- (4) I disclosed to the Corporation's auditing CPA, BoD and the Corporation's Audit Committees and financial statements, based on my most updated evaluation of the internal control over the financial reporting and disclosure;
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, which are reasonably likely to adversely affect the ability of the Corporation to collect, process, summarize or report any financial information in a way that might impose doubts as to the reliability of the financial reporting and preparation of FS pursuant to the Law, and –
 - (b) Any fraud, whether material or not material, that involves the CEO or anyone directly subordinated to him or involving other employees with a significant position in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Corporation:
 - (a) Have set controls and procedures, or ensured that controls and procedures are set out and exist under my supervision, designed to ensure that material information relevant to the Corporation, including its consolidated subsidiaries as defined in the Securities Regulations (Annual Financial Statements) – 2010, it is brought to my attention by others in the Corporation and in the consolidated companies, particularly during the preparation of the reports; and =
 - (b) Have set controls and procedures, or ensured that controls and procedures are set out and exist under my supervision, designed to reasonably ensure the reliability of the financial reporting and preparation of the Financial Statements pursuant to the provisions of the Law, including pursuant to generally accepted accounting principles;
 - (c) Have evaluated the effectiveness of the internal control over the financial reporting and disclosure, and presented in this report the conclusions of the BoD and management as to the effectiveness of internal control as set forth in the FS.

The above does not derogate from my liability or the liability of any other person, as per any law.

March 19, 2013

Yonel Cohen, CEO

Managers' statement
Statement of the most senior officeholder in the finance discipline

I, Eran Czerninski, certify that:

- (1) I have reviewed Migdal Insurance and Financial Holdings Ltd.'s (hereinafter: "the Corporation") Financial Statements and other financial information included in the reports for 2012 (hereinafter: "the Reports");
- (2) Based on my knowledge, the Financial Statements and other financial information included in the reports do not contain any untrue statement of a material fact nor omits to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the covered period;
- (3) Based on my knowledge, the Financial Statements and other financial information included in the report, fairly present in all material respects, the financial position, results of operations and cash flows of the Corporation for the dates and the periods presented in the Report;
- (4) I disclosed to the Corporation's auditing CPA, to the BoD and the Corporation's Audit Committee and Balance Committee, based on my most updated evaluation of the internal control over the financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, insofar as it relates to the financial statements and the other financial information included in the financial statements, which are reasonably likely to adversely affect the ability of the Corporation to collect, process, summarize or report about financial information in a way that might impose doubts as the reliability of the financial reporting and the preparation of FS pursuant to the Law, and –
 - (b) Any fraud, whether material or not material, that involves the CEO or anyone directly reporting to him or other employees with a significant position in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Corporation:
 - (a) Designed controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relevant to the Corporation, including its consolidated subsidiaries as per their definition in the Securities Regulations (Annual FS) - 2010, insofar as it relates to the financial statements and the other financial information included in the financial statements, is made known to me by others in the Corporation and in the consolidated companies, particularly in the period in which this Report is being prepared; and -
 - (b) Set forth controls and procedures, or caused such controls and procedures to be designed under our supervision, to reasonably ensure that the financial reporting is reliable and that the Financial Statements are prepared pursuant to the provisions of the Law, including pursuant to the common accounting rules.
 - (c) Evaluated the effectiveness of the internal control over the financial reporting and disclosure, insofar as it relates to the financial statements and the other financial information included in the Financial Statements as at the date of the financial statements; my conclusions in respect of my evaluation as aforementioned were presented to the BoD and Management and are included in this report.

The above does not derogate from my liability or the liability of any other person, as per any law.

March 19, 2013

Eran Czerninski, CFO