

REPORT AND STATEMENTS REGARDING THE INTERNAL CONTROL OVER THE FINANCIAL REPORTING AND DISCLOSURE



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. Anath Levin, CEO;
2. Eran Czerninski, CFO;
3. Itzhak Ben Menachem, Risk Manager;
4. Michal Leshem, Internal Auditor;
5. Ilana Bar, Legal Counsel;
6. Tali Cassif, Company Secretary

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:

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 entity, and to which the aforesaid applies).

Migdal Insurance Company Ltd., a subsidiary of the Corporation, is an institutional entity, 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 Entities Circular 2009-9-10 "Management Liability over the Internal Control over the Financial Reporting", Institutional Entities Circular 2010-9-7 "Internal Control over Financial Reporting – Statements, Reports and Disclosures" and amendments thereof.

¹ Updated as per the date upon which the Financial Statements were signed.

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 entity as of December 31st, 2013, 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, 2013, is effective.

Managers' statement
CEO Statement

I, Anath Levin, certify that:

- (1) I have reviewed Migdal Insurance and Financial Holdings Ltd.'s (hereinafter: "the Corporation") Periodic Report for 2013 (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, present fairly 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 and Financial Statements Committees, 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 Financial Statements 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) 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, is brought to my attention by others in the Corporation and in the consolidated companies, particularly during the preparation of the reports; and
 - (b) 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) 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 at the date of the Financial Statements.

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

March 18th, 2014

Anath Levin, 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 2013 (hereinafter: "the Reports");
- (2) To the best of my knowledge, the Financial Statements and other financial information included in the reports do not contain any untrue statement of a material fact nor omit to state a material fact necessary such that the statements, given the circumstances under which such statements were made, not misleading with respect to the covered period;
- (3) To the best of my knowledge, the Financial Statements and other financial information included in the report, present fairly 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, the BoD and the Corporation's Audit and Financial Statements Committees, 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 Financial Statements 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 are designed and exist 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 Financial Statements) - 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 controls and procedures, or caused such controls and procedures are designed and exist 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 generally accepted accounting principles.
 - (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 18th, 2014

Eran Czerninski, CFO