Periodic Report

2024



Clal Insurance Enterprises Holdings Ltd.

IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the December 31, 2024, financial report of Clal Insurance Enterprises Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on March 18, 2025.

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

Periodic Report for 2024

March 17, 2025

Part A	Description of the Corporation's Business
	Compensation Policy
Part B	Report of the Board of Directors
Part C	Financial Statements
	Actuary’s Statements for Clal Insurance Company Ltd.
Part D	Additional Details about the Corporation
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Part E	Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

Part A

Description of the Corporation's Business



Clal Insurance Enterprises Holdings Ltd.

Periodic Report for 2024

March 17, 2025

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Description of the Corporation's Business

Note regarding the application of the Provisions of the Securities Regulations (Periodic and Immediate Reports), 1970 in this report

Pursuant to Regulation 8C of the Securities Regulations, the provisions of Regulations 8(b), 8A and 8B of the Securities Regulations do not apply to information in the periodic report of a corporation that consolidated or proportionately consolidated an insurer and/or banking corporation or where the insurer and/or banking corporation is its associate, insofar as this information pertains to the insurer and/or banking corporation, respectively. Banking corporation - including a credit card company.

Clal Insurance Company Ltd. is an insurer, as defined in the Financial Services Supervision Law (Insurance), 1981 and the primary material company in Clal Insurance Enterprises Holdings Group Ltd. (hereinafter - the "**Group**"). The Group includes Clal Credit Insurance Ltd., a subsidiary of Clal Insurance Company Ltd., which is also an insurer, and pension and provident management companies: Clal Pension and Provident Funds Ltd., and Atudot Pension Fund for Workers and Independent Workers, which also hold an insurer license.

Max It Finance Ltd. is defined as an acquirer and holds a permanent acquiring license pursuant to the Banking Law (Licensing), 1981. Max operates in the areas of issuing, acquiring and processing of payment cards, and in the provision of payments solutions and financial products, including credit to private and business customers, and renders some of the said services through subsidiaries: Max It Credit Ltd., Max It Deposits Ltd., Max It Discounting Ltd., and Max Insurance Agency (2020) Ltd.

Therefore, this report, regarding the insurance, pension, and provident business activity, was prepared in accordance with the regulations for the Supervision of Insurance Business Regulations (Accounting Details), 1998 and in accordance with the guidelines set out in the Code of Regulations of the Capital Market, Insurance and Savings Authority, Section 5, Part 4, Chapter 1, regarding the description of the corporation's business in the periodic report of insurance companies, which applied the securities regulations, with the adjustments required for insurance activities, including the specification of details that differ from those set out in the Israel Securities Regulations.

This report regarding the issuing, acquiring and processing of payment cards and regarding the provision of payment solutions and financial products, including credit to private and business customers, was drawn up in accordance with Israeli GAAP based on the Reporting to the Public Directives of the Banking Supervision Department, which apply to an acquirer and its guidance relevant to this report, which were compiled in Part V below.

In order to obtain an overall picture of the Group's activity, a reader of the reports is required to read all parts of the Periodic Report as a single unit. The chapters refer only to the data which are relevant to the areas of activity described therein.

In cases where this chapter of the Periodic Report includes forward-looking information, as defined by the Securities Law, 1968, this means that the information includes uncertain information about the future, based on information available to the Group as of the report publication date, and it includes the assessments or intentions of the Group as of the report publication date. Actual results may be materially different than the results assessed or implied by this information. In certain cases, sections containing forward-looking information can be identified by the inclusion of words such as: "the Company/Group estimates", "the Company/Group believes", "the Company/Group intends", "it is expected that", however this information may also appear in other wording. Unless otherwise stated, the Company believes that each of the regulatory provisions published in the last year and described in this report, in itself, is not expected to have a material effect on the Company's financial results.

This chapter includes a general and condensed description of the products sold by the subsidiaries, including long-term savings products (pension, insurance, and provident), insurance coverage, investment contracts and issuance agreements, acquiring and credit. The full and binding terms and conditions are the terms and conditions set out in the products themselves, including policy and/or insurance contract and/or bylaws and/or agreement with a customer, as the case may be. The description is for the purposes of this report only, it does not constitute advice, and it may not be used for interpretation purposes.

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Part I - The Company's Activity and Description of the Development of its Business

1. Introduction

1.1. Description of the Company's Business for the year ended December 31, 2024

This Part A includes a description of the Company's business as of December 31, 2024, and the development of its business in 2024 (hereinafter - the "**Reporting Period**"). The report was prepared in accordance with the **Israel Securities Regulations (Periodic and Immediate Reports), 1970** and in accordance with the guidelines set out in the Code of Regulations of the Capital Market, Insurance and Savings Authority, Section 5, Part 4, Chapter 1, regarding the description of the corporation's business in the periodic report of insurance companies. See the comment on this subject in the introduction to the report (page 1).

Regarding the holding of shares in the companies noted in this report, information about the holdings in any company also includes all of the holdings in that company through wholly-owned subsidiaries of the holding company.

The holding rates are presented in numbers rounded to the nearest whole percentage, unless otherwise specified.

The materiality of the information contained in this Periodic Report, including the description of material transactions, was examined from the Company's perspective, and in some cases, the description is extended to provide a more comprehensive view of the subject matter.

1.2. Legend

For the sake of convenience, in this Periodic Report, the following terms will have the meaning listed next to them:

1.2.1. General

Alrov -	Alrov Properties & Lodgings Ltd.
The **Stock Exchange (TASE) -**	The Tel Aviv Stock Exchange Ltd.
The Financial Statements -	The Company's financial statements as of December 31, 2024
The Commissioner -	Commissioner of the Capital Market, Insurance and Savings Authority
2023 Economic Arrangements Law -	The Economic Plan Law (Legislative Amendments for Implementing the Economic Policy for Budget Years 2023 and 2024), 2023
The Authority -	The Capital Market, Insurance and Savings Authority
The **Corporation or Company -**	Clal Insurance Enterprises Holdings Ltd.
The Insurance Law-	Supervision of Financial Services Law (Insurance) (Insurance), 1981
Banking Law (Licensing) -	Banking Law (Licensing), 1981
Banking Law (Service to Customer)	Banking Law (Service to Customer), 1981.
Privacy Protection Law -	Privacy Protection Law, 1981
The Companies Law -	The Companies Law, 1999
The Pension Advice Law -	The Financial Services Supervision Law (Consulting, Marketing and Pension Clearing System), 2005
Market Concentration Law -	Law for Economic Competition and Minimizing Market Concentration, 2013
The Securities Law -	The Securities Law, 1968
Credit Data Law	The Credit Data Law, 2016
The Provident Funds Law -	The Financial Services Supervision Law (Provident Funds), 2005
The Strum Law -	Law for Promoting Competition and Minimizing Market Concentration in the Israeli Banking Market (Legislative Amendments), 2017
Financial Information Service Law -	Financial Information Service Law, 2021

Payment Services Law	Payment Services Law, 2019
Long-term savings -	Life insurance, pension, provident, and advanced education funds
Clal Insurance Capital Raising -	Clal Insurance Capital Raising Ltd. (formerly **Clalbit Finance Ltd.**)
Clalbit Systems -	Clalbit Systems Ltd.
Clal Insurance -	Clal Insurance Company Ltd.
Clal Credit Insurance -	Clal Credit Insurance Ltd.
Clal Agency Holdings -	Clal Agency Holdings (1998) Ltd.
Clal Pension and Provident Funds -	Clal Pension and Provident Funds Ltd. (formerly Meitavit Atudot Pension Fund Management Co. Ltd. (hereinafter - "**Meitavit Atudot**"))
Clal Finance -	Clal Finance Ltd.
Canaf -	Canaf - Clal Financial Management Ltd.
Milo -	Milo Brom Holdings Ltd.
Scope	Michlol Finance Ltd.
Max -	Max It Finance Ltd.
Economic Solvency Regime -	As defined in the Code of Regulations of the Capital Market, Insurance and Savings Authority, Section 5, Part 2, Chapter 2, Section B and the related guidelines issued by the Commissioner regarding the implementation of an economic solvency regime.
CIMax -	CIMax Holdings Ltd.
Atudot Havatika -	Atudot Pension Fund for Salaried Employees and Self-Employed Ltd. (formerly Shevach)
Clal Group -	The Company and companies under its direct and/or indirect control
Clal Insurance Group or the Group -	The Company and companies under its direct and/or indirect control, except CIMax Holdings Ltd. and its subsidiaries.
NIS -	New Israeli Shekel
The Investment Regulations -	Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Management Companies and Insurers), 2012.
The Securities Regulations -	The Securities Regulations (Periodic and Immediate Reports), 1970

1.2.2. *Terms*

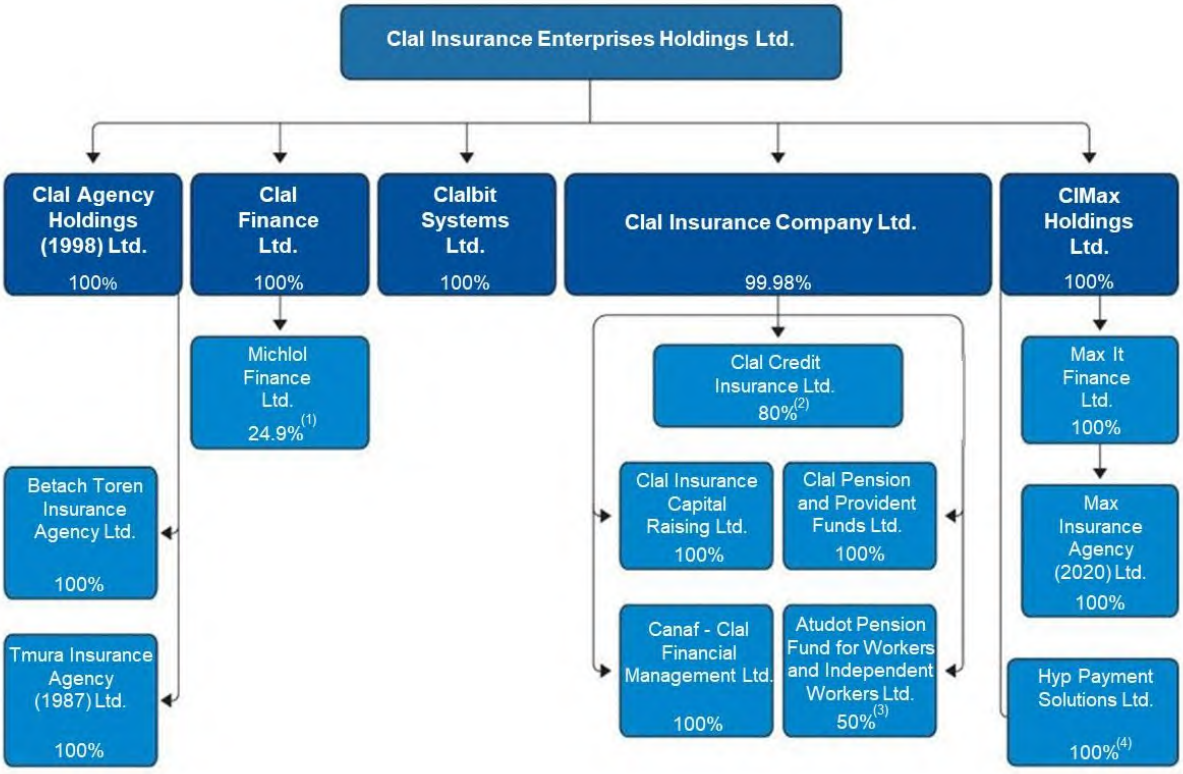
Designated bonds -	CPI-linked government bonds, which the government issued to the insurance companies (Hetz) and to pension funds (Meron and Arad), bearing interest and for a predetermined period.
Executive insurance -	A trade name for a life insurance plan for salaried employees, which is approved as an insurance provident fund. In the Law: an insurance contract prepared by an insurer for the use of multiple contracts between the insurer and various policyholders.
Individual insurance -	Insurance for individual policyholders, private individuals with whom the insurance company contracts on an individual basis.
Yield-dependent insurance / yield-dependent contracts -	An insurance plan in which the insurance benefits payable to the beneficiary are dependent on or linked to the yield on certain investments of the insurer.
Collective insurance -	Insurance taken out by a certain policyholder for a group of people with common characteristics, such as employees of an employer, planholders of a provident fund, or members of a corporation.

Institutional entity -	Insurer and management company.
Insurance premiums -	The amount paid by the policyholder to the insurer for the insurance contract in return for the insurer's undertaking pay insurance compensation to the beneficiary upon the occurrence of an insured event.
Contributions towards benefits -	The amount deposited by a planholder with a pension fund and/or provident fund.
Fees -	The total sum of all amounts added to net premiums to cover the insurer's expenses.
Management company -	A company managing a pension fund and/or provident funds.
Underwriting -	The process of assessing the risk and deciding whether to insure the risk and under which T&Cs/price, in accordance with the Company's guidelines and experience.
Financial margin -	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 guaranteed to the policyholder, by the average reserve per year in the various insurance reserves. The financial margin in yield-dependent contracts is composed of the total amount of the fixed and variable management fees. The financial margin comprises gains (losses) on investments recognized in other comprehensive income, excludes other revenue of the Company, which are collected as a percentage of the premium or contribution (such as management fees from the contributions), and calculated before the deduction of investment management expenses.
Net premium -	Insurance premiums net of fees.
Accrual -	The total amounts accrued in a pension fund and/or provident fund and/or insurance fund and/or individual insurance policy, which are credited to their planholders or policyholders.
Retention -	The part of the insurance retained by the direct insurer, which is not covered by reinsurance.
Insurance benefits -	An amount to be paid under an insurance contract upon the occurrence of an insured event.
Solvency ratio -	The ratio between eligible own funds (the total capital of an insurance company, less deductions and amortization in accordance with the economic solvency regime) and the solvency capital requirement (the capital requirement from an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime).

2. The Company's Activity and Description of the Development of its Business

2.1. Ownership Structure

The following chart illustrates the principal holdings of the Company, close to the report publication date[1]



2.2. The year the Company was incorporated and form of incorporation, the Company's controlling shareholders and changes in control

The Company was incorporated and registered in Israel on November 12, 1987. On February 28, 1988, the Company published its first prospectus and its shares were listed on the TASE.

For details regarding the Company's conduct as a company without a control core, about the control outline and the status of the permit for control in Clal Insurance, about the appointment of directors in the Company and in Clal Insurance, and about parties with a holding permit for the Company and Alrov's applications for control permits, see Section 10.3 below, and Note 1 to the Financial Statements.

2.3. Description of the Company's Business and General Developments of the Company's Business

The Company is a holding company with its main activities being insurance, pension, provident, and finance, credit cards and holding of other assets and businesses (such as holding insurance agencies), and as of the Reporting Year, the Group is one of the largest insurance, finance and credit card groups in Israel. In the Reporting

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1. Part D to the Report - Additional Details about the Corporation, Section 6 details all the material investees of the Company and its subsidiaries. No inactive companies were specified.

   (1) As of December 31, 2024, the balance of the shares is held as follows: Mssrs. Uriel Paz (18.98%), Ayelet Russak (12.09%), Yaron Blank (11.54%), Noked Capital Ltd. (6.98%) and Zvi Ziv (1.41%); approx. 24.1% of the shares are held by the public. For details regarding the option available to Clal Finance for the purchase of additional shares in Michlol, see Section 16.2 below.

   (2) The remaining shares are held by Atradius Participation Holdings S.L, a third party, which is not related to the Company.

   (3) The remaining shares are held by Bituach Haklai Central Cooperative Society Ltd., a third party, which is not related to the Company.

   (4) Hyp Payment Solutions Ltd. is wholly owned (100%) by Milo Brom Holdings Ltd., which is a wholly-owned company of CIMax.

Year, the Group focused on four main areas of activity: long-term savings, P&C insurance, health insurance and credit cards.

The insurance activity

The Group's insurance activity is generally in Israel. The insurance activity is carried out by Clal Insurance, with the exception of credit insurance, which is carried out through Clal Credit Insurance.

Clal Insurance began operating in Israel in 1962 as a government insurance company under the name Yuval Israel Insurance Co. Ltd. (hereinafter - "**Yuval**").

In 1978, Clal (Israel) Ltd. acquired Yuval and its name was changed to Clal Insurance Company Ltd. Over the years, Clal Insurance acquired and merged insurance companies including: Ararat Insurance Company Ltd., Ilit Insurance Company Ltd., Eitan Insurance Company Ltd., and Aryeh Israel Insurance Company Ltd. [best guess] and also acquired insurance portfolios in Israel. In 1992, Clal Insurance acquired part of the insurance portfolio of Hassneh insurance company, and the insurance portfolio of Zur Shamir insurance company. Subsequently, insurance companies acquired by Clal Insurance were merged into it, including Ararat, Ilit, Eitan, and Aryeh. The mergers and acquisitions made Clal Insurance one of Israel's largest insurance groups.

In 1998, Clal Insurance acquired Israeli Credit Insurance Company Ltd., which was renamed Clal Credit Insurance Ltd. For further details regarding the shareholders' agreement in Clal Credit Insurance, see Section **9.17.3** below.

As from in 2006, the Group's health insurance and long-term care activity was concentrated in Clal Health Insurance Co. Ltd. (hereinafter - "**Clal Health**"). In March 2013, the merger of Clal Health with and into Clal Insurance was completed, such that all the assets and liabilities of Clal Health were transferred to Clal Insurance, and Clal Health was dissolved without liquidation.

Pension and provident funds

In the Pension and Provident Subsegments, the Group operates through Clal Pension and Provident Funds and holds Atudot Havatika, a management company of an old pension fund, which manages an old actuarially balanced pension fund, which is held equally by Clal Insurance and Bituach Haklai Central Cooperative Society Ltd.

The development of Clal Pension and Provident Funds is described below:

In 2004, Clal Insurance acquired Meitavit Pension Fund Management Company Ltd., a company specializing in the management of new pension funds, and in 2006, merged it with Atudot Pension Fund (1996) Ltd., and changed its name to Meitavit Atudot.

In 2007, the Group acquired - through Clal Provident Ltd. - provident funds of Israel Discount Bank Ltd. and provident funds of Bank Hapoalim Ltd., which were partly held jointly with the Central Provident Fund of the Histadrut Employees Ltd.

In 2010, the activity of Clal Provident Funds Ltd. was merged into Meitavit Atudot, and following the merger, its name was changed to Clal Pension and Provident Funds. Following the merger, Clal Pension and Provident Funds became a management company of annuity-paying provident funds and savings provident funds, and equity-based provident funds, for contributions up to 2008, advanced education funds, central severance pay funds, investment provident fund, and central provident fund for participation in budgetary pension.

Regarding Atudot Havatika - in 2007, the management of the Atudot Pension Fund was transferred from S.B.H Pension Fund Management Ltd. (50% of which was acquired by Clal Insurance in 2005) to Atudot Havatika. Atudot Havatika is currently held by Clal Insurance and Bituach Haklai Central Cooperative Society Ltd., in equal parts. In the Reporting Year, Atudot Havatika received investment management services from Canaf.

Credit card and acquiring activity

On August 12, 2022, the Company entered into an agreement with WP XII Financial Investment B.V., under which the Company acquired the entire issued and paid-up share capital of Warburg Pincus Financial Holdings (Israel) Ltd. (hereinafter - "**WPI**"), whose name was changed to CIMax Holdings Ltd. (hereinafter - the "**Max Transaction**").

On March 27, 2023, all conditions precedent for the completion of the Max Transaction as per the Acquisition Agreement were met, and the entire issued and paid-up share capital of CIMax was transferred to the Company.

The credit card, and credit card processing activities, and the acquiring and provision of payments solutions activities, including credit, is carried out mainly by Max, which is held by CIMax.

Max was established and commenced its business activity in 2000. In 2019 Bank Leumi le-Israel B.M. and Azrieli Group Ltd. sold all of their shares in Max to WPI, which was held (indirectly) by investment fund Warburg Pincus (approx. 70%), Menora Mivtachim Group (approx. 9%), planholders of Clal Insurance Group (approx. 9%), Allied Holdings Ltd. (approx. 5%), as well as several individual shareholders, including Max consultants and employees. Through the completion of the sale to WPI as described above, Max was defined as an auxiliary banking corporation in accordance with the Banking Law (Licensing). Since the acquisition date, Max is defined as an acquirer and holds a permanent acquiring license according to law.

In addition to its holdings in Max, CIMax holds the entire issued and paid-up share capital of Milo, which holds Hyp Payment Solutions Ltd. (hereinafter - "**Hyp**") and Max EVS Ltd. (hereinafter - "**EVS**"). For details regarding Hyp and EVS's activity, see Section 16.3 below.

2.4. *Material changes in the Company's macroeconomic environment in the Reporting Year*

For details regarding material changes in the Company's macroeconomic environment in the Reporting Year, see Part B of the Report of the Board of Directors, Section 3.

2.5. *Material changes in the Company's business in the Reporting Year up to the report publication date*

Below is a description of material changes in the Company's business in the Reporting Year up to the report publication date, by operating segments:

2.5.1. *General*

2.5.1.1. Rating

On July 9, 2024, S&P Global Ratings Maalot Ltd. reiterated Clal Insurance's ilAA+ rating with a stable outlook and a ilAA- rating with a stable outlook for the Company and bonds issued thereby. It also reiterated the ilAA- rating with a stable outlook of the notes issued by Clal Insurance Capital Raising.

For further details, see Notes 26(f) and 46(d) to the Financial Statements.

For details regarding the rating of Clal Insurance and Clal Insurance Capital Raising, see Note 26(f) to the Financial Statements. For details regarding the rating of Max and the securities issued by Max, see Note 26(e) to the Financial Statements.

For details regarding the issuance of bonds and notes by Clal Insurance Capital Raising and by Max, see Section 2.5.1.5 below.

2.5.1.2. Interest rate environment and its effects

For details regarding changes in the insurance reserves due to changes in the interest rate curve, and their effect on discount rates in life insurance, long-term care and property and casualty insurance, see Note 42(e)(e1)(d) to the Financial Statements.

2.5.1.3. Capital requirements for the Group's insurance companies in accordance with the application of the Economic Solvency Regime

In accordance with the Commissioner's guidance, in the reporting year, the Group's insurance companies calculated the economic solvency ratio as of December 31, 2023 and June 30, 2024, and are expected to calculate the economic solvency ratio as of December 31, 2024 and publish it upon the publication of the Company's financial statements as of the first quarter of 2025. For details regarding the calculations published during the reporting year, see Part B to the Report of the Board of Directors, Section 2.4(a).

For details regarding the Capital Management Policy and the minimum solvency ratio set by the Board of Directors of Clal Insurance, see Note 17(c)(2) to the Company's Financial Statements.

2.5.1.4. Capital requirements and capital adequacy in Max

For details regarding Max's shareholders' equity and capital adequacy ratios, which are calculated in accordance with the Proper Conduct of Banking Business Directives, and for further details regarding regulatory directives on capital adequacy and the leverage ratio, see Note 17(f)(2) to the Company's Financial Statements.

For details regarding the capital adequacy targets for an acquirer which were set by the Bank of Israel, and regarding the capital adequacy targets set by Max, see Note 17(f)(2) to the Company's Financial Statements.

2.5.1.5. Equity transactions and issuances

In the Reporting Year, the Group carried out several issuances to reinforce the capital of Clal Insurance and Max, reduce the Company finance expenses, and allow flexibility in leveraging additional business opportunities, in the following insurance and finance segments:

Equity transactions and issuances in Clal Insurance Capital Raising

(a) Exchange of bonds in Clal Insurance Capital Raising

On January 9, 2024, Clal Insurance Capital Raising purchased - in accordance with a shelf offering report, which also constitutes an outline of a partial exchange tender offer of December 28, 2023 (as amended on January 1, 2024), which was published pursuant to a shelf prospectus of July 25, 2022 NIS 503,846,159 p.v. in Bonds (Series J) in exchange for the issuance of NIS 508,380,775 p.v. of Bonds (Series M) by way of series expansion. The terms and conditions of the bonds issued as described above are identical to those of the outstanding bonds of that series, and they are recognized as Tier 2 capital of Clal Insurance, subject to the quantitative regulatory restrictions. For further details, see Note 26 to the Financial Statements.

(b) Issuance of bonds in Clal Insurance Capital Raising

On April 3, 2024 Clal Insurance Capital Raising issued a total of NIS 465 million p.v. in Bonds (Series M), by way of series expansion, in accordance with a shelf offering report of Clal Insurance Capital Raising dated April 2, 2024, published by virtue of a shelf prospectus of July 25, 2022. The proceeds of the issuance were deposited with Clal Insurance and are recognized as Tier 2 capital of Clal Insurance, subject to the quantitative regulatory restrictions. For further details, see Note 26 to the Financial Statements.

(c) Early repayment of bonds by Clal Insurance Capital Raising

In July 2024, Clal Insurance Capital Raising executed full early repayment of the Bonds (Series J), in accordance with their terms and conditions.

Financial structuring of CIMax' liabilities

(d) Repayment of the liquid portion of the loan to CIMax

On February 25, 2024, CIMax repaid the full balance of its Syndicated Loan - which it received in 2019 from a syndication of institutional lenders and was used to acquire Max's acquisition - totaling an amount of approx. NIS 891 million, of which approx. NIS 873 million was the loan principal, and the remaining balance being interest in addition to an early repayment penalty and additional fees and commissions pursuant to the provisions of the syndicated loan agreement, in the total amount of approx. NIS 18 million. Repayment of the syndicated loan was made using NIS 891 million CIMax obtained from the Company, as part of the investment in CIMax.

Equity transactions and issuances at Max

(e) On March 31, 2024, Max made a full early redemption of the Subordinated Notes in the amount of NIS 35 million issued in March 2019, as part of a private placement, and which were included in the Tier 2 capital of Max. For further details, see Note 26 to the Financial Statements. From time-to-time Max executes issuances of commercial papers and takes credit from banking corporations for its operating activities. For further details, see Note 26 to the Financial Statements.

2.5.1.6. Implications of the Iron Swords War for the Company's activity

For details regarding the effects of the Iron Swords War on the Company's activities, see Note 46(m) to the Financial Statements.

For further details regarding the sensitivity and exposure to risk factors, see also Note 42 to the Financial Statements.

For details regarding international sanctions imposed in recent years and the sanctions policy implemented by Group companies, see Section 9.2.12 below.

2.5.2. *Regulatory reforms and restrictions*

Group companies operate in a highly regulated market and deal with the effects of substantial regulatory reforms.

In the various areas of insurance and savings, in recent years, and in the Reporting Year as well, reforms have been promoted, which are mainly intended to directly or indirectly reduce insurance premiums and management fees, to standardize products or to encourage competition, while increasing transparency for customers. A substantial regulatory change that affected the Company's business results in the reporting year is the contribution cap in executive insurance. With regard to previous years, it is worth noting, among other things, setting up of a default pension fund by the Commissioner as a means to reduce management fees and introduce new players to the market, reducing the rate of management fees for annuity recipients, extensive reform in health insurance products and motor property reform; and intervention in the terms and conditions and/or tariffs of products, changing the manner of settling claims and dictating it, particularly in long-term care products and permanent health insurance and detailed regulation of the insurance signing on procedure. There is also a regulatory arrangement that generates changes to the structure of the agreement and relationships between institutional entities, agents, employers, and customers, which affects operational and competitive aspects, and in a way that affects the ability of an institutional entity to link its revenue to its expenses. At this stage, the full effect of the measures being taken in the insurance, pension, and provident market in Israel cannot be assessed. All of the applied and proposed changes, the intervention in tariffs and in management fees, selling processes, the operational burden arising from the pace, scope, and complexity of the regulatory changes, and the requirement for adjustments to the automation systems and work processes, affect the business model in the subsegment, and affect and will continue to affect the insurance market and its profitability in Israel in the coming years, including the value of new business (VNB) which will be sold, the embedded value for the Company's business, and the solvency ratio based on the economic solvency regime applicable to the Group's institutional entities.

With regard to the activity in the issuing and Acquiring Subsegment, Max operates in a highly regulated environment and both it and its insurance agency subsidiary deal with the effects of substantial regulatory reforms. Following the Committee on Increasing Competition in Common Banking and Financial Services (the Strum Committee) and the Strum Law (which enshrines the Strum Committee's recommendations in law), Max separated from Bank Leumi Le-Israel B.M., a material event in Max's history, which affected various aspects of its activity. The regulations which extended the scope of the Strum Law and which require Discount Bank Ltd. to split from Israel Credit Cards Ltd. also extend some of the infant company protections in respect of Max, including restriction on the volume of processing operations which a bank with a broad scope of activity is permitted to carry out through one credit card company and provisions regarding information received by Max, which carries out processing incidentally. According to the directive of the Israel Competition Authority, as of July 1, 2021, the transfer of funds between an issuer and an acquirer in respect of transactions made in a single payment will be executed no later than one day after the date that the transaction was transmitted by the merchant (hereinafter - "**daily acquiring**"). Implementation of this provision led to a decrease in Max's financing needs. Under an amendment to the Banking Law (Licensing) (hereinafter - the "**Nawi Law**"), the total amount which can be raised through issuance of liquid securities was increased. This amendment allows Max to increase and diversify its non-banking sources of financing. The publication of the Payment Services Law, which is based in part on a corresponding regulation in Europe, led to the regulation of the relationships between all payment services providers (including Max) and their customers and the use of a range of means of payment. Publication of the Regulation of Engagement in Payment Services and Payment Initiation Law, 2023, led to the redefinition of the areas of responsibility of financial regulators and also prescribed provisions regarding the regulation of payment initiation activities. This law lays the regulatory infrastructure for the expansion of Max's business activity in the future in the areas regulated thereunder (insofar as Max will be regulated by the Israel Securities Authority) and it may lead to changes in competition in the payments market and affect the regulation of the activity of entities, which compete with Max's activity (currently or in the future), and encourage the entry of foreign service providers into Israel.

The information pertaining to the regulatory changes constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. The changes and their ramifications in practice may differ from the forecast, among other things, due to the uncertainty regarding their materialization, and regarding their full ramifications, which depend, among other things, on the conduct of competitors, distributors, and policyholders, and on the interaction between the various reforms.

2.5.3. Long-term savings

2.5.3.1. Reforms in the field

In recent years, the Authority promoted reforms and regulatory changes in the Long-Term Savings Subsegment. For details regarding the said reforms and changes, see Section 6.2 below. In this regard, it is particularly worth noting the contribution cap to executive insurance and its effect on the Pension Savings Subsegment in the reporting year (see Section 6.2.2 below). The Company's activity in the Long-Term Savings Subsegment was also affected by the reforms implemented in recent years, including the continued operation of selected pension funds (see Section 6.3.1.1 below), expenses in connection with the execution of transactions (see Section 9.5.5.1(b) below) and investment tracks (see Section 9.5.5.1(b) below).

2.5.3.2. Contribution cap in executive insurance

In September 2023, most of the provisions regarding the contribution cap to executive insurance came into effect, the principal of which is the provision whereby contributions to new insurance funds (which will open after the entry into force of the provision) will be from an amount which is higher than 20.5% of twice the average wage in Israel. These directives and the media reports in connection therewith decreased significantly the sales of executive insurance and increased significantly the trend of signing-on to pension funds; they were a significant factor in the significant increase in transfer of funds to pension products from executive insurance. For further details and the effects on the contribution cap for executive insurance, see Section 6.2.2 below.

2.5.4. Property and casualty (P&C)

2.5.4.1. Filing of Insurance Plans in the Motor Property Industry Circular

In May 2024, a draft circular was published, according to which an insurance company will set for policyholders a maximum amount to be deducted - which will not exceed a rate that will be approved by the Authority - out of the total cost of the repair in case where the policyholder repaired their car in an unauthorized auto repair shop. In addition, it is also determined that, in cases where the policyholder opted to repair their car in an unauthorized auto repair shop and took reasonable measures as instructed by the insurance company, the Company shall deduct a deductible from the insurance benefits, as if the policyholder repaired their car in an authorized auto repair shop. Furthermore, the circular includes a provision, which has not yet entered into force as of the report publication date, according to which an insurance company will not include under a motor property insurance plan compensation for constructive total loss as defined in Section 6(b) to the Standard Policy - Motor Property. For further details, see Section 7.1.1.2(b3) below.

2.5.4.2. Amendment to the provisions of the Consolidated Circular regarding Provisions in the Motor Property Subsegment

In May 2024, a circular was published, which prescribes, among other things, provisions regarding the manner of settling insurance claims in the Motor Property Subsegment; engagement with appraisers and auto repair shops. Regarding auto repair shops, provisions were made according to which an insurance company should conduct negotiations with any auto repair shop wishing to serve as an authorized auto repair shop, which provides services to its policyholders or to a third party, and allow any other auto repair shop with similar characteristics - based on the same service criteria, which were set by the insurance company - to engage with it in an identical agreement. With regard to appraisers, it was determined, among other things, that if an appraiser is selected out of a pool of appraisers offered by the insurance company, the insurance company will be required to use a pool of appraisers, which will be open to all appraisers, who will meet the criteria set in the Circular. It was also determined that

the insurance company will be required to suggest to policyholders a plan as part of which they will be able to select any auto repair shop (other than an Authorized Auto Repair Shop) without this affecting the deductible that the policyholder will pay.

It was determined that the circular's effective date will be May 1, 2025. At the same time, the Ministry of Transport is expected to publish corresponding professional provisions according to which the vehicle assessment will include the market price of the spare parts which need to be replaced or repaired. If the abovementioned provisions are not published by the circular's effective date, the effective date of the circular's provisions shall be postponed to the effective date of the corresponding professional provisions. For further details and implications of the said directives, see Section 7.1.1.2(b3) below.

2.5.5. Health Insurance

2.5.5.1. Reforms in the field

In the reporting year, the Company continued to implement the health insurance reform of the Commissioner, which entered into force in October 2023; it includes a new structure for the health insurance market, with five levels of insurance coverage; the first level includes a standard basic health policy in all of the insurance companies, with individual provisions for the procedure for the sale of insurance. For further details, see Section 8.1.2.1 below.

Furthermore, during the reporting year and in accordance with the provisions of the 2023 Economic Arrangements Law, the Company transferred its policyholders covered under an individual "Insurance from the First Shekel" surgical procedures insurance policy taken out from February 2016 and thereafter, and who are members of SHABAN plans, to a policy with Supplementary SHABAN coverage only, instead of the original policy (unless the policyholder informed that they do not wish to switch to a supplementary SHABAN surgical procedures insurance policy); the Company also started implementing the provisions whereby if a policyholder is covered under SHABAN plans concurrently with their being covered under an "Insurance from the First Shekel" surgical procedures policy, which was taken out or renewed as from October 2023, and a claim to cover a private surgical procedure in Israel will be submitted to the SHABAN plan, while the said policyholder being covered at the same time by the insurance company, the latter will indemnify the health maintenance organization through which the surgical procedure was performed in respect of the costs of the procedure, in accordance with the terms and arrangements under the abovementioned provisions. For further details and implications of the said directives, see Section 8.1.2.1(a) below.

2.5.6. Regulatory reforms - credit cards segment

2.5.6.1. Regulatory developments following the Strum Law

On July 23, 2024, Amendment 31 to the Banking Law (Licensing) was published, which amended provisions set under the Strum Law regarding the control in payment card companies by banks with large-scale activities. The amendment eliminates the prohibition on large institutional entities from acquiring control in payment card companies from banks with large-scale activities and also stipulates that a bank with medium-scale activity will not be allowed to control payment card companies.

These changes supplement regulations of 2023, which revised the definition of a bank with a broad scope of activity, such that various restrictions also apply to a bank whose total assets amount to 10%-20% of the total value of the assets of all Israeli banks Israel. The regulations also extended the validity of some of the infant company protections prescribed under the "Strum Law".

For further details, see Section 15.1.25 below.

2.5.6.2. Assessing measures to increase competition in banking services offered to the retail sector in Israel

On February 14, 2024, the Banking Supervision Department published a Call for Proposals regarding a tiered licensing and regulation outline for non-banking entities, in order to intensify competition in the banking system. The proposed outline proposes three licensing tiers for new banks: (1) "Financial Institution", which will allow entities to receive deposits and provide credit based on those deposits, but not to manage current accounts; (2) "Basic Bank", which will include relatively small-scale banks and will

also allow such banks to manage current accounts and provide credit; (3) "Extended Bank", which will be designed for banks with a larger scale of activity, which will be subject to tighter regulation.

In October 2024, the Economic Plan for 2025 was published, which recommended to set up a public committee, which will recommend the best outline to allow additional financial entities to raise funds from the public and offer credit to the retail sector from those deposits. The committee will also recommend measures to increase competition in banking services offered to the retail sector, including the introduction of additional financial and non-financial market players, which will be able to receive deposits from the public and - at the same time - give credit to the retail sector.

On October 14, 2024, the Bank of Israel published an interim draft report of a taskforce for the assessment of the award of a bank license to non-banking entities, in order to increase competition and minimize concentration in Israel. The report includes recommendations for legislative amendments, which will allow the award of bank licenses with two license types: "Bank" and "bank with small-scale activity", the latter being allowed to operate under a flexible model with an exemption from offering certain services under the Banking Law. Furthermore, it is proposed to adapt the regulation and supervision according to the size and complexity of the bank's activity, and to provide an option of switching between supervision levels.

Further to the above, on December 1, 2024, the Ministry of Finance and the Bank of Israel announced the setting up of a taskforce for increasing the competition in the banking and credit system, which will focus on removing barriers to the entry of new players into the banking system and the development of new areas. The taskforce's objective is to design a tiered banking licensing outline, which will allow non-banking entities to offer deposits and provide credit.

For further details, see Section 15.1.27 below.

2.5.6.3. Proper Conduct of Banking Business Directive No. 313 - Restrictions on the Indebtedness of a Borrower and a Group of Borrowers

On July 2023, the Banking Supervision Department extended the provision included in Proper Conduct of Banking Business Directive 313, whereby a liability of a banking group of borrowers vis a vis a credit card company shall not be subject to the "banking group of borrowers" restriction and shall not be included in the aggregate restriction of single-name corporate borrowers to December 31, 2024. In January 2025, the provision was extended again until January 1, 2026, or until the date of implementation of an alternative provision, whichever is earlier.

In February 2025, the Banking Supervision Department published a Proper Conduct of Banking Business Directive, which will supersede the Directive on Limitations on the Indebtedness of a Borrower and of a Group of Borrowers, and which stipulated, among other things, that exposures arising from the processing of bank payment cards are not subject to the large exposures cap.

For further details, see Section 15.1.9 below.

2.5.7. Additional regulatory changes in the Company's areas of activity

For details regarding other material regulatory changes that affected the Company's businesses in the reporting year, see the sections dealings with the segments and Section 9.2 below.

2.5.8. Significant events subsequent to the reporting year

Regarding significant events which took place subsequent to the reporting year in connection with the markets in Israel and globally, and their impact, see Part B to the report - Report of the Board of Directors, Section 3.2.

3. Areas of Activity

The Group has four material areas of activity, as detailed below:

3.1. Long-term savings (see Section 6 below)

This segment includes the Group's activity in the Life Insurance Subsegment, pension funds subsegment and provident funds subsegment.

Pension insurance in Israel is composed of three key tiers: **a mandatory tier, which is managed by the state** - The National Insurance Institute; a mandatory tier, which is managed by institutional entities - as from 2008, as part of mandatory pension to salaried employees in respect of benefits and severance pay deposited with institutional entities, and as from 2017 - also a mandatory pension for the self-employed (see Section 6.1.4 below), and **a voluntary tier** - pension savings beyond the mandatory tier managed by institutional entities, and individual savings channels.

The segment's products mainly provide retirement savings products (hereinafter - the "**Saving**"). Furthermore, insurance coverages regarding various risks are incorporated, or may be incorporated, into most of the segment's products, such as: life, disability and permanent health insurance (hereinafter - the "**Risk**"). (See Section 6.1 below).

In the reporting year, the activity in the Life Insurance Subsegment was carried out through Clal Insurance.

In the reporting year, the activity in the Pension Funds and Provident Funds Subsegments was carried out through Clal Insurance's holdings in the following companies:

Clal Pension and Provident Funds - a wholly-owned subsidiary of Clal Insurance (100%), which operates, among other things, as the management company of annuity-paying provident funds (pension fund and savings provident fund), and various types of equity-based provident funds: advanced education fund, personal benefits and severance pay provident funds, central severance pay funds, investment provident fund and central provident fund for participation in budgetary pension.

Atudot Havatika - a subsidiary of Clal Insurance (50%), which manages a balanced old pension fund (Atudot Pension Fund).

3.2. Property and casualty insurance (see Section 7 below)

This segment includes the Group's activity in the property and casualty subsegments, which is mainly concentrated under the P&C Insurance Division in Clal Insurance.

Property and casualty insurance comprises the Property Insurance Subsegments, Liability Insurance Subsegments, and other subsegments, that include various types of insurance.

Property insurance - as part of which coverage is provided in respect loss or physical damage caused to the policyholder's insured property as a result of the materialization of the risks specified in the policy, in a format of "specific risks", which are listed in the policy, or in a format of "all risks" (coverage for any loss or sudden and unanticipated damage due to an accident, other than loss or damage expressly excluded).

Liability insurance - as part of which coverage is provided in respect of the policyholder's financial liability under law vis a vis a third party other than the policyholder, up to the liability limit specified in the policy.

The Company's activity in this segment includes the Compulsory Motor Insurance Subsegment, Motor Property Insurance Subsegment, Liability Insurance Subsegments, and Property and Other Subsegments.

In the reporting year, the activity of the credit and foreign trade risk insurance subsegment was carried out through Clal Credit Insurance, a subsidiary in which Clal Insurance is a controlling shareholder (80%).

3.3. Health insurance (see Section 8 below)

This segment includes the Group's health insurance activity in the illnesses and hospitalization subsegment (comprising, among other things, illnesses and hospitalization, and travel insurance), and in the Long-Term Care and Personal Accidents Subsegments in relation to insurance policies sold in the past. This segment includes insurance plans aimed at individual policyholders, and insurance plans aimed at collectives. Furthermore, the activity in this segment includes personal accidents insurance (for up to one year), which is marketed to collectives.

Most of the Group's activity in this segment is coordinated by Clal Insurance's Health Division.

3.4. *Credit Card Segment (see Sections 11-15 below)*

This activity includes the Company's operations in the issuing, acquiring and processing of payment cards, as well as the provision of payments solutions and financial products, including credit to private and business customers. The Group's activity in this area is provided by Max, which renders some of the said services through the following subsidiaries: Max It Credit Ltd., Max It Deposits Ltd., Max It Discounting Ltd., and Max Insurance Agency (2020) Ltd.

- As an issuer, Max issues payment cards to its customers, which are used as a means of payment for transactions and cash withdrawal by merchants in Israel and worldwide that accept the brands issued by the Company. Max also provides various types of credit to private customers. The cards are mainly issued through joint credit card issuance and processing with banks for bank customers or through sale and marketing of non-banking credit cards, consumer credit and other products directly to private customers, including through joint loyalty programs set up with third parties.
- The Acquiring Subsegment includes the following activities:
  - Acquiring services - Payment guarantee for merchants, against vouchers of transactions carried out using credit cards in exchange for a fee collected from the merchant;
  - Related services and complementary products to the acquiring services;
  - Financial solutions - Products and services offered to merchants, such as loans, voucher factoring, early payments and guarantees.

4. *Investments in the Company's Equity and Shares*

4.1. *Equity investments in the Company in the last two years up to the report publication date*

On February 13, 2023, the Company issued NIS 150 million p.v. in Bonds (Series B) of the Company. The bonds are convertible into the Company's shares, such that each NIS 85 par value of the Bonds (Series B) will be convertible into one ordinary share of the Company, as detailed in the deed of trust for the Bonds (Series B).

As part of the consideration for the Max transaction, the Company allocated to the sellers - on the transaction completion date - 4,970,310 ordinary shares of the Company of NIS 1 p.v. each (hereinafter - the "**Allocated Shares**"). The Allocated Shares constituted - immediately following their allocation - of approx. 6.29% of the Company's issued and paid-up share capital and approx. 6.05% of the Company's issued and paid-up share capital, fully diluted. For further details, see Note 17(d) to the Financial Statements.

Except for the above issuances, during the past couple of years and until the report publication date, no investments were made in the Company's equity, except for exercise of options.

4.2. *Details of material off-floor transactions[2] by interested parties in the Company's shares in the last two years*

Under the issuance - in February 2023 - of NIS 150 million p.v. in Company Bonds (Series B), which are convertible into Company shares, interested parties in the Company purchased such Bonds (Series B).

Over the last two years, interested parties in the Company executed transactions in the Company's shares, on the TASE and off-floor, in coordinated transactions, which the Company reported routinely. Alrov, an interested party in the Company, executed transactions to acquire the Company's shares, as set out above, and as part of the public offerings, such that it currently holds 14.44% of the Company's shares.

2. For details regarding on and off-floor sales and purchases of the Company's shares in coordinated transactions by interested parties, see the Company's immediate reports on the matter.

5. Dividend distribution

The distribution of a dividend in the Company is materially affected by the ability of investees to distribute a dividend, including in view of the capital requirements that apply to them, their internal capital targets and their liquidity needs.

5.1. The Company's dividend distribution policy

In September 2024, the Company's Board of Directors approved the dividend distribution policy. This, among other things, following the setting of a dividend distribution policy in Clal Insurance and Max.

In accordance with the approved policy, the Company will distribute an annual dividend at a rate which will not fall below 50% of the dividend received in that year from the Company's subsidiaries.

This policy should not be viewed as an undertaking by the Company to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. In addition, the actual execution of any distribution shall be subject to compliance with the legal provisions applicable to any dividend distribution and to the financial covenants the Company has undertaken and/or will undertake upon itself in the future.

Further to the abovementioned policy, in November 2024, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 60% of the dividends distributed by the Company's subsidiaries in the reporting year.

5.2. Dividend distribution policy at Clal Insurance

In June 2023, the Board of Directors of Clal Insurance approved a policy for the distribution of a dividend at a rate of 30%-50% of Clal Insurance's comprehensive income. The distribution is subject to Clal Insurance's compliance with a minimum capital target in accordance with the economic solvency regime, without taking into account the transitional provisions, at a rate of 110%. This policy should not be viewed as an undertaking by Clal Insurance to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. In addition, the actual execution of any distribution shall be subject to compliance with the legal provisions applicable to dividend distribution.

In November 2024, Clal Insurance's Board approved a dividend distribution of approx. NIS 100 million, in accordance with Clal Insurance's distribution policy.

5.3. Dividend distribution policy and dividend distribution in Max

On June 30, 2024, Max's Board of Directors set Max's CET1 capital ratio internal target at 9.25% and approved a dividend distribution policy, under which as from 2024 Max will be able to distribute dividends at a total amount of up to 30% of the net income for the year, which preceded the distribution year, in accordance with Max's consolidated financial statements. This policy should not be viewed as an undertaking by Max to distribute a dividend on a certain date or rate, and any actual distribution shall be individually subject to approval by Max's Board, subject, among other things, to Max's compliance with all the restrictions applicable to it by law and under the Banking Supervision Department's directives.

Further to approval of the policy, in June 2024, Max's Board of Directors approved the distribution of a NIS 62 million dividend, which constitutes approx. 28% of Max's net income in 2023.

For further details regarding dividend distribution and restrictions on dividend distribution under the regulatory capital requirements applicable to the Group companies and by virtue of the directives of the Commissioner and Banking Supervision Department and manner in which the Company complies with them, see Note 17 to the Financial Statements.

As of the Report Date, the balance of distributable earnings, as defined in Section 302 of the Companies Law, amounted to approx. NIS 5.5 billion. It should be clarified that this balance does not constitute an indication of the Company's ability to distribute a dividend in the future.

For further details regarding the Company's capital management and requirements, see Note 17 to the Company's financial statements.

Part II - Description and Information regarding the Company's Areas of Activity

6. Long-term savings

6.1. Services and products

6.1.1. Description of the area of activity's subsegments and insurance coverages

The area of activity's products mainly include retirement savings products for salaried employees and the self-employed, private savings products, life insurance coverage, disability coverage and income protection coverage.

Life insurance products

Life insurance products constitute a contractual arrangement between the insurer and the policyholder and include insurance plans that allow savings for various periods and insurance plans and/or a combination of the two - insurance plans that include a savings component and life insurance, disability insurance, disability insurance and longevity insurance (retirement pension).

In policies that include a savings component, a policyholder is entitled to insurance benefits (generally, the amounts accrued in the policy's savings component), in accordance with the terms and conditions of the policy. Those amounts may be paid to the policyholder - subject to the provisions of the legislative arrangement - as a lump sum (hereinafter - "**capital payment**"), in installments over his/her life (hereinafter - "**pension**"), or as a combination of the two. In some of the annuity products, the policyholder benefits from a secured annuity conversion factor, which provides protection in the event of longer life expectancy, and which is set on the policy's purchase date or on the date on which the policyholder begins to receive the annuity, or at the policyholder's request, once he/she is aged 60 or over.

Pension funds

Pension funds constitute mutual insurance funds and operate in accordance with bylaws, which may change from time to time. A planholder in a pension fund is entitled to receive annuity payments as from the retirement date throughout his/her lifetime, based on annuity conversion factors, which do not provide protection in the event of longer life expectancy, and the annuity changes from time to time according to the fund's actuarial balancing-out mechanism.

There are currently two categories of pension funds: (a) Comprehensive pension funds that allow pension savings for old age annuity, and life and disability insurance coverages. The comprehensive pension funds partially benefit from guaranteed return and contributions may be made into them up to a cap set by law (see details in Section 6.1.1.2 below) and (b) general (supplementary) pension funds, which allow saving towards an old age annuity and under which planholders may also purchase insurance coverages for death and disability. General pension funds do not benefit from guaranteed return and do not have a contribution cap.

Provident funds

Provident funds provide both long-term savings solutions (such as provident funds for retirement benefits and severance pay and provident funds for savings), medium-term savings solutions (advanced education funds), and individual savings solutions with independent status (investment provident funds). As a general rule, such funds do not provide insurance coverage.

The funds accumulated in provident funds for retirement benefits and severance pay and provident funds for savings may be withdrawn in the form of a lump sum or an annuity (by transferring them to a pension product that allows the withdrawal of an annuity), in accordance with the period in which they were deposited. Funds accrued in advanced education funds may be withdrawn as a lump sum. Funds accrued in provident funds for investment may be withdrawn in the form of a lump sum or an annuity against tax benefits.

The Provident Funds Subsegment also includes central provident funds (mainly central severance pay funds), in which the planholder is the employer, and the funds contributed into the fund are designed to secure the benefits of those of its employees, who are entitled to such rights. As from 2011, it is no longer possible to make contributions to central severance pay provident funds, but funds may be transferred between central severance pay funds.

The amount of management fees collected by Clal Pension and Provident Funds from the central severance pay funds is immaterial to the Company.

6.1.1.1. **Following are key differences between the main products currently on offer:**[3]

	Life insurance	New comprehensive / supplementary pension funds	Provident funds
Type of engagement	Contractual commitment between the insurer and the policyholder. The commitment may only be changed in accordance with the provisions of the policy and the law.	The planholder is a member of the funds, and the latter are operated and managed by the management companies, according to the provisions of their bylaws. The bylaws may change from time to time, and as a general rule the planholders' benefits and obligations are determined according to the bylaws in effect on the entitlement date.	
Insurance coverage[4]	The insurance coverage may be customized to meet the customer's needs.	The insurance coverage is an inherent part of the provisions of the bylaws and may be altered in accordance with the insurance tracks set therein, and a supplementary insurance coverage may also be purchased from an insurer.	Generally do not include insurance coverage, but such coverage may be purchased from an insurer.[5]
Annuity conversion factor[6]	In all annuity policies that have a guaranteed Annuity Conversion Factor, the latter is protected from changes in life expectancy. In policies which do not have an Annuity Conversion Factor that takes into account guaranteed life expectancy, the Annuity Conversion Factor is determined shortly before the commencement date of the annuity payout, the Annuity Conversion Factor is guaranteed as from that date. As from 2013, it is only allowed to sell policies with guaranteed life expectancy Annuity Conversion Factors (hereinafter - "**Guaranteed Annuity Conversion Factors**") to policyholders aged 60 and over.	The Annuity Conversion Factor is no longer protected from changes in life expectancy, and it may change until the retirement date. After the retirement date, the Annuity Conversion Factor does not change, but the annuity changes from time to time in accordance with the fund's balancing-out mechanism.	Generally do not have a conversion factor.
Mutual insurance	None	Mutual insurance fund. Planholders' benefits are affected, among other things, by demographic data of all planholders, such as their health and life expectancy. The actuarial	None

3. In provident funds and pension funds, there is complete separation between the assets and liabilities of the management company and the planholders' assets accrued in the provident funds and the pension funds, and the planholders' assets are not included in the Financial Statements of the management company.
4. **As part of the Supervision of Financial Services Regulations (Provident Funds) (Insurance Coverages in Provident Funds), 2012**, one may currently purchase from an insurer - as part of the contributions towards pension - life and disability insurance coverage, and insurance coverage releasing the policyholder from payment of the premium for disability, for planholders of pension funds, provident funds and insurance plans.
5. As of the report date, Clal Pension and Provident Funds - and to the best of the Group's knowledge also most of the entities operating in the market - do not market such insurance coverages to active planholders in provident funds under their management.
6. The annuity conversion factor is used to determine the amount of the annuity, by converting the amount saved to a monthly annuity. The amount saved is dividend by the conversion factor that represents the expected life expectancy (hereinafter - the "**Annuity Conversion Factor**").

	Life insurance	New comprehensive / supplementary pension funds	Provident funds
		assumptions are reviewed from time to time and affect the benefits of all planholders and recipients of annuities in the pension fund, and these change accordingly.	
Return guarantee mechanism	A return guarantee mechanism - achieved by issuing Hetz bonds - is in place only in guaranteed return policies which were sold through the end of 1990, see Section 6.1.1.2 below for details.	A return guarantee mechanism is in place in comprehensive funds with respect to 30% of total fund assets - composed of designated bonds and a return supplementing mechanism. See details in Section 9.5.5.1(c) below. The supplementary funds do not have a return guarantee mechanism.	None[7]
Management fees[8]	A rate of the accrual and contributions;[9] for details regarding the amounts collected in management fees, see Note 33 to the Financial Statements.	Rate of accrual and contributions,[10] see Section 6.1.2.2 below for details.	
Beneficiaries[11]	Beneficiaries defined by the policyholder at his/her discretion.	According to the provisions of the bylaws - mostly surviving relatives.	Beneficiaries defined by the planholder at his/her discretion.
Regulatory limit on the contribution amount[12]	Until September 1, 2023 - unlimited. In executive insurance which was issued after the said date there is a contribution limit which is higher than 20.5% of twice the average wage in Israel. For details regarding the contribution cap, see Section 6.2.2 below.	In the comprehensive funds up to 20.5% of twice the average wage in Israel (hereinafter - the "**Contribution Cap**"). In the supplementary funds there is no Contribution Cap, but contributions are mostly carried out in respect of a component that exceeds the Contribution Cap.	Unlimited.[13]

For a description of the segment's products, see Section 6.1.2 below.

7. Except for a small number of guaranteed return provident funds provident funds backed by Accountant General deposits.
8. The above includes the potentially collectible regulatory management fees in products currently sold, but does not include management fees and various types of expenses which are collected in the products or in some of them, such as in respect of variable management fees, investment management expenses, policy factor or collection factor, etc.
9. In traditional guaranteed return policies there are no management fees, and Company's income arise from the financial margin. In traditional policies, and in "Adif" (Meitav) policies, there are no management fees as a rate of contributions.
10. In advanced education funds there are no management fees as a rate of contributions.
11. Subject to the provisions of the law, an entitlement may be established to surviving family members in respect of the policy's severance pay component.
12. Excluding a reference to limits according to the terms and conditions of the products. In addition, in all pension products there is a tax benefit up to the limit set in the Income Tax Ordinance.
13. Except for an annual cap of NIS 155 thousand for a one-off contribution into guaranteed return funds.

6.1.1.2. **The pension savings products also vary from one another in the manner by which the funds saved are invested**

Some of the funds saved are invested in the free market, and others are backed by government bonds and/or by a mechanism of return supplementation, in accordance with the legislation, as detailed below:

- **Life insurance**
  In policies sold through the end of 1990, the return to policyholders in life insurance policies with a savings component was set as a guaranteed rate or was taken into consideration in a guaranteed insurance amount or annuity (hereinafter - "**Guaranteed Return Policies**"). The guaranteed return changed according to the policy type and its issuance date. The guaranteed return undertaking is mostly backed by designated bonds. The remaining balance of the assets is invested according to the Investment Regulations (hereinafter - the "**available assets**").

  As of December 31, 2024, the holdings in designated bonds constitutes approx. 73% of total assets held against the liabilities in respect of guaranteed return policies. Over the years, the Group redeemed some of the designated bonds in order to achieve excess returns, and it is unable to repurchase designated bonds in respect of some of the funds it redeemed. Consequently, the Group's exposure due to its free investments has increased. According to the netting mechanism which was set with the Ministry of Finance, the holdings in designated bonds will decrease over the life of the guaranteed return policies, up to 50% of the total assets held against the liabilities in respect of guaranteed return policies, and in respect of the remaining assets, Clal Insurance is exposed with respect to its undertaking to guarantee return to policyholders. As of the report publication date, Clal Insurance purchases designated bonds in respect of new contributions, at the allowed rates, according to the policy type and its issuance date.

  Under the preparations for the implementation of IFRS 17 and the change included therein regarding the method of measuring the accounting liability, the Commissioner published an amendment to the provisions of the Consolidated Circular regarding the allotment of designated bonds aimed at adapting the eligibility to designated bond purchase to the new accounting standard.

  Policies issued since the beginning of the 1990s are mainly yield-dependent insurance policies polices, the savings funds of which are invested by the insurance companies in voluntary investments, mainly in the capital market, and the return, net of expenses, is credited to the policyholder in accordance with the results of the investment portfolio, and net of management fees as detailed below.[14]

  For the data of insurance reserves balance regarding participating and guaranteed return insurance plans, see Note 21 to the Financial Statements.

- **Pension funds**
  Currently, old and new comprehensive pension funds[15] benefit from guaranteed return in respect of up to a maximum of 30% of total assets, with some of the fund's assets being backed by designated bonds bearing real annual interest of 4.86%, and some backed by a mechanism regulating the supplementation of the return to an annual rate of 5.15% with added CPI (hereinafter - the "**Return Supplementation Mechanism**"). However, the rate of total assets for which return will be guaranteed with respect to planholders in the new pension funds, who have already received pension prior to January 1, 2004, is 70%.

  The Return Supplementation Mechanism benefits the planholders to a certain extent, in view of the increase in the guaranteed rate of return, and on the other hand it changes the mechanism which was in place to guarantee the return from a contractual mechanism to a mechanism established by law. For further effects, see Section 9.5.5.1(c) below.

14. With respect of participating policies, the annuity is linked to the investments index, net of management fees and calculative interest.

.15 Annuity provident funds, which are not Insurance Funds, and which were first approved under the Provident Fund Regulations before January 1, 1995, and are not open for new members.

The rate of interest used as the discount rate and as the rate of return in calculating the liabilities to annuity recipients in a new comprehensive fund is adjusted to the target return in respect of the mechanism's assets, such that with regard to planholders, who retired prior to January 1, 2023, the discount rate will be an effective annual interest of 4.26% or another rate that will be set by the Commissioner from time to time, and with regard to planholders who have retired as from January 1, 2023, the discount rate will be an effective annual interest of 4.38%, in view of the change in the calculative interest rate on which the Annuity Conversion Factor for those planholders is based, and the costs of insurance coverages as from the said date.

In addition, the State of Israel grants the old balanced pension funds guaranteed return derived from the difference between the interest on the bonds issued to them and 4% or 4.86% (in respect of the assets invested in the free market and the assets invested in later designated bonds, respectively).

In addition, the Ministry of Finance provides the old funds with a cushion to protect the funds' planholders and retirees from fluctuations in the returns. Atudot Havatika is currently in negotiations with the Authority regarding the manner of implementing the buffer outline, as adopted by Atudot Havatika. For details regarding an audit report received by Atudot Havatika with respect to planholders' benefits, including with respect to the safety buffer, see Note 45(2.2.3.2)(b) to the Financial Statements.

Crediting returns in a new comprehensive pension fund

In accordance with the **Supervision of Financial Services Regulations (Provident Funds) (Imputation of Yield in a Comprehensive New Pension Fund), 2016** (hereinafter - the "**Yield Imputation Regulations**"), the manner of imputation of yield to planholders and pensioners in a comprehensive new pension fund (hereinafter - the "**Yield on Designated Bonds**"), is carried out such that as from July 1, 2017, annuity recipients are credited a yield in respect of guaranteed return assets at the rate of 60% of the total assets of the annuity recipients; whereas planholders, who are not annuity recipients, are paid the yield arising from the balance of investment in guaranteed return assets.

Crediting the yield on the funds' assets qualified for the yield supplementing mechanism track shall correspond the manner by which the return on the fund's assets invested in designated bonds is credited, except for the rate of return (5.15% under the yield supplementing mechanism, compared with 4.86% on designated bonds).

In accordance with the amendment to the Yield Imputation Regulations of December 2024, as from January 1, 2026 the imputation of return with respect to planholders, who are not annuity recipients, will change such that for planholders aged 50 and over (who are not annuity recipients) the return on Guaranteed-Return Assets will be imputed at a rate of 30% of total balances accrued in the fund for planholders in this group, whereas for planholders aged 50 and under the return will be imputed from the balance of the fund's investment in Guaranteed-Return Assets, after the distribution to annuity recipients and to planholders aged 50 and over.

The Commissioner may increase the rate of guaranteed return credited, whether due to designated bonds or due to the a return supplementing mechanism, to annuity recipients in a certain fund, if he concluded that the rate of guaranteed return credited to planholders, who are not annuity recipients, is more than half a percent higher compared to another fund, and that the said difference may compromise the fund's actuarial balancing out mechanism. To the best of the Company's knowledge, there are pension funds for which the Commissioner made use of this power and increased the rate of guaranteed return to those fund's annuity recipients as detailed above.

The Yield Imputation Regulations, and the allocation of the designated bonds and the Return Supplementation Mechanism in accordance with age groups caused variance in the rate of guaranteed return between planholders from the same age group in the various pension funds. These regulations, in combination with provisions that deal with the updating of the annuity, among other things in accordance with variations between the actual return on available assets and the return assumption incorporated into the Annuity Conversion Factor of retirees, such that a deficit in respect of retirees is not applied to all of the fund's planholders, but rather only to the retirees themselves; all these created an advantage to the pension funds over other pension products, especially in the stage where planholders are nearing retirement age, and even created a situation

whereby there is an advantage to join to being transferred to certain pension funds, in accordance with the age mix of that fund's planholders.

This trend may become more moderate due to the fact that signing-on retirement age planholders may deter young planholders from joining funds, whose rate of assets attributed to annuity recipients is high, compared to other pension funds, as detailed above. In the years prior to the reporting year, it was evident that there has been a certain increase in the transfer applications of planholders and policyholders of the Group nearing their retirement age, mainly from life insurance products to the pension product, but also among pension funds. In the reporting year, there was a further increase in the rate of transfers from the planholders nearing their retirement age (see Section 6.4.5 below)

Draft Supervision of Financial Services Regulations **(Provident Funds) (Imputation of Yield in a Comprehensive New Pension Fund) (Amendment), 2024** (hereinafter - the "**Yield Imputation Regulations Amendment Draft**") and Draft Supervision of Financial Services Regulations (Provident Funds) (Transfer of Planholders in Default Tracks to a Track Appropriate for Their Age), 2024 were published in October 2024 (hereinafter - the "**Planholder Transfer Regulations**"). As part of the drafts, it is suggested to determine that with regard to the group of planholders aged 50 and over the return in the pension funds will be guaranteed only to those who save in age-based tracks, which are appropriate for their age and in the fund's general investment track; a planholder will not be allowed to opt for an age-based track, which is not appropriate for their age, and the funds saved by a planholder, who currently invests in an age-based track, which is not appropriate for their age, will be transferred to a track, which is appropriate for their age.

As stated, variation in the rate of allocation of guaranteed return between similar investment tracks offered by different entities may cause savers to sign-on or switch to certain pension funds.

The Company's assessment regarding the Imputation of Return Regulations, draft amendment thereof and Transfer of Planholders Regulations constitutes forward-looking information, based on information in the Company's possession on the report date. Actual results may vary from those expected and depend, among other things, on the development of competition conditions in the market; the behavior of the competing entities; the distributing entities; the selections made by planholders and policyholders; and the final wording of the Yield Imputation Regulations Amendment Draft and the Planholder Transfer Regulations, if they are passed.

- **Provident funds**
  Since the mid-1980s, no designated bonds were issued to the provident funds,[16] and the assets are invested according to the limits set in the Investment Regulations.

6.1.2. Breakdown of most of the products and services included in the segment

Following is a description of the products and services under management of the Company in the reporting year.

6.1.2.1. Life insurance

(a) General

The Group markets insurance to salaried employees and the self-employed, as well as individual insurance and collective insurance, as detailed below.

- **Individual policies and policies to salaried employees and the self-employed**
  Normally, the policies incorporate savings and insurance coverages, such as life insurance and disability insurance. Some of the insurance policies for salaried employees and the self-employed are approved as provident funds, benefit from tax benefits, and constitute part of the salaried employee or the self-employed person's social security. On the other hand, individual policies, which include a savings component, are not approved as provident funds, but may benefit from tax benefits in respect of life insurance, which is purchased as part of the policy, and under certain conditions also in respect of the component representing the return accrued in respect of the savings. For restrictions on the sale of insurance coverages as part of individual policies and executive insurance policies, see Section 6.2.2 below.

16. Except for a small number of guaranteed return provident funds provident funds backed by Accountant General deposits.

- **Collective insurance**
  A collective insurance agreement is intended to provide life insurance coverage, on top of which one can add insurance covering accidents, illnesses and disability risks, or disability insurance. The insurance does not have a savings component; it is offered to groups of more than 50 policyholders who are linked to one another, marketed mainly to groups of employees, and subject to the provisions of dedicated regulations.

  The insurance amount in collective life insurance is usually equal for all group members, or determined by age, salary or another objective criterion, or a combination of the two. The insurance amount in collective disability insurance is set, among other things, in accordance with various criteria, including occupation, salary, age and gender.

  According to the legislative arrangement and/or the terms and conditions of the collective policy, a policyholder, whose collective policy expired, may, under predetermined conditions and circumstances, purchase an individual policy without a medical underwriting process, for the insurance premiums that will apply on transition date to all policyholders, who are insured with the insurer under a similar individual policy.

  As of the report publication date the Company does not market new collective disability insurance policies, and such Company policies are policies which were marketed and/or renewed in the past, whose number is declining.

(b) Breakdown of main insurance plans in life insurance

The Group's life insurance portfolio comprises a range of insurance plans, in accordance with the types of products which were sold over the years; following is a description of the main products:

- **Traditional insurance**
  - **A traditional mixed policy** is a policy composed of two components, savings and life insurance. The premium is derived from the insurance amount, the policyholder's age, the insurance period, etc., and cannot be separated and attributed to the policy's components. The insurance amount is paid as a lump sum at the end of the insurance period (normally at the age of 65), or before the end of the insurance period if the policyholder dies prematurely, and except for amounts which are paid at the end of the insurance period, which were deposited after January 2008, and are paid as an annuity.
  - **A traditional "pension" policy** is a policy, most of the premium of which (derived from the insurance amount, the policyholder's age, the insurance period and more) is designed to be used to pay a pension in accordance with the policy's terms and conditions and the provisions of the legislative arrangement. The amount of the pension that will be paid and the premium amounts are determined on the policy's issuance date.
  - **A traditional savings policy** is a policy where the entire accumulated premium amount that accumulated in respect thereof is paid as a lump sum, except for amounts which are paid at the end of the insurance period, which were deposited after January 2008 with policies which are subject to the Provident Fund Regulations (policies for salaried employees and the self-employed), which are paid as an annuity. The cash surrender value is determined on the policy's issuance date and derived from the premium. In the event of premature death before the end of the insurance period, the amount accrued through that date will be paid.

  In traditional policies, the contribution amounts cannot be increased, including in respect of a pay rise above the rate of increase of the CPI, and in those cases, it would have been possible to take out another policy with respect to the increase in the contribution or the salary, as the case may be.

  Traditional policies were the only product which was sold until 1982 as individual insurance, retirement benefits to the self-employed and executives. Mixed, pension and traditional savings policies continued to be marketed as executive insurance through June 2001, and as an individual insurance and as retirement benefits to the self-employed through the end of 2003, in addition to other products sold at the same time.

- **Adif insurance (Meitav, Meitavit)**

  The main characteristics of this product are:

  - The policy comprises two components - after the deduction of a fixed amount in expenses, a certain percentage of the premium is accrued as savings, and the remaining premium amount is used to purchase life insurance and for operating and marketing expenses (hereinafter - the "**life insurance component**"). Through the end of the 1990s, the original percentage of premium which was designated for savings in these policies was mostly 72%. Since the beginning of the 2000s, the original percentage of premium which was designated for savings was mostly 80% or higher. Over the years, changes were made to the mix of components in some of the policies, as stated above.
  - With regard to contributions made until 2000, the policyholder may choose - immediately prior to the annuity payment date - whether to receive the accrued savings amount as an equity payment or as a pension, based on an Annuity Conversion Factor which was set in the policy when it was purchased. With regard to contributions made as from 2000, the policyholder was required to choose, on the purchase date, between contribution towards: (a) An equity policy or an equity appendix which was attached to an annuity policy (if attached) - as part of which it was possible to designate the accumulated savings to an capital track without an option to convert the savings to a pension; and (b) an annuity policy (or an annuity appendix which was attached to an equity policy) - as part of which it is possible to convert the accrued savings to a pension based on Annuity Conversion Factor that takes into account guaranteed life expectancy, which was determined on the policy's purchase date and/or the appendix date, the later of the two, all in accordance with the terms and conditions of the policies.
  - In a policy which was marketed until 2000, a policyholder that reaches retirement age has a number of annuity tracks to choose from. In all tracks (except for the track that includes secured annuity to spouse), the annuity will be paid based on guaranteed Annuity Conversion Factors.

    As from 2001, the policyholder is entitled to payment of an annuity based on an Annuity Conversion Factor that takes into account guaranteed life expectancy, throughout his/her entire life, and in one track only, which includes guaranteed payment of at least 240 monthly annuity payments, to the policyholder and/or beneficiaries; in additional tracks, the Annuity Conversion Factor is determined on the annuity receipt date, in accordance with the terms and conditions of the policy.

  Adif policies were marketed in the Life Insurance Subsegment from 1983 through the end of 2003. The policies were marketed as individual insurance policies, retirement benefits insurance policies for the self-employed, and as executive insurance.

- **Profile insurance**

  - As from 1999, the Group has been marketing a product line bearing the commercial name "Profile", which varies from products that had been marketed before that time in the following ways, among other things: (a) separation between the savings components, the life insurance and the expenses/management fees; (b) the option to customize the insurance coverages to meet the policyholder's wishes; (c) the option to save through a number of investment tracks with a daily return (rather than a monthly return); (d) the rate of management fees, which do not vary according to the return; (c) the option to designate the accrued savings to an capital track and/or an annuity track within the same policy.

    As from 2004, Clal Insurance marketed several additional types of Profile policies. Among other things, these policies varied from one another in terms of the structure and rate of management fees, and in terms of Annuity Conversion Factors.
  - In the reporting year, the amount of life insurance policies with Annuity Conversion Factors, which were marketed to policyholders aged 60 or over, was immaterial.

    As part of the said Profile policies, the default track is the payment of an annuity based on an Annuity Conversion Factor that takes into account guaranteed life expectancy, throughout the policyholder's entire life, and in the event of the policyholder's premature death before he/she was paid the guaranteed minimum of 240 monthly annuity payments, the remaining annuity

payments will be paid to the beneficiaries. In addition, there are alternative tracks for receiving an annuity, as selected by the policyholder. In policies which were marketed through 2013, the Annuity Conversion Factors in the alternative tracks, and in policies sold as from 2013 the Annuity Conversion Factors in all tracks, are determined on the retirement date, except for policyholders that purchased the policy after the age of 60 and opted for an insurance plan that includes an Annuity Conversion Factor that takes into account guaranteed life expectancy.

- Over the years, the Group marketed Profile policies for executives, the self-employed and individuals, some included insurance coverages, and some did not, some included Annuity Conversion Factors that take into account guaranteed life expectancy and some did not.

Traditional policies and Adif policies that included a savings component and were sold through the end of 1990 are guaranteed return policies, some of the Company's undertakings to policyholders thereof are backed by designated bonds. Policies that include a savings component and were sold since 1991 are generally yield-dependent insurance policies.

After 2008, contributions in policies which are subject to the Provident Fund Regulations may only be designated to an annuity track. At the same time, with respect to funds which were deposited into a capital track through 2008, it was possible to convert the equity into an annuity in accordance with the Annuity Conversion Factors which were known on the application date. Currently, a policyholder may only request a conversion of an equity amount into an annuity at the age of 60 or over.

For information about the management fees collected in the main life insurance policies, see Note 21 to the Financial Statements.

For details regarding the cap on contributions to executive insurance, see Section 6.2.2 below.

- **Products that provide life insurance (risk) insurance coverage**

The life insurance products (life and/or disability and/or permanent health and/or critical illnesses insurance products) are sold, or were previously sold, as independent policies and/or as appendices ore addendums to "traditional", "Adif" or "Profile" policies.

The main life insurance coverages are:

- **Pure life insurance** - individual - insurance in the event of death with no savings component. The plan guarantees the payment of a predetermined fixed insurance amount to the beneficiaries, in the event that the policyholder passed away during the insurance period. The insurance benefits are paid to the beneficiaries as a one-off compensation or as a monthly sum over a period set in the policy, in accordance with its terms and conditions. In the case of a life insurance plan taken out in order to cover an outstanding mortgage balance, the insurance amount is updated in accordance with the interest set in the policy, the insurance benefits are paid to the irrevocable beneficiary, and any balance is paid to the beneficiaries. In addition, the Company allows the purchase of life insurance to cover an outstanding mortgage balance, by people with life-limiting disability (as this term is defined in the law and in accordance with the procedure set out in the law).
- **Disability insurance** - an insurance plan that pays a monthly compensation which normally does not exceed 75% of the policyholder's salary, subject to certain underwriting limits in the event of a pay rise. The insurance benefits are paid in monthly installments, as from the end of the waiting period, and as long as the policyholder is unable to work, but no later than the end of the insurance period. In addition to the monthly compensation paid to the policyholder, the policyholder is generally released from payment of premiums, and in a disability insurance coverage which was purchased as part of a pension savings, the policyholder is also released from the regular contributions to the pension products, and they are paid by the insurance company, as long as the policyholder is unable to work, but no later than the end of the insurance period (hereinafter - "**Release**").
- **Supplementary disability pension (pension fund umbrella)** - disability insurance for planholders of pension funds, designed to extend the insurance coverage provided under the pension fund's bylaws to certain instances in which there is no entitlement to a disability allowance in accordance with the pension fund's bylaws, such as disability, or in respect of a qualification period prescribed by the pension fund's bylaws.

- **Critical illness insurance** - for details about the sale of critical illness insurance, see Section 8.1.2.1(a) below.
- **Accidental death insurance** - an insurance plan that guarantees the payment of a lump sum in the case of death due to an accident. In the reporting year on which the Company marketed the accidental death product.[17]
- **Accidental disability insurance** - an insurance plan that guarantees the payment of a lump sum amount in the case of disability caused by an accident. In the reporting year on which the Company marketed the accidental death product.[18]

Restriction on the sale of life insurance products

According to the approval of the life insurance rates for the insurance companies, the Authority set a mechanism for refunding commissions with respect of cancellations of life insurance policies (hereinafter - the "**Mechanism for Refunding Commissions Upon Cancellation of Life Insurance**"), whereby the cancellation of the policies in the first six years after their acquisition will lead to a tiered refund of one-off sale commissions (sales commissions), which will be paid to agents in respect thereof, where the refund of the commissions as stated above will be for a shortened three-period, and will only apply where the discount rate given to the customer in the policy will not change over the life of the policy.

For details regarding a proposed mechanism for refund of commissions as part of draft provisions dealing with assumptions in insurance premiums and agents' compensation, see Section 9.8.2.1 below.

As of the report publication date, most of the companies operating in the market, including the Company, have not yet received approved tariffs for the sale of life insurance coverages as part of the executive insurance policies and the retirement benefits for the self-employed. Due to the above, the insurance companies discontinued the marketing of the life insurance coverages as part of the executive insurance policies and retirement benefits for the self-employed.

In view of the contribution cap in respect of executive insurance, which mainly stipulates that contributions to new Insurance Funds will only be made above the set contribution cap, the sale of new executive insurance products has almost stopped (for details, see Section 6.2.2 below).

6.1.2.2. Pension funds and Provident Funds Subsegments

Pension funds and provident funds are managed by the management companies, according to the provisions of their bylaws. The bylaws are dynamic and may change from time to time at the approval of the Commissioner. Planholders are informed of the key changes. As a general rule, the planholders' benefits are determined according to the fund's bylaws in effect on the entitlement date. As from 2018, the bylaws of the management companies of the various products have the same format.

In the reporting year, the investment policy for investment tracks under the provident funds' bylaws underwent changes as part of the adaptations required under the provisions of the Investment Tracks Circular, which came into force on July 1, 2024; those changes included merger of investment tracks, changes to their names and their investment policy as per the funds' bylaws. For details regarding the mergers and changes made to the investment tracks, see Section 6.1.3(1) below.

.17 In accordance with the provisions of The Personal Accidents Circular, accidental death and accidental disability coverages shall be marketed in accordance with the provisions of this circular.

18. . See Footnote 17 above.

Following are the investment tracks in the provident funds as of the report date:

Fund	Investment tracks		Fund type
Clal Tamar	Age-dependent Investment Model	Track for people aged 50 or under	Personal provident fund for retirement benefits and severance pay and savings provident fund
		Track for 50- to 60-year-olds	
		Track for people aged 60 or more	
	Credit and bonds		
	Shares		
	Money market (NIS)		
	Halacha		
	S&P 500 Tracker		
	Combined liquid		
	Index tracker - flexible		
	Share indices-tracking		
	Bonds - liquid[19]		
	Shares - liquid[20]		
Bar Provident Fund	Bar A - Guaranteed Return		Guaranteed return provident fund
	Bar C		Personal provident fund for retirement benefits and severance pay
Clal Advanced Education Fund	General		Advanced education fund
	Shares		
	Money market (NIS)		
	Halacha		
	Credit and bonds		
	Credit and bonds with shares (up to 25% shares)		
	S&P 500 Tracker		
	Flexible index-tracking		
	Share indices-tracking		
	Combined liquid[21]		
	Bonds - liquid[22]		
	Shares - liquid[23]		
Clal Provident for the Future	General		Investment provident fund[24]
	Credit and bonds		
	Shares		
	Credit and bonds with shares (up to 25% shares)		
	Money market (NIS)		
	Halacha		
	S&P 500 Tracker		
	Flexible index-tracking		

19. Set up in February 2025, subsequent to the reporting year.
20. . See Footnote 19 above.
21. . See Footnote 19 above.
22. . See Footnote 19 above.
23. . See Footnote 19 above.
24. Funds may only be withdrawn from an investment provident fund as a lump sum at any time, without tax benefits on contributions, while paying only capital gains tax. Funds that will be deposited with an investment provident fund and withdrawn as an annuity during the retirement period (in accordance with the rules of a recognized pension), will be exempted from capital gains tax and income tax. The total amount a planholder may deposit in all of his/her accounts in an investment provident fund will not exceed NIS 70,000 per year, linked to the known CPI as of July 1, 2016.

Fund	Investment tracks	Fund type
	Share indices-tracking[25]	
	Combined liquid[26]	
	Bonds - liquid[27]	
	Shares - liquid[28]	
General Severance Pay Fund		
Hadas		
Clal Severance Pay for Employer		Central severance pay fund
Clal Barzel - Central Severance Pay Fund		
Clal Central Track-Based Provident Fund		
Clal Budgetary		Central fund for participation in budgetary pension

For details regarding a reform in the investment tracks of pension products, see Section 9.5.5.1(b) below.

Following are the data of assets under management, contributions towards benefits, net accrual, rate of management fees out of assets and rate of management fees out of contributions of the pension funds and the provident funds marketed by Group companies in 2024:

		Assets under management as of December 31, 2024 (NIS thousand)	Contributions towards benefits in 2024 (NIS thousand)	Net accrual in 2024 (NIS thousand)	Rate of average management fees out of assets for 2024	Rate of average management fees out of contributions for 2024
Atudot Havatika Pension Fund		12,984,600	153,699	(303,424)	0.27%	3.62%
New pension funds	Clal Pension	136,134,730	9,797,577	5,262,678	0.15%	1.54%
	Clal Supplementary Pension	5,825,122	666,448	788,825	0.23%	0.98%
Provident funds for benefits and severance pay and savings provident funds		28,887,239	424,691	(3,426,255)	0.47%	0.04%
Investment provident fund		3,087,638	742,132	(43,686)	0.64%	
Advanced education fund		26,632,353	3,463,282	(1,753,797)	0.53%	
Other[29]		1,988,233	1,240	(112,907)	0.68%	
Total		**215,539,915**	**15,249,069**	**411,434**		

* Net accrual - contributions plus transfers inflow net of redemptions and transfers outflow.

25. Established during December 2023.
26. See Footnote 19 above.
27. See Footnote 19 above.
28. See Footnote 19 above.
29. Including: Central provident funds for severance pay and central provident fund for participation in budgetary pension.

Following are the data of assets under management, contributions towards benefits, net accrual, rate of management fees out of assets and rate of management fees out of contributions of the pension funds and the provident funds marketed by Group companies in 2023:

		Assets under management as of December 31, 2023 (NIS thousand)	Contributions towards benefits in 2023 (NIS thousand)	Net accrual in 2023 (NIS thousand)	Rate of average management fees out of assets for 2023	Rate of average management fees out of contributions for 2023
Atudot Havatika Pension Fund		12,358,171	160,147	(271,420)	0.27%	3.59%
New pension funds	Clal Pension	115,229,254	9,212,988	10,415,770	0.16%	1.59%
	Clal Supplementary Pension	4,447,628	619,341	818,566	0.27%	0.91%
Provident funds for benefits and severance pay and savings provident funds		29,459,438	508,952	(1,662,132)	0.47%	0.08%
Investment provident fund		2,733,709	598,238	95,221	0.65%	
Advanced education fund		25,217,552	3,555,323	2,387,159	0.54%	
Other[30]		1,906,642	1,361	(124,952)	0.68%	
Total		**191,352,394**	**14,656,422**	**11,658,212**		

* Net accrual - contributions plus transfers inflow net of redemptions and transfers outflow.

30. See Footnote 29 above.

Following are the data of assets under management, contributions towards benefits, net accrual, rate of management fees out of assets and rate of management fees out of contributions of the pension funds and the provident funds marketed by Group companies in 2022:

		Assets under management as of December 31, 2022 (NIS thousand)	Contributions towards benefits in 2022 (NIS thousand)	Net accrual in 2022 (NIS thousand)	Rate of average management fees out of assets for 2022	Rate of average management fees out of contributions for 2022
Atudot Havatika Pension Fund		12,166,861	185,717	(203,482)	0.28%	3.63%
New pension funds	Clal Pension	96,299,703	7,882,436	9,517,110	0.17%	1.63%
	Clal Supplementary Pension	3,367,530	537,991	665,655	0.32%	0.71%
Provident funds for benefits and severance pay and savings provident funds		29,236,143	643,501	2,267,697	0.47%	0.08%
Investment provident fund		2,412,625	792,656	840,126	0.64%	
Advanced education fund		21,124,504	2,714,194	6,710,008	0.53%	
Other[31]		1,914,957	1,023	(45,465)	0.68%	
Total		**166,522,323**	**12,757,518**	**19,751,649**		

* Net accrual - contributions plus transfers inflow net of redemptions and transfers outflow.

6.1.2.3. Management fees for the various products

1) Following are tables describing the maximum management fees in the various key products[32] according to the legislative arrangement, including the **Supervision of Financial Services Supervision Regulations (Provident Funds) (Management Fees), 2012** (hereinafter - the "**Management Fees Regulations**"):

Life insurance

Pension product	Maximum annual management fees
Yield-dependent life insurance plans which were marketed through the end of 2003 of the "Traditional" and "Adif" types[33]	Fixed management fees of up to 0.6% of the accrual + variable management fees of up to 15% of the real return achieved, net of the fixed management fees. If losses have accrued, the insurance company is not entitled to variable management fees until the accrued loss as set in the policies is covered.[34]
Yield-dependent life insurance plans which were marketed from January 1, 2004 through the end of 2012	2% of the accrual + 0% of the contributions or a lower rate of the accrual and a higher rate of the contributions (according to a mix approved by the Commissioner - with the management fees of the contributions ranging between 0% to 13%).
Yield-dependent life insurance plans that have been marketed since January 2013	Up to 1.05% of accrual (plans marketed in 2013 up to 1.1% of the accrual) + up to 4% of contributions.
Annuity recipients	Up to 0.6% of accrual for policies sold through January 31, 2022. Up to 0.3% of accrual for policies sold as from February 1, 2022.

The Company's income from guaranteed return policies arise from any financial margin that arises between the guaranteed return in the designated bonds and income from investments in the available assets and the obligations to the policyholders.

31. See Footnote 29 above.
32. The above does not include management fees and various types of expenses which are collected in some of the life insurance policies, such as in respect of the management of investment portfolio, policy factor or collection factor, etc.
33. The "Profile" policies which were sold through 2003 included a different pricing mechanism.
34. See Note 3(I)(1)(c)(1) to the Financial Statements.

Pension funds[35]

Pension product	Annual management fees as from 2014
Comprehensive new pension fund	Up to 0.5% of accrual + up to 6% of contributions
General new pension fund (supplementary)	Up to 1.05% of accrual + up to 4% of contributions
Annuity recipients in a pension fund	Up to 0.5% or 0.6%[36] of total assets held against the fund's obligations to all annuity recipients, including those who started receiving an old age annuity through January 31, 2022.[37] Up to 0.3% of the accumulated amount for pension recipients who began receiving an old-age pension as from February 1, 2022 and survivors of these pension recipients.

Provident funds[38]

Pension product	Annual management fees as from 2014
Personal provident fund for retirement benefits and severance pay, savings provident fund, and investment provident fund	Up to 1.05% of accrual + up to 4% of contributions
Central provident fund	Up to 2% of accrual (without management fees from contributions)
Advanced education funds	Up to 2% of accrual (without management fees from contributions)

2) Other complementary arrangements were also set, including as detailed below:

With regard to policyholders with whom the fund lost contact - the fund may collect management fees of up to 0.3% of the accrual, or the rate which was collected in the policy or in the planholder's account, as the case may be, on the date on which the fund lost contact with him/her - the lower of the two.[39]

In practice, the Group's institutional entities collect average management fees, which are lower than the caps described in the tables above, according to individual agreements and discounts, due to market competition, and in accordance with the regulatory provisions that apply to management fees discounts (for further details regarding the competition in the market, see Section 6.3 below).

6.1.2.4. Further provisions with respect to the management of pension savings products

1) Investment management expenses

In addition to the management fees, the institutional entities collect expenses with respect to the management of planholders' investments for third parties, subject to the provisions of **Financial Services Supervision Regulations (Provident Funds) (Direct Expenses Incurred as a Result of Execution of Transactions) 2008**, (hereinafter - the "**Direct Expenses Regulations**"), which set the types of expenses that may be collected from planholders.

For details regarding an amendment to the Direct Expenses Regulations, see Section 9.5.5.1(a) below.

35. In funds such as "Atudot Havatika", management fees rates arise from specific mechanisms, which include different compositions of management fees as a percentage of the fund's asset balances (accrual), the rate of management fees from contributions to the fund, and management fees as a rate of the fund's current annuities to the fund's annuity recipients.
36. In a comprehensive pension fund and a supplementary pension fund, respectively.
37. Except for assets held against the fund's obligations to those who were entitled to receive an annuity or a disability allowance before January 1, 2004.
38. Excluding guaranteed return provident funds, in which management fees are determined according to the bylaws.
39. With regard to a planholder or policyholder, the contact with whom was resumed, and who is not a planholder or policyholder who passed away - the institutional entity may retroactively collect additional management fees, such that the management fees which will be collected with respect of the period beginning at least one year after the date when contact was lost, until the date on which the planholder or policyholder was located, will be at a rate of up to 0.5% of the accrued balance in their account (instead of 0.3%).

2) **Investment Track Reform**

As part of the reform in the area of pension savings, in July 2024, most of the provisions of the amendment to the **"Investment Tracks in Provident Funds" Circular** went into effect, which revised and significantly expanded the offering of specialized investment tracks, that an institutional entity may manage. For details regarding the provisions which were set with respect to the management of investment tracks by dividing them into five types of tracks ("clusters); and regarding the requirement to create certain investment tracks; and regarding the combined effects of the amendment to the Expenses Regulations together with the reform in the investment tracks, see Section 9.5.5.1(b) below.

6.1.3. New products

- **General:**

Following the investment track reform, which became fully active in July 2024, under which the range of specialized investment tracks which an institutional entity may manage was revised and expanded, in April 2024 an amendment to the list of permitted investment tracks was published, mainly revoking the possibility of offering a specialized flexible track (which was originally intended to be a "general" track) while differentiating between the investment tracks specializing in bonds and tracks specializing in bonds with limited exposure to shares - by providing the option of opening credit and bond tracks with shares (up to 25% shares), as part of an ordinary track (hereinafter - "**Active Management**"), a commercial track only and an index tracking track in some of the products; this is along with the credit and bond tracks (that do not include exposure to shares). In addition, restrictions on the investment policy in specific tracks were set.

Changes in life insurance products during the reporting year:

On July 1, 2024, an amendment to the Investment Tracks in Provident Funds Circular (hereinafter - the "**Circular**") came into force, by virtue of which a series of changes and mergers were made to the investment tracks of the insurance policies under Group management:

Following are details regarding mergers carried out:

- "General Track 2" (retirement benefits and severance pay funds of salaried employees and retirement benefits to the self-employed) was merged into the "Age-Dependent Model Track for Persons Aged 50-60".
- "General Track 2" (individual money market) was merged with the General Track".
- "General Passive Track" was merged into a "Flexible Index-Tracker Track".
- "Bond to 15% Shares Track" (retirement benefits and severance pay funds of salaried employees and retirement benefits to the self-employed) was merged into "Age-Dependent Model Track for 50-60 Year Olds".
- "NIS Track" was merged into "Credit and Bonds Track"

In addition, the following track names have been changed:

- From "Bonds track" to "Credit and bonds track".
- From "Short-term NIS track" to "Money market (NIS) track"
- From "S&P 500 index tracker" to "S&P 500 tracker"
- "Share Indices Passive Track" into "Share Indices Tracker Track".
- "Bond Track - Up to 15% Shares (Individuals' Funds Only)" to "Credit and Bonds with Shares Track (up to 25% shares)".

In addition, for all of the abovementioned products, the investment policy for all investment tracks under the provident funds' bylaws was revised, and a provision was added stating that a planholder may manage their funds in a "money market" investment track for a period of 6, 12 or 24 months, in accordance with their selection and that they may select the track to which they will switch at the end of the selection period, all in accordance with the circular's provisions.

Furthermore, in November 2024, two "host" tracks were added in a financial savings[40] policy, under the management of State Street Global Advisors of the State Street Investment Group - a "General Clal State Street" track, which combines shares and bonds, and a "Clal State Street Shares" track.

In April 2024, the marketing of disability and accidental death policies was relaunched.

Changes to bylaws of the pension and provident funds in the reporting year:

Clal Pension and Provident Funds works from time to time, subject to the approval of the Commissioner, to amend the bylaws of the funds under its management, due to, among other things, regulatory changes and the need to make operational adjustments.

In April 2024, the Passive General Track - Share Indices track was added to the "Clal Tamar" provident fund, the "Clal Pension" comprehensive pension fund and the "Clal Supplementary Pension" supplementary pension fund.

On July 1, 2024, an amendment to the Investment Tracks in Provident Funds Circular (hereinafter - the "**Circular**") came into force, by virtue of which a series of changes and mergers were made to the investment tracks of the funds under Company's management as follows:

In comprehensive pension fund "Clal Pension" -

- The "Bond Track - Up to 15% Shares" was merged into "Credit and Bonds Track".
- The following tracks have been renamed:
  - From "Bonds track" to "Credit and bonds track".
  - From "Short-term NIS track" to "Money market (NIS) track"
  - "Share Indices Passive Track" into "Share Indices Tracker Track".
  - "S&P 500 Tracker Track" into "S&P 500 Tracker Track".

In supplementary pension fund - "Clal Supplementary Pension" -

- Clal Supplementary Pension for Annuity Recipients Bonds Up to 20% Shares Track" was merged into Clal Supplementary Pension Basic Track for Existing Annuity Recipients.
- The following tracks have been renamed:
  - From "Short-term NIS track" to "Money market track (NIS)".
  - From "S&P 500 Index Tracker Track" to "S&P 500 Tracker Track".
  - from "Passive General Track - Share Indices" to "Share Indices Tracker Track".
  - From "Basic Track for Existing Annuity Recipients" to "Track for Existing Annuity Recipients".

In Clal Tamar provident fund -

- Clal Tamar Bonds up to 25% Shares track and Clal Tamar Bonds up to 15% Shares track were merged into Clal Tamar for People Aged 60 or Older track, and Clal Tamar CPI-Linked Bonds track and Clal Tamar NIS track were merged into Clal Tamar Credit and Bonds track.
- The following tracks have been renamed:
  - From "Short-term NIS track" to "Money market track (NIS)".
  - From "Bonds track" to "Credit and bonds track".
  - From "Passive Track - Share Indices" to "Share Indices Tracker Track".
  - From "S&P 500 Index Tracker Track" to "S&P 500 Tracker Track".

In Clal Advanced Education Fund -

- The Bond Track was merged into the Credit and Bonds Track.
- The following tracks have been renamed:
  - From "CPI-linked bond track" to "Credit and bonds track".
  - From "Bonds to 15% Shares Track " to "Credit and Bonds with Up to 25% Shares Track".
  - From "Short-term NIS track" to "Money market track (NIS)".
  - From "Passive Track - Share Indices" to "Share Indices Tracker Track".
  - from "General Passive" to "Flexible Index Tracker".
  - From "S&P 500 Index Tracker Track" to "S&P 500 Tracker Track".

40 In these tracks, the customer is a Clal Insurance customer, while State Street Global Advisor manages the investments and the policy's global investment strategies.

In the provident fund for investment "Clal Provident for the Future" -

- A Government Bond track was merged into a Bond track.
- The following tracks have been renamed:
  - From “CPI-linked bond track” to “Credit and bonds track”.
  - From "Bonds to 15% Shares Track " to "Credit and Bonds with Up to 25% Shares Track”.
  - From “Short-term NIS track” to “Money market track (NIS)”.
  - From "Passive Track - Share Indices" to "Share Indices Tracker Track".
  - from “General Passive" to "Flexible Index Tracker".
  - From “S&P 500 Index Tracker Track” to “S&P 500 Tracker Track”.

In addition, for all of the abovementioned products, the investment policy for all investment tracks under the provident funds’ bylaws was revised, and a provision was added stating that a planholder may manage their funds in a “money market" investment track for a period of 6, 12 or 24 months, in accordance with their selection and that they may select the track to which they will switch at the end of the selection period, all in accordance with the circular’s provisions. instructions.

Old pension fund - Atudot Pension Fund for Salaried Employees and Self Employed Ltd. (“Atudot Havatika”)

In the reporting year, there were no changes in Atudot Havatika’s bylaws.

Changes to bylaws of the pension funds and provident funds subsequent to the reporting year:

In February 2025, two new investment tracks were added to the comprehensive pension fund “Clal Pension” and the supplementary pension fund “Clal Supplementary Pension” – a liquid share track and a liquid bond track.

In February 2025, new investment tracks were added in provident funds as follows:

In the "Clal Tamar" provident fund - two new investment tracks were added – "Clal Tamar Marketable Bonds" and "Clal Tamar Marketable Shares".

In the “Clal Advanced Education Fund” - three new investment tracks were added - “Integrated Marketable Clal Advanced Education”, “Marketable Bonds Clal Advanced Education” and “Marketable Shares Clal Advanced Education”.

In the “Clal Provident for the Future” investment provident fund - three new investment tracks were added - “Integrated Marketable Clal Advanced Education”, “Marketable Bonds Clal Advanced Education” and “ Marketable Shares Clal Advanced Education”.

6.1.4. Key markets, trends and changes in demand and supply

Social security in Israel is achieved through a mandatory tier, under the management of the government, and as from 2008 also through another mandatory tier under the management of institutional entities by means of the Mandatory Pension Order that pertains to all salaried employees in Israel and requires employers to make contributions for employees in respect of retirement benefits and severance pay components, at rates set in the Mandatory Pension Order; this is done as part of a comprehensive pension arrangement, which was set as a default arrangement, or through an annuity insurance fund that includes life and disability insurance coverages.

The minimum contribution rates are 6% for the employee’s contributions towards retirement benefits, 6.5% for the employer’s contributions towards retirement benefits, and 6% for the severance pay component. It was also decided that the abovementioned employers’ contributions includes the purchase of a disability insurance coverage for the employee, but in no event will the employer’s contributions for the retirement benefits component be lower than 5% of the determining wage, and the total amount of the employer’s costs in respect of the retirement benefit component plus the disability insurance coverage will not exceed 7.5% of that wage. The determining wage will be the wage in respect of which contributions will be made in accordance with the employee’s employment agreement but will not be lower than the insured wage according to the Mandatory Pension Expansion Order.

As from 2017, the self-employed are also required to make contributions to an annuity provident fund at predetermined rates (contributions of 4.45% up to half the average wage in Israel, and 12.55% for that portion of their income that exceeds half the average wage in Israel and not beyond that wage), according to their income (hereinafter - the "**Mandatory Pension for Self-Employed Law**").

In addition, contributions are made in respect of a voluntary tier, stemming from employee and employer's contributions that constitute a beneficial arrangement, and from contributions of self-employed planholders in excess of the amount required by law. The voluntary tier referred to above includes contributions at rates or amounts that exceed those required by law, and contributions towards savings channels, some of which do not benefit from tax benefits or benefit from reduced tax benefits.

6.1.4.1. Life insurance

Trends in demand and supply: Over the past decade, a trend emerged of encouragement by regulators of contributions to the pension products, which led to pension becoming the main pension product marketed by the institutional entities to the general public. This regulatory encouragement is manifested by, among other things, the partial backing - of up to 30% - of a mechanism to guarantee the return rate, and an increase in the rate of the guaranteed return,[41] focusing on pension as the default product as part of the Mandatory Pension Order, and other regulatory changes, including the cancellation of the Guaranteed Annuity Conversion Factors in insurance, except for customers aged 60 or over, and non-approval of rates for sales of life insurance coverage in executive insurance policies (see Section 6.1.2.1 above).

The regulatory encouragement trend intensified significantly in 2023 and in the reporting year, due to the limitation of deposits to executive insurance (for details, see Section 6.2.2 below), which accelerated the processes that began in previous years and led to a significant reduction in joining life insurance products alongside a significant increase in transfers from the executive insurance product to the pension product.

In the reporting year and in the previous year, there was an increase in sales of the life insurance products compared to last year. Concurrently, in the reporting year, there was a slight decrease in cancellations of life insurance policies compared to cancellations in the previous year.

As a result of the Iron Swords War, there was an increase in the payment of life insurance claims (life insurance and life insurance taken out with respect to a mortgage) during the last quarter of 2023. In the reporting year, there was an increase in the cost of claims due to reasons other than the Iron Swords War. For further details with respect to the effects of the Iron Swords War, see Note 46(m) to the Financial Statements.

- **Scope of activity:**[42] In accordance with the Commissioner's publications, the assets in the Life Insurance Subsegment in the Israeli insurance market as of September 30, 2024 amounted to approx. NIS 483 billion, of which approx. NIS 392 billion are assets in the new life insurance portfolio (participating policies), compared to approx. NIS 460 billion as of September 30, 2023, of which NIS 370 billion in the new life insurance portfolio, i.e. - an increase of approx. 5% in the total assets under management, and an increase of approx. 6% in the assets of the new life insurance portfolio.

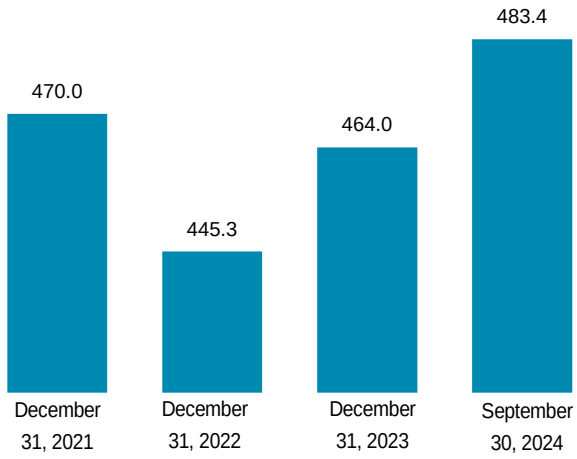
  As of September 30, 2024, the assets in the life insurance portfolio under management of Clal Insurance amounted to approx. NIS 106 billion, of which approx. NIS 84 billion are assets in the new life insurance portfolio (participating policies), compared to approx. NIS 101 billion as of September 30, 2023, of which approx. NIS 80 billion are assets in the new life insurance portfolio. I.e. - an increase of approx. 5% in the total assets under management, and an increase of approx. 5% in the assets of the new life insurance portfolio.

  As of December 31, 2024, the assets in the life insurance portfolio under management of Clal Insurance amounted to approx. NIS 107 billion, of which approx. NIS 86 billion are assets in the new life insurance portfolio (participating policies), compared to approx. NIS 102 billion as of December 31, 2023, of which approx. NIS 81 billion are assets in the new life insurance portfolio.

  As of September 30, 2024, the assets in the life insurance portfolio under management of Clal Insurance constituted approx. 22% of total assets in the life insurance market, a rate which is similar to that as of September 30, 2023.

41. For further details, see Section **9.5.5.1(c)** and Section **6.1.1.2** above.
42. The amount of assets in life insurance is based on the amount of the insurance liabilities.

Development of portfolio assets in the life insurance market in 2021-2024, in NIS billion



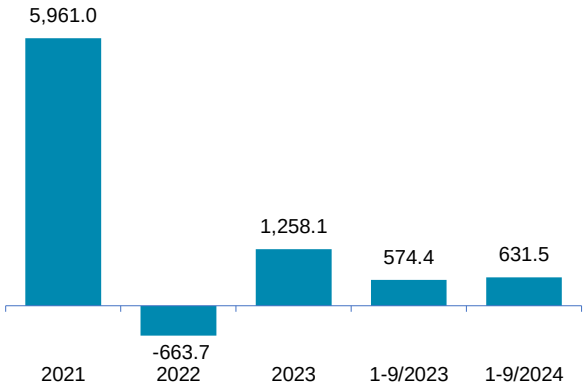
The increase in assets under management as of September 30, 2024 compared to December 31, 2023 is mainly due to an increase in returns in most investment tracks in the capital market, which caused an increase in total assets under management in the market in the Life Insurance Subsegment. The increase may have been partially offset due to an increase in the amounts transferred out of executive insurance policies and redemptions in those policies due to the cap on contributions to executive insurance. (For details, see Section 6.2.2 below).

For details regarding the changes in premiums and in redemptions in the insurance products, see Section 6.4.2 below and Part B to the Report - Report of the Board of Directors, Section 2.2.1.1.

- **Profitability:** In accordance with the Commissioner's publications, total comprehensive income before tax from life insurance business in the life insurance market in the first nine months of the reporting year amounted to approx. NIS 631 million compared to a profit of approx. NIS 574 million in the corresponding period last year.

  The profitability in life insurance is based, among other things, on the aggregate sum of the following components over the policy's term: The financial margin in the guaranteed return life insurance portfolio, the management fees collected as a percentage of the accrual and/or the investment margins and/or the contributions in yield-dependent insurance policies, the difference between the collected premium and the coverage of insurance risks and expenses and their actual costs, the term of the policy, investment income, changes in the risk-free interest rate curve, the effects of the increase in life expectancy in policies with Guaranteed Annuity Conversion Factors, fees and commissions and other expenses.

  Total comprehensive income before tax in life insurance at the market level from 2021 to September 2024 in NIS million



The cumulative results of insurance companies in the Israeli insurance market in the Life Insurance Subsegment in the first nine months of 2024 were affected by an increase in investment income due to an increase in returns in most investment tracks in the capital market. Despite the increase in returns in the capital market, in the first nine months of 2024, no variable management fees were collected in Adif yield-dependent insurance policies and in traditional policies, despite undertakings to policyholders, until the fulfillment of which no variable management fees will be collected. Total management fees (in the reporting period - only fixed management fees as stated above), which were collected in the market in the first nine months of 2024 amounted to approx. NIS 2,475 million compared to approx. NIS 2,368 million in the corresponding period last year. For details regarding the management fees debt in respect of accrued investment losses, see Part B to the Report - Report of the Board of Directors, Section 2.1(d).

The liabilities in respect of lifetime annuities for valid policies, in respect of which annuities have not yet been withdrawn, are calculated, among other things, according to the expected life expectancy and in accordance with the probability of withdrawal of annuities in valid policies. In previous years, there has been an increase in the annuity uptake rate compared to withdrawal of savings funds as a lump sum, in addition to and concurrently with an increase in life expectancy. However, in the reporting year and the preceding year, there was a slight decrease in the annuity uptake rate compared to previous years.

The Company updates the liabilities in respect of annuity recipients from time to time. Regarding the effect of the circular on "**Amendment of the Consolidated Circular on Measurement of Liabilities - Update of the Life Insurance Demographic Assumptions and Mortality Improvement Model for Insurance Companies and Pension Funds**" of July 2024, which revised default assumptions on the basis of which the institutional entities will calculate their liabilities and conversion factors with regard to annuity recipients in pension savings products, see Note 42(e)(e1)(d) to the financial statements**.**

In the reporting year, the Company resumed the sale of accidental death and accidental disability coverages in light of the approval of approved tariffs for these products. In the reporting year, these products were sold in an immaterial scope.

For financial information regarding the Company's Life Insurance Subsegment, see also Note 21 to the Financial Statements.

In 2023, the rate of redemptions in the Company's short- and medium-term savings products increased, due to, among other things, the increase in the interest rate in Israel, which led to an improvement in yields on other investment alternatives in the market, and also affected the interest paid on loans taken against savings in the Company's products. In 2024, the redemption rates in the Company's provident and advanced education fund products subsided, and the trend of redemptions in the financial savings products continued. Following the abovementioned improvement in yields in the second half of 2024, the rate of redemptions in the Company's financial savings products subsided in the fourth quarter of 2024.

For further details regarding the effect of various factors on the markets, see Part B to the Report - Report of the Board of Directors, Section 3 and Note 42(c)(2) to the Financial Statements.

- **Customers:** In the reporting year, there were no material changes in the customer mix in this subsegment. For further details, see Section 6.4.1 below.

6.1.4.2. Pension funds

- **Supply and demand trends**: In recent years, the trend whereby customers prefer the pension products over the executive insurance and provident funds products intensified, and pension products continued being the leading retirement product, which is marketed in the market. As from the second half of 2023, in view of the contribution cap for executive insurance, the pension product gained a status of near-exclusivity in the market. In the reporting year, the increase in the number of customers who signed-on to the pension products under management of Clal Pension and Provident Funds continued compared to the executive insurance products in Clal Insurance.

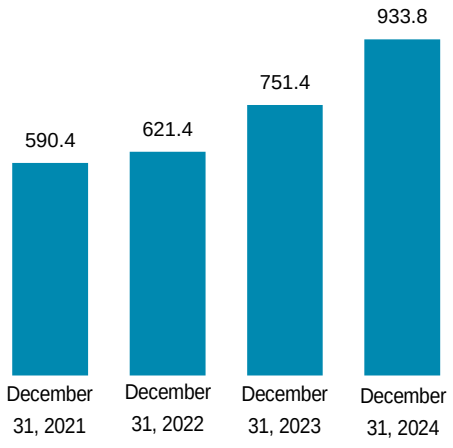
Over the years, the government encouraged saving for pension under the annuity track by, among other things, backing some of the pension funds' investments with a return guarantee mechanism (for details, see Section 9.5.5.1(c) below); the mandatory pension order, which stipulates that as long as the insured has not selected otherwise the default is signing-on to the pension fund; restricting insurers' ability to sell new life insurance plans that include Annuity Conversion Factors that take into account guaranteed life expectancy; the Default Funds (for details, see Section 6.3.1.1 below); crediting the yield on designated bonds to annuity recipients in the pension funds (for details, see Section 6.1.1.2 above); non-approval of tariffs of life insurance products as part of executive insurance policies (for details, see Section 6.1.2.1 above); and the contribution cap to executive insurance (for details, see Section 6.2.2 below). All of **the** above has led to the pension fund's becoming almost the single pension product sold, despite certain advantages that the insurance products have over pension products.

It should be noted that the Iron Swords War did not have a material impact on the demographic balancing out mechanism of the pension fund due to payments arising from death and/or disability of the pension fund's planholders.

- **Scope of activity**: According to the Commissioner's publications, the amount of assets accrued in the new and general pension funds in the pension market as of December 31, 2024 reached approx. NIS 933.8 billion, compared to approx. NIS 751.4 billion in the corresponding period; i.e. - an increase of approx. 24.3%. The increase in the amount of assets accrued is mainly attributed to contributions during the year (including new transfers of funds) and to returns on assets under management. As of December 31, 2024 the share of the Group's comprehensive and general pension funds out of the total comprehensive and general pension funds market was approx. 15.2% compared to approx. 15.9% in the corresponding period, mainly due to an increase in outgoing transfers.

  Net accrual in the comprehensive and general pension funds market in respect of contributions in the reporting year amounted to approx. NIS 76.8 billion compared to approx. NIS 67.2 billion in the corresponding period.

  Development of assets in the pension funds market in 2021-2024, in NIS billion



Profitability: The profitability of the pension funds is based, among other things, on the difference between the management fees collected by the management companies and the actual expenses. The management fees and the expenses are affected by the number of planholders, total assets, contribution amounts, as well as by capital market returns.

The intense competition in the pension market is reflected in increased discounts on management fees for planholders. For details regarding provisions with respect to the intensification of the competition in the pension savings market and its consequences, and regarding the competition with respect to annuity recipients, see Section 6.2.1 below. For details regarding the amount of assets, accrual and average management fees, see Section 6.1.2.2 above. For financial information regarding the Company's Pension Funds Subsegment, see Note 21 to the Financial Statements.

A number of regulatory changes that have been applied over the past few years led to intensification of the competition in the Pension Funds Subsegment. However, in recent years there was a significant business growth in the Company's activity in the Pension Funds Subsegment, which led to an increase in operating profit.

- **Customers:** In the reporting year, there were no material changes in the customer mix in this subsegment. For further details, see Section 6.4.3 below.
- In the old pension funds market there was no change in demand and supply, since new planholders cannot join those funds.

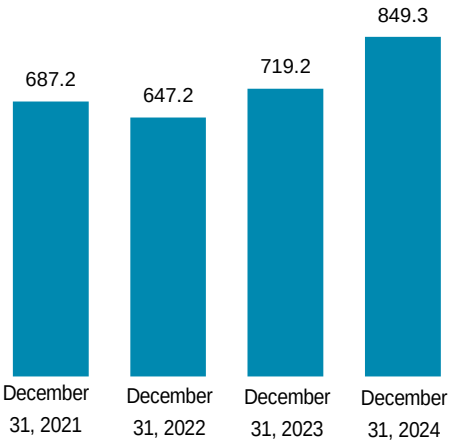
6.1.4.3. Provident funds

- **Demand and supply trends:** The demand for provident products, which mostly constitute savings products, was mainly with respect to provident funds; it focused mainly on the transfer of existing accruals between the various institutional entities, and on receipt of one-off contributions, due to retirement or death of a planholder (in accordance with Amendment No. 190), with respect to advanced education funds and investment provident funds - focusing mainly on new contributions and the transfer of existing accruals between the various institutional entities as a consequence of competition over management fees and returns.
- **Scope of activity:** According to the Commissioner's publications, total assets under management in provident funds in the provident funds market as of December 31, 2024 amounted to approx. NIS 849.3 billion, compared to approx. NIS 719.2 billion as of December 31, 2023, an increase of approx. 18.1%. This increase arises mainly from returns on assets under management and from positive net accrual.

  For details regarding redemptions from short and medium-term savings products, which are managed by the institutional entities subsequent to the reporting date - see above.

  As of December 31, 2024, the assets under management of the provident funds under the management of the Group constitute approx. 7.1% of total assets under management in the provident funds market compared to approx. 8.2% as of December 31, 2023, mostly due to the greater number of outgoing transfers, which arose, among other things, from a decline in the Company's return ratings.

  Development of assets in the provident funds market in 2021-2024, in NIS billion



  The transfer of planholders and accruals between the provident funds continued in the reporting year. The Group believes that this trend stems from the competition between the funds with respect to returns and management fees, and from increased transparency in the market.

  In the year preceding the reporting year, there was a decrease in the rate of assets for which redemptions were made from investment provident fund products and advanced education funds, although this trend subsided to some extent in the reporting year.

  For financial information regarding the Company's Provident Funds Subsegment, see Section 6.1.2.2 above.

- **Profitability:** The profitability of the provident funds is based, among other things, on the difference between the management fees collected by the management companies and the actual expenses. The management fees are affected by the competition in the market, the amount of accrued expenses, and the returns on assets under management, as well as by regulatory changes. Until 2022, average management fees decreased, mainly in the advanced education funds. In the reporting year, the average management fees collected in provident funds did not change compared to 2023, while the average management fees collected in investment provident funds and advanced study funds declined slightly.
- **Customers:** In the reporting year, there were no material changes in the customer mix in this subsegment. For further details, see Section 6.4.4 below.

6.1.5. *Material expected changes in the Company's market share in key markets with respect to the main products and services, and their mix, considering, among other things, the demand for the existing products and the period that elapsed since they were launched*

Life insurance policies, pension funds and provident funds are alternative products, since they are all long-term savings products that entitle planholders with tax benefits, and which can incorporate insurance coverages. Following regulatory changes, the uniformity between the various products has increased, which is reflected, among other things, in the structure of management fees, in the ability to sell insurance coverages to planholders, and in the absence of Guaranteed Annuity Conversion Factors.

The Group believes that the pension product will continue to be the principal product in the market, mainly due to the executive insurance contribution cap (for details, see Section 6.2.2 below). This directive is in line with previous directives, which caused pension products to become preferrable, due to, among other things, the Mandatory Pension for the Self-Employed Law (for details, see Section 6.1.4 above), the provisions regarding the default funds (for details, see Section 6.3.1.1 below), the existence of return guarantee mechanisms (for details, see Section 9.5.5.1(c) below).

In the reporting year, the Group is the fourth largest Group in the pension market, and has a certain relative advantage, since it markets the entire range of products in this segment.

6.1.5.1. Life insurance

According to the Commissioner's publications, in the reporting year, the Group was the third largest group in the life insurance market, based on total assets under management, as defined by the Commissioner. The Company is not aware of material changes which are expected to occur in its overall share of the life insurance market, and this depends, among other things, on the way competing institutional entities conduct themselves, policyholders and planholders' preferences, the way distributors conduct themselves, and the effects of regulatory changes in the pension savings market with regard to assets under management and new sales.

As stated above, in the reporting year there was a substantial decrease in the number of those who signed-on to life insurance products alongside a substantial increase in transfers from the executive insurance product to the pension product, due to the executive insurance contribution cap (see Section 6.2.2 below), further to processes that started in previous years and led to customers' preferring the pension product over the life insurance product. This trend may have been more intense in the Company - to some extent - due to the relative rating of the Company's yields in 2023 and in the first half of 2024. Consequently, the relative share of the executive insurance product of all of the Group's pension savings products has decreased.

Another advantage that the pension product may have arises from the relative costs of the insurance coverages in the pension fund compared to their cost in the executive insurance product, and the amount of management fees in the pension product compared to the executive insurance product.

For details regarding the substantial reduction in executive insurance sales due to the consequences of the contribution cap in executive insurance, see Section 6.2.2 below.

6.1.5.2. Pension funds

In the reporting year, the Group was the fourth largest group in the pension funds market, based on total assets under management, as defined by the Commissioner. The Company is of the opinion that in the forthcoming years pension products will continue to be sought after in the pension savings market. The Company believes that Clal Pension and Provident Funds' share in the pension market will be affected, among other things, by the rate of management fees that will be collected, the returns, the service, the competition between the institutional entities, the way the distributors will conduct themselves, the policyholders and planholders' preferences, and the relevant regulatory provisions.

As stated above, Clal Pension and Provident Funds' share in the pension market is affected and is expected to be affected to a considerable extent, by the default funds and their direct and indirect effect on the competition in the market (for details, see Section 6.3.1.1 below), in view of the operational advantage those funds have in terms of signing-on new planholders (since those who wish to sign-on are not required to fill out a form or health statement); and also by the effect of changes in the mechanism for ensuring the stability of the pension funds and the crediting of guaranteed return (both due to the designated bonds and due to the Return Supplementation Mechanism) on the age groups, between the various pension funds. For details, see Sections 9.5.5.1(c) below and 6.1.1.2 above. In the opinion of the Company, the multiple number of competitors, regulatory changes that occurred in recent years, and the intense competition in the market (both at the time of signing-on and with respect to transferring existing planholders), which is reflected, among other things, in competition over management fees and returns, affect the retention rates and the new sales of the various pension products, and may affect the Company's market share.

The contribution cap in executive insurance policies, as detailed above, shall maintain pension products' status as almost the single pension product, which gains new customers.

In addition, a further increase in planholders' applications to transfer funds to pension plans close to their retirement date may also have a material effect on the Company's business results. In the reporting year, there was an increase in the rate of planholders' transfers shortly before their retirement dates, and the Company believes that this trend may intensify in the coming years.

6.1.5.3. Provident Funds Subsegment

In the reporting year, the Group was the seventh largest group in the provident funds market, based on total assets under management, as defined by the Commissioner. The Company's market share in the provident funds market is affected, among other things, by the competition between the institutional entities and the investment houses, which is affected by the returns achieved by the provident funds, the rate of management fees, and the service that will be rendered to planholders.

Advanced education funds vary from other pension savings products, since they provide the possibility of mid-term savings, which entitles savers with tax benefits. The Company's market share in the advanced education funds market is affected, among other things, by the competition between the institutional entities, which is affected by the returns achieved by the advanced education funds, the range of investment tracks, the rate of management fees, and the service that will be rendered to planholders.

In the reporting year, the increase in total assets under management in the investment provident funds and the advanced education fund managed by Clal Pension and Provident Funds arose mainly from an increase in returns in most of the investment channels in the capital market. For information about changes in the contributions to investment provident funds, see Section 6.1.2.2 above.

The information pertaining to future changes in the Company's share in the markets for various pension products constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. The changes and their actual consequences may vary from those predicted, in view of the many regulatory changes which are at initial implementation stages; any future regulatory changes may affect the Company's share in the various markets; the competition in the market; the way the competing institutional entities and distributors conduct themselves; and customers' preferences.

6.2. Restrictions, Legislation and Special Constraints Applicable to this Area of Activity

The activity in this field is subject to the legal provisions applicable to insurers, pension funds and provident funds that operate in the area of activity - including the Insurance Law, the Provident Funds Law, the Pension Advice Law and the Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 1964, and to the Commissioner's Directives as published from time to time. Provident funds and pension funds are managed by management companies; insurance funds are managed by insurance companies.

The activity in this field requires a license from the Commissioner, in accordance with the Insurance Law and Provident Funds Law, and is supervised by the Capital Market, Insurance and Savings Authority. The management company of a provident fund, which manages a pension fund, is required to obtain an insurer license that also constitutes a management company license regarding all provident funds under its management. A management company which was granted an insurer license as stated above may currently manage any type of provident fund other than insurance funds. One management company may also manage one general new pension fund, a new comprehensive pension fund and an old pension fund and provident funds.

A management company may engage in other business in respect of a pension product approved by the Commissioner, subject to approved conditions, provided that the engagement is regulated under the provisions of the Provident Funds Law, Insurance Law or Pension Advice Law. Furthermore, all provident funds managed by a management company is required to obtain a provident fund management permit, which is renewed annually.

The Insurance Law prescribes that a person will not be granted a permit to control an insurer if - subsequent to granting such a permit - that person will have a holding that exceeds 15% of total long-term savings assets, as defined in the Insurance Law. The Insurance Law permits a material holding in the field of long-term savings if such a holding arises from changes in operating activities. To the best of the Company's knowledge, according to the weighting of the information published on the Commissioner's website, as of September 30, 2024, the Company's holdings in the field of long-term savings amount to approx. 12.8%.

The area of activity is characterized with significant, extensive and frequent regulation - both with respect to the products which were sold in the past and are still valid, and with respect to products currently sold - whose objective is, among other things, to increase transparency and competition and to perfect the market.

Following are material changes in regulations that apply to the segment in recent years:

6.2.1. Intensifying the competition in the pension savings market

Various provisions and regulations have been published over the past few years, which improved the market's perfection, and intensified the competition and transparency, in order, among other things, to allow those who save for pension to better adapt the products, such that they meet their needs, and simplify their decision making process. The significant provisions published in previous years included the imposition of the executive insurance contributions cap (see below), the setting up of default funds (see Section 6.3.1.1 below), the setting up of Pension Clearing System (see Section 6.3.1.3 below), the amendment to the Direct Expenses Regulations, and the investment track reform (see Sections 9.5.5.1(a) and 9.5.5.1(b) below).

6.2.2. Cap on contributions to executive insurance

In July 2023 amendments were published to the **Income Tax Regulations (Rules for the Approval and Management of Provident Funds) (Amendment), 1964** (hereinafter - the "**Provident Funds Management Regulations**") and to the **Supervision of Financial Services Regulations (Provident Funds) (Transfer of Funds between Provident Funds) (Amendment), 2008**, which came into force in September 2023 (hereinafter - the "**Transfer of Funds Regulations**").

The said amendments stipulate, among other things, that: (a) Contributions to new insurance funds (that will be opened after the coming into force of the provision) will only be made from an amount that exceeds 20.5% of twice the average wage in Israel (hereinafter - the "**Monthly Contribution Cap**"); (b) transfer of funds from a provident fund, which is not an insurance fund to a provident fund, which is an insurance fund will be subject to the condition whereby after the transfer of funds to the insurance fund, the outstanding balance of accumulated funds, which were not transferred to the insurance fund will amount - at the very least - to the Monthly Contribution Cap multiplied by the number of months that elapsed since the first payment was made into the provident fund. The restrictions on the transfer of funds as stated above does not apply to transfer of funds from an insurance fund which was issued before

September 2023. Furthermore, under a government resolution of March 2023, institutional entities will be required to inform active policyholders in an insurance fund of the Contribution Cap as stated above, in accordance with the Commissioner's directives. As of the date of this report, the Commissioner's directives with respect to this matter have not yet been published.

The regulations and the media reports in connection therewith decreased significantly the sales of executive insurance and increased significantly the trend of signing-on to pension funds; they were a significant factor in the significant increase in transfer of funds to pension products from executive insurance. Although the cap on contributions to executive insurance did not set rules regarding existing executive insurance policies, it is perceived by some of the customers and some of the pension marketing and advice entities operating in the market, as a reform that points to the advantages of executive insurance products - not only those that will be sold prospectively, but also those which were sold in the past, including policies with guaranteed life expectancy Annuity Conversion Factors which were sold over the years, and mainly with respect to policies with no guaranteed life expectancy Annuity Conversion Factors. Accordingly, as stated above, the reform led to a substantial increase in executive insurance policies' outgoing transfers. This resulted in a material adverse effect on the embedded value of those policies, which constitute a material component of the Company's embedded value.

The Company believes that the trend of fund transfers to the pension product from executive insurance is set to continue. In this context, it is noted that in the reporting year there was an increase in outgoing transfers from executive insurance products compared to last year, which was curbed to some extent in the fourth quarter of the reporting year.

The Company takes steps to increase the retention of executive insurance policies. These steps may reduce, to a certain extent, the potential profitability of executive insurance. At this stage, the Company is unable to estimate whether the increase in outgoing transfers from executive insurance policies as reflected in the reporting year, will continue, and how effective the actions to retain these policies will be.

The information regarding the effects of the contributions cap for executive insurance constitutes forward-looking information based on the Group's assessments and assumptions, as of the report publication date. Actual implementation may be materially different than expected and depends on the behavior and preferences of policyholders and planholders with respect to the products in their possession; the behavior of competing entities; life expectancy development studies; and the behavior of the distributing entities.

6.2.3. Fees and commissions arrangements for the insurance and the pension savings products

Regarding the Commissioner's Position and the Amendment to the Financial Services Supervision Law (Provident Funds) (Amendment No. 20), which deal with the separation of fees and commissions from the management fees; regarding the bill dealing with giving banking corporations the option to provide pension advice over the phone or through digital means see Section 9.8.1.1(b) below; and regarding the provisions on an insurance agent's obligation to refund the brokerage fees paid to him, upon cancellation of a policy or the transfer of the funds accrued therein after it was taken out, see Section 9.8.2.1 below; regarding the amendment of the Advice Law with respect to the refusal of an institutional entity to engage with a pension advisor and the terms and conditions of this engagement, see Section 9.8.2.2 below; as well as regarding the Report of the Taskforce on Institutional Entities' Holdings in Insurance Agencies, see Section 9.8.2.3 below.

6.2.4. Product - grouping of products, transparency and rates intervention

Over the years, the Authority took a number of steps in order to encourage competition and focus it on management fees, returns and service, while grouping the various products sold in the market and prescribing them. This led to a uniform format of the various products, including the bylaws of the pension funds, disability insurance policies and personal accidents policies.

For details regarding the consolidation of investment tracks, as part of an amendment to the Investment Tracks Circular, see Section 9.5.5.1(b) below.

6.2.5. Others

The increase in the tax benefit available upon withdrawal of an annuity will stop in 2025

In accordance with the provisions of Section 9A to the Income Tax Ordinance [New Version], 1961, which prescribes a tax exemption rate applicable to an entitling annuity, capitalization of an annuity and the exempted capital balance as stated in that section, it was planned to revise the exemption rate awarded to an entitling annuity upon its withdrawal from 52% to 67% in 2025. In December 2024, the **Amendment of the Income Tax Ordinance Law (No. 275), 2024**, was published, in which the increase in the exemption rate was gradually spread over four years, up to 67% in 2028.

The Company believes that the amendment to the Income Tax Ordinance will have an immaterial effect on the Company's business results.

The information pertaining to the effects of the amendment to the Income Tax Ordinance constitute forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. Actual implementation may be materially different than expected and depends on the behavior and preferences of policyholders and planholders with respect to the products in their possession.

For a summary of other final legal provisions which were published in the reporting year and thereafter, and a summary of the legal provisions which were published, and which apply to the segment, in addition to those described above in this chapter, see also Section 9.2 below.

6.3. Competition

6.3.1. Competitive conditions in the area of activity, and the names of the significant competitors

This area of activity is characterized with intense competition between all institutional entities, both at the stage of signing-on to the pension product and during the savings period, with respect to transfer and retention of existing accruals between the various institutional entities. Competition also exists with respect to policyholders and planholders who approach the date on which they will start receiving the annuity, with respect to the product from which they will receive the retirement pension.

6.3.1.1. Default Funds

In accordance with the provision of a circular regarding this matter - "Provisions Regarding Selecting Provident Funds" (hereinafter - the "**Default Funds Circular**") - in August 2024, amendments of the Default Funds Circular and the paper on "Procedure for Selecting Default Funds" were published, which deal with the procedure of selecting the pension funds, which will constitute default funds for a period of four years starting on November 2024 (hereinafter - "**Procedure of Selecting Default Funds**").

In September 2024, the results of the Procedure of Selecting Default Funds were published, under which four default pension funds were selected, which will serve as default funds from November 2024 to November 2028. The management fees in the default funds will stand at 1% of the contributions and 0.22% of the accrual (rates which are identical to management fees rates in the default funds, which operated until the Procedure of Selecting Default Funds), for a period of ten years.

As part of the proposed amendment of the Default Funds Circular, it is suggested to prescribe provisions were set regarding the mechanism according to which employers will sign-on to one of the default fund each of their employees, who did not exercise their right to select a provident fund after they were given with an opportunity to do so, i.e. - employers will sign-on such employees to various default funds and will not be able to work only with a single default fund. Furthermore, provisions were set as to the option of converting the rate of management fees of the default funds from fixed management fees to management fees on contributions.

The Amendment to the Default Funds Circular also includes an update as to the default annuity provident fund or advanced education fund, which will be selected as part of a tender to be conducted by the employer. With regard to this procedure, each management company may take part in the process; the criteria of the procedure are a ranking in the service index, returns and management fees, and a criterion was prescribed, which reflects the investment portfolio's risk, will be a mandatory criterion if the employer will opt to include in its tender the criterion of "return of the provident fund under the investments track".

The selection of the default funds is expected to maintain the intense competition in the pension funds market.

The setting up of Default Funds and the competitive advantages conferred upon them have a material market-wide effect on the pension funds market, which included the introduction and boosting of new market players, and a decline in the average management fees collected in the pension funds and in the advanced education funds. The said effect intensified in view of the combined effect of the said provisions together with the provisions regarding Transfer as Part of the Signing-On Process.[43]

However, the rate of management fees offered by the selected pension funds which are currently operational moderated the effect of the Default Funds on the decrease in management fees.

At this stage, the Company is unable to assess the effects of the provisions added to the default fund circular regarding the mechanism for signing on employees to default funds and the mechanism for converting management fees in default funds.

As stated above, due the contribution cap on executive insurance (see Section 6.2.2 below), there was an increase in contributions by new planholders in the market as well as to the pension funds managed by Clal Pension and Provident Funds compared to the previous year.

6.3.1.2. Guaranteed return in pension fund

For details regarding draft regulations under which it is proposed to change the allocation rate of guaranteed return between investment tracks, see Section 6.1.1.2 above.

6.3.1.3. Removal of operational barriers - the transfer of information in the pension savings segment and the Pension Clearing System

Over the years, the Authority has taken a number of steps, whose aim is to remove operational barriers and assist with transfer of information.

As part of this, the central pension clearing system was set up, which is used to deliver information between various entities operating in the pension savings market (the institutional entities, license holders, employers, policyholders and planholders), and to execute various actions.

Information is transferred as part of the Pension Clearing System through several interfaces, whose aim is to create a uniform format for transfer of information between the various entities, including an employers' interface whose aim is to set up a structured interface for the transfer of information about employers' contributions to pension products for their employees; the events interface through which requests are transferred to receive information and execute transactions; the holdings and pre-consultation interface;44 the severance pay balances interface;45 the funds transfer interface;46 the information to employers47 and other interfaces.

6.3.1.4. Competitive conditions

Following are details regarding the competitive conditions which affect the signing-on to pension products and the transfer of the pension products under the Group's institutional entities. For details regarding the transfer of funds from and to the Group's institutional entities in the Long-Term Savings Subsegments in 2022 to 2024, see Section 6.4.5 below.

43. Provisions the main point of which is that when planholders join a new pension fund, and as long as they have not requested otherwise, the savings funds available to them in inactive accounts with other new pension funds will be transferred to the new pension fund to which they wish to sign-on, while maintaining insurance continuity.
44. The holdings interface is an interface that includes data about policyholders and planholders' pension products, which an institutional entity is required to transfer to a license holder further to its request to transfer information about the customer.
45. The severance pay balances interface is an interface for the provision of information to the employer about severance pay balances in respect of its employees, or to a policyholder in respect of his/her employment periods with his/her employers.
46. The funds switching interface regulates the procedures for transferring funds between institutional entities and stipulates that the transfer of funds between institutional entities will be conducted only through the Pension Clearing System.
47. The information to employers interface prescribes information that the employer may receive from the institutional entity through the interface, and deadlines by which the institutional entity should respond to the employer's request.

Over the years, life insurance policies, pension funds and provident funds were partly alternative products, with certain emphases in each of them. Due to a number of reforms in the area of activity, which reduced the variability between the products, and resulted with preference to annuity products, the cancellation of the guaranteed annuity conversion factors in insurance funds, the relatively low cost of the insurance coverages in the pension fund, the management fees which are collected, the guaranteed returns on some of the assets in the pension funds have turned pension funds into the main product being marketed to the public.

In view of the contributions cap in executive insurance, which came into force during 2023, and with its publication, the executive insurance product ceased serving as a substitute product for the comprehensive pension fund, and became a substitute product only for the general pension fund, with respect to insurance contracts that will be purchased or fund transfers that will be carried out after the restriction came into force. For details, see Section 6.2.2 above.

For details regarding demand and supply trends in the reporting year, see Section 6.1.4 above.

The insurance products that do not benefit from tax benefits, such as individual policies or pension savings that became liquid, as well as investment provident funds, compete with one another and with other investment products, which are also marketed by financial entities, which are not regulated by the Commissioner, mainly banks, portfolio managers and mutual funds.

The competition in the savings products field focuses on returns, annuity conversion factors or guaranteed return or the absence thereof, the amount of the management fees (and any discounts), the insurance coverages and their cost, the level of service and supplementary insurance solutions.

According to the Commissioner's publications, as of December 31, 2024, the Group was the third largest group in the life insurance market, the fourth largest group in the pension funds market and seventh largest group in the provident funds market, and in total - the Group is the fourth largest in the pension market based on total assets under management, as defined by the Commissioner.

In the life insurance and disability insurance subsegments, the competing entities are various insurance companies, and competition focuses on rates and discounts, due to, among other things, the many similarities between the terms and conditions of the various products (in that regard, see, among other things, the provisions regarding setting rates in life insurance, as detailed in Section 6.1.2.1 above). Furthermore, the pension funds, which include surviving relatives insurance coverages (in the case that the planholder dies) and disability coverages also compete with life and disability insurance products, as a supplementary product of executive insurance.

The competition between the area of activity's products and the institutional entities intensified due to the combined effect of regulatory changes introduced in past years, including the setting up of default pension funds (for details, see Section 6.3.1.1 above), the trend of consolidating various products, the removal of operational barriers that delay the transfer of funds between the institutional entities, such as the setting up of the Pension Clearing System and the increased use thereof (see Section 6.3.1.3 above), The Signing-On to Insurance Plans Circular,[48] and the removal of transfer barriers. Other factors that affected the competition are the introduction of new market players and the strong positioning they achieved, the continued trend of preferring pension products over others. As mentioned above, the executive insurance contribution cap created a material change in the market, such that the competition between the institutional entities is focused solely on the pension product.

In addition, credit card companies set up insurance agencies under their ownership, which use customer data available to them, in accordance with conditions set by the Commissioner. To the best of the Company's knowledge, at this stage these agencies do not market long-term savings products; however, some of those agencies market pension savings products. The Company is unable to assess the impact of the introduction of insurance agencies owned by credit card companies into the long-term savings products market.

48. The Signing-On to Insurance Plans Circular, which prescribes the conduct of insurance companies and insurance agents when an insurance applicant signs-on to an insurance plan, prescribes, among other things, provisions regarding the customization of the insurance such that its suits the customer's needs, by posting a query on the "Har Habituach" website in order to obtain information regarding other insurance coverages of the policyholder with other companies; and provisions that prohibit the signing-on of an insurance applicant to an individual insurance policy that awards compensation when the policyholder has another policy that awards compensation for such insured events, except for extraordinary cases and/or with the consent of the policyholder.

The investment instruments assessment taskforce

In February 2024, the Ministry of Finance set up a taskforce designed to assess the various investment instruments in medium and short-term savings (hereinafter - the "**Assessment Taskforce**"), map the gaps and formulate recommendations regarding an adequate regulatory outline for the said investment instruments, such that the arbitrage in this market will be reduced. The letter commissioning the committee notes that the public is offered a number of medium and short-term investment instruments under management, which share similarities in terms of how their investments are managed and their use by the consumer but vary in various regulatory aspects. In April 2024, the assessment taskforce published a call for proposals regarding regulatory discrepancies between short- and medium-term investment and savings instruments, which amount to regulatory arbitrage and may lead to market failure and adversely affect investors. The Israeli Insurance Association submitted its response to the issue to the assessment taskforce.

In February 2025, the interim report of the assessment taskforce was published, in which it was noted that there is a regulatory and tax arbitrage in short- and medium-term savings instruments, and a solution consisting of three parts was recommended:

A. Cancellation of tax arbitrage – it is proposed to cancel the linkage between the tax benefit to the product and the benefit to a dedicated investment account, under which it will be possible to sell and buy various securities and investment instruments without a taxable event, and to defer tax on contributions up to a cap set in law (and above the cap without tax deferral). Gains accrued in savings will be subject to capital gains tax upon withdrawal. It is also proposed to reduce the exemption for capital withdrawal after the age of 60.
B. Creating a uniform platform, including a user interface to increase accessibility for savers – it is proposed to create a platform, which will display to the saver all savings and investment instruments they holds, which will incorporate three accounts:
    - Pension account (which will include all of the saver's pension products);
    - Investment account in which voluntary products benefited from tax benefits;[49]
    - An investment account in which voluntary products do not benefit from tax benefits.

    The platform will enable users to execute transactions and provide brokerage and consulting services.
C. Holistic financial brokerage - it is proposed to create an infrastructure for the provision of holistic and proactive financial brokerage services while creating a compensation model that aligns the interests of the broker with those of the saver.

The Capital Market, Insurance and Savings Authority, whose representatives where among the committee's members, published a separate response on its behalf in which it objected to material components of the proposal, in light of economic costs in general and in particular substantial budgetary costs, which are expected to be incurred upon its implementation, addressing certain regulatory discrepancies while ignoring other significant regulatory discrepancies, and changes in products with the assessment of which the taskforce was not tasked. Among other things, the Authority noted that the proposal raises concerns regarding adverse effects on Israeli savers, and in particular those who save through products regulated by the Capital Market Authority, due to, among other things, concerns regarding the channeling of savers to products, which are not suitable for their needs, reducing competition in the field and raising the prices of savings and investment products. It was also argued that the main part of the proposal is granting a tax benefit to private investors in the capital market at the expense of a tax benefit to voluntary pension savings and Child Savings, which is contrary to Israel's tax policy.

At this stage, the Company is unable to estimate the consequences of the interim report; however, if the recommendations will be implemented in their current form, the Company's savings activities may be materially affected.

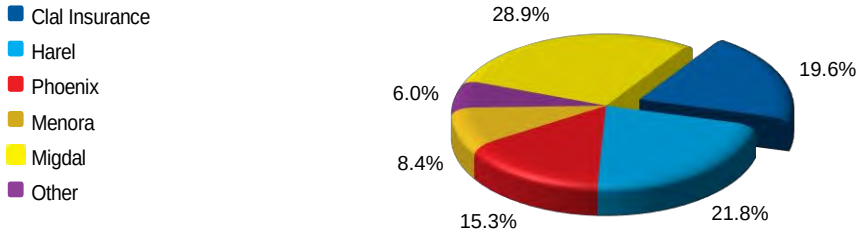
With regard to the said products, the competition is reflected, among other things, in retention capabilities, returns, the rate of management fees collected, and the fees and commissions paid to agents. For further details, see Part B to the Report of the Board of Directors, Section 2.2.1.

49. Products, saving in which is not in accordance with the law (investment provident funds, savings policies, mutual funds).

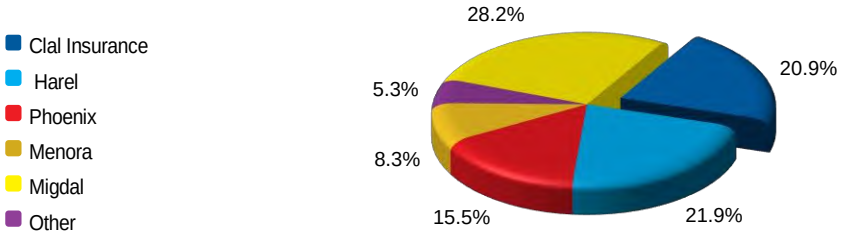
A. Life insurance

Approx. 94% of the life insurance market, in terms of gross premiums earned, is controlled by the five largest insurance companies (Clal Insurance, Migdal, Harel, Menora and Phoenix). Clal Insurance competes mainly against those insurers, pension funds and provident funds that provide alternative products, and against financial entities. Clal Insurance also competes - in the field of individual insurance - against other insurance companies, and against financial entities.

Breakdown of share of premiums by insurance groups and companies in Israel in the Life Insurance Subsegment as of September 30, 2024



Breakdown of share of premiums by insurance groups and companies in Israel in the Life Insurance Subsegment as of September 30, 2023



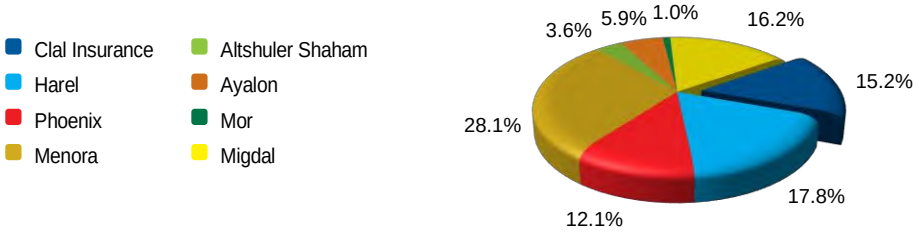
* The premium amounts in the Life Insurance Subsegment reflects the insurance premiums paid in respect of all valid policies sold over the years, and changes therein do not necessarily reflect the change in demand and supply in the reporting year.

As stated above, as from 2023, and even more so in the reporting year, there was a substantial increase in outgoing transfers from the executive insurance product to the pension product, alongside a substantial reduction in the number of customers who signed on to life insurance products, mainly due to the executive insurance contribution cap (for details, see Section 6.2.2 below). This trend may have been more intense in the Company - to some extent - due to the relative rating of the Company's yields in 2023 and in the first half of 2024.

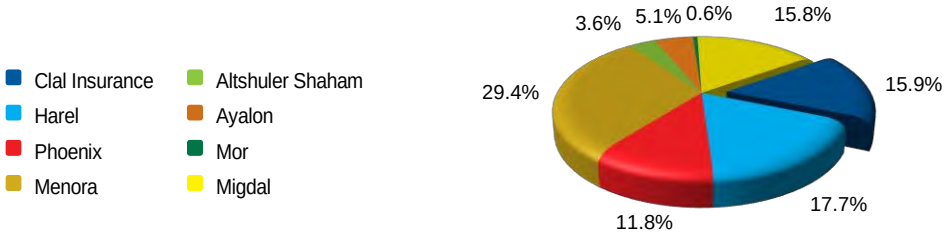
B. Pension funds

In the opinion of the Group, Clal Pension and Provident Funds competes against the selected default funds and the management companies of the large funds, Mivtachim (Menora) and Makefet (Migdal), Harel Pension and The Phoenix Pension.

Breakdown of the share of assets in the new pension funds by insurance groups and companies in Israel as of December 31, 2024



Breakdown of the share of assets in the new pension funds by insurance groups and companies in Israel as of December 31, 2023



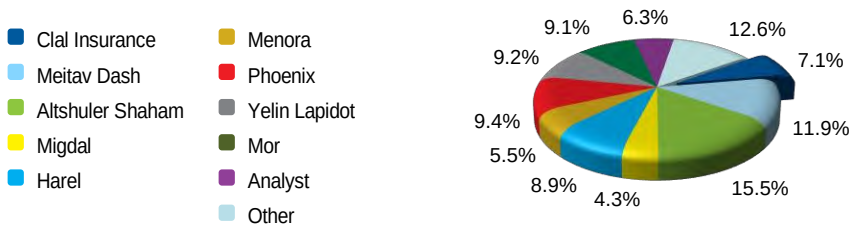
The decrease in the Company's market share was mainly due to an increase in the rate of outgoing transfers, which arose, among other things, from a decline in the Company's yield ratings compared to competitors, mainly in the second half of 2023 and in the first half of 2024

In the second half of 2024, there was an improvement in the relative rating of the Company's yields and, accordingly, in the fourth quarter of 2024, there was a decrease in the outgoing transfer rate in the savings products sold by the Company relative to the third quarter of 2024.

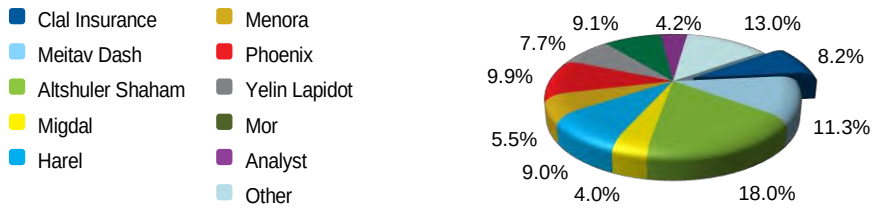
C. Provident funds

As of the reporting year, in this market, the Group competes mainly with other savings provident funds. In the opinion of the Group, its main competitors are Altshuler Shaham, Yelin Lapidot, Analyst, Meitav-Dash, Phoenix, More and Harel.

Breakdown of the share of provident fund assets by private entities and insurance companies in Israel as of December 31, 2024



Breakdown of the share of provident fund assets by private entities and insurance companies in Israel as of December 31, 2023



In view of a decline in the Company's yield ratings compared to competitors, in the second half of 2023 and the first half of 2024, there was a decrease in the Company's incoming transfers and an increase in the outgoing transfers from provident funds under the Company's management, which led to a decline in the Company's market share in 2024.

In the second half of 2024, there was an improvement in the relative rating of the Company's yields and, accordingly, in the third quarter of 2024, there was a decrease in the outgoing transfer rate in the savings products sold by the Company relative to the second quarter of 2024.

6.3.2. *Methods for dealing with competition and the factors that affect the Company's competitive position*

The Group deals with competition in this market on a number of levels:

- Synergy between Clal Insurance Group companies - providing integrative solutions to customers in all long-term savings tracks.
- Using regulatory changes in order to gain exposure to new groups of potential customers and enlist them as customers.
- Increased operational efficiency - through the improvement of the work methods and automation systems. For information regarding the improvement of the automation and digitization systems, see Section 9.10.3.1 below.
- Retention of customers in the existing portfolio and improvement of customer services - through digitization, operating dedicated units to deal with the issue, setting up dedicated call centers, including a claims call center and an employer call center, while presenting the range of options the Group offers to its customers.
- Expanding the customer base, both by expanding the distribution channels, including directly and by increasing the scope of sales, the product offering and the scope of the insurance coverage to existing customers.
- Maintaining a significant scope of activities and expanding the activities based on an operational function and databases.
- A professional and skilled investment function, which operates to achieve maximum returns for policyholders and planholders, while implementing informed risk management.
- Expanding the distribution and marketing functions - both the direct channels and through agents - by holding sales promotion campaigns, improving the services to agents (including technological improvement in interfaces with the agents and providing digital services), recruiting new agents, and acquiring agencies.
- Branding and the Group's positioning.
- Innovation, product development and customization of products to the customers' needs and to changing market conditions, under regulatory restrictions.
- Competitive rates.

The key factors that affect the Company's competitive position are:

- Many years of experience in the fields of life insurance and long-term savings.
- The Group's reputation in this market.
- Long-term business relationships with distributing and consulting entities.
- Direct distribution function.
- The range of pension products sold under one roof.
- Financial strength.
- The returns on savings funds compared to those achieved by competitors.
- The service rendered by the Company to customers and agents, and the manner by which claims are settled.
- Transparency and price - as part of the Commissioner's policy in recent years, it promoted significant reforms focusing on transparency, tariffs reduction and increased competition. These reforms affect and will continue to affect in the next few years, the long-term savings segment and its profitability.
- Competitive barriers.

6.4. Customers

The main customer types in the long-term savings segment are: employers, planholders, policyholders, individuals, the self-employed and collectives.

In this segment, the Company is not dependent on a single customer or a small number of customers. The Group does not have a single customer, the total income from which it constitutes 10% or more of the total amount of the Company's income in the Consolidated Financial Statements.

6.4.1. Breakdown of the Company's customers in the Life Insurance Subsegment by premiums in 2024 and 2023

	2024		2023	
Type of customer	Premiums, gross (in NIS thousand)	% of total income	Premiums, gross (in NIS thousand)	% of total income
Salaried employees and planholders	3,575,933	70%	4,399,175	73%
Policyholders - private individuals and self-employed	1,454,457	29%	1,562,098	26%
Collective	70,225	1%	79,799	1%
Total	**5,100,615**	**100%**	**6,041,072**	**100%**

Breakdown of customers in the Life Insurance Subsegment by gross premiums in 2024



Breakdown of customers in the Life Insurance Subsegment by gross premiums in 2023



6.4.2. Redemptions in the Life Insurance Subsegment

In the Life Insurance Subsegment, the rate of redemptions from the average reserve in the reporting year was 2.0% compared to 1.8% in 2023.

6.4.3. Breakdown of Company's customers in the Pension Funds Subsegment by contributions towards benefits in 2024 and 2023

	2024		2023	
Type of customer	Contributions towards benefits (in NIS thousand)	% of total income	Contributions towards benefits (in NIS thousand)	% of total income
Salaried employees and planholders	10,011,318	96%	9,400,679	96%
Policyholders - private individuals and self-employed	452,707	4%	431,650	4%
Total	**10,464,025**	**100%**	9,832,329	100%

Breakdown of customers in the Pension Funds Subsegment by contributions towards benefits in 2024



Breakdown of customers in the Pension Funds Subsegment by contributions towards benefits in 2023



6.4.4. *Breakdown of Company's customers in the Provident Funds Subsegment by contributions towards benefits in 2024 and 2023*

2024 Type of customer	Contributions towards benefits - provident funds (In NIS thousand)	Contributions towards benefits - central funds (In NIS thousand)	Contributions towards benefits/ contributions into advanced education funds (In NIS thousand)	Investment provident funds (In NIS thousand)	Total contributions towards benefits (In NIS thousand)	% of contributions towards benefits (In NIS thousand)
Salaried employee planholders	359,422	1,240	3,121,612	-	3,482,273	75%
Policyholders - private individuals and self-employed	65,269	-	341,670	742,132	1,149,072	25%
Total	**424,691**	**1,240**	**3,463,282**	**742,132**	**4,631,345**	**100%**

2023 Type of customer	Contri-butions towards benefits - provident funds (In NIS thousand)	Contri-butions towards benefits - central funds (In NIS thousand)	Contri-butions towards benefits/ contri-butions into advanced education funds (In NIS thousand)	Invest-ment provident funds (In NIS thousand)	Total contri-butions towards benefits (In NIS thousand)	% of contri-butions towards benefits (In NIS thousand)
Salaried employee planholders	433,319	1,361	3,243,902	-	3,678,582	79%
Policyholders - private individuals and self-employed	75,633	-	311,421	598,238	985,292	21%
Total	**508,952**	**1,361**	**3,555,323**	**598,238**	**4,663,874**	**100%**

Breakdown of customers in the Provident Funds Subsegment by contributions towards benefits in 2024



Breakdown of customers in the Provident Funds Subsegment by contributions towards benefits in 2023



6.4.5. *Information regarding the transfer of funds from and to the Group's institutional entities in the Long-Term Savings Subsegments from 2022 to 2024:*[50]

2024	The Group's activity			
In NIS thousand	Life insurance	Provident funds	Pension	Total
Transfers to the Group from other entities				
Transfers from other insurance companies	213,800	217,955	1,652,363	2,084,118
Transfers from pension funds	8,259	109,462	6,770,547	6,888,268
Transfers from provident funds	61,691	1,636,084	193,516	1,891,291
Total transfers to the Group	**283,750**	**1,963,501**	**8,616,426**	**10,863,677**
Transfers from the Group to other entities				
Transfers to other insurance companies	235,785	57,881	28,198	321,864
Transfers to pension funds	2,654,248	202,294	10,674,232	13,530,774
Transfers to provident funds	1,837,809	8,538,469	447,213	10,823,491
Total transfers from the Group	**4,727,842**	**8,798,644**	**11,149,643**	**24,676,129**
Net transfers	**(4,444,092)**	**(6,835,143)**	**(2,533,217)**	**(13,812,452)**

2023	The Group's activity			
In NIS thousand	Life insurance	Provident funds	Pension	Total
Transfers to the Group from other entities				
Transfers from other insurance companies	465,808	417,380	1,638,418	2,521,606
Transfers from pension funds	121,363	138,361	7,008,451	7,268,175
Transfers from provident funds	261,792	3,930,786	465,151	4,657,729
Total transfers to the Group	**848,963**	**4,486,527**	**9,112,020**	**14,447,510**
Transfers from the Group to other entities				
Transfers to other insurance companies	280,792	125,870	74,979	481,641
Transfers to pension funds	1,822,499	147,419	5,630,453	7,600,371
Transfers to provident funds	1,171,345	4,748,391	318,125	6,237,861
Total transfers from the Group	**3,274,636**	**5,021,680**	**6,023,557**	**14,319,873**
Net transfers	**(2,425,673)**	**(535,153)**	**3,088,463**	**127,637**

2022	The Group's activity			
In NIS thousand	Life insurance	Provident funds	Pension	Total
Transfers to the Group from other entities				
Transfers from other insurance companies	623,679	568,323	931,435	2,123,437
Transfers from pension funds	196,693	197,986	6,459,007	6,853,686
Transfers from provident funds	522,942	8,599,996	116,013	9,238,951
Total transfers to the Group	**1,343,314**	**9,366,305**	**7,506,455**	**18,216,074**
Transfers from the Group to other entities				
Transfers to other insurance companies	220,330	81,148	90,448	391,926
Transfers to pension funds	1,064,923	76,941	3,728,497	4,870,361
Transfers to provident funds	801,679	1,613,659	272,952	2,688,290
Total transfers from the Group	**2,086,932**	**1,771,748**	**4,091,897**	**7,950,577**
Net transfers	**(743,618)**	**7,594,557**	**3,414,558**	**10,265,497**

50. It is clarified that the information presented below does not include transfer of funds between the Group's institutional entities.

In 2023 and 2024, concurrently with the deterioration in the relative rating of the Company's yields, there was an increase in the rate of outgoing transfers in the Company's savings products. In the second half of 2024, there was an improvement in the relative rating of the Company's yields and, accordingly, in the fourth quarter of 2024, there was a decrease in the outgoing transfer rate in the savings products sold by the Company relative to the third quarter of 2024.

7. Property and Casualty (P&C) Segment

7.1. Services and products

7.1.1. Description of the insurance subsegments and the insurance coverages included in the segment

This segment comprises the Group's activity in the Property and Casualty Insurance Subsegment s. The Property and Casualty Insurance Segment is usually divided into two main categories: (a) property insurance and (b) liability insurance.

The property insurance activity is considered a "short-tail claim" activity, since the prescription period is only three years from the occurrence of the insured event, and since in most cases these claims are filed during the insurance period. On the other hand, compulsory motor and liability insurance are deemed "long-tail claim" activities, since the prescription period is seven years from occurrence of the insured event, and since the insurance claim is not extinguished as long as the third-party claim against the policyholder has not been extinguished, due to the long period of time that elapses from the date on which the grounds for the claim against the policyholder arise and the disclosure date and/or the claim's filing date and/or due to the time it takes to investigate the claim. The prescription period of a claim for insurance benefits in the case of a disability caused to a policyholder due to an illness or an accident, will start on the date on which the policyholder's right to claim insurance benefits was established according to the terms of the insurance contract.

Following are the main subsegments included in the Property and Casualty Insurance Segment :

7.1.1.1. Compulsory Motor Insurance

A. General

Compulsory motor insurance is a mandatory insurance that all vehicle owners or drivers should purchase according to the **Motor Vehicle Insurance Ordinance (New Version), 1970** (hereinafter respectively: "**Compulsory Motor Insurance"** and "**Motor Vehicle Insurance Ordinance**"), which covers bodily injury caused to the vehicle's owner, all those who travel in the vehicle and any pedestrians injured by the vehicle, as a result of the use of a motor vehicle according to the **Road Accident Victims Compensation Law, 1975** (hereinafter - the "**CRAV Law**"). Taking out this insurance is mandatory, and failing to do so constitutes a criminal offense. The terms of the insurance coverage are set in accordance with a standard policy prescribed by the **Supervision of Financial Services Regulations (Insurance) (Contract Terms and Conditions for Compulsory Motor Insurance), 2010** (hereinafter - the "**Compulsory Motor Insurance Standard Policy**").

This subsegment has a number of unique characteristics, including:

Product uniformity: The scope of liability and the scope of coverage for bodily injury comply with the provisions of the Compulsory Motor Insurance Standard Policy, which prescribes standard and binding wording.

The no fault principle: The liability of the person driving the vehicle, the owner of the vehicle or the person holding the vehicle is complete and absolute, and there is no need to obtain proof of who is to blame for the damage.

Exclusive cause of action: A person who is injured in a road accident, and under the CRAV Law has a cause of action, must file a claim under the CRAV Law, and is not allowed to file a claim in respect of his/her damage under any other law. A person who does not have a cause of action under this law, may file a claim under the General Tort Law. As a general rule, the insurer of the vehicle which was involved in the accident is liable to cover those who are injured in the policyholder's vehicle and is not entitled to claim subrogation from the party that caused or contributed to or exacerbated the damage, regarding the compensation which the insurer paid to the injured party.

Special compensation methods: The Compulsory Motor Insurance Standard Policy does not specify an insurance amount, and the damage for bodily injury is calculated according to the CRAV Law and the regulations promulgated thereunder. Among other things, they stipulate, among other things, the compensation cap for damage components other than pecuniary damages and cap the earning losses that may be claimed to up to three time the average wage in Israel. Other than these two heads of damage, the coverage amount is unlimited.

B. Special arrangements in compulsory motor insurance

In the Compulsory Motor Insurance Subsegment there are a number of arrangements that affect the insurance rate, as detailed below:

(1) The residual insurance arrangement (arrangement under the "Pool")

Since on the one hand compulsory motor insurance is a statutory requirement, and on the other hand insurance companies are not obliged to insure all those who wish to purchase such insurance, the **Motor Insurance Regulations (Residual Insurance Arrangement and Mechanism for Determining the Price), 2001** stipulate the residual insurance arrangement, that provides insurance coverage for motor vehicle users who failed to obtain insurance coverage directly from commercial insurance companies (such as: drivers with insurance history indicating high risk, drivers whose license was previously revoked, high risk vehicles, such as motorbikes, all-terrain vehicles and/or other vehicles which were rejected by the insurance companies). The residual insurance arrangement is based on co-insurance of all the insurance companies that operate in the Compulsory Motor Insurance Subsegment , under which the said companies are required to participate in the residual insurance arrangement and bear together its losses or profits, according to their share in the total amount of compulsory motor insurance premiums (hereinafter - "**Compulsory Motor Market Share**"). The Group's share in the residual insurance arrangement was approx. 12%[51] in the 2024 underwriting year compared with approx. 12.2% in the 2023 underwriting year.

The insurance companies finance their share in the residual insurance arrangement (under the "Pool") by loading the cost of the residual insurance to the other policyholders, which hold compulsory motor insurance policies, outside the residual insurance. If the loading component is not sufficient to fund the insurance companies' share in the residual insurance arrangement, they are required to fund the loss according to their market share.

The loading component, which insurance companies are allowed to collect as from July 2020 is between 5.5% to 8% of the cost of the pure risk[52] of the insurer's compulsory insurance outside the residual insurance.

In November 2022, an Amendment to the Provisions of the Consolidated Circular in the Compulsory Motor Insurance Subsegment was published, as part of which the net insurance premium in the Pool tariff was reduced, in view of the fact that the component transferred to the National Insurance Institute will be collected by the Pool and the insurance companies as a separate component, in order to retain the existing situation of the tariff for the Pool's policyholders. The new Pool tariffs apply to compulsory motor insurance policies whose effective date is January 1, 2023 and thereafter.

For details regarding the reform to the subrogation arrangement with the National Insurance Institute regarding compulsory motor insurance claims, see Section 7.1.1.1(d) below.

On March 10, 2023, the Commissioner published a draft circular regarding a further amendment of the provisions of the consolidated circular in the Compulsory Motor Insurance Subsegment regarding the pool tariff, revising the net insurance premium in the Pool so as not to exceed the subsidization caps set in the **Motor Insurance Regulations (Residual Insurance Arrangement and Mechanism for Determining the Tariff), 2001, and in the Motor Insurance Ordinance (New Version), 1970,** and in order to adjust the insurance premiums to the insured risk based on the recommendations of the operator of the statistical database in the

51. The rate specified above is a temporary rate, which is based on September 2024 data, as published by the "Pool".

52. "The cost of pure risk" - a portion of an insurance rate, which does not include profit, expenses and cost of provision of services, except for claims settlement expenses. The cost of pure risk is calculated in accordance with the provisions of Section **7A of the Motor Vehicle Insurance Ordinance [New Version], 1970.**

Compulsory Motor Insurance Subsegment , which were published as part of the final report for assessing the cost of pure risk in the Compulsory Motor Insurance Subsegment for 2020. The circular applies to compulsory motor insurance policies, which come into force on July 1, 2023 and thereafter. The abovementioned amendment led to an increase in the Pool's prices, and consequently market tariffs increased.

In November 2024, an additional amendment to the provisions of the Consolidated Circular in the Compulsory Motor Insurance Subsegment was published, under which the net insurance premiums in the Pool's tariff for motorbikes were reduced, and the net insurance premiums in the Pool's tariff for private and commercial vehicles of up to 3.5 tons were increased. The new Pool tariffs apply to compulsory motor insurance policies whose effective date is January 1, 2025 and thereafter. The Company believes that the amendment of the Pool's tariffs is expected to lead to an increase in its losses, which will be absorbed by the insurance companies.

In December 2024, a revised report for 2023 was published of the Operator of the Statistical Database in the Compulsory Motor Insurance Subsegment . In accordance with the report's results, the Pool tariffs reflect premium deficiency. If following the revised report of the Recommendations of the Operator of the Statistical Database the Authority will publish another amendment to the Pool tariffs. This is expected to cause an increase in the Pool's tariffs and may affect market prices.

The Company's assessments regarding the consequences of the amendment of the Consolidated Circular regarding the Pool Tariff and the Pool Tariff following the Recommendations of the Operator of the Statistical Database are forward-looking information, which is based on assessments and assumptions as of the report publication date, and the actual outcome may be materially different than predicted, and depends, among other things, on how the tariffs will be revised by the Pool and the companies following the Recommendations of the Operator of the Statistical Database.

(2) Karnit - Road Accident Victims Compensation Fund

The Road Accident Victims Compensation Fund - Karnit (hereinafter - "**Karnit**"), is a corporation which was established under the CRAV Law for the purpose of paying compensation to those eligible to compensation under the CRAV Law who are unable to claim compensation from an insurance company, due to one of the following reasons: (1) persons injured by a vehicle which does not have an insurance coverage; (2) unknown insurer (such as a "hit-and-run" accident); (3) insurer which is in liquidation proceedings or for whom an administrator was appointed.

The fund is financed by loading 1% of net premium (the cost of the risk without external loads such as expenses and fees) and the fees component transferred to the National Insurance Institute in respect of subrogation claims. This amount is transferred to Karnit by the insurance companies.

(3) Liability in respect of provision of medical services

Due to bodily injury caused to victims of road accidents, the insurance companies collect a fixed percentage of the insurance premiums to finance the cost of providing services to victims of road accidents (hereinafter - the "**Deductible**"). The rate of the Deductible collected by the insurance companies from the policyholders is 12.66% of the insurance premium.

The insurers are still liable to all other medical services which are not included in the Second Addendum to the **National Health Insurance Law, 1994** (hereinafter - the "**National Health Insurance Law**") and the Medications Ordinance issued thereunder. The above does not apply to certain population groups, including, among other things, soldiers and those who were injured in workplace accidents, the insurance liability for covering their medical care expenses in the event of a road accident remained with the insurers. The Participation Amount is transferred by the insurers to the health management organizations, through Karnit and the National Insurance Institute.

C. Tariffs and supervision thereof, the statistical database and the database for identifying insurance fraud in the Compulsory Motor Insurance Subsegment

(1) Variables for determining a tariff in the Compulsory Motor Insurance Subsegment and the maximum rate of fees

The insurance companies set the insurance premium based on variables which were approved by the Commissioner as variables that can be used to set the tariff (hereinafter - the "**Variables**"). The Variables are designed to adjust the insurance premium to the policyholder's risk, and they may change from time to time in accordance with the Commissioner's Directives.

Maximum fees rate

The Consolidated Circulars sets arrangements for setting insurance premiums in the Compulsory Motor Insurance Subsegment , which an insurer may collect, and the method for their submission to the Commissioner's approval. The risk premium component in the compulsory motor insurance rate (the net insurance premium) is uniform for all policyholders who share the same characteristics with the insurer. The insurer is also allowed to collect fees at a rate of up to 18% of the risk premium, in order to cover the insurer's administrative expenses, agents fees and commissions and profit. The insurer may give discounts only in relation to the fees component, except for car fleets (as described in the Property and Casualty Insurance chapter in the Consolidated Circular), in which case the insurer may give a discount even in relation to the net insurance premium (the insurance premium net of the fees).

(2) Databases

Statistical database

The Compulsory Motor Insurance Subsegment has in place a statistical database which is used to assess the cost of risks in the Compulsory Motor Insurance Subsegment .

The Statistical Database is managed by a third party unrelated to the Company and to the insurance companies (above and hereinafter - the "**Operator of the Statistical Database in the Compulsory Motor Insurance Subsegment**"). The Statistical Database Operator in the motor insurance subsegment is authorized by law to collect information from insurers in the Compulsory Motor Insurance Subsegment and determine the cost of pure risk based on this information (hereinafter - the "**Risk Tariff**"). The insurance companies are not bound directly by the Risk Tariff, but the "Pool" tariff is set by the Commissioner in reference to the Risk Tariff, and it also serves as a relevant indicator, as far as the Commissioner is concerned, for the approval of the tariff of the insurance companies.

Database for dealing with insurance fraud

The Compulsory Motor Insurance Subsegment has in place a database for dealing with insurance fraud**.** Under management of a third party unrelated to the insurance companies. The database, which collates data from all insurance companies, is used to identify suspected fraud in compulsory motor insurance claims, and to prevent insurance fraud in the underwriting process of compulsory motor insurance policies. The cost of operating the database is borne by the insurance companies, in accordance with the rules set by the Commissioner.

D. The National Insurance Institute's subrogation right

The National Insurance Institute implements a practice of seeking recourse from insurers in individual subrogation claims by virtue of the **National Insurance Law [Combined Version], 1995** (hereinafter - the "**National Insurance Law**"), in the event that the National Insurance Institute paid an annuity to a person entitled to an annuity, on grounds under which the Company is required to pay compensation to that person, under the Tort Ordinance, or the CRAV Law. As from January 2023 the netting mechanism due to claims arising from road accidents was modified to replace the filing of individual subrogation claims by the National Insurance Institute.

In July 2024, an agreement was signed between the Company and the National Insurance Institute, which prescribes the Company's exposure to subrogation claims by the National Insurance Institute in the Compulsory Motor Subsegment in respect of 2016-2022 was essentially extinguished.

The interest rate for the purpose of discounting national insurance benefits

Further to the recommendations of an interministerial committee for assessing discount interest in tort damages, and pursuant to a Supreme Court judgment on this subject (both from 2019), the discount rate in tort damages (which is used, among other things, to discount insurance benefits paid to policyholders) stands at a fixed rate of 3% for all injured parties.

The judgment also stipulated - with regard to the discount rates that will be used by insurers to discount policyholders' allowances from the National Insurance Institute, and for the payment of subrogation claims to the National Insurance Institute - that until the promulgation of the regulations according to the committee's recommendations, the insurers' consent to discount the National Insurance Institute allowances from the insurance benefits paid to policyholders at a discount rate of 3%, will remain in effect.

In October 2024, the **Draft National Insurance Regulations (Capitalization), 2024** was published, under which it is proposed to set the interest rate in the regulations at 3%.

The Company believes that insofar as the abovementioned Draft Regulations becomes binding, this is not expected to affect the Company's business results, since it does not constitute a change compared to the current status.

The information regarding the discount rate applied to allowances of the National Insurance Institute in accordance with the future legislative amendment constitutes forward-looking information, based on information in the Company's possession on the report date. The actual outcomes may be different than expected and depend, among other things, on the legislation approved, if approved, and on the future rate of interest.

E. Clearing outline light-heavy vehicles

In the compulsory motor insurance market, "balancing payments" are in place between insurers in cases where an accident occurs involving vehicles materially different from one another, i.e., a motorcycle and another vehicle, or a light vehicle and a heavy vehicle. The purpose of the balancing payments is to balance out the burden of payment between the insurers, where the risks that the involved vehicles may cause damage in a road accidents are not clearly balanced-out.

The arrangement works in accordance with the exemption from cartel clearance by the Israel Competition Authority, under the terms and conditions set forth.

F. Commissioner's Position - Prohibition on Discrimination Based on the Geographical Location of Policyholders and Insurance Applicants in Motor Insurance - Draft

In January 2025, a draft position of the Commissioner was published entitled Prohibition on Discrimination Based on the Geographical Location of Policyholders and Insurance Applicants in Motor Insurance. The draft proposes the following: To prohibit insurance companies from basing their decisions on whether to issue insurance to a person in the motor insurance subsegments on considerations which are contrary to the provisions of the law, including provisions that prohibit discrimination on according to geographic area; to prescribe practices according to which insurance companies place additional requirements on insurance applicants for the purpose of completing the underwriting process and purchasing insurance, only because of their address or area of residence, are prohibited, especially with regard to requirements that an insurance applicant will find difficult to comply with; to determine that an insurance company may not perform "strict underwriting", in which an insurance applicant is required to present a certificate regarding a clear insurance history for a period longer than three years.

The Company believes that insofar as the Commissioner's position is allowed and becomes binding, this may adversely affect the Company's ability to make underwriting decisions based on certain actuarial parameters; however, it is unable to assess the effect of these provisions on its business results.

The information regarding the Commissioner's position constitutes forward-looking information, based on information in the Company's possession on the report date. Actual results may vary from the estimated results and depend, among other things, on the wording of the final position of the Commissioner, insofar as it is published, and on the behavior of customers and competing entities.

7.1.1.2. Motor property insurance

A. General

The Motor Property Insurance Subsegment includes the Group's activity in insurance that covers loss or damage of insured vehicles and damages caused to third party's property by the insured vehicles.

The Motor Property Insurance Subsegment provides a range of insurance coverages, such as: theft, fire, accidental collision, overturning, and any type of accident, malicious act, natural disasters, and the policyholder's liability due to damage that will be caused to a third party's property as a result of the use of the car in the insurance period (hereinafter - "**third-party insurance**"). At the insurance offer stage, the policyholder may select coverage under one of four alternatives: (1) comprehensive insurance; (2) comprehensive insurance without theft coverage; (3) comprehensive insurance without accidents coverage; and (4) third-party insurance only.

The insurance premium tariff in respect of motor property insurance is normally differential and set, among other things, based on the characteristics of the vehicle (mainly the model and the year in which it was manufactured), and the characteristics of those who drive it (mainly the principal driver's age, drivers authorized to drive the vehicle, the license period and the policyholder's claims history).

The Motor Property Insurance Subsegment is divided into two main categories:

a) Insurance to private vehicles and commercial vehicles with maximum weight of up to 3.5 tons, whose insurance policy is subject to the terms of the standard policy as set in the regulations promulgated with regard to this issue (hereinafter - the "**Standard Policy - Motor Property**").

b) Insurance for vehicles which are not part of the first category (such as trucks, taxis, motorbikes, buses, forklifts, and all-terrain vehicles).

Standard Policy - Motor Property sets wording and minimum terms and conditions for motor property insurance, and the insurer may modify them only if the change works for the benefit of the policyholder or made at the request of the owner of a fleet of cars. The coverage provided under the Standard Policy - Motor Property may be expanded at the approval of the Commissioner.

For information regarding the Commissioner's position, Prohibition on Discrimination Based on the Geographical Location of Policyholders and Insurance Applicants in Motor Insurance, see Section 7.1.1.1(f) above.

B. Special arrangements in the settlement of motor property claims

Many parties take part in the process of settling motor property insurance claims, the involvement of which may affect the claims settlement processes and costs, including: auto repair shops, appraisers, spare parts' suppliers, distributors, car traders, and more.

B1. The appraisers arrangement

In order to increase the efficiency of the motor property claims settlement processes and shorten the period it takes to settle such claims, and in accordance with the provisions set in the Consolidated Circular, the insurance companies publish lists of appraisers[53] (hereinafter - the "**External Appraisers List**"), from which the policyholder may select an appraiser. According to the provisions of the Consolidated Circular, a proposed repair or an assessment of an appraiser who was selected by the policyholder from the External Appraisers List (hereinafter - the "**External Appraiser**"), constitutes the binding proposed repair or assessment and the parties will be bound by it, subject to the insurer and the policyholder's right to raise technical comments before the External Appraiser. In addition, the insurer and the policyholder may appeal against the assessment according to the arrangement set in the Appraisers Circular.

53. The External Appraiser is anyone other than an inhouse appraiser. Inhouse appraisers are those that may be in a conflict of interest due to a special relationship with the insurer, such as in a case of: An appraiser, who is an employee of the insurance group; an appraiser, more than 30% of whose revenues from appraisal and other businesses with insurers arise from the insurance group; an appraisal company in which the insurance group holds more than 5% of the means of control.

B2. Authorized auto repair shops

In order to increase the efficiency of the motor property claims settlement processes, shorten the period it takes to settle such claims and make the processes cheaper, the Company entered into engagements with "authorized auto repair shops" for repairing policyholders' vehicles that suffered partial damage (other than total loss). An authorized auto repair shop is an auto repair shop which entered into a contract with the Company for the provision of services as an "authorized auto repair shop" in exchange for discounts given to the insurer (regarding spare parts prices and/or hourly rates) and/or in exchange for an undertaking to use spare parts provided by the insurer, and which can be obtained at reduced cost compared with the "book price" in the market (hereinafter - an "**authorized auto repair shop**"). Clal Insurance gives its policyholders the option to select the auto repair shop, which will repair their vehicle, but offers them various benefits, such as deductible discount or even a deductible waiver, in order to encourage them to repair their vehicle in one of the authorized auto repair shops, with which the Company entered into engagement. A policyholder can undertake - upon entering into the engagement - that upon the occurrence of an insured event the vehicle will be repaired in an authorized auto repair shop and in exchange will also benefit from a discount in the premium and other benefits upon the occurrence of an insured event (hereinafter - the "**Selected Auto Repair Shops Policy**").

B3. In 2023 and in the reporting year, revisions were made to regulatory provisions regarding the **amendment of provisions regarding the settlement of motor property claims,** and they have a substantial effect on the regulation of the subsegment**:**

- In September 2023, a decision in-principle deals with a practice implemented by some insurance companies regarding motor property insurance policies, as part of which the insurance companies deducted some of the insurance benefits based on the difference between the price list of the spare parts' importer (quoted in the appraisal), and the amount the insurance company would have paid for those parts had they been purchased from spare parts suppliers, with whom the insurance company entered into engagement (hereinafter - the "**Decision regarding Payment of Reduced Insurance Benefits**").

  According to the decision regarding Payment of Reduced Insurance Benefits, an insurance company may make the said deduction subject to several conditions, including clear disclosure regarding the conduct required from the policyholder upon the occurrence of an insured event, both at the insurance offer stage and on the date of the notice of the insured event by the policyholder. It also specifies that because of the lack of clarity before publication of the decision, the insurance company has the option of giving such notice to the existing policyholders even during the insurance term. With respect to insurance cases that occurred up to publication of the decision, it was stipulated that an insurance company that followed this practice is required to examine whether the reduction was made after providing clear disclosure to the policyholder to enable them to act to reduce the damage and to ensure that the policyholder received the Company's notice when filing the claim or before the vehicle was repaired. If no such disclosure was provided, the insurance company must refund the difference to the policyholder.

- In May 2024, the Commissioner published an Amendment to the Provisions of the Consolidated Circular in the Motor Property Subsegment (hereinafter - the "**Auto Repair Shops and Appraisers Circular**"); and a circular regarding the Filing of Insurance Plans in the Motor Property Subsegment (hereinafter - "**Filing of Insurance Plans in the Motor Property Subsegment**"). These provisions, in addition to the decision regarding Payment of Reduced Insurance Benefits, constitute a comprehensive regulation of the motor property claims process; they include various provisions regarding the wording of motor property policies, and the disclosure provided by the insurer to the policyholder in the pre-contractual phase (hereinafter jointly - the "**Motor Property Reform**").

  The Filing of Insurance Plans in the Motor Property Subsegment Circular stipulates that the insurance company will revise the wording of the disclosure it is required to give policyholders, such that if damage is reduced in a non-authorized auto repair shop, which does not participate in the arrangement, due to reduction of the insurance benefits by the amount of the difference between the cost of the spare parts when the vehicle is repaired in

an authorized auto repair shop, compared to the cost in a non-authorized auto repair shop, the insurance company will meet its obligations to act in good faith and fairly towards the policyholder. As part of the revision of the disclosure rules, it is determined, among other things, that the insurance company will disclose to a policyholder who is insured under the insurance plan, the rules regarding the reduction of the insurance benefits in the event of damage reduction. It was also determined that in a motor property insurance plan, it will be stipulated that if a policyholder, who opted to repair the vehicle other than in an authorized auto repair shop, reported the insured event to the insurance company before repairing the vehicle and took the reasonable measures as advised by the insurance company, and the auto repair shop agreed to accept the terms and conditions of the insurance company's arrangement before repairing the vehicle, the insurance company will deduct a deductible from the insurance benefits as if the policyholder repaired their vehicle in an authorized auto repair shop. The circular also stipulates that the insurance company will not include as part of a motor property insurance plan a compensation for constructive total loss as defined in Section 6(b) to the Standard Policy - Motor Property, except in cases approved by the Authority (hereinafter - the "**Provision regarding Constructive Total Loss**"). The circular's effective date is September 1, 2024; however, the provisions regarding total constructive loss shall be binding as from the day of coming into force of the amendment to the definition of "total loss" in the Traffic Regulations, 1961, regarding the selection of "total loss" appraiser for the vehicle, which as of the report date, has yet to be amended.

- **Auto Repair Shops and Appraisers Circular** - Regulates claim settlement in the Motor Property Subsegment, including engagement with appraisers and auto repair shops, and various provisions pertaining to the marketing of the policy and the settlement of the claim.

  Regarding auto repair shops, the Circular includes provisions according to which an insurance company should conduct negotiations with any auto repair shop wishing to serve as an agreed auto repair shop, which provides services to its policyholders or to a third party (hereinafter - an "**authorized auto repair shop**"), and allow any other auto repair shop with similar characteristics - based on the same service criteria, which were set by the insurance company - to engage with it in an identical agreement. If the auto repair shop does not have characteristics similar to those of an Authorized Auto Repair Shop, the insurance company will not refuse to sign an agreement, but it will be modified as required.

  It was further stipulated that an insurance company will not refuse contracting an auto repair shop in an agreement, which defines it as an Authorized Auto Repair Shop, if such refusal is based on criteria listed in the consolidated circular, including one of the following: The auto repair shop's scope of activity; the size of the auto repair shop; the number of employees in the auto repair shop; and the characteristics of the auto repair shop's customers, including the type of vehicles repaired in the auto repair shop and the auto repair shop's being a part of a chain of auto repair shops.

  In addition, principles and minimum conditions were established which the contract between the insurance company and the authorized auto repair shop should include, among other things, that the price of an hour worked shall be in accordance with that which was agreed regarding the cost of spare parts shall be in accordance with the discount that the Authorized Auto Repair Shop will undertake to give the insurance company, or alternatively - the Authorized Auto Repair Shop will undertake that the price of the spare parts it will supply will not exceed the price of the spare part which was purchased by the insurance company or which may be supplied thereby, or will undertake to use the spare parts that will be supplied by the insurance company, in accordance with the agreement between the insurance company and the auto repair shop or any other commercial term or condition regarding the cost of the repair agreed upon between the parties; an Authorized Auto Repair Shop shall only begin repairing the car after obtaining approval from the insurance company and the owner of the car; the insurance company was banned from engaging with the Authorized Auto Repair Shop in an agreement that caps the car repair amount or sets an average car repair cost; the insurance company may cancel the agreement with an Authorized Auto Repair Shop only after the auto repair shop was given the option to remedy the breach, with the exception of exclusions.

Regarding preventing conflict of interest, it was determined that an insurance agent, an auto repair shop or an appraiser will not give or receive any fee or any other benefit, as part of and during the process of selecting an auto repair shop and repairing the car, and regarding insurance agents - including through a claims management company or any other party involved in the process, including in respect of various consulting services.

With regard to appraisers, it was determined, among other things, that if an appraiser is selected from a pool of appraisers offered by the insurance company, the latter will be required to use a pool of appraisers, which will be open to all appraisers, who will meet the criteria set in the circular (hereinafter - the "**Appraisers Pool**"); the Auto Repair Shops and Appraisers Circular also includes provisions regarding the number of appraisers who will be included in the Appraisers Pool and their deployment; and regarding the procedure that an insurance company is required to implement in order to exclude an appraiser from the Appraisers Pool, in accordance with objective parameters included in the engagement agreement.

It was further determined that the appraiser's fees will include a fixed component and a variable component, when the variable component will be at a non-negligible rate. The formula for determining the variable component will be identical in all engagement agreements with appraisers with similar characteristics and will reflect parameters associated with service and parameters which are specific to the appraiser, such as experience and expertise in specific types of vehicles.

The appraiser will be selected randomly from the pool. The repair quote and the appraisal of an appraiser who is selected from the Appraisers Pool as stated above shall be the deciding repair quote and appraisal, unless the insurance company appealed to a deciding appraiser in accordance with the limited mechanism set in the circular.

An appraisal by a private appraiser, who was selected by a person who suffered damage in a third party claim, may be a "deciding appraisal" if the third party acted in accordance with the rules set in the Auto Repair Shops and Appraisers Circular, while giving the insurance company the option to appeal the appraisal before a deciding appraiser mechanism.

It was also determined that the insurance company will be required to suggest to policyholders a plan as part of which they will be able to select any auto repair shop (other than an Authorized Auto Repair Shop) without this affecting the deductible that the policyholder will pay. The circular sets various provisions regarding disclosure, transparency level of service, both prior to the policy purchase date and on the date of the claim. Also provided for were Provisions for the Transitional Period for the purpose of creating the required mechanisms as per the circular.

It was determined that the circular's effective date will be May 1, 2025. At the same time, the Ministry of Transport is expected to publish corresponding professional provisions according to which the vehicle assessment will include the market price of the spare parts which need to be replaced or repaired. If the aforementioned provisions are not published by the effective date of the circular, the entry into force of the circular's instructions shall be postponed to the commencement date of the corresponding professional provisions.

In November 2024, the Israel Garage Association (non-profit organization) filed an administrative petition to the High Court of Justice against the Authority, the Ministry of Transport and Road Safety and the Israel Insurance Association regarding the reform in the Motor Property Insurance Subsegment , and at a later stage it submitted to the Authority an interlocutory order motion, which was dismissed (hereinafter - the "**Garage Association"** and the **"Petition"**). Under the petition, the Garage Association petitioned for various remedies; among other things, it petitioned to order the repeal of Filing of Insurance Plans in the Motor Property Subsegment Circular and to order the cancellation of the offsetting practice for a difference in the spare parts price approved in the Decision regarding Payment of Reduced Insurance Benefits; and to order the cancellation of the Auto Repair Shops and Appraisers Circular and the immediate suspension of these provisions until a ruling is handed down in the petition. In January 2025, the Court's ruling was handed down, instructing the Authority and the Ministry of Transport to submit to the Court an update notice

regarding the approval - by the Minister of Transport - of the amendment of the professional provisions regarding the work of vehicle appraisers, by May 1, 2025.

At this preliminary stage, Clal Insurance is unable to predict all of the effects of the Reform in the Motor Property Subsegment, which may have contradictory effects on the costs for settling claims in motor property insurance in view of the multiple amendments proposed and their cumulative effects, which may be material, among other things, regarding the option available to insurance companies to provide the spare parts to authorized auto repair shops, which could lower the spare parts' prices; giving each auto repair shop the option to serve as an Authorized Auto Repair Shop may reduce insurance companies' monitoring capabilities, including in relation to fraud, and detract from economies of scale, and increase the claim settlement costs; the setting up of the appraisers pool mechanism, its functioning and effect on the claims settlement costs depend, among other things, on appraisers' willingness to be included in the Pool, on the database of appraisers, their fees, and the number of referrals to a deciding appraiser mechanism; a discount in deductible to policyholders where authorized auto repair shops, will agree to comply with the arrangement regarding spare parts may increase the number of repairs in those auto repair shops, the cost of claim settlement in which is expected to be higher than that of the authorized auto repair shops; in the opinion of Clal Insurance, it is impossible to predict the effect of the cancellation of the constructive total loss mechanism, and of the expected amendment of the definition of total loss in the Traffic Regulations, 1961, and those effects depend, among other things, on the promotion of the Ministry of Transport's regulation of the cost of spare parts.

- **Pricing of car spare parts:**

  In November 2023, the Ministry of Transport sent a request to interested parties to opine on a suggested wording of the definition of "market price" of transport products, which is expected to be included in the professional provisions in the Licensing Regulations - Services and Professions in the Automotive Industry (License to Engage in Car Appraisal), for the purpose of preparing a car appraisal. According to the proposed wording, a "market price" of a transport product shall be determined according to the sale price of a seller, who has a license to operate an auto repair shop, to a willing buyer, who is a consumer, after taking into account the discounts given to the insurance companies by their authorized auto repair shops, based on data provided to the car appraiser by the insurance company.

  If the proposed definition of "market price" will be accepted, this may constitute a means to stopping the "inflating" of spare parts prices in the automotive industry, and lead to a corresponding reduction in claim settlement costs. However, at this stage it is impossible to predict the actual results in view of the many proposed changes, or due to the fact that their implementation is in preliminary stages, as detailed above.

  The information regarding the motor property reform constitutes forward-looking information, based on information in the Company's possession on the report date. Actual results may vary from the estimated results and depend, among other things, on further regulation, including advancement of the regulation of spare parts costs by the Ministry of Transport, with a final wording to be determined for the definition of "market price" and the cumulative results of the combination between this definition and the other provisions of the law listed above, the amendment of the Traffic Regulations regarding "total loss", the behavior of the spare part suppliers, auto repair shops, appraisers, agents, customers and competing entities, and the results of the petition of the Auto Repair Shop Association Petition.

- **Arbitration mechanism for settling subrogation claims:**

  The Government resolution of February 2023 approves that provisions will be set regarding the streamlining of the subrogation claims procedures in motor property claims. In accordance with the Government Resolution, the Minister of Justice will be tasked with assessing the possibility of passing legislative amendments, such that disputes in connection with property damages in the Motor Property Insurance Subsegment will be required to be resolved by way of arbitration when the parties to the dispute are the

insurance companies and the leasing companies (hereinafter - the "**Mandatory Arbitration Mechanism in the Motor Property Subsegment**").

At this preliminary stage, Clal Insurance is unable to predict the effects of the Mandatory Arbitration Mechanism in the Motor Property Subsegment, which depend, among other things, on the format of the mechanism that will be set, its composition, efficiency, the procedural rules and evidence that may be incorporated as part thereof, the appeal or objection channels, etc.

C. Right to information and disclosure in the Motor Property Insurance Subsegment

As from December 2013, a database set up by the Israeli Insurance Association and the Insurance Companies Clearing Center Ltd. (hereinafter - the "**Clearing Company**") has been operational; it mainly focuses on recording vehicles' accidents history (hereinafter - the "**Motor Property Database**"). The Motor Property Database includes information from most Israeli insurance companies, including Clal Insurance, and the information it contains is available both to those who buy used cars and to insurers, which opted to join the database.

The Israeli Insurance Association and the Clearing Company were awarded an exemption from cartel clearance by the Competition Commissioner through February 2021, which was extended through August 2025 by means of a self-assessment mechanism, according to the **Antitrust Rules (Exemptions for Joint Ventures) (Temporary Order), 2006.**

7.1.1.3. Liability Insurance Subsegment

Liability insurance policies normally insure based on one of two coverage bases:

- **Coverage according to "occurrence basis" -** in these policies, the coverage is given regarding events that occurred within the insurance period, where the claim may be submitted even after the end of the insurance period, subject to the prescription period.
- **Coverage according to "claims made basis"** - in these policies, the coverage is given based on the date on which the claim was filed, i.e., claims which were initially filed against the policyholder during the insurance period, even if the grounds for the claim against the policyholder arose before the insurance inception date, provided that it arose after a certain date set in the policy.

The main sub-subsegments in the Liability Insurance Subsegment are:

- **Liability insurance in respect of a third party (a third-party insurance)** - this insurance is designed to cover a liability of the policyholder to third parties - normally a liability arising from the Torts Ordinance (the insurance does not cover a liability to the insured employer's employees), due to an accident that caused bodily injury and/or damage to property, including consequential damage arising therefrom, and which took place during the insurance period (an occurrence basis policy).

  A third-party liability insurance is sold as an independent coverage or as an additional coverage as part of other insurance policies, such as: policies to insure businesses, offices, home insurance policies, a condominium, and policies for insuring contract work.

  The insurance premium in policies of this type are set as a function of a number of variables, mainly the policyholder's type of activity, the scope of activity, the liability limits requested by the policyholder and the policyholder's claims history.

- **Product liability insurance** - this insurance is meant to cover the policyholder's liability in respect of bodily injury caused to a third party and/or damage to property of a third party, including consequential damage arising therefrom, which was caused by a faulty product manufactured, imported or supplied by the policyholder, once the product is no longer in the policyholder's possession. These policies are on a claims made basis.

  The policy is based on the **Defective Products Liability Law, 1980,** and the Torts Ordinance.

  The product liability policy can be purchased as an independent product or incorporated, as an additional coverage, in an insurance policy for businesses.

  The insurance premium in policies of this type are set as a function of a number of variables, mainly the policyholder's type of activity, and the type of products covered, the business's sales turnover, the requested liability limits, the policyholder's claims history, and the scope of territorial coverage.

- **Professional liability insurance** - this insurance is meant to cover the policyholder's liability in respect of bodily injury and/or pecuniary damage caused to a third party and/or as a result of a good faith breach of professional duty, due to an act or omission that constitute negligence, error or omission of the policyholder as part of his/her profession, in respect of which the coverage was provided under the policy. The policies are on a claims made basis.

  The insurance premium in policies of this type are set as a function of a number of variables, mainly the area of activity, turnover, requested liability limits, number of employees, experience in the profession, claims history and the territory and jurisdiction.

- **Employer liability insurance** - this insurance is designed to cover the policyholder's liability to its employees due to bodily damage caused to the employee during and due to his/her employment by the policyholder, due to the policyholder's negligence, during the insurance period, as a result of an accident and/or illness (occurrence basis). The liability covered under this policy arises by virtue of the Torts Ordinance and sometimes also by virtue of the Defective Products Liability Law.

  Employer liability insurance is a product that supplements the compensation paid to the injured person by the National Insurance Institute due to a workplace accident or an occupational disease, which are restricted in terms of type and amount by law. This policy covers the excess exposure above the coverage provided by the National Insurance Institute, and no more than the liability limit set in the policy.

  An employer liability policy can be purchased as an independent product or incorporated, as an additional coverage, in other insurance policies, such as: policies to insure businesses, home insurance policies, and policies for insuring contract work.

  The insurance premium in policies of this type are set as a function of a number of variables, the main ones being: The number of employees, the annual wage paid by the employer, the business's risk level according to its area of activity and its claims history.

- **Directors and officers liability insurance** - this insurance is meant to cover directors and officers' legal liability in respect of pecuniary damage caused due to their act or omission, whether in good faith or due to negligence in their capacity as Company officers. These policies are on a claims made basis. The liability covered under this policy is established by virtue of the Companies Law and other legal provisions, which impose a personal liability on officers.

  The insurance premium in policies of this type are set as a function of a number of variables, mainly the area of activity, the composition of the shareholders, territorial exposure, financial strength, exposure to trade on stock exchanges and liability limits.

  In August 2023, The Ministry of Justice published the **Draft Companies Regulations (Provisions regarding Derivative Claim and Derivative Defense), 2023** (hereinafter - "**Draft Derivative Claim Regulations**"), in order to regulate the procedural rules in derivative claims. The Draft Regulations stipulate, among other things, the manner by which the motion to certify a derivative claim and the response thereto will be submitted; the manner of filing an application for disclosure of documents and the response thereto; provisions stipulating that an officer responding to an application for certification of a derivative claim or a motion for disclosure of documents is required to provide details regarding indemnity and insurance arrangements available to them; provisions that authorize the court to appoint an expert witness on its behalf to assess the factual and legal infrastructure of the claim and the expert's powers, including allowing the expert to participate in discussions of an independent committee, if such a committee was set up by the board of directors, to discuss the derivative claim.

  In the opinion of Clal Insurance, if the Draft Derivative Regulations will become binding, this may encourage the filing of derivative claims, and make it difficult for companies and officers to defend themselves against those claims, which may be reflected, among other things, in an increase in exposure in this sub-subsegment, an increase in premiums and even a decline in reinsurers' willingness to insure this coverage.

  The Company's assessment regarding the Draft Derivative Regulations is forward-looking information, which is based on the assessments and assumptions of Clal Insurance as of the report publication date, and the actual outcome may be materially different than predicted, and depends, among other things, on the regulations' final version (if published), the behavior of the policyholders, the plaintiffs, and the judicial instances.

7.1.1.4. Property and Other Insurance Subsegment

This subsegment includes a number of sub-subsegments as detailed below:

A. Home Insurance Sub-Subsegment

This sub-subsegment includes home insurance, contents and building, under various plans, the principal of which is the comprehensive home insurance plan. This sub-subsegment includes coverage for the policyholder's home in respect of loss or physical damage caused to the building or its contents as a result of the risks listed in the policy. This policy is subject to the terms of the Standard Home Insurance Policy, which were set under the **Addendum to the Supervision of Insurance Business Regulations (Contract Terms and Conditions for Insuring Homes and their Contents), 1986**, which may only be changed in favor of the policyholder and may be expanded with respect to the covered property and risks, the scope of the coverage, and also liability insurance related to the home (such as employers' liability insurance). The insurance is aimed at private sector homes, and includes, among other things, home insurance policies for policyholders who took loans backed by a mortgage.

Clal Insurance offers a number of home insurance plans, which vary from one another in terms of the scope of the coverage and the premium amount. The premium is mostly differential and derived mainly from the scope of the requested coverage, the insurance amounts and the risk level.

B. Other Property Insurance Sub-Subsegment

This sub-subsegment includes policies which are mainly aimed at the business sector and cover loss or direct physical damage to the policyholder's property or property in which the policyholder has interest, as a result of risks detailed in the policy. This sub-subsegment also includes insurance policies in respect of electronic equipment, mechanical-engineering equipment, mechanical breakdown and construction work (contractor and construction work), cargo in international transit (by sea and by air), vessels, terror damages as well as funds and trusteeship.

The most common policy is a business insurance policy - "Extended Fire" - which is a policy covering the risks listed therein - damages that may be caused to the policyholder's property, from risks such as: fire and lighting, explosion, collision, strikes, malicious damage. The policy also allows coverage in respect of natural disasters, including earthquakes. The "Extended Fire" insurance is designed to cover the restoration of the business, while paying indemnification in respect of the physical damage.

As an addition to the "Extended Fire" insurance policies, one can also purchase insurance coverage for "consequential loss" (loss of income which is a consequence of the physical damage caused to the policyholder's property. The premium payable for a "consequential loss" coverage is normally determined as a rate of the insurance amount set in the policy, according to the activity type of the insured business, the scope of coverage it is given, and the required indemnity period.

The Company also offers a policy based on "All Risks for Industry", which is sold in special cases to specific businesses, and covers accidental damages to the policyholder's property, other than the damages excluded in the policy.

In most cases, other property insurance policies are issued for a one-year period.

C. Guarantees Sub-Subsegment

This sub-subsegment mainly includes guarantee policies in accordance with the **Sale Law (Apartments) (Securing the Investments of Apartment Buyers), 1974** (hereinafter - the "**Sale Law**") and serve as an undertaking to indemnify a beneficiary in respect of a breach of an undertaking to him/her by the guaranteed and/or the policyholder. The purpose of Sale Law policies is to secure the investment of buyers of residential units, whose building has not yet been completed, under circumstances where the seller of the property will not be able to transfer to the buyer ownership rights or any other right in the property, as agreed in the sale contract, due to the fulfillment of one of the grounds listed in the Sale Law. These policies are normally issued against collaterals, and their insurance period is long. The risk associated with the policies declines as construction work progresses, until possession of the property is delivered. In some of the cases where the Company sells policies under the Sale Law, it provides - at the same time - financing to the developer for the purpose of building the project.

Furthermore, the Company also provides other types of guarantees (performance guarantees and other autonomous guarantees), which are issued by the Company as part of projects it finances under a "closed-end financing" format.[54]

In recent years, Clal Insurance increased its activity in this sub-subsegment, including, among other things, through engaging with Michlol; for further details, see Section 16.2 below.

Furthermore, Clal Credit Insurance issues guarantees, including, among other things, tender, advance and performance guarantees, which - as a rule - are issued for periods of up to five years to beneficiaries which are government authorities and agencies, municipalities or companies under their ownership. At this stage, the activity is immaterial.

D. Accidents, Illness and Disability Insurance Sub-Subsegment

This sub-subsegment includes **personal accidents insurance policies**, which are policies for a fixed insurance period of up to 12 months, which provide a compensation in the case of death and/or disability (full or partial) as a result of an accident and/or temporary inability to work due to an accident, according to the scope of the coverage selected.

In recent years, Clal Insurance has reduced its activity in this sub-subsegment.

In the past, Clal Insurance used to insure pupils under personal accidents policies. Generally, Clal Insurance ceased to market those types of insurance in September 2016. The claims in the personal accidents policies for pupils had a very long claim tail, since the prescription period regarding liabilities to minors starts when the reach the age of 18 at the very least. Therefore, despite the fact that it is no longer markets personal accidents policies for pupils, Clal Insurance still has an exposure in respect of those policies.

7.1.1.5. Credit Insurance and Foreign Trade Insurance Subsegment

This subsegment includes policies covering credit risks in the domestic market and foreign trade risks abroad, which are marketed by Clal Credit Insurance, and provide its policyholders - companies that make sales using credit in Israel and abroad, coverage for commercial risks (insolvency and continuous insolvency) faced by their customers (in Israel and abroad), as well as coverage for political risks (only abroad) as defined by the policy.

The engagement with the policyholder is carried out through a basic insurance policy that constitutes the framework for engagement between the parties and defines the terms of the insurance coverage. Under the basic policy, the Company approves credit limits to the policyholder at varying amounts and terms, through an individual underwriting process for each customer of the policyholder, which is approved by it. Generally, the policies in this subsegment are short-term one-year policies and are usually renewed automatically.

The policy provides the policyholder stability by reducing its bad debts and stabilizing its cash flow while mitigating the credit risks of its customers and dealing with debts, which are difficult to collect.

The activity in the credit insurance and foreign trade risks subsegment is carried out through Clal Credit Insurance - a company controlled by Clal Insurance (80%), with 20% of the additional shares held by Atradius Participation Holdings SL (hereinafter - the "**Atradius Group**"). The shareholders of Clal Credit Insurance have an agreement that regulates the Group's collaboration with the Atradius Group as a strategic partner and allows Clal Credit Insurance to insure credit transactions in many countries. For details, see Section 9.17.3 below.

For a summary of other final legal provisions published in the reporting year and thereafter, and a summary of the legal provisions published, and which apply to the segment, in addition to those detailed above in this chapter, see also Section 9.2 below.

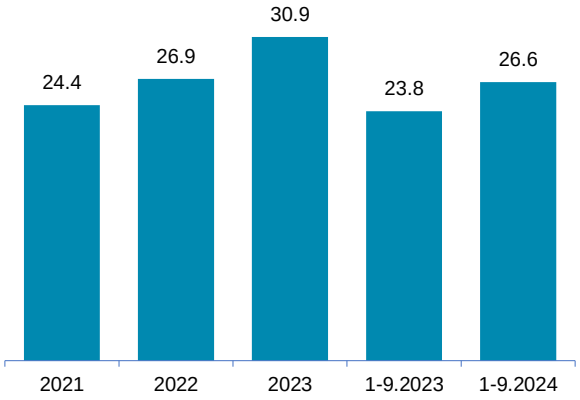
54. A business format for the provision of banking services for the financing of construction, as part of which the financing entity covers all financing aspects of the project.

7.1.2. *Key markets, trends and changes in demand and supply*

The property and casualty insurance market has grown in terms of premium amounts as a result of significant premium increases in the motor property and Compulsory Motor Insurance Subsegment s, in view of losses in previous years, and maintained a product mix, which is similar to that of the corresponding period last year.

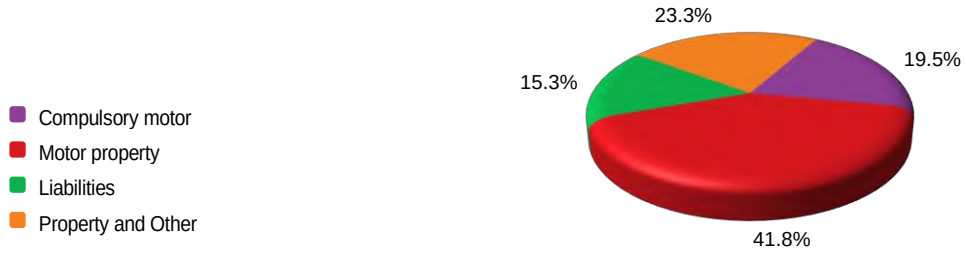
According to the Commissioner's publications as of September 30, 2024, gross premiums in the Property and Casualty Insurance Segment in Israel in the first nine months of 2024 was approx. NIS 26.6 billion, a 12% increase compared to the corresponding period last year.

Development of gross premiums in Property and Casualty Insurance from 2021 to September 2024 in NIS billion

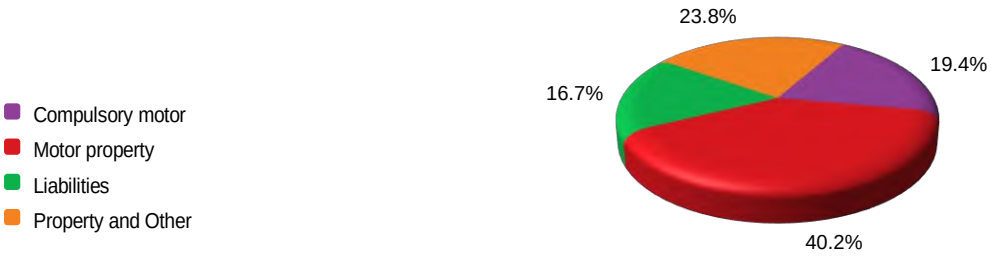


Following is a breakdown of the gross premium in the Israeli Property and Casualty Insurance market, by Property and Casualty Insurance Subsegment s, except for the short-term Illnesses and Hospitalization Subsegment, which is described in the description of the Health Insurance Segment (Section 8.1.1.1 below), which some companies include in the Health Insurance Segment, and others in the Property and Casualty Insurance Segment - in January to September of 2023 and 2024:

Breakdown of gross premiums in the Israeli insurance market by Property and Casualty Insurance Subsegment s for 2024



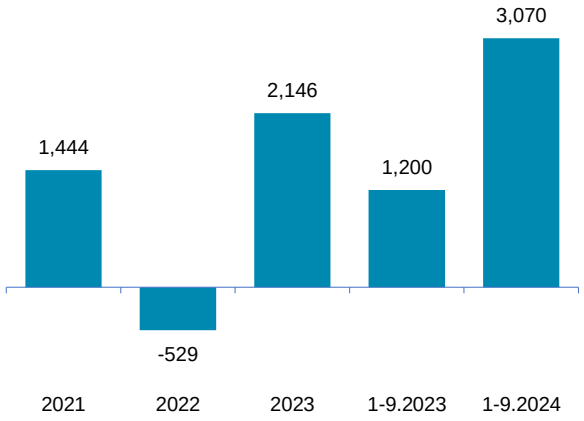
Breakdown of gross premiums in the Israeli insurance market by Property and Casualty Insurance Subsegment s for 2023



According to the Commissioner's publications as of September 30, 2024, the profit in the Property and Casualty Insurance Segment in Israel in the first nine months of 2024 was approx. NIS 3.1 billion, compared with a profit of approx. NIS 1.2 billion in the corresponding period last year.

For further details regarding the development of the results of the Property and Casualty Insurance Segment in Clal Insurance, see Part B to the Report - Report of the Board of Directors, Section 2.2.2.

Development of pre-tax comprehensive income in the Property and Casualty Insurance Segment in Israel from 2021 to September 2024 in NIS million



A. Compulsory motor insurance subsegment

Most Israeli insurance companies operate in this subsegment, which is generally characterized with a uniform product and significant price competition. The demand in this segment is a result of the number of vehicles, which increases every year, the fact that it is a compulsory insurance, and the competitive conditions in the segment. The competitive conditions are affected, among other things, from the introduction of new market players and even from regulatory intervention. The fact that customers can compare tariffs using the Capital Market, Insurance and Savings Authority's website and other digital means, which allow the use of price comparison aggregators, also contributes to the competition environment.

In addition to pricing, which is affected by competition considerations, the profitability in this subsegment may be affected, among other things, by changes in the number of road accidents and the severity of the injuries sustained therein, changes in the average wages in Israel, changes in the scope of subrogation claims, and changes in legislation and case law in connection with the subsegment, by the "Pool" results as well as by the manner in which the premium is adjusted to the risk profile.

The profitability achieved is affected by the underwriting results and the tariffs, as well as by the results of the investments, which are affected by changes in the capital market, interest rates and inflation rates. Changes in interest rates and inflation rates as stated above have a significant effect on the profitability in liability and compulsory motor insurance, in view of the fact that those subsegments are characterized with a relatively high level of reserves, due to the significant period that elapses from the receipt of the premium and the date on which the handling of the claim is completed.

B. Motor property

Most Israeli insurance companies operate in this subsegment, which is generally characterized with a uniform product in relation to private and commercial vehicles up to 3.5 tons and significant price competition. The increase in this segment is a result of the number of vehicles, which increases every year.

The profitability in this subsegment may be affected, among other things, by various changes in components, such as: underwriting policy, number of vehicle thefts and road accidents, changes in the prices of spare parts and cost of repairs, changes in standards and regulations, changes in the prices of new vehicles, hourly rates in auto repair shops, and damages due to natural disasters.

In 2023, the deterioration in the subsegment's profitability halted, and in the reporting year, the improvement in profitability continued. For details regarding profitability, see Part B to the Report of the Board of Directors, Section 2.2.2.

For details regarding regulatory changes in the Motor Property Insurance Subsegment , which may affect the profitability of this subsegment, see Section 7.1.1.2(b) above.

C. Liability Insurance Subsegment

Most Israeli insurance companies operate in this subsegment, which is characterized with products with similar characteristics and significant price competition. The demand in this subsegment is a result of, among other things, the relevant laws, including case law in connection with the interpretation of legal provisions regarding bodily injury and property damage caused to third parties, which are covered under the policies.

The profitability in the liability subsegments may be affected by the competition in the subsegment, regulatory changes and their implementation, and the quality of underwriting. For further details regarding the legislative amendments that regulate the subrogation right of the National Insurance Institute, see Section 7.1.1.1(d) above.

For details regarding the effect of investment income on the profitability of this subsegment, see Subsection 7.1.2(a) above "Compulsory Motor Insurance Subsegment ", which has similar characteristics in that context.

D. Property and Other Insurance Subsegments

The demand for property insurance and the profitability of these subsegments may be affected, among other things, by the rate of break-ins, fires and water damages to homes and businesses, and by damages due to natural disasters.

Profitability may be affected by the competition in the subsegment, regulatory changes and their implementation, and the quality of underwriting.

Guarantee insurance policies are sold by insurance companies, and Sale Law guarantees are also issued by banks. The demand for this type of insurance is affected, among other things, by developments in the construction sector, and the alternatives available to contractors, and may be affected, among other things, by the economic, political and security situation in Israel and abroad, by the situation in the capital market and quality of underwriting, including the assessment of the industry-specific risks to the industry in which the guaranteed party operates and the ability of the guaranteed party's repayment capacity.

E. Credit Insurance and Foreign Trade Insurance Subsegment

The demand and profitability in the Credit Insurance and Foreign Trade Insurance Subsegment may be affected, among other things, by the economic, political and security situation in Israel and abroad, the situation in the capital market, the risk level associated with the sector in which the debtor operates and the competition in the credit insurance market in Israel.

7.1.3. Material expected changes in the Company's market share in key markets in relation to the main products and services, and their mix

According to the data published on the Commissioner's website, the Group is the fourth largest group in the Property and Casualty Insurance Segment .

In the opinion of the Company, Clal Insurance's share in the market will be affected by the intense competition in the subsegment, which will continue to focus on the amount of insurance premiums, and the provision of services to policyholders, and even by the removal of regulatory entry barriers that resulted in the introduction of new insurance companies into this activity in recent years and is expected to lead to the entry of additional competitors in the future. For details on this matter, see Section 7.2.1 below. In addition, changes in arrangements in the Motor Property Insurance Segment following circulars which were published in connection therewith may affect market shares in motor insurance policies. For details on this matter, see Section 7.1.1.2(b) above. For further details regarding the effect of the competition, see Section 7.2 below.

Clal Insurance strives to achieve business growth, especially in its individual insurance businesses, amid a highly competitive environment, while maintaining its profitability.

The Company's assessments constitute forward-looking information, based on information in the Company's possession on the report date. The actual outcomes may be different than expected and depend, among other things, on the competitive conditions in the subsegment, the manner of implementation of regulatory provisions, the behavior of competitors and license holders, and the effect on the tariffs.

7.1.4. New products

In the reporting year no new material products were marketed.

7.2. Competition

7.2.1. Factors fostering competition

In the Company's opinion, the significant competition in property and casualty insurance, and specifically in the individual insurance subsegments continues, and is expected to continue in the next few years. The losses that insurance companies suffered in the motor property and Compulsory Motor Insurance Subsegment s in recent years required the companies to adjust the tariffs to the risk arising from the continuous increase in the incidence and severity of the accidents, and the increase in the incidence of thefts due to the increase in spare parts prices. The said increase in prices, the removal of regulatory barriers for the entry of new companies into the market and reforms and regulatory provisions which are specific to this segment as detailed above and below, also affect the intensification of the competition in the segment. Following are factors that impact the competition in the segment and encourage it:

- **Transparency and price -** from time to time, the Company holds meetings with the Commissioner regarding requests to set or change the terms of an insurance plan, including with regard to insurance rates. In recent years, the Commissioner published various provisions, whose aim is to increase transparency to the customers, both when signing-on to an insurance policy, and towards the end of the insurance period.
- **Digitally available data -** in recent years, the Commissioner promoted various provisions, whose aim is to facilitate the digital transfer of data. The availability of the information makes it easier to make comparisons and increases the competition in the market.

  Furthermore, the Commissioner advanced moves designed to remove the operational barriers which resulted in increased competition.
- **Calculators -** some of the competition in the subsegment focuses on competition regarding the amount of insurance premiums. The Authority's website has a compulsory motor insurance calculator, which displays the insurance rates of all companies (hereinafter - the "**Compulsory Motor Insurance Calculator**"). The Compulsory Motor Insurance Calculator allows those who wish to do so to compare compulsory motor insurance rates between companies. In addition, the said website also has a calculator for home insurance rates (hereinafter - the "**Home Insurance Calculator**"). The purpose of the Home Insurance Calculator is to display a comparison between insurance rates of insurers in accordance with the coverages provided under the Standard Home Insurance Policy that covers the buildings and the contents.
- **Price comparison aggregators -** in recent years, the market developed various aggregators which are used by insurance agents and/or end customers as a comparison sales tool in motor insurance. The aggregators make it possible to receive insurance quotes from a number of insurance companies at the same time, which increases competition in the Compulsory Motor Insurance Subsegment and Motor Property Insurance Subsegment.
- **Claims servicing and settlement -** The Commissioner published on Authority's website comparative data regarding the manner of settlement of claims by the insurance companies, and comparative data regarding metrics for assessing the services provided to policyholders by the insurance companies. These data constitute another measurement tool that the policyholder can use to select the insurance product.
- **Removal of competitive barriers.**

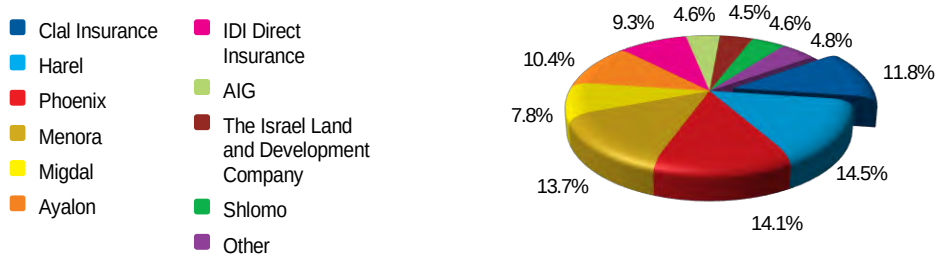
Clal Insurance's assessment as to the competitive conditions and possible effects on the development of the competition in the subsegment, as stated above, constitutes forward-looking information, based on information in the Company's possession on the report date. Actual results may vary from the estimated results, due to, among other things, the behavior of competitors, distributors, suppliers, customers and regulatory changes.

7.2.2. *Competitive conditions in the segment*

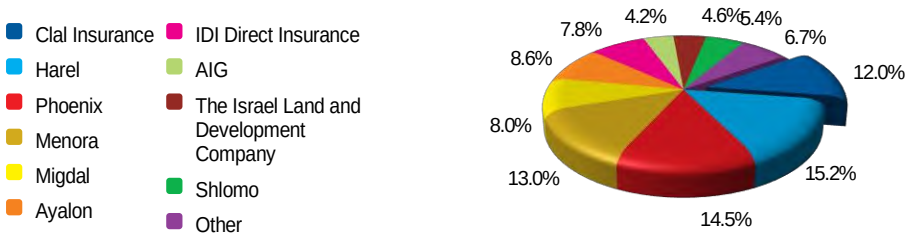
Most Israeli insurance companies operate in this segment.

Total gross premiums received in the Property and Casualty Insurance Segment in the Group amounted, as of September 30, 2024 to approx. NIS 3,154 million, and constituted - according to the data as per the financial statements of the insurance companies as of September 30, 2024, which are published on the website of the Capital Market, Insurance and Savings Authority - approx. 11.8% of the property and casualty insurance activity in the market, compared to gross premiums of NIS 2,859 million, which constituted approx. 12.0% of the property and casualty insurance activity in the market in the first nine months of 2023.

Breakdown of premiums in Property and Casualty Insurance Segment by insurance groups and companies as of September 2024



Breakdown of premiums in Property and Casualty Insurance Segment by insurance groups and companies as of September 2023



A. Individual insurance subsegments

Most insurance companies sell most of the segment's products in the individual insurance subsegments (compulsory motor insurance, motor property insurance and home insurance). Some of the insurance companies do so only through agents, some - only through direct sales channels, and some through both channels. The competition in the individual insurance subsegments is intense. The competition in subsegments with uniform products is intense, and therefore there is increased sensitivity to the tariff of those products.

B. Business insurance

Some of the insurance companies sell business insurance products. The competition in the liability and property insurance subsegments is affected by the overall competition in business insurance. The sale of these insurance coverages requires expertise; it is performed directly or also through insurance agents and advisors, and sometimes while sharing the specific insurance risk with reinsurers.

The competition around large businesses is affected, among other things, from the insurance tenders conducted by the customers, the involvement of consultants, and the capacity and pricing of reinsurance.

As to the analysis of the Company's business results in the individual insurance segments, see Part B to the Report of the Board of Directors, Section 2.2.2.

7.2.3. *Significant competitors in the segment*

In the motor and home insurance subsegments there is intense competition between all insurance companies operating in this field. The introduction into the market of insurance companies that use a direct digital sale platform, and the increase in the market share of direct platforms held by the traditional insurance companies, and independent aggregators, led to an intensification of the competition in the motor insurance market. However, in the reporting year and in the year prior to the reporting year, an increase in insurance premium was evident due to the losses incurred in these subsegments in previous years.

Other Property and Casualty Insurance products (other than motor and home insurance) also experience intense competition, mainly between the traditional insurance companies. In the opinion of the Group, its main competitors in these products are the large insurance groups: Harel, Phoenix, Menora, Migdal and Ayalon.

In certain subsegments of Property and Casualty Insurance in Israel a number of significant entities compete in the same subsegment. In the credit insurance and foreign trade insurance subsegment, Clal Credit Insurance's main competitor is ICIC – The Israeli Credit Insurance Company Ltd.; other competitors include Compagnie Française d'Assurance pour le Commerce Extérieur (Coface) and several foreign credit insurance companies, which insure Israeli companies in the field of credit insurance and conduct their sales activity through brokers.

7.2.4. *Methods for dealing with competition and the factors that affect the Company's competitive position*

The Company deals with competition in this subsegment on a number of levels:

Improving pricing, underwriting and risk management methods - data analysis using actuarial models, analysis of current business data and reliance on an extensive database, which generate a picture that allows the Company to respond to changes in the market, including through differential tariffs and improvement in underwriting processes.

Improving the service to customers and agents - among other things by activating systems for issuance of policies at the agent's office, technological improvements in the interfaces with the agent, and provision of digital services.

In this context, Clal Insurance operates an insurance app by the name "Clal's Emergency Button", which gives Clal Insurance's policyholders the option to receive emergency services 24/7 in the event of a road accident or damage to the covered home's pipes, file a claim and carry out a range of actions in their personal file.

Engagements with reinsurers - Clal Insurance has extensive and long-term relationships with various leading and financially resilient reinsurers, the engagement with which affects the management of insurance risks, the risk appetite, and Clal Insurance's ability to engage in insurance transactions.

Operational improvements - in order to comply with regulatory provisions, Clal Insurance is developing automated tools, whose aim is to facilitate the agent's work. In addition, Clal Insurance acts to improve work methods, agreements with service providers, to transition to digital mailing to policyholders, etc.

Products - creating dedicated products for certain market segments and/or population groups, expanding existing policies and adapting them to the customers' needs. In addition, the Company markets dedicated tracks in the comprehensive insurance policy, such as the "Selected Auto Repair Shops Policy" (see Section 7.1.1.2(b2) above), "Clal Metrage" and "Clal Behave".

Sales - the Company operates a digital platform for the marketing of compulsory motor, motor property, home and individual cyber insurance products. In addition, the Company operates a direct sales call center for these products.

Marketing - sales promotion by way of campaigns in various media outlets, advertising for agents, advertising in professional media outlets, focused offers, professional bodies' visits at the agent's offices - organized on behalf of Clal Insurance, professional conferences and training.

Clal Insurance believes that the factors, which have a positive effect on its status in the subsegment, include, among other things:

- The financial stability and resilience of the Group is particularly significant in insurance policies with long-tail claims.

- Professional expertise.
- The ability to offer a wide range of solutions and adapt the product to the customer, including providing innovative and dedicated solutions in the subsegment.
- Advanced systems for issuing policies in the individual insurance subsegments
- Maintaining a good relationship with reinsurers, including reinsurance agreements which give the Company the flexibility to take on various businesses.
- Hight-quality services to agents and customers.

7.3. Customers

7.3.1. General

The customers in the Property and Casualty Insurance Subsegment s are individual and business policyholders: Motor Property Insurance Subsegment s, Compulsory Motor Insurance Subsegment s, and the home insurance sub-subsegment, are mainly characterized with individual policyholders. The Liability Insurance Subsegment and the Property and Other Insurance Subsegment s (other than home insurance), the credit insurance and foreign trade risks subsegments, the guarantees and Sale Law policies (in which the home buyer is the beneficiary and the contractor is the policyholder) are mainly business policyholders.

In some of the insurance subsegments which are included in the segment and are individual insurance subsegments, a material portion of the sales is made to collectives, such as in the Compulsory Motor Insurance Subsegment and Motor Property Insurance Subsegment .

Furthermore, in the Compulsory Motor Insurance Subsegment s and the Motor Property Insurance Subsegment, there are customers which are companies with car fleets, including car leasing companies and car rental companies.

The Group's customers in the Liability Insurance Subsegment are classed according to the insurance type: third-party liability insurance and employer liability insurance are intended both to the private sector (households and condominiums) and to the business sector (corporations and businesses, municipalities and other institutional entities). Executive insurance, professional liability insurance, and product liability insurance are intended only for the business sector.

The breakdown of gross premiums (in NIS thousand) by customer type in the various subsegments of the Property and Casualty Insurance Segment in 2023 and 2024

A. Compulsory Motor Insurance Subsegment

	2024		2023	
Type of customer	Premiums, in NIS thousand	% of total income	Premiums, in NIS thousand	% of total income
individual policyholders (other than fleets or collectives)	**614,558**	**79%**	542,296	77%
Vehicle fleets - collective	**161,151**	**21%**	162,085	23%
Total	**775,709**	**100%**	**704,381**	**100%**

Breakdown of customers in the Compulsory Motor Insurance Subsegment by premiums in 2024



Breakdown of customers in the Compulsory Motor Insurance Subsegment by premiums in 2023



B. Motor property

Type of customer	2024 Premiums, in NIS thousand	2024 % of total income	2023 Premiums, in NIS thousand	2023 % of total income
individual policyholders (other than fleets or collectives)	**905,360**	**69%**	746,070	68%
Vehicle fleets - collective	**406,052**	**31%**	354,816	32%
Total	**1,311,412**	**100%**	**1,100,886**	**100%**

Breakdown of customers in the Motor Property Insurance Segment by premiums in 2024



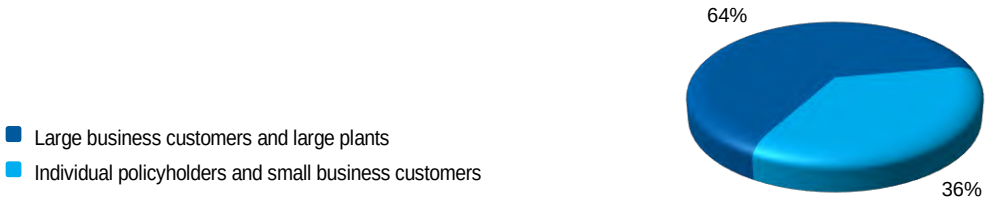
Breakdown of customers in the Motor Property Insurance Segment by premiums in 2023



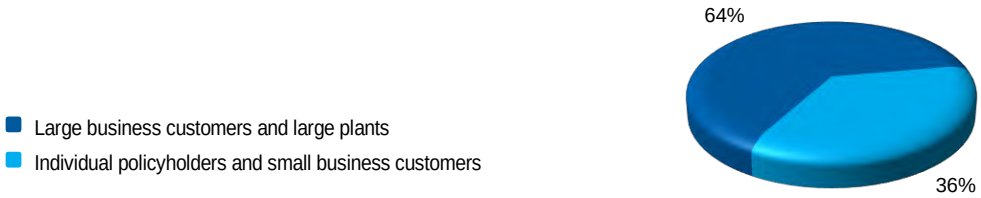
C. Liability Insurance Subsegment

Type of customer	2024 Premiums, in NIS thousand	2024 % of total income	2023 Premiums, in NIS thousand	2023 % of total income
Individual policyholders and small business customers	**171,632**	**36%**	183,445	36%
Large business customers and large plants	**307,748**	**64%**	322,162	64%
Total	**479,380**	**100%**	**505,607**	**100%**

Breakdown of customers in the Liability Insurance Subsegment by premiums in 2024



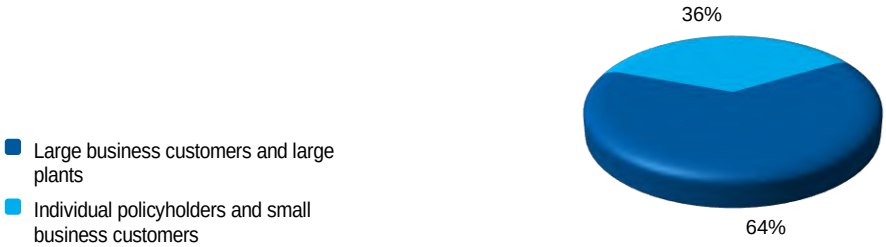
Breakdown of customers in the Liability Insurance Subsegment by premiums in 2023



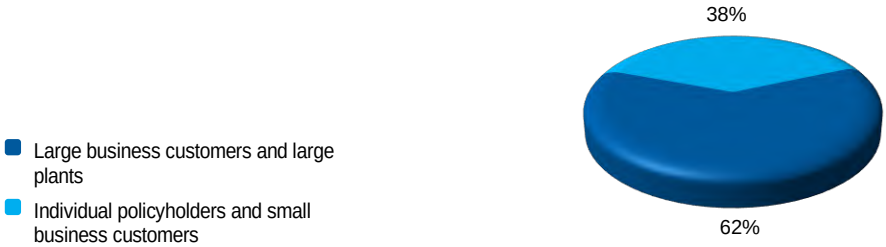
D. Property and Other Insurance Subsegment

	2024		2023	
Type of customer	Premiums, in NIS thousand	% of total income	Premiums, in NIS thousand	% of total income
Individual policyholders and small business customers	**444,354**	**36%**	438,930	38%
Large business customers and large plants	**802,066**	**64%**	712,544	62%
Total	**1,246,420**	**100%**	**1,151,474**	**100%**

Breakdown of customers in the Property and Other Insurance Subsegment by premiums in 2024



Breakdown of customers in the Property and Other Insurance Subsegment by premiums in 2023



E. Credit insurance subsegment

Type of customer	2024 Premiums, in NIS thousand	2024 % of total income	2023 Premiums, in NIS thousand	2023 % of total income
Business policyholders	139,366	100%	132,877	100%
Total	**139,366**	**100%**	**132,877**	**100%**

7.3.2. Dependence on customers in the segment, renewal rates and customer loyalty

- In the Property and Casualty Insurance Segment , the Group is not dependent on a single customer or a small number of customers.
- The Group does not have a single customer, total Company income from which in the segment constitute 10% or more of the total amount of the Company's income in the consolidated financial statements.
- The rate of individual policyholders, who purchased compulsory motor insurance together with motor property insurance in 2024 out of total customers that purchased compulsory motor insurance in the Group is approx. 73%. The rate of individual policyholders, who purchased compulsory motor insurance together with motor property insurance in 2024 out of total customers that purchased motor property insurance in the Group is approx. 88%.
- Following are data regarding the rate of renewals (customers who renewed a policy whose insurance period ended) in the compulsory motor insurance sub-subsegments, Motor Property Insurance Subsegment and the home insurance subsegment in 2024, 2023 and 2022 out of total insurance premiums in respect of the policies, whose insurance period ended in these years, respectively:[55]

Sector	The rate of renewals of total insurance premiums in respect of the policies, whose insurance period ended in 2024	2023	2022
Compulsory motor insurance	**76.7%**	63.0%[56]	78.4%
Motor property insurance	**74.6%**	78.9%	77.6%
Home insurance	**92.1%**	94.2%	91.5%

- Following are data regarding premiums (in NIS thousand) paid by customers in the reporting year, according to the number of insurance years with Clal Insurance (based on the date of purchase and renewal of the policy) in the **Compulsory Motor Insurance Subsegment :**[57]

Number of insurance years (loyalty years)	Premiums, in NIS thousand 2024	2023	2022	% of total income 2024	2023	2022
First insurance year (no loyalty)	**254,488**	276,598	242,598	**32.81%**	39.27%	34.92%
Second insurance year (one loyalty year)	**208,412**	149,502	142,221	**26.86%**	21.23%	20.47%
Third insurance year (two loyalty years)	**96,482**	91,602	115,578	**12.44%**	13.00%	16.64%
Over three loyalty years	**216,327**	186,679	194,274	**27.89%**	26.50%	27.97%
Total	**775,709**	**704,381**	**694,671**	**100.00%**	**100.00%**	**100.00%**

55. The rates presented below are in gross premium terms.
56. In 2023 there is a technical decline, arising from a change in the netting mechanism between the Company and the National Insurance Institute.
57. For details regarding premiums collected by Clal Insurance in the Property and Casualty Insurance Segment in the reporting year, see Note 5(d) to the Financial Statements.

- Following are data regarding premiums (in NIS thousand) paid by customers in the reporting year, according to the number of loyalty years with Clal Insurance (based on the date of purchase and renewal of the policy) in the **Motor Property Insurance Subsegment :**

Number of insurance years (loyalty years)	Premiums, in NIS thousand			% of total income		
	2024	2023	2022	2024	2023	2022
First insurance year (no loyalty)	**542,058**	406,215	369,761	**41.33%**	36.90%	39.24%
Second insurance year (one loyalty year)	**256,817**	246,232	227,685	**19.58%**	22.37%	24.16%
Third insurance year (two loyalty years)	**167,775**	167,210	111,869	**12.80%**	15.18%	11.87%
Over three loyalty years	**344,762**	281,229	233,060	**26.29%**	25.55%	24.73%
Total	**1,311,412**	**1,100,886**	**942,375**	**100.00%**	**100.00%**	**100.00%**

- Following are data regarding premiums (in NIS thousand) paid by customers in the reporting year, according to the number of insurance years with Clal Insurance (based on the date of purchase and renewal of the policy) in the **home insurance subsegment:**

Number of insurance years (loyalty years)	Premiums, in NIS thousand			% of total income		
	2024	2023	2022	2024	2023	2022
First insurance year (no loyalty)	**55,166**	45,746	45,268	**16.51%**	14.73%	15.72%
Second insurance year (one loyalty year)	**39,228**	37,194	40,666	**11.74%**	11.97%	14.12%
Third insurance year (two loyalty years)	**33,656**	36,889	31,284	**10.07%**	11.88%	10.86%
Over three loyalty years	**206,147**	190,762	170,737	**61.68%**	61.42%	59.3%
Total	**334,197**	**310,591**	**287,955**	**100.00%**	**100.00%**	**100.00%**

* Customers' renewal data do not include data of policies which were sold through mortgage banks (old portfolios) and entered run-off in 2005.

8. Health Insurance Segment

8.1. Services and products

8.1.1. Description of the insurance subsegments and the insurance coverages included in the segment

8.1.1.1. Illnesses and Hospitalization Subsegment

Illnesses and hospitalization coverage is provided in Israel on a number of levels: The Healthcare Services Basket provided to all Israeli citizens by virtue of the National Health Insurance Law (hereinafter - the "**Basic Basket**"); additional services provided mainly by the health maintenance organizations according to the provisions of the National Health Insurance Law (hereinafter - the "**Additional Services**" or the "**SHABAN Services**" or the "**SHABAN**"); and insurance coverage sold by the insurance companies.

The Group offers its policyholders a range of insurance coverages in the Illnesses and Hospitalization Subsegment, which include compensation or indemnification to policyholders in respect of medical expenses where his/her health is adversely affected due to an illness or an accident. Some of these products replace, supplement and expand the coverages and services provided in the Basic Basket and/or the Additional Services.

The Illnesses and Hospitalization Insurance Subsegment includes the following key sub-subsegments offered by the Company:[58]

- Illnesses and hospitalization insurance.
- Travel insurance.
- Personal accidents insurance.

8.1.1.2. Long-Term Care Subsegment

A long-term care insurance provides solutions in situations where the policyholder is defined as requiring long-term care as this insured event defined in the policy, i.e., a person who is unable to independently perform some daily activities and therefore needs assistance or monitoring. A policyholder who is mentally frail is also deemed to be requiring long-term care.

The Long-Term Care Subsegment includes insurance coverages which are paid as part of individual insurance and as collective insurance (currently mostly to members of health maintenance organizations), as part of which the insurance company undertakes to participate in the financing of long-term care hospitalization or compensate the policyholder - upon the occurrence of an insured event. The policies provide insurance benefits for a fixed period.

As from October 2019, Clal Insurance - and to the best of its knowledge, all other market players as well - ceased marketing individual long-term care policies to new customers. For further details, see Section 8.1.2.2 below. In addition, as of the report publication date, Clal Insurance does not enter into new collective long-term care insurance agreements.

8.1.2. Breakdown of most of the products and services included in the segment

Following is a description of the main coverages:

8.1.2.1. Illnesses and Hospitalization Subsegment

In the Illnesses and Hospitalization Insurance Subsegment Clal Insurance markets individual insurance and collective insurance.

- **Individual insurance**

  Individual health insurance policies sold through the end of January 2016 are usually for an indefinite period, where - except in cases set in the legislative arrangement and in the policies - only the policyholders are allowed to issue notice of their termination.

58. For information regarding the discontinuation of the marketing of personal accidents insurance policies in 2021, see Section 8.1.2.1(c) below.

According to the Commissioner's Directives, the individual health insurance policies (other than LTC insurance, travel insurance, dental insurance, and foreign employees and visitors insurance), are sold as from February 2016 and renewed automatically every two years. Subject to the Commissioner's approval, the insurance company may revise the tariffs and terms and conditions in all individual health insurance policies on the policy's renewal date. The insurance company is required to inform all policyholders of the change approximately two months before the Change Date, and obtain their consent if the monthly insurance premium has increased, or if the scope of the insurance coverage was scaled down instead of increasing the insurance premium as stated above, in accordance with the cases and terms set by the Commissioner (hereinafter - "**Renewable Health Insurance Policies**").

In September 2022. the Commissioner published the **Updating Tariffs in Renewable Health Insurance Policies Circular** (hereinafter - the "**Tariff Circular**"), that includes provisions regard to medical expenses insurance premium for individuals, which will be marketed or renewed as from the effective date, under which an insurer may increase the premium in renewable (individual) medical expenses policies without obtaining the Commissioner's approval, subject to the circular's provision, and provisions that allow the insurance company to offer policyholders to reduce the premium increase by increasing their deductible or reducing the coverage, subject to the Commissioner's advance written approval.

The abovementioned provisions lead to some hedging of the long-term insurance risk of the insurance company in renewable health insurance policies, create certainty in the mechanism for increasing the insurance premium, and consequently reduce the margins for conservatism in the policy's pricing.

The information pertaining to the potential consequences of the provisions regarding renewable health insurance policies and the Tariff Circular constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. Actual results may vary than those predicted and depend on a range of factors, including the manner by which the policies will be revised, as well as on the behavior of competing companies, distributors, and policyholders' preferences, as well as on the combined effect of the provisions regarding renewable health insurance policies and the Tariff Circular together with the health reform and the 2023 Economic Arrangements Law.

Furthermore, according to the Commissioner's Directives, as from February 2016, an insurance company that markets individual policies in the Illnesses and Hospitalization Subsegment, and in the personal accidents segment, are required to allow insurance applicants to purchase a basic plan. Upon cancellation of the basic plan, the additional plans will also be canceled. It was also decided that an insurance company must allow an insurance applicant to purchase each of the following coverages as basic insurance plans: surgical procedures, transplants, medications and critical illness. These provisions applied to health insurance plans which were marketed through October 1, 2023, and were cancelled following the health reform. For changes in the structure of the health insurance policies marketed as from October 1, 2023 in accordance with the Commissioner's reform, whose effective date is October 1, 2023, see below in this Section 8.1.2.1.

- **Collective insurance**

  Collective health insurance policies are marketed to a defined group (usually policies marketed to employees of a specific employer) on terms and conditions agreed between the insurance company and the policyholder. These policies normally spans a number of years; as a rule, the policies allow policyholders to purchase - at the end of the insurance term of the collective policy - an individual policy without undergoing underwriting.

The individual and collective insurance reform

In October 2023, the **Directives regarding Financial Services Supervision (Insurance) (Terms in Insurance Contract for Surgical Procedures and Alternative Treatments to Surgical Procedures in Israel) (Amendment), 2022**; **Amendment to the Provisions of the Consolidated Circular - Drawing up a Health Insurance Plan; the Directives regarding Financial Services Supervision (Insurance) (Terms in Insurance Contract for Basic Health Insurance Policy), 2022** (hereinafter and below, jointly - the "**Health Reform**"). The provisions of the reform include a new structure for the health insurance market in relation to insurance policies sold as from October 1, 2023, which will include five pillars:

(a) **First pillar** - a basic health insurance policy which is composed of three uniform insurance plans - transplants and special treatments abroad, medicines which are not included in the Israeli health care basket, and surgical procedures and alternative treatments to surgical procedures abroad. The policies cover cases, which are normally not covered by the basic healthcare basket of the health maintenance organizations. As part of the reform's provisions, the Commissioner defined the said coverages in a uniform manner.

(b) **Second pillar** - a plan covering surgical procedures and alternative treatments to surgical procedures in Israel - supplementary coverage to the insurance coverage sold as part of SHABAN with/without deductible, and coverage from the first shekel without a deductible.

(c) **Third pillar** - an insurer will be allowed to market expansion policies for coverage included in one or more of the insurance plans purchased as part of the first, second or fifth pillar.

(d) **Fourth pillar** - Six specific ambulatory insurance plans prescribed in the provisions in the reform's provisions, which include, among other things, coverage for consultations, tests and medical diagnosis in order to diversify the range of available insurance coverages and at the same time prevent a situation of overlapping insurance between the products, and any other plan that will be approved by the Commissioner in writing and in advance, the marketing of which by all companies will be allowed by the Commissioner. The sale of the products of the fourth pillar will be possible if the policyholder has a basic health insurance policy with any insurer.

(e) **Fifth pillar -** critical illness policy, whose purchase does not depend on the purchase of another insurance plan.

In addition, the reform's provisions include the banning of the sale of an individual health insurance policy to insurance applicants who have individual indemnifying health insurance that provides similar insurance coverage, without canceling the existing policy (except for certain cases which were detailed in the reform's provisions), and a provision stipulating that discounts will be granted at a fixed rate for at least ten years (including in relation to renewed and new discounts in a policy taken out before the effective date of the Health Reform.

In October 2023, Clal Insurance started selling new insurance plans in accordance with the Health Reform.

The existence of a uniform basic health insurance policy in all insurance companies may increase competition, that will focus on the price, the service and the manner of settling claims, including, among other things, in view of the uniformity of the policies and their structure, that will be composed of a number of tiers, that may be purchased by a policyholder from various companies. The expansion of the requirement, whereby discounts will be given at a fixed rate for a period of at least ten years also in relation to policies taken out before the reform came into effect may impact the retention of policyholders with those policies. For further details regarding the combined effect of the reform and the provisions of the 2023 Economic Arrangements Law pertaining, among other things, to surgical procedures insurance and alternative treatments to surgical procedures in Israel, see below.

The information pertaining to the effects of the health reform constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. Actual implementation may be different than expected and depends on a range of factors, including the combined effect of the Health Reform and the Economic Arrangements Law, the conduct of the competing companies, the distributors, and policyholders' preferences over time.

Insurance coverages in the Illnesses and Hospitalization Insurance Subsegment

Following is a description of the nature of the main insurance coverages sold by the Group in the Illnesses and Hospitalization Insurance Subsegment:

A. Illnesses and hospitalization insurance

- The insurance coverages offered by insurance companies in the Illnesses and Hospitalization Insurance Subsegment are divided into three classes:
  - **Alternative insurance** - an insurance coverage that serves as an alternative to the services provided in the Basic Basket and/or the Additional Services.
  - **Additional Insurance** - a coverage for services which are not included in the Basic Basket or in the Additional Services on the date of their sale.
  - **Expanding insurance** - a coverage that expands a coverage provided under the Basic Basket and/or the Additional Services.
- This subsegment includes, among other things, the following insurance coverages:

  (1) **Surgical procedures, transplants and special treatments insurance** - provides the policyholder with coverage in respect of private medical services. In this framework, the policyholder is given the right to select the date on which the medical services will be rendered, the identity of the physician who will render the service, and the medical center in which it will be rendered. The said rider provides coverage of medical expenses in connection with, among other things, a surgical procedure, transplants and/or special treatments abroad.

  - As from 2016, the Company has been marketing a policy which comprises coverage for alternative treatments to surgical procedures and consultations with medical specialists as part of a surgical procedure or an alternative treatment to a surgical procedure - in Israel - whose scope and terms and conditions were set in the Supervision of Financial Services Regulations (Insurance) (**Terms in Insurance Contract for Surgical Procedures and Alternative Treatments to Surgical Procedures in Israel), 2015** (hereinafter - the "**Uniform Surgical Procedures Policy**"). The said policy includes coverage for a surgical procedure that will be carried out only through a service provider that has an arrangement with the insurer to execute the procedure.

    The fact that all insurance companies have a Uniform Surgical Procedures Policy, that allows the provision of a service to policyholders only through service providers that have an agreement with the insurance company, focused the competition on the price, the service (including the supply of physicians that will be decided as part of the arrangement), and the manner by which claims will be settled.

  - **2023 Economic Arrangements Law**

    In May 2023, an amendment to the **Financial Services Supervision Law (Insurance), 1981** was approved under the 2023 Economic Arrangements Law. According to the amendment, starting on October 1, 2023, (hereinafter - the "**Effective Date**") where a policyholder has an health insurance policy that includes insurance coverage which is not dependent on the exercise of the policyholder's rights under the SHABAN Plan (hereinafter - "**Insurance from the First Shekel**"), and such policyholder filed a claim to cover a private surgical procedure in Israel under his/her rights by virtue of the SHABAN Plan, and this surgical procedure is also covered by the policyholder's insurance policy, the insurer shall pay the health maintenance organization through which the surgical procedure was carried out a total equal to the price of the surgical procedure paid by the health maintenance organization as per the Ministry of Health's price list, or an amount equal to the price of the insurance arrangement as paid by the insurer, if it is decided by the Minister of Finance - the lower of the two, net of any deductible amount that the policyholder paid to the health maintenance organization in respect of the surgical procedure. The amendment will apply to "Insurance from the First Shekel" surgical procedures insurance plans that will be taken out or renewed as from the Effective Date.

Furthermore, in accordance with the 2023 Economic Arrangements Law, in June 2024 the insurance companies transferred their policyholders in an individual "Insurance from the First Shekel" policy, which was entered into in February 2016 and thereafter (hereinafter - the "**Original Policy**"), who are planholders in SHABAN plans, to a policy with a Supplementary SHABAN coverage only, instead of the original policy. Such transfer will take place unless the policyholder has informed the insurance company, that they do not wish to switch to a Supplementary SHABAN surgical procedures insurance policy.

The 2023 Economic Arrangements Law also includes an amendment which prescribes provisions that will apply in connection with the lists of surgeons with whom the insurance has an arrangement for the provision of surgical procedures coverage in Israel (hereinafter - the "**Physician List**"). According to the amendment, an insurance company shall put in place a single Physician List that will apply to all insurance plans it markets that include surgical procedures coverage, and that at least half of the active physicians in the list will be active physicians included in the Physician Lists of health maintenance organizations.

According to the 2023 Economic Arrangements Law, an insurance company may not change or cancel a surgical procedures arrangement with a surgeon if a result of such change or cancellation the ratio between the number of surgeons included in the insurance company's Physician List, who are also included in a Physician List of a certain health maintenance organization, and the number of surgeons included in the Physician List of the insurance company will decline, unless the Commissioner approved the change or cancellation.

The First Shekel surgical procedures insurance policy, and the Supplementary SHABAN surgical procedures insurance policy, which are sold in accordance with the Health Reform as from October 2023, were repriced following the relevant provisions in the 2023 Economic Arrangements Law, such that insurance premiums in general were revised under these policies.

During the reporting period, the abovementioned provision regarding insurance companies' obligation to indemnify the SHABAN did not have a substantial effect on the Company's results. In the long term, this obligation may affect the Company's profitability in these products if the policy pricing is not consistent with the claim settlement costs.

The imposition of the requirement that the insurance company transfer, by default, existing policyholders in original policies, to a surgical procedure policy with Supplementary SHABAN coverage, as stated above, led to a certain decline in the Company's revenues from these policies during the reporting period.

The imposition of conditions with regard to the insurance company's Physician Lists may limit its ability to select the physicians, and the overall composition of the list, and consequently affect the services that will be rendered.

The abovementioned changes under the 2023 Economic Arrangements Law resulted - in the period from the effective date through the report publication date - in an increase in sales of Supplementary SHABAN surgical procedure insurance in general, and Insurance from the First Shekel policies in particular.

At this preliminary stage of implementing the Health Reform and the 2023 Economic Arrangements Law, the Company is unable to assess the full long-term effects of the said provisions, which may be material; these effects depend, among other things, on the fact that SHABAN's scope of services may change from time to time, on the scope of sales, and on the retention of the various types of policies, and the terms of engagement with suppliers and pricing of the product and whether it reflects the various risks embodied therein over time.

The information pertaining to the consequences of the said steps constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. Actual implementation may vary from that predicted, and it depends on an array of factors, including the behavior of competing players, the prices of policies, customers' preferences, and the behavior of the health maintenance organizations and SHABAN, regarding, among other things, the scope of services they will provide and the cost of those services, as they will be from time to time, and accordingly their indemnification demands from the insurance companies, over time.

- Further to the amendments in the 2023 Economic Arrangements Law, in March 2024 a Draft Amendment to the Consolidated Circular was published regarding "the requirement to offer a surgical procedures policy with supplementary coverage" (hereinafter - the "**SHABAN Insurance Plan Circular**"), which stipulated provisions in connection with a SHABAN Supplementary Surgical Procedures in Israel Policy, whose key points are as follows:

  The insurance benefits in policies with SHABAN coverage polices shall only be paid under the following circumstances -

  1. Indemnification for private surgical procedures in Israel, including expenses for covering surgical procedures, which are not covered by the policyholder's SHABAN plan, or if the surgeon is not included in a surgical procedure arrangement with the health maintenance organization and is included in a surgical procedure arrangement with the insurance company;
  2. Indemnification in respect of the deductible amount paid by the policyholder in respect of a surgical procedure which was financed through the SHABAN plan, even if the physician is not included in the arrangement with the insurance company;
  3. Indemnification in respect of the purchase of a medical aid, where a medical aid is not covered by the SHABAN plan, but is covered by the insurance company's policy, and the surgical procedure is funded through the SHABAN plan.

  It is also determined that where a policyholder wishes to exercise the Supplementary SHABAN insurance policy and to transition to a 'First Shekel' insurance policy, the terms of the 'First Shekel' policy will include, at the very least, the terms offered by the insurer on the transfer date under a 'First Shekel' insurance coverage to new policyholders.

  The provisions of the SHABAN Insurance Plan Circular apply to (individual and collective) Supplementary SHABAN policies, which will be taken out or renewed as from the circular's publication date.

  At this stage, the Company is unable to assess the effects of the SHABAN Insurance Plan Circular, due to, among other things, the combined effects with the 2023 Economic Arrangements Law and the Health Reform.

(2) **Critical illness insurance** - an insurance coverage, as part of which the policyholder is entitled to receive a financial compensation in the form of a lump sum in the event he/she suffers from a critical illness. As stated above, under the health reform, it was determined that the sale of a critical illness policy does not depend on the purchase of another insurance plan by the policyholder.

(3) **Drug insurance** - Insurance coverage in respect of purchase of drugs, which are not included in the government's Healthcare Services Basket. In recent years, due to, among other things, changes in the pharmaceutical industry, which are reflected in accelerated certification procedures and the introduction of new drugs together with the budget limit of the Healthcare Services Basket in Israel, the cost of claims in drug insurance increased.

(4) Furthermore, other coverages are available other than the Basic Plan, such as **ambulatory services** - outpatient medical care services in hospitals or clinics, with no hospitalization, and the riders attached to an insurance plan, which provide to the policyholder various

services through service providers. For details regarding rules pertaining to the sale of ambulatory insurance plans, see the above regarding the fourth pillar of the health reform.

B. Travel insurance

The travel insurance is composed of a basket of insurance coverages aimed at policyholders in connection with their stay abroad, which include, among other things, basic coverage comprising mostly from medical expenses, which may be expanded to cover various needs (such as cancellation of the trip, cutting the travel period, pregnancy, luggage, winter sports). The insurance period of a travel insurance policy is stated in days, in accordance with the period, during which the policyholder will stay abroad, or for all of the travel days in one calendar year. Travel insurance policies are sold mainly through health maintenance organizations and by the insurance agents.

The Company works to develop, expand and retain the travel insurance distribution channels, including, among other things, by expanding the marketing efforts through insurance agents, customer loyalty programs, marketing through digital platforms and retaining the engagements with some of the HMOs. During the reporting year and at the beginning of 2025, two health maintenance organizations, through which Clal Insurance sold collective travel insurance, published a public tender to operate collective travel insurance for members of health maintenance organizations. Clal Insurance opted not to submit a bid with respect to one of the health maintenance organizations, and accordingly, during the period subsequent to the report publication date, the existing engagement between the parties will end. With regard to the second health maintenance organization, the deadline for submitting bids in the tender has not yet elapsed as of the report publication date and Clal Insurance is studying this tender.

Since the beginning of the Iron Swords War and due to the security situation, the activity in the travel insurance subsegment declined and the cost of claims in some of the coverages increased.

C. Personal accidents insurance

This subsegment includes individual policies that confer the entitlement to a lump-sum compensation upon the occurrence of a variety of insured events, such as fractures, burns, disability and death as a result of an accident (hereinafter - a "**personal accidents insurance policy**").

Since May 2021, as a result of a combination of regulatory provisions which entered into effect in the past few years as well as market conditions and business considerations, Clal Insurance stopped marketing to new customers individual personal accidents insurance policies and collective policies which are subject to the Personal Accidents Circular.

8.1.2.2. Long-term care insurance

In long-term care insurance policies, the Company undertakes, upon the occurrence of an insured event, to participate in the funding of the policyholder's residing in a nursing care facility, or to compensate the policyholder with a predetermined amount. The policies provide insurance benefits for a fixed period or lifetime.

According to the Commissioner's Directives on the matter, as they are reflected in the "**Preparation of an LTC Plan**" **Circular**, an insured event that arises from a situation where the policyholder is unable to carry out at least 3 out of 6 actions which are defined in the circular, shall entitle the policyholder with at least 50% of the monthly insurance benefits, and an insured event that arises from "mental frailty" (as defined in the circular), shall entitle the policyholder with 100% of the monthly insurance benefits. Insurance benefits are paid as from the end of the waiting period (a few months or a few years, depending on the product) over the policyholder's life, or for a period of a number of years as defined in the policy, and as long as the policyholder requires long-term care.

As of the report date, as a result of a combination of regulatory provisions which entered into effect in the past few years and market conditions and business considerations, including - an increase in the incidence of long-term care cases and total cost of caring for a person requiring long-term care, a longer eligibility period; Clal Insurance stopped marketing long-term care insurance policies - both individual long-term care policies and collective long-term care policies, including as part of a collective long-term care insurance to members of health maintenance organizations, whose activity was transferred from the Company to other insurance companies, and except for long-term care policies as part of the fulfillment of contractual undertakings to policyholders. To the best of the Company's knowledge, other insurance companies also stopped the marketing of private long-term care insurance policies.

At this stage, the Company is unable to predict future developments in this segment, which is affected, among other things, by regulatory changes, the positions of reinsurers, approval of new tariffs by the Commissioner and market conditions.

A. Individual long-term care insurance

Individual insurance policies in the Long-Term Care Insurance Segment are insurance policies purchased directly by policyholders. The insurance period in such policies spans over the entire life of the policyholder, and the maximum entitlement period for insurance benefits is in line with the type of policy purchased by the policyholder (from several years to a lifetime policy). Some individual long-term care insurance policies supplement long-term care insurance purchased by a policyholder (normally through a health maintenance organization or collective insurance), which pay insurance benefits only after a 36-month or a 60-month waiting period.

In some long-term care insurance policies, policyholders pay a fixed premium that confers upon the policyholder - under certain conditions - the right to accrue redemption values in the event that he/she stops paying the premium for any reason whatsoever, which allow him/her to receive reduced insurance benefits in the event of a claim, all according to his/her age, the period during which he/she paid insurance premiums and the amounts of insurance premiums he/she paid. When the redemption values are lower than a certain amount set by the Commissioner, the policyholder received a lump sum instead of the redemption values. In addition, through 2013, insurance companies also sold individual long-term care insurance policies at variable premiums without redemption values.

In individual long-term care insurance policies sold since August 2005, the insurance companies have the option to change tariffs to existing policyholders every 5 years, subject to the Commissioner's approval. Clal Insurance works with the Commissioner to revise tariffs as described above. At this stage, there is no certainty as to the approval and/or the format of the change.

The long-term care policies marketed by Clal Insurance were mainly fixed premium policies, and some of them were policies with Premium at Limited Variable Rate. Through 2007, Clal Insurance also marketed long-term care insurance policies with fixed premium, which had a linkage mechanism to the return on the investment portfolio, such that a positive return in excess of a minimum return set in the policy increases the amount of the monthly allowance payable to the policyholder upon the occurrence of the insured event. A return which is lower than a minimum return set in a policy, gives Clal Insurance the right to increase the insurance premium, such that the amount of the monthly allowance payable to the policyholder upon the occurrence of an insured event will not be cut.

In order to reduce the exposure to this subsegment, which is exposed to significant risks, including exposure to regulatory changes, significant gaps between the terms of the insurance coverage and the policyholders' expectations and complex claim settlement processes, Clal Insurance decided to discontinue the marketing of individual long-term care insurance policies to new customers - as from October 2019 - due to, among other things, the announcement of reinsurers regarding the cessation of their activity in the Long-Term Care Insurance Segment in Israel.

For details regarding a Call for Proposals published by the Commissioner regarding his intention to formulate an overall outline that will lead to a viable and long-term solution to the issue of long-term care insurance, see Section 8.1.3.2 below.

B. Collective long-term care insurance (other than collective long-term care insurance to members of health maintenance organizations)

As of the report publication date, marketing collective LTC policies other than through the HMOs is subject to the following provisions: The insurance period will not fall below 5 years and will not exceed 8 years; the premium that insurance companies may collect from a policyholder will be a fixed premium or an increased premium (variable premium of up to 4% per year, and only up to the age of 65); accruing settlement amounts in a policy shall be subject to the rules prescribed by the Commissioner's Directives; upon the exercise of a right to continuity of a policyholder aged 40 or over, in respect of an individual long-term care policy, the premium of the continuing policy shall not be higher than the premium that the policyholder was required to pay in respect of the collective long-term care insurance before switching to the continuing policy.

As of the report publication date, Clal Insurance does not enter into collective long-term care insurance agreements. Most of the collective policies in which Clal Insurance was previously engaged have terminated.

C. Collective long-term care insurance to members of health maintenance organizations

As of the report date, Clal Insurance does not issue collective insurance to HMO members.

As of the report date, Clal Insurance continues to receive claims from policyholders it previously covered under collective insurance for members of health maintenance organizations, at a rate which is even higher than it first predicted. Clal Insurance worked with one of the health maintenance organizations in order to regulate the handling of these claims in light of the complexity as to the correct date for attribution of the occurrence of the insured event for the first time and as to the claims' prescriptive period.

The Company is unable to assess the effects of continuing the receipt of claims in respect of past periods and the arrangement with the health maintenance organizations regarding the handling of such claims.

In December 2023, the **Directives regarding Financial Services Supervision (Insurance) (Collective Long-Term Insurance for HMO Members) (Amendment), 2023** were published, which include a revision of the terms and conditions of the uniform collective long-term care insurance policy to members of health maintenance organizations that came into force in 2016 (hereinafter - the "**Uniform LTC Policy for HMO Members**"), in order to stabilize the funds of policyholders insured under long-term care insurance for members of a health maintenance organization, including:

(1) Reducing the amount of monthly insurance benefits entitlement of a policyholder, who joined the basic tier and who lives at home, by approx. 10%;

(2) Extending the exclusion period, such that it will not include an insured event that occurred in the first 60 months (from 36 months).

It is also suggested that the amendment shall apply to long-term care insurance contracts that will be entered into or renewed as from the commencement date, and that it will also apply to contracts entered into prior to that date, if it was determined therein that the said directives shall apply to them.

The amendment was executed in view of challenges that the Israeli long-term care insurance sector has been facing in recent years, which stem from a number of reasons shared by other corresponding long-term care insurance providers from across the world - increase in the incidence of long-term care cases, and in the total cost of caring for a person. who has long-term care needs, longer entitlement period, and more.

Concurrently, in December 2023, the **Amendment to the Consolidated Circular - Long-Term Care Insurance** was published, which amended the requirement that an insurance company will bear the insurance risk that will not be lower than 20% in order to allow the health maintenance organizations the flexibility to set the risk rate, in order to increase the feasibility of the insurance plans' ability to continue offering coverage.

In December 2024, the **Directives regarding Financial Services Supervision (Insurance) (Collective Long-Term Insurance for HMO Members), 2024**, were published, which include revision of the terms and conditions of the Uniform LTC Policy for HMO Members, including:

(1) Revising the number of activities of daily living (ADL), which the policyholder is unable to perform independently, from three to four activities or alternatively three activities, one of which is continence.

(2) Adding a clarification whereby the independent use of assistive devices, which allow the policyholder to perform the activities independently, will not be deemed inability to perform the activity.

(3) Revising the definition of the activity of getting dressed such that it will focus on the policyholder's substantive ability, and only where the policyholder cannot wear clothes adapted to their condition will they be deemed unable to perform the activity independently.

(4) The requirement to take into consideration the ability to get in and out of the bath or the shower as part of the assessment of the policyholder's independent ability to bath.

(5) It is determined that for a policyholder residing at their home, the insurance benefits will be paid subject to the policyholder's providing the insurance company with a certificate proving that they actually use personal care for the purpose of receiving long-term care services during most of the day, whether through a carer or a family member.

The said amendment's effective date is January 2025.

Furthermore, under the said amendment, it was decided to cancel the requirement applicable to the insurer to add the policyholders to a continuing policy if long-term care insurance for members of the health maintenance organization was terminated due to the non-renewal of the policy for all members of that health maintenance organization. This provision's effective date is January 2027.

To the best of the Company's knowledge, in January 2025 the Ministry of Health instructed the health maintenance organizations to stop signing-on new policyholders to the long-term care insurance, which comes into force in July 2025 (except those who already had long-term care insurance with another health maintenance organization and switched to another health maintenance organization) and to stop operating or engaging in the long-term care policy, including investigation of claims and appeals; payment from the policyholders' fund of management fees and other payments to the insurance company; sending notices to the policyholders regarding this topic, and any other engagement or activity pertaining to the Collective Policy as from January 2026.

As stated, as of the report date, Clal Insurance does not issue collective insurance to members of health maintenance organizations; however, it still settles past claims.

8.1.3. Key markets, trends and changes in demand and supply

8.1.3.1. Illnesses and Hospitalization Subsegment

The Illnesses and Hospitalization Subsegment has developed, due to, among other things, the following facts: A gap between the scope of the healthcare services provided by the government as part of the basic Healthcare Services Basket, and citizens' need to access improved healthcare services; technological improvements in the field of medicine; an increase in life expectancy and demand to improve quality of life, which require expensive medical resources, such as: Drugs and advanced medical treatment; the SHABAN medical services, which are subject to changes and do not necessarily provide sufficient coverage in various issues, and an increase in consumers' health awareness, mostly awareness to the need of available services at the customer's choice, the need of medical services, which are not included in the basic Healthcare Services Basket, and other services of the health maintenance organizations.

In view of the above, in recent years regulators have been promoting various moves for dealing with the interface between private commercial insurance and the basic Healthcare Services Basket and the SHABAN services, in a way that will encourage the consumption of public services over private services. The health products reform, which created a material change in the structure of the products marketed since October 2023, together with the amendments of the 2023 Economic Arrangements Law, led in general to an increase in premium, in particular in the marketed Insurance from the First Shekel surgical procedure policies, and also led - during the reporting period - to the transfer of many policyholders from Insurance from the First Shekel surgical procedure policies sold in 2016-2023 to Supplementary SHABAN surgical procedure insurance policies. These changes have a direct and indirect effect, both on new policies, which are being sold, and on the retention of certain policies, which were sold in the past, and have led to changes in the mix of surgical procedure policies marketed to and held by Clal Insurance customers. For further details regarding the health reform and 2023 Economic Arrangements Law, see Section 8.1.2.1 above. These moves, some of which have not yet been implemented, may affect the market share, the demand, the sales, and the profitability of the insurance products.

The Company's assessment in connection with the future effects of the said moves constitutes forward-looking information, which is based on preliminary assumptions, and its actual implementation may vary, and depends on a range of factors, including the competitive conditions in the segment, the conduct of competitors, the relations with the health maintenance organizations, the SHABAN arrangements, and customers' preferences over time.

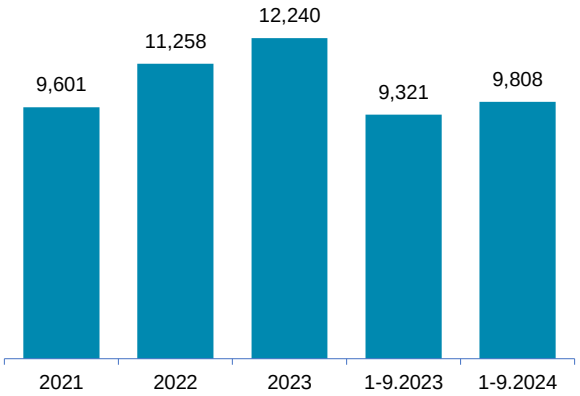
According to the Commissioner's publications as of September 30, 2024, the scope of the Illnesses and Hospitalization Subsegment in terms of gross premiums in the first nine months of 2024 was approx. NIS 9.8 billion, compared with approx. NIS 9.3 billion in the corresponding period last year. In the first

nine months of 2024, the premiums in the Illnesses and Hospitalization Insurance Subsegment constituted approx. 16.8% of total premiums in the Israeli insurance market, compared with approx. 15.4% in the corresponding period last year.

From January to September 2024, the scope of the Illnesses and Hospitalization Insurance Subsegment in Israel in terms of gross premiums increased by approx. 5.2% compared to the corresponding period last year, compared to an increase of approx. 10.8% in total premiums in this subsegment in 2023 compared with 2022.

In recent years, there has been an increase in sales of illnesses and hospitalization insurance coverages, as a result of, among other things, awareness among the public, and for the reasons detailed in Section 8.1.2.1 above.

Development of premiums in the Illnesses and Hospitalization Subsegment from 2021 to September 2024 in NIS million



The premium amounts in the Illnesses and Hospitalization Insurance Subsegment reflects the insurance premiums paid in respect of all valid policies sold over the years, and changes therein do not necessarily reflect the change in demand and supply in the reporting year.

8.1.3.2. Long-Term Care Subsegment

In recent years, the Israeli Long-Term Care Subsegment is undergoing significant changes, as a result of, among other things, regulatory changes, significant differences between the terms of the insurance coverage and policyholders' expectations, and complex claim settlement processes, as well as longer life expectancy. In 2019 Clal Insurance decided to stop marketing individual long-term care insurance policies in Clal Insurance to new customers, due to, among other things, the announcement of reinsurers regarding the cessation of their activity in the Long-Term Care Insurance Segment in Israel. The marketing of individual long-term care insurance has declined in previous years, due to, among other things, the exposure to risks in this subsegment. To the best of Clal Insurance's knowledge, generally, the other Israeli insurance companies have also stopped marketing long-term care insurance policies to new customers.

In addition to the above, other factors, shared by other corresponding long-term care insurance providers from across the world, such as an increase in the incidence of long-term care cases, and longer entitlement period, have also reduced the willingness of insurance companies in Israel and across the world to continue operating in the long-term care insurance industry.

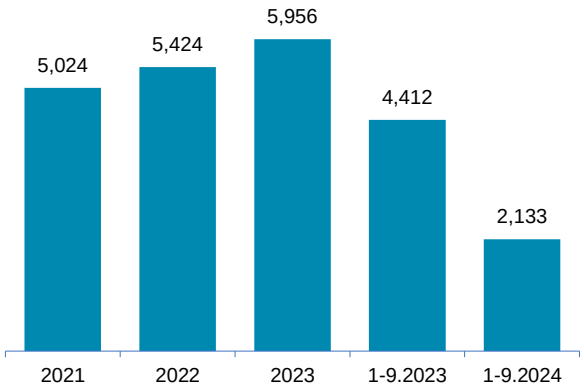
In February 2024, the Commissioner published a Call for Proposals, in which he announced that he works to formulate an overall outline that will lead to a viable and long-term solution to the issue of long-term care insurance, an assessment of the desired market structure, and changes to the existing model. As part of the Call for Proposals, the Commissioner invited any entity or person who wishes to do so to give their opinion regarding a range of topics which were listed in the Call for Proposals, in order to receive information from entities that specialize in the Long-Term Care Insurance Segment that will assist the Commissioner to reach a solution to this issue.

At this stage, Clal Insurance is unable to assess how these changes - if they are introduced as binding arrangements - will affect the long-term care insurance market and the feasibility of selling long-term care insurance products in the future.

According to the Commissioner's publications as of September 30, 2024, the size of the long-term care insurance market in terms of gross premiums in the first nine months of 2024 was approx. NIS 2.1 billion, compared with approx. NIS 4.4 billion in the corresponding period last year. In the first nine months of 2024, the premiums in the Long-Term Care Insurance Segment constituted approx. 3.7% of total premiums in the Israeli insurance market, compared with approx. 7.4% in the corresponding period last year.

From January to September 2024, there was a decrease of approx. 51.6% in the amount of gross premiums in long-term care insurance in Israel compared to the corresponding period last year, due to, among other things, a change in the insurance model in collective long-term care insurance for members of health maintenance organizations to a model of policy management and processing (for further details see Section 8.1.2.2(c) above), compared to an increase of approx. 9.9% in the premium amounts in long-term care insurance in Israel in 2023 compared to 2022.

Development of premiums in the Long-Term Care Insurance Subsegment from 2021 to September 2024 in NIS million



The premium amounts in the Long-Term Care Insurance Segment reflects the insurance premiums paid in respect of all valid policies sold over the years, and changes therein do not necessarily reflect the change in demand and supply in the reporting year.

Some of the segment's subsegments are characterized with the accumulation of significant reserves over long periods, and therefore, the profitability in this segment is impacted, among other things, by investment income held against the insurance liabilities.

8.1.4. *Material expected changes in the Company's market share in key markets in relation to the main products and services, and their mix, considering, among other things, the demand for the existing products and the period that elapsed since they were launched*

According to the Commissioner's publications, which refer to the data of the nine months that ended on September 30, 2024, the Group is the fifth largest group in the health insurance market, the fifth largest group in the illnesses and hospitalization insurance market, and the fourth largest group in the Long-Term Care Insurance Segment.

The health insurance market is an emerging market, and the Company is a key player in this market. However, in view of the fact that in recent years the market has been undergoing comprehensive regulatory changes, in view of recent regulatory changes, and future potential changes, at this stage it is not possible to predict the full impact of the changes on this field in general and on the Company's future share in particular, which is also affected by competitors and health maintenance organizations. For details regarding The 2023 Economic Arrangements Law in connection with the restructuring of the products in the health insurance market, see Section 8.1.2.1 above. For details regarding regulatory changes in the Long-Term Care Insurance Segment and a Call for Proposals regarding this matter, see Sections 8.1.2.2 and 8.1.3.2 above.

The Company's assessment constitutes forward-looking information, which is based on information in the Company's possession on the report date. The actual outcomes may be different than expected and depend, among other things, on the long-term effects of the said regulatory changes, Clal Insurance's business results, the behavior of competitors and distributors, and policyholders' preferences.

8.1.5. *New products*

In the reporting year, the Company did not market new products in the Health Insurance Segment.

8.2. *Restrictions, Legislation and Special Constraints Applicable to this Area of Activity*

The activity in this segment is subject to the legal provisions applicable to insurers, which operate in this segment, and to the Commissioner's Directives as published from time to time. From time to time, the Commissioner publishes circulars that refer to the insurance coverages that will be included in policies in this segment.

The activity in this segment requires a license in accordance with the Insurance Law, and is supervised by the Capital Market, Insurance and Savings Authority.

For details regarding health reform and the 2023 Economic Arrangements Law, see Sections 8.1.2.1 and 8.1.2.1(a) above.

For a summary of other final legal provisions which were published in the reporting year and thereafter, and a summary of the legal provisions published, and which apply to the segment, in addition to those described above in this chapter, see also Section 9.2 below.

8.3. *Competition*

8.3.1. *Competitive conditions in the segment, and the names of the competitors therein*

In the opinion of the Group, the main competitors in this segment may be divided into two main groups:

- The insurance companies, most of which operate in this segment.
- Alternatives for some of the coverages available in the Illnesses and Hospitalization Subsegment as part of the additional services offered by the health maintenance organizations.

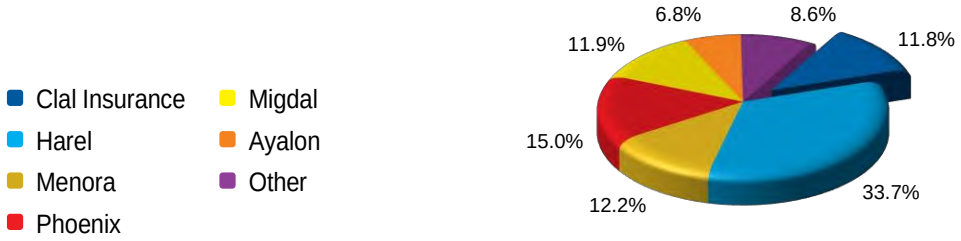
The competition between insurance companies in this segment focuses on the degree of the product's compatibility with the policyholder's needs, the physician list, the settlement of claims and the tariffs.

8.3.2. *Data regarding the Group's market share in the health insurance market*

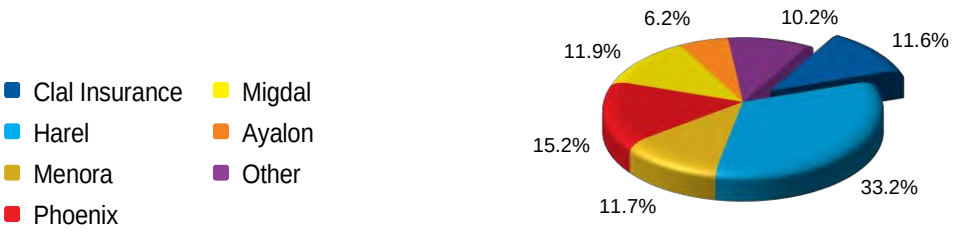
8.3.2.1. In the first nine months of 2024, total gross premiums earned by the Group in the Illnesses and Hospitalization Subsegment amounted to approx. NIS 1,155 million, which constituted, according to the Commissioner's data, approx. 11.8% of the activity in this subsegment in the Israeli insurance market. In the corresponding period last year, total gross premiums amounted to approx. NIS 1.082 million, which constituted approx. 11.6% of the activity in this subsegment in Israel.

In the opinion of the Group, its main competitors in this segment are Harel group, The Phoenix group, Migdal group and Menora group.

Breakdown of gross premiums in the Illnesses and Hospitalization Subsegment by insurance companies and groups in Israel as of September 2024



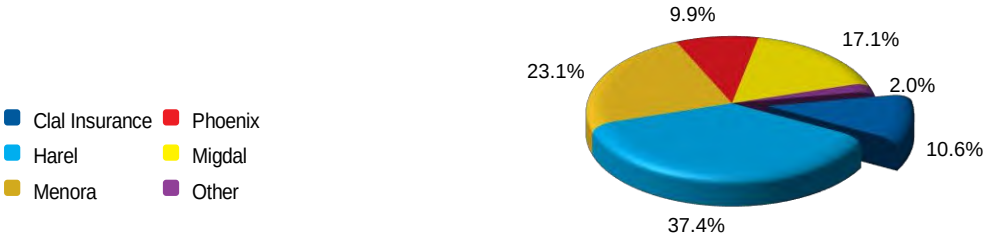
Breakdown of gross premiums in the Illnesses and Hospitalization Subsegment by insurance companies and groups in Israel as of September 2023



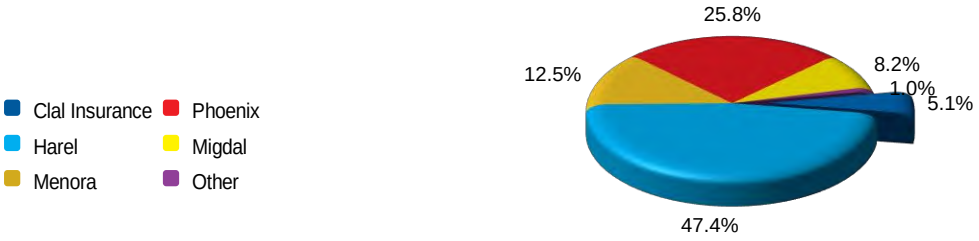
8.3.2.2. In the first nine months of 2024, total gross premiums earned by the Group in the Long-Term Care Subsegment amounted to approx. NIS 226 million, which constituted, according to the Commissioner's data published on the Authority's website, approx. 10.6% of the activity in this subsegment in the Israeli insurance market. In the corresponding period last year, total gross premiums amounted to approx. NIS 226 million, which constituted approx. 5.1% of the activity in this subsegment in Israel.

The increase in the premium rate collected by the Company out of the total Long-Term Care Subsegment arose from a decrease in total premiums collected in this subsegment due to the change in the insurance model of collective long-term care insurance for members of health maintenance organization to a model of policy management and processing (see Section 8.1.2.2(c) above).

Breakdown of gross premiums in the Long-Term Care Insurance Segment by insurance companies and groups in Israel for January-September 2024



Breakdown of gross premiums in the Long-Term Care Insurance Segment by insurance companies and groups in Israel for January-September 2023



8.3.1. *Other factors which affect competition in health insurance products*

8.3.1.1. In addition, in recent years credit card companies and entities that have large customer loyalty programs have set up - for the first time - insurance agencies under their ownership, which use customer data available to them, in accordance with conditions set by the Commissioner. As of the date of this report, the activities of such entities do not have a material effect on the health insurance market.

8.3.1.2. As part of the Commissioner's policy in recent years, significant reforms have been promoted focusing on tariff reduction, structural and comprehensive changes in the structure of the coverage and its scope, which led to changes in product pricing, transparency, and increased competition. These reforms affect, and will continue to affect, in the next few years, the Health Insurance Segment and its profitability, including the ability to continue selling products in this segment. For further details see Sections 8.1.2.1 and 8.1.2.2 above.

Clal Insurance is unable to assess the effect of the said changes and combination thereof of the Company's market share in the segment, especially in the long-term, and this depends, among other things, on the behavior of the competing entities, the agents, policyholders' preferences, and business decisions that will be made accordingly.

8.3.2. *Methods for dealing with competition*

The Group deals with competition in this segment on a number of levels:

- Development of up-to-date and innovative solutions that provide high-quality solutions for policyholders' needs.
- Correct pricing of the products considering all the factors that affect the prices, such as: Distribution and sale fees and commissions, operating costs, survivability of the policies, and the cost of risk.
- The availability of high-quality data regarding past experience, which serves as the basis for risk management.
- Reinsurance contracts and risk diversification contracts with reinsurers, in a manner that allows finding the solutions that suit various types of customers.
- Providing quick, efficient, professional, fair and high-quality service, both to agents in terms of operations, and to policyholders in terms of handling claims and service.
- The ability to adapt to the ever-changing market conditions and the uncertainty stemming from expected regulatory changes, which pertain, among other things, to operational aspects, product customization and profitability.
- Improving the services to customers and agents - among other things, by providing advanced digital services, operating service and operations call centers to support customers in exercising their insurance coverage and assist agents in fulfilling their sale potential to customers.
- Retention of customers in the existing portfolio.
- Improving operational efficiency.
- The Group's branding and positioning.
- Innovation, product development and customization of products to the customers' needs and to changing market conditions, under regulatory restrictions.

8.3.3. *The key factors that affect the Company's competitive position are:*

- Many years of experience in the Health Insurance Segment;
- The Group's reputation in this segment;
- Long-term relationships with agents that market the Group's products;
- Direct distribution function;
- The range of health insurance products sold under one roof;
- The service rendered by the Company to customers and agents, and the manner by which claims are settled.
- Competitive barriers.

8.4. Customers

The main types of customers in the Health Insurance Segment are collectives and individual policyholders.

In the Health Insurance Segment, the Group is not dependent on a single customer or a small number of customers, whose loss will have a material effect on the segment.

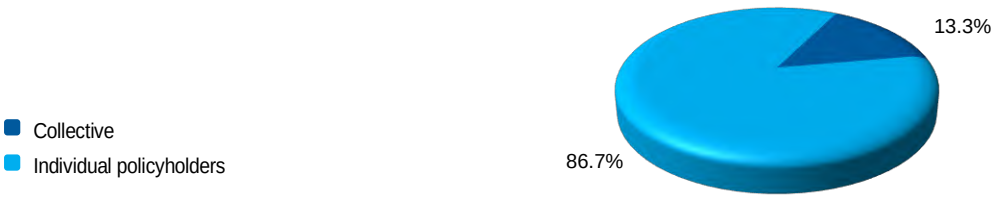
The Group does not have a single customer, total Company income from which in the segment constitute 10% or more of the total amount of the Group's income in the consolidated financial statements.

8.4.1. Illnesses and hospitalization[59]

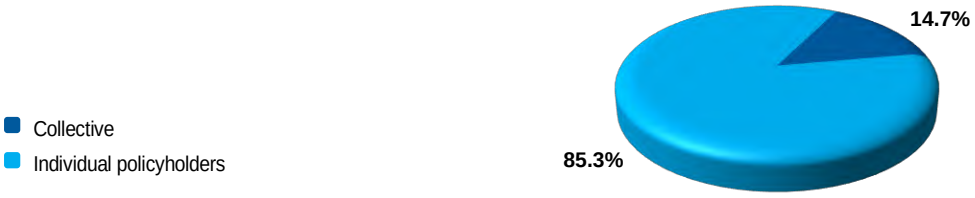
Following is a breakdown of gross premiums (in NIS thousand) by customer type in the Illnesses and Hospitalization Subsegment in 2023-2024:

Type of customer	Gross premiums for 2024	Rate of total gross premiums in 2024	Gross premiums for 2023	Rate of total gross premiums in 2023
Collective[60]	**205,776**	**13.3%**	210,288	14.7%
Individual policyholders	**1,345,841**	**86.7%**	1,219,755	85.3%
Total	**1,551,617**	**100%**	**1,430,043**	**100%**

Breakdown of customers in the Illnesses and Hospitalization Subsegment by premiums in 2024



Breakdown of customers in the Illnesses and Hospitalization Subsegment by premiums in 2023



The cancellation rate for the year (including: Cancellation or reduction of the scope of a policy, or non-renewal) out of the policies in effect as of the beginning of the year, in terms of premiums in the long-term individual Illnesses and Hospitalization Subsegment (only the Illnesses and Hospitalization Subsegment), was approx. 5.7% in the reporting year, compared with approx. 7.7% in 2023.[61]

59. The amount of premiums in the Illnesses and Hospitalization Subsegment reflects the insurance premiums paid in respect of all valid policies sold over the years.

60. Including sales of travel insurance with health maintenance organizations. The decrease in insurance premiums arises, among other things, from the effect of the Iron Swords War on sales of travel insurance, see Section 8.1.2.1(b) above.

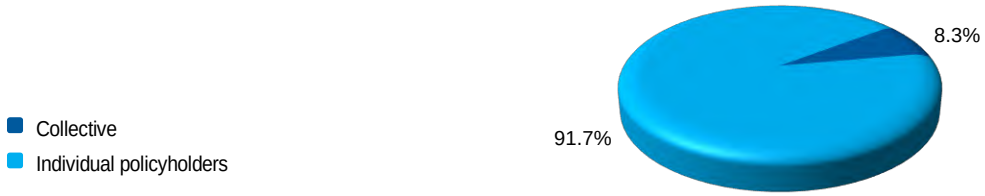
61. According to the provisions of the Commissioner's circular, the cancellation rate is calculated by dividing the amount of the premium charged in the last month of the year by the amount of the premium charged in the last month of the previous year. The calculation applies only to policies that started before the current year, net of the increase in tariffs.

8.4.2. *Long-term Care*[62]

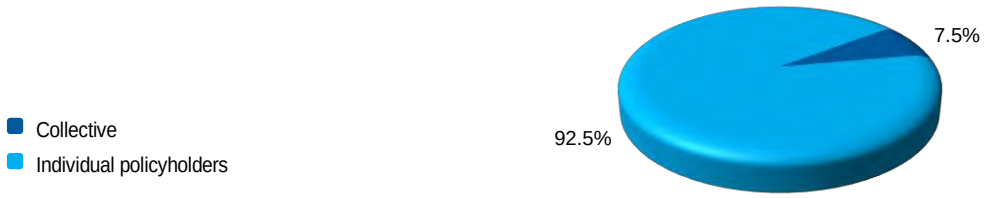
Following is a breakdown of gross premiums (in NIS thousand) by customer type in the Long-Term Care Insurance Segment in 2023-2024:

Type of customer	Gross premiums for 2024	Rate of total gross premiums in 2024	Gross premiums for 2023	Rate of total gross premiums in 2023
Collective	**25,182**[63]	**8.3%**	22,487	7.5%
Individual policyholders	**278,742**	**91.7%**	278,458	92.5%
Total	**303,924**	**100.00%**	**300,945**	**100.00%**

Breakdown of customers in the Long-Term Care Subsegment by premiums in 2024



Breakdown of customers in the Long-Term Care Subsegment by premiums in 2023



The cancellation rate for the year (including: Redemption, policy cancellation, reduction of the scope of a policy, or non-renewal) out of the policies in effect as of the beginning of the year, in terms of premiums in the Long-Term Care Insurance Segment, was approx. 2.7% in the reporting year, compared with approx. 1.9% in 2023.[64]

62. The amount of premiums in the Long-Term Care Insurance Segment reflects the insurance premiums paid in respect of all valid policies sold over the years.
63. The increase in insurance premiums arises, among other things, from adjustment of premiums in existing collectives.
64. See Footnote 61 above.

Part III - Additional Information at the Corporate Level - Matters Relating to the Activity of the Group as a Whole

9. Additional Information at Corporation Level

9.1. General Environment and Effect of External Factors on the Company's Activity

For further details regarding the description of trends, events and developments in the Group's macroeconomic environment that affect or are expected to affect the Group, see specific reference in the various segments, as well as Part B to the Report - Report of the Board of Directors, Section 3.

9.2. Restrictions on and Supervision of the Corporation's Activity

The Group's activity in the various segments is subject to the provisions of the general law as well as the provisions of the law applicable to each segment, as described above.

Along with the general laws, the pension insurance and savings activity in Israel, which is the Group's main component, is subject to specific laws that apply to the subsegment, such as the Insurance Law, the Insurance Contracts Law, 1981, the Provident Funds Law, the Pension Advice Law and the regulations and Commissioner's circulars issued thereunder, and principle court rulings that affect the pension insurance and savings activity in Israel, including with respect to the interpretation of such laws and regulations.

The Group's various activities are also subject to additional regulation applicable to financial activities, including the Credit Data Law, Fair Credit Law, 1993, Financial Information Service Law and Prohibition on Money Laundering Law, 2000 as well as various provisions issued thereunder.

Clal Insurance and Clal Credit Insurance have an insurer license for their respective areas of activity. Clal Pension and Provident Funds and Atudot Havatika have an insurer license in the pension insurance subsegment as well as permits to manage the provident funds managed by them. For further details regarding the control permit of the Group's institutional entities, see Notes 1 and 17(e) to the Financial Statements.

The Group's insurance agencies hold corporate agent licenses in accordance with the Insurance Law.

The Group companies are monitored by various supervisory authorities, including the Commissioner, who monitors the activity of the Group's institutional entities and insurance agencies. Furthermore, the Company and Clal Insurance Capital Raising are monitored by the Israel Securities Authority. In addition, in recent years enforcement/reporting powers were added to additional regulators, including the Israel Competition Authority (formerly the Antitrust Authority), the Privacy Protection Authority and the Commissioner for sharing of credit data with the Bank of Israel. As part of the compliance programs, in recent years the Company is gradually conducting a compliance survey in various segments, under which gaps are discovered, which the Group Companies work to address, as part of action outlines established by them.

The Group companies are exposed, from time to time, to administrative enforcement procedures and the imposition of fines sometimes following alerts, audits or requirements to provide information by the various regulators; for further details, see Note 45(2.2.3.2) to the Financial Statements. The Group companies are also exposed to class actions on various matters arising from the provisions of the law to which the institutional entities are subject. For further details regarding class actions filed against the Group's institutional entities, see Note 45(2.1) to the Financial Statements. For further details in connection with regulatory restrictions applicable to the Group's institutional entities, in connection with the own capital requirements in the Company and for details regarding industry-wide decisions of the Commissioner, see Note 17 and Note 45(2.2.3.2) to the Financial Statements.

For details regarding legal provisions and regulatory restrictions applicable to Max and its activities, see Section 15.1 below.

Following is a summary of the provisions of the law and final circulars published in and subsequent to the reporting year, as well as a summary drafts published, which apply and are material to the activity of the Group companies, in addition to the laws set forth under the description of the segments and other sections above and below.

9.2.1. *Market Concentration Law*

In December 2013, the provisions of the Market Concentration Law were published, seeking to reduce the concentration level in the Israeli market by several key measures, including the imposition of restrictions on corporations with a pyramid structure, imposition of increased corporate governance rules on pyramid companies, separation of significant non-financial activity from significant financial activity, and setting of a mechanism for "an insurer without a controlling shareholder".

In accordance with the provisions of the Market Concentration Law:

- A pyramid holding structure is restricted to two tiers.[65]
- As from December 10, 2019, a significant non-financial corporation or the controlling shareholder of such a corporation shall not control a significant financial entity, shall not hold more than 10% of a certain type of means of control of such entity and shall not hold more than 5% of a significant financial entity without a controlling shareholder.[66]
- A significant financial entity, a significant non-financial corporation and an entity belonging to a business Group (a corporation that controls a corporation and a corporation control by any of them), including a significant financial entity and a significant non-financial corporation, shall be considered a concentrated entity.
- Group companies which are institutional entities and Max are classified as a significant financial entities, while the remaining Group companies which are not institutional entities are included in the list of concentrated entities (due to belonging to a Group that includes a significant financial entity).

In May 2024 the **Draft Regulations regarding Economic Competition and Minimizing Market Concentration (Financial Entity) (Amendment No. 1), 2024** was published, as part of which it is suggested to expand the list of entities, which will be included in the definition of "financial entities" in the Market Concentration Law, such that, among other things, it will also include an insurer's issuing corporation.

If the Draft Regulations become binding, this will trigger the definition of Clal Insurance Capital Raising as a financial entity, such that if the amount of Clalbit Finance's liabilities will not be taken into account together with the other liabilities of the Company and of the non-financial corporations controlled by the Company Group, and the Company will be allowed to continue holding Clal Insurance and Clal Insurance Capital Raising even if their total liabilities will exceed the threshold of liabilities, which a non-financial entity holding a significant financial entity may have.

At this stage, in view of the balance of liabilities of Clal Insurance Capital Raising and the Group's non-financial corporations (for details see Note 26 to the Financial Statements), the Group's non-financial corporations are not deemed significant non-financial corporations, taking into consideration the debt balances included in the said calculation, and which the CIMax group has as of the report publication date.

For further details regarding the control status, see Note 1 to the Financial Statements.

For details regarding the restrictions placed by the Market Concentration Law regarding investment management, see Section 9.5.4.2 below.

In addition to the above, the Market Concentration Law and the restrictions prescribed thereunder may affect the development of the Group's activity, both in relation to the investment of planholders' funds, and in relation to strategic investments and the Group's holdings structure. For further details, see Note 1 to the Financial Statements.

65. A "tier subsidiary", is a company or a foreign company which is a reporting corporation, other than companies excluded under the definitions of the Market Concentration Law.

66. The Market Concentration Law also specifies that the holding of an institutional entity of certain type of means of control of a significant non-financial corporation shall not exceed 10%.

9.2.2. *Corporate governance in public companies with no controlling shareholder*

In July 2023, the Ministry of Justice published the bill **Companies Law (Amendment No. 37) (Corporate Governance in Public Companies without a Controlling Shareholder)**.

The bill proposes to adjust and update the corporate governance rules that apply to companies without a controlling shareholder. Among other things, the proposed amendments deal with the definition of control, such that a rebuttable presumption was added whereby in a company where none of the shareholders holds more than 50% of its means of control, a holding of 25% or more of the means of control shall be deemed as control in that company; the requirement to appoint external directors in a company that does not have a controlling shareholder was replaced with a requirement to appoint a majority of independent directors in its board of directors and committees; the 'prohibition on affiliation' applied to an external director was expanded to also cover a prohibition on an affiliation of the external director for "any director" in the Company, rather only for the chairman of the board; it is suggested to allow the payment of compensation to a chairman of a board of directors who is an independent director above the cap on compensation paid to an external director; it is suggested to regulate the process of putting forward candidates for service as directors on behalf of the board of directors by an independent appointments committee; it is suggested to regulate the process of approving transactions with directors and the process of approving extraordinary transactions with substantial shareholders, who hold 10% or more of a certain type of means of control in a company without a control core.

As of the date of this report, the Company is unable to assess the effects of the bill and draft regulations, due to, among other things, the fact that it is subject to strict provisions by virtue of its status as a controlling shareholder of an insurance company. For details regarding the status of control of the Company, see Note 1 to the Financial Statements.

9.2.3. *Class Actions Law*

Further to the Report of the Inter-Ministerial Taskforce on Assessing the Arrangements Set in the Class Actions Law, 2006, published in May 2023, in July 2024, the **Class Actions Bill (Amendment No. 16), 2024** was published, which suggests to pass into law the Taskforce's recommendations. For details regarding the bill, see Note 45(1.1) to the Financial Statements.

9.2.4. *The Statute of Limitations Law (Amendment No. 8 – Iron Swords), 2024*

Against the backdrop of the Iron Swords War, in January 2024, the **Prescription Law (Amendment No. 8 - Iron Swords), 2024** was published, which prescribes that when calculating the prescription period for (a) causes of action that do not involve real estate, which has not yet ended immediately prior to the amendment's effective date, and (b) causes of action involving real estate, which has ended in the period between the amendment's effective date and through April 6, 2024 - the period between October 7, 2023 to April 6, 2024 will not be taken into account (hereinafter - the "**Suspension Period**").

It was also prescribed that lawsuits, whose prescription period ended in the period between October 7, 2023 through the amendment's effective date will be "revived", such that the calculation of the prescription period will not include the Suspension Period, unless the court ruled that the lawsuit should not be revived for special reasons that will be recorded, including a deterioration in the defendant's circumstances after the end of the original prescription period of the lawsuit.

It was also prescribed that the provisions will also apply to prescription provisions set forth in other laws, except for the exclusions which were listed in the amendment.

For the implications of the Iron Swords War for the Company's business results, see Note 46(m) to the Financial Statements.

In the opinion of the Company, the provisions of the law may cause an increase in the Company's payment liabilities in respect of lawsuits that will be filed against Group companies.

The Company's assessments in connection with the Prescription Law constitute forward-looking information, which is based on the Company's assessments and assumptions as of the report publication date. Actual implementation may be materially different than predicted, and depends, among other things, on the interpretation of the law and its application by competent courts.

9.2.5. *Deadline Postponement Law (Temporary Order - Iron Swords) (Contract, Judgment or Payment to the Authority), 2023*

In October 2023, the **Deadline Postponement Law (Temporary Order - Iron Swords) (Contract, Judgment or Payment to the Authority)**, 2023 (hereinafter - the "**Deadline Postponement Law**") was published, which was amended in November 2023, allowing eligible parties (who are defined in the law, hereinafter - "**Eligible Parties**") to postpone, by 145 days or until February 29, 2024, whichever is earlier, the date of performance of an action under a contract, the date of execution of a judgment or decision of another authority and a payment date to the authority, if such date falls between October 7, 2023 and December 31, 2023 (hereinafter - the "**First Period**"). In addition, a further arrangement was established, allowing a smaller group of eligible parties (who are defined in the law) to postpone, by 31 days or until February 29, 2024, whichever is earlier, the date of taking action under a contract, the date of execution of a judgment or decision of another authority and a payment date to the Authority, if such date falls between January 1, 2024 and February 29, 2024 (hereinafter - the "**Second Period**").

9.2.6. *Amendment 13, Privacy Protection Law*

In August 2024, **Amendment No. 13 to the Privacy Protection Law** was published, which constitutes the most comprehensive revision to the law since it was legislated. The amendment was designed to change the privacy protection legislation in Israel such that it is in line with the current modern legislation generally accepted across the world, and to strengthen and broaden the powers of the Privacy Protection Authority. Among other things, the amendment revised and significantly broadened the definitions regarding data, which is protected under the law ("personal data" and "very sensitive data"); the list of allowed actions that may be taken in relation to the protected types of data was revised and expanded ("database management" and "personal data processing"); the scope of the requirement to register databases was significantly reduced; the requirement to appoint a Data Protection Officer (DPO) in certain entities, including institutional entities was introduced; expanded supervision, investigation and enforcement powers were given to the Privacy Protection Authority, including the power to impose substantial financial sanctions, which will be set as a function of the size of the database, the type of the breach, and the scope of revenues of the breaching entity; the amount of compensation payable without proving damage, which may be claimed in a civil lawsuit was increased, and the prescription period was extended.

The amendment is expected to enter into force in August 2025.

Group companies are making preparations for the implementation of the amendment's provisions.

9.2.7. *Directive entitled Role of the Board of Directors in the Meeting of the Corporation's Obligations in Accordance with the Privacy Protection Regulations (Information Security)*

In September 2024, the Privacy Protection Authority published a directive entitled Role of the Board of Directors in the Meeting of the Corporation's Obligations in Accordance with the Privacy Protection Regulations on the topic of information security.

The directive requires boards of directors of companies where processing of personal information is at the core of their activity to implement monitoring, control, compliance and reporting processes regarding the compliance with the regulations' requirements in the company.

In the said paper, the Authority clarifies and emphasizes the board's responsibility for information security in the organization, including direct responsibility for compliance with the provisions of the law and the regulations, including the requirement to immediately report an information security incident; responsibility for current monitoring and receipt of reports as to compliance with the abovementioned requirements, including, among other things, through an effective internal compliance program, which implements the monitoring requirement set under the directive; a requirement to conduct discussions on topics defined in the directive, and at the frequency set therein.

As part of the directive, the Privacy Protection Authority also refers to the circumstances and conditions under which the board may delegate its powers.

9.2.8. *The interim report of the Taskforce for Assessing an Outline for Provision of a Bank License to Non-Bank Entities*

In October 2024, an interim report of the Taskforce for Assessing an Outline for Provision of a Bank License to Non-Bank Entities was published, which assessed measures for removal of barriers, which will enable non-bank entities to obtain a bank license in order to be able to raise deposits from the public and provide credit from those deposits.

For details regarding the team's recommendations, see Section 15.1.27 below.

At this stage, it is impossible to assess the significance of the recommendations in the interim report. However, if the interim report will be published as a final report, and if the recommendations will be adopted as part of a legislation, such that non-banking entities will be able to obtain a bank license and/or holding companies, which control institutional entities, will be able to control a small bank, the competition in the financial and banking system may intensify and the market relevant to the Group's activity may undergo structural changes.

The information pertaining to the interim report constitutes forward-looking information, which is based on the Company's assessments and assumptions as of the report publication date. Actual implementation may be materially different than expected and depends, among other things, on the final version of the report if and when it is published as a final report, on recommendations which will be adopted, and the manner of their implementation, and the behavior of competitors in all of the Group's activities.

9.2.9. *Sharing of financial information*

A. Provision of financial information services

In November 2021, the Financial Information Service Law was published.

The Financial Information Service Law requires various financial entities that hold information about customers (hereinafter - "**Information Sources**"), including institutional entities, to allow licensed entities or controlled entities which are exempt from a license (banks, institutional entities, credit card companies and savings and loans associations) (hereinafter - "**Financial Information Service Providers**") to receive online access to financial information of a customer, with the customer's consent. Financial Information Service Providers that have received a license from the Israel Securities Authority will be monitored by it, while Financial Information Service Providers monitored by a designated regulator will be monitored by them with respect to this law, including with respect to the imposition of financial sanctions in case of a breach.

Based on the financial information received, Financial Information Service Providers שרק able to offer services such as summarizing all information in one place, comparing costs between various financial entities, transferring information to financial entities to obtain value propositions for the customer (meaning, competitive bids), and financial advice, all in an advanced digital manner. The Financial Information Service Law imposes on Financial Information Service Providers duties of trust, caution and secrecy.

In June 2023, the **"Directives to Financial Information Sources which are Institutional Entities" Circular** was published; the circular will apply to all institutional entities which hold customers' credit information as defined in the Financial Information Service Law, and which are required by law to give access to financial information. The circular prescribes provisions that regulate the activity of the institutional entities which are sources of information, including a reference to corporate governance aspects; access to financial information about credit, architecture, information and cyber security; customer's access authentication; rules regarding the level of service for Financial Information Service Providers; reporting policy and the publication of directives regarding the standard on the transfer of the information.

Most of the circular's provisions entered into force in May 2024 for individuals and in November 2024 for corporations.

The Company is of the opinion that the implementation of the provisions of the Financial Information Service Law and the Circular "Provision for Financial Information Sources which are Institutional Entities" will have operational implications on the one hand, and business opportunities on the other, alongside boosting competition in the financial market. For details regarding the transfer of information in the pension savings segment and the Pension Clearing System, see Section 6.3.1.3 above.

The information relating to the potential consequences of the provisions of the law regarding provision of financial information services constitutes forward-looking information, which is based on Company's assessments and assumptions, and actual results may vary materially from those predicted, among other things, in accordance with the manner by which the provisions will be implemented by the various regulators and the behaviors of various entities in the financial market and consumer preferences.

B. Regulation of Engagement in Payments Services

For details regarding the Regulation of Engagement in Payments Services and Payments Initiation Law, see Section 15.1.15 below.

9.2.10. Adjudication of Interest and Linkage

Further to the amendment to the amendment to the Adjudication of Interest and Linkage Law of November 2023, which revised the interest and linkage mechanisms applicable to amounts ruled in judgments made by judicial authorities, which came into force on January 1, 2025 - in December 2024, **Adjudication of Interest and Linkage Regulations (Prescribing Annualized Rates of Shekel Interest, Linked Interest and Interest on Arrears, their Calculation and Publication), 2024** was published, altering the manner in which the shekel and linked interest rates are calculated and providing a mechanism for calculation of the rate of interest on arrears.

The Interest and Linkage Regulations are expected to affect the Group Companies' activity in connection with payment of insurance benefits under insurance policies by increasing the interest component paid in claims filed against the Group Companies (due to the effects of the amendment on the Insurance Contracts Law) and in connection with making of payments in legal proceedings, enforcement proceedings and certain agreements to which the Group Companies are party, and as a result, the Company's liabilities are expected to increase at an immaterial amount.

The Company's assessments regarding the effects of the Interest and Linkage Regulations constitutes forward-looking information, which is based on Company's assessments and assumptions as of the report publication date, and the actual outcome may be materially different than predicted, and depends, among other things, on the final wording of the regulations if and when they are published.

9.2.11. The Contracts Law (General Part), 1973

In January 2024 a bill was published, the main point of which is the stipulation that a business contract will be interpreted according to its wording, in contrast to the interpretation rule currently prescribed by the law whereby a contract will be interpreted both according to the wording of the contract and according to the circumstances of the case.

According to the bill, business contracts are contracts signed between dealers, whose annual business turnover exceeds four million shekels, or contracts for transactions, whose value exceeds fifteen million shekels. Another condition to the contract's being a business contract is that both parties relied on legal advice when they prepared the contract. It is also suggested to exclude from the definition of a "business contract" a contract which is a standard contract and contracts to which the government is a party.

In addition to the above, it is proposed to determine that the rule regarding interpretation will not apply if interpretation according to the wording of the contract would lead to a result which is unacceptable under the circumstances of the matter, or if there are conflicting provisions in the contract and therefore it is impossible to interpret it according to its wording.

It was also prescribed that the parties will be able add a notwithstanding clause in connection with this rule regarding interpretation, and add an expressed provision in the contract, both with the regard to another interpretation rule that they wish to apply to the contract, and with regard to specifying the

evidence that will be acceptable for the purpose of interpreting the contract.

To date, the Company is unable to assess the effects of the amendment, if it is passed, on the interpretation of contracts.

9.2.12. *International sanctions*

In recent years, there has been an increase in international sanctions regimes which were imposed by various countries, mainly against Russia, Belarus and entities and person related thereto, due to the war in Ukraine. The sanctions mainly pertain to the financial activity of the entities/persons on which sanctions were imposed and included - in certain cases - restrictions on receipt or payment of funds to such entities/persons.

Although the State of Israel has not imposed sanctions on its behalf, non-compliance with the provisions of such sanctions constitutes a risk, that may lead to a material financial damage, reputational damage, and operational damage (due to the refusal of various international entities to work with an entity that breaches the sanctions regime).

The Group's institutional entities monitor continuous developments and publications relating to the sanctions regimes, in order to comply with the requirements applicable to them, work to implement sanctions policies, including avoidance from executing certain actions with entities/persons on which sanctions were imposed.

The Iron Swords War also increased the risks from an international sanctions regime, after various types of sanctions were imposed on the financial activity of Israeli entities during the war (however, it should be noted that since January 2025, some of the said sanctions have been canceled).

For further details regarding the inclusion of a sanctions clause in reinsurance contracts, the Company's position regarding the reduction of reinsurers' obligation to pay in respect of insurance contracts, and regarding the conditioning of the Company's undertakings in some of the property and casualty insurance policies to legal constraints arising from the sanctions, see Section 9.6.5.4 below.

9.3. *Entry and Exit Barriers*

9.3.1. *Below is a list of the main entry barriers of the Company's various areas of activity:*

9.3.1.1. License obligation and permit requirement

(a) Those engaged in insurance are subject to a license, in accordance with the Insurance Law and Provident Funds Law, and are supervised by the Capital Market, Insurance and Savings Authority in the Finance Ministry. Clal Insurance and Clal Credit Insurance have an insurer license pursuant to the Insurance Law. In the Property and Casualty Insurance Segment, a company active in the credit and foreign trade insurance subsegments is required to engage in that subsegment only.

(b) The management company of annuity-paying provident funds is also required to obtain an insurer license pursuant to the Insurance Law, and such insurer license will be considered a management company license regarding all provident funds which it manages. A management company which was granted an insurer license as aforesaid may manage any type of provident funds other than insurance funds. One management company may manage one comprehensive new pension fund which is entitled to designated bonds,[67] a new general pension fund which is not entitled to designated bonds, as well as an old balanced pension fund and provident funds. A management company may engage in the management of provident funds only. A management company may engage in other business in respect of a pension product approved by the Commissioner, subject to approved conditions, provided that the engagement is regulated under the provisions of the Provident Funds Law, Insurance Law or Pension Advice Law.

Clal Pension and Provident Funds and Atudot Havatika have an insurer license in the pension insurance subsegment pursuant the Insurance Law, as well as permits to manage the provident funds managed by them.

67. For details regarding the changes in the return guarantee mechanism in the pension funds, see Section 9.5.5.1(c) below.

(c) Furthermore, every provident fund managed by a management company requires a permit to manage a provident fund, which is renewed annually. Also life insurance products which are managed as provident funds (insurance funds) are subject to an annually renewable permit.

(d) Holding more than five percent of a certain type of means of control in an institutional entity is conditional upon the receipt of a permit from the Commissioner to hold means of control, and a control in an institutional entity or an insurance agency also requires a permit from the Commissioner. For further details regarding the status of control of the Company, see Note 1 to the Financial Statements. For further details regarding the "**Policy for Provision of a Permit to Hold Means of Control of an Institutional Entity without a Controlling Shareholder to Entities that Manage Customers' Funds"**, that allows, under certain conditions, certain entities to receive a holding permit of no more than 7.5% in an institutional entity without a controlling shareholder, regarding expansion of the said policy also with respect to institutional entities that have a controlling shareholder, and the status of the permits in the Group, see Section 9.5.4.2 below. The regulatory permits for the holdings in the Group's institutional entities and how they are regulated can from time to time affect the Group's activity.

(e) For information regarding control and holding restrictions sets pursuant to the Market Concentration Law, among other things, regarding separation between holding significant non-financial activity and significant financial activity, see Section 9.2.1 above.

For details regarding the classification of Clal Insurance Capital Raising as a non-financial corporation in accordance with the provisions of the Market Concentration Law, regarding the Draft Regulations in which it is proposed to expand the list of entities to be included in the definition of "financial entities" in the Market Concentration Law, such that, among other things, the definition will also include an insurer's issuing corporation, and the possible effects of such classification on the development of the Group's activity and its holding structure, see section 9.2.1 above.

9.3.1.2. Equity capital requirements

In order to engage in insurance activity, the Company's Group companies are required to comply with capital requirements. For details regarding the regulatory capital requirements applicable to the Group companies and how the companies comply with them, including the economic capital requirements, including requirements under control permits, see Note 17 to the Financial Statements.

9.3.1.3. Volume of activity

In order to cover the high fixed costs involved in the Group's activity, a large volume of activity is required, particularly in long-term savings.

9.3.1.4. Additional barriers

(a) The ability to purchase adequate protection from reinsurers.

(b) Organizational, mechanical and operational infrastructure considering the complexity of some of the products and their operation, and regulatory changes.

(c) Wide and skilled distribution function.

9.3.2. Below is a list of the main exit barriers of the Company's various areas of activity:

In long-term savings products and some Property and Casualty Insurance Subsegment, Long-Term Care Subsegment and illnesses and hospitalization products, discontinuation of the activity in policies with long-tail claims may take many years, until settlement of all claims in respect of policies sold in the period prior to discontinuation of the activity until all the benefits of the policyholders and/or planholders (run off) have been exercised, a period during which the Company is required to bear all the risks and derived operating costs, or until the activity is sold.

The Commissioner has the authority to order an insurer seeking to liquidate its insurance business to act in a certain manner in doing so, as well as the authority to petition the court for the liquidation to be carried out by the court or under its supervision.

9.4. *Critical Success Factors*

Success factors common to all of the Group's areas of activity

The Group believes that the success factors common to all its areas of activity (segments) are as follows:

- Diversification of income and profit to the Group while creating a decentralized business mix based on both the insurance and financial division as well as the clearing and credit operations (for further details, see Part V below).
- The ability to achieve and maintain a capital level and capital ratio that support the institutional entities' activity and growth;
- Maintaining the Group's financial stability, while constantly assessing and optimally managing the Group's debt structure.
- Investment income, returns of the portfolios under management, the capital market situation and the interest terms;
- The policyholder portfolio mix, including considering past liabilities under long-term policies, retention of the profitable portfolio and recruitment of new policyholders and planholders, while maintaining profitability;
- The ability to adapt to changing market conditions, regulatory changes, competitive conditions and reduced profitability, including by way of modifications to products, service, marketing, pricing, management fees and adjustment of the expense level;
- Actuarial capabilities to support the business policy, carry out qualitative, current pricing, and qualitative calculation of the reserves required;
- The ability to purchase reinsurance, including quality reinsurers, the agreements with them and stable long-term relationship with reinsurers;
- Quality risk management, control, measurement and internal control.
- Operating efficiency and quality, and quality of computing and mechanization;
- Advanced data use capabilities for the purpose of retention, sales and services customized to the needs of customers;
- Ability to develop and apply advanced digital and AI sale and service tools;
- The ability to develop and retain distribution channels, including by hiring and retaining quality agents and to ensure their high satisfaction of the service provided to them by the Company and by developing new distribution channels and expanding collaborations, according to industry trends, customer needs and profitability considerations;
- Quality human resources retention and development;
- The quality and professionalism of the underwriting and settlement of claims, including Group-wide claims;
- The service quality and the possibility of providing combined solutions, at the Group level, to all customer needs, while creating synergy between the Group companies;
- The brand perception among the Company's customers as a long-standing, stable, relevant and innovative leader;

9.5. *Investments*

9.5.1. *Assets under management by the Group*

Following is a breakdown of types of assets under management by the Group:

A. Nostro assets of the Group's institutional entities (Clal Insurance, Clal Pension and Provident Funds, Atudot Havatika, Clal Credit Insurance) and the Company's assets - (a) Assets against equity capital and other liabilities; (b) assets against property and casualty insurance liabilities; (c) assets against non-yield dependent life insurance liabilities; and (d) non-yield dependent liabilities in long-term care, health and disability insurance.

The Group's insurance companies bear the risks arising from the nostro assets. However, part of the life insurance liabilities in respect of guaranteed return policies are backed by designated bonds, see Section 6.1.1.2 above.

B. Yield-dependent liability assets of Clal Insurance - Assets against liabilities in life, long-term care and disability insurance in respect of the various types of yield dependent policies or coverage. The yields achieved in connection with such assets are included under the calculation of liabilities in respect of those policies. As a general rule, the benefits of the policyholders are calculated net of

management fees and expenses in accordance with the provisions of the policy. For details regarding the Company's income from management fees, see Note 33 to the Financial Statements.

The nostro assets of Clal Insurance and the institutional entities under its control, which are managed by the Group, are recorded in their balance sheets. Clal Insurance also records assets for yield-dependent contracts in its balance sheet.

C. **Provident funds and pension funds** - Assets of provident and pension funds managed by the companies under the management of the Group (Clal Pension and Provident Funds and Atudot Havatika) - planholder accruals in the pension funds and provident funds are managed in trust by the management companies. The returns net of management fees and expenses, in connection with the pension and provident fund assets are also credited to planholders. The pension and provident fund assets are not recorded in the management companies' balance sheets, except Bar Provident Fund Ltd., which has a guaranteed return track (hereinafter - "**Bar A**") for which there is a commitment in the bylaws for a guaranteed return. Part of the planholders' assets in the comprehensive pension fund managed by Clal Pension and Provident Funds and Atudot Havatika are backed by designated bonds. Regarding the return guarantee through the return guarantee mechanism, see **Section 9.5.5.1 (c)** below.

For further details regarding the breakdown of assets under management by each of the Group's institutional entities, see Section 9.5.6 below.

D. **In respect of some of the long-term savings products managed in the Group there is a commitment to ensure a return or guarantee to the amount of the nominal deposits -** below are details regarding the material liabilities of the Group companies to guarantee such a return:

- In policies sold through the end of 1990, the return to policyholders in life insurance policies with a savings component was set a guaranteed rate (hereinafter - "**Guaranteed Return Policies**"). The rate varies according to the policy type and its issuance date. The return rate commitment is mostly backed by designated bonds; the rest of the assets are invested according to the limits set in the Investment Regulations. For further details, see Section 6.1.1.2 above.
- In the savings policies sold by Clal Insurance since 1991, the return is credited to the policyholder according to the results of the investment portfolios net of management fees and expenses (hereinafter - "**yield-dependent policies**").
- As aforesaid, under the bylaws of Bar A Provident Fund, Clal Insurance undertook to provide a guaranteed minimum annual return for the assets invested in the Bar A track (a net real return of 5.5% as specified in the fund's bylaws). Such an undertaking is backed by the Accountant General's commitment to a real guaranteed return of 5.95% per year for 89% of the assets, while the remaining assets are invested according to the Investment Regulations. For further details, see Note 42(d)(1)(c) to the Financial Statements.
- Furthermore, in some of the funds managed by Clal Pension and Provident Funds, Clal Insurance and/or Clal Pension and Provident Funds gave a guarantee regarding planholders that joined funds by a specific date and regarding contributions made by them up to specific dates, as specified in the funds' bylaws, that the amount to be paid to the planholders will not be less than the amount of the contributions paid by or for them, all subject to the terms of the bylaws of the said funds. Over the years, those guarantees were discontinued in respect of funds contributed, from a specific date onwards. Material negative returns may lead a payment being charged by virtue of the guarantee. Considering the accrued returns in the said funds as of the report date, particularly from the guarantee discontinuation date, the exposure to such payment is estimated as low.

The Company's assessment regarding the said guarantees is forward-looking information, based on information in Clal Insurance's and Clal Pension and Provident Funds' possession on the report date. The actual outcomes may be different than estimated and depend, among other things, on the development of market conditions, planholder accruals and the return achieved.

Most assets held against a guaranteed return commitment are managed under nostro.

9.5.2. *Total assets under management for the nostro account and for planholders/policyholders by the Group's institutional entities as of December 31, 2024 (NIS million):*[68,69]

Institutional entity	Nostro	Yield-dependent funds
The Company	699	
Clal Finance	104	
Clal Insurance	41,912	97,177
Clal Credit Insurance	420	-
Clal Pension and Provident Funds - pension funds(1)	169	141,965
Clal Pension and Provident Funds - provident funds(1)		60,595(2)
Atudot Havatika(3)	51	12,882
Total	**43,355**	**312,619**

(1) The equity capital data of the management companies of said pension and provident funds are audited.

(2) Including the provident fund owned by Clal Insurance and guaranteed return provident funds.

(3) The data are regarding total assets of the fund and are not consolidated.

9.5.3. *Management of Investments of Institutional Entities*

A. Investment management company

The investment activity of the Group's institutional entities is carried out through Canaf, which is a subsidiary of Clal Insurance. Canaf manages the nostro funds of the Group's insurance companies and management companies, as well as the investments in the yield-dependent liability assets and planholders' assets of the Group's pension funds and provident funds.

Canaf has separate (designated) investment teams to manage the nostro funds and the planholders' funds, which are assisted by specialized auxiliary units in Canaf and the Group: Research, Strategy, Credit, Infrastructure, Investment Funds, Private Investments, Real Estate in Israel, International Real Estate, Mortgages, Construction Financing, Accounting, Economy, Risks and Control, Middle Office, Legal, Investment Control, Investment Controller Department and Risk Management Department.

Furthermore, some of the investment activity abroad is carried with the assistance of external investment advisors and managers.

In the reporting year, a cooperation agreement was signed between Clal Insurance and the investment giant State Street Global Advisors (hereinafter - "**State Street**"), the investment management arm of the American bank State Street, according to which State Street will manage two new investment tracks as part of financial savings for Clal Insurance: a general track combining shares and bonds and an equity track.

B. Investment management policy

The funds of the Group's institutional entities are managed subject to the provisions of the Investment Regulations and the Commissioner's Directives, as the case may be, according to the general investment policy set by the board of directors of the insurer and/or management company, and under the guidelines and supervision of the separate, independent investment committees according to companies and type of funds under management. The Company's board of directors approves the general investment policy for the portfolios under management. In this context, the board of directors approves exposure limits to the various investment channels, in each of the portfolios under management and the investment authorization hierarchy. As part of the overall investment policy, the board of directors instructs the investment committees to set specific investment policy according to the general investment policy set by the board of directors, for each of the various institutional entities and investment tracks, and this - considering, among other things, the restrictions applicable to the track by law and/or according to the policy and/or bylaws of the provident funds, and considering the specific characteristics of the track, including the expected

68. The Company has available cash balances that mainly serve as a liquidity buffer, debt servicing and operating activities (at an immaterial scope).

69. The data in the table do not include funds under management of Max.

development of the asset portfolio, cash flow and the expected duration of the liabilities, early redemption risks, and others. The investment committees set the aforesaid investment policy for each fund and track separately.

As part of the investment policy, the board of directors and investment committees also approve the credit policy for the management of the credit assets of the portfolios under management. The credit policy sets out work processes, authorization hierarchy and credit portfolio credit exposures, considering, among other things, maximum exposure limits to a single borrower, a group of borrowers, a specific subsegment, etc.

The investment policy of the portfolios under management is reviewed continuously as part of the discussions of the investment committees. Furthermore, the control and risk management units continuously oversee the investment activity, with emphasis on the volumes of activity, exposure rates in each type of investment channel, compliance with the restrictions of the investment and credit policy and provisions of the law.

The nostro portfolios are managed in a manner that enables compliance with the Company's obligations, with attention, among other things, to the duration of the liabilities, the linkage basis, the currency, the capital held requirements, the accounting reporting rules, and the timing of the short-term cash flows. The investment policy is based on a review of the overall risk adjustment and management against the Company's capital.

The planholders' portfolios are managed, among other things, according to long-term considerations, in order to achieve the maximum return to the planholders, considering the risk levels of the various investment assets and liquidity considerations of the portfolios.

For further details regarding the breakdown of assets under management in each of the Group's institutional entities as of December 31, 2024, see Section 9.5.6 below.

In accordance with the Commissioner's Directives, the Group's institutional entities publish their declaration regarding the investment policy of the planholders' and policyholders' funds, and as from 2023 also the external management fees cap for the various tracks, on their website.

The declaration regarding the investment policy is posted on the Company's website at:

https://www.clalbit.co.il/aboutclalinsurance/generalreports/.

C. Investment committees, credit subcommittee and internal credit committee

Investment committees - The Company has an investment committee.

Furthermore, in accordance with the Insurance Law, Clal Insurance has two investment committees: An investment committee for the investment of funds to cover yield-dependent liabilities, and an investment committee for the investment of equity capital and other liabilities of the insurer and investment of funds to cover non-yield-dependent insurance liabilities (hereinafter - "**nostro**"). Clal Credit Insurance has a separate nostro investment committee.

Each of the management companies in the Group (Clal Pension and Provident Funds and Atudot Havatika) has an investment committee to manage the planholders' funds and a nostro investment committee.

Clal Insurance's Investment Committee for the investment of funds covering yield-dependent liabilities and Clal Pension and Provident Funds' Investment Committee for the management of planholders' funds meet jointly for presentation of relevant matters, while the decision making is separate for each committee.

The investment committees each set the investment policy, separately and independently, as part of the overall investment policy approved by the board of directors, approved transactions according to the authorization hierarchy set by the board of directors and fulfill additional duties according to the provisions of the law. In this context, the investment committees outline the specific investment strategy and policy in the asset portfolios. Furthermore, the investment committees oversee implementation of the policy and adjust the portfolio structure to the market conditions under the investment policy.

The investment committees' guidelines and the actual investments are carried out separately and distinctly by the relevant investment managers.

As of the report publication date, Clal Insurance's nostro portfolio investment committee consists of the Group's board members and Clal Insurance's CEO, and it meets at least once a month. The planholder portfolio investment committees of Clal Insurance and Clal Pension and Provident Funds consist of only external members (including independent directors) and the planholder portfolio investment committee of Atudot Havatika consist of a majority of external representatives, and they convene at least once every two weeks.

Credit subcommittee - In accordance with the Commissioner's Directives, the investment committees, with the approval of the boards of directors of the Group's institutional entities, appointed a joint credit subcommittee for the Group's institutional entities.

The Credit Subcommittee consists of members who have proven credit expertise and experience. The Credit Subcommittee includes external representatives only (including independent directors).

The Credit Subcommittee's duties are to oversee the implementation of the policy of the board of directors and investment committees regarding credit granting, to approve granting of credit according to the authorization hierarchy, and to make decision on how to handle troubled debts, according to the authorization hierarchy.

Internal credit committee - In accordance with the Commissioner's Directives, the Group's institutional entities appointed an internal credit committee consisting of directors of Canaf, whose duties are to approve granting of a private loan from the nostro assets, giving a recommendation on granting of a private loan and handling thereof, and approval of non-material amendment in private loans, all in accordance with the authorization hierarchy.

9.5.4. *Restrictions, Legislation, Regulations, Circulars and Special Constraints Applicable to Investment Management of Institutional Entities*

Investment management of institutional entities is subject to the provisions of the law applicable to insurers and on pension and provident funds, including the Commissioner's Directives, as published from time to time.

In this context, the investing activity is subject mainly to the **Investment Regulations, Chapter 4 of the Consolidated Circular - Management of Investment Assets** (hereinafter - the "**Consolidated Circular**") and the provisions of the **Investment Rules Applicable to Institutional Entities Circular** (hereinafter in this section - the "**Investment Rules Circular**"). The Investment Regulations, the Consolidated Circular and the Investment Rules Circular regulate the main framework of the provisions of the law applicable to investments of an institutional entity.

9.5.4.1. The Investment Regulations, Consolidated Circular and Investment Rules (hereinafter in this section - the "Provisions of the Law") -

The provisions of the law prescribe the regulatory framework applicable to the investments of an institutional entity and relate, among other things, to the following issues: **A.** Exposure limitations for a single corporation and a group of corporations, accumulated exposure for the five largest corporations and the five largest groups of corporations, as defined in the Regulations; **B.** Investment abroad in countries with a credit rating of BBB- (or higher) or members of the OECD; **C.** Limiting the holding of means of control of a corporation to up to 20%, except real estate partnerships and corporations for which a holding of 49% may be reached with certain restrictions and in the maximum cumulative amount prescribed by law; **D.** A quantitative limit for investment in land rights out of the total assets of the institutional entity - up to 15%; **E.** A limit on the holdings in a liquid bond series of up to 25% of each series; **F.** Defining related parties to the institutional entity and imposing restrictions on investments in such entities; **G.** A limit on the provision of unrated loans.

9.5.4.2. Restrictions on holding and on making investments and how to approve them -

In accordance with various laws, the Group's holdings in various corporations - both holdings in nostro and holdings for others (such as yield-dependent policies, provident funds and pension funds) are counted together. Due to the holding restrictions of the law regarding corporations in specific subsegments (such as banking corporations, acquirers, insurers, communication companies) and/or regarding holdings in corporations which are related parties of the Group, the said aggregate holding may be limited and the Group may sometimes be prevented from increasing holdings of securities of

such corporations, and sometimes even be required to sell existing holdings, including the Group's holdings for others.

Furthermore, in accordance with the provisions of the Market Concentration Law, an institutional entity shall hold a certain type of a means of control in a significant non-financial corporation of no more than 10%. In May 2024, the **Draft Regulations for the Promotion of Competition and Reduction of Centralization (Financial Entity) (Amendment No. 1), 2024**, was published, the directive added entities to the definition of 'financial entity' and will result in the assets of those entities being included in the calculation of the financial entity controlling them or of the financial entity controlled by them, and will also result in there being no restriction on significant financial entities having means of control over them. If the Draft Regulations become binding, this will trigger the definition of Clalbit Finance as a financial entity, such that if the amount of Clal Insurance Capital Raising's liabilities will not be taken into account together with the other liabilities of the Company and of the non-financial corporations controlled by the Company Group, and the Company will be allowed to continue holding Clal Insurance and Clal Insurance Capital Raising even if their total liabilities will exceed the threshold of liabilities, which a non-financial entity holding a significant financial entity may have.

In March 2020, it was determined that it is possible to apply for a permit to hold the means of control in all institutional entities. As of the report date, the company received a permit to hold the means of control in institutional entities at a maximum rate of 7.5% in each of the institutional entities. The permit is in effect through March 22, 2027.

It is noted that in July 2024, the Banking Supervision Department published Banking Supervision Department published Policies and General Conditions for the Provision of Holding Permits in Banking Corporations, in Prudentially Significant Providers of Payment Services, and their Holding Corporations, for Entities Managing Customers' Funds. As of the report date, the Company had received a permit to hold the means of control in banks at a maximum rate of 7.5% of each type of means of control. The permit is in effect through December 31, 2029. The Company's holdings in banking corporations are also subject to restrictions established under the Company's control permit in Max.

Restrictions on investment in related parties - Due to the Company being a company without a control core and due to the fact that the institutional entities have various characteristics which not every publicly-traded company has and having them justifies different treatment, among other things, in light of the fact that the institutional entities manage planholders' funds, the Company adopted a procedure to identify and approve related party transactions in the Company that applies, among other things, to related parties in the Company, directors and other entities, setting out exposure limits in relation to related parties. It should be noted that regarding the nostro funds of the Group's institutional entities, Alrov is defined as a related party also in accordance with the Investment Regulations. For further details regarding the status of control of the Company, see Note 1 to the Financial Statements; for further details regarding the related parties procedure, see Section 10.3.3(a) below.

9.5.5. Following is a breakdown of the final material legal provisions which were published in the reporting year and thereafter, and a summary of material drafts which were published by the Commissioner, which apply to institutional entities in connection with the management of their investments:

9.5.5.1. Provisions regarding the manner of investing funds and investment rules

A. Supervision of Financial Services Regulations (Provident Funds) (Direct Expenses Due to Execution of Transactions), 2008 (hereinafter - the "Direct Expenses Regulations")

In addition to the management fees, the institutional entities collect expenses in connection with the management of planholders' investments for third parties, subject to the Direct Expenses Regulations, which provide for the types of expenses which may be collected from planholders.

As from January 2023, a mechanism was put in place whereby the institutional entity will set - for every track or provident fund under its management - the external management fees for the relevant fiscal year (rather than all of the direct expenses), and the regulations will not prescribe a cap for those fees. It was also prescribed that in any event of deviation from the limit set by the institutional entity for itself, it will bear the payment of the deviation, and that the Commissioner may, under special circumstances, allow a deviation from the maximum rate of management fees to external party (hereinafter - the "**Maximum Rate of Management Fees to External Party**") set by the

institutional entity. Rules have also been established for the method of calculating the limit on external management fees. In addition to the management fees to external party, the institutional entity may collect the direct expenses listed in the amendment to the regulations, which are not capped (for services such as investment of an institutional investor in investment funds, ETFs, high-tech, which are not a related party, and more) for a relevant financial year, without the inclusion of a percentage cap in the regulations.

With regard to investment tracks, which will be set up subsequent to January 1, 2023, the list of direct expenses that institutional investors will be allowed to collect on each of the types of tracks, was also determined.

Further to the above, in March 2023, the Commissioner published **Amendment to the Provisions of the Consolidated Circular Publication of External Management Costs Cap as Part of an Advance Statement of an Institutional Investor regarding its Investment Policy, Establishment of an Index-Tracking Investment Basket, and Reports to the Investment Committee regarding Collected Variable Management Fees)**, which prescribed, among other things, a duty to publish the expected investment policy for each track, a format for publishing the investment policy, and a cap on management fees paid to external parties.

The amount of expenses collected from planholders constitutes another component of the effect on the return to the customer in the various savings products and also constitutes another parameter for comparison between competing market players and consequently affects the competition in the market.

In the opinion of the Group's institutional entities, the Amendment to the Publication of External Management Costs Circular and the manner of publication of the cap on management fees to external party in particular, may increase the competition in signing on new planholders to institutional entities and in retaining those planholders.

The said arrangement is applicable as from January 1, 2024.

The Company's assessment regarding the possible consequences of the provisions regarding direct expenses is forward-looking information. The actual outcomes may be different than expected and depend, among other things, on the preparations made by the institutional entities and the behavior of the market.

B. Investment Track Reform

In April 2024, the **amendment to the "Investment Tracks in Provident Funds" Circular** (hereinafter - the "**Investment Tracks Circular**") was published, which revised and significantly expanded the offering of specialized investment tracks, that an institutional entity may mange (such that, among other things, the cap which was in place on the number of tracks that entities were allowed to manage in some of the products was cancelled); in addition, restrictions were placed on investment tracks policies in specific tracks. The provisions of the Investment Tracks in Provident Funds Circular came into force on July 1, 2024. All required adjustments to the tracks, which were in place in all long-term savings products under the management of the Group's institutional entities were completed on this date.

Furthermore, as part of the reform in the area of investment tracks, the amendment to the Investment Tracks Circular included provisions that allow the management of investment tracks based on five track types ("clusters"):

(1) Actively-managed investment tracks - specialized investment tracks characterized with direct investments alongside investments in index-tracking assets;

(2) Actively-managed investment tracks with variable management fees - specialized investment tracks as set out in Section A, in which the institutional entity collects variable management fees in accordance with the return achieved. The institutional entity may manage those tracks provided that it has a track in place with the same specialization in the first cluster;

(3) Investment tracks specializing in liquid assets (including a requirement to set up at least one combined liquid investment track);

(4) Index-tracking investment tracks (including a requirement to set up at least one flexible index-tracking investment track);

(5) Investment tracks that specialize in the management of investment in accordance with religious values or a sustainability and environment-based outlook.

The amendment to the Investment Tracks Circular also includes provisions regarding various models of management fees and direct expenses that will be collected in the various clusters.

In April 2024, another amendment to the Investment Tracks Circular was published, in which, among other things, the possibility of offering a flexible specialized track (originally intended to be a "general" track) was canceled. In addition, it was determined that in the tracks specializing in bonds with limited exposure to shares, the exposure rate to shares will be up to 25%. Furthermore, restrictions have been set that will apply to the index-tracking investment tracks.

There is uncertainty as to the combined effects - on the competitive conditions in the market - of the amendment to the Expenses Regulations and the circulars published by virtue thereof, together with the reform in investment tracks, taking into account, among other things, the disclosure requirements, the terms and conditions of the tracks and the expenses types that may be collected as part thereof, the large number of investment tracks, which may generate excess information, and a difficulty to compare between the performances of the various tracks, the caps on management fees to be set by the institutional entities, and the management fees that will be collected in practice. However, the publication of the "Manner of Presentation of Annual Expected Cost to Planholders or Policyholders Circular" may constitute another factor that affects the policyholders and planholders' selection of a pension product and/or investment track and may indirectly intensify the competition in connection with signing-on new planholders to the institutional entities and retaining them.

The institutional entities' assessment regarding the Direct Expenses Regulations, the "Manner of Presentation of Annual Expected Cost to Planholders or Policyholders Circular", the reform in investment tracks, and the amendment to the Publication of External Management Costs Circular constitutes forward-looking information, which is based on assessments and assumptions of the Group's institutional entities as of the report publication date, and the actual outcome may be materially different than predicted, and depends, among other things, on how the various provisions of the law are effectively implemented, the behavior of the competing entities, the distributors and customers' preferences.

C. Changing the mechanism for ensuring stability in pension funds' returns

In October 2022, a new mechanism went into force, aimed at ensuring the stability of pension savings by supplementing the return to an annual rate of 5.15% plus the CPI (hereinafter - the "**Return Supplementation Mechanism**"). The new mechanism is designed to ensure the continued protection of the stability of the yields in the eligible pension funds, in a manner that does not harm these planholders. The main change in the mechanism is that in respect of growth of assets and of current repayment of designated bonds in the pension funds from October 1, 2022 (hereinafter - the "**Effective Date**") onwards, the management companies will invest funds according to the investment policy in the set track (hereinafter - the "**Guaranteed Return Channel**"). After 5 years, the return of the assets for five years will be compared to the cumulative target return (return of 28.54%, linked to the CPI). If the return on the assets in the capital market is lower than the target return, the state will transfer the difference in return to the pension fund. If the return on the assets is higher than the cumulative target return, the balance beyond the target return will be transferred to a dedicated fund, which will be used to supplement the return of the pension funds in future. The said arrangement will apply gradually for up to 30% of the pension fund assets. The existing mechanism will apply to the assets of the pension funds invested in designated bonds until the Effective Date, until their repayment date. In connection with Atudot, which is an old pension fund which is not included in the arrangement, the said netting will be carried out regarding the gross cumulative normative return achieved by the actual fund over 60 months for all its assets for which a return supplement was guaranteed.

Regarding the cap on contributions to executive insurance and increasing contributions in pension funds, see Section 6.2.2 above.

D. Amendment to the Provisions of the Consolidated Circular and Investment Regulations - Investment Rules of an Insurance Company's Assets

In September 2024, the Commissioner published an amendment to the provisions of the Consolidated Circular regarding the rules of investments in the assets of an insurance company, in which, among other things, the rules of investment applying to nostro investments were adapted to the rules of solvency, such that quantitative restrictions in nostro calculated from equity would be calculated from equity, without secondary capital, and accordingly the rate of restrictions was raised.

Clal Insurance assesses that the amendment does not have material effects.

Clal Insurance's assessment regarding the amendment is forward-looking information, which is based on the assessments and assumptions of the Group's institutional entities, as of the report publication date, and the actual outcome may be materially different than predicted, and depends, among other things, in the development of the Group's investments.

9.5.6. *Investments under management*

For further details regarding the effect of investment revenue on the Company's profits, see Part B to the Report of the Board of Directors, Section 2.2.5.

9.5.6.1. Breakdown of assets under management at Clal Insurance as of December 31, 2024

	Assets held against yield-dependent insurance liabilities	Nostro - assets held against liabilities in property and casualty, health insurance and equity capital[70]	Nostro - assets held against liabilities in life and health insurance (long-term care and critical illness)
Cash and cash equivalents	4.58%	6.92%	2.34%
Liquid government bonds	10.82%	17.80%	0.89%
Liquid corporate bonds	15.81%	10.74%	3.95%
Shares and other liquid securities	40.31%	11.52%	1.97%
Designated bonds	0.00%	0.00%	57.22%
Deposits and loans	7.12%	17.14%	20.36%
Other(*)	21.36%	35.88%	13.27%
Total assets	**100.00%**	**100.00%**	**100.00%**

* Mostly including illiquid corporate bonds, investment funds and real estate interests.

9.5.6.2. Breakdown of assets under management at Clal Credit Insurance as of December 31, 2024

	Nostro - assets held against liabilities in property and casualty, and equity capital	Assets held against yield-dependent insurance liabilities	Nostro - assets held against liabilities in life insurance
Cash and cash equivalents	7.53%	-	-
Liquid government bonds	39.33%	-	-
Liquid corporate bonds	15.41%	-	-
Shares and other liquid securities	30.63%	-	-
Deposits and loans	6.00%	-	-
Other(*)	1.10%	-	-
Total assets	**100.00%**	**-**	**-**

* Mostly including illiquid corporate bonds, investment funds and real estate interests.

70. Excluding LTC and critical illness.

9.5.6.3. **Breakdown of assets of pension funds managed by the Group's management companies (Clal Pension and Provident Funds and Atudot Havatika) as of December 31, 2024**

	Meitavit Atudot new fund	Meitavit Atudot supplementary fund	Atudot Havatika
Cash and cash equivalents	6.37%	11.78%	2.34%
Liquid government bonds	9.42%	12.59%	19.01%
Liquid corporate bonds	5.44%	19.94%	10.69%
Shares and other liquid securities	40.22%	40.04%	8.62%
Designated bonds	19.97%	0.00%	34.46%
Deposits and loans	4.54%	4.14%	9.10%
Other(*)	14.04%	11.51%	15.78%
Total assets	**100.00%**	**100.00%**	**100.00%**

* Mostly including illiquid corporate bonds, investment funds and real estate interests.

9.5.6.4. **Breakdown of assets of provident funds managed by Clal Pension and Provident Funds as of December 31, 2024 by fund types**

	Retirement benefits provident fund	Advanced education funds	Central provident funds
Cash and cash equivalents	8.58%	11.27%	13.32%
Liquid government bonds	12.17%	10.69%	18.31%
Liquid corporate bonds	18.34%	13.49%	25.41%
Shares and other liquid securities	30.43%	41.80%	33.98%
Deposits and loans	7.10%	8.37%	3.78%
Other investments(*)	23.38%	14.38%	5.20%
Total assets	**100.00%**	**100.00%**	**100.00%**

* Mostly including illiquid corporate bonds, investment funds and real estate interests.

9.5.7. Investments in investees

On March 27, 2023, the Company completed the acquisition of the full share capital of CIMax, which holds (among other things) the full share capital of Max.

For details regarding the Company's holding in Michlol, see Section 16.2 below.

9.6. Reinsurance

Reinsurance is an insurance risk management and hedging tool to protect capital. Through reinsurance, the insurance company shares its risks with other insurance companies, reduces its exposure to insurance risks (including cumulative damages in catastrophe events such as natural disasters, earthquakes, fire, and more) and allows it to expand the scope of insurance liabilities that it can undertake, for a financial consideration while creating counterparty risk exposure.

Engagement in reinsurance does not exempt the insurance company from its obligations toward the policyholders and the netting with reinsurers is done throughout the years of insurance exposure. Therefore, the stability of the reinsurers is important.

The main types of reinsurance contracts are as follows:

1. **Treaty** - an agreement with a reinsurer in which the reinsurer undertakes to participate in the risks, usually, in a specific subsegment.
2. **Facultative insurance** - an agreement with a reinsurer regarding specific businesses (mostly with corporate customers) in which the liability limits exceed those of the treaty, or for other reasons, the Company chooses to use it in this framework.

These agreements can be with one or several reinsurers.

Furthermore, the reinsurance contracts can be shared according to how the risks are divided:

1. **Proportional reinsurance** - the reinsurer participates in a predefined risk according to their pro-rata share of the premium and participates in the payment of damages at the same rate undertaken. There are two main types of proportional reinsurance:
   - **Quota share contract - a** proportional reinsurance agreement, according to which the company predetermines the residual rate and the reinsurers participate in a predetermined rate in the premiums received by the direct insurer as well as in the expenses and damages for those types of insurance, all in the same ratio up to the amount determined, and in accordance with the terms of the contract.
   - **Surplus share treaty** - a proportional reinsurance treaty in which the direct insurance bears a fixed amount (ceding) which it sets (retention) and the reinsurer bears a multiple of the ceding amount up to an agreed capacity. The percentage of the Company's participation is determined according to the retention ratio from the insurance amount, and the premium and claims are divided between the Company and the reinsurer accordingly.

   As a general rule, for a proportional reinsurance treaty (treaty or facultative), the commission from the reinsurers is divided at an agreed rate of the premium to the reinsurers.
2. **Excess of loss (XOL) reinsurance** - a non-proportional reinsurance treaty under which the reinsurer undertakes the predetermined level and participates in payment of damages only if it reaches the level in which it participates. In such type of contracts, the risk distribution is non-proportional and the reinsurer's participation is subject to the amount of the damages up to the set maximum, if any.

   The catastrophe insurance of Clal Insurance is a non-proportional reinsurance contract that Clal Insurance purchases to protect its retention (in addition to the existing coverage in the proportional reinsurance), based on an assessment of the expected damages in retention at a given probability, to which Clal Insurance may be exposed as a result of a catastrophe event.

   For non-proportional reinsurance treaties, commission is not usually received from the reinsurers, except in **excess of loss (XOL)** facultative insurance.

9.6.1. Reinsurance policy

The boards of directors of the Group's institutional entities determine the exposure policy and the assessments of the institutional entities for the management of the exposure (the reinsurers shall be jointly referred to hereinafter as - "**Reinsurers**").

The policy of exposure to reinsurers includes, among other things, a policy for exposure to reinsurers in the life, property and casualty, and Health Insurance Segments, as well as setting a maximum exposure framework for reinsurers, according to parameters set by the Board of Directors. The Group's reinsurance policy is set according to its areas of activity, based on recommendations formulated by the management of each institutional entity/division and recommendations of the Risk Management Department. In this context, the retention policy is set annually for the various subsegments and the various types of reinsurance arrangements are reviewed. Regarding exposure to Reinsurers, the policy of the Group's insurance companies for new contracts includes threshold requirements for choosing Reinsurers, among other things, their credit rating and other quality parameters, including regarding past experience, according to their various areas of activity. The policy also includes a maximum exposure framework that determines the maximum exposure rate to a single Reinsurer and/or group of Reinsurers and/or rating group of Reinsurers, of the Company's share capital. Furthermore, the policy sets limits to potential exposure to a Reinsurer and group of Reinsurers, in an earthquake according to MPL.[71]The policy sets out management and control mechanisms of exposure to Reinsurers, including reports to the boards of directors of the relevant institutional entities, about compliance with such limits.

In property and casualty insurance business, the Group's proportional and facultative reinsurance contracts in the various insurance subsegments are usually prepared on an annual basis according to the underwriting year (in which the policy was issued) with the various reinsurers. The proportionate share of each Reinsurer in each of the insurance subsegments may change from one year to the next and from one subsegment to another, according to the Group's business policy and nature of the business which it seeks to insure. As a general rule, non-proportional contracts are prepared on an annual basis according to the year of the incident (in which the damage occurred).

71. The most probable damage at the set probability rate, which is calculated based on models.

In life and health insurance businesses, which cover life, permanent health, disability, critical illness, long-term care and medical expense risks and are characterized by long-term policies, the contract with Reinsurers are for the entire duration of the policies sold in the reinsurance treaty period, other than catastrophe risk contracts, which are prepared on an annual basis according to the incident year.

The Company's ability to enter into reinsurance treaties and the terms of the engagement also depend on market terms, the capacity of the Reinsurers that comply with the threshold terms set by the Group regarding the relevant risks and the willingness of the Reinsurers to undertake such risks.

In the reporting year, the Group did not carry out any extraordinary reinsurance transactions.

For further details, see Note 42(f)(8) to the Financial Statements.

For further details on the risk factors arising from engagements with Reinsurers, see Section 9.16(b)(4) below.

9.6.2. Property and casualty (P&C) reinsurance

9.6.2.1. Main types of reinsurance arrangements in the segment

In the Liability Subsegments, such as employers' liability, professional liability, product and third party liability, there is exposure protection through non-proportional reinsurance contracts to protect against large claims.

In the compulsory motor insurance subsegment, Clal Insurance hedges exposure through proportional and non-proportional reinsurance contracts.

As a general rule, Clal Insurance's exposure in the Property and Loss of Income Subsegments and the guarantee activity (including Sale Law and performance guarantees) are protected by proportional reinsurance contracts. In the Property and Loss of Income Subsegments, a non-proportional reinsurance contract to cover catastrophes (common to all Property Subsegments) is also purchased, which provides protection for Clal Insurance's share of the self-retention of damages due to a catastrophe event (including earthquakes), see Section 9.6.7 below.

In certain types of insurance, specific (facultative) reinsurance is purchased instead of or in addition to coverage through the treaty, while maintaining compliance with the retention policy set by the Company.

A material part of Clal Credit Insurance's activity is protected in proportional reinsurance. Furthermore, Clal Credit Insurance purchases non-proportional reinsurance to cover against default of a group of debtors.

9.6.2.2. Property and casualty (P&C) commission structure

In proportional insurance, the commissions are received from reinsurers. Such commissions are calculated mainly according to a specific rate of the premium to the reinsurers. There are two main types of commissions: fixed commission at a flat rate of the premium or sliding scale commissions according to the portfolio profitability. As a rule, in property and casualty agreements, there are no profit commissions, other than a few agreements that also have profit commission based on the profit rate of the reinsurer in the specific contract.

As a general rule, the agreements are renewed annually, without any commitment to renew them and without the agreements including a netting mechanism between the different underwriting years. As part of the netting for a specific underwriting year, additional commission may be refunded or received, simultaneously to recording the development of business expenses according to the current estimates as of the reporting date (in sliding scale commission agreements, the refund, if any, will be up to the minimum amount of commission set).

No commissions are received from reinsurers in non-proportional policies, other than in facultative and excess of loss reinsurance.

Reinsurers whose share of the premium in the segment constitutes more than 10% of the total reinsurance premium in segment in the reporting year:

% of the total premium to reinsurers in the segment in 2024	Premium recorded in favor of the reinsurer for 2024 (in NIS thousand)	S&P rating as of the report publication date	Reinsurer
12.83%	**173,486**	AA-	Swiss Re

9.6.2.3. Changes in reinsurance arrangements in property and casualty insurance

During the reporting year, there were no material changes-to the reinsurance arrangements in P&C insurance.

9.6.3. Long-term savings reinsurance

9.6.3.1. The main types of long-term savings reinsurance contracts are as follows

A. Proportional contracts of various types that protect Clal Insurance's exposure in most businesses in the Life Insurance Subsegment.

B. Non-proportional excess of loss contract that protects the Group companies against catastrophe events in terms of life, permanent health and disability coverage.

9.6.3.2. Description of life insurance commission agreements

For some proportional reinsurance treaties, the Reinsurers pay the Company commission at percentage of the premium which was transferred to the Reinsurer in the first year or a longer period. In addition to reinsurance commissions paid from the premium as aforesaid, in some life insurance agreements the Reinsurers pay profit commission which is calculated as the pro-rata share of the income from the reinsured insurance businesses.

In the calculation of the profit commission in a reinsurance contract (according to all policies included in the contract period), a loss from previous years, if any, is also taken into account, and only if the profit exceeds the loss is a profit commission received. It should be clarified that if an amount was paid in respect of profit commission and in future there is a loss for the same contract, the Company will not be obligated to refund the amounts received and this will be expressed only by offsetting when calculating future profit commission, if any.

Reinsurers whose share of the premium in the segment constitutes more than 10% of the total reinsurance premium in segment in the reporting year:

% of the total premium to reinsurers in the segment in 2024	Premium recorded in favor of the reinsurer for 2024 (in NIS thousand)	S&P rating as of the report publication date	Reinsurer
59.46%	**192,797**	AA-	Munich Re
33.40%	**108,301**	AA-	Swiss Re

9.6.3.3. Changes in reinsurance arrangements in life insurance

During the reporting year, there were no material changes to the reinsurance arrangements in the field of long-term savings, except for the purchase of new quota share coverage with a profit stabilization mechanism in respect of the existing disability insurance portfolio.

9.6.4. Health reinsurance

9.6.4.1. Main types of health and long-term care reinsurance contracts

Some of the Group's exposure in health and long-term care insurance policies in respect of certain risk-weighted components is covered by quota share proportional reinsurance treaties.

In addition, the Group has protection for accrued damages in non-proportional reinsurance contracts, in respect of personal accident policies, travel insurance policies and long-term care and critical illness policies under catastrophe coverage. The scope of protection purchased is based on internal studies conducted by the Company.

9.6.4.2. Description of the health insurance commission structure

Some reinsurance contracts include commission paid to the Group by the reinsurers for the various types of health insurance products insured by proportional reinsurance, which is calculated as a percentage of the premium transferred to the reinsurer. In most cases, such commission is only paid in the first year after the sale.

In addition to reinsurance commissions paid from the premium as aforesaid, in some of the life insurance treaties the reinsurer pays the Group a profit commission, which is calculated as the percentage of the profit from the reinsured insurance businesses (profit commissions). For further details regarding profit commission, see Section **9.6.3.2** above.

In excess of loss non-proportional reinsurance contracts, no commission is received from the reinsurers.

Reinsurers whose share of the premium in the segment constitutes more than 10% of the total reinsurance premium in segment in the reporting year:

% of the total premium to reinsurers in the segment in 2024	Premium recorded in favor of the reinsurer for 2024 (in NIS thousand)	S&P rating as of the report publication date	Reinsurer
75.36%	**81,398**	AA-	Swiss Re
14.32%	**15,468**	AA-	Munich Re

9.6.4.3. Changes in reinsurance arrangements in health insurance

During the reporting year, there were no material changes-to the reinsurance arrangements in health insurance.

9.6.5. Coverage limits

9.6.5.1. Property and casualty insurance (P&C) coverage limits[72]

In most proportional reinsurance contracts in the Property Subsegments, the reinsurers have limited the cumulative scope of coverage to predetermined incidents, particularly earthquakes. With most reinsurers, the limit for an earthquake in property and casualty contracts is between 2.05% and 5% of their pro-rata share of the insurance amount and in relation to the total exposure limit set in the contracts. For further details, see Section 9.6.7 below.

In contracts that protect the Group's retention against catastrophe events in property insurance, there is a coverage limit, and damages above such limit are the Company's liability. In the aforementioned catastrophe insurance, the risks of war and terrorism are excluded, and at the same time these risks are excluded in policies marketed by Clal Insurance.

In excess of loss contracts, the Company did not reach the limits set in the reporting periods and it does not have any pending claims on an amount that comes close to the set limits.

9.6.5.2. Long-term savings coverage limits[73]

There are no material limits regarding the reinsurer's participation in claims in proportional contracts.

It is noted that as of the report publication date, in cases in which coverage limits were set in the reinsurance treaties, the Company generally does not cover amounts that exceed the coverage limit without facultative coverage.

In contracts that protect the Group's retention against catastrophe events in long-term savings and health insurance, there is a coverage limit, and damages above such limit are the Company's liability.

In relation to a war event, the said catastrophe coverage covers a significant damage which is caused over seven consecutive days of war and does not cover all war damages (depending on the date in which the insured event occurred for each policyholder); it is also capped. Accordingly, Clal Insurance's exposure in respect of the events of the first seven days of the Iron Swords War is capped at the retention amount set in the Excess of Loss contract - at NIS 60 million; and as of this date, the Iron Swords War events had no material effect on its results.

The said catastrophe insurance is a fixed-term insurance which is renewed every year. In view of the security developments following the Ukraine war and the Iron Swords War, most reinsurers, which insure Clal Insurance under a catastrophe insurance, excluded the active and passive war risks as from the insurance coverage for 2024.

72. The restriction applies to the insurance amount accumulated in the reinsurance treaty; cap in a proportional contract - maximum insurance amount for policyholder.

73. See Footnote 72 above.

9.6.5.3. Health insurance coverage limits[74]

Some types of proportional reinsurance contracts that cover the Long-Term Care and Critical Illness Subsegment have certain conditions regarding the terms of the reinsurer's participation in claims. As of the report date, the conditions have not been met.

It should be noted that in cases where a coverage limit was set in reinsurance contracts, as a rule, the policies issued by the Company are within the said coverage limits.

9.6.5.4. Constraints by virtue of laws and/or conventions

For several years, the reinsurers have been trying to include a clause in reinsurance treaties conditioning their liabilities in contracts to legal constraints under various national and/or international laws and/or conventions as they shall be from time to time, such as sanctions on Iran, avoiding financing of terrorism, etc. (hereinafter - the "**Sanctions Clause**").

Clal Insurance clarified to the reinsurers that it objects to including a Sanctions Clause in the reinsurance contracts in a way that reduces their obligation to pay, in subsegments in which it cannot include a parallel clause with the policyholders.

Following the war between Russia and Ukraine and the international sanctions imposed on Russia, and in view of reinsurers' demand to add the Sanctions Clause to the reinsurance contracts due to the War, the Company obtained the Commissioner's approval to add a corresponding Sanctions Clause to all insurance policies in Property and Casualty Insurance Subsegment, except for the standard insurance policies (home insurance, and compulsory motor insurance and motor property insurance). Adding the clause in the said policies protects the Company from exposures in cases where reinsurers will not pay claims due to Sanction Clauses. Consequently, as part of the renewal of reinsurance treaties for the reporting year, Sanction Clauses were included in some reinsurance contracts in the Property and Casualty Insurance Subsegment (except for most agreements in respect of home insurance, and compulsory motor insurance and motor property insurance).

Except as stated above in relation to the reinsurance contracts in the Property and Casualty Insurance Subsegment (home, compulsory motor and property insurance), in the reporting year, contracts with reinsurers generally do not include a Sanction Clause in subsegments in which the Company cannot include a corresponding Sanction Clause in its agreements with policyholders. However, the reinsurers repeatedly clarify that an impediment to payment may arise as a result of such legal constraints, including in respect of past events.

In the reinsurance agreements signed for the period after the report date with a limited number of reinsurers in the field of life insurance, and in the agreement that protects the Company from catastrophe events in relation to coverages in the life, health and Long-Term Care Insurance Subsegments, sanctions clauses were included even though there is no corresponding clause in the relevant policies.

9.6.6. Material changes in reinsurance arrangements relating to a period subsequent to the report date

Subsequent to the report date, there were no material changes to the reinsurance arrangements, except as detailed below:

- In the property reinsurance agreement, a limited number of reinsurers included in the agreement a coverage limit for riot risks, riots and SRCC strikes.

It should be noted that, from time to time, the Company adjusts the details of the insurance arrangements, including regarding the amount of commissions, coverage limits, retention amounts and rates, earthquake exposure limit, based on analysis of past results and assessment of the risk, including regarding product, market and regulatory changes.

9.6.7. Reinsurers' exposure to earthquakes in Israel

The key catastrophe event to which the Group is exposed is an earthquake in Israel and the main exposure to this risk is in respect of the Property Subsegments, which are part of property and casualty insurance.

74. See Footnote 72 above.

As of December 31, 2024, the amount of property insurance in Israel that includes an earthquake coverage totals approx. NIS 558 billion (gross). Clal Insurance is insured in respect of the said property insurance under a quota share proportional reinsurance or a surplus treaty. Some of the proportional reinsurance contracts include a single event limit.

For a catastrophe event in the Property Subsegments, beyond the coverage under proportional reinsurance treaties (treaty and/or facultative), Clal Insurance has purchased excess of loss insurance in respect of the cumulated retention, in a predefined amount for exposure that will arise from such an incident, based on Clal Insurance's estimate regarding the expected damage due to a catastrophe with a certain probability.

The purchase of reinsurance for a catastrophe event is based on a risk assessment, based on current detailed data of Clal Insurance's exposures using specialized international software, based on quantitative catastrophe risk assessment models. Following this review, which was last conducted in the reporting year, Clal Insurance purchased insurance protecting the cumulative retention against catastrophe is at a weighted MPL rate of approx. 2.05% of the property and casualty insurance amount in home and property insurance.

As a result of the above reinsurance function, in a catastrophe event in Israel that will cause gross damage to a property insured at Clal Insurance in a gross amount of approx. NIS 11 billion (which is the expected damage according to the above assessment), the maximum amount of the damage to be covered by Clal Insurance in retention (including the cost of purchasing indemnity) is approx. NIS 100 million. If the damage is higher than such amount, Clal Insurance will bear part of the damages that exceed the said amount, according to the relevant quota share and surplus share treaties.

It should be noted that the Group also purchased catastrophe reinsurance in respect of **life and health insurance**, while an earthquake in Israel may be an event that activates this reinsurance as well. The scope of coverage purchased for these products is based on internal studies conducted by the Company of the effect of various scenarios, including an earthquake in Israel, on the insurance liabilities covering events of death and physical injury which are covered in life and health policies. It should be noted that the estimated exposure to earthquake risk in Israel in respect of such insurance is in materially lower amounts than exposure to property insurance subsegments to which the data in this section and Note 42(e2) to the Financial Statements refers.

Clal Insurance's reinsurers that participate in exposure in property and casualty insurance are rated for an earthquake in Israel according to the following table:

Reinsurers' exposure to earthquake (in NIS thousand) for 2024:

% of total	Forecast of exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of non-proportional exposure to earthquake	S&P rating group as of the report publication date
98.39%	12,107,087	11,107,087	1,000,000	A and above
1.59%	195,509	195,509	0	BBB- to BBB+
0.02%	2,644	2,644	0	Less than BBB - or unrated
100.00%	**12,305,240**	**11,305,240**	**1,000,000**	Total

Reinsurers whose exposure to earthquake risk is more than 10% of total exposure to earthquakes (in NIS thousand) for 2024:

% of total	Forecast of exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of non-proportional exposure to earthquake	S&P rating group as of the report publication date	Reinsurer
17.0%	2,086,186	1,886,186	200,000	AA-	Swiss Re
15.0%	1,842,921	1,517,921	325,000	AA-	Munich Re

Reinsurers' exposure to earthquake (in NIS thousand) for 2023:

% of total	Forecast of exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of non-proportional exposure to earthquake	S&P rating group as of the report publication date
97.00%	11,625,647	10,625,647	1,000,000	A and above
2.99%	358,811	358,811	0	BBB- to BBB+
0.01%	715	715		Less than BBB - or unrated
100.00%	**11,985,173**	**10,985,173**	**1,000,000**	Total

Reinsurers whose exposure to earthquake risk is more than 10% of total exposure to earthquakes (in NIS thousand) for 2023:

% of total	Forecast of exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of non-proportional exposure to earthquake	S&P rating group as of the report publication date	Reinsurer
16.3%	1,956,441	1,716,041	240,400	AA-	Swiss Re
13.9%	1,662,452	1,403,952	258,500	AA-	Munich Re

Summary of results of reinsurance in property and casualty insurance from 2022 to 2024[75]

Reinsurance premium in 2024 (in NIS thousand)	Compulsory Motor Insurance Subsegment	Motor Property Insurance Subsegment	Property and Other Insurance Subsegment	Liability Insurance Subsegment	Total
Earthquake and natural disasters	-	-	350,459	-	350,459
Proportional reinsurance	118,205	11,535	486,197	33,884	649,820
Non-proportional reinsurance	10,823	685	216,775	198,081	426,364
Total premium	**129,028**	**12,220**	**1,053,431**	**231,965**	**1,426,642**
Reinsurance results	14,748	8,235	421,877	147,518	592,378

Reinsurance premium in 2023 (in NIS thousand)	Compulsory Motor Insurance Subsegment	Motor Property Insurance Subsegment	Property and Other Insurance Subsegment	Liability Insurance Subsegment	Total
Earthquake and natural disasters	-	1,000	330,776	-	331,775
Proportional reinsurance	154,048	54,773	461,051	41,836	711,708
Non-proportional reinsurance	14,249	2,916	175,787	215,806	408,758
Total premium	**168,297**	**58,688**	**967,613**	**257,643**	**1,452,241**
Reinsurance results	8,569	(9,169)	539,591	240,479	779,470

75. The profit and loss results of the reinsurance (standalone) based on Property and Casualty Insurance Subsegments includes credit insurance, as reflected in the Company's reports to the Commissioner.

Reinsurance premium in 2022 (in NIS thousand)	Compulsory Motor Insurance Subsegment	Motor Property Insurance Subsegment	Property and Other Insurance Subsegment	Liability Insurance Subsegment	Total
Earthquake and natural disasters	-	2,077	286,019	-	288,096
Proportional reinsurance	259,242	110,528	411,445	46,801	828,016
Non-proportional reinsurance	16,045	1,218	166,003	203,715	386,981
Total premium	**275,287**	**113,823**	**863,467**	**250,516**	**1,503,093**
Reinsurance results	63,055	(46,415)	193,369	191,699	401,708

Explanation of reinsurance results in property and casualty insurance:

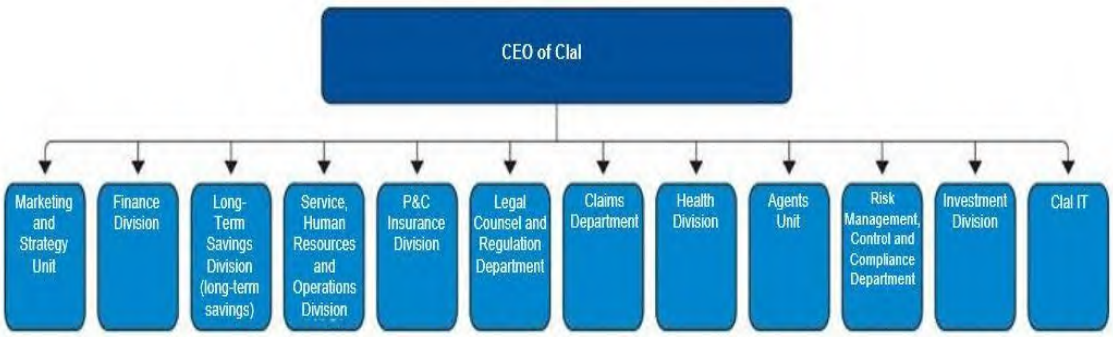
- **Motor Property Subsegment -** The transition from reinsurer's loss to profit reflects an improvement in underwriting income.
- **Property and Other Insurance Subsegment** - The decrease in reinsurers' income in the reporting year reflects a deterioration in the development of the claims compared to previous year, mainly in the fire and property insurance subsegments.
- **Liability Insurance Subsegment -** The decrease in reinsurers' profit in the reporting year is mainly due to a deterioration in the development of claims in relation to the previous year, mainly from the directors and officers Liability Insurance Subsegment .

For further details regarding reinsurance, see Note 42(f)(8) to the Financial Statements.

9.7. Human capital

9.7.1. The Group's organizational structure

The following chart expresses the functional-organizational interest, as of the report date, of the various officers, which is not necessarily the same as the legal interest.[76]



76. The chart expressed the organizational structure of Clal Insurance. The Group's structure is the same as described in the chart, but as decided by the Company's board of directors, the Company officers are the Company's CEO, Head of the Finance Division, Head of the Investment Division, Chief Legal Counsel, and Head of the Risk Management Department. All Company officers also serve as officers in Clal Insurance. Furthermore, at Clal Insurance, the Group's central business arm, the Long-Term Savings Division Director, Property and Casualty Insurance Division Director, Health Insurance Division Director, Service, Human Resources and Operations Division Director, Risk Unit Director, Claims System Director, Information Systems Director and Marketing and Strategy System Director also serve as officers. The Chief Internal Auditor is the internal auditor of all Group companies, including the Company, and excluding CIMax group companies. Details regarding the organizational structure and the human capital in Max, including officers at Max, are not included in this chapter; they are described separately in Section 15.2 below.

The Group's organizational structure as of the report date is as follows:

(1) Health Division (professional division that consolidates the health insurance activity);

(2) Long-term Savings Division (professional division that consolidates the activities of the Life Insurance Subsegment and the pension and provident subsegment through Clal Insurance and Clal Pension and Provident Funds;

(3) Property and casualty Insurance Division (professional division that consolidates the Property and Casualty Insurance Segment);

(4) Investment Division that consolidates the investment and credit granting activity in the Group;

(5) Claims Unit, which consolidates the handling of claims of policyholders and planholders in all insurance and pension subsegments;

(6) Agents Unit, which consolidates the sales activity with the Group's agents;

(7) Service, Human Resources and Operations Division, which consolidates: (1) The service, operations and collection activity with agents and customers; (2) Human Resources Management in the Group; and (3) Private Customer Unit, which consolidates the direct sales activity of the risk and property and casualty insurance products;

(8) Finance Division, which consolidates the financial, actuarial, payroll and logistics activities in the Group;

(9) Clal IT Division, which consolidates all IT systems activity in the Group;

(10) Legal Counsel and Regulation Department;

(11) Risk Management, Control and Compliance Department;

(12) Marketing and Strategy Unit;

(13) Internal Audit Department, which reports to the Chairman of the Board.

Furthermore, the Group also owns subsidiaries which are controlled by separate CEOs, including Clal Credit Insurance, Clal Pension and Provident Funds, Atudot Havatika, and long-term savings and property and casualty insurance agents.

On February 13, 2024, Mr. Tomer David was appointed as the Chief Internal Auditor of the Company and the Group's institutional entities, replacing Mr. Eran Shahaf, who had concluded his tenure in the Group. Mr. David assumed his position on June 1, 2024.

On May 19, 2024, Mr. Dror Biran was appointed as the Group's Chief Legal Counsel, replacing Ms. Hadar Brin Weiss, who completed her tenure in the Group. Mr. Biran assumed his position on July 1, 2024.

9.7.2. The Group's workforce

In the reporting year, the Company continued operating in accordance with its strategic plan, whose objective is, among other things, to ensure that the Group's taskforce is in line with its changing needs, while placing an emphasis on supporting the Company's growth strategy. The decrease in the Group's workforce is, among other things, a result of the implementation of the aforementioned strategy.

Following are data regarding the Group's workforce as of December 31 2024 and 2023, in accordance with the organizational structure:

Units	No. of employees - December 31, 2024	No. of employees - December 31, 2023
Headquarters and Key Service Entities[77]	644	631
Health Division	44	45
Agents Unit	220	219
Long-term Savings Division	324	334
Property and Casualty Insurance Division	123	123
Claims Department	355	348
Service, Human Resources and Operations Division[78]	1,363	1,413
Investment Division	141	133
Clal Credit Insurance	54	52
Finance Division	385	386
Total Company employees[79]	**3,653**	**3,684**

Out of the total number of employees comprising the workforce as referred to above, the Group's senior management (heads of divisions, departments and staff units and the Chief Actuary of Clal Insurance[80]) comprises 13 managers and also the Company's CEO (who also serves as the CEO of Clal Insurance) and the Group's Chief Internal Auditor.

For details regarding the Company's officers, see Part D of the Report – Additional Details Regarding the Corporation, Section 14. For further details regarding the terms of employment of the Company's CEO, see Note 43(b)(6) to the Financial Statements, and regarding the compensation of the officers - see Section 9.7.5(c) below.

The Company has no material dependence on a specific employee.

9.7.3. Benefits and the nature of employment agreements

Types of agreements and manner of compensation

In April 2022, a collective agreement was signed between the Company's subsidiaries, Clal Insurance, Clal Pension and Provident Funds, Clal Credit Insurance, Clalbit Systems and Canaf (hereinafter - the "**Companies**") and the New Histradrut Workers' Union (hereinafter – the "**Histadrut**"), and the Group's Workers Committee, which incorporates all the agreements and collective agreements signed between the parties since 2014 into a combined agreement, subject to the changes and additions agreed upon.

After the agreement terminated on December 31, 2024, the parties signed a new collective agreement in March 2025. (Hereinafter – the "**2025 Agreement**"). The 2025 Agreement retains the past agreements, subject to agreed changes and additions, the highlights of which are as detailed below:

- In 2025, a one-off 5% pay raise will be paid to employees. The pay raises to employees in 2026-2028 will be at an annual rate of 3.5%, and in addition, a pay raise of up to 0.5% will be paid, depending on whether the annual profit target agreed upon is met. As a general rule, approximately half of the pay raises will be paid as a differential pay raise subject to managers' discretion;
- Increasing the current minimum wage to monthly employees to a total of NIS 7,000, and raising it in 3 additional phases, up to NIS 7,600 in May 2028, and setting wage brackets for increasing the minimum wage to veteran employees;

77. Staff and key service organs include: The CEO's Office, the Internal Audit Department, the Marketing and Strategy Department, the Legal Consulting and Regulation Department, the Risk Management Department, Control and Compliance, the Clal IT Division.

78. The decrease stems from digital streamlining processes.

79. Out of the total number of employees comprising the workforce as of the end of the reporting year, 88 employees are supplier employees compared with 90 supplier employees in the previous year.

80. In accordance with the Commissioner's approval, Clal Insurance may implement the provisions of the Consolidated Circular – Supervising Actuary and Chief Actuary, regarding the subordination of the Chief Actuary in Clal Insurance to the CEO until December 31, 2025.

- Every year, provided that the minimum annual income conditions are met (between NIS 400 million and NIS 1,400 million), employees will be paid a bonus, whose total cost will be between NIS 25 million and NIS 74 million.
- Furthermore, where the Company's annual income will be between NIS 500 million to NIS 1,000 million at the very least, employees will be paid equity compensation, whose cost will be between NIS 4.25 million to NIS 25.5 million, respectively.
- The agreement regulates the shortening of the work week of a full time position to 8 hours per day, increasing companies' participation in the payment of summer camps and the participation amounts in employee meals.
- The term of the agreement is 4 years, from January 1, 2025 to December 31, 2028, and no industrial action will take place throughout the agreement term. In addition, the agreement exhausts the claims and assertions by all parties throughout the agreement term.

The new collective agreement applies to most Group companies' employees, except for employees serving in specific roles which were defined therein and managers at the defined rank.

The Company believes that the increase in the total cost of the companies' expenses due to the changes included in the abovementioned provisions for each of the collective agreement's years, is immaterial.

As of December 31, 2024, the Group has 227[81] employees to whom the new collective agreement does not apply, including senior management, and they are employed under personal employment agreements that define their employment terms and conditions, including base salary, social benefits and related benefits.

Provisions in respect of termination of employee-employer relations

Regarding most employees to whom the collective agreements apply - the arrangement under Section 14 of the Severance Pay Law, 1963 applies regarding their entire employment period.

For further details regarding the provisions in respect of termination of employee-employer relations for the Group's employees, see Note 25 to the Financial Statements.

Additional terms and benefits

From time to time, the Group companies provide their employees with arrangements to purchase insurance products and services, including, among other things, property and casualty insurance, pension products and health and life insurance.

The Company has a collective health insurance policy under which most of the above employees of the companies are insured.

The Group allows employees to receive loans according to defined internal procedures and in accordance with the provisions of the law, considering, among other things, the employee's seniority and salary.

For further details regarding the employment terms (including retirement benefits) of the five highest paid senior officers in the Group (including the Company Chairman and CEO); and the three highest paid senior officers in the Company in the reporting year, and the salary paid to directors in the Company, see Part D of the Report - Additional Details Regarding the Corporation, Section 11.

Labor laws provisions published in connection with the Iron Swords War

- Against the backdrop of the Iron Swords War, legal provisions were published which are concerned, among other things, with the extension of the period during which reservists, who served 60 days or more, are protected from dismissal, by 30 further days beyond the prohibition set out in the Veterans Law, such that the period during which protection against dismissal will apply will be 60 days; securing payment of wages to employees, who were absent from work due to the War, depending on their place of residence or workplace or other conditions which were set; award of benefits to spouses of reservists, such as prohibition on termination and additional paid absence from work under certain conditions.

81. Excluding supplier employees.

- In 2024 and 2025, an amount equal to the value of one convalescence day in respect of each year was deducted from the convalescence fees paid to all employees in the economy, and was transferred by the employer to the Israel Tax Authority (including the amount of mandatory payments saved by the employer as a result of the reduction), for the purpose of financing benefits for employees engaged in IDF reserve service.

These provisions do not have a material effect on the Company.

9.7.4. *The corporation's investment in continuing education and training*

As part of the overall strategy to develop the human capital as a key asset in the Group, in 2024 the Group invested considerable resources in the personal and professional development of the Company's employees and managers. The Group worked to strengthen the managers' management skills in various ways. In addition, the Group invested in professional training, enforcement and compliance, and in the learning of soft skills for employees and managers. The Group focused on improving the quality of service and service skills for the Company's customers and agents, improving professionalism and insurance knowledge across all insurance segments, as well as on reinforcing and implementation of integration processes of the IT systems which support its core business. In terms of well-being, a program was built to nurture and strengthen a positive employee experience in the organization.

These training programs were intended, among other things, to adapt the performance of the Group's employees and directors to changes and developments in the market and country, advanced service standard and regulatory requirements.

9.7.5. *Officer salary and compensation policy*

Since September 2013, the Company is required to approve, at least once every three years, an officer compensation policy in accordance with the **Companies Law (Amendment No. 20), 2012.** Furthermore, the Group's institutional entities ae subject to the **Commissioner's Circular regarding Compensation Policy in Institutional Entities**, (hereinafter - the "**Compensation Circular")**.

The Company's Compensation Policy is intended to help achieve its goals and work plans with a long-term perspective. The Compensation Policy sets rules, criteria, and standards according to which the terms of office and employment of the Company's officers are determined, while adjusting them to the specific properties of the activity the relevant employee is in charge of, their experience, training, and the performance of their duties, all in accordance with and subject to the legal restrictions set forth above and below.

A. Compensation Circular and Compensation Policy in Institutional Entities

The Compensation Circular stipulates, among other things, that an appropriate ratio will be established between the fixed compensation component and variable compensation component such that as a rule, the rate of the annual variable component shall not exceed 100% of the annual fixed component, subject to set exceptions. It is also specified that any variable component payment will be subject to refund and deferral arrangements, such that if the variable compensation rate exceeds 40% of the fixed compensation, or the total compensation exceeds the maximum for payment as defined below, at least 50% of the variable component will be deferred and spread on a straight-line basis over a period of at least three years. The Circular sets out various arrangements in connection with granting of shares or share-based instruments, retirement bonuses, restrictions on fees paid to directors who are not external directors, prohibition on payment of a variable component to directors, and provisions regarding the method of determining the Chairman of the Board's compensation. The Compensation Circular permits making a non-material change (as defined in the compensation policy) to the compensation terms of an officer with the CEO's approval and without the board of directors' approval; the Compensation Circular applies to all institutional entity's employees, but the main restrictions refer to officers and employees in key roles, as defined in the circular.

B. Officer Compensation Law

In April 2016, the **Law of Officer Compensation in Financial Corporations (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016** (hereinafter - the "**Officer Compensation Law**") was published, aimed at limiting and reducing the salary of senior officers in financial entities.

The law sets out a corporate mechanism for approving an engagement to grant compensation to an employee in a financial corporation (financial entity or corporation which is controlled by or controls the financial entity) if the expected expense thereof, as calculated on the approval date according to generally accepted accounting principles, is expected to exceed NIS 2.5 million (linked to the CPI from the date of publication of the Officer Compensation Law[82]) (hereinafter - the "**Ceiling**"), and specifies that such engagement will only be approved if the ratio between the expected expense due to the said compensation and the expected expense due to the lowest compensation paid by the corporation to an employee of the corporation (including a contract worker), directly or indirectly, in the year preceding the date of the engagement, is less than 35 (hereinafter - the "**Ratio Limit**").

According to the mechanism in the law, the employment terms of such employee will be submitted for approval of the compensation committee or audit committee and board of directors by special majority of external directors and the general meeting of that company, and in a publicly-traded company also a special majority of minority shareholders at the general meeting. Furthermore, the salary cost of an employee of a financial corporation that exceeds the Ceiling will not be tax-deductible for the Company. The said cost is net of accounting expense recorded due to granting of shares or the right to receive shares and net of "excess salary cost" (the difference between the salary cost and the ceiling) (hereinafter - the "**Compensation Ceiling**").

C. Compensation policy

In January 2023, the Company's shareholders meeting approved a new compensation policy, in accordance with the provisions of the Compensation Circular, Amendment 20 to the Companies Law and the Officer Salary Law. The policy is effective for 2023-2025.

It is clarified that the compensation policy applies to the Company and the Group companies which are institutional entities. Max has a compensation policy that applies to its employees in accordance with the provisions of the law to which it is subject, as detailed in Section 15.2 below and in Note 25(d) to the Financial Statements. It is further clarified that the Company's officers who are also officers in the Group's institutional entities are also subject to the compensation policy of the relevant institutional entities in the Group.

The Compensation Policy deals with all terms of employment of the Company's employees, officers and key officers, and sets various provisions in connection therewith. The compensation may be composed of a number of key components: fixed salary, and also variable compensation, which is composed of a performance-based annual bonus, which is paid in cash, equity bonus, special bonuses, which may be awarded under certain circumstances, and related benefits and indemnity and insurance arrangements.

The Company's Compensation Policy sets a limit on the maximum cost of employing Company officers and key officers in accordance with the Officer Compensation Law and as set therein, and it is based, among other things, on the assumption that the comprehensive compensation awarded to the Company's employees must be affected by the Company's business results, which are reflected, inter alia, in the Company's profitability, and by each employee's individual contribution to its achievement, and while taking into account the restrictions set forth in the Officer Compensation Law, regulatory provisions and the policy.

According to the policy, the salary shall reflect the officer's skills, including their experience, the knowledge they bring to their position, their expertise in the area of practice, their education, etc.), while taking into account the level of responsibility imposed on them and the job requirements that follow from it.

The policy allows the payment of a variable compensation that may be composed of a cash annual bonus or a capital payment. The payment of significant components of the annual bonus is conditional upon the fulfillment of the Threshold Conditions set out in the Compensation Policy. The policy also regulates provisions regarding the composition of the annual bonus in accordance with the performance of the key officer, the performance of the unit to which he/she belongs, and the Company's business results. The variable bonus is composed of measurable components, qualitative components and a discretionary component. The policy allows the payment of special bonuses for considerable efforts on the part of the key officer, including in the context of a transaction

82. As of the end of the reporting year, the said amount is approx. NIS 2.93 million.

outside the Company's ordinary course of business. The policy sets out provisions that regulate the award of a performance-based equity bonus, which is intended to foster and strengthen its recipients' identification with the Company in general, and over the long run in particular.

The policy sets minimum ratios between the fixed components of the terms of employment and the total terms of employment, and also includes provisions regarding the conditions for scheduling, deferral and refund of payments made as part of a variable compensation, and of terms of retirement, in relation to certain officers.

The policy sets provisions regarding payments in connection with the termination of terms of employment beyond what is required by law, which include reference to the following components: Severance pay, advance notice, retirement bonus, and compensation for non-compete undertaking. Furthermore, the policy also includes provisions regarding the compensation of Company's directors, and the compensation of Company employees, who are not officers or key officers.

It is noted that the Group has many officers who are not considered key officers, as defined in the Compensation Circular, whose annual bonus is the result of their compliance with personal compensation indicators, which are set annually in advance.

It is noted that regarding specific provisions required by virtue of the Compensation Circular regarding institutional entities only, the Company's compensation policy sets out principles only, and such provisions are regulated under the compensation policy papers of the Group's institutional entities, which apply to the employees of the institutional entity.

For avoidance of doubt, the compensation policy does not affect the benefits accrued in respect of periods preceding its approval date, and that subject to the Transitional Provisions set in the Compensation Circular and its amendment, and as long as they are valid, the compensation policy does not affect other engagements and/or benefits of the employees in connection with their service and employment in the Company. The compensation policy does not set out actual terms of employment, but rather the approval framework as part of which the said rules will be set.

The Company's compensation policy is published on its website and attached as an appendix to this section of the Periodic Report.

For a link to the Company's website where the compensation policy appears, see: https://www.clalbit.co.il/clalins/reward_policy/Pages/default.aspx

Company officers are entitled to release of liability, indemnity and officer insurance. For details, see Part D – Additional Details Regarding the Corporation, Section 19.

D. Implications

The Compensation Circular, Officer Salary Law and the compensation policy of the Company and of the Group's institutional entities affected the compensation structure of officers and managers in the Group as well as the possibilities of hiring officers. The salary of the Company CEO and Chairman of the Board became a fixed salary only.

9.7.6. Employee equity compensation plans

- On March 25, 2021, the Company's Board of Directors adopted a performance-based compensation plan for employees and officers for 2021 (hereinafter - the "**Plan for 2021**"), pursuant to which the Company will be permitted to award to employees and officers option warrants to purchase ordinary shares of the Company of NIS 1 par value each.

  Accordingly, an outline was published regarding the allocation of up to 3,300,000 Class A option warrants (which are awarded in 3 tranches to Group executives and officers) and 200,000 Class B option warrants (which are awarded in one tranche to employees in accordance with the collective agreement), were offered thereunder, in accordance with a performance-based plan, to employees and officers of the Company and/or companies under its control. As of the report publication date, in accordance with the 2021 Outline, 128,829 Class A options and 37,720 Class B options are held by the Trustee for specific employees, the shares to be issued on the exercise of these options represent approx. 0.01% of the Company's current equity, assuming maximum exercise.

In July 2023, the board of directors approved an extension to the exercise period of the option warrants which were awarded in accordance with the 2021 Outline and that vested in 2022 for employees and officers where there is an employee-employer relationship with the Company and companies under its control as of the approval date, by an additional year, meaning until June 2025.

In addition, in April 2022, according to the Plan for 2021, an outline was published regarding the allocation of up to 220,000 Class A option warrants (which are awarded in 3 tranches to Group executives and officers) and 150,000 Class B option warrants (which are awarded in one tranche to employees in accordance with the collective agreement), which were offered thereunder, in accordance with a performance-based plan, to employees and officers of the Company and/or companies under its control.

As of the report publication date, in accordance with the 2022 Outline, 105,479 Class A options and 69,118 Class B options are held by the Trustee for specific employees. The shares to be issued on the exercise of these options represent approx. 0.1% of the Company's current equity, assuming maximum exercise.

In addition, in May 2023, an outline was published - and revised in July 2023 - regarding the allocation of up to 1,250,000 Class A option warrants (which are awarded in 3 tranches to Group executives and officers, including those of CIMax) were offered under the 2021 Plan to employees and officers of the Company and/or companies under its control. As of the report publication date, in accordance with the 2023 Outline, 1,098,780 Class A options are held by the Trustee for specific employees, the shares to be issued on the exercise of these options represent approx. 0.65% of the Company's current equity, assuming maximum exercise.

In addition, in May 2024, an outline was published regarding the allocation of up to 1,400,000 Class A option warrants (which are awarded in 3 tranches to Group executives and officers, including those of CIMax) were offered under the 2021 Plan to employees and officers of the Company and/or companies under its control. As of the report publication date, in accordance with the 2024 Outline, 1,284,080 Class A options are held by the Trustee for specific employees. The shares to be issued on the exercise of these options represent approx. 0.4% of the Company's equity, assuming maximum exercise.

- For further details regarding the Company's equity compensation plans, see Note 44 to the Financial Statements.
- For further details regarding the award of options to employees in accordance with the collective agreement, see Section 9.7.3 above.

9.8. *Marketing and distribution*

The Company's marketing and distribution functions are composed of 4 units/departments:

- **Agents Unit** - the unit coordinates the Group's activities with the insurance agents in the areas of sales and services to agents, in the long-term savings, health insurance and Property and Casualty Insurance Segments, in order to concentrate in a single unit all contact points with insurance agents and the activity related thereto.

  As part of the above, the Company operates through three regions: The Haifa and North region, the Central region and the Jerusalem and South region, where it has a sub-branch in Beer Sheba.

- **The Group's agencies -** the Group's sales activity is also conducted through agencies controlled by the Company. These insurance agencies are controlled by Clal Agency Holdings, which is a wholly-owned subsidiary of the Company (hereinafter - the **"Group's Agencies").** The Group's Agencies operate as insurance brokers in all of the areas of activity, and conduct transactions involving pension products. The activity of the Group's Agencies is mainly concentrated in two agencies: Tmura Insurance Agency (1987) Ltd. (hereinafter - "**Tmura**"), which operates in the long-term savings and Health Insurance Segments, and Betach Toren Insurance Agency Ltd. (hereinafter - "**Betach**"), which is mainly engaged in property and casualty insurance.

  As part of the implementation of Clal Group's business strategy for the acquisition of synergistic activities, the Group works to increase the scope of its activities though its agencies, both by way of organic growth and, from time to time, through mergers and acquisitions of insurance brokerage activities.

For information regarding the inter-ministerial taskforce appointed under a Government Resolution to assess the effects of institutional entities' holdings in corporations which are insurance agencies, see Section 9.8.2.3 below.

- **The private customers unit** - the private customers function coordinates the direct sales of risks and property and casualty insurance products, through call centers (telemarketing). During the reporting year, the function engaged mainly in the sale of life insurance, health insurance, including travel insurance, and motor insurance and home insurance to private customers, which generally do not work with the Group through insurance agents or as part of the sales collaborations with insurance agents and customer loyalty programs.
- **Customer Relations Department -** which coordinates both the retention activity of the Long-Term Savings, Life Insurance and Health Insurance Segments, and the direct sales activity of pension, financial (provident funds, advanced education funds or individual savings), life and health insurance products, which is carried out by license holders and involves customers of employers, which normally do not engage with the Group through insurance agents in the relevant products. Holders of pension licenses, which are employed by the Group's institutional entities, operate under the department, which allows flexibility in the sales and preservation activities of the various products.

9.8.1. Marketing and distribution methods and structure of fees and commissions in the various segments:

9.8.1.1. Long-term savings

Marketing and distribution methods in the Long-Term Savings Segment

The segment's products are distributed by insurance agents, including by the Group's agencies, through pension advisers in banks and directly.

A. Selling through agents and agencies

- The sale of the segment's products is carried out by insurance agents, including "arrangements managers", including Tmura, which are large insurance agencies, that also provide acquiring services to employers in connection with the splitting of pension contributions to the institutional entities and to the various products, and is characterized with a combined marketing of life, pension and provident products. The insurance agents receive various service designed to support their operating activities from the Group's institutional entities.
- As of the report publication date, the Group operates in this area of activity through 3,716 insurance agents,[83] compared with approx. 3,589 insurance agents in 2023. Most of the agents also enter into engagements with other insurance companies, and Group companies do not have a single insurance agent, the scope of activity of whom in this area of activity exceeds 10% of the Group's activity therein.[84]
- Approx. 14.4% of the total life insurance premiums collected by Clal Insurance in the reporting year arise from the activity of the Group's Agencies, compared with 14.5% in 2023.
- Approx. 12.3% of the total contributions towards benefits in the Pension Funds Subsegment collected by Clal Insurance in the reporting year arise from the activity of the Group's Agencies, compared with 12.7% in 2023.
- Approx. 13.5% of the total contributions towards benefits in the Provident Funds Subsegment collected by Clal Insurance in the reporting year arise from the activity of the Group's Agencies, compared with 14.3% in 2023.

B. Sale through pension advisors

In the reporting year, most banks continued to distribute provident funds and pension funds. Clal Pension and Provident Funds engaged in distribution agreements with most banks, whereunder the banks will distribute the provident funds and/or advanced education funds and/or pension funds under the management of Clal Pension and Provident Funds, in accordance with the agreement

83. Including agents whose sales exceeded NIS 10,000.

84. Except for a wholly-owned agency of the Group, as detailed below. In addition, the above does not pertain to agents, whose fees and commissions are derived from the fees and commissions of sub-agents that engage directly with the Group's institutional entities.

between the parties. As of the report publication date, the Banks have not yet started providing advice regarding insurance products. It is noted that the directive entitled Prohibition on Linking the Calculation of Distribution Fees to the Rate of Management Fees Collected from a Planholder (according to the provisions of the amendment of the law regarding the calculation of the distribution fees), in combination with the distribution agreements with the banks, which define a fixed fee payable to the bank in respect of each customer who receives advice, created a situation where revenue from some of the planholders of Clal Pension and Provident Funds do not correspond to the Company's expenses in connection with those planholders.

As of the report publication date, customers with accrued savings of material amounts in provident funds and advanced education funds receive advice from the banks, but with regard to the distribution of pension funds, the banks' activity is immaterial.

In November 2023, on the back of the Iron Swords War, the Commissioner published the "**Non-enforcement Position - Pension Advice by a Banking Corporation Outside the Bank Branches to Existing Customers in the Pension Advice Segment**", according to which the Authority will not take any enforcement measures against banking corporations that provide pension advice digitally or by telephone to existing customers which meet the terms and conditions provided for in the Position, in the pension advice segment, which was extended from time to time, and lately - until May 31, 2024.

Meanwhile, in February 2024 a bill for the amendment of the Pension Advice Law was published, which suggests to allow pension advisors, who are employed by banks, to provide pension advice to the banks' customers also through digital means, and to hold telephone conversations with customers, where such conversations are required as part of the provision of pension advice.

The Company is of the opinion that if the bill is passed into law, competition in the pension advice and marketing through banks will expand, potentially making the pension advice and marketing industry more concentrated, and even exposing the Company's institutional entities to payment of fees and commissions at a rate which is higher than the average rate it currently pays in respect of some of the products, and to payment of fees and commissions also in relation to products, most of the fees and commissions in respect of which had already been paid.

The information relating to the potential consequences of the bill regarding potential pension advice services by banks is forward-looking information, which is based on Company's assessments and assumptions, and actual results may vary materially from those predicted, according, among other things, to the amendment's final wording, if it is published, and due to the fact that actual implementation may vary from that predicted, and depends, among other things, on the behavior of the banking corporations and the types of products in respect of which banking corporations will be able to provide pension advice services.

C. Direct sales

- Some of the segment's products are marketed directly to customers by Group employees, who hold pension marketing licenses.
- The direct sale activities in the segment include: (a) Sale of pension products, while focusing on the marketing of pension arrangements in organizations, which are generally not supported by agents on their behalf; (b) engagements with the banking system in the area of pension advice, mainly in relation to provident funds and advanced education funds; (c) telemarketing and in-person sales of life insurance products. In addition, there are collaborations of the Company with selected customer loyalty programs and agents, as part of which Company's employees sell to customers, who are referred by the agent, in his/her name and after receiving his/her permission, products in this segment.
- The Company has a customer service center that provides direct support to customers, as well as customer retention unit.
- The Company also collaborates with external advisors, who are recruited by customers who are companies and public entities, in order to publish tenders and conduct negotiations regarding the selection of the entity that will provide pension insurance, and in order to determine the terms of the pension arrangement of their employees.

D. Life insurance for mortgage borrowers

In the reporting year, the Group continued to market risk policies to mortgage borrowers, through an insurance agency owned by a bank, through insurance agents, and through direct sales, and it also to market such policies through Clal Mortgages.

Structure of fees and commissions in the Long-Term Savings Segment

A. Insurance agents

Following is the structure of the fees and commissions paid to agents in the reporting year:

- **Life insurance**

  The fees and commissions paid to agents in the Life Insurance Subsegment in respect of policies sold through 2004 are as follows:

  - **Paid premium fees and commissions:** A fixed or variable-rate commission, out of the paid premium, which is paid regularly over a fixed period.
  - **Collection fees:** a fixed-rate fee out of the paid premium, which is paid over the policy's life as handling fees.
  - **Special fees and commissions - sales commissions**: Upon the sale of the policy or in respect thereof, a one-off payment may be made in money and/or in kind, according to individual agreements with the agents.

  As from 2004, the structure of the fees and commissions in the Life Insurance Subsegment is as follows:

  - **Paid premium fees and commission:** A commission which is normally paid in respect of life insurance products and certain profile policies which were sold in the past at a fixed or variable rate out of the paid premium, which is paid regularly over a fixed period. In life insurance products, after a 15-year period the commission rate declines significantly.
  - **Management fees on contributions:** A fee paid in respect of the contributions towards the savings component in a policy over the life of the policy, at a rate which is derived from the management fees collected from the premium, and in accordance with the product type, for products sold through April 2017 (see below).
  - **Commissions based on management fees on accrual:** A commission derived from the management fees which are collected out of the savings balance in a policy. Generally, Clal Insurance discontinued the payment of management fees on accrual in respect of policies which were sold in 2013 and thereafter, in respect of most of the products.
  - **Commissions on accrual:** A commission on accrual is paid in respect of certain profile products which were marketed in the past, and in respect of certain profile products marketed in the reporting year, and in respect of contributions towards individual savings policies.
  - **Special commissions: Sales commissions** - one-off commissions paid in respect of new sales in the first year of the policies' life, in money and/or in kind, whose rate or amount is determined according to individual agreements with the agents and sometimes against achievement of sales targets, and **management commissions** - commissions which are derived from the premium and paid, in respect of new sales, in the first years of the policy's life, for a limited period in respect of policies sold in the past.

  In respect of some of the said fees and commissions, advances are paid to agents from time to time. In addition, sometimes the amount of the fees and commissions is also affected by retainment of products which were sold in the past.

  In February 2019, the Commissioner stipulated - in relation to life insurance products - that insurance companies are to implement a commissions refund mechanism in respect of cancellation of life insurance policies, such that the cancellation of the policies in the first few years after their purchase will result in a tiered refunding of one-off sale commissions (sales commissions), paid to the agents by the insurance companies in respect of those policies.

  For details regarding the fees and commissions refund mechanism on cancellations of life insurance policies, see Section 6.1.2.1 above.

In collective insurance policies, the agent's commission is set as part of negotiations with the agent on a transaction-by-transaction basis in accordance with the law. The rate of commission that an insurer will pay to an insurance agent in respect of a collective life insurance policy will not exceed 5% of the gross insurance premium.

Rates of commissions to third parties in the Life Insurance Subsegment

	2024	2023	2022
The average rate of commissions (of various types) out of total insurance premium in the Life Insurance Subsegment in the various products attributed to agents[85]	**10.9%**	9.3%	9.0%
The average rate of commission out of new annualized premium in the various products in the Life Insurance Subsegment[86]	**65.5%**[87]	51.6%	36.3%

- **Pension funds**
  - **Current commissions from contributions towards benefits** - Clal Pension and Provident Funds pays to insurance agents' commissions in respect of pension products sales. In the comprehensive pension fund, these commissions were previously paid as a rate of the contributions, in accordance with an individual agreement between the agent and the Company, with a link to the amount of management fees collected from the customer. In respect of pension products marketed as from April 2017, this commission is paid as a rate of the contribution, without a link to the amount of management fees collected from the customer.
  - As to payment of special commissions in respect of new annualized contributions towards benefits to the comprehensive pension fund, see above in the description of special fees and commissions in the Life Insurance Subsegment. In addition, special fees and commissions are paid in respect of the transfer of accruals to the Clal Pension and Provident Funds pension fund (net) arising from the transfer of accumulated balances to the pension fund.

Rates of commissions to third parties in the Pension Funds Subsegment

	2024	2023	2022
The rate of commissions paid to the insurance agents in respect of the pension products out of total contributions towards pension products	**2.1%**[88]	2.6%	3.1%

- **Provident funds**
  - **Commissions based on management fees on accrual -** in respect of provident funds products which were marketed through 2017, the commissions in respect of the sale of provident funds products are normally paid to the insurance agents as a rate of the planholders' management fees on accrual.
  - Fees on accrual - in respect of provident fund products marketed as from 2017, a fee is paid as a percentage of the accrued amount rather than out of the management fees collected from the customer.
  - As to payment of special commissions in respect of new annualized contributions (and in relation to the past, including in respect of one-off contributions arising from the transfer of accruals) towards benefits to the provident funds managed by Clal Pension and Provident

85. The data include various types of commissions, some paid out of the premium, some on accrual, and some in respect of new sales; accordingly, the ability to draw conclusions from the data is limited.

86. The rate of commission out of premium does not include commissions paid in respect of non-recurring contributions.

87. The increase in the average rate of commission out of new annualized premiums is mainly due to a change in the mix of products sold for which the calculation was performed. There was no material change in the fees and commission rates paid with respect to new business.

88. The decrease in the rate of fees and commissions paid to the insurance agents in respect of pension fund products out of total contributions towards pension fund products is mainly due to a change in the ratio between the commission for a new business and the overall commission. There was no material change in the fees and commission rates paid with respect to new business.

Funds, see above in the description of special fees and commissions in the Life Insurance Subsegment.

Rates of commissions to third parties in the Provident Funds Subsegment

	2024	2023	2022
The rate of commissions paid to the insurance agents in respect of provident products[89]	**0.3%**[90]	0.4%	0.8%

9.8.1.2. Property and casualty

Marketing and distribution methods in the P&C Segment

The Group markets its products in the Property and Casualty Insurance Segment both through insurance agents, including the Group's agencies, and directly.

A. Insurance agents

The insurance agents are the principal distribution channel to end customers in this field. The insurance agent usually engages with a number of insurance companies. As of the report publication date, the Group operates in the P&C Segment through approx. 1,950 insurance agents, compared with approx. 1,900 in 2023.[91]

The Group does not have a single insurance agent, the scope of activity of whom in this area of activity exceeds 10% of the Group's activity in the P&C Insurance Segment .

The rate of sales through insurance agents in this segment out of total sales in the Property and Casualty Insurance Segment in the reporting year is approx. 86% compared to approx. 85% in 2023.[92]

Approx. 3.1% out of the total premiums in the Israeli Property and Casualty Insurance Segment, arise from the activity of the Group's agencies, compared to approx. 3% in 2023.

B. Direct sales

Some of the segment's products are marketed directly, without mediation by insurance agents. The direct activity is conducted mainly with large business customers. In addition, the Company markets directly compulsory motor insurance policies and motor property insurance policies, home insurance policies and guarantees policies. In the reporting year, the private customers function continued its direct sales of motor and home insurance policies, through a digital platform or through collaborations with customer loyalty programs, organizations and aggregators, to customers which generally do not work with the Group through insurance agents; the Company also collaborates with selected agents, as part of which Company's employees sell to customers, who are referred by the agent, in his/her name and after receiving his/her permission, motor and home insurance products. Credit and foreign trade risk insurance policies are also marketed, through Clal Credit Insurance.

C. Mortgage banks

As of the report publication date, the Company entered into an agreement for the provision of insurance services by way of a mortgage with an agency controlled by a mortgage bank.

Property and casualty (P&C) commission structure

A. Fees and commissions structure

For their insurance business brokerage services Clal Insurance pays the insurance agents fees and commissions in money and/or in kind. The amount of the fees and commissions is set mainly as a rate of the net premium (without fees), and is partially determined by the agent's sales, activity and/or profitability.

89. The rate of the various types of commissions divided by the average accrual in the reporting year.
90. The decrease in the rate of commissions paid to the insurance agents in respect of provident fund products is mainly due to a change in the ratio between the commission for a new business and the total commission paid in these products. There was no material change in the fees and commission rates paid with respect to new business.
91. Including agents whose sales in 2024 exceeded NIS 10,000.
92. The data includes sales which were carried out by Betach Toren Insurance Agency Ltd., which is owned by the Group.

Generally, in collective insurance policies, the agent's commission is set as part of negotiations with the agent on a transaction-by-transaction basis.

In respect of some of the said fees and commissions, advances are paid to agents from time to time.

B. Average rate of fees and commissions

	2024	2023	2022
The average rate of fees and commissions of the total gross insurance premium in the Compulsory Motor Subsegment	**5.3%**	5.4%	5.8%
The average rate of fees and commissions of the total gross insurance premium in the Motor Property Subsegment	**18.7%**	19.3%	19.4%
The average rate of fees and commissions of the total gross insurance premium in the Liability and Other Subsegment	**12.3%**	12.5%	11.9%
The average rate of fees and commissions of the total gross insurance premium in the Property and Other Subsegments	**3.8%**[93]	7.1%	7.9%
The average rate of fees and commissions of the total gross insurance premiums in other business property loss	**6.8%**	7.6%	7.9%
The average rate of fees and commissions of the total gross insurance premium in the Comprehensive Home Subsegment including mortgage	**20.6%**	20.6%	20.6%

9.8.1.3. Health insurance

Marketing and distribution methods in the Health Insurance Segment

The segment's products are distributed both by insurance agents and insurance agencies, including the Group's agencies, and directly.

A. Distribution through agents and agencies

In the reporting year, Clal Insurance's individual health insurance policies are marketed primarily through insurance agents.

As of the report publication date, the Group operates in the Health Insurance Segment through 1,614 insurance agents, compared with 1,582 in 2023.[94] Most of the agents also contracted other insurance companies.

Approx. 4.2% out of the total premiums in the Health Insurance Segment , which were collected by the Company in the reporting year arise from the activity of the Group's agencies, compared with approx. 4.8% in 2023.

The Group does not have a single insurance agent, the scope of activity of whom in this area of activity exceeds 10% of the Group's activity in the Health Insurance Segment .

B. Direct distribution

Some of the segment's products are marketed directly, without mediation by insurance agents, to customers or to private customers through their employer (including through Group employees, who hold a pension marketing license).

In the reporting year, the private customers function continued its direct sales of policies in this segment to customers which generally do not engage with the Group through insurance agents; the Company also collaborates with selected agents, as part of which Company's employees sell to customers, who are referred by the agent, in his/her name and after receiving his/her permission, the Company's health insurance products.

Structure of fees and commissions in the Health Insurance Segment

In individual long-term insurance policies, fees and commissions are paid as follows:

Current commission - a commission derived from the premium and paid over the policy's entire life on a current basis.

93 The decrease in the average rate of fees and commissions of the total gross insurance premium in the Property and Other Subsegments is mainly due to a decrease in marine insurance activity during the reporting year.

94. Including agents whose sales exceeded NIS 10,000.

As to payment of **sales commissions** in respect of new annualized premium in health insurance, see above the description of special fees and commissions in the Life Insurance Subsegment. In respect of fees and commissions, advances were paid to agents.

	2024	2023	2022
The average rate of fees and commissions of the total gross premiums in the segment's various products	**30%**	27%	26%

In collective insurance policies, the agent's commission is set as part of negotiations with the agent on a transaction-by-transaction basis.

9.8.2. Organization-wide provisions regarding the marketing and distribution activities

9.8.2.1. Discounts in insurance premiums and agents compensation

In April 2023, **Draft Circular "Discounts and Cancellations in Life Insurance" and a draft of the Supervision of Financial Services Regulations (Provident Funds) (Direct Distribution Fee to a Pension Insurance Agent)**, 2023, were published, which suggest to stipulate that -

A. an insurance company will be allowed to offer a life insurance policyholder a discount in insurance premiums, provided that the discount rate will not be reduced throughout the policy period.

B. A management company will be allowed to pay a pension insurance agent a one-off fee only if the distribution agreement between them stipulates that the agent will be required to refund the said fee to the management company in accordance with the mechanism detailed in Section C below.

C. An institutional entity will receive from an insurance agent the proportionate share of a one-off or fee or commission paid instead of a one-off fee or commission, which was paid to it in respect of marketing life insurance policies, or the proportionate share of a distribution fee paid in respect of the signing-on of a planholder to a provident fund, in relation to the remaining period until the end of 6 years following the signing-on of a planholder to the insurance plan or provident fund, when one of the following occurs: (a) All or some of the funds are transferred from the provident fund to another provident fund, or all of the funds are withdrawn from the provident fund; (b) the insurance contract was canceled; and (c) another license holder was appointed to deal with the provident fund or insurance plan, or a notice was received from the policyholder to the effect that he/she no longer wishes to receive services from the insurance agent, starting from the appointment date of the new license holder or the date of the policyholder's notice that he/she no longer wishes to receive the service from the agent.

If enacted, this mechanism may extend the average duration of life insurance policies and savings products.

The information pertaining to the implications of the provisions regarding restrictions on discounts in insurance premiums and the refund of fees and commissions constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. Actual implementation may be materially different than predicted, and depends, to a large extent, on the final mechanism that will be set; license holders' behavior and preferences; the behavior of competing entities; and the behavior of the planholders and policyholders in relation to the products in their possession.

9.8.2.2. In June 2023, the 2023 Economic Arrangements Law was published, amending the Advice Law and adding provisions thereto, the main point of which is that an institutional entity will not unreasonably refuse to engage with a pension advisor in an agreement for the execution of a transaction, and will not request to end such an engagement. In accordance with the above, a refusal shall not be deemed unreasonable, if it is based on an agreement which does not generate income to the institutional entity in connection with: the rate and terms of the distribution fee; the service rendered thereunder; its duration in relation to a certain pension product, and provided that no agreement with similar terms is in place with another license holder.

9.8.2.3. According to the government resolution of February 2023, an inter-ministerial taskforce was established to evaluate the effect of institutional entities' holdings in corporations which are insurance agents on the activity of those agencies and their objectivity in the process of marketing products, the measures that should be applied to deal with those effects and the desired arrangement as to existing

holdings of institutional entities in insurance agencies. In January 2025, a report was published summarizing the team's conclusions and recommendations. The team determined, among other things, that the bias it was asked to examine, namely - bias in favor of an insurance company holding the agency, is a private case of a broader issue relating to the entire incentive structure in the brokerage segment. According to the team's position, the existing ties between the insurance agencies and the institutional entities, especially the compensation model and the customary incentive, raise a material concern regarding the agents' ability to maintain objectivity in the brokerage segment, and as such raise a concern that the existing incentive structure does not necessarily incentivize the agents to act first and foremost for the benefit of the savers and the policyholders.

Therefore, the team recommended taking steps to amend the system of compensation and incentives for the insurance agents, along with an extended duty of disclosure. Among the measures proposed by the team – examining an alternative and uniform compensation model for insurance agents, according to which the agent will charge a fee from the service recipient alone; the fee for each service will be uniform and reflect the agent's costs; the fee will be predefined in a way that will allow consumers to make a comparison; the fee will be specified using a shekel price and will not create an incentive for the agent to preserve the market prices of the products; the agent will report the price of the services he charges and the Capital Market, Insurance and Savings Authority will act to establish a database of the prices of the services offered by licensees. In addition, the team recommended expanding the duty of disclosure regarding the connection between the agency and the institutional entity holding it (an agency held by an institutional entity will be required to clearly and conspicuously present its business relations with the institutional entity; the agency will reflect to the consumer information about the compensation paid to it and about the rate of its sales to the institutional entity holding it).

At this stage, the Company is unable to assess the full implications of the conclusions and recommendations of the Committee's report, among other things, due to the fact that it is not yet known whether and in what manner they will be adopted by the Regulator. However, insofar as it is decided to implement the Committee's recommendations in accordance with the above, the compensation model proposed by the Committee may significantly affect the insurance and savings market, among others, in relation to the volume of mobility of existing products and the volume of sales of new products.

The information pertaining to the consequences of the said steps constitutes forward-looking information, which is based on the Group's assessments and assumptions as of the report publication date. Actual implementation may be different than expected and depends on a range of factors, including the manner in which the recommendations of the said Committee will become regulatory provisions, insofar as they shall be adopted, the behavior of the distributors and the customers' tastes.

9.8.3. Dependency on distribution channels

The Company is dependent on the direct distribution channel and on the distribution channel through agents and arrangement managers. However, the Company is not dependent on a particular distribution entity (a marketer or an agent) in each of those distribution channels.

9.9. Trade payables

Group companies purchase products and services from a large number of suppliers and service providers. The expenses in connection with suppliers and service providers include, among other things:

A. Direct expenses in connection to claims which are carried directly to the cost of the insurance claims, including payments to appraisers, loss adjusters, providers of legal services, investigators, providers of damage repair services, medical services, etc., and payments to entities that provide related coverages to policyholders (hereinafter - "**Riders**").

B. Expenses in connection with operating services for the purpose of operating the provident funds under Clal Pension and Provident Funds' management. For details regarding Clal Pension and Provident Funds' engagement with such a supplier, see Section 9.17.2 below.

C. Company's general expenses in connection with various suppliers: Such as: office rental and maintenance, payroll processing, vehicle lease fees, advertising services, communication and mailing services, operational services, legal collection, audit services, communication and data communication services,

professional fees, maintenance, licensing and lease of hardware and software, automation services and depreciation. Those expenses are carried to indirect claim settlement expenses, marketing expenses, other acquisition expenses, and other general and administrative expenses (for further details, see Note 38 to the Financial Statements).

D. The Company also has other expenses which are capitalized to assets in the Financial Statements, and which include, among other things, automation, construction and equipment expenses.

For details regarding Clalbit Systems, a wholly-owned subsidiary of the Company, which is in charge of the provision of automation services to Group companies (and which purchases services in the field of automation), and regarding the Group's automation expenses in the reporting year, see Sections 9.10.3 and 9.10.3.1 below, and Note 38 to the Financial Statements.

The Company does not have a principal supplier or a supplier it is dependent on, except for Sapiens Technologies (1982) Ltd. (hereinafter - "**Sapiens**"), with which Clal Pension and Provident Funds entered into an agreement for the purchase of a system for the management of planholders' rights in the pension funds, and the provision of development and maintenance services in connection with the system. In the reporting year, the Group paid Sapiens a total of approx. NIS 16.8 million in respect of the said development and maintenance services, compared with a total of approx. NIS 15.1 million in 2023. However, naturally, during the course of their work, the suppliers may gain unique knowhow or provide services that the Company may occasionally become dependent on, due to, among other things, the need to set up the projects and/or execute the services within the time frame which is set under regulatory requirements. For details regarding suppliers with whom Clal Pension and Provident Funds entered into engagements as stated above, see Section 9.17.2 below.

9.10. *Property, plant & equipment*

Following are data regarding the Company's property, plant and equipment, which comprises mainly leased and owned buildings, furniture, office equipment and computers.

9.10.1. *Data of leased and owned buildings for self-use in sq.m for 2023 and 2024*

		As of December 31, 2024		As of December 31, 2023	
Company/unit	Location	Owned area (m²)	Owned area (m²)	Owned area (m²)	Owned area (m²)
Clal Insurance	Tel Aviv[1]	-	**33,390**	-	33,424
	Petach Tikva	-	**5,678**	-	5,678
	Haifa[2]	**2,618**	-	2,618	-
	Jerusalem	-	**1,555**	-	1,555
	Beer Sheba	-	**1,290**	-	1,290
	Herzliya[3]	-	**250**	-	250
Clal Credit Insurance	Tel Aviv	-	**1,014**	-	953
Clal Pension and Provident Funds	Tel Aviv	-	**3,964**	-	3,934
	Petach Tikva	-	**1,251**	-	1,251
	Jerusalem	-		-	-
	Beer Sheva		**968**		968
Clalbit Systems	Tel Aviv	-	**9,096**	-	9,181
Total		**2,618**	**58,456**	**2,618**	**58,484**

Excluding the areas of car parks.
1. Including an area of Canaf.
2. 377 sq.m leased to Clal Pension and Provident Funds.
3. A backup site for the Group's computer systems (in addition, there is a backup site in Greece and a servers hosting site in Petach Tikva - of immaterial areas).

With regard to the leased buildings, the lease periods vary from one building to another, and the latest lease term ends in 2038 (with an exit point in 2030), in relation to the Company's offices in Kiryat Atidim (for details, see Section 9.17.1(a) below). In some of the lease agreements, the Company has the option to extend the term of the lease.

For further details regarding the lease payments paid by the Company, see Note 29 to the Financial Statements.

Data of buildings, which are part of Clal Insurance's nostro investment portfolio in sq.m for 2023 and 2024*

Location	Zoning	As of December 31, 2024	As of December 31, 2023
Tel Aviv area	Offices and commerce	46,290	45,957
South	Offices and a logistics warehouse	3,835	3,835
North	Commerce	3,838	3,838
Sharon area	Offices and commerce	28,188	28,188
Haifa	Offices	13,474	13,474
England and Scotland	Offices	7,596	7,596
Jerusalem	Offices and commerce	8,905	8,905
USA	Offices, commerce and multifamily	4,574	4,574
Total		**116,701**	**116,367**

* Furthermore, there are holdings in these assets and/or other assets, out of funds managed for others (planholders and/or policyholders) in the Group - see Note 10 to the Financial Statements.

9.10.2. Leasehold improvements and office furniture and equipment

Generally, leasehold improvements, furniture and office equipment used by the key sites and the end units are owned by the Group.

9.10.3. IT systems in the Group in Israel

The Group's IT systems are essential to the management of its businesses, and the Group views some of them a strategic asset. Group companies own a wide range of computer equipment items, which include servers, infrastructure and communication equipment, terminals and other peripheral equipment. In addition, the Company has a wide range of ownership rights and/or rights of use in various software, including internal-use software.

The Group uses IT systems in its various activities, including, among other things, in the management of its funds (including Group customers' savings), the management of customers and their rights, back office systems, organizational systems, and decision support systems.

The activity in the field of IT is carried out by Clalbit Systems, which is a wholly-owned subsidiary of the Company. Clalbit Systems is in charge of the provision of IT services to Group companies, and as of the report date does not provide services to companies outside the Group. Clalbit Systems contracts external suppliers to execute some of the services.

The Group has two computer centers that backup each other in an Active-Active format. In addition, there is a third site abroad, which is used solely to backup data. The Group's ability to continue providing high-level of services to its agents, policyholders and customers, and to operate certain core processes is essential for its business continuity. The Group has a business continuity management (BCM) function, and a business continuity plan, which maps critical processes, which are required for recovery, emergency files which are designed to assist the activity at the level of the various divisions, and a technological disaster recovery function, which allows quick recovery of technologies. In addition, the Company is prepared to allow its employees to "work remotely" in a secure manner in order to continue providing services in all operating segments.

9.10.3.1. The Group's investments in the IT systems

The Group takes steps to develop and upgrade its IT systems across all areas of activity from time to time, according to its needs and the needs of the Group Companies. Following are the material steps carried out in connection with the Group's IT systems in the reporting year, some of which are expected to continue after the reporting year.[95]

95. Some of the services in the core systems are carried out through external suppliers (operating services in provident funds, which also include the automation of the activity, are carried out through Bank Leumi, and maintenance and development services to the system for the management of the pension funds activity are provided by Sapiens).

Long-term savings systems

In life insurance, Clal Insurance operates through two main core systems, which were developed many years ago. The functional redundancy of those systems increases the operating and maintenance costs in this segment and makes it difficult to adapt the systems to all of the Company's needs, including in connection with external data and regulatory interfaces, the requirements for which have been expanded in recent years. For further details regarding these requirements, see Section 6.3.1.3 above. In recent years and in the reporting year, the Company has been working to expand and improve the core systems of the Life Insurance Subsegment, such that the existing core systems will become more efficient; it also implements supplementary control and operational actions in order to ensure the adequacy of the supported processes.

In view of the complexity of the said systems, their limitations and redundancy, the Company made a comprehensive assessment of the long-term processes that it is required to implement in the future in order to improve its automation capabilities, including, among other things, in relation to the management of planholders' benefits, and formulated a strategic plan, as part of which, among other things, some of the relevant systems are upgraded, modules are incorporated into organization-wide infrastructures, and development of new components in the existing systems using modern technology.

Recognizing the importance of efficient and current automation systems, the Company prioritized this issue, and in recent years it invested hundreds of millions of shekels in upgrading and improving the automation systems in the Long-Term Savings Segment. For further details, see Note 6 to the Financial Statements.

Health and property and casualty insurance systems

The Group operates in these areas of activity through dedicated automated systems, developed in-house over the years.

In the Company's opinion, its existing IT systems in the areas of long-term savings, health insurance and P&C insurance, and the infrastructure of organizational information, which was developed, adequately serve the Group's needs for the forthcoming period. In view of the multiple changes in regulatory provisions that apply to the activity of the Group's institutional entities, that give rise to material changes and significant reforms in the insurance activity in general and in the Long-Term Savings Segment in particular, the Group is undergoing an ongoing process of adapting its computer systems to the regulatory provisions and to the changes and reforms they undergo, including, among other things, by upgrading the systems in technological terms and by developing new components, and ensuring compatibility between the computer systems and the terms of the products offered by the Company.

The Group is of the opinion that the process of adapting the computer systems to regulatory provisions and business activities' needs and of upgrading the computer systems which support its activity, such that they support all of the Group's products in the Long-Term Savings Segment will continue in the next few years, and will involve material costs and operational preparations by the Group's institutional entities.

The digital domain

The Group has set itself the target of continued promotion of digital innovation, with an emphasis on the provision of information, independent execution of actions in the Company's digital channels (agents, customers, employers) and sale processes. Investments in automation and digitation address the customers' needs, increase efficiency, and will continue to do so. For further details, see Section 9.18 below.

During the reporting year, the Group launched advanced digital tools, including in the field of service, claims and sales, and expanded the self-service actions available to the Company's customers and agents. Furthermore, the customers website and the "Clal's Button" app can be used by customers to access a broad range of services, including display of information and execution of digital actions, such as filing a claim, viewing information in the personal zone, and an increasingly growing range of actions. During the reporting year, personalization capabilities were implemented in the app, as well as a renewed process for purchasing and filing a claim in the field of travel insurance, to improve customer experience. The Company began to integrate artificial intelligence capabilities into a number of operations and service processes. The incorporation of digital tools into the Company's activity improves the accessibility of information and services to customers as well as the customer experience, intensifies the Company's ability to compete in the market and increases operational efficiency. The Company expects

that these trends will continue in the future with the expansion of the digital services and the incorporation of artificial intelligence mechanisms as part thereof.

For details regarding the Group's automation expenses, see Note 38 to the Financial Statements. For details regarding the scope of purchases and internal-use software and computers, and the amortization thereof, see Notes 6(a) and 8(a) to the Financial Statements.

Cloud services

In recent years and as part of the emerging trend across the world, the Company has been using cloud services on an as needed basis. The Company incorporated a number of cloud-based systems, including the CRM system - an advanced customer relations management system. In the reporting year, the Company continued the implementation and incorporation of the system. Implementation of the system leads to an improvement of the sale and service processes for both customers and agents. The project is expected to take a number of years.

As part of the integration of artificial intelligence mechanisms, the Company uses specialized cloud services.

In the reporting year, the Company's telephony services were transferred to cloud-based systems.

Additional systems

As part of its preparations for the implementation of the provisions of the IFRS 17 accounting standard, the Company is currently completing its preparations for adapting the computer systems for the purpose of implementing the standard. The said preparations are expected to continue in 2025 in accordance with the relevant regulatory provisions, and they involve material costs. For further details, see Note 47 to the Financial Statements.

9.10.3.2. Management of cyber risks by the Company

- The Company manages the cyber risks in accordance with principles and guidelines set forth in the Cyber Security Policy, which was approved by the Company's Board of Directors; this is carried out through and under the direction of the Group's Chief IT Officer, its Head of Cyber Security, and the Cyber Security Steering Committee headed by the Company's CEO, in which the Chief Risk Officer is also a member.
- The Company is certified by the Standards Institute of Israel in connection with a number of international information security and business continuity standards: ISO22301 (Business Continuity) and ISO 27001 + 27799 (Information Security). The Company has an annual cyber security work plan, which is approved by the Board of Directors, and Company's management receives regular reports about the status of compliance with the work plan. Furthermore, the Board of Directors receives regular reports about the incorporation of products in the field of cyber security, the level of employees' awareness, the review of preparedness and exposure of material systems, the approval of engagements and material transactions involving computer systems, and the approval of material cloud-based projects.
- The Company carried out various processes for identifying and assessing the cyber risks, and takes action to mitigate them, including - activating a monitoring and control system; conducting risk surveys, identifying anomalies; making adaptations to the architecture, which make it difficult to attack the systems; integrity checks, data confidentiality and availability; checks as part of the processes of employee recruitment and engagement with suppliers; increasing employees' awareness; maintaining physical security; protecting the network; protecting systems and apps; access compartmentalization and segregation of duties processes; performance of audits by the Company's Internal Audit Department (including through external parties that specialize in this field); setting ways to deal with cyber incidents (according to a severity hierarchy), and more.
- With regards to the outsourcing of a material service, the Company has in place a structured risk management process, as part of which the supplier undertakes to meet the information security requirements set by the Company; in addition, from time to time the Company audits the information security arrangements of suppliers.
- The Company conducts cyber drills from time to time and as required, in collaboration between the management and the Board of Directors, in order to practice decision-making under uncertainty for the cyber risks. This is also carried out in accordance with the Commissioner's guidance and a

reference scenario outlined by him.

- The Company has in place a cyber insurance policy that provides coverage at a limited amount in connection with expenses, liability and certain damages that will be caused due to a cyber event.
- The Company carries out regular risk management actions, as part of which it conducts security tests to the organization's systems in order to ensure that protections are in place and mitigate exposures. The surveys are conducted by an independent party, which specializes in conducting penetration tests and security surveys.
- In recent years there has been a constant increase in attempted cyber-attacks and in the range of methods employed to carry out such attacks. The Company has and is taking significant steps to protect itself from the many cyber threats that characterize this period, including: Using intelligence sources, with an emphasis of phishing attacks, conducting comprehensive tests to ascertain the level of the organization's cyber resilience, taking into consideration the changing threats, while taking proactive actions involving the Company's protection systems; providing a quick response by the response teams in investigating suspected activity on the Company's network and boosting technological controls. The Company continues its strict and ongoing management of cyber risks in accordance with the changing threats.
- In addition, during the reporting year and due to the Iron Swords War, and even more so in recent months, there has been a significant increase in the number and complexity of cyber-attacks. Due to the said attempts, the Company tightened its cyber security policy, including by way of ongoing review of authorizations and remote connection to the organization's systems; it also accelerated dedicated projects designed to enhance cyber security in the organization, including improving the infrastructures.
- In view of the ever changing threats and the developments in cyber technology, and specifically in light of the constant increase in the scope of cyber-attacks and the range of methods employed by attackers and the improvement in cyber-attack capabilities also as a function of the attacker's identity, the Group is required and will be required in the future to regularly adapt its defense processes and measures, including by constantly assessing tools in the field of cyber security, and reviewing its work processes and organizational tools.

For further details regarding the Group's exposure to cyber risks, see Section 9.16(c)(6) below.

9.10.3.3. Privacy Protection in the Group

The Group's Board of Directors and management place great importance on preserving the right to privacy of the Group's customers, employees and suppliers, and protecting their personal information held by the Group, among other things, in view of the fact that the processing of personal information is at the core of the Group's companies' activities. Accordingly, the Company has adopted a privacy protection enforcement plan, which was approved by the Company Board of Directors and which outlines, among other things, the Group's policy regarding the use of personal information in the Company and its management on material issues.

The enforcement plan determines, among other things, the parties responsible for the implementation and integration of the privacy protection laws and the provisions of the plan in the Group, as well as the entities supervising the implementation and integration of the plan as stated and the operation of the required control mechanisms.

For details about Amendment 13 to the Privacy Protection Law and the Privacy Protection Authority's directive regarding the role of the Board of Directors in the fulfillment of the corporation's obligations pursuant to the Privacy Protection Regulations on the subject of information security, see sections 9.2.6 and 9.2.7 above.

9.11. Seasonality

Both 2023 and the reporting year were characterized by the volatility that resulted from the beginning of the Iron Swords War in the last quarter of 2023 and continued at varying intensities during the reporting year, and thus the ensuing differences in the collection of premiums between the quarters and in the comparison between the years do not necessarily indicate seasonality in the Company's activity.

9.11.1. *Long-term savings*

Generally, the revenue from life insurance premiums and management fees revenue from pension funds and provident funds are not affected by seasonality, and therefore claims are also not affected by seasonality.

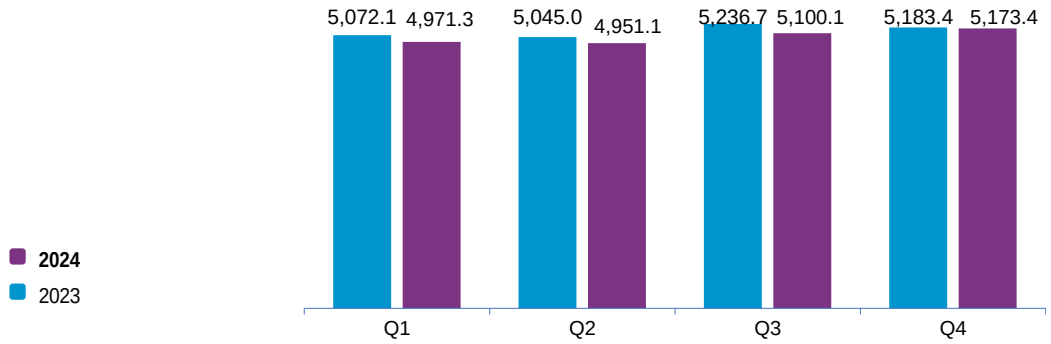
However, due to the timing of the end of the tax year, there is a certain degree of seasonality in the placement of premiums/benefits fees for pension saving products in the second half of the tax year, since there is an increase in contributions during this period, by both salaried employees and the self-employed who make contributions independently outside their payroll, in order to fully utilize the tax benefits, as well as by employers who pay outstanding debts in respect of the tax year or make non-recurring contributions, usually in respect of severance pay seniority-related debts. Furthermore, the amounts of premiums/contributions towards benefits may be higher in certain months, which vary from one year to another, mainly due to one-off payments made by employers to employees, and in respect of which contributions towards benefits are made.

Following is the breakdown of the gross premiums and contributions towards benefits in the long-term savings division in the past two years by quarters (in NIS thousand):

2024	Q1	Q2	Q3	Q4	Total
Premiums and contributions towards benefits - in NIS thousand	4,971.3	4,951.1	5,100.1	5,173.4	20,195.9

2023	Q1	Q2	Q3	Q4	Total
Premiums and contributions towards benefits - in NIS thousand	5,072.1	5,045.0	5,236.7	5,183.4	20,537.2

Breakdown of gross life insurance premiums and contributions towards benefits by quarters in 2022-2023 in NIS million



9.11.2. *Property and casualty*

As a general rule, revenue from premiums in the property and casualty segment are not affected by significant seasonality. However, there are differences between the quarters due to a different business mix, and due to the fact that the dates of renewal of insurance agreements usually occur at the beginning of a calendar year.

There are insurance agreements of business policyholders and large car fleets which are characterized by high premiums, whose renewal or termination may affect premium fluctuations in certain months of the year. The effect of this seasonality on the reported income is neutralized through the provision for unearned premium.

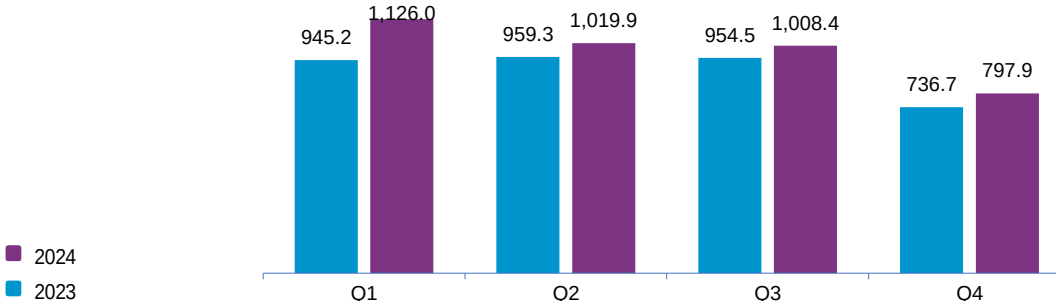
There is no significant seasonality in other components of expenses, such as claims and in other revenue components, such as investment revenue. However, it should be noted that during the winter season - in the first quarter or fourth quarter of the year, or both - there is sometimes an increase in claims, mainly in the property insurance subsegments, and consequently the reported income for the period decreases.

Following is the breakdown of the gross premiums in the P&C Insurance Division in the past two years by quarters (in NIS thousand):

2024	Q1	Q2	Q3	Q4	Total
Premiums in NIS thousand	1,126,042	1,019,894	1,008,398	797,953	3,952,287

2023	Q1	Q2	Q3	Q4	Total
Premiums in NIS thousand	945,177	959,328	954,455	736,765	3,595,725

Breakdown of gross premiums in P&C insurance by quarters in 2022-2023 in NIS million



9.11.3. *Health insurance*

The Health Insurance Segment is not characterized with seasonality. In the Travel Insurance Subsegment, the number of policies sold to people who travel abroad increases during the summer and the Jewish holidays. However, the above does not have a significant effect on the breakdown of total premiums in the Health Insurance Segment during a calendar year.

Since the beginning of the Iron Swords War, there has been a decrease in activity in the field of travel abroad and an increase in the cost of claims in some of the coverages.

9.12. *Intangible assets*

9.12.1. *Intellectual Property*

The Group uses the names and logos of Group companies, most of which are registered as the Group's trademarks.

During the course of their activities, Group companies use software owned by Group companies and/or software for which licenses were purchased; for further details, see Section 9.10.3.1 above.

The Company develops - through its employees and suppliers - copyright-protected software for internal use.

The Company owns online domain names.

For further details regarding intangible assets, see Note 6 to the Financial Statements.

9.12.2. *Databases*

Group companies have databases, which include, among other things, data of customers, agents, service providers, and are used, among other things, in marketing activities, while using advanced software (CRM), that allow the segmentation of data in a range of cross-sections. The Company's marketing strategy is based on the databases, which are essential for the management of the Group's businesses.

The Group operates on an ongoing basis to register the databases it holds in Israel in the records of the Databases Registrar, according to the provisions of the law. In accordance with the provisions of **Amendment 13 of the Privacy Protection Law**, which will enter into force in August 2025, there has been a significant reduction in the obligation to register databases. The Company is preparing to implement the provisions of the amendment in relation to the databases in its possession. For further details, see Section 9.2.6 above.

9.13. Legal proceedings

Material legal proceedings are pending against the Clal Group, including motions to certify claims as class actions according to the Class Actions Law. Following are details regarding material claims outside the ordinary course of business, including class actions, whose filing as class actions has been certified; pending motions for certification of material claims as class actions; motions to certify material claims as class actions which were concluded during the reporting year; material class actions which were concluded during the reporting year and until the report publication date; immaterial class actions; and material claims against the Group outside the ordinary course of business, including a derivative claim, see Note 45 to the Financial Statements.

As to legal risk factors in connection with class actions, see Section 9.16(b)(5) below.

For further details regarding the risk associated with class actions, see Note 45(1.1) to the Financial Statements.

For a detailed summary of the Company's exposure to legal proceedings, see Note 45(2.4) to the Financial Statements.

9.14. Financing

9.14.1. Rating

For details regarding the rating of Group companies, and notes they issued, as of the report publication date, see Note 26(f) to the Financial Statements.

9.14.2. Credit

For details regarding the subordinated notes, which constitute Tier 2 capital for purposes of Economic Solvency Regime, see Note 26(b) to the Financial Statements. For details regarding restrictions on recognition of notes as Tier 2 capital for solvency purposes, see Note 17(f)(1)(e) to the Financial Statements.

For details regarding bonds issued by the Company, see Note 26(c) to the Financial Statements.

For details regarding the repayment of the CIMax loan in the reporting year, see Note 26(a1) to the Financial Statements.

9.14.3. Raising resources to cover the operation of the Company's businesses

In the forthcoming year, the Group may be required to raise sources by way of capital raising and/or issuance and/or debt exchange and/or obtaining credit from banks (through Clal Insurance Capital Raising and/or the Company) all subject to developments in Max and Clal Insurance's capital status, a capital target set by the Board of Directors, market conditions, business opportunities, regulatory developments, and the approval of regulators as required.

As of the report date, the Company and Clal Insurance Capital Raising have valid shelf prospectuses.

The information pertaining to the need to raise capital to cover the operation of the Company's operating activities in the forthcoming year constitutes forward-looking information, which is based on the Company's assessments and assumptions as of the report publication date. Actual implementation may be materially different than predicted, due to, among other things, regulatory requirements that will be set, the situation in the capital market, the business position of the Group's subsidiaries, actions taken to optimize the Group's capital and debt management, and the materialization of the risk factors listed in Section 9.16 below.

9.15. Taxation

For a description of the tax arrangements applicable to the Group, see Note 24 to the Financial Statements.

9.16. Discussion of Risk Factors

This section, which discusses the Company's risk factors, also includes forward-looking information. Forward-looking information is uncertain information about the future, based on information available to the Company as of the report date, and includes assessments or intentions of the Company as of the report date. Actual results may be materially different from the results assessed or implied by this information, including, among other things, due to changes in the business environment and/or the risk factors, including future risk factors.

Institutional entities are required to appoint a Chief Risk Officer. For a description of the responsibilities of the Group's Chief Risk Officer, and for details regarding the risk management policy and the risk management processes and methods in the Group, including a description of the work processes and the methods employed to identify the risks and controls in Group companies, see Note 42 to the Financial Statements.

Set forth in the table below are the risk factors by macroeconomic risks, industry-specific risks, and risks specific to the Group, as well as details regarding the risk factors.

Risk factors	The extent of the risk factor's impact on the Group		
	High	Moderate effect	Minor effect
A. Macroeconomic risks			
Economic slowdown in Israel	X		
Global economic slowdown and price decreases in capital markets	X		
Overall market risk	X		
Specific market risks:			
Interest rate risk	X		
Credit spread risk		X	
Inflationary risk		X	
Foreign exchange risk		X	
Share price risk	X		
Other assets price risk		X	
Credit risk		X	
Environmental, social and corporate governance risks (ESG)			X
B. Industry-specific risks			
Insurance risks	X		
Portfolio retention	X		
Catastrophe risks:			
Earthquake in Israel		X	
Terror and/or war in Israel		X	
Pandemic		X	
Stability of reinsurers		X	
Strategic risks:			
Changes in legislation and regulation	X		
Competitive risks	X		
Availability of reinsurers		X	
Legal risks	X		
C. Group-level risks			
Compliance and regulation risks	X		
Liquidity risk			X
Underwriting, pricing and assessment of the insurance liabilities		X	
Operational risks	X		
IT risks	X		
Information security and cybersecurity risks	X		
Business model risks			X
Reputational risk	X		
Engagements with external suppliers		X	

The effect of the risk factors listed above is based on Group management's judgment, based on the information available as of the assessment date, is in respect of each and every risk, and takes into consideration the estimated probability for the materialization of the risk and its potential result. The assessment of the impact of the risk factors covers direct impact on the Group but does not take into account indirect effects.

It is noted that the expected transition to IFRS 17 may intensify some of the market risks in light of the form of registration that will be implemented as part of the accounting standard's implementation, and in particular for the nostro portfolio that may be more volatile. For further details, see Note 47 to the Financial Statements.

A. Macroeconomic risks

(1) Economic slowdown in Israel

The Group has material exposure to the state of the Israeli economy; a slowdown in the Israeli economy may affect the scope of the Group's businesses, in particular in the Long-Term Savings Segment, including: The total amount of public savings may decline; arrears may arise in contributions, and withdrawals may increase; an increase in the unemployment rate and an erosion of real wages may increase the cancellation rate and cause a decline in premiums and contributions towards benefits that will be collected by the Group's institutional entities, as well as an increase in claims. In addition, as a result of such a slowdown, the risk associated with the Group's exposure to Israeli entities due to its investments and certain insurance actions may increase (see credit risks and market risks below).

(2) Global economic slowdown and price decreases in capital markets

The Group is exposed to the risk that the value of its investments in financial assets in the international markets and in other assets abroad will decline. A global economic slowdown may also affect the results of Clal Credit Insurance, which insures debtors' debts in various countries, which are affected from the state of the economy in those countries. Furthermore, the stability of reinsurers with whom the Group enters into engagement may be adversely affected as a result of declines in capital markets across the world or an economic slowdown in the countries in which they operate.

(3) Overall market risk

The prices of assets and the rates of returns in capital markets in Israel and across the world greatly affect the Group's business results. The Group's own investment portfolio (hereinafter - "**Nostro**"), and the asset portfolios of planholders and policyholders in yield-dependent insurance policies, provident funds and pension funds (hereinafter - "**Portfolios Managed for Others**") are invested in various assets in Israel and abroad, and their value fluctuates due to, among other things, changes in interest rates, share prices and prices of other assets, credit spreads, the actual inflation rate, inflation expectations and exchange rates.

The Group is exposed to losses in respect of changes in these risk factors as a result of their direct impact on the value of the assets comprising the Group's nostro portfolios. Failure to comply with the target return, according to which the products were priced and the insurance liabilities were calculated, may have an adverse effect on the Group's business results.

The Group is also exposed to an overall market risk indirectly, as a result of the effect on the Group's income due to the returns achieved in Portfolios Managed for Others. As part of the Group's activity in the management of those funds, Group companies collect fixed management fees on accrual, whose amount may be adversely affected when the value of total assets under management declines, due to negative returns and/or decline in the amounts of contributions and/or increase in redemptions and/or transfers.

Furthermore, in accordance with the provisions of the law, in some of the yield-dependent insurance policies sold in 1991 to 2003 (hereinafter - the "**Participating Portfolio**"), Clal Insurance collects - in addition to the fixed management fees - also variable management fees, which are calculated as a percentage of the real return of the investment portfolio, net of fixed management fees and direct transaction expenses (hereinafter in this section - the "**Addition**"). The Addition is calculated every year on an annual basis at positive or negative values. According to the provisions of the law, the insurer will only collect a positive Addition; however, the insurer will deduct from the calculation of any positive Addition any negative Addition that has accumulated in prior periods. The Addition referred to above affects the Group's profitability. For details regarding the quantitative effect - as of December 31, 2024 - of the exposure to market risk arising from the management of funds as described above, see Note 42(c) to the Financial Statements.

(4) Specific market risks

The assets of the nostro portfolios and the liabilities held against them never fully correspond to each other in terms of the cash flow, its timing, linkage basis and currency. Furthermore, the accounting treatment applied to assets and liabilities is not uniform, and there is also variance in accounting principles and the principles of the Economic Solvency Regime. Therefore, the Group's economic capital, the accounting capital, the solvency ratio and the comprehensive income are exposed to changes in risk factors, the key of which are detailed below. The capital requirements that apply to the Group's insurance companies in accordance with Economic Solvency Regime are based on economic principles. It should be noted that the types of risks that will be detailed below also apply to others in an intensity and direction, which are not necessarily identical to those described regarding the nostro portfolios.

A. **Interest rate risk** - in economic terms, the Group's main exposure is to a decrease in interest rates and a change in the curve slope such that it becomes negative, since the average duration of its liabilities is significantly longer than that of its assets. In addition, a decrease in interest rates may also adversely affect Clal Insurance's economic solvency ratio and cause volatility therein. In the current interest rate environment, the Group is also exposed in accounting terms to losses in case of a decrease in interest rate, despite the fact that the intensity of the exposure declined due to regulatory changes and proactive asset and liability management measures taken by the Company. The interest rate exposure affects the calculation of the reserves, including, among other things, with regard to the discount rates used in the liability adequacy testing (LAT), the calculation of the K factor, and the calculation of pension reserves, at a scope that may exceed the capital gains that will arise under that scenario in respect of assets which are sensitive to interest rates (see Note 42(e1) to the Financial Statements. However, the Group may also be exposed to certain scenarios of interest rate increase due to the relatively long average duration of the assets, taking into account the fact that most of its liabilities are long-term liabilities, since according to the accounting method currently in use, under certain scenarios of changes in the interest rates, the change in the market interest rate does not necessarily correspond to the discount rate used to discount the various insurance liabilities. It is noted that from a long-term perspective, the Group is also exposed to a prolonged period of low interest rates, with an emphasis on the index-linked interest, which may make it difficult to achieve the guaranteed return in guaranteed return products, the achievement of the return according to which other insurance products were priced, and even cause a reassessment of the actuarial valuations of the Group's insurance liabilities (see Note 42(c)(3) and Notes 42(e1)(d)(1) and 42(e)(e2) to the Financial Statements).

B. **Credit spread risk** - the Group is exposed to a risk that it will incur losses as a result of the effect of changes in credit spreads in the market on the value of liquid debt assets, and as a result of a certain effect on the calculation of some of the Group's illiquid debt assets, and the calculation of some of the insurance reserves.

C. **Inflationary risk** - the Group is exposed to an increase in inflation rates, since most of its insurance liabilities are adjusted to the inflation rate on a monthly basis, but the assets held against them are not necessarily linked to the CPI. Furthermore, since the collection of variable management fees in the Participating Portfolio depends on the real return achieved, an increase in the inflation rate may have an adverse effect on the Group's income from management fees. In addition, part of the Group's financial debt is CPI-linked, and an increase in the inflation rate will increase the Group's finance expenses.

D. **Foreign exchange risk** - the Group is exposed to changes in foreign currency exchange rates, mainly in the portfolio of investments abroad, which is not fully hedged in respect of changes in exchange rates.

E. **Share price risk** - the Group is exposed to changes in the prices of liquid shares, which are characterized with potentially high volatility, both in the nostro portfolio, and in the portfolios managed for others. In view of the scope of the Participating Portfolio's exposure to shares, the volatility in share prices may have a material effect on the amount of variable management fees that will be collected by Clal Insurance.

F. **Other assets price risk** - the Group is exposed to alternative investments, which include investments in real estate and real estate funds, investment funds, illiquid shares and other investment instruments. These assets are exposed to changes in their value, which may arise,

among other things, from changes in capital markets in Israel and across the world, changes in commodities prices, discount rates and real estate prices, and from specific business risks. In view of their nature, these investments are less susceptible to volatility than liquid investments and respond to market events at a certain delay. For further details regarding sensitivity tests relating to market risks, see Note 42(c)(2) to the Financial Statements.

(5) Credit risks

The Group is exposed to the possibility of incurring financial losses as a result of a downgrading of the credit rating and insolvency of borrowers and other debtors, in view of its exposure to financial assets, through the Group's insurance segments, that include Sale Law policies and credit insurance, and as a result of its exposure to other debtors, including reinsurers, and to a certain extent to credit risks of agents and policyholders as well. In respect of its holdings in debt assets, the Group is exposed to a decrease in the value of the assets as a result of a deterioration in the debtor's financial strength (including debt arrangements), and/or as a result of an increase in the credit spreads in the market, as stated above.

Furthermore, an increase in the cases of insolvency of businesses in Israel may also affect the scope of claims in the Group's directors and officers Liability Insurance Subsegment (see Section **7.1.1.3** above), the scope of employers' debts due to failure to transfer contributions towards pension benefits for their employees, which requires the Group's institutional entities to instigate collection proceedings, and the insurance risks associated with the activity of Clal Credit Insurance (see Section **16.9(b)(1)** below).

As part of its assets portfolio, the Group is exposed to various economic sectors, mainly the local real estate, banking and finance sectors (which also includes exposure through deposits), as well as to the infrastructures and energy sector. The exposure to the banking and finance sector also stems from the fact that the Group holds substantially all of its assets and its customers' assets in accounts with banks, financial institutions and brokers in Israel and abroad, and receives acquiring services through banks. In addition, the Group is exposed to reinsurers as described above (see Section **9.16(b)(4)** below). Although the Group takes steps to increase diversification as much as possible, the exposure to the Israeli banking sector is characterized by exposure to a relatively small number of counterparties with high rating, as a result of the concentrated structure of the sector in Israel. A deterioration in the financial strength, counterparties' failure to meet their obligations, or a default event in any of the said entities may have a material adverse effect on the Group's business results.

For further details regarding credit risks, see Note 42(f) to the Financial Statements.

(6) Environmental, social and governance risks (ESG)

The Group is exposed to the risk that its business or financial profile and/or its reputation will be adversely affected as a result of exposure to environmental, social and corporate governance events in its various business lines (including an indirect exposure through reinsurers), and the risk that its investment activity will be adversely affected, which has an indirect effect on the Group as well.

B. Industry-specific risks

(1) Insurance risks

In the insurance activity, the Group is mainly exposed to risks associated with changes in the risk factors compared to actuarial assumptions, and to the risk posed by a single large event or accumulated losses in respect of a catastrophe event.

The actuarial models through which the Group's insurance companies price products and assess the insurance reserves they hold are mostly based on the assumption that the pattern of behavior and claims in the past represent that which is to happen in the future. Changes in the risk factors that affect the incidence and severity of the events, compared to the assessments made using the actuarial model, may have a material adverse effect on the Group's business results and its economic solvency ratio:

In property and casualty insurance, the main insurance risks arise from the discrepancies between the risk at the time of pricing and at the time when the insurance liabilities are assessed, and the actual events. The discrepancies may be due to accidental changes in insurance business results, changes in average claim costs and/or the incidence of claims as a result of various factors. Specifically, in the Liability Insurance Subsegment s there is significant uncertainty as to the cost of claims, due to, among other things, the passage of time between the event date, the disclosure date and the payment date (long-tail claims).

In the credit insurance businesses, the main insurance risks are credit risks, which arise from the debtors' ability to meet their obligations and also depend on the business and economic environment. Foreign trade risk insurance also involves a political risk abroad. Furthermore, catastrophe events, such as war, international sanctions, shutdown or strike, embody credit risks due to their impact on the debtors' ability and/or willingness to meet their obligations.

In life insurance and health insurance businesses, the main risk factors include demographic risks, such as: Changes in mortality rates, changes in morbidity and disability, their duration and medical developments, risks pertaining to behavior, options in policyholders' policies and the development of medical inflation (for further details about sensitivity tests regarding actuarial assumptions, see Note 42(e1) to the Financial Statements). Specifically, in life insurance, the increase in life expectancy and/or the increase in the rate of policyholders, who will withdraw the funds accumulated in life insurance funds under the Group's management in the form of annuity, and for which there is a guaranteed life expectancy annuity conversion factor, and/or changes in policyholders' selecting the annuity track from among the tracks offered under the policies, may require the Group to increase its insurance liabilities, mainly in insurance funds in which the annuity conversion factor is set based on mortality tables that differ from those currently known or those that will be known in the future. Furthermore, there is a risk that the level of expenses over the life of the portfolio shall be higher than estimated, due to, among other things, changes in planholders or policyholders' behavior, the uptake of the option to transfer the funds accrued in the fund or the policy, and regulatory changes. Specifically, in the health and Long-Term Care Insurance Subsegments and in disability insurance coverages, the main risk is an increase in morbidity and disability rates, which affect both the number of the claims, their duration and their cost; such an increase may also be impacted by changes in the interpretation of the insured event by the regulator and/or the courts. Another risk factor is the risk that the exercise rate of the insurance continuity option without underwriting in collective insurance will increase, and that such an option will be exercised by those policyholders, whose insurance risk is higher.

(2) Portfolio retention rate

Changes in the portfolio retention level, which depends on the cancellation, suspension and transfer rates, constitutes a significant insurance risk in life and health insurance businesses, since the profitability in this segment is based on income from premiums (positive or negative) and the collection of management fees over the policy's life (regarding sensitivity tests for cancellation assumptions, see Note 42(e1) to the Financial Statements). The portfolio retention level constitutes a significant risk also in the pension fund and provident funds management businesses (for details regarding transfer out of the Group's pension fund, see Section 6.4.5 above; for details regarding published legislative provisions limiting contributions to executive insurance, see Section 6.2.2 above). It is noted that the cancellation of policies also involves the derecognition of the deferred acquisition costs in respect of those policies.

(3) Catastrophe risks

The Group is exposed to the risk that a single event with a large impact (catastrophe), such as: An earthquake, natural disasters, war, terror event, or pandemic, will result in accumulated losses at a large amount.

- **Earthquake in Israel** - the material catastrophe event, to which the Group is exposed, is an earthquake, mainly in respect of its exposures in property insurance, and in life and health insurance.
- **War and terrorism risks in Israel** - the Company is exposed to such an event mainly in life and health insurance.
- **Pandemic** - the Company is exposed to such an event mainly in life and health insurance.

Clal Insurance purchases partial protection against the accumulation of security events that includes, among other things, protection against earthquakes, natural disasters, and damages due to war and terror events. These protections are limited, among other things, by the coverage limits, the amounts of the Company's participation in retention, or by dates. It is noted that in relation to the catastrophe contract in life and disability insurance, which covers a significant damage that takes place during seven days of war, most reinsurers excluded the active and passive war risks from the insurance coverage as from 2024, in view of security and geopolitical developments. The scope of the coverage purchased is based on model and/or studies-based assessments regarding the extent of the damage expected to occur in a catastrophe event with a given probability, the materialization of the forecasts set therein is uncertain. If the actual damage will be higher, the Group will bear the excess damage, which may be material. For

details regarding the scope of the defense purchased in respect of catastrophe events, see Section **9.6.7** above.

(4) Stability of reinsurers

The Group's insurance companies reinsure part of their businesses, mostly through foreign reinsurers. However, reinsurance does not release the direct insurers from their obligation to their policyholders under the insurance policies. The Group is exposed to risks arising from a counterparty risk, in view of uncertainty regarding reinsurers' ability or willingness - or restrictions that will apply to reinsurers, including due to international restrictions on payment in respect of certain policyholders - to pay out Group companies their share of the insurance. Although the Group Companies' exposures, which are backed with reinsurance, are divided between various reinsurers, there are restrictions in place as to the maximum potential exposure to reinsurers, and the main exposures are to reinsurers with a high international rating. A withdrawal of one of the large reinsurers, with whom the Group entered into engagement, may have a material effect on the Group. The Group has a very material exposure in the event of a material catastrophe event, which occurs concurrently with a withdrawal of a large reinsurer, which insures the Company in respect of such an event. However, the probability that such an event will materialize is estimated as low, due to the two events having low common probability. For details regarding Group companies' exposure to reinsurers, see Note 42(f)(8) to the Financial Statements. Regarding sanction clauses and coverage of war damage in reinsurance treaties, and the difficulty in achieving and renewing reinsurance treaties, see Section 9.6.5.4 above.

(5) Strategic risks

The Group is exposed to changes in the environment in which it operates, which may have an adverse effect on its businesses, and in particular:

- **Changes in legislation and regulation** - The Group is exposed to changes in legislation and regulation in connection with its areas of activity, some of which constitute significant reforms. Specifically, some of the regulatory changes made in recent years, and some of those proposed, including drafts which are not final, may constitute a threat on components of the subsegment's business model. Furthermore, changes in legislation and regulation, including primary legislation, government policy considerations, circulars, decisions in principle, position papers, and provisions that the Commissioner have the power to introduce in connection with a change of policies' terms and conditions, including tariffs, may affect the Company both when approving new products and in relation to products which were sold in the past, including by way of canceling and replacing products (including temporary suspension of the sale of products, whose terms and conditions were changed), by way of retroactive application, and due to their effect on the interpretation of agreements which were entered into in the past.
- **Competitive risks** - the Group is exposed to high levels of competition in all of its areas of activity, including as a result of structural changes in the market, the introduction of new competitors - both issuers and distribution channels - and a lack of a product offering which is sufficiently diverse, as well as possible structural changes in the industry resulting in aggregate concentration. These changes may have an adverse effect on the Group's profitability, both due their direct effect on the profitability of products and services that the Group engages in, and due to the increase in operation, marketing and distribution costs. For additional information, see Sections 6.3, 7.2 and 8.3 above.
- **Availability of reinsurers** - The continuation of the Group's activity in various insurance areas, in which it relies on reinsurance coverage, is exposed to the availability of such reinsurance by reinsurers who meet the threshold conditions set by the Company, which depends, among other things, on the reinsurers' willingness to participate in the risk, at the appropriate capacity and price.
- **Legal risks** - the complexity and scope of the Group's activity, and in particular the long duration of the insurance and reinsurance treaties, create a material exposure to legal risks, that may arise from deficiencies in legal documents, including policies and reinsurance contracts, operational deficiencies in the implementation of agreements, and changes that occur over time in interpretation or in setting behavior criteria, also in relation to products which were sold many years ago, and even retrospectively. Other risks arise, among other things, from legal precedents with regard to payment of claims, which may increase the amounts of claims that Group companies may be required to pay, and from regulatory guidance and decisions. The above may expose the Group to material claims which are outside the ordinary course of business, which may affect the activities and/or the financial results of Group companies, or the need to increase the insurance 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. For further details regarding the exposure to class actions and derivative claims, see Note 45(2) to the Financial Statements.

C. Group-level risks

Following are risks that may materialize at Group level, without materializing at the same time in all or in most of the companies operating in that sector:

(1) Compliance and regulation

The Group's activity is subject to many legal provisions and to the supervision of various regulatory entities. The ability of the Group's institutional entities and agencies to operate in their areas of activity is conditional on holding relevant licenses and permits, including compliance with regulatory capital requirements, including Economic Solvency Regime; for details, see Note 17 to the Financial Statements. Furthermore, material Group activities are subject to specific and complex regulation. In particular, the insurance and long-term savings activities are subject to regulatory provisions that change from time to time in respect of products sold over many years and have a long insurance coverage period and/or a long saving period. Failure to comply with regulatory requirements of any of the regulators overseeing the Group's activity may result in the imposition of sanctions, including, among other things, revocation of licenses and permits, financial penalties imposed on the Group, and clawback provisions, also as part of audits by regulators or complaints or malfunctions which are detected and may even constitute the basis for claims against it. For further details, see Note 45(2.2.3.2) to the Financial Statements. Changes in the control structure in the Company, which is a company without a control core as detailed in Note 1 to the Financial Statements, may affect the composition of the Company's various organs, and its conduct, due to, among other things, regulation. Furthermore, future changes in control in the Company and/or corporate governance events may adversely affect the business and financial profile of the Group and/or its reputation, the availability of funding sources, and the rating of the Company and its subsidiaries. The existence of clauses pertaining to change of control in certain agreements of Group companies with third parties (including reinsurers) may require, once circumstances involving such change of control exist, negotiations with such third parties for extending the terms of the agreements.

For further details regarding the control permits to the institutional entities controlled by the Group and regarding the status of the control permits in the Company and its institutional entities as of the report date, see Note 1 to the Financial Statements.

For details regarding international sanctions imposed on various parties, and possible consequences for their imposition in relation to the Group's activities, see Section 9.2.12 above.

(2) Liquidity risks

The Group is exposed to risks arising from uncertainty as to when Group companies will be required to pay financial liabilities, claims and other benefits to policyholders and other entitled parties in relation to the amount of funds available for that purpose at that date. A potential need for unexpected short-term borrowing may require the disposal of assets at significant scope under pressure at prices that will be lower than their market prices. As part of the Group's insurance liabilities, the liquidity risk is not estimated to be material, due to the large amount of liquid assets in the nostro portfolio, the large amount in inbound current cash flows from premiums and investment activities, and the fact that the payment of claims is conditional on the occurrence of insured events, some of which have long average duration. However, the liquidity risk may increase upon the materialization of a significant catastrophe event, or as a result of a significant financial event involving dollar liquidity risk.

(3) Risks pertaining to underwriting, pricing and assessment of the insurance liabilities

As part of its insurance activities, the Group is exposed to model risk - the risk of selecting the wrong model for pricing and/or assessing the insurance liabilities; to parameter risk - the risk of using wrong parameters in models, and to an underwriting risk - the risk of using wrong pricing as a result of deficiencies in the underwriting process.

(4) Operational risks

The Group is exposed to operational risks, i.e., the risk of a loss as a result of the inadequacy or failure of internal processes, personnel, and systems, or as a result of external events. The Group's exposure stems from processes that include, among other things, procurement, payroll, investment, collection, policies issuance, policies and long-term savings products operation, including making changes therein and attributing funds to the product's components and its various tiers, payment of claims, manual actions, entering data into the IT systems, generation of reports, calculation of reserves and processes related to activity with insurance agents, employers, payroll solutions providers, pension clearing system, institutional entities, and engagements with foreign parties, including foreign brokers and foreign clearing systems, reinsurers and service providers. Among other things, the Group is exposed to operational risks, including in respect of negligence on behalf of its employees, agents and third parties that work for it, and in respect of malicious actions that may result in claims of material amounts against the Group and/or material damages to the Group. The Group is also exposed to fraud by its customers and other parties it works with. These exposures to operational risks stem, among other things, from the complexity of the products and services currently and previously marketed by the Group, and from the complexity of the regulation that applies to its activity, which increase the risk that disputes will arise with customers regarding the interpretation or the implementation of a legal provision or an agreement, or that products and services will not be operated properly. This exposure is increased in long-term products, and specifically life insurance products, in view of their significant operational complexity, and the fact that they are exposed to frequent regulatory changes. In that context, it should be noted that current steps to improve the data of planholders' benefits in long-term savings may result in other operational and financial consequences, which the Group is unable to fully assess. In view of the scope of the Group's activities, with assets under management of approx. NIS 369 billion as of December 31, 2024, of which approx. NIS 329 billion are assets managed for others (see Part B to the Report - Report of the Board of Directors Section 2.2(a)), and despite the steps it takes to identify the risks and set adequate controls and actions to mitigate the risk, the scope of its exposure to operational risks, such as those listed above, is material.

(5) IT risks

A material part of the Group's activity relies on various IT systems. IT systems support the management processes, including the calculation of the rights of Group's customers. Lack of sufficient infrastructures and/or deficiencies and/or failures in the IT systems may cause material damage to the Group's activity. As stated in Section **9.10.3.1** above, the computer systems are undergoing a continued process in which they are being adapted to ever-changing regulatory provisions and ensuring that they are compatible with the Group's products. The malfunctioning of IT systems and/or IT systems which are not adapted to regulatory provisions and/or the lack of full compatibility between the computer systems and the terms and conditions of the products or the actions which are carried out may expose the Group to non-compliance with regulatory provisions, errors in data interfaces, and errors in the operation of products which are marketed by the Group and products marketed by the Group in the past.

(6) Cyber and information security risks

The Group is exposed to cyber risks, mainly in respect of the large volumes of sensitive information it holds, and in respect of the large amounts of funds under its management. These risks include, among other things, the risk of pecuniary damage, disruption to the orderly and continuous operation of the work processes, the availability, integrity and confidentiality of the information it holds and reputational damage, as a result of unauthorized use of its information assets and/or failures in its information security function and/or activities of hostile players, including in respect of the requirements the Company is subject to by virtue of regulatory provisions and means of enforcement established thereunder. For details regarding the management of cyber risks by the Company, see Section **9.10.3.2** above.

(7) Business model risks

The Group is exposed to changes in the business environment, the business model, including the manner of implementation of the strategy, or lack of adequate response to sectoral, economic or technological changes.

(8) Reputational risk

The Group's good name is an essential component of its ability to act in all of its areas of activity. Therefore, the Group is exposed to the risk that its business positioning will be adversely affected as a result of a damage to its image and good name as perceived by policyholders, planholders, institutional entities, investors, debtors, business partners, regulatory entities, agents, distributors, media outlets and others, due to, among other things, public mood, and criticism of any of the parties listed above in connection with the manner by which the Group conducts itself, including in connection with claim settlement. In that context, it should be noted that the Company, Clal Insurance, Clal Credit Insurance and bonds issued by the Company and Clal Insurance Capital Raising are rated by rating agencies (see Note 26(f) to the Financial Statements), and a downgrading of the rating may have an adverse effect on their activities.

(9) Engagements with external suppliers

During the course of its activity, the Group enters into agreements with various suppliers and service providers. The Group is exposed to the risks that its reputation and profitability will be adversely affected due to the deterioration in the quality of services provided to it or to its customers, if the quality of the services provided by those suppliers will be inadequate, and to the risk arising a difficulty in finding alternative suppliers, where necessary.

9.17. Material Agreements and Collaboration Agreements

9.17.1. Following is a description of the material services to which the Company is a party or which concern it

(a) **Agreement for the lease of spaces with Atidim -** High Tech Industrial Park Ltd. - On March 12, 2013, the Company entered into a binding memorandum of understanding with Atidim - High Tech Industrial Park Ltd., whereunder, the Company rents - for its own use and the use of Group companies - approx. 47,000 sq.m in office space (comprising of 24 floors), a lobby floor, warehouses and approx. 1,000 underground parking spaces in the Atidim Tower in Ramat HaHayal, Tel Aviv. The term of the agreement between the parties is approx. 24 years, with a breakout clause at the end of approx. 16 years.

(b) **Collective agreement with the Histadrut and Group's Workers' Union** - In March 2025, a collective agreement was signed between the Company's subsidiaries, Clal Insurance, Clal Pension and Provident Funds, Clal Credit Insurance, Clalbit Systems and Canaf (hereinafter - the "**Companies**") and the New Histradrut Workers' Union (hereinafter – the "**Histadrut**"), and the Group's Workers Committee (hereinafter - the "**New Collective Agreement**"), which incorporates all the agreements and collective agreements signed between the parties since 2014, subject to the agreed upon changes and additions agreed upon. The Agreement is valid for 4 years, from January 1, 2025, to December 31, 2028. For further details regarding the Agreement, see Section 9.7.3 above.

(c) **Agreement for the purchase of automation systems for the management of the funds activity** - As from January 2015, Clal Pension and Provident Funds started operating its pension funds activity through the Nissan system - a system for the management of planholders' benefits, and a module of a fees and commissions payment system has also been launched, both of which were purchased from Sapiens. Sapiens also provides system maintenance services. The agreement is renewed automatically every year, subject to Clal Pension and Provident Funds' right not to renew it, by giving advance notice to that effect. For further details regarding the engagement with Sapiens, see Section 9.9 above.

9.17.2. Following are details regarding significant agreements, which are not material, to which the Company is a party or which concern it

Engagement for receipt of provident funds current operating services - in June 2016, Clal Pension and Provident Funds entered into an operating agreement with Bank Leumi le-Israel B.M. and Leumi Capital Market Services Ltd. (hereinafter, jointly - "**Bank Leumi**"), whereunder Bank Leumi provides Clal Pension and Provident Funds operating services for the provident funds under its management. According to the agreement for the operation of the provident funds, Bank Leumi is paid annual consideration calculated as a rate of the funds' assets, and in respect of the operation of the advanced

education fund, Bank Leumi is paid a fixed monthly amount. The term of the agreement is 5 years; Clal Pension and Provident Funds will have the right to terminate the agreement by giving a 6-month advance notice, and Bank Leumi will have the right to terminate the agreement by giving a 12-month advance notice. As from January 2018, Bank Leumi has been operating all of the provident funds under management of Clal Pension and Provident Funds. In April 2021, Clal Pension and Provident Funds and Bank Leumi entered into an addendum to the agreement for the receipt of operating services, the key points of which is the extension of the term of the agreement by 5 further years, until July 2026. The replacement of Bank Leumi without an appropriate preparation period may temporarily impair the provision of services in the funds it operates, until an alternative provider is found.

9.17.3. *Following is a description of the material collaboration agreements, to which the Company is a party or which concern it*

A collaboration and shareholders agreement with the Atradius insurance group - Clal Insurance and the Atradius group - a holder of 20% of the shares of Clal Credit Insurance - entered into an agreement that regulates the collaboration with Atradius as a strategic partner and sets forth the relationships of the parties as shareholders in Clal Credit Insurance (hereinafter - the "**Agreement**"). The Agreement establishes Clal Credit Insurance's right to receive from the Atradius group professional support and information about debtors and credit risks abroad (hereinafter - the "**Right to Receive Information**") and regulates the collaboration between the parties. Furthermore, the Agreement stipulates that the Atradius group has the right to be a main insurer of Clal Credit Insurance, subject to compliance with market conditions and minimum rating (hereinafter - the "**Reinsurance Right**"), and the right to appoint a director in Clal Credit Insurance's Board of Directors, who will have a veto right in certain decisions as set in the agreement. Furthermore, according to the Agreement, Clal Insurance has a right of first refusal towards the Atradius group to purchase its share in Clal Credit Insurance, the Atradius group has a tag along right in connection with a sale of Clal Credit Insurance's shares by Clal Insurance, at terms identical to those of Clal Insurance, while Clal Insurance will have a drag along right in connection with the Atradius group regarding the sale of all of its shares in Clal Credit Insurance to a third party, under conditions set in the Agreement. The Agreement is renewed automatically every 3 years unless one of the parties issues to the other party an advance notice of its wish to terminate the Agreement 6 months before the end of the relevant period, or if the Agreement is canceled by one of the parties due to fundamental breach by the counterparty. On January 1, 2025, the Agreement was renewed automatically for three additional years, until December 31, 2027. In addition, the Agreement stipulated various provisions concerning the rights of each party in the event of cancellation or fundamental breach of the Agreement by the other party, in the event of cancellation of the reinsurance right of Atradius or in the event of cancellation of the right to receive information of Clal Credit Insurance.

9.18. *The Group's vision, targets and business strategy*

The Group's vision - the Group aspires to continue to be a leading insurance and finance group in Israel, while reinforcing its financial strength and maximizing value for its shareholders.

Business Strategy -

The Group is implementing its strategy, and with Max's acquisition, was transformed from an insurance group which focuses on historical businesses, which include long-term liabilities, to a financial holdings group with diverse sources of income and profit. The positive effect of Max's acquisition on the Company's results is evident, along with a continuous improvement in the insurance and savings business. In the Insurance and Savings Segment, the Group has completed a five-year strategic process under which it has substantially improved its financial results and solvency ratio and is currently in a position to achieve further profitable growth.

Key tasks in the implementation of the business strategy -

- Growth in income and profitability of a new business; focusing on growth in a new business, with an emphasis on the sale of life insurance and property and casualty products in the Group's various distribution channels, especially in the agents channel, and expanding the collaborations, while providing digital support to the distribution channels and providing tools to realize the potential of sales to existing and new customers and to retain those customers, including, among other things, by using advanced data-based tools, including by establishing a customer loyalty program for Clal's customers and issuing the Clal Pay credit card.

- Acquisition of activities, which are synergic to those of the Group, including, subject to regulatory restrictions, through the Company in its capacity as a holding company, while assessing, among other things, activities in the field of agencies and/or other financial activities, in order to, among other things, generate additional sources of income for the insurance activity, which will be less dependent on the capital market.
- Restraining expenses in order to support the cost/income ratio: In a challenging competition and regulation environment, which affects the decline in premiums and management fees, the Company has set a target to increase its operational efficiency and decrease its current expenses, while changing the expenses mix, in a manner that will allow an increase in income and growth.
- Leading investment management: Being a market leader in terms of returns to Group's customers, in a range of investment tracks, through Canaf - the Group's internal investments arm, which carries out the management of the Group's investments, and constitutes one of the largest Israeli non-bank institutional investors. This will be achieved while maintaining adequate risk levels and a long-term perspective.
- Innovation and digitization; leading the sector in terms of digital transformation processes in connection with customers, agents, employers and operators. Developing advanced digital tools in the field of services and sales, developing advanced data capabilities, including incorporating AI capabilities, which will allow the Group to maximize its sales opportunities, as well as streamline operations.
- Improving service levels: Continuing the implementation of steps designed to improve the levels of service and the levels of satisfaction among customers, insurance agents and other business partners of the Group.
- Maintaining and improving the financial stability and solvency ratio of Clal Insurance: Retaining the Group's overall financial management and risk management, by, among other things, developing quantitative metrics and incorporating them in the management of its businesses, specifically in order to retain an adequate economic solvency ratio, taking into consideration the challenges arising from the exposures in past portfolios, market volatility, the interest rate environment and regulatory effects.
- Maintaining the Company's financial stability, while constantly assessing and optimally managing the Company's debt structure.
- Retaining and improving the Company's positioning in relation to all stakeholders, including, among other things, through the strengthening of the brand and its values, enhancing the organizational engagement and the sense of pride among Group employees. For details about the Company's dividend distribution policy, see Section 5.1 above.

The information regarding the strategic plan as detailed above constitutes forward-looking information, which is based on the Group's assessments, intentions and strategy, as detailed above, which reflect its policy and intentions as of the publication date of this Report, and they are based on current assessments of the Group's areas of activity and situation as of the report publication date, and may change, in whole or in part, from time to time. There is no certainty as to the materialization of the Group's strategy or intentions. It may be that the goals described above will not be achieved in the future, or that the Group will decide not to implement the said strategy, in whole or in part, due to, among other things, the following reasons: Changes in economic feasibility, changes in the business environment, changes in the competitive conditions in the market and changes in the markets themselves, regulatory changes, changes in the capital market in Israel and across the world, and due to the other risk factors that apply to the Group's activities as detailed in Section 9.16 above, and in Note 42 to the Financial Statements.

Part IV: Corporate Governance in the Insurance, Pension and Provident Segments

10. Corporate Governance

The sections below are brought in this part of the Company's Periodic Report for 2024 in accordance with the Commissioner's Directives regarding the Description of the Corporation's Business of insurance companies, while part of the information contained therein is pursuant to the Securities Regulations, insofar as it is relevant.

10.1. External directors

On December 18, 2024, the General Meeting approved the renewal of the tenure of Mr. Shmuel Schwarz as an external director in the Company, for another term of office. For further details on the external directors serving in the Company, see Part D of the Report – Additional Details Regarding the Corporation, Section 13.

For details regarding the method of appointing directors in the Company, see Note 1(c) to the Financial Statements.

10.2. Directors with Accounting and Financial Expertise

For the list of directors with accounting and financial expertise and for further details on their education, experience, qualifications and knowhow, based on which the Company Board of Directors regards these said directors as having accounting and financial expertise, see Part D of the Report - Additional Details Regarding the Corporation, Section 13.

10.3. Corporate Governance

10.3.1. Company without a control core

In July 2023, the **Companies Bill (Amendment No. 37) (Corporate Governance in Public Companies without a Controlling Shareholder), 2023** (hereinafter - the "**Bill**"), was published, in which it is proposed to adapt and update the corporate governance rules applying to companies without a controlling shareholder. For further details, see Section 9.2.2 above.

Furthermore, it is noted that the Insurance Law prescribes unique provisions regarding an insurer without a control core, inter alia, in respect of the method of appointment of directors and reporting on the holding of means of control of an insurer with no controlling shareholder. Due to the fact that the aforementioned provisions, in part, apply to an insurer with no controlling shareholder, while the Company controls Clal Insurance, some of the aforementioned issues were regulated in the Commissioner's letters to the Company, as stated below. For further details, see Note 1 to the Financial Statements.

10.3.2. Commissioner's Directives

On December 8, 2019, the Company received a letter from the Commissioner (hereinafter - the "**Commissioner's Letter**"), in which, as of the date of the letter, no entity holds, directly or indirectly, means of control of the Company in a way that establishes the obligation to obtain a control permit in the Company pursuant to Section 32(b) of the Insurance Law; therefore, the Company is required to obtain from the Commissioner, a control permit in Clal Insurance. Further to the above, the Company received a number of letters from the Commissioner and discussions were held between the Company and the Commissioner, regarding regulating the outline for exercising the Company's means of control in Clal Insurance, which specify, inter alia, the Commissioner's reference to arrangements which will apply when exercising the Company's means of control in Clal Insurance, including as regards the appointment of directors in Clal Insurance. The Outline for Exercising Means of Control and the letters received replace the requirement to obtain a control permit.

For further details regarding the Commissioner's letters to the Company with respect to exercising its means of control in Clal Insurance, and provisions regarding the appointment of directors in Clal Insurance, see Note 1 to the Financial Statements.

10.3.3. Relevant procedures to a change in the status of control

As stated above, in December 2019, the Company became a company without a control core. Concomitantly, additional shareholders acquired and/or increased their holdings in the Company, whereby some of them received holding permits and thus became interested parties in the Company. In light of changes in the status of control and in its holding structure, the Company adopted procedures pertaining to maintaining contact with shareholders, and a procedure regarding the method for approving transactions with related parties.

(a) Related parties procedure - a transaction with a shareholder or in which the shareholder has a vested interest

As of this time, the provisions of the law do not prescribe provision for approving transactions with entities which may have a vested interest in the Company who are not officers or controlling shareholders. Due to the fact that institutional entities have various characteristics, which are not shared by all publicly-traded companies, and whose existence justifies a different approach, inter alia, in light of the fact that the institutional entities in the Group manage planholders' funds, the Company first adopted, as a group without a control core, in March 2020, a procedure defining its internal conduct, in order to avoid potential conflicts of interest that could arise between various entities, in their capacity as shareholders on the one hand, and as business partners/customers on the other hand.

For the purpose of this procedure, a related party was defined as any of the following, to the best of the Company's knowledge: Anyone who holds over 2.5%[96] of any kind of means of control in the Company and their relatives; anyone who has proposed a candidate to serve as a director in the Company or in the Group's institutional entities at the last meeting, and any relative of theirs, as long as the candidate still serves; a director in the Company or in the Group's institutional entities, and a candidate to serve in the position of the said director and a relative[97], a corporation whose director or candidate for a tenure of director, as stated above, serves as the CEO or Chairman of the Board; any corporation that controls and/or is controlled by any of the above; an individual regarding whom the Related Parties Committee has defined as such (the relevant Investment Committee and/or the Audit Committee, as applicable), apart from institutional entities, banks and investment houses, provided that they have not proposed a director, or that the Related Parties Committee has not decided otherwise with respect to them; a corporation in which an officer who served in the Group in the past 12 months serves as an officer therein.

The procedure stipulates quantitative restrictions on contractual engagements with a related party, including a controlling shareholder or an entity controlled by it, and also prescribes the method of engaging with them, such that a non-negligible transaction will be brought for approval to the relevant investment committee and/or audit committee, as applicable, and a negligible transaction will be brought for approval to the relevant Investment Committee with respect to investment transactions, and regarding other transactions - the assessment will be performed by the company officer responsible for that relevant field within the Group.

The procedure also establishes a mandatory requirement to report to the related parties committee regarding any negotiations with a related party, at a preliminary stage of the negotiations, and to obtain instructions and guidelines from the relevant committee, regarding the manner of conduct during the negotiation period, as well as providing reports on a quarterly basis to the investment committee regarding illiquid transactions with related parties, regarding which it has been decided not to approve them.

96. It should be clarified that as of the report publication date, the requirement to report to the Company about the holdings of the Company's shareholders applies only to interested parties as defined in the Securities Law.

97. Wherever a reference is made to a candidate to serve as a director - the aforesaid will apply as from the date on which candidacy was suggested to the General Meeting of the shareholders, through the end of the term of office or the date on which the candidacy will expire. An entity, that put forward a director, and its holdings in the Company have fallen below 1%, and where the director it had put forward was reappointed in the Meeting in accordance with the Board of Directors' suggestion - shall cease to be a related party for the purpose of this procedure.

(b) Procedure regarding meetings between company officers and shareholders

In November 2020, the Company's Board of Directors adopted a procedure for holding meetings between company officers and shareholders (hereinafter - the "**Procedure**"). The resolution to adopt the Procedure was passed, inter alia, following conclusions and recommendations of the examiner's report, regarding the issue of the relationship between directors and shareholders, in addition to a review of various approaches in the professional literature and the development of global trends in relation to this issue.

The Procedure set forth principles establishing the existing practice of multi-participant meetings with shareholders as part of the investor relations activities, while regulating guidelines for the method of holding the meetings (including via digital means); providing advance notice; the permitted content for discussion during such meetings; documenting and reporting the key issues discussed, etc.

Furthermore, rules of action were also laid down in the Procedure regarding specific meetings of company officers with shareholders (on matters relating to their "capacity" as shareholders), and a guiding principle was established according to which such meetings should not be held, as a rule, in a "one on one" format, apart from under special circumstances and prior to the appointment of directors at a meeting. In addition, the identity of company officers permitted to meet with shareholders and possible meeting compositions (the addition of several company officers) was also established in the Procedure, along with; the definition of the entity able to initiate a meeting (including clarification stating that the initiative for the meeting may also originate from the shareholder); "Blackout Periods" during which, as a rule, no meetings will be held with shareholders (prior to the publication of financial statements); the frequency of meetings; their location; the obligation to provide prior notification to the Company's organs, and retroactive documentation of the meeting's contents; restrictions on issues permitted for discussion during meetings, specific directives regarding the holding of meetings and dedicated arrangements as part of the Appointments Committee responsible for recommending directors in the Company, etc. It is noted that the main parts of the Procedure regarding meetings also apply, *mutatis mutandis*, to written correspondence between officers and shareholders.

(c) The examiner's report and the subsequent events and developments

In May 2020, the Clal Insurance Audit Committee, in coordination with the Commissioner, appointed Supreme Court Justice (retired), Prof. Yoram Danziger, as an examiner on its behalf (hereinafter - the **"Examiner**"), to examine all the circumstances relating to the conduct in respect of the termination of the CEO's tenure and an exchange of letters in this matter (hereinafter - the **Events of the Hearing on the CEO**'s **Tenure**"). The Examiner's report was submitted to the Clal Insurance Audit Committee and Board of Directors, as well as the Company's Board of Directors.

Furthermore, inn July 2020, the Company received the Commissioner's response to the events and facts detailed in the Examiner's report, in which the Commissioner requested to expand on certain issues, and as such, the Commissioner believes that, under the circumstances involving an insurer without a control core (including a holding company which is an insurer's controlling shareholder, and where the majority of its assets constitute holding of the insurer), beyond the limitations that may apply to any other publicly-traded company without a control core, it would be appropriate to impose more stringent restrictions on the nature of the relationship with the shareholders, and to prevent the existence of any external pressure on the overall structure of investment in the institutional entity. As far as the replacement of Clal Insurance's CEO is concerned, the Commissioner believes that the proceeding for the termination of service of the CEO of an insurer should be carried out with the knowledge and consent of the insurer's Board of Directors, following a comprehensive process relating to all the relevant considerations, in a conscious decision free of any foreign considerations and that a decision on the appointment of a new CEO of an insurer should be made as part of a proceeding that includes the appointment of a Search Committee. The Commissioner's position is that the existence of an insurer without a control core requires the existence of a mechanism to ensure that directors and senior company officers in the insurer are selected in a manner that enables appointment of the most suitable candidates, while protecting the interests of the Company as a whole, which requires an orderly and transparent process of selecting the appropriate candidate, as well as processes regarding the dismissal and discontinuation of the tenure of serving senior company officers, and above all the CEO.

Since the report date, the Company and Clal Insurance have been working to implement the Examiner's recommendations by establishing appropriate rules and procedures. On this matter, see, inter alia, the procedures specified in this section above.

10.3.4. *Appointment of directors in the Company*

As aforementioned, pursuant to the provisions of the law or the Commissioner's Directives, no provisions were stipulated by the Commissioner regarding the appointment of Company directors; however, it was clarified in the Commissioner's letters that whoever proposed the appointment of a third of the directors serving in the Company, and whose proposition was duly approved, shall be deemed as the controlling shareholder thereof, and accordingly, may be required to obtain a control permit from the Commissioner.

Taking into consideration the fact that the Company is as a company without a control core, in September 2020, the Board of Directors appointed a Special BOD Committee. The committee served, inter alia, as a recommendation committee to the Board of Directors in respect of drafting a list of recommended criteria for the appointment of directors in the Company and recommended suitable candidates to serve on the Company's Board of Directors (hereinafter - the "**Company's Search Committee**"). The Committee conducted a process in which it was assisted by external advisors, published a "Call for Proposals" for candidates to propose their candidacy, and held meetings with a number of shareholders who so desired in order to hear their positions regarding the process of appointing directors in the Company, and regarding the proposal of candidates they consider suitable to serve on the Company's Board of Directors.

On April 14, 2022, an extraordinary general meeting was summoned for May 23, 2022, at the request of Alrov, which, as of that date, held approx. 15% of the Company's share, to elect and appoint two additional directors recommended by it. At that meeting, the appointment of one director recommended by Alrov was approved.

As part of a General Meeting convened on January 4, 2023, 6 directors were appointed (4 directors who served in the Company prior to the meeting and two directors who were proposed by shareholders). At meetings convened on December 20, 2023, and December 18, 2024, all the 6 directors, who are not serving external directors, were reappointed, as well as one of the external directors, whose first term of office ended (every year – another external director).

Currently, 8 directors serve in the Company, including 2 external directors, 2 independent directors, and 4 ordinary directors. From among the serving directors, 5 were initially put forward by shareholders, one director was appointed by an external committee, and 2 directors were appointed by an internal committee.

10.3.5. *Appointment of directors in Clal Insurance*

It is the Commissioner's position, which has been expressed inter alia in his letters, that in view of the corporate structure of the Group whereby Clal Insurance is a privately-held company, which is controlled by the Company, which is a publicly-traded company with no ultimate controlling shareholder, aiming to implement the purposes of the Insurance Law regarding an insurer without a controlling shareholder, the mechanism employed to appoint directors in Clal Insurance shall be similar to the mechanisms currently set in the Supervision Law regarding the appointment of directors in insurers without a controlling shareholder, subject to adjustments and without prejudice to other shareholders' rights to put forward candidates, in accordance with the provisions of the law, if the shareholder has such a right. As such, an external committee was set up, which includes two external directors of Clal Insurance, which is to recommend the appointment of directors in Clal Insurance in accordance with the provisions of the Insurance Law regarding an insurer without a control core, and an outline was determined by the Commissioner to ensure implementation of the relevant purposes as aforementioned.

Accordingly, in September 2021, general meetings of Clal Insurance convened, which passed resolutions to appoint directors in Clal Insurance in accordance with the committee's recommendations regarding candidates for service in the Board of Directors of Clal Insurance, and taking into consideration other candidates put forward by the Company's Board of Directors, all in accordance with the Company's discussions with the Commissioner.

It is noted that on December 25, 2022, the Company received a clarification letter from the Commissioner in connection with the Outline for Exercising Means of Control in Clal Insurance. The letter clarifies that a shareholder holding over 2.5% of the means of control in a Company (hereinafter - "**Holder**"), or two or three shareholders, each holding over 1% and no more than 2.5%, which hold jointly between 2.5% to 5% (hereinafter - "**Body of Holders**") shall only be allowed to put forward one candidate to the Board of Directors of Clal Insurance. In other words, as long as a director, whose candidacy was put forward by a holder or a body of holders, serves in the Board of Directors of Clal Insurance and in the Board of Directors of the Company, the candidacy of another director, who was appointed as a director in the Company, will not be proposed to the Board of Directors of Clal Insurance, in accordance with the offer of that holder or body of holders.

In his letter of March 27, 2023, the Commissioner stipulated that, among other things, in accordance with the Commissioner's power to approve an officer in Clal Insurance, who serves at the same time as an officer in Max or in CIMax, the Commissioner shall take into account, among other things, the number of officers in the institutional entities of the Clal Group, who serve at the same time as officers in Max or CIMax, and their role. It is clarified that such service of up to two officers in Max or CIMax - provided that none of them serves as the Chairman of the Board - shall not constitute a significant consideration in the Commissioner's assessment of the appointment of a candidate for service as an officer in Clal Insurance, as stated above, provided that each application shall be assessed on its own merits.

For further details, see Note 1(c) to the Financial Statements.

10.3.6. Reporting procedures

Materiality assessment procedure

As far as materiality assessment is concerned, the Company adopted a procedure which was first approved by the Company's Board of Directors in August 2008 (and reiterated from time to time), in which the Company established guidelines and rules for itself regarding the assessment of whether a certain event or affair of the Company and/or its investee company (hereinafter - the "**Event**") is material to the Company, with respect to the obligation to file an immediate report regarding it by virtue of Regulation 36 of the Securities Regulations, and for the purpose of the classification of the transactions specified in Section 270(1), (4) and (4a) of the Companies Law. The key principles of the procedure are as follows:

In principle, each case will be evaluated on its own merits, and a quantitative and qualitative assessment will be conducted regarding the relevant Event, based on the overall information, the data, the facts of the matter and assessments under the overall circumstances of relevance to the Company. Without derogating from the generality of the aforementioned, the quantitative and qualitative assessments will be conducted in the manner described below.

(a) Quantitative assessment

1. For each Event which is to undergo materiality assessment, all the relevant indicators will be taken into account, as applicable, among the following metrics, with reference to and based on the last published (audited or reviewed) consolidated financial statements of the Company, and the data included therein: (a) assets ratio – the total scope of assets that are the subject of the Event (the acquired or sold assets or loans) divided by the sum of the total assets;[98] (b) loan ratio of the Company - the amount of loans taken by the Company divided by total loans of the Company, excluding loans taken from the subsidiaries; (c) loan ratio of the subsidiaries - loan ratio of the Company divided by total loans of all subsidiaries (excluding the parent company; (d) income ratio – the actual or forecast comprehensive income or comprehensive loss that are attributed to the Event, divided by the average annual comprehensive income or comprehensive loss (i.e., for the four quarters) in the last three years, calculated based on the last 12 quarters for which audited or reviewed financial statements have been published; it is clarified that the profit/loss attributed to the Event and the profit/loss in each quarter are calculated in their absolute value. (e) Equity ratio – the increase or decrease in equity divided by equity prior to the Event; (d) liabilities ratio – the financial liability which is the subject of the Event divided by

98. In a transaction involving nostro and/or participating assets - the total amount of the assets out of the total assets in the Company's consolidated balance sheet will be assessed. In a transaction involving assets of provident funds and/or pension funds - the total amount of the assets out of the total planholders' assets in the provident funds and pension funds managed by the Group will be assessed.

the Company's total assets in the consolidated balance sheet prior to the Event.

In view of the Group's areas of activity and assets under management, it was clarified that for the purpose of purchasing and selling liquid and illiquid assets, disposal events, including an event whereby illiquid assets become liquid assets or revalued - carried out in the Company's ordinary course of business as part of financial investments of the Company or the planholders' assets, and even if the profit or loss recognized in respect thereof in the Financial Statements is material - will not be deemed a material event for the purpose of this procedure, and will be assessed as part of the approval of the Financial Statements.

If, for the purpose of applying the above tests, there is inconsistency regarding the underlying financial statements in the relevant measurement periods (for example if for some of the measurement periods the financial statements are pro forma reports), the head of the Company's Finance Division will determine, at his discretion, the relevant measurement periods and/or make other adjustments to the financial measurement data of the Company, in a way that will result in an optimal application of the said tests. [99]

2. Without prejudice to the need to assess with respect to each Event whose materiality is evaluated, which of the metrics specified in Section A.1 above are relevant, the following metrics will be considered relevant to the transactions specified below:
   - Asset purchase - assets ratio;
   - Asset sale - income ratio, asset ratio;
   - Taking a loan/ credit facility - asset ratio and relevant loan ratio
   - Service provider transaction, including insurance transaction – income ratio, profit ratio (according to the forecast profit from the transaction).
   - In the lack of special qualitative considerations arising from the overall circumstances, an Event will be considered to be material if one of the relevant metrics that are calculated in respect of it, as specified in Section A.1 above, exceeds 10% annually.
   - Notwithstanding the above, regarding to the taking of a loan and/or changes in the terms and conditions of a loan agreement and/or the provision of a credit facility or the utilization of a significant portion thereof and/or compliance with the financial covenants and/or breach and/or action designed to prevent a breach of a credit agreement[100] - an event shall be deemed material (1) in relation to a loan of the Company - if its amount constitutes 5% or more of total assets of the Company and ten percent or more of the total amount of the Company's loans, as they are presented in the Consolidated Financial Report as of the end of the reporting year. (2) Regarding a loan of a subsidiary - its amount or balance in the Consolidated Financial Statements constitutes 5% or more of total assets of the Company and 10% or more of the total loans of all Company subsidiaries (excluding loans of the Company itself), as presented in the Consolidated Financial Report as of the end of the reporting year. (3) Regarding a loan that includes a cross-default clause, even if it is immaterial, but it establishes to the lenders - whether directly or indirectly as an event of a cross-default - grounds for immediate repayment of loans whose aggregate amount meets the quantitative tests stated above - one should assess the need to implement the reporting requirements regarding events of breach or an action which was designed to prevent a breach, all in accordance with the position of the Israel Securities Authority.[101]

99. With respect to the consolidation of Max's statements into the Company's financial statements, and for the interim period starting on April 1, 2023 (hereinafter - the "**beginning of the interim period**"), regarding income ratios, the actual or projected comprehensive income or losses attributable to the event, divided by the average annual comprehensive income or comprehensive loss (i.e., for four quarters) in the last three years, calculated in absolute values based on the last 12 quarters for which reviewed or audited financial statements have been published, while the average takes into account CIMax's income since the beginning of the interim period. Namely, such income is included gradually, in each quarter, from the start of the interim period onwards.

100. Including other events that may fall within the scope of reportable credit, in accordance with Israel Securities Authority Staff Position of October 30, 2011 (Position No. 104-159 regarding reportable credit, as amended from time to time).

101. Israel Securities Authority Staff Position 104-15 - "Reportable Credit Event".

For the purpose of this section - Company's assets - as they appear in the Company's separate financial statements (hereinafter - "**Separate Financial Statements**").

- In the lack of special qualitative considerations arising from the overall circumstances, an Event will be considered to be immaterial if all the relevant metrics that are calculated in respect of it, as specified in Section A.1 above, are less than 5% annually.
- Events that are not classified under one of the options listed above may be considered material and assessment of qualitative considerations should be conducted with regard to them that take into account the overall information and all the relevant circumstances.

  A. When assessing the materiality of an event which is due to take place in the future, it is necessary to take into account the likelihood of the event's materialization, as well as the importance and expected impact of the Event, should it materialize (the "probability-magnitude test" or "expectation test").

  B. If this Event involves an associate of the Company, an assessment should be conducted regarding the Event's impact on the Company's relative share in the Event, i.e., relative to the Company's holding rate in the associate company, including application of the aforementioned materiality tests (as opposed to a Company subsidiary, where the assessment will be conducted regarding the impact on the Company in its entirety).

  C. In an Event that does not include investment in the securities of any corporation, such as entering into agreements for the receipt of services, etc., it is necessary to examine the implications of the relevant Event on the Company also with respect to additional relevant accounting clauses pertaining to the nature of the Event in question.

(b) Qualitative assessment

The materiality of the Event shall also be assessed, as stated above, from the qualitative aspect of its effect on the Company. The qualitative assessment may lead to the refutation of assertions arising from the quantitative evaluation with respect to the materiality or immateriality of the Event. The qualitative assessment of the Event's materiality may also take into account its consequences and implications on the Company, in relation to one or more of the following aspects:

- It involves significant chances, risks or exposures. The assessment of this aspect will consider if, and to what extent, the risks associated with the Event reflect risk factors to which the Company is exposed, and which were included in its previous reports. Additionally, an assessment will be conducted regarding whether or not the Event involves the materialization of a risk factor which was reported to the investor public prior to the occurrence of the Event;
- If it involves entry into a new material operating segment, or departure from a current material operating segment;
- If its disclosure may result, with a reasonable degree of certainty and based on past experience, and with respect to assessment and reference models conventionally applied by investors and analysts, in a significant change in the price of the Company's securities;
- If it may have a non-recurring effect on the Company's financial statements (such as – on the reclassification of certain components, on the segment note, etc.), or on another business component of the Company, which has an important function in the analysis of its business operations and profitability;
- It may impact the Company and/or subsidiaries' compliance with material regulatory requirements, licenses or material financial covenants, which may impose material difficulties on the Company, or on other material contractual requirements, and other extraordinary events, such as events pertaining to concessions for activity with international organizations (such as notice of termination of activity by an international organization), material engagement, including a material change in its terms and conditions, extension of its term and/or its termination;
- It may have a material impact on analysts and/or investors in their efforts to analyze the Company's activities and results.
- It is perceived as a material Event by the Company's management and serves as the basis for management decision making. Events that are not afforded special managerial attention, and

all the more so, those which are not brought to the attention of Company management, will generally be considered immaterial events from a qualitative perspective.

(c) Legal claims (including class actions)

Without derogating from the generality of the abovementioned, in an event which involves the filing of a claim, including a class action, against the Company or its investee company, the materiality of the event will be evaluated as follows: (1) quantitative assessment – will be conducted based on the Company's estimated claimed amount (assuming it is granted) multiplied by the Company's holding rate in the defendant company, if this involves an associate company rather than a subsidiary. The relevant quantitative metric for assessing the materiality of claims will be that of the income ratio. Namely, the weighted claim amount resulting from the aforementioned calculations will be divided by the average annual comprehensive income or comprehensive loss during the last three years, calculated based on the last 12 quarters for which audited or reviewed financial statements were published. The ratio obtained from this calculation will be examined in light of the regular quantitative assessment procedures set forth in Section a. above. (2) Qualitative assessment – examination of the question of whether the filing of the claim or even the threat of filing it[102] have a material impact on the overall information that serves as the basis for investment decisions made by the investor public regarding the Company's securities. As such, one or more of the following relevant considerations should be taken into account: the plaintiff's identity; the group of plaintiffs; the group of defendants; the fact that the claim was filed against other companies; the anticipated impact in case the claim is certified as a class action and in case it is accepted by the judicial instance; the expected duration of the process and its cumulative effects on a broad class of plaintiffs; the existence of similar claims against the Company relating to a similar objective, and the extent of the additional claim's impact on the overall information available to the investors; reference to the class action in the Company's financial statements.[103]

An Event involving an insurance claim will be considered material from a quantitative perspective, if:

א. The amount claimed exceeds 20% of the Company's equity.

ב. The following two conditions apply to it, cumulatively:

- The claimed amount less reinsurance (retention), interest and expenses, exceeds 1% of the Company's equity.
- The claimed amount (gross) exceeds 5% of the Company's equity.

Furthermore, an Event involving financial default will be considered material from a quantitative perspective, if the amount exceeds 20% of the relevant Company's equity.

(d) Regarding administrative or criminal proceedings

In an Event involving a criminal investigation conducted against the Company on a material issue by the law enforcement authorities, the Israel Securities Authority or another regulatory authority, as well as events involving a criminal or administrative proceeding against the Company regarding a material matter, additional importance will be attributed to the qualitative assessment of the Event's materiality, and particularly, emphasis will be placed on the manner in which the Event may have an impact on investors and/or analysts when they come to analyze the Company's activities and results, and investors' responses to the manner in which the Company conducts its business.

102. It is clarified that a threat to file a class action or a preliminary request for disclosure of documents or derivative claim, does not require an immediate report, since it constitutes a preliminary event (sometimes in respect of a proceeding which is preliminary in nature), which is immaterial (in quantitative or qualitative terms), and does not necessarily result in the filing of a claim, unless the Company believes that there is a special qualitative reason for reporting the receipt of the warning. The Company shall document the reason for reporting the receipt of such a warning.

103. If a condensed disclosure is provided in the Financial Statements regarding a claim which was estimated to be immaterial and the assessment of the risk in respect thereof has changed, such that it became material, the financial disclosure in the Financial Statements in respect thereof will be expanded.

10.4. Chief Internal Auditor

10.4.1. Details of the Chief Internal Auditor

- Name: Tomer David
- Date of commencement of tenure: June 1, 2024.
- The Chief Internal Auditor meets the conditions prescribed in Section 3(a) of the **Internal Auditing Law, 1992** (hereinafter - the "**Internal Auditing Law**").
- The Chief Internal Auditor complies with the provisions of Section 146(b) of the Companies Law, and with the provisions of Section 8 of the Internal Auditing Law.
- The Chief Internal Auditor has no business relations with the Company or with any related entity.
- The Chief Internal Auditor is a Clal Insurance employee and serves as Chief Internal Auditor in the Company, in Clal Insurance and in additional Group member companies.

10.4.2. Method of appointment

The Chief Internal Auditor was appointed in February 2024 by the Company's Board of Directors and Clal Insurance pursuant to the recommendation of the Audit Committee of the Company and Clal Insurance, and his tenure began in June 2024. The Chief Internal Auditor was appointed based on his education, his expertise and professional experience, and in view of the powers, the obligations and functions imposed on the Chief Internal Auditor within the Company and Clal Insurance pursuant to the law, and taking into consideration, inter alia, the Company's size, type, scope of activity and its complexity. The powers of the Chief Internal Auditor are stipulated in a functions and powers document, which was last approved on December 8, 2024, and on December 23, 2024, by the Audit Committee and the Board of Directors of the Company and Clal Insurance, respectively.

10.4.3. Identity of the Chief Internal Auditor's supervisor

Pursuant to the provisions of Section 148 of the Companies Law, the organizational function in charge of supervising the Chief Internal Auditor is the Company's Chairman of the Board.

10.4.4. Work Plan

- The internal audit works based on a multi-annual work plan (for a 4-year period), and in accordance with an annual work plan derived from it.
- Determining the audit topics depends to a large extent on the level of risk embodied in each operating segment being audited and the probability of that risk materializing. Determining the audit topics and their frequency is based, inter alia, on a risk survey conducted by the Internal Audit Unit in 2023 designed to determine the multi-annual work plan for 2024-2027, in which emphasis was placed, inter alia, on the financial scope of the activity which was proposed to be audited, as well as the exposure to operational, regulatory and other risks inherent in each operation.
- In order to determine the internal audit work plan, the Chief Internal Auditor consults with the Chairman of the Board, the Chairman of the Audit Committee, the Company CEO, as well as members of the Company management.
- The Chief Internal Auditor submits the work plan to the Company's Audit Committee for approval, pursuant to the provisions of Section 149 of the Companies Law.
- The work plan allows the Chief Internal Auditor some degree of discretion to deviate from it in cases such as: regulatory changes, specific requirements of the Commissioner, changes in working processes or in the organizational structures that are relevant to the activities which were scheduled to be audited in accordance with the work plan, as approved by the Audit Committee. In the event of a non-material deviation from the work plan, the Chief Internal Auditor is not subject to any additional authorization, but he is required to submit an update to the Audit Committee regarding those changes.
- The Chief Internal Auditor was invited to all meetings and attended most meetings of the Board of Directors and the Audit Committee, including meetings that included discussions on material transactions.

10.4.5. Auditing of investees

The 2024 work plan of the internal audit function also covered the activities of subsidiaries, and in particular material investees of the Company in Israel: Clal Insurance, Clal Credit Insurance, Clal Pension and Provident Funds, and the Group's agencies. These investees did not have an additional internal auditor in the reporting year.

It is noted that Max has a separate internal auditor, and so does Atudot Havatika; the activity of each of those internal auditors is not related to the activity of the Group's Internal Audit Department.

10.4.6. Scope of the transaction

The Chief Internal Auditor is employed by the Company on a full-time basis. During the reporting year, the Chief Internal Auditor was also responsible for internal auditing in the Company's investees mentioned above, apart from Max and Atudot Havatika, as stated above. The scope of the audit in the investees is derived from the unique nature of the activity of each investee company and also from the scope of its activities relative to the scope of the Group's activities.

Following is the number of internal audit hours invested in the reporting period in connection with the activity of the Company and its investees:

Company	Hours spent	Additional internal auditor	Outsourcing	Total
Clal Insurance[104]	25,100		660	25,760
Clal Credit Insurance	430			430
Clal Pension and Provident Funds	8,850		160	9,010
Atudot Havatika		1,280		1,280
Clal Holdings and agencies under the Company's control	1,400			1,400
Total	**35,780**	**1,280**	**820**	**37,880**

The total number of audit hours invested in the Group in 2024 (excluding audit hours pertaining to Atudot Havatika and Max) was approx. 36,600 hours, compared to approx. 36,800 hours in 2023. Max and Atudot Havatika have additional and separate internal auditors, whose activity is not related to that of the Group's Internal Audit Department.

With regard to Max, internal audit work is carried out by Max's employees (in combination with outsourcing), at the scope of approx. 4 FTEs, including Max's Chief Internal Auditor.

10.4.7. Conducting the audit

- The audit is conducted in accordance with professional internal auditing guidelines for institutional entities, and in accordance with the guidelines set forth in the Capital Markets, Insurance and Savings Authority Regulation Codex, Volume 5, Part 1, Chapter 8 (formerly the Institutional Entities Circular 2007-9-14).
- The Company Board of Directors is satisfied that the internal audit operates according to the requirements determined in the abovementioned guidelines, inter alia, based on various topics brought for approval by the Board of Directors and/or the Audit Committee, including the letter of authorization for the internal audit unit, competency and the resources of the Internal Audit Unit, as well as safeguarding and routine monitoring of the Chief Internal Auditor's independence.

10.4.8. Access to information

During the internal auditing work, the Chief Internal Auditor was provided with all documents and information he requested and which were required in order to perform his functions. No restriction was imposed on the internal auditing work, and accordingly, the Chief Internal Auditor was given free, continuous and direct access to the Company's IT systems and its financial data.

104. The data includes 100 audit hours conducted in Clal Insurance Capital Raising.

10.4.9. *Chief Internal Auditor's report*

- The internal auditing reports are submitted in writing to the Audit Committee.
- The internal audit reports are routinely presented to the CEO of the audited company in order to discuss the audit findings before presenting them to the relevant audit committee. The audit reports are open to the scrutiny of all its Board members.
- Following are the dates in which the Company's Audit Committee held discussions on the Chief Internal Auditor's findings.

  Clal Insurance

  January 14, 2024, February 15, 2024, March 10, 2024, April 11, 2024, May 16, 2024, June 9, 2024, July 14, 2024, August 11, 2024, September 29, 2024, October 13, 2024, November 17, 2024, December 8, 2024.

  Clal Holdings

  March 12, 2024, May 16, 2024, June 25, 2024, September 30, 2024, December 10, 2024

  The audit reports are rated according to their level of severity by the Internal Audit Unit. It is noted that some of the internal audit reports are provided to members of the Audit Committee for their review and their own information alone and they are not discussed during the committee meetings, in those cases in which the audit report is rated by the Internal Audit Unit with a relatively low level of severity, which thus does not require the report to be brought for discussion. It should be stressed that with regard to the internal audit reports that are provided for information purposes only, each of the Audit Committee members may demand to hold a specific discussion on the findings and recommendations contained in the report.
- It is noted that in light of the **Commissioner's notification from June 2019, entitled "Notification regarding Discussion Topics in Joint Meetings"**, including a list of topics regarding which the members of the Board of Directors of an institutional entity and its committees are entitled to hold joint meetings with members of the Board of Directors of the parent company of that institutional entity, the Company's Board of Directors holds separate meetings from the Audit Committee of Clal Insurance. As such, the Company's Audit Committee decided that it would discuss those audit reports unique to the Company, and in addition issues related to processes that are intended to ensure good corporate governance, appropriate processes and sufficient resources in the Group would be brought to its attention, and it will also be informed, on a quarterly basis, of material audit reports (as these are defined by the Audit Committee), after they have been discussed by the Audit Committee of Clal Insurance, together with recommendations for implementation. At the request of the Company Audit Committee, it is provided with the agendas and background material of the Clal Insurance Audit Committee for its reference.

10.4.10. *The Board of Directors' assessment of the Chief Internal Auditor's work*

The Company's Board of Directors believes that the scope, nature and continuity of the activities and work plan of the Internal Audit Unit are reasonable under the circumstances, and are sufficient to fulfill the goals of internal auditing in the Company and the subsidiaries.

10.4.11. *Compensation*

- The Chief Internal Auditor is a Clal Insurance employee, having the status of Executive VP and employed on a full-time basis; the Chief Internal Auditor receives a monthly salary including related social benefits. The auditor's compensation is based on accepted principles for the compensation of management members (including audit functions).
- The Chief Internal Auditor's salary and terms of employment are approved by the Compensation Committee and the Boards of Directors of Clal Insurance and of the Company, with the recommendation of the Audit Committees.
- The compensation policy of the Group's institutional entities applies to the Chief Internal Auditor. For further details regarding the policy, see Section 9.7.5 above.
- The Chief Internal Auditor has a personal compensation plan regarding the distribution of the annual bonus, as part of the overall compensation policy adopted by the Company. The Chief Internal Auditor's personal compensation plan is based, inter alia, on the Company's profit, professional targets related to the internal audit work plan, including according to the Audit Committee's

assessment and that of the Company's Chairman of the Board regarding the Chief Internal Auditor's functioning. The targets are approved on an annual basis by the Compensation Committee, the Audit Committee and the Board of Directors, as is achieving those targets. For further details, see the Compensation Policy Appendix.

- During 2024, the Chief Internal Auditor was awarded 43,300 illiquid option warrants, exercisable into ordinary shares of the Company, as part of the 2024 options plan applicable to Company officers and employees and those of the Group companies. For further details, see Note 44 to the Financial Statements.
- The Chief Internal Auditor's total compensation in 2024 amounted to approx. NIS 1.18 million.[105]
- On March 11 and 17, 2025, the Audit Committee and the Board of Director examined to see whether the compensation received by the Company's Chief Internal Auditor in 2024, as detailed in this section above, corresponds with the terms and conditions of the Company's compensation policy, and found that both the variable and fixed compensation components correspond with the terms and conditions of the compensation policy of both the Company and the institutional entities.

In view of the aforementioned, the Board of Directors believes that the employment terms of the Chief Internal Auditor are appropriate for his position, are reasonable and fair, and reflect the Chief Internal Auditor's successful achievement of his personal targets as well as his contribution to the Company.

In light of the Board of Director's impression gained from the Chief Internal Auditor's professionalism and the quality of his work, and in view of the fact that the fixed wage constitutes at least 55% of the Chief Internal Auditor's compensation package, the Company Board of Directors found that there is no concern of a conflict of interest in the fact that the Chief Internal Auditor was granted option warrants and that as part of his compensation plan, he is due to receive a variable bonus, and that this should not unduly influence the work of the Internal Audit Unit.

In view of the aforementioned, the Company Board of Directors believes that the compensation awarded to the Chief Internal Auditor will not unduly influence his professional judgment.

10.5. Independent auditor-

10.5.1. Details of the Independent Auditors Firms

- **Kost Forer Gabbay & Kasierer** - commencement of tenure 1978. Name of the partner responsible: as of July 1, 2024, CPA Moshe Vahaba is the partner responsible for the audit in lieu of CPA Tal Hay-Zion.
- **Somekh Chaikin** - commencement of tenure 1998. Name of the responsible partner: Shira Lichtenstadt, CPA.

10.5.2. Payments to the Independent Auditors

NIS thousand without VAT

	2024				2023			
	Tax audit services	Auditing-related services	Other services	Total	Tax audit services	Auditing-related services	Other services	Total
The Company	111	-	-	111	258	165	65	488
Clal Insurance and subsidiaries*	10,086	45	1,785	11,916	10,458	150	1,649	12,257
Subsidiaries (excluding Clal Insurance and its subsidiaries and excluding Max)[106]	435	-	-	435	334	-	-	334
Total - companies	**10,632**	**-**	**1,785**	**12,462**	**11,050**	**315**	**1,714**	**13,079**

* In the reporting year, the audit services included fees in respect of SOX, solvency audit and IFRS 17.

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105. It should be noted that the total compensation is for the tenure of Mr. Tomer David as an internal auditor in the Company that began on June 1, 2024.

106. The fees of the accountants for Max's audit services are detailed in Section 15.15 below.

The independent auditors' fees for their auditing services were determined by the Board of Directors in accordance with the recommendation of the Audit Committee. The fees for the auditing services were determined subsequent to negotiations with the independent auditors, during which both the scope and complexity of the audit were examined, while referring to the accepted industry norm for an independent auditor's wage. The fees for services not related to auditing were determined mainly in accordance with the job classification, the number of hours worked and the topic being audited.

10.6. Corporate Donations

As part of its social activities in 2024, the Group donated a total of approx. NIS 4 million[107] in Israel, pursuant to the defined strategy: support for entities and NPOs engaged in efforts to support and nurture those sectors of the population with special needs, including the sick, people with disabilities, the financially vulnerable, with emphasis placed on caring for children and youth, including efforts to encourage them to further their education.

In view of the Iron Swords War, the Company took extensive steps, as part of which, among other things, it founded a support fund, whose aim is to assist policyholders in respect of unaddressed insurance damages caused by the War totaling NIS 10 million.

Furthermore, last May, in collaboration with the Hebrew University, the Company held a commemoration event for fallen women soldiers of the Iron Swords War, in which about 50 families of fallen soldiers awarded scholarships, which the Company donated, to female students who had engaged in significant reserve service during the war.

This year too, the Company was the primary sponsor in the special fundraising broadcast of the Pitchon Lev NPO just prior to Passover. Pitchon Lev is a Non-Profit Organization (NPO) committed to breaking the inter-generational poverty cycle in Israel. Each year it provides aid to about half a million people in Israel and this is the sixth consecutive year in which the Company has donated to the "7 Plan". This is a plan designed for youth in the geographically outlying areas of Israel and accompanies them for 7 years, from their time in high school until they become integrated in higher education and in employment following their mandatory military service.

This year has been the fourth year in which the Company adopts, as part of the "Gdolim Bemadim" program, youth on the autistic spectrum or with cognitive disabilities, who serve in a military base once a week, supports them in important crossroads in their life and supports the NGO.

To the best of the Company's knowledge, NGOs to which the Group donated NIS 50,000 or more in the reporting year have no connections with the Company and its officers.

10.7. Effectiveness of Internal Control over Financial Reporting and Disclosure

10.7.1. The Securities Regulations

In December 2009, **the Securities Regulations (Periodic and Immediate Reports (Amendment No. 3), 2009** were published, which deal with the corporation's internal control over financial reporting and disclosure function; their aim is to improve the quality of financial reporting and disclosure in reporting corporations.

An amendment of July 7, 2011 prescribes that a corporation that consolidates a banking corporation or an institutional entity or carries out proportionate consolidation of a banking corporation or an institutional entity, may opt to implement - only with regard to the internal control in that banking corporation or institutional entity - the format of assessing the effectiveness of internal control prescribed in the other laws applicable thereto in that respect, if such a format is in place regarding the Periodic Report.

Accordingly, in addition to the officers' statements and the report on the effectiveness of internal control provided in the periodic report, disclosure and officers' statements are attached in connection with the internal control in the consolidated institutional entities, to which the Commissioner's instructions and officers' statements apply in relation to the internal control in the consolidated credit card company to which the directives of the Banking Supervision Department apply regarding the assessment of the effectiveness of internal control on financial reporting.

107. Excluding donations for support as part of The Iron Swords War.

10.7.2. *Commissioner's Directives regarding Internal Control over Financial Reporting and Disclosure*

In recent years, the Commissioner published a number of circulars (hereinafter - the "**Commissioner's Circulars**"), which are designed to implement the requirements of Section 302 and Section 404 of the SOX Act in insurance companies, in management companies of pension and provident funds, and in pension and provident funds (hereinafter - the "**Institutional Entities**").

Accordingly, Clal Insurance and the consolidated institutional entities included the information in accordance with the provisions of the law and the reporting provisions on the dates as set in those directives.

10.7.3. *Section 302 and 404 of the SOX Act - Management's Responsibility for Internal Control over Financial Reporting and Disclosure*

According to the Commissioner's circulars, which are based on Section 302 and Section 404 of the SOX Act, and as stated in previous Reports of the Board of Directors of Clal Insurance, Clal Insurance has worked continuously to implement the required procedure in accordance with the said provisions, which includes an assessment of the work processes and the internal controls being implemented, in accordance with the stages and the dates set in the circulars. As part of this process, Clal Insurance adopted the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) - the Committee of Sponsoring Organization of the Treadway Commission - which is a generally accepted framework for assessment of internal controls.

The management of Clal Insurance (the institutional entity), in collaboration with its CEO, Deputy CEO and Deputy CEO and Head of the Finance Division, have evaluated the effectiveness of Clal Insurance's disclosure controls and procedures as of the end of the Reporting Period. Based on this assessment, the CEO, Deputy CEO and Head of the Finance Division of Clal Insurance concluded that, as of the end of this period, the controls and procedures as to Clal Insurance's disclosure are sufficiently effective for recording, processing, summarizing, and reporting the information that Clal Insurance is required to disclose in its annual report in accordance with the provisions of the law and the reporting provisions set by the Commissioner, and on the date set out in these provisions.

During the reporting period ending on December 31, 2024, no change took place in the internal control of the Group's institutional entity over financial reporting that had a material effect, or is expected to have a material effect, on the institutional entity's internal control over financial reporting.

Managers' statements on the effectiveness of internal control over financial reporting and disclosure, in relation to the relevant processes, in accordance with the Banking Commissioner's circulars are attached to the report.

10.7.4. *Management's Responsibility for Internal Control over Financial Reporting (SOX Act 404)*

The Banking Supervision Department's directives impose the requirements of Sections 302 and 404 of the SOX Act on credit card companies.

These sections, set by the SEC and Public Company Accounting Oversight Board, have established provisions with regard to the abovementioned sections, on management's responsibility for instating and maintaining disclosure controls and procedures and for exercising internal control over financial reporting and the opinion of the independent auditors on the audit of internal control over financial reporting.

Among other things, the Banking Supervision Department's directives prescribe that banking corporations shall apply the provisions of Sections 302 and 404 and the SEC directives issued thereunder. In addition, adequate internal control requires an auditing function that follows a predefined, recognized framework, and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) meets these requirements and can be used to evaluate the internal controls.

Max implements the provision in accordance with the Banking Supervision Department's directives as stated above.

At the end of the phase of assessing the effectiveness of controls, no material weaknesses were detected that may lead to a material misstatement in the Financial Statements.

10.7.5. *Evaluation of disclosure controls and procedures*

Max's management, with the cooperation of its CEO and Chief Accountant, have evaluated the effectiveness of Max's disclosure controls and procedures as of the end of the reporting period. Based on this evaluation, the CEO and the Chief Accountant have concluded that, as of the end of the reporting period, Max's disclosure controls and procedures are effective for the purpose of recording, processing, summarizing and reporting the information that the Company is required to disclose in its annual financial statements pursuant to the Banking Supervision Department's Reporting to the Public Directives and as of the date prescribed by the Directives.

During the fourth quarter ended December 31, 2024, no changes took place in Max's internal control over financial reporting that had a material effect, or is expected to have a material effect, on the Company's internal control over financial reporting.

Managers' statements on the effectiveness of internal control over financial reporting and disclosure, in relation to the relevant processes, in accordance with the Banking Commissioner's circulars are attached to the report.

Part V - Credit Cards Activity

11. Credit cards activity

11.1. Structure of holdings

Below is a structure of material holdings as of December 31, 2024:



11.2. Description of the Credit Card Segment

There are three main companies operating in the credit card industry in Israel: Max**,** Israel Credit Cards Ltd. (hereinafter - "**CAL**") (which includes Diners Club Ltd. under CAL's control (hereinafter - "**Diners**"), Isracard Group Ltd. (hereinafter - "**Isracard**") (which includes Premium Express Ltd. (hereinafter - "**American Express**")). The competition between the companies revolves around three main areas: means of payment - bank and non-bank payment cards (hereinafter - "**issuing**") - both as independent issuers and as processors for the banks under joint issuing and/or processing agreements, providing acquiring services to merchants (hereinafter - "**acquiring**"), and credit provided to private customers and business customers.

The companies share a joint technological interface (hereinafter - the "**Joint Interface**"), which enables interchange acquiring of payment cards and is operated by Automated Banking Services Ltd. under various arrangements between the companies, and which provides, among other things, the netting method between the parties and billing procedures.

On July 31, 2024, the Governor of the Bank of Israel announced the "Payment Cards Scheme" operated by Automated Banking Services (ABS), as a controlled system in accordance with the Payment Systems Law, 2008. The Payment Cards Scheme constitutes a set of rules between issuers and acquirers in Israel regarding their activity in the field of payment cards.

On April 25, 2018, the Israel Competition Authority published its decision to exempt, under certain conditions, the interchange acquiring arrangement between the credit card companies. The exemption applies to any issuer or acquirer joining the arrangement. The exemption was effective until December 31, 2023 and was temporarily extended; on May 15, 2024, the Israel Competition Authority decided to grant an exemption from approval of a cartel clearance in connection with the interchange acquiring arrangement through December 31, 2028, under conditions which are not materially different from those of the previous exemption.

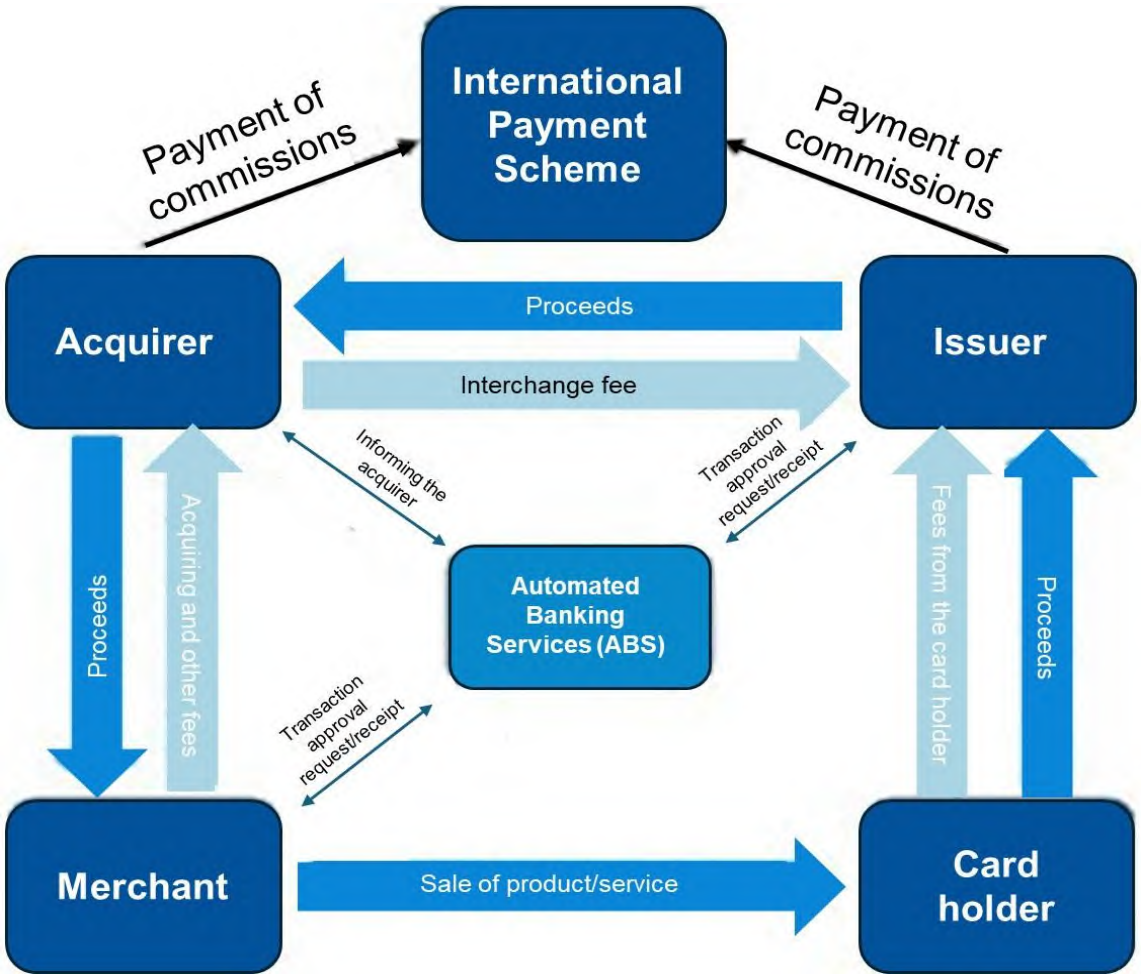
The exemption regulates the following matters, among others:

- The introduction of new players to the interchange acquiring arrangement.
- Prohibition on exploiting market power on the issuing side or the acquiring side, in order to prevent anti-competitive behavior.
- Prohibition on exploiting market power against merchants.

- Daily netting in respect of acquiring funds, prohibition on delaying payments from the issuer to the acquirer (for further details, see the Chapter B to the Report of the Board of Directors, Section 5).

Following is a summary description of the credit cards company's activity.

Payment cards are a means of purchasing goods or services by transferring funds electronically from the customer's bank account - with which the card is associated (hereinafter - the "**card holder**") to the bank account of the merchant providing the product or service.



Following is a description of the entities involved in the process:

- **Card holder** - the person or entity authorized to use a payment card to pay for a transaction, under an issuing agreement with the issuer.
- **Merchants** - the entity which honors a payment card presented by the customer as a means of payment for a product or service.
- **Card issuer** - the entity which issues the payment card and with which the card holder has engaged in an issuing agreement. In addition, the issuer manages the credit facility, if the payment card has one. In exchange, the issuer collects a payment from the card holder (hereinafter - "**card fees**") and an issuer fee (hereinafter - "**interchange fee**"), which is collected from the acquirer of the transaction at the merchant, and which is subject to supervision by the Bank of Israel pursuant to the **Banking Ordinance (Customer Service) (Supervision of Interchange Acquiring Service of Payment Card Transactions and Debit Transactions), 2018**. There are additional service fees which the issuer collects from the card holder according to the various transactions made with the card.
- **Acquirer** - an entity which enables the merchant to recognize payment card transactions. An acquirer engages with both the merchant and issuer, and its function is to connect the merchant to the acquiring system through which payment for the customers' transactions is transferred from the issuer to the merchant. In return, the Acquirer collects payment from the merchant (hereinafter - "**acquiring fee**"), part of which is

the interchange fee remitted to the issuers. In addition, there are various service fees the acquirer charges the merchant.

- **ABS** - Automated Banking Services Ltd., a publicly-traded company - where approx. 60% of its shares are held by four Israeli banks as well as Visa and Mastercard - which operates the payment card switch used to collect local transactions from the payment terminals installed in the merchants' premises and directs them for authorization and netting between the acquirers and issuers.
- **International Payment Scheme -** an organization that interfaces with acquirers and issuers and operates a payment card brand name enabling execution of credit card transactions worldwide. The Scheme engages in agreements with a large number of acquirers, such that when an issuer which joins the Scheme, its cards are honored by all the merchants who work with these acquirers. The Scheme defines for its members the rules for executing the transactions, particularly with regard to fees and commissions, technological and business arrangements, netting rules and sharing damage liability.

The credit card companies issue cards under various brand names, under licensing agreements and according to their status with international payment card corporations. All three companies issue cards under the Visa and Mastercard brand names. In addition, Isracard exclusively issues cards under its Isracard brand name and global credit card brand name American Express, with CAL exclusively issuing the Diners international credit card. Max is defined as an "issuer with a broad scope of activity" under the provisions of the Banking Law (Licensing). The three companies also offer credit to private individuals and in this regard, compete with banks, institutional entities, and other non-bank financing entities.

To carry out acquiring activities in Israel, Max received an acquiring license from the Banking Supervision Department under the provisions of the Banking Law (Licensing). Upon the entry into force of Amendment No. 29 to the Banking Law (Licensing) on June 6, 2024 (hereinafter – the "**Effective Date**"), Max has been classified as "an essential payment service provider for stability purposes," within the meaning of this term in the Banking Law (Licensing). On the Effective Date, Max received the Banking Supervision Department's notice, stating that Max's acquirer license shall remain valid until it is updated.

Max, CAL and Isracard, under licensing agreements with local and international credit card organizations, acquire Visa, Mastercard and Isracard transactions, as the case may be, through the said joint interface operated by ABS. Cards bearing these brand names are acquired by way of interchange acquiring, which allows each acquirer to acquire the various brand names even if it did not issue the card. Furthermore, Isracard exclusively acquires American Express transactions, CAL exclusively acquires Diners credit transactions and Max acquires UnionPay transactions. In 2018, two additional companies - Tranzilla and CardCom - received acquiring licenses from the Bank of Israel. As of the report approval date, this has no material effect of Max's operating results.

The three companies also offer credit to private individuals and business credit to merchants and, in this regard, compete with banks, institutional entities, and other non-bank financing entities.

12. Issuing Subsegment

12.1. The segment's structure and changes therein

The Issuing Subsegment focuses on activities for two main types of customers:

1. **Solutions for financial institutions** - joint credit card issuing and processing with banks, for their customers (B2B2C); hereinafter - "**bank payment cards**".
2. **Private customers** - sale and marketing of non-bank credit cards, consumer credit and other products directly to private customers, i.e., consumers (B2C), including through joint loyalty programs.

The bank and non-bank payment cards issued by Max in its operations in the Issuing Subsegment are used as a means of payment in transactions and for cash withdrawals among merchants that honor the brands Max issues in Israel and worldwide. Max's structure and infrastructures that have a bearing on the issuing function are used both for the bank card operations and the non-bank card operations, from a bird's-eye view. Thus, among other things, the customer billing and acquirer crediting mechanism, the automated infrastructure – such as the system of the interface between the acquirers and the international organizations, activity vis-à-vis the Automated Banking Services (ABS), the transaction approval processes, and the physical card issuing process – all serve Max's overall issuing operations.

- **Bank payment cards** are issued jointly by a particular bank and a credit card company, where the credit facility provided on the card is usually part of the card holder's bank account credit facility. As part of this activity, credit cards, debit cards and prepaid cards are issued. The credit balances for these cards are guaranteed by the banks. To the best of Max's knowledge, based on the financial statements of the credit card companies as of September 30, 2024, Max's market share of the total issuing turnover of bank cards is approx. 20%.

  Until the Strum Law came into effect, most of Max's issuing activity was made with Bank Leumi and with Mizrahi Tefahot Bank Ltd.. Upon the Strum Law's entry into force and in light of its provisions, Max signed processing agreements with other banks. The increase in the number of cards, which stems from the activity with these additional banks, is offset against the decrease in the number of cards issued with Bank Leumi.

  For further details about the joint issuing agreements with the banks, Section 15.11.1 below.

- **Non-bank payment cards** are issued by credit card companies without partnership with a particular bank, in which the card holder's bank account is billed on the basis of a payment order given by the card holder to the credit card company. Max offers credit for non-bank cards and the credit facility is set at its sole discretion. Max bears the credit risks for the card and the responsibility for honoring the transactions carried out with the card rather than the bank at which the account that the card is charged to is held. For a description of Max's management of the credit risks, see Chapter B to the Report - Report of the Board of Directors, Section 5. In addition, Max bears issuer damages that may be caused to the card due to misuse, loss or theft. To the best of Max's knowledge, based on the financial statements of the credit card companies as of September 30, 2024, Max's market share of the total issuing turnover of non-bank cards is approx. 35%.

The payment cards issued by Max can be divided into several main types:

- **Credit card** - a payment card which is linked directly to the customer's bank account, enabling payment for goods and services. The amount of the card holder's transactions with the card is calculated and charged once a month, on a preset date. The card holder's bank account is debited by this amount on that date. Approx. 89% of Max's valid cards are of this type. This card also enables receipt of credit, thereby deferring payment beyond the standard billing date. There are several options for providing credit through credit cards: one option is transactions which are divided into interest-bearing installments ("credit" and other credit tracks). The second option is by a preset fixed monthly billing amount and revolving the balance of the customer's debt to the following month, which accrues interest. Another option is by providing loans which are credited to the customer's bank account and repaid by debiting the card.
- **Debit card -** the customer's account is billed immediately after the transaction is made rather than once a month in a combined single payment. Approx. 9% of Max's valid cards are of this type. Currently, debit cards can only be issued by banks.
- **Prepaid card -** the card is credited with a specific amount, and payments made by the customer are deducted from the card until the funds are fully utilized. Approx. 2% of Max's valid cards are of this type.

Max's revenues from the Issuing Subsegment:

Max's revenues from the Issuing Subsegment derive: (1) from fees charged to bank and non-bank card holders in accordance with the Banking (Customer Service) (Fees) Rules, 2008, and the Max fee schedule; (2) from issuer fees (interchange fees) charged to the credit card companies (in their capacity as acquirers) and from the international organizations (stemming from overseas acquirers), attributed to the bank and non-bank card operations; (3) from interest payments charged to Max's customers for the credit transactions and products Max provides them with; and (4) from operating fees charged to the banks that have issuing agreements with Max.

Interchange fee from transactions in the domestic market (issuer fee)

The interchange fee outline for transactions in the domestic market is regulated pursuant to the Banking Ordinance (Customer Service) (Regulation of Interchange Acquiring Service for Debit Card Transactions and Immediate Billing Transactions), 2018, as described in Section 15.1.23 below. In response to the outline for reducing the interchange fee in the domestic market, as the Bank of Israel published on February 25, 2018, the interchange fee in deferred billing transactions was gradually reduced between 2018 and 2023, and, as of January 1, 2023, the fee rate is 0.5%, and no further reduction is expected. In addition, the interchange fee in immediate billing transactions decreased over that period as well, and its current rate is 0.25%. The lower interchange fee has had a significant adverse effect on Max's revenues, both in relation to bank payment cards and in relation to non-bank payment cards. The outline's effect on Max's results was fully realized in 2023, following the final tranche of the decrease, as described above.

Fees from transactions with overseas merchants

Max cardholders' overseas transactions (for bank and non-bank card holders alike) include both transactions in which the card is presented to an overseas merchant (CP) and transactions in which the card not presented to an overseas merchant (CNP/online transactions/ECOM).

In such overseas transactions, Max is entitled to the interchange fee from the domestic acquirers, and – if the customer pays in a foreign currency using the card but is not billed in the same currency – Max charges a foreign exchange fee to the cardholder. The applicable interchange fee rate for transactions between Max card holders and overseas merchants is set by the international organizations; the main factor affecting the rate is geography, and it may even vary between CP and CNP transactions; on average, that rate is currently higher than the domestic interchange fee rate. In some cases, the merchant may offer the customer, in a CP or CNP transaction, to pay in shekels rather than paying using foreign currency. In such cases, the card holder pays the overseas merchant and/or the domestic acquirer a fee (which is factored into the transaction's shekel-denominated price), and Max is not paid the foreign exchange fee. This is more common in online transactions (CNP).

Max's interchange fee revenues derive from the turnovers in bank cards and non-bank cards. As a result of the varying interchange fee rates in Israel and overseas, as described above, these revenues are affected by the mix of the abovementioned turnovers (between activity in the domestic market and overseas, differentiating between different geographic locations and between CP and CNP transactions). In addition, in domestic operations, revenues are affected by the turnover mix between credit and debit cards.

Max's interchange fee revenues (before the netting with the business partners) are divided between bank and non-bank credit cards, correlated to the distribution of turnovers between the two types of cards. The income from bank debit cards is lower, deriving from the low interchange fee on debit cards, as described above.

The various banks' share of the interchange fee (both domestic and overseas) is set according to the terms of the agreements with the various banks.

Max's foreign exchange fee revenues are affected by the scope of foreign exchange turnovers attributed to overseas merchants, by the mix of CP and CNP transactions (as described above), and by the mix of customers in the various clubs that offer various benefits, among other things, with respect to the applicable foreign exchange fee rate.

Service fee revenues are as follows:

For non-bank cards, Max charges its customers card fees, as well as other service fees, depending on the activity.

For bank cards, the banks charge their customers the card fees, and it constitutes their revenue. On the other hand, Max includes its revenue from bank card operating fees, which Max charges to the various banks in accordance with the applicable operating agreements with them, as well as other service fees (beside the card fees) that Max charges to the bank card customers, under "revenues" in this item.

Interest income

Max provides its customers with a variety of credit products, such as all-purpose loans, auto loans, revolving credit, and credit transactions. Max charges its customers interest for these products.

Revenues from credit card transactions increased in 2024, compared with 2023, due to the increase in domestic issuing turnovers. This increase was partially offset by a slight decrease in Max's revenues from overseas transaction fees, due to, among other things, the effect of the overseas transaction mix between CP transactions (transactions in which the card was present at the business at the time of the transaction and which are mostly carried out in foreign currency and for which foreign currency fees are collected by Max) and CNP transactions (transactions in which the card was not present at the business at the time of the transaction, such as online transactions, some of which are carried out in shekels and in which case no foreign currency fees are collected by Max).

Max's expenses in the Issuing Subsegment:

Max's expenses in the Issuing Subsegment attributed to its bank card operations (other than the banks' share of the interchange fee, as described above) derive from the total number of Max-operated bank cards and from the turnovers in these cards. Among other things, these expenses include:

- Customer retention and customer acquisition expenses mainly include payments to partners for transactions using non-bank credit cards that belong to various clubs, as well as non-bank club marketing costs. Virtually the entire expenditure volume is directly affected by the scope of Max's business activities, and by its non-bank card activities in particular.

- The expenditure on special offers of gifts to credit card holders includes the costs attributed to Max's customer loyalty programs that award benefits to Max's customers, mainly its non-bank customers. Benefits are offered in various forms, depending on the card type, such as eligibility for airline and travel rewards, repayment of a certain percentage of the turnovers in the relevant credit card, or merchant gift cards that can be redeemed at participating retailers. Total expenditure is directly affected by the scope of the turnover in Max's non-bank cards.
- **Credit loss expenses** decreased in 2024, compared to 2023, mainly as a result of a decrease in the total expenditure attributed to the provision for credit losses, which was partially offset by an increase in total write-offs. In 2024, there was an improvement in the quality of Max's credit portfolio, which arose, among other things, from an increase in the proportion in the credit portfolio of loans for the purchase of vehicles, from risk mitigation, and from an improvement in borrowers' risk ratings. This is in contrast to 2023, in which there was an increase in the troubled debts and in the provision in respect thereof, and in which a credit loss provision was also included, due to the potential effects of the War.
- **Operating, marketing, and general and administrative expenses** in 2023 include an NIS 27 million one-off expense attributed to completing the sale of CIMax, the parent company, to the Company. In addition to this effect, expenses in 2024 were higher compared to the previous year, with most of the increase stemming directly from the increase in Max's turnovers, which have led to an increase in the expenses affected by the scope of business activities, such as operational fees, benefits to card holders, and customer acquisition and retention.

12.2. *Technological changes that may materially affect the Issuing Subsegment*

The increasing rate of technological developments in recent years generate changes in two main spheres. The first is affecting consumer preferences. The second is the technological change, such as the transition to a cloud computing environment and advanced data analysis capabilities, enabling the establishment of technological ventures driven by simplicity, availability and significantly lower costs than in the past. Furthermore, technological development are available that directly affect the payments domain, such as tokenization payments (technology that allows secure storage of information), card on file and contactless payments, as well as other new payment methods.

The contactless technology has become well-established through the deployment of payment devices and points of sale that operate according to the EMV standard among merchants. In this context, it is noted that in recent years the large Israeli banks invested great efforts in the introduction of payment methods, which are based on payment apps, for the execution of payments between private individuals (P2P), and payments to merchants, and lately even to hold balances in accounts and payment of interest thereon. Such payment apps, along with payment apps from commercial and retailer players, rely on a wide range of technologies for interfacing with the merchants: from connecting to pay for e-commerce purchases via mobile devices, through QR payment solutions and other closed loop niche technology solutions.

Although the funding sources of payment apps are payment cards, the rise of mobile phone-based payment means is having an impact on the need for physical cards. In addition, technological and regulatory changes, which will support the move to use of the app through direct debiting of bank accounts, are likely to hurt the issuing Max's segment revenue.

The information relating to the potential consequences of the above is forward-looking information, which is based on Max's assessments and assumptions, and actual results may vary materially from those predicted, among other things, due to technological developments and changes in competitive conditions in the market.

12.3. *Critical success factors in the Issuing Subsegment*

Max believes that the critical success factors in the Issuing Subsegment are as follows:

- Promoting and initiating advanced payment solutions.
- Adapting to a changing technological, competitive, and consumerist environment through flexible technological and infrastructure-oriented thinking, supported by regulation.
- The ability to recruit customers while providing a service experience to Max's customers, striving for constant improvement and innovation.
- Creating value to the customer, including through collaborations with local and international players in order to maximize the value proposition to Max's customers, including with banks and loyalty programs.

- Maintaining Max's status with the international credit card organizations and its direct relationship with them. For further details regarding Max's status in the international organizations, see Section 15.11.2 below.
- Ability to raise sources of financing with the aim of adapting them to the credit duration provided to the customers.
- Maintaining credit risk management and controls.
- Advanced underwriting and credit risk management capabilities.
- Diversifying distribution channels for the various products provided by Max.
- Establishing the value proposition and creating demand through advertising and digital activities.

12.4. *Main entry barriers*

Max believes the key entry barriers in the Issuing Subsegment are as follows:

- The need for licensing by international organizations to issue their brand-name cards and trademarks. Obtaining such licensing is conditioned on compliance with stringent terms and conditions such as minimum capital, presenting a detailed business plan, risk management plan and prohibition on money laundering, etc.
- Compliance with minimum capital requirements in accordance with the law.
- The need to raise funding sources in order to provide credit to customers.
- Existing and expected legislation that gives precedence to the debtor's rights over those of creditors, thereby adversely affecting the credit provider's ability to collect debts.
- The need for extensive financial investments in complex technological infrastructures enabling issuing and processing of cards, including interfacing with various payment systems and other entities in the system, such as other acquirers in Israel and abroad.
- The need for extensive know-how and establishing infrastructure and operational support systems.
- High costs for customer acquisition and creating significant added value for them.
- Advanced underwriting and credit risk management capabilities.

12.5. *Services and products*

Max offers a wide range of products and services in the Issuing Subsegment: various types of payment cards under the Visa and Mastercard brand names; gift cards; virtual cards; purchase cards and other business cards.

In addition, in the Issuing Subsegment Max offers diverse types of transactions and credit products to private customers, the vast majority of which are card holders, such as: credit transactions; instalment payments based on various credit tracks; revolving credit; all-purpose loans; car financing loans, etc. Max operates in the vehicle financing sector, providing financing for new vehicles purchased from car dealerships, as well as financing for used vehicles (pre-owned) and zero-kilometer vehicles. Max signed agreements with dozens of dealerships and car lots that offer their customer the option of financing from Max together with the option of financing from other finance companies and/or banks.

The Company's market share of the credit to card holder customers market has increased in recent years, along with the increase in the number of card holder customers. However, the credit increase rate is based, among other things, on the Company's risk appetite, the macro-economic situation, and other variables. Therefore, the increase in the Company's market share in credit does not necessarily correlate to the increase in the number of card holder customers.

Max offers various special cards as part of extensive collaborations with customer loyalty programs of leading entities in Israel (such as the Fox Group, Mahsanei Hashuk, Victory, Police funds, New Histradrut Workers' Union, the Teachers' Association, etc.) and intended for the general public (D2C - Direct to Customer), which are distributed by it without partners, such as Sky Max, Max Back Total, etc., with a range of special benefits.

Max also operates a website and application designed, among others, for card holders, in which customers are given information about products and services offered to them, information about the fees and commissions, special offers, benefits, etc. in a convenient and easily accessible manner.

As part of enhancing the relationship with card holders and boosting the benefits, Max offers its customer loyalty programs that provide them with a variety of attractive benefits customized to their needs, such as frequent flyer programs, perks, immediate discounts, pay back on online purchases on a wide range of websites and promotions of leading chains aimed at strengthening card holders' preference for transactions and cash

withdrawals using Max's credit cards in Israel and abroad, whether when physically visiting the merchant or online, as the case may be.

As part of its service strategy, Max works hard to provide simple, readily accessible and innovative user experience across its various service channels, such as restoring PIN codes, allowing customers to choose a PIN and biometric identification.

Max invests considerable effort in maintaining customer satisfaction, inter alia by maintaining a high level of service.

In addition, Max offers additional products and services - directly and/or through collaborations with third parties - such as: Motor and home insurance, travel insurance, saving and investment channels, dedicated purchase cards, prepaid cards and information and transaction insurance services.

Digital wallets:

In September 2020, Max and Apple Distribution International Ltd. (hereinafter - "**Apple**") signed an agreement to provide payment services to its customers in Israel using the Apple Pay payment platform (hereinafter - the "**Apple Agreement**"). The Apple Agreement specifies that Apple has the right to change or terminate any activity of the platform in Israel, at its sole discretion, subject to providing notice to Max a reasonable time in advance. The engagement period is 4 years from signing the agreement, with automatic renewal for periods of one year. Each party to the agreement may terminate the agreement by a 12 months' notice to the other party. Furthermore, each party to the Apple Agreement may terminate the agreement by a 30 days' notice to the other party in the event of an unremedied fundamental breach.

In September 2021, Max and Google Ireland Limited (hereinafter - "**Google**") signed an agreement to provide payment services to its customers in Israel using the Google Payment Services platform (hereinafter - the "**Google Agreement**"). According to the Google Agreement, Max's customers who hold payment cards that support point-of-sale payment will be able to use the service. The Google Agreement is for a one-year period, with automatic renewal for further one-year periods. Each party to the Google Agreement may notify the other party of termination of the engagement by notice of 90 days prior to the renewal date. In addition, the parties also have the right to terminate the agreement due to an unremedied fundamental breach by a 30-day notice.

Introduction of international digital wallets to Israel accelerated adoption of mobile payment means by customers, and Max expects the adoption rate of the above technology to continue and even grow.

12.6. *Alternatives to products in the Issuing Subsegment*

Means of payment such as cash, checks, standing orders, various types of prepaid cards, and payment applications and direct money transfers, which do not operate via the payment card infrastructure (including the international agreements), constitute alternatives to the products provided by credit card companies and Max. If the market share of direct account to account transfers grows - other than by payment cards, including via the payment apps and digital wallets - and with the development of infrastructures for faster payments other than through payment cards, such products will also be alternatives to the products provided by credit card companies and by Max. In addition, credit granted by other entities, such as banks and various non-bank entities, constitutes an alternative to the credit services provided by Max.

12.7. *Customers*

As part of the joint issuing and processing of credit cards, Max jointly issues bank cards with Bank Leumi, including Pepper, Mizrahi Tefahot Bank Ltd., Discount Bank Ltd., Bank Hapoalim Ltd. and the First International Bank Ltd. to their customers.

In addition, Max issues non-bank cards to its customers. Payment cards are issued to private individuals, while business cards and purchase cards are issued to business customers.

Furthermore, Max provides credit to private customers and business customers as credit facilities for the cards it has issued and provides credit to private customers other than through cards.

Bank Leumi is a material Max customer in joint issuing services and issuing operations, and Max's revenues attributed to the joint issuing agreement constituted approx. 23% of the Issuing Subsegment's revenues, net of payments to banks in 2024; approx. 23% in 2023; and approx. 27% in 2022.

12.8. Marketing and distribution

Max's main marketing activity objectives in the card issuing sector are as follows:

- Acquiring new customers and expanding the Group's activities among new and special population groups.
- Increasing loyalty, customer retention and providing various benefits.
- Expanding the use of cards (share of wallet use) in Israel, abroad and in online shopping.
- Expanding the mix of products to customers.
- Boosting the image of the Group and the brands it issues.

Bank cards are marketed and distributed through the banks under joint issuing and processing arrangements with Max.

Max also uses several channels for customer acquisition, for marketing and distributing non-bank cards and credit products, including:

- Telemarketing centers - providing services for incoming and outgoing calls for issuing of cards and loans.
- Digital channels - Max's website offers the option of joining various loyalty programs' credit cards. In addition, through the Max App, customers can independently receive credit, instalment payments and apply for a card, in a digital online process. The online service significantly improves customer experience, shortens the time involved in issuing cards and improves Max's operational efficiency for recruiting new customers.
- Distribution platforms for business partners - cards and loans sold by representatives of Max's authorized business partners or representatives, whether face to face or digitally.

12.9. Competition in the Issuing Subsegment

The payment card issuing sector is characterized by growing competition. This competition is reflected mainly in the following aspects: (1) the Committee to Increase Competition in Common Banking and Financial Services (hereinafter - the "**Strum Law**"), which led to competition in the processing domain; (2) the Max card competing to serve as the customer's "primary wallet card", the primary card for conducting transactions, including in the various digital wallets, apps and websites (such as PayPal, Amazon, etc.); (3) credit card based customer loyalty programs; (4) alternative payment means to payment cards.

In recent years, there has been an increase in household consumer credit leveraging. This increase has led to higher competition in the consumer credit sector, with multiple players operating in the market other than banks, which constitute competition for Max in this area. This competition is reflected mainly in the following aspects: (1) the variety of credit products offered to customers; (2) price; (3) availability; (4) distribution channels; (5) innovation and technology in providing credit. In the consumer credit sector, Max's main competitors are the banks and the other credit card companies, as well as various non-bank financing companies, which benefit from regulatory arbitrage in this area.

Max confronts the growing competition in the payment card issuing and consumer credit fields by adopting the following measures: Steady investing in and improvement of the customer service experience and quality by planning for maximizing the added value offered to them, offering diverse value propositions, collaborating with local and international entities to promote and initiate advanced payment solutions - including advancing Max's payment app, adapting to the changing technological, competitive and consumerist environment with flexible and infrastructure-oriented thinking.

The positive factors affecting Max's competitive position are, among others: (a) Max's position as a leading and innovative credit card company in Israel; (b) differentiated value propositions offered to non-banking card customers, such as the Total MAX-back card and Skymax which allows customers to accrue miles in a variety of airlines and hotels in Israel; (c) different and unique customer loyalty cards; (d) Max has exclusive, innovative digital development capabilities that enable it to be a market leader in launching new products; (e) Max has a unique loyalty program with a distinct status in the market; (f) Providing processing and joint issuing services with multiple banks; (g) Max's status with international credit card organizations; (h) Max has the ability to raise capital and debt for sustaining its operations and business growth; (i) Max invests resources in improving and fostering high-quality human capital; (j) unique, advanced underwriting mechanisms and credit models.

The adverse factors affecting Max's competitive position are, among others: (a) the entry of additional players into the market, in particular the competition with banks following the enactment of the Strum Reform; (b) multiple competitors in the consumer credit market; (c) alternative products, as detailed above, and in particular payment solutions using digital wallets and various payment apps; (d) competition with other credit card companies in the loyalty program domain; (e) potential regulatory trends that threaten the non-bank cards business model.

Part of Section 12 constitutes forward-looking information, based on the assessments of Max's management and its understanding of the business environment in which it operates. Max's plans may not materialize, in whole or in part, or may materialize differently, including in a materially different manner than expected, due to incorrect assessments, changes in Max's work plan, regulatory changes, unexpected changes in the payments and credit market in Israel and/or outside Israel, behavior of entities and players in the payments and credit markets, especially in light of the uncertainty regarding the continuation of the Iron Swords War, its duration and effects on the Israeli economy and/or materialization of all or part of the risk factors set out in Section 15.10 below and Part B of the Report - Report of the Board of Directors, Section 5.

13. Acquiring Subsegment

13.1. The segment's structure and changes therein

This segment includes the following activities:

1. Acquiring services - payment guarantees against vouchers of transactions carried out using credit cards in exchange for a fee collected from the merchant.
2. Related services and complementary products to the acquiring services.
3. Financial solutions - Products and services offered to merchants, such as loans, voucher factoring, early payments and guarantees, in respect of which interest, fees and commissions are collected from the merchants.

Max acquires payment card transactions involving cards issued by Visa, Mastercard, Isracard and Union Pay International. For further information, see Section 15.11.2 below.

Based on the Bank of Israel data as of September 30, 2024 and December 31, 2023, Max's share of the Israeli acquiring market is in the range of 20%-25%.

According to Bank of Israel data, the total acquiring turnover in the market has grown by approx. 9% in the first nine months of 2024, and by approx. 7% in 2023, compared to corresponding periods. Max's share of the acquiring turnovers (out of the total acquiring turnover in the market in these periods) remained similar.

In recent years there is a clear trend of erosion of the acquiring margin on account of increased competition in the sector. This erosion coincided with the interchange fee reduction outline, whose last tranche was implemented on January 1, 2023, and which has led, with each tranche, to a temporary increase in the acquiring margin, which stabilized over the short-to-medium term and regained its pre-reduction level. The acquiring margin in 2023 was not materially affected by the most recent decrease in the interchange fee, as described above.

Revenues from credit card transactions decreased slightly in 2024, compared to 2023, despite the increase in business activities, as a result of the greater competition on prices in the industry, among other things.

The Company's **net interest revenues** increased in 2024, mainly because of the increase in business activities, relative to 2023.

Credit loss expenses in the Acquiring Subsegment decreased in 2024, compared to 2023. The decrease in credit loss expenses mainly stems from the fact that in 2024, no increase was observed in the risk level, nor in outstanding troubled debts, whereas in 2023, the Company significantly increased the provision for credit losses due to an increase in outstanding troubled debts and the potential effects of the war.

13.2. Technological changes that may have a material effect on the Acquiring Subsegment

Technological developments in the industry, such as tokenization and contactless payments as well as other new payment methods, directly affect the payments market. This technology is based on the deployment of payment devices and points of sale at the merchants' premises that support the EMV standard. Such technological developments, along with the increase in the variety of payment Apps, are changing the way payments are made at the merchants' points of sale. A major challenge in changing payment means and switching to mobile device-based payment methods is the connection (integration) to terminals and cash registers.

13.3. *Critical success factors in the Acquiring Subsegment*

Max believes that the critical success factors in the Acquiring Subsegment are:

- The existence of a range of products and development of new products that meet the changing needs of the customers.
- The brands of the cards acquired by Max.
- An acquiring license from the Bank of Israel.
- An acquiring license from the international organizations.
- Advanced acquiring systems that interface with other acquirers and issuers.
- Ability to raise sources of financing for providing credit to business customers.
- The ability to recruit and retain numerous business customers, including, inter alia, by offering a variety of services and products which constitute additional and unique value propositions to merchants.
- Quality service and service experience for Max's customers, striving for constant improvement and innovation.

13.4. *Main entry barriers*

Max believes the key entry barriers in the Acquiring Subsegment are:

- The need to obtain a license from the international organizations;
- The need to obtain an acquiring license and control permit from the Bank of Israel;
- These licenses set out stringent preconditions, including capital adequacy requirements and compliance with the rules of the international organizations and of the Bank of Israel;
- Significant investments in establishing an acquiring system, which is required, among other things, to interface with various payment systems as well as with other issuers and acquirers.

It should be noted that under the Strum Reform, various laws and regulations were enacted aimed at facilitating the entry of new players to the acquiring sector, requiring a lower entry level, such as hosted payment aggregators and acquirers. These entities require lower investments as some of them are not required to obtain a license and are also sometimes spared investing in required technology systems and have lower capital requirements.

13.5. *Services and products*

Max offers business customers acquiring services and in addition offer a range of financial solutions and supplementary products for acquiring, such as business loans, credit card voucher discounting and providing autonomous guarantees. The vast majority of credit is given to merchants who acquire with the Company.

Max offers such products either directly or through collaborations with third parties. Max continues to focus its operations on small and medium-sized merchants and offers them a variety of products according to their needs, through merchant credit cards, "Smart Packages" that include acquiring services, discounting vouchers and options of renting an advanced terminal with hardware adapted to EMV technology. In addition to the foregoing, Max is consistently working to provide access and expand the various activities and the quality of information transmitted to merchants via the Internet, smartphones and business SMS services, as a means of leveraging the business strategy and creating a competitive edge and differentiation in the Acquiring Subsegment for its various activities. Max increased the value propositions and range of services provided to merchants via its website, including the possibility of joining acquiring services through an independent interface and obtaining relevant information for the purpose of making business decisions.

Since the outbreak of the Covid-19 crisis and the Iron Swords War, Max offers a range of services to assist its customers, inter alia, provision of state-backed loans, option of full raising for acquiring through a call center and self-service raising using a convenient, user-friendly web interface.

13.6. *Alternatives to products in the Acquiring Subsegment*

There are various products on the market which are based on systems which are not credit card acquiring systems, such as standing payment orders, wire transfers, checks and the banks' payment applications. If such products are operated without requiring a credit card acquiring system, they constitute alternative products to Max's acquiring services. Direct account to merchant's account transfers which are not via payment cards,

including via payment Apps and faster payments infrastructures which are not via payment cards, constitute alternatives to the acquiring products provided by Max.

13.7. Customers

As of the report date, Max provides services and financial products to approx. 70 thousand business customers, companies and licensed dealers. The main service provided by Max is credit card acquiring, and in this framework it provides services to business customers from various economic sectors, including government ministries, chain stores, commerce, retailers and service providers in many sectors.

As of report date, Max does not receive income from any merchant that constitutes 10% or more of its income from the Acquiring Subsegment.

13.8. Marketing and distribution

Max makes use of several channels to acquire business customers and other financial products:

- Managers of business customers' portfolios, which constitute a focal point for provision of services and sale of financial solutions, such as: Acquisition, discounting, business cards and a range of credit products, including: Short and long-term loans, financing of payments to suppliers, financing of commercial vehicles and commercial real estate properties, autonomous guarantees, loans under the state-guaranteed fund, etc.
- Telemarketing centers - that provide services for incoming and outgoing calls for recruiting business customers for acquiring, discounting, loans and business cards.
- Business partners - selling acquiring services through collaborations with dozens of synergetic distribution channels to the payment market that have been authorized by Max to leverage the number of merchants enrolled on the one hand and reducing enrollment costs on the other. All partners use a digital recruiting platform that they are given access to, enabling fast, efficient and convenient enrollment of business customers.
- Digital channels - Max's website offers the option of joining immediately to acquiring services through a digital channel.

In addition, Max provides access to all business information through its website, which includes, among other things, receiving information about products and services offered to business customers, personal information and a business data portal, self-service options and information regarding Max's rates.

13.9. Competition in the Acquiring Subsegment

The acquiring sector is highly competitive, has virtually no barriers preventing business customers from switching between the various acquirers. Given the high level of competitiveness in the industry, there has been continuous erosion of the industry acquiring margin in recent years. In addition, the high competitiveness in the acquiring field is also accompanied by the entry of additional payment means, alternatives to acquiring, such as payment apps.

The fierce competition in the industry, lack of barriers preventing business customers switching between the various acquirers and the decrease in the acquiring margin, force Max to invest large resources for recruiting and retaining business customers by, among other things, improving the services offered to business customers and offering added value propositions on traditional acquiring services.

Furthermore, the working regulation of hosted payment aggregators and acquirers in Israel also increases competition in the Acquiring Subsegment and leads to a non-material erosion of Max's income.

Max's main competitors in the Acquiring Subsegment are the other credit card companies. Max's main competitors in the discounting segment are the other credit card companies and Discounting Companies operating in the market. In the business credit sector, Max's main competitors are the banks and the other credit card companies, as well as various non-bank financing companies.

Max adopts the following measures for confronting the increasing competition in the Acquiring Subsegment: Steady investing and improving of the business customer service experience and quality by planning for maximizing the value propositions, collaborating with local and international entities to promote and initiate complementary financial products for business customers, adapting to the competitive environment by developing a digital environment which is adapted to the various needs of the business customers. Max also has a credit risk management and control system for minimizing damages in collection of business borrowing.

The positive factors affecting Max's competitive position are, among others: (a) investing resources in simple, fast and easy systems in order to recruit business customers, including online recruiting according to the provisions of the law; (b) improving services to business customers; (c) drafting attractive value propositions for business customers that include other services in addition to traditional acquiring services; (d) expanding the value propositions offered to business customers by acquiring and synergy with companies that provide payment solutions to business customers and that also enable the creation of exclusive offers; (e) Max's status with the international credit card organizations; (f) Max has the ability to raise capital and debt for sustaining its operations and business growth.

The adverse factors affecting Max's competitive position are, among others: (a) multiple regulatory changes in the industry aimed, inter alia, at reducing the acquirer fees paid by business customers and facilitating the entry of new players to the industry, such as hosting aggregators and acquirers; (b) establishing and developing technological infrastructures designed to create non-credit card acquiring and payment systems; (c) the absence of barriers preventing business customers from switching acquirers; (d) various regulatory and technological developments that lead to increased activity by the banks in the payments market and payment means also for business customers; (e) Exclusive acquiring of the American Express and Diners brands by the Isracard Group and CAL, respectively, allow them to collect relatively high acquiring fees for these brands, and at the same time to offer the same business customers relatively low fees on the acquiring brands which are open to competition: Visa, Mastercard and Isracard.

Part of this section constitutes forward-looking information, as defined by the Securities Law, based on the assessments of the Max Group management and its understanding of the business environment in which Max operates. Max's plans may not materialize, in whole or in part, or may materialize differently, including in a materially different manner than expected, due to incorrect assessments, changes in Max's work plan, unexpected changes in the payments and credit market in Israel and/or outside Israel, behavior of entities and players in the payments and credit markets, especially in light of the uncertainty regarding the continuation of the Iron Swords War, its duration and effects on the Israeli economy and/or materialization of the risk factors set out in Section 15.10 below and Part B of the Report - Report of the Board of Directors, Section 5.

14. Activity of main investees

14.1. Max IT Credit Ltd. (hereinafter - "Max Credit")

A private subsidiary wholly owned by Max.

Max Credit provides non-bank credit to private customers. Max Credit is a financial institution as defined in the Value Added Tax Law, 1975.

14.2. Max IT Deposits Ltd. (hereinafter - "Max Deposits")

A private subsidiary wholly owned by Max.

Max Deposits holds monetary balances for Max's customers in connection with the customers' use of the products Max offers, such as prepaid cards, balances in shekels and foreign currencies, and more. Max Deposits is a financial institution as defined in the Value Added Tax Law, 1975.

15. Additional information at segment level

15.1. Legislative restrictions, standards and specific constraints - description and effects

Max operates in a highly regulated environment and its activities are regulated by and subject to the general laws relevant to its activities, specific banking laws applicable to it and various binding regulatory directives, mainly Proper Conduct of Banking Business Directives published by the Banking Supervision Department, which is Max's regulator. Following are the main legislative and regulatory provisions applicable to Max specifically and reference to material changes in the regulatory environment applicable to it. It should be clarified the list of legislation and regulation below is not an exhaustive list of all relevant provisions or directives applicable to Max's activity, but rather a general review of the main legislation and regulation.

As a company that provides payment services to its customers (payment card issuing and acquiring), processing payment cards, and provides credit (other than housing credit), Max is subject to the provisions of various laws related to its activities in those sectors, including the Banking Law (Licensing), Banking Ordinance, Banking Law (Customer Service), Payment Services Law, Fair Lending Law, 1993, Credit Data Law, Financial Information Service Law, Prohibition on Money Laundering Law, 2000, as well as regulations, ordinances, and rules issued pursuant to these laws. Max is also subject to various directives issued by the Banking Supervision Department from time to time applicable to credit card companies or acquirers, including under circulars, letters, guidelines and Proper Conduct of Banking Business Directives (including Proper Conduct of Banking Business Directive 470 - Payment Cards and Proper Conduct of Banking Business Directive 472 - Merchant Acquirers and Acquiring Payment Card Transactions).

In addition to the foregoing specific laws, Max is also subject to general provisions of law such as the Economic Competition Law, 1988, the Privacy Protection Law, the Market Concentration Law, the Law for Promoting Competition and Minimizing Market Concentration (Legislative Amendments) 2017, as well as regulations, ordinances, guidance, and rules promulgated thereunder. In that context, it is noted that in recent years various regulators - including those listed above - gained further enforcement and reporting powers, such that Max and its subsidiaries are exposed, from time to time, to administrative enforcement procedures and to imposition of penalties or sanctions by those regulators.

Furthermore, in recent years there has been a significant expansion of the international sanctions regimes imposed by various entities across the world, in connection with financial activity, which include - in some cases - restrictions or receipt or payment of funds from those on which such sanctions were imposed. Max continuously monitors developments and publications relating to the sanctions regimes, in order to comply with the requirements applicable to it.

Following are details regarding key legislative and regulatory provisions, which apply to Max, including key effects.

Banking legislation

15.1.1. Banking Law (Licensing)

Max is regulated under the Banking Law (Licensing) and operates by virtue of the permanent acquiring license granted to it on February 20, 2019, and is subject to the supervision of the Banking Supervision Department. The Banking Ordinance, 1941, stipulates additional provisions that apply to acquiring license holders, including provisions on the powers vested in the Banking Supervision Department. On the day Amendment No. 29 to the Banking (Licensing) Law came into effect (June 6, 2024), Max received the Banking Supervision Department's notice, stating that its acquirer license would remain valid until it is updated, following Max's designation as an "essential payment service provider for stability purposes," within the meaning of the term in the Banking (Licensing) Law.

15.1.2. Holding and control provisions

On July 14, 2024, the Banking Supervision Department published policies and general conditions for the provision of holding permits in banking corporations, in prudentially significant providers of payment services, and their holding corporations, for entities managing customers' funds. This document includes several changes, including the removal of restrictions on provident funds' and insurers' holdings (for provident funds and insurers controlled by the permit applicant), and the time limit set on the permit period, until December 31, 2029. This document follows previous Bank of Israel publications on holding and control permits with respect to banking corporations, including the Bank of Israel's policy on permitted institutional entity holdings.

On January 19, 2025, the Banking Supervision Department published a policy and general conditions document for holding permit applicants with respect to banking corporations, essential payment service providers for stability purposes, and their respective holding corporations, under which, among other things: (a) the holding permit shall be limited to 10% of any type of means of control of a banking corporation, at most, provided that it has a controlling shareholder and that it has not been publicly offered; (b) the permit holder may not direct the corporation's activity (for the corporation whose holding requires a permit), and will not have the capacity to prevent the corporation from making business decisions, and, in addition, it must hold the means of control alone and not cooperate with others on a regular basis – not with the controlling shareholder of a corporation in which holdings require a permit, nor with anyone else holding any means of control; (c) in exceptional cases, an exception to the policy may be made, at the discretion of the Governor of the Bank of Israel.

15.1.3. *Banking Law (Customer Service) (Amendment No. 37), 2024*

On January 28, 2024, an amendment was published to the said law, obliging a banking corporation (including Max in its capacity as a payment service provider with prudential significance) to send its customers notice of termination of a banking benefit issued to them no later than 21 days before its termination date; and regarding a card fee benefit, to specify in such notice the way in which the customer may terminate the engagement regarding the payment card. The amendment to the law also stipulates that such notice shall be sent to the customer in writing, in a manner that allows as instant and accessible communication as possible, unless the customer asked not to receive notices in this manner. The Directive's effective date is July 28, 2024, and Max had prepared to implement it in a timely manner.

15.1.4. *Update to the Banking (Customer Service) (Fees) Rules, 2024*

On November 5, 2024, an update to the **Banking (Customer Service) (Fees) Rules**, 2024, was published, pursuant to which, a chapter on payment applications was added to the Bank of Israel price list, specifying the applicable conditions and restrictions regarding the fees charged to customers who use such applications, in light of the costs associated with providing such services, including a mechanism that allows these fees to be updated, with the Banking Supervision Department's approval. At this stage, it is impossible to assess how the above update may affect the payment applications' activity or competition in the Israeli acquiring market.

15.1.5. *Proper Conduct of Banking Business Directives, Reporting to the Banking Supervision Department Directives and Reporting to the Public Directives*

From time to time, the Banking Supervision Department publishes Proper Conduct of Banking Business Directives, which deal with the various areas regulated by the Banking Supervision Department, including directives pertaining to various aspects, such as capital measurement and adequacy, management and control, management risks, provision of credit and provisions regarding the issuing and acquiring of payment cards.

Furthermore, from time to time, the Banking Supervision Department publishes Reporting to the Banking Supervision Department Directives and Reporting to the Public Directives.

15.1.6. *Letters and circulars of the Banking Supervision Department*

In addition to the Proper Conduct of Banking Business Directives, the Banking Supervision Department periodically publishes various letters and circulars that regulate different or additional aspects beyond that which is established in the directives.

15.1.7. *Proper Conduct of Banking Business Directive No. 501 - Customer Service and Support Function*

In March 2023, **Proper Conduct of Banking Business Directive No. 501 - Customer Service and Support Function** was published.

The directive sets principles regarding management of the customer service and support function for banking system customers across the various service channels, and prescribes, among other things, corporate governance requirements as follows: regarding the Board of Directors' responsibility, provisions were set regarding the formulation of a customer service and support strategy; monitoring the implementation of the outlined strategy, and approval of the service and support policy; and setting requirements as to reports to the Board of Directors, and discussing this issue at least once a year. As to the responsibilities of senior management, provisions were set regarding the responsibility for the implementation of the service and support strategy; setting powers and areas of responsibility for effective management of the various service channels; allocation of the resources required to implement the policy; setting supervision and monitoring mechanisms; and a requirement to maintain an ongoing process of changes and adjustments in the customer service and support function. In addition, the directive includes principles for the provision of services and support to customers, which banking corporations (including Max as an acquirer) are required to follow, and applies a requirement to publish a Service Level Agreement (SLA) and details about the customer service and support function.

Most clauses of the Directive came into force in March 2024, and Max had prepared to implement them accordingly.

Max is of the opinion that Proper Conduct of Banking Business Directive, "Customer Service and Support Function" will have operational consequences in relation of the service and support procedures in connection with Max's customers, such that those procedures comply with the provisions set in the directive and with the principles for the provision of services and support to customers.

15.1.8. *Proper Conduct of Banking Business Directive No. 364 – IT, Information Security, and Cyber Security Risk Management*

On November 18, 2024, the Banking Supervision Department published a new Proper Conduct of Banking Business Directive concerning Management of Information Technology Risks, Information Security and Cyber Security. The purpose of the directive is to adapt the current regulatory framework for technology risks management, such that it addresses the ever-changing technological environment and threats and is in line with globally accepted regulation; the directive also aims to achieve appropriate and effective management of information technology, while minimizing the number of incidents in which a technology risk materializes and the confidentiality, integrity or availability of information assets is adversely affected. On its entry into force (18 months from the publication date), Proper Conduct of Banking Business Directives No. 357, 361, and 363 will be voided, alongside several circulars on the topics the new directive regulates. Max is studying the directive and will prepare for its implementation. At this stage, it is impossible to assess how the directive may affect Max.

15.1.9. *Proper Conduct of Banking Business Directive No. 313 - Restrictions on the Indebtedness of a Borrower and a Group of Borrowers*

On July 30, 2023, the Banking Supervision Department published a revision to the above directive, which extends by December 31, 2024 the stipulation whereby a liability of a banking group of borrowers vis a vis a credit card company shall not be subject to the "banking group of borrowers" restriction and shall not be included in the aggregate restriction of single-name corporate borrowers.

On January 2, 2025, the Banking Supervision Department published an update to this directive, extending the duration of the exclusion in favor of credit card companies, as stated above, to January 1, 2026, or until the date an alternative directive is implemented, whichever is earlier.

On February 4, 2025, the Banking Supervision Department published a new Proper Conduct of Banking Business Directive on major exposures, which is intended to replace PCBB Directive No. 313 (Indebtedness Restrictions for a Borrower and For a Group of Borrowers), while adapting the Proper Conduct of Banking Business Directives to the recommendations of the Basel Committee on Banking Supervision (hereinafter – "**Basel Committee**"). The directive is due to commence on January 1, 2026 (subject to several provisions for the transitional period, as set forth in the directive), and, among other things, it stipulates that exposures arising from operating bank payment cards are not subject to the major exposure limit. Max is examining the directive's additional ramifications.

15.1.10. *Proper Conduct of Banking Business Directive No. 369 – Model Risk Management*

On August 21, 2024, the Banking Supervision Department published a draft of a new Proper Conduct of Banking Business Directive regarding Model Risk Management and a draft Q&A file for its implementation. Pursuant to the directive, banking corporations and essential licensed payment service providers for stability purposes must implement similar model risk management to their management of other types of risk, including the Board of Directors' and the senior management's risk monitoring, control, and management responsibilities, as well as the three lines of defense that must partake in managing the risk. Among other things, the new directive also applies to models that include the use of or reliance on artificial intelligence. The directive is due to enter into effect on August 21, 2025, and, upon its entry into effect, previous directives on the subject will be rescinded.

15.1.11. *Open Banking*

The Financial Information Service Law requires various financial entities that hold information about customers (hereinafter - "**Information Sources**"), including institutional entities, to allow licensed entities or controlled entities which are exempt from a license (banks, institutional entities, credit card companies and savings and loans associations) (hereinafter - "**Financial Information Service Providers**") to receive online access to financial information of a customer, with the customer's consent. Financial Information Service Providers that have received a license from the Israel Securities Authority will be

monitored by it, while Financial Information Service Providers monitored by a designated regulator will be monitored by them with respect to this law, including with respect to the imposition of financial sanctions in case of a breach.

Based on the financial information received, Financial Information Service Providers שרק able to offer services such as summarizing all information in one place, comparing costs between various financial entities, transferring information to financial entities to obtain value propositions for the customer (i.e., competitive bids), and financial advice, all in an advanced digital manner. The Financial Information Service Law imposes on Financial Information Service Providers duties of trust, caution and secrecy.

On October 13, 2024, the Banking Supervision Department published a circular on the subject of open banking (Proper Conduct of Banking Business Directive No. 368). Among other things, the circular proposes to extend the existing directive's applicability in accordance with the applicability stipulated in the Regulation of Engagement Law and the Financial Information Service Law, with respect to the entities supervised by the Banking Supervision Department. In other words, extending the directive's applicability to corporations controlled by an essential licensed payment service provider for stability purposes and to foreign banks.

Max is of the opinion that the implementation of the provisions of the Financial Information Service Law have operational implications on the one hand and business opportunities on the other, alongside boosting competition in the financial market.

The information relating to the potential consequences of the provisions of the law regarding provision of financial information services constitutes forward-looking information, which is based on Max's assessments and assumptions, and actual results may vary materially from those predicted, among other things, in accordance with the manner by which the provisions will be implemented by the various regulators and the behaviors of various entities in the financial market and consumer preferences.

General legislation

15.1.12. Payment Services Law

The Payment Services Law regulates, including through the regulations promulgated thereunder, the relationships between all payment service providers and their customers, including on the issuing side (between payment service providers and the payer) and on the acquiring side (between payment service providers and the beneficiary). As such, the Law regulates the use of a range of payment means (payment cards, checking accounts, electronic wallets, payment applications and payment transfers).

15.1.13. The Payment Services Memorandum of Law (Amendment) (Consumer Protection against Dealers who Commit Violations under Aggravating Circumstances), 2024

A draft bill was published on June 16, 2024, which establishes supplementary liability arrangements to complement the Payment Services Law, aimed at protecting consumers against exploitation, forgery, and fraud. The draft bill contains, among other things, a proposal to extend the liability, as currently stipulated in the law, for misuse of means of payment. In addition, it is suggested to expand the option available to the consumer to ask their payment services provider to suspend the payment to the beneficiary due to "failure to deliver", such that it will also apply to cases where the transaction was entered into by means of exploitation and fraud, provided that conditions set in the law memorandum are met.

The proposed change to the liability provisions may have a material effect on Israel's payments system.

The information pertaining to the said memorandum of law constitutes forward-looking information, which is based on Max's assessments and assumptions as of the report publication date. Actual implementation may vary materially than that expected, and depends, among other things, on the final wording of the law, if and as it is passed.

15.1.14. *Law of Prevention of Economic Damage to the Consumer (Legislative Amendments), 2024*

On July 4, 2024, an amendment to the Consumer Protection Law was published, authorizing the Commissioner to determine that a dealer has committed an aggravated violation (or is affiliated with such a dealer), and to provide information of any such finding to a payment service provider. At the same time, legislative amendments were published, which determine the payment service providers' obligations if they receive a notice stating that a dealer has committed an aggravated violation. Furthermore, it was stipulated that an entity providing payment services to a beneficiary will not engage with a beneficiary, in respect of which such a notice was issued or published, for a period of two years from the notice receipt or publication date.

Max is studying the law and its implications. At this stage, the law's effects on Max cannot be assessed.

15.1.15. *Regulation of Engagement in Payment Services and Payment Initiation Law, 2023*

The **Regulation of Engagement in Payment Services and Payment Initiation Law, 2023** (hereinafter - the "**Regulation of Engagement Law**") provides for a licensing requirement or regulatory approval and the terms and conditions for receiving such a license or approval from the Israel Securities Authority, which apply to those engaged in the provision of payment services and initiation of payments. In addition, the law regulates permitted occupations for license holders and sets related provisions. The law lays the regulatory foundation for the future expansion of Max's business activity into the areas regulated thereunder (insofar as Max becomes subject to the Israel Securities Authority's supervision). Furthermore, the law may bring about changes in the competition landscape in the payments market and affect the regulation of the activity of entities that compete (currently or in the future) with Max's activity and encourage the entry of foreign service providers into Israel.

15.1.16. *Directive to payment service companies regarding retaining and protecting customers' funds*

On June 3, 2024, the Israel Securities Authority published several supplementary provisions, complementing the provisions of the **Regulation of Engagement Law**, on guarding and protecting customers' funds, as transferred to payment companies for the purpose of providing payment services. Among other things, the directive stipulates provisions regarding the retention of customers' funds by essential licensed payment service providers for stability purposes (Max is designated as an essential licensed payment service provider for stability purposes), such as a limit on the total funds that may be retained out of the customers' total funds (as received by the payment company from or for its customers); provisions regarding paying the interest (in whole or in part) on funds belonging to the payment company's customers, which were invested in a designated account or retained by an essential payment service provider for stability purposes, to its customers.

The information relating to the potential consequences of the Regulation of Engagement in Payment Services and Payment Initiation Law is forward-looking information, which is based on Max's assessments and assumptions, and actual results may vary materially from those predicted, among other things, since at this preliminary stage it is impossible to assess the effects of the above on Max.

15.1.17. *Prohibition on Money Laundering Law, 2000, and Prohibition of Financing of Terrorism Law, 2005 (hereinafter, jointly - "Anti-Money Laundering Law")*

The Prohibition on Money Laundering Law includes the obligations regarding identification, reporting, and management of records that apply to the Company's activity, inter alia by virtue of the **Prohibition on Money Laundering Ordinance (Obligations to Identify, Report and Manage Listings of Banking Corporations for the Prevention of Money Laundering and Terrorist Financing), 2001 (**hereinafter - the "**Prohibition on Money Laundering Ordinance**").

On June 16, 2023, the Bank of Israel published a document referring to the issue of division of responsibilities between the banking corporations and the acquirers in connection with the "know your customer" procedures conducted as part of the "processing" and a "joint issuing arrangement". In the letter, the Bank of Israel noted that banking corporations and the acquirers should defined the information that they obtain about the customer as part of the "know your customer" procedure, which is conducted upon the issuing of a payment card, in accordance with a risk-based approach and the principles set in the ordinance and in Proper Conduct of Banking Business Directive 411. Furthermore, the Banking Supervision Department instructed the internal auditors of the banking corporations and the acquirers to

verify the appropriateness and adequacy of the information they obtained as part of that activity, through June 30, 2024. On October 24, 2023 the deadline was postponed to December 31, 2024. Max's internal audit performed the examination, as required, and forwarded its findings to the Bank of Israel.

15.1.18. *Amendment 13, Privacy Protection Law*

For details, see Section 9.2.6 above.

15.1.19. *The Privacy Protection Authority's Guidance on the Board of Directors' role compliance with the corporation's information security duties pursuant to the Privacy Protection Regulations*

For details, see Section 9.2.7 above.

Licenses and license agreements

15.1.20. *Licenses from international credit card organizations*

For details, see Section 15.11.2 below.

15.1.21. *License agreement for acquiring the "Isracard" brand*

Pursuant to the agreement dated May 15, 2012 between Max and Isracard, Max has a license for acquiring, issuing, and the option of providing services for payment cards from the Isracard brand. Pursuant to the license agreement, card acquiring activity with the Isracard brand is managed similarly to card acquiring on the joint interface between the credit card companies in the industry for acquiring Visa and Mastercard cards. The Competition Commissioner has applied the exemption to this agreement pursuant to the interchange acquiring exemption, as detailed in Section 15.1.23 below.

15.1.22. *Corporate agent license*

On June 8, 2020, the Capital Market, Insurance and Savings Authority granted a corporate agent license to Max Insurance Agency (2020) Ltd., a wholly owned subsidiary of Max. The license allows the agency to engage in insurance brokerage in the Property and Casualty Insurance Segment, mortgage life insurance, and health insurance as part of travel insurance products, in accordance with the terms of the license and subject to the applicable statutory and regulatory provisions governing this activity, including the various directives issued by the Capital Market, Insurance and Savings Authority from time to time. The license includes several restrictions regarding the agency's areas of activity and a plan for transitioning to an "objective agent".

The control permit granted to the Company over Max Insurance Agency Ltd. included an updated corporate agent license for Max Insurance Agency, which includes, among other things, restrictions on the tenure of officers in the Company or in institutional entities under its control, in Max Insurance Agency, as well as a provision stipulating that Max Insurance Agency will not market the Group's products.

Legislation relating to credit card activity

15.1.23. *Plan for Establishing the Interchange Fee*

On February 25, 2018, a plan was published for reducing the rate of the fee collected from merchants by the acquirer and transferred to the issuer (hereinafter - "**issuer fee**" or "**interchange fee**"):

On January 1, 2019, the **Banking Ordinance (Customer Service) (Supervision of Interchange Acquiring Service of Payment Card Transactions and Immediate Billing Transactions), 2018,** entered into effect. The Order implements the reduction of the Interchange Fee rate with regard to payment card transactions (distinguishing, during the first years of the implementation of the scale, between all transactions and transactions executed for a "public institution" as defined in the Ordinance), and regarding immediate billing transactions. As of the report date, the rate of the interchange fee in deferred billing transactions is 0.5%, and the rate of the interchange fee in immediate billing transactions ("debit" transactions) is 0.25%.

Interchange acquiring exemption

On April 25, 2018, the Competition Commissioner published his decision to exempt the interchange acquiring arrangement between the credit card companies, which was approved in March 2012 by the Competition Court, in the terms, as part of a request for cartel clearance (hereinafter - the "**Amended Acquiring Arrangement**").

The interchange acquiring exemption (hereinafter in this section - the "**Exemption**") sets forth a number of conditions which are designed to address a number of competition-related concerns identified by the Israel Competition Authority, as follows:

B. Blocking new players from engaging in interchange acquiring agreements;

C. Exploiting market power on the issuing side or the acquiring side, in order to make it difficult for competitors - prohibition on an issuer with a broad scope of activity to discriminate between acquirers or customers based on the identity of the acquirer of the merchant in which the transaction was carried out; prohibition on a credit card company, which is an acquirer with extensive scope of activity to discriminate between issuers.

D. Exploiting market power against merchants - practices of creating links or restricting discounts - prohibiting a credit card company, which is an acquirer with extensive scope of activity or an issuer with a broad scope of activity to link the acquiring of transactions involving payment cards with a merchant and the engagement with that merchant as part of its activity as an issuers; prohibiting the linking of various payment cards transactions in which it serves as an acquirer; and prohibiting a credit card company, which is an acquirer with a broad scope of activity, to be a party to agreements with a merchant that prevent it or restrict it from giving its customers discounts that depend on the means of payment which the customer uses.

E. The exercise of coordinated market power toward merchants - delaying a payment from an issuer to an acquirer - daily netting - prohibiting the delay of payments from the issuer to the acquirer. According to the directive, as of July 1, 2021, the transfer of funds between an issuer and an acquirer in respect of transactions made in a single payment will be executed no later than one day after the date that the transaction was transmitted by the merchant.

On May 15, 2024, the Israel Competition Authority decided to grant an exemption from approval of a cartel clearance in connection with the interchange acquiring arrangement through December 31, 2028, under conditions which are not materially different from those of the previous exemption (hereinafter - the "**New Exemption**"). The Israel Competition Authority decided not to regulate - as part of the terms of the new exemption - an approval it previously issued to Max (as part of a no-action relief, that will expire on the expiry date of the previous exemption) to launch the "Max Self-Employed" service (a payment receipt service offered to small dealers through a platform, which is similar to the payment apps operated by the banks, and which includes control and financial management and allows an exemption from acquiring fee under certain conditions), excluding a preparation period through May 15, 2025 for customers, who joined the service prior to the publication of the new exemption. The Israel Competition Authority noted in the new exemption that it may be possible to assess such ventures in the future - subject to future developments in the acquiring market or the payments market.

The interchange acquiring arrangement is an operational arrangement between issuers and acquirers in Israel as part of the joint interface between them that enables acquiring of transactions executed at a merchant using cards not issued by the merchant's acquirer. Extension of the exemption thus enables the interchange acquiring activity in Israel to continue.

15.1.24. Announcement of a payment cards scheme

On July 31, 2024, the Governor of the Bank of Israel announced the "Payment Cards Scheme" operated by Automated Banking Services (ABS), as a controlled system in accordance with the Payment Systems Law, 2008. The Payment Cards Scheme constitutes a set of rules between issuers and acquirers in Israel regarding their activity in the field of payment cards.

At this preliminary stage, it is not yet possible to assess the announcement's effect on Max's activities.

15.1.25. *Strum Law*

On January 31, 2017, the Strum Law was published (pursuant to the recommendations of the Committee on Increasing Competition in Common Banking and Financial Services, (hereinafter - the "**Strum Committee**").

Amendment of provisions set under the Strum Law

Further to the recommendations issued by the Taskforce for Assessing Institutional Entities' Holdings in Payment Card Companies (established by the Ministry of Finance), on July 23, 2024, the **Banking (Licensing) Law (Amendment No. 31), 2024**, was published, amending the provisions of the Banking Law (Licensing), as stipulated in the "Strum Law," regarding control of a payment card company by a bank with a broad scope of activity, which lifted the prohibition on major institutional entities to acquire the means of control of a payment card company from a bank with a broad scope of activity. It was further determined that a bank with a broad scope of activity of the means of control of a credit card company and also recommending to specify that a bank with medium-scale activity (a bank whose assets have a value of between 5%-10% of the value of assets of all banks in Israel) will not be able to have a control stake over a credit card company.

These moves are supplementary moves for the publication of the Banking Regulations (Licensing) (Bank with a Broad Scope of Activity), 2023, which revised the definition of a bank with a broad scope of activity, such that a bank, the total assets under management of which constitute 10%-20% of the value of the assets of all banks in Israel, will be required to sell its holdings in a payment card company under its ownership, which extended the validity of some of the infant company protections awarded under the Strum Law.

The said provisions regarding structural separation between banks and payment cards companies, as well as other provisions that may be published in the future in connection with those aspects may lead to structural changes in the relevant markets.

The information pertaining to the provisions of said law constitutes forward-looking information, which is based on Max's assessments and assumptions as of the report publication date. Actual implementation may be materially different than expected, depending, among other things, on business entities' decisions regarding the acquisition of competing credit card companies and the competitors' behavior.

Additional regulatory provisions

15.1.26. *Market Concentration Law*

Max is classified as a "significant financial entity" and a "concentrated entity" pursuant to the Market Concentration Law and is included in the list of significant financial entities published by the Market Concentration Committee.

15.1.27. *Assessing measures to increase competition in banking services offered to the retail sector in Israel*

A tiered outline for licensing and proportional regulation of non-bank entities

On February 14, 2024, the Banking Supervision Department published a call for proposals for a gradual outline for licensing and regulation of non-bank entities in order to boost competition in the banking system. In accordance with the call for proposals, the Bank of Israel intends to formulate a policy for licensing banking corporations, under which banking licenses and regulation will be adapted to requested activities and the level of risk inherent in the applicant's activity. Three tiers of banking license will be set in this framework: (1) A banking corporation with a financial institution license, that will allow its holder to receive deposits (without the management of current accounts) and extend credit using those deposits; (2) a banking corporation with a basic banking license, which will apply to an entity whose activity is not complex (as defined in Proper Conduct of Banking Business Directive 480) and meets the definition of a bank with small-scale activity as per the Banking Law (Service to Customer). This license will allow the banking corporation - in addition to the receipt of deposits and provision of credit using those deposits - to manage current accounts and extend credit from them; (3) a banking corporation with an extended banking license - this tier will include banking corporations with a banking license, which do not meet the above definitions of "financial institution" and "basic bank".

Taskforce for Examining an Outline for Licensing Non-Bank Entities as Banks

On October 14, 2024, the Bank of Israel published the draft interim report by the Taskforce for Examining an Outline for Licensing Non-Bank Entities as Banks, which included recommended legislative amendments aimed, among other things, at allowing non-bank entities to obtain a bank license, in order to drive up competition and minimize economic concentration. The report makes the following recommendations, among other things: (a) it proposes defining two licensing categories: "bank" and "bank with a narrow scope of activity," i.e., a bank whose asset value does not exceed 5% of the combined asset value of all banks in Israel; (b) allowing a "bank with a narrow scope of activity" to operate a flexible business model, by exempting banks in this licensing category from the obligation to offer all services currently required pursuant to the Banking Law (such as opening and managing current accounts, receiving shekel- and foreign currency-denominated deposits, and selling shekel- and foreign currency-denominated bank checks), as well as allowing it to offer only partial current account services; (c) adopting the regulation and supervision to the bank's size and the complexity of its operations, and establishing two different regulation tiers (depending on the assets under management), with the possibility of moving between these categories.

Max is studying the draft report and its consequences with respect to its operations. At this preliminary stage, and noting that this is only a draft, it is impossible to assess its implications for Max.

2025 Economic Plan - Assessing measures to increase competition in banking services offered to the retail sector in Israel

The 2025 Economic Plan, which was published in October 2024, which recommended to set up a public committee, which will recommend the best outline to allow additional financial entities to raise funds from the public and offer credit to the retail sector from those deposits. It is further suggested that the committee will recommend measures to increase competition in banking services offered to the retail sector (including households and SMEs), including the introduction of additional financial and non-financial market players, which will be able to receive deposits from the public and - at the same time - give credit to the retail sector.

Accordingly, on December 1, 2024, the Ministry of Finance and the Bank of Israel announced the establishment of a taskforce to increase competition in the banking system and in credit. The inter-ministerial taskforce will be headed by the Banking Supervision Department and the Head of the Ministry of Finance Budget Department, and it will focus on lowering the barriers facing new players who wish to enter the banking system or existing players wishing to develop new areas of activity. The committee's objectives include: Drawing up a tiered banking licenses outline that will enable non-bank entities to offer deposits and give credit.

Max's position on the subject was presented to the committee, and the latter is required to submit its recommendations report by April 2025.

15.1.28. Updates and relief due to the Iron Swords War

- On February 4, 2024, the Banking Supervision Department published a temporary order (in general, and except for certain reliefs, for which different timelines were set, the temporary order and the amendments thereunder were valid until March 31, 2024), stipulating reliefs regarding identification duties in connection with the prohibition on money laundering and terrorism financing – emphasizing increasing the scope of activities in which less stringent identification procedures may be implemented in case of an identified service recipient under the less stringent arrangement stipulated in Appendix B2 to Proper Conduct of Banking Business Directive No. 411 – subject to heightened monitoring and to verification that the service recipient's activity is aimed at raising aid funds, in light of the war.
- On March 31, 2024, the Banking Supervision Department published adjustments to the provisions of Proper Conduct of Banking Business Directives for dealing with the Iron Swords War (Temporary Order), which cancelled most of the expedients granted under the Temporary Order.
- On October 23, 2023, the Banking Supervision Department published a support outline aimed at assisting the customers of credit card companies to deal with the effects of the Iron Swords War (hereinafter - the "**Support Outline**"). The Support Outline - which was adopted by the credit card companies - enables populations belonging to the First Circle Customer Group (according to the list in the Outline) to defer certain loan payments for three months, without charging interest or fees,

and exempts such populations from some of the fees and commissions charged by credit card companies, with the remaining customers (Second Circle Customers) and enables them to defer loan payments for three months, whereby the deferred payments bear interest at a rate not exceeding that in the loan agreement, all as set out in the Support Outline. On October 30, 2023 this outline was also adopted (with adjustments) by the Accountant General, in respect of loans provided under the state-backed loan fund.

- On November 8, 2023, the Banking Supervision Department announced the expansion of the Support Outline, by including residents of the northern region of Israel or owners of businesses located there, and which were evacuated by the government. The Support Outline, as modified, was extended several times, most recently in late March 2024.

For a summary of other final legal provisions published in the reporting year and thereafter, and a summary of the legal provisions published, and which apply to the segment, in addition to those described above in this chapter, see also Section 9.2 above.

15.2. *Human resources and organizational structure*



Workforce

Following are data about Max's workforce:

	2024	2023
No. of positions* as of year end	**1,558**	1,518
Average number of jobs*	**1,501**	1,406

* The number of jobs includes full-time jobs including overtime, plus outsourced jobs and less the jobs of employees, whose salary was capitalized to property, plant, and equipment.

The increase in the workforce arises from an increase in Max's business activity.

Changes to Max's organizational structure

Effective January 1, 2025, several changes have been made to Max's organizational structure, of which, the main changes are:

A. The Private Customers Division was divided into two divisions:
   - The Service and Sales Division – the division responsible for Max's customer service overall.
   - The Private Customers Division – the division responsible for the broad value proposition to Max customers.

B. The Business Development and Operations Division – the departments in that division were reassigned to two divisions: the Business Development Department was reassigned to the Business Customers, Processing, Strategy and Business Development Division; and the Technology Division and the Operations Department were reassigned to Operations and Projects.

C. The Strategy Department, which was assigned to the Regulation, Communications, and Strategy Division, was reassigned to the Business Customers, Processing, Strategy, and Business Development Division.

D. The Digital and Customer Experience Department shall serve as a lateral unit, directly subordinate to the CEO of Max.

Changes in the composition of Max's Board of Directors

On January 14, 2024, Ms. Lena Dubilier Avisar replaced Mr. Yaron Tiktin and assumed the position of Executive VP and Head of the Credit Division. Prior to her appointment, Ms. Dubilier Avisar served as member of management, as Head of Credit Risks, Models, Analytics and Growth. Mr. Tiktin's tenure with Max ended on February 15, 2024.

On December 31, 2024, Mr. Ron Fainaro, Max's CEO, ended his service in Max.[108]

On December 31, 2024, Mr. Meir Aharoni, Executive VP and Head of the Business Development, Innovation, and Operations Division, left his position at Max.[109]

On January 1, 2025, Ms. Sagit Dotan began serving as CEO of Max. Prior to her appointment, Ms. Dotan served as Executive VP and Head of the Private Customers Division at Max.

On January 1, 2025, Mr. Roy Sorek assumed the position of Executive VP and Head of the Service and Sales Division. Prior to his appointment, Mr. Sorek served as Director of Business Service and Sales at Max.

On February 16, 2025, Mr. Raphael Shauli assumed the position of Executive VP and Head of the Private Customers Division. Prior to his appointment, Mr. Shauli served as Director of the Private Customer Marketing Department at Max.

Compensation plans for Max's employees and managers

The compensation policy approved by Max's Board of Directors, based on Proper Conduct of Banking Business Directive No. 301A, is submitted to Max's Compensation Committee for review from time to time and approved by Max's Board of Directors once every 3 years; most recently, it was updated in May 2024, mainly in connection with the equity compensation component.

The policy applies to officers and employees, including the chairperson of the board of directors, the CEO, VPs, deputy VPs, and directors in Max, and it defines the frameworks and guiding principles for salaries and compensation, while setting limits for the various compensation components.

The policy is based on Max's vision, values, business strategy, management culture, ethical code, and risk management policy. When establishing the policy, Max's business and financial position and resilience, the business environment in which it operates, and accepted standards in the labor market relevant to business competition and competition for human resources were taken into consideration. Broad organizational considerations were also taken into account, including the total cost of compensation and preferable compensation differences between the various ranks in Max.

According to the compensation policy, the compensation package for Max's officers will include regular salary and related components, annual bonuses, and it may also include long-term equity-based compensation. The

108. His tenure ended on January 31, 2025.

109. His employment is expected to end on March 31, 2025.

compensation policy also sets out severance rights, including severance pay, the advance notice period, an adjustment and non-compete period, as well as reference to special bonuses.

In accordance with the compensation policy, the maximum total annual bonus for distribution to all Company employees (including officers) is determined by the compensation committee and the board of directors, and can be based as a percentage of total income before tax and bonuses for the bonus year or on other parameters related to Max's performance and/or work plan.

Annual bonus

The total amount of annual bonus for distribution is set by the Compensation Committee and Board of Directors, and is generally derived from the extent to which Max met its various targets, including the annual profit target compared to the work plan approved by the Board of Directors. Max's CEO recommends to the Compensation Committee and Board of Directors the amount of bonuses to some or all employees (provided that it will not exceed the total bonus amount, as defined in the Compensation Policy), and also recommends the manner of its distribution.

The annual bonus for officer is based on quantitative and qualitative criteria.

Quantifiable criteria - Payment of an annual bonus based on quantifiable criteria subject to compliance with the threshold conditions set out in the compensation policy.

Quantifiable criteria include parameters based on a combination of Max's performance, compliance with financial, business goals, general risk management, and compliance goals, and the personal performance of the officers and the units under their responsibility.

If non-recurring profits and losses are adjusted in the financial statement, they are also adjusted in the measurement of performance for calculating compensation.

The various measures and objectives which determine the amount and extent of the annual bonus for each of the officers, are derived from the work plans approved by the Board of Directors, which take into account, among other things, the various risks that Max is prepared to assume. Specifically, Company measures and risk management indexes were defined in accordance with Max's risk appetite.

The measures derived from the approved work plans include, among other things, an index of compliance with the annual profit target.

The variable annual compensation structure under the compensation policy ensures that employees who handle risks and compliance are rewarded independently of the businesses they oversee.

The annual bonus granted to officers on the basis of qualitative criteria that cannot be quantified (discretionary bonus) is limited to three monthly salaries per year.

Cancellation or reduction of annual bonus - In addition, the board of directors may reduce or cancel the annual bonus for officers, in whole or in part, at its discretion, among other things, in order to maintain the stability of Max and comply with capital adequacy requirements.

Spreading the bonus and deferred annual bonus - In accordance with the compensation policy, in a year in which the total variable compensation exceeds 40% of the fixed compensation for that year,[110] 50% of the annual bonus calculated for officers is deferred and is spread over the 3 years following the year of distribution; in each of the 3 years following the year of distribution, 33.3% of the deferred portion is paid, with the vesting of the relevant portion of the deferred bonus in each of the vesting dates being conditioned on Max meeting the capital adequacy ratio requirement in accordance with the Banking Supervision Department's directives, based on Max's financial statements published shortly before each of the payment dates of the relevant deferred portion.

In May 2024, the Officer Compensation Policy was amended, mainly in respect of the equity compensation component.

Employment agreement to members of Max's management

In general, the employment agreement of the management members is for an indefinite term, and each party may terminate the agreement with 90 days' prior notice, and in any event, Max reserves the right not to utilize all or part of the specified notice period. In that event, Max shall pay the salary and the related benefits in respect of the specified notice period for which Max has waived the work of a member of management.

110. The 40% rate is applicable if the compensation ceiling for that calendar year does not exceed that which was set forth in the Officer Compensation in Financial Corporations Law (Special Approval and Non-Authorization of Deductible Expense for Tax Purposes in respect of Irregular Compensation) Law, 2016. Otherwise, the applicable rate is 6/1.

Under their employment terms, management members are entitled to social and related benefits (such as, executive insurance, pension fund, study fund, vacation and sick leave, convalescence allowance as required by law, cell phone, and other benefits as is standard in Max). In addition, members of management are entitled to a vehicle and Max bears the cost of its upkeep and the tax gross-up in respect of it.

Under the agreement with management members, on termination of their employment, they are entitled to severance pay equal to the number of employment years in the Company multiplied by the last salary, net of the amounts accrued with respect to their employment period due to the severance pay contributions. Furthermore, members of management are entitled to an adaptation leave of up to four months, and on the other hand they have a non-compete undertaking of 6 months, and in case of dismissal under circumstances that entitle payment of severance pay, some of the members of management are entitled to a further amount of 100% of the product of the number of years of employment (or years of service, as the case may be) multiplied by their latest salary.

Employment agreements with the Chairman of Max's Board of Directors

For details see Note 43(b)(5) to the Financial Statements.

Employment agreement with the Max CEO and management

For details, see Notes 43(b)(7) and 25(d) to the financial statements.

Collective agreement - Max

For details, see Note 25(c)(2) to the Financial Statements.

15.3. *Property, plant & equipment*

15.3.1. *Buildings and equipment*

Max House

In the first quarter of 2020, Max's offices relocated to the "Max Building" in Bnei Brak. The offices were leased from Allied Real Estate Ltd. under a long-term lease agreement; the lease term is 24 years and 11 months, with Max having the right to terminate the lease on several fixed exit dates prescribed in the agreement.

On November 18, 2024, the impact of missile fragments near the "Max Building" caused the building to incur property damage from the blast and shrapnel. Max's infrastructure systems were not affected, and they continued to operate and provide full customer service. The operations required for the refurbishment commenced immediately in coordination with the relevant government agencies and the lessor. Max estimates that the renovation work will last several months and will not affect its business activity.

Over the years, Max has operated an additional service center in addition to the Max Building call center, in the north of Israel. In June 2024, Max relocated the northern call center's operations to a new site in Haifa – the Max Building North. The Max Building North is located in Haifa's Check Post region, which is a major traffic artery that enables convenient access via public transport. Thanks to the facility's location and amenities, the new Max Building is intended to allow Max to recruit more employees. The property has been leased for a period of 5 years, starting in November 2023, with an option to extend by two additional 3-year periods.

IT systems and computing

Max's IT systems are at the core of its activity and include: Computers, information systems and infrastructures, including servers, communication equipment and peripheral equipment. Max's computer systems are located in two independent sites, operating in an active-active configuration (with both sites being fully active simultaneously and at any given time), and in a third site, which is used to backup information. Max's systems meet very high standards of information security and cyber security, among other things, as required under the Banking Supervision Department guidance.

15.3.2. *Major technology projects*

Max's core systems on which payment activity is based process very large volumes of activity. These systems are able to receive and operate volumes of activity which are higher than those currently in operation in Max.

The core systems are continuously upgraded, both technologically as well as in their software and architecture, to support Max's business development.

Below is information, as of the approval date of the report, of Max's main technology system projects:

- **Digital -** This activity includes all Max's digital assets, including its websites, applications, automated services such as IVR and WhatsApp, with Max placing emphasis on encouraging the use of these channels by ongoing development and improvement based on customer needs and market development, while simplifying and making information and operations accessible, thereby creating an improved and innovative customer experience.
- **Application -** Max is developing advanced capabilities and is adapting the application to the customer and market needs, with emphasis on smarter management of the customer, personalized services, and digital accessibility to Max's products, including payment, credit, gift cards, insurance, etc.
- **Foreign currency wallet** – Max allows its customers to use a foreign currency wallet to purchase foreign currency to use overseas and in E-com transactions.
- **Insurance –** Max has a technological platform for managing an insurance agency and supporting sales and service processes. The activity focuses on marketing insurance products such as overseas travel, vehicle, apartment, mortgage, and business insurance.
- **Credit to finance vehicle purchases** – Max improved its capabilities in the domain of credit to finance vehicle purchases, including the development of an infrastructure that enables Max to sell index-linked loans; the netting mechanism; the sales processes, models, and laws for the purposes of fraud prevention; for the purpose of ongoing support of extended operations and improved integration and distribution at auto dealerships.
- **Data -** Max builds and uses advanced big data and machine learning models for improvement and for better customization of services and sales (including risk management) for its customers. In 2024, Max launched the initial implementation and use of genAI (Generative Artificial Intelligence) tools, as part of the technology and HQ employees' operations. The use of genAI technology is expected to grow and expand to additional organizational units.

Max has a number of agreements with companies for software services, including the use of third-party software used by Max in its business.

15.4. *Seasonality*

Max's operating segments, issuing and acquiring, are subject to fluctuations in the volume of income and expenses due to an increase in consumption mainly during the holidays and summer. The increase in consumption leads to an increase in the use of various means of payment and borrowings and accordingly increases Max's income and expenses in this regard. The holiday seasons (the High Holidays and Passover) fall in different quarters in various years and therefore the seasonal effect differs from year to year.

15.5. *Intangible assets*

Max is the sole owner of rights in the figurative trademark "Max" in the Israeli credit cards sector and in other trademarks in the field of finance, including means of payment and insurance. In addition, Max has rights of use in a number of trademarks related to the activity of the credit cards it issues and/or acquires.

Max's activity is subject to the provisions of the Privacy Protection Law. As part of the above, Max has registered databases in which it stores, among other things, information pertaining to its customers and employees; Max implements advanced technological means (including in accordance with the Proper Conduct of Banking Business Directives) designed to secure the data of customers' activity and Max's business activity.

Max has various intellectual property rights and licenses to use various computer software and IT systems for the purpose of managing its business, including the provision of services to its customers.

15.6. *Description of Max's insurance policies*

Max has in place an independent insurance coverage comprising various insurance policies. Following are the key components of Max's independent insurance function as of the report date:

Combined liability insurance - professional liability, embezzlement and computer crime:

A. **Professional liability** - covers Max's liability by law due to a lawsuit dealing with professional negligence, which was initially filed to the insurer during the policy period in respect of the services it provides, and also Max's liability in respect of services provided by anyone acting on its behalf.
B. **Embezzlement and computer crimes** - covers against damages arising from employees' dishonesty, forgery or alteration, legal expenses and computer crimes.

Liability insurance for board members and officers:

As from March 27, 2023 (the completion date of Max's acquisition by the Company), Max is included in insurance taken out by the Group, which covers the liability of directors and officers in respect of a lawsuit that was initially filed against any of them during the policy period, for allegedly committing unlawful acts in their capacity as directors or officers in Max or its subsidiaries.

It is noted that the said insurance covers other Group companies.

In addition, as part of Max's sale to the Company, a dedicated D&O run-off policy was purchased for a period of 7 years starting on March 27, 2023, to cover the liability of directors and officers, who served in Max and its subsidiaries on the sale date, and in respect of their activity through that date, and the scope of the insurance coverage was identical to the coverage that was in place prior to the sale.

As part of the separation from Bank Leumi, it was agreement between Max and the Bank that the liability of the directors and officers, who served in Max and in its subsidiaries on the separation date (February 2019) shall be insured in a run-off format under the current directors and officers insurance taken out by the Bank for a period of seven years starting on the separation date, and the scope of the insurance shall be in line with the Bank's insurance on the claim's filing date.

Furthermore, Max and its subsidiaries are covered and shall continue to be covered under a run-off professional liability insurance taken out by Max for a period of seven years as from May 13, 2019.

Cyber risks insurance:

Covers damages which are caused to Max and Max's liabilities to a third party due to cyber events.

P&C insurance:

The P&C insurance coverage includes an extended fire insurance, electronic equipment insurance, third party liability insurance and an employers' liability insurance.

The liability limits in the various policies are set in accordance with the assessment of the risk associated with the activity of Max and its subsidiaries, and in accordance with the overall risk management policy. Based, among other things, on advise Max receives on an ongoing basis. In the opinion of Max's management, taking into consideration the risks that Max faces, and in accordance with normal practice in similar businesses in Israel, and noting the conditions in the insurance market, as of the report date the said insurance coverage is appropriate.

It is noted that some of the above insurance coverages are taken out through insurance companies of the Group. For details, see Part D – Additional Details Regarding the Corporation, Section 19.

The information relating to Max's assessments in connection with the insurance coverage is forward-looking information, which is based on Max's assessments and assumptions, and actual results may vary materially from those predicted, among other things, due to the inability to assess and/or predict the materialization of the risk and its scope.

15.7. *Legal proceedings*

For information regarding lawsuits and contingent liabilities of Max, see Note 45(3) to the Financial Statements.

15.8. *Financing*

The main factors that shape Max's cash flow and which have the greatest effect on cash flows are Max's core activities, i.e. issuing and acquiring of payment cards transactions, while providing credit also have a material impact on the cash flow. These activities regularly create balances collectible from banks, card holders, and other credit card companies, and on the other hand balances payable to merchants, card holders and other credit card companies.

Max manages its financing needs and sources arranging sources of financing in advance, before the debt rescheduling dates so as to allow sufficient time for responding to changes in market conditions. In addition, Max strives to achieve efficient management of liquid reserves, while taking into consideration regulatory provisions and at the same time meeting quantitative and qualitative targets set by Max's Board of Directors as part of its liquidity management policy. In addition, Max placed an emphasis on the diversification of lenders in order to increase the availability of the sources and improve the finance costs.

Max's liquidity needs and management are of the utmost importance its day-to-day operations and for realizing its business strategy when the liquidity management is conducted using a holistic and dynamic approach over varying time spans and various tools and means for management, control, monitoring and reporting.

Max's operations are also significantly affected by seasonality, which has impact on the volume of transactions during the year, especially during holiday periods (High Holidays and Passover) that fall in different quarters in different years, as well as in the summer, and which affect financing, liquidity and cash flow needs during such periods.

Main effects of various segments on Max's cash flows

In general, the payment dates between the various players in a scheme are based on the system of agreements between them, subject to regulatory provisions (among others, as detailed below).

Processing activity with banks - Every day, Max collects daily charges from the various banks according to the activity of bank card holders. This collection activity expresses Max's main incoming cash flows. On the other hand, Max pays other acquirers the voucher amounts in respect of transactions made at merchants (net of acquiring that takes place at Max).

Non-bank issuing activity - Card holder debit dates are on the 2nd, 10th or 15th of each month. On those debit dates, Max collects from the non-bank card holders the charges for the past month from the date of the previous charge to the date of the present charge. This collection activity expresses part of Max's incoming cash flows. On the other hand, Max pays other acquirers the voucher amounts in respect of transactions made at merchants (net of acquiring that takes place at Max).

Acquiring activity - merchants that acquire with Max are credited for transactions on various dates (according to the acquiring agreements with them). On the key credit dates of merchants, the 2nd and 8th of each month, Max credits the merchants acquiring with it for the voucher amounts accrued in their favor from their activity in the previous month and in preceding months for installment transactions. The credit on the 2nd of the month is for transactions received in Max's systems between the 1st and 15th of the previous month, and the credit on the 8th of the month is for transactions received in Max's system between the 16th and the end of the previous month. This credit activity expresses Max's main outgoing cash flows.

Furthermore, the main effect on Max's cash flow structure in the medium-term stems primarily from providing consumer and business credit for various periods.

Liquidity risk management

Primary liquidity risk management measures:

- **Forum for the management of financial risks** - a dedicated forum of Max, which is headed by its CEO; Max's CFO, Chief Risk Officer and Chief Internal Auditor attend the forum's meetings. Performance indices, action plans and various indicators are presented at the forum.
- **Key Performance Indicators** are quantitative indices which are routinely reported to Max's management and the board of directors, which review various aspects that affect Max's robustness, liquidity and quality.
- **Key monitoring and risk indicators** are statistic, result-driven, qualitative, business and operational indicators which present potential changes in the business environment, thereby indicating possible manifestation of liquidity risk or of an increase in the Company's risk exposure (change in the risk profile).

- **Internal Liquidity Management Model** - the Internal Liquidity Management Model is based on the rules issued by the Bank of Israel under Proper Conduct of Banking Business Directive 342 (with the necessary adjustments for Max's activity) and is used for estimating various aspects, including cash flow for various repayment periods, and is one of the liquidity risk management tools.

Liquidity planning and financing gap identification are carried out, among other things, by taking into account the results of the internal model and the set limits. As part of the liquidity risk management, an internal estimate is generated of the liquidity ratio for various repayment periods, where the model includes assumptions and assessments of cash flow behavior to provide an assessment of the liquidity risk exposure.

The model includes various assumptions regarding the liquidity level of the various assets held by Max and with regard to the behavior of its financing sources and outgoing cash flow. For details about Max Group's liquidity risk and its management, and for an assessment of the effect of the above risk factor on Max Group's activity, see Section 15.10 below and Chapter B to the Report - Report of the Board of Directors, Section 5.

Effect of material regulatory provisions on Max's cash flows

- The Payment Services Law, see Section 15.1.2 above.
- Prohibition on delaying the payment from the issuer to the acquirer (transition to daily acquiring) - for details, see the management of the liquidity and financial risk, Chapter B to the Report - Report of the Board of Directors, Section 5.

Filing a draft prospectus for an initial public offering

- As part of Max's strategy to diversify its sources of financing used in its operating activities, on June 30, 2024 Max filed to the Israel Securities Authority a first draft of an initial public offering prospectus, which also constitutes a shelf prospectus, which will allow the issuance of notes, options convertible into bonds and commercial securities and/or the listing of illiquid subordinated notes issued by Max.
- Max does not undertake to publish the prospectus and/or issue any securities in accordance with the prospectus, to the extent that it is published. The publication of the prospectus and/or the issuance of securities thereunder are subject to Max's full discretion and to the receipt of approvals required by law, including the Israel Securities Authority's permit and the approval of the TASE. Accordingly, there is no certainty that the prospectus will be published and/or that various securities will be issued thereunder.

For details about Max's sources of financing, including external financing sources (banks and non-banks), Max's credit balances and significant developments in the sources of financing in 2024 and through the Report signing date, see Section 2.5.3.1 to Chapter B - Report of the Board of Directors.

15.9. *Taxation*

For details on taxation, see Note 24 to the Financial Statements.

15.10. *Risk Review*

For a thorough description of the effect of the Iron Swords War on Max's risks and how they are managed, see Note 46(m) to the financial statements.

General description of the risks and their management

Max is engaged in a wide range of financial activities that involve the taking of risks, including: credit risk, market risk and liquidity risk. Those risks are accompanied by other risks, such as: operational risks, including information security and cyber risks, compliance risks, strategic risk, reputational risk, ESG risks and model risk embodied in the business activities. Intelligent and in-depth risk management encompassing all areas of Max's activity is part of Max's strategy and a necessary condition for the fulfillment of its long-term goals.

Following are details of the material risks to which Max is exposed, and their definition:

- **Credit risk -** a risk that a borrower or a counterparty of Max will fail to meet its obligations to Max, as they were agreed upon.
- **Market risk -** The risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).
- **Liquidity risk** - a risk to Max's earnings and stability arising from its inability to meet its liquidity needs.

- **Operational risk -** The risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. This definition includes legal risk but does not include strategic risk and reputational risk".
- **Information security and cybersecurity risk** - the potential for damage resulting from an occurrence of a cyber event, taking into account its probability and its severity of its impact. A cyber event is an event during which the Company's IT and/or embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to Max), and such an attack may result in the materialization of the cyber risk.
- **Strategic risk** - the risk of adversely affecting Max's income, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.
- **Regulatory risk** - the risk arising from the possible effect of application of additional regulatory provisions on the results of the business activity of Max.
- **Compliance risk** - the risk of a legal or regulatory sanction being imposed, a material financial loss or reputational damage incurred by Max as a result of failing to comply with laws and regulations.
- **Legal risk** - The risk arising from an activity of Max regarding which there is a concern that it is not in line with regulations or case law, and the risk arising from legal proceedings conducted against Max, and the risk arising from a concern that Max will breach contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's rights, or failure to give appropriate guidance due to changes in regulatory directives, case law, or Max's contractual obligations.
- **Reputational risk** - the potential that negative publications, market rumors, or the public perception regarding the operating methods of Max, will lead to a decline in its customer base, or result in high legal costs, or a decrease in revenues.
- **Macroeconomic risk** is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world.

Manner of risk management

Risk appetite

The risk appetite is usually defined with a forward-looking view and defines the risk level that Max is willing and able to assume and reflects the risk perspective of the board of directors. The definition of the risk appetite of Max is one of the key tools used by Max's board of directors for control over the risks assumed by Max.

Risk tolerance is the maximum risk level that Max is willing to assume considering its resources, without violating the limits dictated by regulatory capital and liquidity requirements, the operating environment and its liabilities, also from the aspect of conduct towards shareholders, customers, and other interested parties.

The risk appetite is determined taking into consideration the strategic and business targets defined by Max and the material risks to which Max is exposed. The risk appetite is determined within the limits of the risk tolerance of Max.

Max has a risk appetite document with quantitative and qualitative limits, which is approved by Max's management and board of directors. The document is reviewed and revised periodically.

Risk management principles

Risk management is performed, among other things, in accordance with Proper Conduct of Banking Business Directive No. 310 - Risk Management. Risk management at Max is reviewed and revised regularly subject to the directives and guidance of the Banking Supervision Department and taking into account changes in the business environment and Max's policies.

Following are the key risk management principles:

- The **risk management philosophy** is performed at the Max Group level (i.e., Max and its subsidiaries), from a forward-looking approach that includes the identification and monitoring of existing risks, alongside the identification of new risks. Risks are managed with an integrated, corporate level perspective, all along the managerial chain and across business units.

- The **corporate governance structure** at Max is based on the three lines of defense. The first line of defense is the business lines, as they assume the risks and bear full responsibility for managing such risks and implementing adequate controls over their actions. The second line of defense is the independent risk management headed by the Chief Risk Officer whose role is to help Management pursue an integrated, cross-organizational view of risks, plan, maintain and develop the risk management framework, and challenge the adequacy of the business lines' inputs for risk management and risk assumption. The third line of defense is the internal audit, which is charged with reviewing the adequacy and effectiveness of the risk management processes at Max and exposing internal control weaknesses.
- **Risk management policy papers** were drawn up for each of the material risks, and include reference to the risk management framework, limitations, and indicators for identifying the materialization of the risk. The policy papers are approved by Max's management and the Board of Directors and are revised periodically.
- **Mapping risks in new products** - The exposure of Max increases when it launches a new activity, implements new business processes or develops new products, and enters unfamiliar markets. Before launching a new product or activity, the inherent risks are mapped and assessed, and there is an assessment of the existence of appropriate tools and the expertise required to monitor and control the risks. Max has policies and procedures for mapping risks in new products, which include reference to the relevant factors which are required in the process for approving the new product or activity. The "New Product Approval Policy" is reviewed and revised periodically.
- **Stress scenarios** are a forward-looking complementary tool for risk management at Max. Max is making preparations to address risks, which, if they materialize, could cause serious disruptions in normal business activity. The stress scenarios are used in processes such as: capital planning, liquidity management, determining risk appetite, and risk identification processes.

  Max has a document of crisis management guidelines, which outlines an overall approach to various types of crisis management, and which aims to address effectively, to the extent possible, disruptions and failures that may arise due to external or internal events, and to allow maximum business continuity.
- **Conduct risk** is the risk that the conduct of Max, by act or omission, may have an undesirable result for its customers (integrity, fairness, and transparency) and as a result, may lead to the materialization of legal damages, imposition of fines, and/or reputational damage, and is integrated in all of the business activities of Max. Risk is managed routinely and includes a constant review of changes in business, consumer, competitive, and technological environments. Proper risk management aims to ensure fair treatment of customers and maintenance of public trust in Max's activity. In this context, Max ensures that the culture, processes, services, and products that it offers align with customer expectations and requirements.
- **Result of the capital adequacy assessment process at Max** - Capital planning aims to ensure capital adequacy in a normal business situation and in stress scenarios, based on the assessment of changes in activity and exposure to risks and assessments for the extent of future capital sources available to Max.

  Capital planning at Max reflects a forward-looking outlook of the volume of business activities against the risks and the required capital adequacy ratio. The calculation is based on a three-year work plan approved by Max's Board of Directors, which includes assumptions relating to the expected changes, including growth in business lines and the increase in activity, regulatory requirements and changes, and macroeconomic forecasts.

  As part of the capital adequacy assessment process, Max is required to perform forward-looking stress scenarios to identify events or possible changes in market conditions, which may have an adverse effect on Max, and to ensure that Max has adequate capital to support its risks.

  In accordance with the Internal Capital Adequacy Assessment Process (ICAAP), Max has adequate capital to meet regulatory requirements, and to address the risks and stress scenarios that may materialize.

  As stated in Chapter B of the Report – Report of the Board of Directors, Section 5, Max's internal capital targets are a 9.25% CET1 capital ratio, and a 12.0% total capital ratio.

For further details regarding the credit risk, market risks, liquidity and financial risk, operational risk and other risks of Max and their management, see Chapter B to the Report - Report of the Board of Directors, Section 5.

Risk factors and their effects

Pursuant to the Reporting to the Public Directives, Max is required to assess the effects of the risk factors on its activity, according to a scale of high, moderate and low levels. The level of the risk factors' effect on Max is assessed in accordance with an internal methodology, based primarily on expert assessments, which are subjective. The assessment methodology and level of effect were approved by Max's Management and its Board of Directors.

Severity of risk factors:

No.	Risk factor	Effect of the risk	Details
1.	Overall effect of credit risks	**Moderate**	The risk that a borrower or a counterparty of Max will fail to meet its obligations to Max, as they were agreed upon.
	1.1 Borrowers and collaterals quality risk	**Moderate**	
	1.2 Risk due to sector centralization	**Low**	
	1.3 Risk involved in borrower/borrower group concentration	**Low**	
2.	Overall effect of market risks	**Low**	The risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).
	2.1 Interest rate risks	**Low**	
	2.2 Exchange rate risks	**Low**	
3.	Liquidity risk	**Low - moderate**	A risk to Max's earnings and stability arising from its inability to meet its liquidity needs.
4.	Operational risk	**Moderate**	The risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. This definition includes legal risk but does not include strategic risk and reputational risk.
5.	Information security and cybersecurity risk	**Moderate -high**	The potential for damage resulting from an occurrence of a cyber event, taking into account its probability and its severity of its impact. A cyber incident is an event during which the Company's IT and/or computer-embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to Max), and such attack may result in the materialization of the cyber risk.
6.	Strategic Risk	**Moderate -high**	The risk of adversely affecting Max's profits, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.
7.	Regulatory risk	**Moderate**	The risk of a loss due to the impact of expected future regulation and includes legislation by various regulatory entities.
8.	Compliance Risk	**Moderate**	The risk of a legal or regulatory sanction being imposed, a material financial loss or reputational damage incurred by Max as a result of failing to comply with laws and regulations.
9.	Legal Risk	**Low - moderate**	The risk arising from Max's activity, which is affected by the concern of being non-compliant with regulation or binding legal precedents; as well as the risk arising from legal proceedings against Max, due to the concern of a breach of Max's contractual obligations, a poor legal opinion (including drawing up agreements that do not adequately protect Max's interests), or failure to issue appropriate guidance in response to regulatory changes, recent case law, or Max's contractual obligations.
10.	Reputational risk	**Low - moderate**	The potential that negative publications, market rumors, or the public perception regarding the operating methods of Max, will lead to a decline in its customer base, or result in high legal costs, or a decrease in revenues.
11.	Macroeconomic Risk	**Moderate**	The risk that the profit and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world.

15.11. Material agreements and special commitments

15.11.1. Agreements with banking corporations

Max entered into joint processing and issuing agreements with several banks. Below is a concise description of the principles on which the agreements with the banks are based:

A. Each bank was granted the authority to decide which customers will be issued a card jointly with Max. In addition, as a rule, each bank was given the authority to set the credit facility and terms of the credit cards.

B. Each bank is responsible for honoring all the charges and for paying the amounts that its card holders will be charged for transactions with the cards issued under the agreements, with the exception of certain circumstances as provided in the agreement with each bank (such as responsibility for misuse, for use of a canceled card, for cash withdrawals, or for transactions made after loss or theft of a card).

Each agreement with each bank regulates various netting arrangements in respect of the issuing, processing, distribution and use of cards, whereby each parties is entitled to payments or participation in expenses or revenues, which differ from each other both in the type of payments to which each party is entitled and in the amounts/percentages paid for each such payment type and/or card brand/type and/or ascribed loyalty program of the card.

As part of accounting with the banks, Max transfers them their share of such revenues, among other things (on a case-by-case basis) at variable rates as agreed in each agreement.

The engagement period between the parties is generally five years with an agreement renewal option, unless one party notifies the other that it does not to wish to renew the validity of the engagement (subject to the option of canceling the engagement immediately by notice by any of the parties in the cases decided between the parties). In certain cases, a limited agreement period is set, including provision regarding extension for additional periods.

Following are details of specific engagements:

BANK LEUMI LE-ISRAEL B.M.

On October 11, 2018, Max and Bank Leumi le-Israel B.M (hereinafter - "**Bank Leumi**") signed an agreement for the joint issuing of payment cards (which replaced the previous agreement of May 22, 2008) and Max will provide processing services to the bank for the issuing of these cards (hereinafter in this paragraph - the "**Agreement**"). The Agreement relates, among other things, to issuing of new cards and existing cards renewed as from February 2019. The agreement is valid for 10 years. The agreement provides an option to commit to a minimum issuing volume and the commercial terms with respect therewith, for the period from February 2025 and until its term expires.

The Agreement regulates the following matters, among others:

- Types of cards to be issued.
- Representation in international credit card organizations.
- Customer service to be provided to the Bank's customers
- Distribution of liability between the parties for damage to the card.
- Use of databases.
- Arrangement for discontinued use of the name "Leumi Card" by the parties.
- Regulation of the distribution of commission revenues and operating costs between the parties in a way that decreases Max's share in the distribution of revenues compared to the situation before the previous agreement.
- Over the years, the parties have agreed on various amendments to the agreement or on entering into side agreements to address related issues, including aspects relating to providing service and operating a service center for the bank, the service performance indicators and incentive mechanisms, advertising and marketing, a loyalty program, an arbitration mechanism, etc.

The agreement signed in 2018 sets out several understandings between the bank and CIMax under the Max sale transaction to CIMax:

The Agreements stipulates that by the end of six years from entry into force of the new Agreement, the bank will be paid a cumulative amount of up to NIS 135 million, depending partly on the card transaction turnover and partly on Max exercising its option to extend the period of the bank's commitment to a minimum percentage of cards to be issued by Max up to January 31, 2029. Max paid the bank NIS 135 million for the foregoing in 2024.

On June 25, 2024, Max notified Bank Leumi of the exercise of the option, and on February 10, 2025, Max and Bank Leumi signed an amendment to the agreement, whose main terms are a change to the applicable option exercise terms in the four remaining years of the original agreement term (until January 31, 2029); the agreement term's extension to January 31, 2031; and Bank Leumi's commitment to minimal issuing volumes during that term. In addition, the amendment to the agreement updated the terms of allocating the fee revenues and operating costs between the parties. In Max's assessment, the effect of the amendment on its business results is not expected to be material.

On January 23, 2019, Max and Bank Leumi signed an agreement for early payment, according to which the bank will advance payment to Max for all credit card installment transactions on the first payment date, instead of the original scheduled payment dates. Max bears the finance costs attributed to the agreement, which constitute part of its short-term sources of financing. The agreement is valid until January 31, 2029. In accordance with the terms of this agreement, on February 10, 2025, its commercial terms for the remaining agreement term were amended; the amendments are immaterial. The parties further stipulated that the agreement shall also apply during the period starting on February 1, 2029, and ending on January 31, 2031, on the terms to be agreed between the parties shortly before the beginning of this period.

Max bears the finance costs attributed to the agreement, which constitute part of its short-term sources of financing. The agreement is valid until January 31, 2029.

Max's income from the issuing agreement with Bank Leumi constitutes approx. 23% of its income from the Issuing Subsegment and approx. 20% of Max's total income from the Issuing Subsegment, similarly to 2023.

15.11.2. Agreements with international organizations

Max's issuing and acquiring operations under the "Visa" and "Mastercard" brands, and its acquiring operations under the "UnionPay" brand, are carried out by virtue of Max's engagements with the aforementioned international brand organizations (collectively, hereinafter – the "**International Organizations**"), by virtue of Max's status under the licenses granted to it.[111]

Max is a "Principal Member" of Visa (in addition to its status as an "Associate" pursuant to Bank Leumi's "Principal" status, with respect to a limited part of its bank cards). Max is a "Principal Member" of MasterCard and an "Acquiring Member" of UnionPay.[112]

Max prioritizes concurrent engagements with multiple international organizations in order to preserve its ability to offer services from a variety of international card brands to its customers.

To the best of Max's knowledge, according to the rules set by each of the International Organizations (which are subject to change from time to time, at the discretion of each organization), issuing and/or acquiring and/or operating (as applicable) each organization's branded payment cards are permitted to its respective member business entities, in accordance with the respective organization's applicable status ranking (which permits specific types of actions, depending on status) (hereinafter – the "**International Organizations' Rules**").

Max's operations vis-à-vis the International Organizations in the Issuing and Acquiring Subsegments are conditional, among other things, on its compliance with the International Organizations' Rules, as applicable from time to time, and with the provisions of the various agreements in connection with the period of the engagement between Max and the relevant organization. Max's compliance with the rules and instructions set by each of the International Organizations (as applicable from time to time) is critical for Max's continued ability to offer services (including issuing, acquiring, and issuing and acquiring operations) in connection with the international card brands.

111. Visa Inc. (hereinafter – "**Visa**") and Mastercard Europe SA (hereinafter – "**MasterCard**") are international organizations engaged in the field of solutions and means of payment in a variety of countries around the world, and UnionPay International Co. Ltd. (hereinafter – "**UnionPay**") is an organization engaged in this field, focusing on the Chinese market.

112. Max's UnionPay membership allows it to acquire the UnionPay brand (the most common credit card in China) in Israel and in e-Commerce websites in Europe and the US.

As part of Max's netting with each of the International Organizations, Max must pay each organization various fees (according to each organization's rules), deriving, among other things, from the Company's issuing and acquiring turnovers (mainly international operations), the number of cards, etc.; therefore, an increase in Max's turnovers in general, and in its overseas operation turnovers in particular, directly leads to an increase in these costs. In respect of the joint issuing operations with some banks and clubs, Max and the companies divide the costs payable to the International Organizations, in accordance with the various agreements.

The International Organizations' Rules include various causes upon whose occurrence the International Organizations may (subject to the conditions set forth therein, including prior notice, the right to cure, etc.) terminate Max's membership and/or impose restrictions on the license granted to it (for example, suspend it, revoke it, and even terminate it), and/or impose fines, including, among other things, for defaulting on fee payments to the organization and/or defaulting on fines imposed on it; the existence of a liquidation, bankruptcy, or insolvency proceeding, etc.; a change in ownership/control; an action contrary to the international organization's rules or a material breach thereof; and so on.

The issuing and acquiring operations pursuant to Max's engagements with the International Organizations involve, among other things, the allotment of serial numbers (BINs) allotted by the International Organizations. Ownership of such serial numbers allows the owner to switch its issuing operator, while retaining the card holders' credit card numbers.

Following is a summary of additional principles from Max's agreements with the International Organizations:

(a) Arrangements with Visa

Upon Max's split from Bank Leumi (until then, Max had an Associate status in Visa under the Principal status of Bank Leumi), Max worked with Visa to obtain a license with Principal status, which was granted on June 14, 2018.

The license granted to Max by Visa is unlimited in time, subject to compliance with Visa's rules. To the best of Max's knowledge, at the time of signing this report, it complies with the material conditions of Visa's rules.

From time to time, Visa (at its discretion) may change the rates and structure of commissions in respect of issuing and acquiring Visa cards in a way that applies to Max as well. Rate changes that constitute a price increase may affect Max's results of operations.

In June 2022, Max and Visa renewed an agreement signed in 2017, which is in effect for 2022-2028, under which Visa has undertaken to give Max certain types of financial refunds and retroactive discounts subject to fulfillment of various conditions.

Most of Max's activities in both the Issuing and Acquiring Subsegments are under the Visa brand; therefore, the arrangement with Visa has a material effect on Max's results. Max is materially dependent on its engagement with Visa.

(b) Arrangements with Mastercard

Further to the delegation of power from Mastercard to Europay International S.A. (hereinafter - "**Europay**") to approve license applications in Europe and elect companies in Mastercard for the purpose of granting an issuing and acquiring license, Max signed a license agreement with Europay on February 7, 2011 (hereinafter - the "**Mastercard License Agreement**").

The Mastercard License Agreement awards Max a principal status in Mastercard, and includes the terms and conditions for issuing and acquiring Mastercard payment cards by Max.

The Mastercard License Agreement is subject to the Mastercard's rules, which are an integral part thereof.

The license granted to Max by Mastercard is unlimited in time, subject to compliance with Mastercard's rules. To the best of Max's knowledge, at the time of signing this report, it complies with the material conditions of Mastercard's rules.

From time to time, Mastercard (at its discretion) may change the rates and structure of the commissions related to issuing and acquiring Mastercard cards in a way that applies to Max as well. Rate changes that constitute a price increase may affect Max's results of operations.

During December 2023, a new agreement was signed between Max and Mastercard, which regulates the agreements and commercial conditions regarding the continuation of the engagement between the parties with respect to a previous agreement from 2018. The new agreement comes into effect on January 1, 2023, and is valid for 7 years. As in the previous agreement, the new agreement regulates the commercial netting between the parties and sets mechanisms for business collaboration in various areas.

Max places importance on continuing the many years of activity with Mastercard.

15.11.3. Agreements with loyalty programs

Max has several agreements with various loyalty programs for the issuing and processing of non-bank credit cards for their customers. The agreements with the loyalty programs are generally for a period of between 6 and 10 years and are usually renewed (or renewable) for additional periods. There are many diverse collaborations which are targeted at various populations. The major loyalty programs include DreamCard VIP with Fox-Wizel Group Ltd. (hereinafter - "**Fox**"), the Beyachad Bishvilcha loyalty program of the New Histadrut Workers' Union, the Behatsdaa loyalty program for released IDF soldiers and reserve soldiers, police loyalty programs, the Market Storages loyalty program and the Teachers Organization loyalty program.

It is noted that in recent years, there is a clear uptrend in competition in the loyalty program domain expressed, among other things, in applications of competitors to existing loyalty programs and occasionally in the pricing of offers by loyalty programs expressed, among others and as applicable, in increased costs (current, non-recurring and/or other) for renewal/retention of existing loyalty programs and/or acquisition of new loyalty programs. Max's ability to deal with such offers, whether during or prior to expiration of the agreement period of the loyalty program, is subject, among other things, to the availability of resources at its disposal on the relevant date and its assessment of the potential future profitability of the loyalty program, and there is no certainty regarding its ability to retain all existing engagements with loyalty programs.

As part of the various collaborations, loyalty program members enjoy current benefits provided under the loyalty program, a range of other special benefits provided by the loyalty program over the year, as well as special benefits and offers provided by Max.

The agreements with the loyalty programs regulate, among other things, provisions relating to customer acquisition, marketing and advertising budgets, as well as a mechanism for netting between the parties. Some of the agreements also set out exit points for the parties and the method for settling accounts between them after one of the parties cancels the agreement.

The Fox Agreement stipulates provisions concerning, among other things, the distribution of the club's profits, including the minimum amounts payable from Max to Fox throughout the agreement term; the ratio of points accrued to club members; the agreement term's extension until June 2033, provided that the club meets the minimum active cards target at the end of 2027, and its extension by five additional years, under the terms set forth in the agreement.

15.11.4. Agreement with Allied Real Estate

For details, see Section 15.3.1 above.

15.12. Main service providers

From time to time and on as needed basis Max enters into engagements with suppliers for receipt of services in various areas, including various technological services. Following are details regarding Max's key service providers:

ABS and MASAV

Automated Banking Services Ltd. (hereinafter - "**ABS**") serves as the communication switch between merchants, issuers and acquirers, and operates a payment card transaction collection system in Israel, consolidates information about transactions made at merchants, sorts them according to the identity of the relevant acquirer with which the merchant has an agreement, and transfers the electronic messages to the acquirers and issuers for authorization of the transaction. ABS also operates the movements between the credit card companies in respect of interchange and acquiring activities, for the credit card companies. As of September 2017, ABS provides the communication protocol used for execution of payment card transactions to all users in the market.

Bank Cleaning Center Ltd. (hereinafter - "**MASAV**") operates an automated acquiring center of credits and debits transferred electronically between banks and the customers of various banks in order to debit or credit (as relevant) bank accounts. Max uses MASAV services routinely.

Generally, all transactions involving Max's cards are carried out through the ABS and MASAV systems.

As of the date of this report, Max is materially dependent on the services provided by ABS and MASAV, because without receiving these services, Max's activities will be materially impaired (in the absence of a local alternative

that can provide alternative services in Israel to those provided by ABS and MASAV). ABS and MASAV charge Max for their services mainly on the basis of a uniform tariff that they publish.

It is noted that, to the best of Max's knowledge, the aforementioned companies' operations are subject, among other things, to competition law and the restrictions pursuant to the guidelines issued by the Competition Commissioner on their operations (under which, ABS's and MASAV's ability to refuse to provide services to the group or modify their tariffs was limited), and, moreover, ABS's operations are regulated by the Bank of Israel.

Beeri Printers

There are several agreements between Max and Beeri Printing Limited Partnership (hereinafter - "**Beeri Printers**") (which are revised from time to time), under which Beeri Printing provides Max with production, printing and wrapping services for the debit statements which Max sends to card holders and merchants monthly as well as wrapping and mailing services of Max's credit cards. The agreements between Max and Beeri Print include provisions regarding the consideration in respect of the services provided to Max, confidentiality, liability to damages, indemnity, etc. The agreement is renewed once a year by one further year. Each of the parties is entitled to terminate the agreement by giving written advance notice of four months before each extension period. In the opinion of Max, in the event of termination of the engagements with Beeri Print without making the required preparations in advance Max will have temporary difficulties to access the current level of service rendered to it. However, Max has prepared in advance alternative solutions.

IBM

On June 6, 2024, Max signed an extension to its agreement with IBM to provide software services and technology platforms for another 5 years, until September 30, 2029. The new agreement extends the existing agreement that expired in August 2024. The effect of the agreement consists partly of an increase in the "Equipment" item in the balance sheet, which will be amortized over 5 years as depreciation expenses; and partly of an increase in current IT maintenance expenses during the agreement term, as stated; the new agreement does not have a material effect on Max's financial results, compared to the effects of the previous agreement.

15.13. *Max's business strategy*

Max has set a guiding star for itself: a clear strategic plan that will enable Max to grow while facing the numerous challenges and changes in the banking and credit domain in general, and in the payment field in particular.

Max's vision is to offer its private and business customers payment-based financial products, emphasizing a cutting-edge, innovative value proposition. The expansion of payment services contributes to achieving Max's goal of increasing the non-bank market share of credit cards and the significant growth in the credit portfolio of consumers and small enterprises by development of complementary financial products.

Max operates according to a multi-year strategic plan, whose strategic highlights are:

Private customers: Reinforcing the relationship with customers while providing an advanced solution and developing new products for payments, and strengthening the activity of direct cards together with prominent customer loyalty programs (such as Dream Card and customer loyalty programs in the public sector) and the application of contactless payment solutions; growth in consumer credit and other financial products directly to consumer customers (D2C), based on the application of advanced digital capabilities and tools. In addition, in order to continue its growth as a fair and relevant credit provider, which can serve as an alternative to banks, Max focuses on expanding the credit solutions available to customers in line with their day-to-day needs.

Business customers - further development and expansion of financial solutions to businesses, with an emphasis on small businesses, including, among other things, marketing of acquiring products, discounting, guarantee, business credit and expansion of the B2B payment solutions. Max is taking steps to expand its range of services and to realize the synergy between the various solutions, expand its business customer base (including through business partners), while adapting dedicated solutions according to the size and scope of their activity.

Processing - solutions for financial institutions. Management of joint issuing and operating the issue of cards with banks and other financial entities, and providing these entities with processing services, including the issuing of prepaid cards and acquiring services for ATMs (for cards not issued in Israel).

Growth and innovation engines - Max places an emphasis on the expansion of the mix of financial products related to credit cards, from management of a foreign currency wallet, saving through a credit card, a prepaid card for parents for their children's expenses, payment receipt solutions for the self-employed and for exempt dealers, a trust fund that offers financial refund in cryptocurrency, and more.

At the same time, Max will continue to develop its core systems, including extensive investment in digital developments; generating joint ventures with companies in the fintech sector, and technology-based ventures, to expand the value proposition for Max's customers and take advantage of the changes in the competitive arena. Together with these efforts, Max is committed to the constant implementation of efficiency measures based, in part, on automation of processes in Max, with organizational excellence as a goal.

Max currently faces significant challenges in all areas of activity, multiple changes in its core businesses and opportunities alongside dealing with regulatory changes. Due to the many changes, there is still uncertainty in the competitive, economic, and regulatory environment (such as open banking, payment services, and supervision of financial players and new payment service providers, and encouragement of competition, etc.).

Strategic risk management in Max is based on creating a "breathing strategy", which is assessed on a regular basis, validated and perfected, while maintaining the core values of Max's strategic plan. Validation is performed in view of reviews and assessments of various events in the work environment (such as regulation, competition, and technology), and assessment of the anticipated changes in Max's operating sectors, including risks that may arise from these changes, exposure to their materialization, and measures to be taken by Max if the risks materialize.

Max's business strategy is determined by taking into account the business environment in which it operates. This environment is affected by four key factors which are changing at an accelerated pace: regulatory developments, changes in the competitive environment, technological developments and changes in consumer behavior.

Regulatory changes: Max addresses rapidly increasing regulatory developments, both on the part of the supervisory authorities in Israel and on the part of the international credit-card organizations, which require consistent preparation and adaptation of business operations. For more information, see Section 15.1 above.

Changes in the payment sector: The economy is undergoing a significant change in payment habits, including the continued digitization of money and the shift from cash to credit cards, among other things, through new payment solutions, including P2P and A2A (account to account) solutions. The acceleration of the solutions arises from several parallel trends, including:

- Technological change in Israel's significant migration to EMV-based payments infrastructure, which directly affects the world of payments, with changes such as token and contactless payments, the introduction of international wallets in Israel (such as Apple Pay and Google Pay), issuing of debit and digital cards, and the growing trend of dynamic currency conversion (DCC), which is mainly evident in online activity.
- The growing use of digital wallets and embedded payments contributes to accelerated digitization of money, reducing cash, and improving the customer experience, alongside the introduction of new players, including the banks through digital wallets.
- The introduction of new players into the acquiring sector, with regulators encouraging the entry of new competitors, and specifically the award of acquiring license to local and international players. Max expects that the entry of competitors to this activity will accelerate the competition in this arena even further.

Development of competition in credit: This is in parallel to changes in consumer behavior in the use of credit and financial products and the decentralization of financial services, such as the Credit Data Law and open banking, expanding the potential of non-bank credit as an alternative to the banks for all customers, alongside increased credit activity of banks and their entry into non-bank activity.

The description in this section is forward-looking information, based on the assessments of the Max's management and its understanding of the business environment in which Max operates. Max's plans may not materialize, in whole or in part, or may materialize differently, including in a materially different manner than expected, due to incorrect assessments, changes in Max's work plan, regulatory changes, unexpected changes in the payments and credit market in Israel and/or outside Israel, the uncertainty regarding the continued development of the Iron Swords War, its duration and effects on the Israeli economy, the behavior of entities and players in the payments and credit markets and/or the materialization of the risk factors detailed in Section 15.10 above and Part B of the Report - Report of the Board of Directors, Section 5.

15.14. *Environmental, social and governance (ESG) aspects*

The field of Environmental Social Governance (ESG) is the managerial envelope that presents all of the corporation's activities in connection with social, environmental and corporate governance issues.

Max carries out significant, well-organized ESG activities arising from Max's internal values.

At the beginning of July 2024, Max opted to publish its first ESG report, which summarizes and presents Max's ESG activities and initiatives, and it is consistent with Max's values and the expectation of higher regulatory requirements on these issues.

Corporate Governance

Commitment to upholding the Code of Ethics

Max's Code of Ethics expresses the core values that it adopts and that it expects each its employees to follow on a day-to-day basis.

Max's core values define norms for behavior. Implementation of these norms will lead Max to realize its vision, succeed, and reach achievements in future as well.

The Code of Ethics refers to Max's interfaces with all stakeholders: employees, customers, suppliers, suppliers, shareholders, regulators, authorities, competitors, the environment, and the community. Max's managers and employees are responsible for behaving according to the Code of Ethics and integrating it in the day-to-day activity with the various interfaces.

Max complies strictly with the provisions of the law and professional rules applicable to it, including Proper Conduct of Banking Business Directives 308 on Compliance. The Code of Ethics does not replace the provisions of the law nor does it contradict them.

The Code of Ethics is in addition to these provisions and is designed to direct all Max's employees, on all levels, to choose appropriate modes of action based on values and to raise the threshold for appropriate conduct in Max.

Social

Max considers its human resources a key asset and set a goal of nurturing and retaining its human resources, while promoting the creation of an organizational culture that motivates its employees to maximize their skills and reach outstanding achievements, with an organizational culture based on trust and dialog. In 2024, Max was ranked 22 by BDI among the 100 Best Companies to Work Organizational culture.

Commitment to nurture employees and the work environment

In 2024, Max inaugurated the Max Building North, in Check Post, and, as part of the relocation from Nesher to the new site, it extended its operations in the new site, which creates additional jobs in rural Israel and growth and development opportunities for employees in the north.

During that year, Max continued to expand career development opportunities for its employees; approx. 79% of the jobs that became available in 2024 were manned by Max's employees. In addition, the Max Step Up program was launched, which exposes Max employees to the career development and management opportunities Max offers and addresses their needs.

At the same time, learning and development programs for managers were implemented, with the aim of imparting and developing the required skills and knowledge to new and existing employees in order to support the implementation of the business work plan. Manager development processes were also carried out to address the changing reality and reinforce the mentoring capabilities of the managers. Re-boarding processes were implemented for reserve soldiers who went in and out of reserve rounds throughout the year, and an organizational plan (Max Power) was carried out to improve resilience, emphasizing an organization-wide educational week on the subject.

During 2024, approx. 23,000 hours of development and learning were invested among the employees and managers.

Commitment to corporate social responsibility

Max attaches the utmost importance to social commitment, which is expressed in volunteering activities and contribution to the community. The social vision according to which Max operates is to create a local impact and to promote economic independence while focusing on diversity and inclusion - by imparting knowledge, tools, and life skills.

In 2024, Max continued to deepen its involvement in the community, focusing on five areas:

- Promoting economic independence by imparting knowledge, tools, and life skills to diverse populations with employee volunteering in long-term programs of apprenticeship and mentoring.
- An innovative and unique long-term plan - City Change – a program in collaboration with Zionut 2000 Organization and the Bnei Brak municipality for economic development of the city.
- Connecting community outreach activity to business activity and the brand values, such as the Round Up (Small Change, Big Change) project that rounds up the amount of transactions for the benefit of a range of approved charities.
- Employee involvement in community activities and volunteering in various NPOs and entities with diverse communities.
- Following the Iron Swords War, Max expanded its social activity in line with the order of the day, made donations, and invested voluntary work involving a range of activities and communities. In addition, Max adopted the Eshkol Regional Council's Education Division, to provide long-term support.
- Max, with the Board of Directors' support, decided to participate in rehabilitating those who were injured in the Iron Swords War, including absorbing them in the labor market. In 2024, Max began carrying out organizational infrastructure work to prepare for the absorption of new employees from among the casualties of the war to work in Max's offices, as stated above.
- Over the year, approx. 640 employees volunteered in voluntary activities in the community, totaling approx. 4,000 volunteer hours. To encourage employees and managers to volunteer, and as part of its mission, Max allows volunteering on account of work hours.

Commitment to diversity and inclusion

From a moral perspective of the importance of the subject and out of the consideration that diversity and inclusion contribute to Max's business, to diverse opinions, to creativity, and to achievements, Max has a high percentage of women in general, and in management positions in particular.

Approx. 60% percent of all Max's employees are women. In the various management tiers, 60% of all managers of all ranks are women, and 55% of all Max management members are women.

Max also has approx. 150 employees from the ultra-Orthodox sector, representing approx. 9.4% of its human resources.

Max encourages the hiring of employees with disabilities and also indirectly employs people with disabilities through Call Yachol, an organization providing call center services.

Environment

Max's management is committed to the principle of sustainability and seeks to develop the organization in a sustainable manner, striving for environmental and economic balance, from a multi-generational perspective. Max launches and leads environmental initiatives on a regular basis. Max has a methodical policy to mitigate and prevent the environmental risks and hazards its operations entail.

Max has had ISO 14001 certification since 2009, and it undergoes annual testing in accordance with the standard's requirements.

As part of its implementation of the standard's provisions, Max acts to increase awareness among its employees and invests the required resources.

Max continues to monitor regulatory developments and the relevant requirements in accordance with the implementation of climate crisis guidelines; and in addition, Max monitors global warming, which is accelerating in Israel and worldwide, and which presents new challenges and risks, alongside opportunities.

Max is preparing to implement Proper Conduct of Banking Business Directive 345 - principles for the effective management of climate-related financial risks.

15.15. *Fees of the independent auditor*[113,114]

Following are details regarding the fees of the independent auditor:[115]

	2024	2023
	NIS thousand	**NIS thousand**
For audit work(1)	**1,543**	1,715
For audit-related services	**170**	128
For tax services(2)	**342**	306
For other services	**720**	442
Total fees of the independent auditor	**2,775**	**2,591**

(1) Auditing of annual financial statements and review of interim financial statements.

(2) Includes the auditing of adjusted reports for income tax purposes, assessment discussions and tax advisory services.

Accountancy firm Somekh Chaikin (KPMG) has been serving as Max's independent auditors since 2000.

113. The Board of Directors' Report to the Annual general meeting on the Independent Auditors' Fees in respect of Audit and Audit-Related Services, under Sections 165 and 167 to the Companies Law.

114. Including fees paid and accumulated fees.

115. Max was consolidated into the Company's Financial Statements as from April 1, 2023. The data in the table relate to the entire year in 2023.

Part VI - Additional Information about Insurance Subsegments Not Included in the Areas of Activity

16. Additional Information about Other Activities Not Included in the Areas of Activity

16.1. Clal Agency Holdings

Clal Agency Holdings Ltd. is a wholly-owned subsidiary of the Company, which coordinates the holding in the Group's insurance agencies. For further details, see Section **9.8** below.

16.2. Credit for financing construction projects and providing mortgages

Scope

Michlol is a company established in 2018; it is engaged in the provision of financing to developers of various real estate projects (through subsidiaries), and in particular residential and urban renewal real estate projects. In 2020, Clal Insurance sold all of its shares in Michlol (28% of Michlol's share capital) to Clal Finance, a wholly-owned subsidiary of the Company, which was previously an inactive company. Furthermore, Michlol allocated to Clal Finance 7% of its shares, such that subsequent to the allocation Clal Finance held 35% of the share capital of Michlol.

On August 22, 2021, Michlol completed an initial public offering and changed its name to Michlol Finance Ltd. After the dilution due to the issuance and an acquisition made by the Company as part of the issuance, Clal Finance holds 24.9% of Michlol's shares.

In addition, Clal Finance was awarded an option - without consideration and for a period of 5 years from the date on which the Company's shares were listed for trading - in respect of 2,546,585 Michlol shares in accordance with the set terms.

Following the issuance and receipt of the option as described above, the Group recorded a gain at an immaterial amount.

Clal Insurance is engaged in business cooperation with a subsidiary of Michlol Real Estate Finance Ltd. (hereinafter - "**Michlol Real Estate**"), in which it has provided and continues to provide Sale Law guarantees to customers of Michlol Real Estate in accordance with the agreement signed by them.

Regarding the activity of Clal Insurance in the field of guarantees and providing loans to finance residential construction projects, see Section **7.1.1.4(c)** above.

Provision of mortgages

As part of its investing activities, Clal Insurance provides mortgage loans secured by liens on real estate properties.

Some of the mortgages provided by Clal Insurance are of the "reverse mortgage" type, which are provided to borrowers aged 55 years and older, secured against a lien over a residential apartment. The repayment date of these loans is not known in advance and some of them do not have monthly repayments of the loan principal.

Mortgage loans, including reverse mortgage loans under conditions similar to the mortgage terms provided by Clal Insurance, are also provided by other insurance companies, as well as by banking corporations, in accordance with the regulatory restrictions applicable to them. There is competition among all the entities providing these loans (insurance companies and banking corporations), both in relation to new mortgage loans, including reverse mortgages, and in relation to the recycling of existing loans.

16.3. Milo

Milo is a wholly owned company of CIMax. Milo holds the following companies:

Hyp Payment Solutions Ltd. (hereinafter - "Hyp")

Hyp was created as a result of a legal merger of a number of companies, all of which engage in the field of payment solutions. The Company was established in 1984 under the name Caspit Payment Solutions Ltd., and in 2022 it changed its name to its current name, while merging four companies: Caspit Payment Technologies Ltd., Credit Guard Ltd., Yaad Acquiring and Trust (A.S.) Ltd., and KSYS Ltd. The Company is wholly owned by Milo.

The Company is engaged in the development and provision of payment solutions, which include, among other things, physical terminals and technological solutions (connectivity services for credit cards acquiring, gateway payment) to e-commerce websites and merchants that are used to pay by credit card and other means of payment, such as POS ("cashier") software. Hyp also provides a bookkeeping management and digital invoice generation system.

The merchants that use Hyp's payment solutions carry out their credit card acquiring activities through credit acquiring companies, including Max. Furthermore, Hyp provides to Max a number of infrastructural technological solutions, that are used by Max in the execution of its acquiring activity, and to improve its value proposition for its business customers.

In the reporting year and due to the Iron Swords War, and even more so in recent months, there has been a significant increase in the number and complexity of cyber-attacks on Hyp

For details regarding the Israel Competition Authority's information request relating to Hyp, see Note 45(2.3) to the Financial Statements.

MAX EVS Ltd. (hereinafter - ("EVS")

EVS was established in 2022 and marketed electric vehicle charging stations (AC/DC) and charging solutions for car fleets and private customers, which are based, among other things, on unique technology developed by EVS.

Milo provided credit of immaterial amount for EVS's activity.

In December 2024, EVS sold its operations and assets to a third party, for a non-material consideration.

At that time, Milo acquired from the minority shareholders all their shares in EVS, for a non-material consideration, such that after the acquisition Milo holds 100% of the shares in EVS, which is a dormant company.

16.3.1. Data about the human capital in the said activities

16.3.1.1. Workforce

Units	No. of employees - December 31, 2024	No. of employees - December 31, 2023
Clal Agencies[116]	**553**	578
Hyp	**234**	233

The employees of the said activities are not subject to the collective agreements in place in relation to most Group employees, and they are employed under personal employment agreements that define their employment terms and conditions, including base salary, social benefits and related benefits.

In May 2024, the management of Tmura Insurance Agency (1987) Ltd., an insurance agency wholly owned by the Company (hereinafter - "**Tmura**"), recognized the National Labor Federation as the representative employee organization of Tmura's employees. Negotiations are being conducted by the parties in accordance with the provisions of the Collective Agreements Law, 1957. At this stage, in light of the uncertainty regarding the scope of the negotiations and the conditions to be arranged as part of them, as well as its development into a binding agreement, the Company is unable to assess the impact of the said negotiations.

116. Betach Toren Insurance Agencies Ltd. and Tmura Insurance Agency (1987) Ltd.

16.3.2. Data about property, plant & equipment in the said activities

16.3.2.1. Data of leased and owned buildings for self-use in sq.m for 2023 and 2024

		As of December 31, 2024		As of December 31, 2023	
Company/unit	Location	Owned area (m²)	Owned area (m²)	Owned area (m²)	Owned area (m²)
Agencies under control117	Across the country	**1,027**	**4,784**	1,027	4,784
Hyp	Yavne	**-**	**1,416**	-	1,416
	Bnei Brak		**720**	-	720

- Excluding the areas of car parks.

Clal Insurance Enterprises Holdings Ltd.

Haim Samet	**Yoram Naveh**
Chairman of the Board	CEO

March 17, 2025

117. Betach Toren Insurance Agencies Ltd. and Tmura Insurance Agency (1987) Ltd. An area of 1,029 m^2 was added in 2023, following the acquisition of the insurance portfolio of the insurance agency F.D Psagot by Tmura. The offices of the said agency are located in Kiryat Ata.

Compensation Policy



Clal Insurance Enterprises Holdings Ltd.

Periodic Report for 2024

March 17, 2025

Compensation policy

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1. Definitions

The terms appearing in this Compensation Policy shall have the meaning stated beside them:

The "**Financial Statements**" – the Company's annual consolidated and audited financial statements that are published for the Company's shareholders.

The "**Company**" – Clal Holdings, unless stated otherwise.

The "**Commissioner**"- the Commissioner of the Capital Market, Insurance and Savings Authority in the Finance Ministry.

"**Control**" for this purpose, is as defined in the Securities Law, 1968.

"**Index linkage**" – linkage to increases in the Consumer Price Index, according to the relevant ratio, as applicable. If the Consumer Price Index decreases in a particular period, the rate of such a decrease will be deducted out of the future rate of an increase, if there is such an increase.

The "**Compensation Circular**" – Institutional Entities Circular No. 2019-9-6, titled "Amendment to the Provisions of the Consolidated Circular," Part 1, Section 5, Chapter 5, titled "Compensation," dated July 11, 2019, which revised and superseded Institutional Entities Circular No. 2014-9-2, entitled "The Compensation Policy in Institutional Entities," dated April 10, 2014 (hereinafter - the "**Original Compensation Circular**"), as amended on October 7, 2015, pursuant to Institutional Entities Circular No. 2015-9-31 (hereinafter - the "**Amendment to the Original Compensation Circular**").

The "**Companies Law**" - the Companies Law, 1999.

"**Officer Compensation Law**" - the Officer Compensation in Financial Corporations Law (Special Permit and Non-Tax-Deductible Expenses Due to Exceptional Compensation), 2016.

"**Solvency ratio**" – as defined in the Appendix to Institutional Entities Circular No. 2017-1-9, titled "Application Provisions for Solvency II-Based Economic Solvency Regime in Insurance Companies" (June 1, 2017) (hereinafter - the "**Solvency Circular**").

"**Minimum solvency ratio**" – the required Solvency Ratio in accordance with the spreading period set by the Capital Markets Authority.

"**Effective date**" – the date this policy is authorized by the Company's competent organs.

"**Clal Insurance**" - Clal Insurance Company Ltd. a subsidiary of the Company.

"**Compensation policy**" – as defined in the Compensation Circular, including a Compensation Policy in accordance with Section 267A(A) of the Companies Law.

"**Retirement bonus**" – any compensation paid to an officer at the end of their employment period, beyond the stipulated compensation due to termination of employment that applies to all of the Company's employees.

"**Officer**" – as defined in the Compensation Circular, except for a director.[1]

"**Employee**" – including an officer.

"**Salary cost**" – any payment in exchange for the employment, including the employer's contributions, retirement pay, a vehicle and vehicle usage expenses, and any other benefit or payment.

The "**Clal Group**" or the "**Group**" – the Company and the institutional entities within the Clal Holdings Group.

"**Income**" – the Company's comprehensive income (post-tax), as presented in the Company's consolidated financial statements at the end of the relevant year (including one-off profit/loss and including the financial performance of the companies the Company acquires in the future).

A "**fixed component**" or a "**variable component**" – as defined in the Compensation Circular.

"**Basic monthly salary**" – the (gross) monthly salary, excluding variable wage components (if they are paid) and ancillary wage components such as various fixed bonuses, car, telephone, reimbursement of expenses, etc., and including and inclusive of social benefits and related benefits to the salary (including: contributions to executive insurance policies and/or pension funds, advanced education funds, paid leave, convalescence pay, sick days, the

1. To clarify, the compensation policy that applies to the Group's institutional entities, including Clal Insurance, shall apply to the Company's officers as well, insofar as they are also employed at any of the other institutional entities within the Group. The compensation policy that applies to the Company's institutional entities shall not detract from this Policy. Other issues might be included in the institutional entities' compensation policy, inter alia, in accordance with the Compensation Circular, and they might not be included in this Policy. Changing the compensation policy of the Group's institutional entities on such issues does not require making a change to this Compensation Policy.

tax gross up due to any of the related benefits and/or social benefits, and so on).

"**Basic salary**" – the total cost of the fixed compensation components for a particular year. Including related salary components, such as a vehicle, a telephone, reimbursement of expenses, social benefits, and related benefits to the salary, paid leave, convalescence pay, sick days, etc.

"**Terms of office and employment**" – as defined in the Companies Law.

"**Compensation Regulations**" - Companies Regulations (Rules Regarding Compensation and Expenses for External Director), 2000.

"**Return on equity**" – the comprehensive income in the bonus year, divided by the equity capital as of December 31 according to the annual financial statements for the year preceding the bonus year.

"**Contract workers employed by the Company**" - a manpower contractor's employees whose actual employer is the Company, and the employees of a service contractor who engage in providing a service to the Company; for this purpose,

"**Manpower contractor**," "**service contractor**," "**actual employer**" - as defined in the Employment of Employees by Manpower Contractors Law, 1996.

2. General

2.1. This document is intended to define, describe, and specify the Company's compensation policy for officers and directors, as authorized by the Company's General Meeting and Board of Directors and following the authorization and acceptance of the recommendation that had been made by the Company's Compensation Committee.

2.2. The Compensation Policy was set in accordance with the provisions of Amendment 20 to the Companies Law, the provisions of the Compensation Circular, and the provisions of the Officer Compensation Law.

2.3. The Compensation Policy sets rules, criteria, and standards according to which the terms of office and employment of the Company's officers are determined, as well as the underlying considerations thereof, while adjusting them to the specific properties of the activity the relevant employee is in charge of, their experience, training, and the performance of their duties.

2.4. The Compensation Policy was drawn up while noting the nature of the Group's institutional entities, that manage funds for the general public, and while noting the Company's size, as the Company is included in the Tel Aviv 100 Index.

2.5. The Compensation Policy is worded in the masculine form only for purposes of convenience and is designated for equal and identical application to women and men.

3. Objectives and considerations in setting the Compensation Policy

3.1. The Compensation Policy is intended to help achieve the Group's goals and work plans with a long-term perspective and while taking into account its risk management, and considering the following things, inter alia:

3.1.1. The Group's total assets under management and the savings assets the Group's institutional entities manage, and the nature and the complexity of its operations.

3.1.2. The Group's financial position in general and the Company's financial position in particular, including their liquidity and Solvency Ratio, and including with respect to the Group's institutional entities.

3.1.3. Ensuring that the incentives are aligned with intelligent management of savings funds through the Group's institutional entities, with respect to the long-term return and risk.

3.1.4. Organization-wide aspects, such as the desired compensation disparities between different ranks.

3.1.5. The ability to recruit and retain high-quality managers and employees that have unique specific professional knowledge and expertise, and who are capable of leading the Company toward business success and meet the challenges it faces.

3.1.6. The ability to incentivize managers and employees to achieve high business performance levels while taking informed and reasonable risks, in relation to the Company, the Group's institutional entities, and the savings funds they manage.

3.1.7. Properly balancing between different compensation components, from fixed versus variable components, short-term versus long-term compensation, and cash compensation (including related benefits), compared with compensation using equity instruments.

3.1.8. The compensation terms' congruence with the size of the Company's and the Group's institutional entities, and the nature of their operations.

3.1.9. The provisions of the Officer Compensation Law.

3.2. When forming the Compensation Policy, the Company's and similar companies' customary wages and employment terms were considered, and increasing the Company's ability to compete on recruiting and retaining high-quality personnel in the Group's senior management positions was emphasized; furthermore, organization-wide aspects were taken into account, such as the desired compensation disparities between different ranks, and the provisions of the Officer Compensation Law were implemented.

3.3. The Company acts in accordance with the provisions of the Officer Compensation Law and the Commissioner's positions that pertain to officer compensation in institutional entities, and when setting the officer compensation ceiling, the Company shall, furthermore, consider forthcoming regulation that may have material consequences for the Compensation Policy and for which a draft was published, including bill memoranda.

4. *Compensation components*

A. Directors

4.1. **Directors' fees (excluding the Chairman of the Board)**

The fees paid to the Company's external directors, independent directors, and other directors (excluding the Chairman of the Board), as applicable from time to time, shall be the maximum compensation that may be paid, including due to expertise, as determined in the Compensation Regulations, as applicable from time to time. Furthermore, these directors will be entitled to reimbursement of expenses pursuant to the Compensation Regulations.

Subject to statutory provisions, the Company might bear additional expenses in respect of the Company's directors during their term in office, such as due to advanced studies, participation in Company events, parking, benefits related to the Company's products that cater to individuals and to which Company employees are entitled, holiday gifts, etc.

4.2. **Chairman of the Board**

The compensation awarded to the Chairman of the Board shall be determined according to the compensation awarded to the Company's external directors, the scope of the Chairman's position, and the considerations set forth in Section 6(B) of the Compensation Circular. The Chairman of the Board of an institutional entity within the Group shall not be entitled to a variable wage component due to holding the office of chairman. For the Chairman of the Board of Directors' fixed salary ceiling, see Section 6.1.1 below.

B. Officers

4.3. The total officer compensation may consist of all or some of these main components:

4.3.1. **Basic monthly salary (fixed component)** - this compensation component is intended to compensate the officer for performing their duties in the Company and for the time dedicated to performing the day-to-day duties. The salary reflects the officer's skills (such as their experience, the knowledge they bring to the position, their expertise in the area of practice, their education, their professional authority, etc.), while taking into account the level of responsibility imposed on them and the job requirements that follow from it.

4.3.2. **Related benefits** - this compensation component includes the legally required social benefits and other related benefits, such as pension funds, executive insurance policies, contributions towards severance pay, work permanent health insurance, convalescence days, paid leave, sick leave, travel expenses, advanced education fund, a newspaper, a take-home vehicle, subsidized meals, a tax gross-up in respect of any of the related benefits and/or social benefits, etc.

4.3.3. **Variable compensation paid in cash (bonus)** - this compensation component is determined according to the officer's performance and the Company's results, as detailed in further detail below.

4.3.4. **Variable equity compensation** – this compensation component is intended to align the interests of all the Company's shareholders and the officer, through the share price. In addition, this component is intended to foster and strengthen its recipients' identification with the Company in general, and over the long run in particular. In addition, because the equity compensation program is a long-term program by nature, it provides a positive incentive for the recipient to continue to work for the Company over time and to help

achieve the Company's goals, work plan, and policies. In addition, because this plan is long-term, it makes this incentive component and the Company's risk management policy more congruent.

4.4. To clarify, the compensation components described in this Compensation Policy constitute an upper limit and the personal officer compensation plans will be determined according to it. It is emphasized that the Company is not obligated to provide all the above components (except as required by law), and it is not obligated to provide the maximum rate set forth for each component. If compensation is awarded at a lower rate than the compensation described in this Compensation Policy, including with respect to a Group officer with a similar title, this shall not constitute a deviation from the provisions of this Compensation Policy.

4.5. The payment to an officer who provides services to the Company as an independent contractor or through another company (to the extent permitted in accordance with the Compensation Circular) shall reflect the cost of the compensation components (plus taxes, as per the law) according to the Compensation Policy.

5. *Manner of setting the compensation - principles and rules*

When reviewing and authorizing an officer's terms of office and employment, the following subjects shall be addressed, inter alia, to the extent they are relevant to that officer:

5.1. His education, skills, expertise, professional experience and achievements.[2]

5.2. The officer's title, responsibilities, and likely contribution to achieving the Company's goals.

5.3. Previous wage agreements with the officer.

5.4. The ratio of the officer's wage cost to that of the other Group employees and the Group's contract workers, and in particular, the ratio compared with the average and median wage cost of the other employees, as said, and the disparities' effect on labor relations within the Group.[3]

5.5. The economic value of the comprehensive compensation and all its components, including in relation to the Company's business results; to the extent that the compensation includes objectives and benchmarks – an examination of the objectives and the benchmarks, including in light of the Company's risk management policy and to ensure that the Compensation Policy does not incentivize taking risks that deviate from it.

5.6. Balancing between the variable component, if it is paid, and the fixed component, such that in general, the annual variable component awarded to the officer for a particular year shall not exceed 100% of the annual fixed component, subject to Section 7.6.2 below.

5.7. In accordance with the provisions of the Compensation Circular, the fixed component shall constitute a significant portion of the total compensation awarded to officers. When determining the proper balance between the fixed component and the variable component, the officer's experience, expertise, skills, rank, liability, and performance must be taken into account, as well as the need to encourage behavior that supports the risk management framework, the Company's long-term financial strength, and the Company's prudent management of the savers' funds.

5.8. The provisions of the Officer Compensation Law, in such a way that the anticipated expenditure due to it (the fixed and variable compensation), according to the comprehensive annual wage cost (fixed and variable pay), as calculated on the approval date according to generally accepted accounting principles, shall be in accordance with Section 2 of the Officer Compensation Law[4] and shall not exceed the higher of: (1) two and a half million

2 It is noted that, in connection with some of the officers to whom this compensation policy applies, who serve as officers of the institutional entities in the Group – the institutional entities are subject to specific regulatory provisions, which condition the officers' employment on the regulator's approval (such as: the CEO, Chairman of the Board, Directors, Legal Counsel, CFO, Actuary, Risk Manager, CIO, and Internal Auditor), as well as specify the skills required of certain officers; therefore, for such officers, the Company shall also refer to the approvals and criteria set forth in those provisions.

3. As of the policy approval date, and in accordance with the policy's provisions on the salary cost of the CEO and Chairman, the ratio is as follows: CEO or Chairman (adjusted for a 100% appointment percentage), relative to the Group's other employees, except the CEO – approx. 21.5 (median) and 15.9 (average); officers (average cost, including the CEO), relative to the other, non-executive employees – 9.9 (median) and 13.1 (average). The data were calculated based on the actual cost of the compensation in May 2022, according to the Group company employees' appointment percentage (excluding employees of the Group's agencies, hourly employees, and contract workers). The Compensation Committee and the Board of Directors examined the abovementioned ratio between the terms of office and employment applicable to officers, and the salaries paid to the other Group employees and the contract workers the Group engages with – in particular, the ratio to these employees' average and median salary, and they believe that these gaps are not expected to have a material effect on labor relations in the Company.

4. It is clarified that for the purpose of calculating the total compensation, no compensation shall be taken into account for which the expense is not expected in accordance with the GAAP.

shekels (NIS 2.5 million) per year[5] (hereinafter - the "**Cap Amount**"); (2) the lowest compensation the Company paid an employee according to the cost of a full-time, 100% appointment percentage, directly or indirectly (including to a contract worker the Company employs directly or an employee who is employed by a service provider the Company retains), multiplied by 35[6] (respectively, hereinafter - the "**Minimum Salary**" or the "**Minimum Salary Limit**" and the "**Compensation Limit**").[7] To clarify, subject to the Compensation Limit, the Board of Directors may authorize an officer's compensation even if the Company shall bear an additional tax cost due to "excess expense costs" because of this compensation, i.e., due to the fact that the Company may not deduct such an expense for tax purposes in accordance with the mechanism stipulated in the Officer Compensation Law.

5.9. To clarify, the Minimum Salary Limit may change, and it will be linked to the rate of the change in the Minimum Salary, as set out in the Officer Compensation Law. In addition, if it turns out that additional components (on top of the contributions towards pension[8] and contributions towards severance pay, as required by law) are not included in the Sum Limit or the Minimum Salary Limit set out in the Officer Compensation Law,[9] the compensation shall be revised after obtaining the Compensation Committee's and the Board of Directors' approval, at an appropriate rate, as said above.

5.10. Without prejudice to and/or without detracting from the provisions of any law, it is clarified that in case of a material change[10] to the total compensation, including because the Compensation Limitation Law is amended or repealed, that results in the total compensation being substantially higher compared to the applicable limitations under Section 2(b) of the Compensation Limitation Law, as applicable as of the publication date of this Compensation Policy - shall also be subject to the approval of the Company's General Meeting.

6. Basic monthly salary

6.1. The base monthly salary ceiling for the Company's officers is as follows:

6.1.1. **Chairman of the Board**[11] **and CEO**[12] **-** The base monthly salary ceiling shall be set such that the total compensation does not exceed that stated in Sections 5.7 and 5.8 and 5.9 above.

6.1.2. **The remaining officers** - the fixed compensation components shall be at a material gap, compared with the cost of the CEO's fixed compensation.

6.2. The base monthly salary ceiling mentioned above is for a 100% appointment percentage.

6.3. Related compensation components (such as a vehicle and social benefits that exceed the relevant ceilings) may be converted into a base monthly salary, provided that such a conversion does not raise the cost to the employer past the Compensation Limit and the employee does not become entitled to social benefits, related benefits, and retirement benefits in respect of this addition.[13]

6.4. The base monthly salary may be index-linked, provided that it does not exceed the Compensation Limit.

6.5. The stipulated salary shall reflect the officer's skills (including their experience, the knowledge they bring to the position, their expertise in the area of practice, their education, etc.), while taking into account the level of responsibility imposed on them and the job requirements that follow from it.

6.6. The Company may determine that, because the officers hold executive positions or positions that require a

5. CPI-linked since the Officer Compensation Law publication date (April 12, 2016). For the purpose of the calculation of the total compensation, as noted, contributions towards pensions, including permanent health, and contributions towards severance pay in accordance with the law.
6. In the year preceding the payment date, in accordance with a mechanism to be determined by the Compensation Committee and Board of Directors, and which may be updated from time to time, provided that it does not exceed the payment limit, in accordance with the average in the last 12 months. As of the compensation policy approval date, the limit pursuant to Section 2(b) of the Compensation Limitation Law is set at approx. NIS 3.2 million.
7. The expense shall be calculated in accordance with the GAAP, as specified in the Officer Compensation Law, as applicable from time to time, and as approved by the Compensation Committee and Board of Directors.
8. Including permanent health insurance
9. Including overtime pay.
10. A material change exceeding 25%.
11. With respect to the serving Chairman of the Board as of the approval date hereof, it is noted that an update to his terms for tenure was approved at the General Meeting on December 27, 2021, subsequent to the approval thereof at the General Meeting on May 27, 2021.
12. With respect to the serving CEO of the Company as of the approval date hereof, it is noted that the Company entered into an employment agreement with him, which was approved by the General Meeting on August 14, 2018, and which stipulates fixed compensation only. The CEO's employment cost is subject to the Compensation Limit, and in any event, the annual total compensation, as defined in the Officer Compensation Law, may not exceed NIS 3.5 million.
13. Except for an increase stemming from contributions towards severance pay, as required by law, and benefits, as required by law.

special degree of personal trust, as defined in the Hours of Work and Rest Law, 1951, that law shall not apply to the officers, and these officers shall not be entitled to compensation for overtime work or work during their weekly rest day.

6.7. In addition to the basic salary, it would be possible to stipulate, for an officer in a person in charge of control,[14] an entitlement to an additional fixed annual component that may not exceed two salaries, to be paid in addition to the monthly basic salary (hereinafter - the "**Additional Component**"). No entitlement to social benefits shall arise due to the Additional Component. The Additional Component will not count toward the salary ceilings, as detailed above. If such an officer is employed for part of a calendar year, they will only be entitled to the relative share of the Additional Component.

7. *Variable compensation - bonuses*

General

7.1. The Company's Compensation Policy is based, inter alia, on the assumption that the comprehensive compensation awarded to the Company's officers must be affected by the Company's business results, that are reflected, inter alia, in the Company's profitability, and by each employee's individual contribution to its achievement, and while taking into account the restrictions set forth in the Officer Compensation Law.

7.2. For the avoidance of doubt, it is clarified that subject to statutory provisions, the variable compensation that shall be paid to an officer in accordance with the Compensation Policy, if at all, is not and shall not be considered part of the officer's regular salary for any purpose, and will not constitute the basis for the calculation of and/or entitlement to and/or accrual of any related right; within this and without detracting from the generality of the above, it will not be considered a component of any payment due to leave, severance pay, pension contributions, etc.

7.3. To clarify, the Chairman of the Board (if the Chairman of the Board of an institutional entity within the Group as well) is not entitled to an annual variable component, and the CEO may be entitled to an annual variable component in accordance with the composition of the compensation the Company's competent organs authorize for them.

7.4. Outline for setting a quantifiable variable component for officers.[15]

7.4.1. For the purpose of paying a quantifiable variable component that is paid in cash and in accordance with the principles set forth below, a targets and benchmarks plan will be set annually for each eligible officer, based on a series of targets and benchmarks at the Company level and/or at the organizational unit level and/or at the individual level, and which will be derived, inter alia, from the Company's work plan, up to the ceiling, as determined in the relevant annual personal plan (hereinafter - the "**Personal Compensation Plan**" and "**Compensation Plan Targets**").

7.4.2. The benchmarks and targets the quantifiable variable component will be based on for a particular year will be determined with a view to encouraging an improvement in the Company's business processes and business conduct, with the aim of promoting higher profitability over time and while taking risk management into account.

7.4.3. quantifiable annual compensation plan that contains a reference to a quantifiable annual variable component for each of the Company's officers shall be drawn up according to the outline below and subject to the principles set forth therein and shall be brought to the attention of every such officer. The compensation plan may be adjusted according to updates to the Company's work plan or under other relevant circumstances, including in the event of a job change or a promotion.

7.5. Limitations and threshold conditions for the quantifiable annual variable component

7.5.1. The prerequisites for awarding a measurable annual variable component[16] to the officers for a certain year at the end of the year for which variable compensation is awarded are:

A. A Solvency Ratio that shall be no lower than the Minimum Solvency Ratio, in accordance with the last

14. Person in charge of control, as defined in the Compensation Circular.
15. The CEO may not be entitled to an annual variable component or may be entitled to a partial variable component (whether measurable, qualitative, equity-based and/or special), noting the CEO terms of service set forth by the Company's competent organs. As of the date hereof, the CEO is not entitled to a variable component; see Footnote 12 above.
16 It is clarified that the discretionary portion of the annual variable component paid in cash, i.e., the qualitative annual bonus (as stated in Section 8.1 below), and special bonuses (as stated in Section 10 below), if and as distributed, are not contingent on meeting threshold conditions, and are subject to the approval of the Compensation Committee and the Board of Directors.

known ratio published by Clal Insurance, and considering, among other things, the equity transactions that are performed up to the Solvency Ratio publication date.

B. The non materialization of suspending circumstances in connection with any of the notes issued by Clalbit Finance Ltd. that are recognized as Tier 2 capital or as Hybrid Tier 2 capital in accordance with the Solvency Circular (hereinafter - "**Suspending Circumstances**"). (hereinafter - "**Threshold Conditions**"). With respect to the Threshold Conditions set forth above in Section A – the Compensation Committee and the Board of Directors may determine whether the said Threshold Condition has been met if they believe that the failure to comply with this condition resulted from a major exogenous event that has affected the entire Israeli insurance industry.

7.6. Criteria for determining the quantifiable annual variable component for officers

7.6.1. The total quantifiable annual variable component that can be awarded to each officer will be determined in advance and adjusted according to the Company's material risks and will be contingent on performance and compliance with the criteria detailed below, except for a monthly or annual fixed payment, paid for the officer's first year in office, which shall be limited to a sum equal to six salaries and for which the spreading obligation as detailed in Section 12 below shall not apply.

7.6.2. The cost of the annual variable component awarded to the officer may not exceed the cost of the officer's fixed compensation components for that year.[17] Notwithstanding the foregoing, the Compensation Committee and the Board of Directors are authorized to determine that the officers' annual variable component (except with respect to the CEO) shall exceed 100% of the annual fixed component, provided that it does not exceed 200% of the annual fixed component, if the Compensation Committee and the Board of Directors determine that the conditions justify this due to unique and non-recurring circumstances that do not repeat every year, and that do not apply to a wide category of officers, and if the special explanations for this are recorded.

In addition, the total quantifiable variable component and the qualitative variable component, as detailed in Sections 8.1 and 10 below, may not exceed NIS 1 million, and the Compensation Committee and the Board of Directors may set lower ceilings for the quantifiable variable component paid in cash, in accordance with the officer's compliance with the personal plan set for them, within the foregoing. (hereinafter - the "**Variable Annual Component Ceiling**").

7.6.3. Insofar as the total compensation deviates from the limitations and/or the regulatory requirements because of the cost of a variable component in a particular year, subject to the law and to regulatory requirements, the variable component may be wholly or partially charged to the subsequent year,[18] and if such a deviation arises in that following year, it may be deferred to the year after that following year, and the variable component's imputation may be thus deferred for the three years following the bonus year, provided that the officer shall work at the Company in the following year such that the bonus compensation to them in respect of the following year, including the deferred portion of the variable component,[19] does not deviate from the Compensation Limit in the relevant year. Insofar as the annual variable component's cost exceeds the Variable Annual Component Ceiling or the total wage cost exceeds the Compensation Limit, and it also includes a payment that is imputed due to a retirement bonus, the imputation of the retirement bonus or part thereof may be deferred; in such a case, whenever the officer's employment at the Company is terminated before the full retirement bonus is imputed, the retirement bonus and/or part thereof, respectively, will be reduced.

7.6.4. The officer may waive the variable equity component or the cash component and/or part thereof, such that this component or part thereof, are not considered part of the officer's salary for any purpose, and in particular, for the purpose of the statutory limitations on their salary.

7.6.5. For the purpose of determining the Personal Compensation Plan Targets, a target value will be determined for each officer, as a specific percentage of the profit goal or the actual profit, based on salaries, or as a combination of the above, and while considering that officer's seniority, contribution to the Company, and the scope of their influence on the Company's financial results; all of the above – if the officer meets 100% of the quantifiable variable component goals below and subject to the Variable

17. For the purpose of examining whether the variable compensation exceeds the annualized fixed compensation, a predetermined variable compensation (non-annualized) may be attributed, spread over a straight line, and not according to the accounting record.
18. If as a variable annual component is concerned, it may be deferred to the subsequent year subject to meeting the Threshold Conditions in the relevant consecutive year.
19. And except with respect to the deferred portion of the compensation, insofar as it stems from one-off payments paid at the beginning or end of employment, in which case, no such proportionality requirement shall apply.

Annual Component Ceiling and the aforementioned Threshold Conditions (hereinafter - the "**Target Value**"). To clarify, the Target Value will be set for the Company's officers by the competent organs in accordance with the law and may even refer to the variable component of the qualitative annual bonus.

7.6.6. Subject to the limitations and conditions set forth in Section 7.5 above, a coefficient will be determined for each officer, to the extent that **Compensation Plan Targets** are set, as detailed in Section 7.6.5 above, and that coefficient shall reflect the manner of achieving each of the Compensation Plan Targets set for the officer. For each component, that coefficient may be less than 1 (if the officer has achieved only some of their Personal Plan's targets) and may be higher than 1 (if the officer's performance actually exceeds the set target), provided that the coefficient's value does not fall under than 0.7 and does not exceed 1.5, and that within this range, the coefficient can be calculated non-linearly.

7.6.7. The Board of Directors may make adjustments to the targets and the eligibility ranges throughout the year under special circumstances, such as major objective or exogenous changes in the business and/or regulatory environment the Company operates in, subject to the law.

7.6.8. The quantifiable annual variable component paid in cash will be calculated separately for each component, and the sum total of all benchmarks for the quantifiable annual variable component paid in cash, which shall be calculated for all the components according to each component's assigned relative weight, will comprise the quantifiable annual variable component paid in cash, as calculated for the relevant officer, as a product of the Target Value.

7.6.9. The quantifiable annual Compensation Plan Targets to be set for each officer for the purpose of paying the cash bonus will be based on quantitative and/or qualitative targets, and will be derived, inter alia, from the Group's strategic work plan and/or the work plans of the organizational unit the officer is assigned to and/or of which he is in charge.

7.6.10. The Personal Compensation Plan Targets will include all or some of the targets detailed below: A target return on planholders' assets, within which the Group's achievements in managing planholders' funds (in executive insurance plans, pension funds, and provident funds) will be reflected, as they are measured over a period no shorter than three years and compared to the 4 other major insurance groups (and for provident funds – compared to the 4 largest provident funds, at least) (hereinafter - the "**Planholder Return Benchmark**"), a risk management target, a return on equity target, business targets, professional targets, and other targets at the organizational unit level, including accounting and financial benchmark, and including: a profitability benchmark such as LR and VNB; embedded value; Planholder Return Benchmarks and a return relative to the nostro funds benchmark; a growth and retention benchmark; operation and service-related benchmarks; a benchmark for completing milestones in significant projects; risk management target objectives, including compliance with internal procedures, handling the Internal Audit's recommendations, SOX deficiencies, and compliance with the provisions of the law; and a benchmark related to cost-cutting and lower expenses, and targets that derive from the Board of Directors' approved work plan.

7.6.11. To clarify, the quantifiable annual Compensation Plan Targets might be quantitative, quantifiable targets at the Company-wide level only, while the targets set for the unit the officer is in charge of and/or the personal targets will be taken into account in connection with the personal annual bonus (the qualitative bonus), as detailed below in Section 8.1 and/or in connection with the special bonus, as detailed below in Section 10.

7.6.12. The financial variables, market variables, and accounting variables will be assigned at least 50% of the total weight of the quantifiable annual Compensation Plan Targets, except with respect to the control functions, as defined in the Compensation Circular.

7.6.13. The Company's CEO may be entitled to a variable annual compensation as well. In such a case, special quantifiable annual Compensation Plan Targets will be set for the Company's CEO and they will be presented to the General Meeting for approval (following a discussion and authorization thereof by the Compensation Committee and the Board of Directors), within the authorization of the CEO's terms of office and employment, and the Compensation Policy will be revised accordingly, if necessary.

7.6.14. The specific targets in each measurement category and each measurement category's relative weight will be adjusted for each officer according to their rank and according to the organizational unit to which they are assigned and/or over which they are appointed and authorized by the Compensation Committee and the Board of Directors.

7.6.15. For an officer who belongs to any of the populations listed in Section 7.6.19 below, the relevant targets listed in Section 7.6.19 below shall be included as well.

7.6.16. The targets may include targets whose measurement period is longer than one year (and different weights may be assigned to each year), targets that include a comparison with other relevant companies in the industry, and targets that reflect risk management criteria.

7.6.17. With respect to long-term targets – when determining the compensation to be awarded to an officer who has been employed for a shorter period of time than the measurement period stipulated for a particular target, the measurement period used for that officer may be shorter than the measurement period used for other officers.

7.6.18. The Compensation Committee and the Board of Directors may determine the conditions that apply to the variable cash component for each year, in accordance with the provisions of this Compensation Policy and with respect to the above benchmarks. The foregoing notwithstanding, the Compensation Committee and the Board of Directors will not authorize a variable compensation that is conditioned upon the Compensation Plan Targets, unless the Company has recorded a profit in the year for which the variable compensation is awarded.

7.6.19. An outline for determining the personal annual bonus for special populations (who are officers)

7.6.19.1. **Officers who effectively engage in investment management** - when determining the compensation awarded to officers in the investment management field, parameters such as meeting investment goals, return vs. risk, and the relevant benchmark indices will be considered; as for the management of savings funds through the Company - the return on the savers' funds will also be considered, while noting the assumed risk levels and the measurement time horizon. For a variable component that depends on the investment results, the measurement period may be no shorter than three years. However, it is clarified that for officers who have been employed for a shorter period than the determined measurement period, measuring over a shorter period of time would be allowed.

7.6.19.2. **Officers in customer - facing marketing, sales, and brokerage** – when determining the compensation, the Company's risk management policy will be considered, such that the compensation mechanism will not encourage unfairness toward the Company's customers.

8. Variable component - qualitative annual bonus

8.1. The Compensation Committee and the Board of Directors, or – if the Board of Directors approves this – the CEO, may authorize a qualitative personal bonus for any officer due to the bonus year, that may not exceed the basic salary for 3 months for each of the officers. To clarify, the qualitative personal bonus is awarded in addition to any quantifiable annual bonus the officer may be entitled to.

8.2. The qualitative personal bonus will be based on a personal measurement and qualitative criteria that might be impossible to measure quantitatively, according to the relevant officer's areas of responsibility, the nature of their work, and their long-term contribution to the Company and the Group, such as: the implementation, performance, and promotion of the plans and objectives in the Company's work plans; streamlining; initiating, leading, and promoting projects and processes; compliance with the law and regulation, compliance with the Company's procedures, and no material deviations from the policy set by the Board of Directors; audit reports issued in connection with the officer's area of responsibility, general satisfaction.

8.3. Within the annual discussion of the possibility of awarding a personal qualitative annual bonus to an officer, the direct manager's assessment of that officer's performance will be presented in connection with the aforementioned subjects, as applicable to that officer; with respect to the internal auditor, the performance assessment will be completed after receiving the Audit Committee's and the Chairman of the Board' recommendation.

9. Variable component - equity compensation

9.1. Awarding equity compensation to the Company's officers is intended to share the Company's results of operations with them and incentivize them to promote the Company's long-term performance.

9.2. Subject to the Compensation Committee's and the Board of Directors' approval, the Company may offer its employees and officers to participate in a program to allot restricted stock units and/or share-based instruments and/or exercisable options into Company shares (hereinafter - "**equity instrument**"). The Board of Directors may allow an officer to choose between variable cash compensation and variable equity compensation, or a combination thereof, as it determines. When awarding an equity instrument, a minimum holding and vesting period shall be determined, that may be no shorter than two years, combined (except for employees who are not officers and do not hold a key position).

9.3. The plan will include the following details, inter alia:

9.3.1. **Exercise price** - if options are granted, their exercise price on the allotment date, for each allotted warrant, shall be no lower than the average closing price of the Company's share in the last 30 trading days on the Tel Aviv Stock Exchange Ltd., prior to the date the Board of Directors authorized the allotment, and in any event, no lower than the closing price of the Company's share on the last trading day on the Tel Aviv Stock Exchange Ltd. prior to the aforementioned date.

9.3.2. **Benefit cap on the exercise date** - the benefit will be limited to a ceiling that may not exceed 300% of the share price, such that the officer's benefits in equity instruments may be exercised only up to a lower rate than 300% of the share price, compared with its price at the time of awarding the equity instrument (for restricted stock units and share-based instruments, compliance with the benefit ceiling will be examined when examining compliance with the performance targets).

9.3.3. **Warrants' expiration date** – this date shall be no later than four years from the vesting date of the most recent equity tranche granted to the offeree.

9.3.4. **Exercise, expiration, and acceleration conditions** in connection with the warrants or restricted stock units or share-based instruments in the event of leaving the Company (due to dismissal, resignation, death, or disability), as applicable.

9.3.5. **The allotment's division into tranches –** the equity compensation allotment may be performed by way of annual bonuses or as an allotment several years in advance, and the equity compensation's value will be determined as of the grant date. For the purpose of determining the ratio between the fixed compensation and the variable compensation, as detailed in Section 5.6 above, the value of the equity compensation for the year will be calculated such that the value of the equity compensation awarded for a particular year, as applicable on the grant date, will be fully attributed to the year for which it is granted, according to the average equity compensation value awarded for that year; however, if an allotment is made for several years in advance, then the Company may, with respect to those years and subject to the provisions of any law, divide the total value, as applicable on the grant date, identically for each of these years. To clarify, the above does not detract from the provisions of the Officer Compensation Law.

10. Special bonuses

10.1. From time to time, the Board of Directors and the Compensation Committee may decide to award a one-off bonus, inter alia, for considerable efforts on the part of the officer, including in the context of a transaction outside the ordinary course of business of the Company and/or Group. Such a special bonus shall be granted under special circumstances (hereinafter - "**special bonus**").

10.2. Such a special bonus may not exceed the basic salary for 3 months, and in special cases, it may not exceed the basic salary for 6 months.

10.3. Insofar as a special bonus is paid to an officer, it shall be separate and unrelated to the outline for setting the personal variable component. The bonus will be paid in cash but will be subject to the provisions on the ratio between the variable component and the fixed component and the payment arrangements that apply to it, including the spreading provisions, that apply to officers in accordance with this Compensation Policy.

11. The entitlement to a variable component due to a partial employment period

If an officer only works in the Company for part of the relevant calendar year to calculating their eligibility for a variable component due to the termination of their employment agreement or their dismissal, the officer will be entitled to a relative share of the variable component in respect of that year, according to the period they were employed by the Company in that year out of the entire relevant calendar year (based on a daily calculation and including the specified notice period), if the officer is entitled to a variable annual bonus for that year. If the officer only works for a part of the relevant calendar year to calculating their eligibility for a variable component because of the commencement of their employment by the Company, the Company may pay them a partial variable compensation, taking into account the period in which they worked out of that year. An employee of the Group who was promoted and appointed as an officer during a calendar year will be entitled to a partial variable annual bonus in respect of their actual term in office during the calendar year in which they were appointed as an officer, as said (hereinafter - the "**Appointment Year**"), insofar as they are entitled to a variable annual bonus in respect of that year. For the period preceding the date of their appointment as an officer, in which they held another position within the Group, the officer will be entitled to a relative compensation in accordance with the terms stipulated for that position, and taking into account the period in which they served in the other position.

The Company's CEO may approve eligibility to a variable component due to a partial employment period even in the event of a resignation.

To clarify – an officer who was dismissed due to an event that permits their dismissal without severance pay during a calendar year will not be entitled to an annual variable component with respect to the retirement year.

The foregoing does not detract from the other arrangements that govern the variable component in accordance with this Compensation Policy.

12. Spreading the annual variable component for an officer

12.1. In order to anchor the variable cash component as part of a long-term vision, the variable cash component will be spread, such that payment of at least 50% of the officer's annual variable compensation will be deferred to subsequent years and will be paid only if the Company meets the stipulated release conditions, subject to the provisions of the Compensation Circular and the compensation policy enacted by the Group's institutional entities, as applicable from time to time. In any case, no compensation that exceeds the Compensation Limit may be paid due to any calendar year.

12.2. To clarify, the variable compensation's spread or the spread rate may vary, to the extent permitted under the Compensation Circular and in accordance with the compensation policy enacted by the Group's institutional entities.

12.3. To the extent that the total compensation awarded to an officer for a particular year does not exceed the compensation ceiling and the variable component does not exceed 40% of the fixed component in that year, the spreading and deferral mechanism stipulated in this section shall not apply. If spreading is required, the following provisions shall apply: For this purpose, "**Compensation Cap**" – as defined in Section 32(17) of the Income Tax Ordinance [New Version];

12.4. The variable component's spread shall be examined while viewing the variable component as a whole, in such a way that a particular compensation component may be spread in exchange for not spreading another variable compensation component, provided that the total variable compensation is spread as detailed above.[20]

12.5. The variable component may be awarded, in whole or in part, in the form of shares and/or share-based instruments, with the entitlement thereto maturing over several years, subject to terms to be determined within the allotment of the equity instrument.

12.6. The deferred cash payments shall be index-linked. For the purposes of this section: the "**Base Index"** – the known index on the date of making the first annual variable component payment.

12.7. Any deferred variable compensation component shall either be paid to or be exercisable by the officer, as applicable, only if – as of the variable compensation's vesting date – the Company meets the Minimum Solvency Ratio, as required on the variable component's first payment date.

12.8. If the Company does not meet the above ratio, the relevant deferred compensation will only vest on the next date the Company is in compliance with that ratio, in accordance with the last known ratio published by the

20 Such as a combination of spreading the equity compensation or annual bonus, including by way of spreading equity compensation that has become vested and has been realized, subject to a mechanism to be determined and which would ensure release of the equity compensation consideration only if the conditions for paying the deferred compensation component are met.

Company and including any equity transactions performed by the publication date. To clarify further and without detracting from the provisions of Section 11 above, if the employee-employer relationship is terminated, deferred payments to which an officer is entitled in respect of the previous years will not be brought forward, and the provisions of this section will apply to them and to the variable component to which the officer is entitled in respect of the year in which the employee-employer relationship has ended (if and to the extent that the employee is entitled). A deferred payment that is paid after the employee-employer relationship is terminated shall not be considered a "retirement bonus".

12.9. Notwithstanding the foregoing, if an officer's employment is terminated due to their death, disability, or serious illness, the above provisions on spreading the variable compensation[21] shall not apply, and the officer and/or their heirs shall be entitled to receive the deferred balance, payable immediately. The foregoing shall also apply if an officer who has retired from their position in the Company dies, becomes disabled, or suffers a serious illness.

12.10. Discretionary revocation or reduction of the annual variable component for an officer

When deciding whether eligibility for variable annual compensation has arisen, in addition to the requirement that Threshold Conditions be met, in special and exceptional cases and for reasons that must be stated, the Board of Directors may, after receiving the Compensation Committee's recommendation, reduce the officer's total annual variable component, and even revoke it altogether, in the following cases: (a) to maintain an institutional entity's stability and its equity's robustness. (b) As of the variable component payment date, Clal Insurance does not meet the Minimum Solvency Ratio, in accordance with the last known ratio published by the Company and including the equity transactions performed up to the Solvency Ratio publication date. (c) In the event of negative returns on the funds the Company manages for planholders and policyholders, that the Board of Directors finds to be unusually poor compared with the market.

If bonuses are reduced due to the Group's needs, as said above, the Board of Directors may defer the reduced bonuses to subsequent years, and it may determine that paying them in subsequent years is subject to compliance with the relevant Threshold Conditions in those years, as said above in Section 7.5.

13. Clawback of funds based on data that turns out to be false

13.1. An officer will pay the Company back for the amounts paid to them as a variable component, pursuant to their terms of office and employment (hereinafter - "**clawback**"), under conditions to be determined, and upon the materialization of highly unusual circumstances.

13.2. Without prejudice to any remedy the Company is entitled to by law, the Compensation Committee and the Board of Directors shall determine the conditions and circumstances for performing a clawback and who would perform it, including the appropriate clawback amounts or rates for different sets of circumstances, in accordance with and subject to the provisions of the Compensation Circular, as applicable from time to time, and that shall include the following, at the very least:

(a) The officer was paid funds based on data that turned out to be false and were restated in the Company's Financial Statements or those of a provident fund it manages (as long as this does not concern a correction arising from an amendment and/or an update to accounting standards), and in light of the restated data, the officer should have been paid a lower amount than the amount paid in practice;

(b) The funds paid to the officer were determined while assuming a risk level that then turned out not to materially reflect the Company's actual exposure or that of the savings funds it manages, and in light of that risk level, the officer should have been paid a lower amount than the amount they were actually paid;

(c) The Compensation Committee has found that the officer participated in conduct that caused the Company or the people who save through the Company extraordinary damage, including: fraud or other illegal conduct, breach of fiduciary duty, a deliberate violation of or disregard in gross negligence for the Company's policy, rules, and procedures. In this matter, "**extraordinary damage**" – including a significant monetary expense for fines or sanctions imposed on the Company by competent authorities pursuant to the law or a judgment, arbitral award, settlement agreement, etc. For this matter, it is clarified that damage will not be considered extraordinary damage (except in cases of a judicial ruling on fraud or breach of fiduciary duty), insofar as the damage amount does not exceed 5% of the Company's shareholders' equity at the time of incurring the extraordinary damage. For damage that exceeds the aforementioned limit, its definition as extraordinary damage shall be examined based on the relevant circumstances. The extraordinary damage will be attributed to the year in which the act that caused it was performed, and

21. Including retirement bonuses, deferred payments, and/or equity compensation.

therefore, it is clarified that payment of the extraordinary damage will not be considered an expense in the current year for the purpose of calculating the current bonus, all – as the Compensation Committee shall determine.

13.3. For an officer other than the CEO for whom the Compensation Committee determined they did not have a material effect on the circumstances listed in Sections 13.2(a)–(b) above, there is an option not to demand a clawback and instead, to offset such amounts from the total variable components paid to the officer in the future, if and to the extent that they are paid.

13.4. If it turns out that an officer was not paid any component of their terms of office and employment, in whole or in part, based on data that turned out to be false and were restated in the Company's, in Clal Insurance's, or in the provident funds' financial statements (except in case of a rectification arising from an amendment and/or revision to the accounting standards), or considering a risk level that turned out not to materially reflect the Company's or Clal Insurance's exposure or that of the funds saved through them, and that the officer should have been paid a higher amount than the amount actually paid in light of the restated data or the risk level, the Company shall compensate the officer for the unpaid amount and grant them any right they would have had, had the terms of office and employment been calculated according to the restated data or risk level in the first place.

13.5. The Compensation Committee and the Board of Directors shall determine whether the unusual circumstances calling for such clawback apply, and the total clawback; the decision on the occurrence of such unusual circumstances and the total clawback shall be determined while noting, inter alia, the damage, the officer's liability, their authorities, their level of involvement, and measures taken to mitigate the damage.

13.6. The Compensation Committee and the Board of Directors may determine the clawback dates such that they occur within a reasonable period, noting the total clawback amount the officer must pay.

13.7. The Company shall take the measures available to it, under the circumstances, including legal measures, to seek a clawback of the amounts that require a clawback under this section.

13.8. All amounts paid to an officer shall be subject to clawback for a period of five years from the date of granting the variable component, including with respect to deferred components (hereinafter - the "**Clawback Period**"). However, the Clawback Period for a variable component paid to an officer will be extended by two more years, if the Compensation Committee and the Board of Directors determine, during the Clawback Period, that circumstances that call for a clawback have arisen, as detailed below:

13.8.1. The Company has initiated an internal investigation procedure regarding a material failure;

13.8.2. If the Company has learned that a competent authority, including a competent authority outside Israel, has initiated an administrative investigation or a criminal investigation against the Company or its officers;

13.8.3. A competent authority has initiated such an investigation in connection with a fraud or breach of fiduciary duty committed by a Company officer.

13.9. To clarify – the officer shall not be obligated to pay the Company clawback amounts that exceed the actual payment made to them (net of tax).

14. Related benefits and additional benefits for officers

14.1. On top of that said in this policy, the compensation paid to officers may include additional components that the Company occasionally awards to all its employees, or to some of them, such as: reimbursement of expenses, parking, holiday gifts, continuing education, a discount on Company products, holidays, etc.

14.2. The Company may choose, or, as required by law, be obligated to authorize related benefits in addition to the basic salary for officers, including as detailed below:

14.2.1. Pension contributions and work permanent health insurance – the Company may make contributions into a pension product of the officer's choice for that officer, in respect of their full salary, in accordance with the provisions of the law. The Company's contributions to a pension insurance scheme shall be conditioned on making the appropriate deduction of the officer's share of the contributions out of the officer's salary, and may apply to all or some of the compensation components, including additional related components that are included in the basic salary and/or basic salary gross ups. In addition, the Company may insure the officer under a work permanent health insurance policy and participate in or finance the cost of other insurance policies. The Company may allow the officer to convert the contribution amounts due to retirement benefits that exceeds the lawful recognized salary ceiling for tax purposes into a wage payment, in such a way that the cost of the officer's employment by the Company

does not increase.

14.2.2. Severance pay - the Company may pay the officer the full severance pay, both upon their dismissal and their resignation.

14.2.3. Advanced education fund - the Company may make contributions into an advanced education fund in accordance with the lawfully recognized rates and will transfer these amounts to the advanced education fund of the officer's choice according to the full basic salary. The officer may convert the contribution amounts that exceed the legally recognized salary ceiling for tax purposes into a wage payment, in such a way that the cost of the officer's employment by the Company does not increase.

14.2.4. Vehicle - the Company may provide its officers with a vehicle they may use according to the prevailing norms in the industry, and that vehicle shall be used, inter alia, for the fulfillment of their duties, with the potential for an additional full gross up. The Company may bear the vehicle usage and maintenance expenses, according to the Company's applicable procedures. The Company may award the officer an equivalent payment in lieu of the above.

14.2.5. Communications - the Company may provide the officer with a mobile phone for their personal use, at the Company's choice and in accordance with the Company's custom. In addition, the Company may provide the officer with automation means (a laptop, tablet, etc.) for work purposes in accordance with the Company's procedures.

14.2.6. Meals/per diem – the Company may allow the officer to participate in a meal and per diem payment program during work hours, and it may authorize a reimbursement of expenses, as determined in the Company's procedures from time to time.

14.2.7. Annual leave - the Company may grant the officer an annual leave of no more than 25 days a year, and in any case – no less than that prescribed by law. The Company may allow the officer to accumulate and redeem their annual leave days, as determined in the Company's procedures from time to time.

14.2.8. Sick leave - an officer may take time off work due to an illness in accordance with the Sick Pay Law. The Company may pay the officer in full for the days the officer misses work due to an illness from the first day of their absence, as determined by the Company's procedures, from time to time. The officer may accumulate sick leave days as determined in the Company's procedures but may not be entitled to redeem their sick leave days.

14.2.9. Convalescence pay - the Company may pay the officer convalescence pay according to the Company's customary amount, but no less than the amount prescribed by law.

14.2.10. The Company may pay the officer's professional association membership fees on their behalf.

14.2.11. The Company may pay for the officers' subscription fees to newspapers and professional literature.

14.2.12. The Company may pay officers for advanced study, incentive awards, to join agent incentive trips, screening tests, events, and welfare activities.

14.2.13. The Company may pay the tax gross up to officers due to any of the related and/or social benefits, as detailed above.

14.2.14. Customary related benefits in accordance with the collective agreement with respect to the Group's employees, such as summer camp subsidies, seniority bonuses, etc., as applicable from time to time.

14.2.15. Exemption, indemnification and insurance for officers

14.2.15.1. The Company may grant letters of indemnity in the version of its choice, as has been authorized and/or will be authorized by the Company's competent organs. To the extent that the Company seeks to modify the letters of indemnity, for any reason whatsoever, the Company shall present the revised letters of indemnity to the competent organs for approval in accordance with the provisions of the law.

14.2.15.2. The Company may purchase officer liability insurance for the Group's officers, at insurance amounts no higher than USD 400 million; the annual premium cost and the deductible amount in respect of such a policy shall be in accordance with prevailing market conditions when drafting the relevant policy, and at an immaterial cost to the Company.

14.2.15.3. The Company may purchase run-off officer insurance if the control of the Company and/or a subsidiary is transferred.

14.2.15.4. The Company may grant an exemption from liability to the Company's officers, subject to

obtaining the approvals required to grant the exemption under the law. Such exemption will not apply to a decision or transaction in which the controlling shareholder or any officer in the Company (including an officer other than the one to which the exemption is granted) has a vested interest.

15. Retirement arrangements

Retirement bonus

15.1. Beyond the payment of severance pay, and subject to the eligibility criteria specified in Section 15.6 below, the Company may grant any officer a one-off retirement bonus, equivalent to up to 4 months' basic salary. This retirement bonus's amount will be determined when signing the employment agreement with the officer or thereafter, provided that it is not determined close to that officer's retirement date. In addition, upon termination of the employee-employer relationship, the Company may, at its competent organs' decision, increase the retirement bonus paid to the officer by up to 2 more months' basic salary. In addition, the Company reserves special discretion to increase the retirement bonus in the event that the officer has worked for the Company (including related companies) for longer than 15 years, by an amount equal to 2 more months' basic salary. Alternatively, instead of the aforementioned retirement bonus, in exceptional and highly unusual cases, the Company may determine that if an officer has worked for the Company (including related companies) for longer than 15 years, the officer will be entitled to increased severance pay at a rate of up to 200%, subject to conditions to be determined, in lieu of any adjustment or retirement grant stated above in this section.

15.2. The Company may stipulate in its agreement with the officer that if the officer does not carry out their work to the Company's satisfaction during the specified notice period, if the officer is in breach of the non-compete clause, and if the officer's entitlement to severance pay is lawfully revoked – the officer shall not be entitled to the retirement bonuses stated above.

15.3. Among the considerations and criteria that the Company shall consider when determining and increasing the retirement bonus, as stated above, it may take into account any of the following considerations relating, inter alia, to the circumstances surrounding the officer's retirement, their tenure in office, their duties, skills, the Company's performance during their tenure, and their contribution to achieving the Company's objectives, to maximizing its profits, and to the management of the savers' funds through the Company, the annual compensation they had received during their tenure, as well as the recommendation of the Company's CEO.

15.4. This retirement bonus shall be classified as a variable component and shall be spread out for the officer in accordance with that said in this Compensation Policy regarding retirement bonuses,[22] as detailed below. For the avoidance of doubt, it is clarified that adjustments made to the contributions toward the retirement bonus in the years the officer was employed will not be examined for the purpose of determining the variable/fixed ratio, as detailed in Section 5.6 above.

15.5. The officers' retirement terms shall be determined subject to the Board of Directors' approval, after the Board of Directors obtains the Compensation Committee's approval.

15.6. Any payment of such variable retirement terms that exceeds the equivalent of the basic salary for three months shall be subject to arrangements to defer the payments to after the date of the officer's departure in relation to the excess part, as well as the retroactive implementation of performance adjustment mechanisms, as detailed in Section 12 above.

15.7. The provisions of this section do not prejudice any current or accrued benefits, including benefits due to retirement terms.

15.8. No officer shall be entitled to a retirement bonus if the employee-employer relationship was terminated because of their resignation within two years of the commencement of their employment.

15.9. The scope of the above-described bonus is the maximum scope that the Compensation Committee and the Board of Directors are authorized to determine in accordance with the principles listed above. \

22 Compensation for retirement bonus exceeding the compensation for termination of employment specified for all of the Company's employees.

16. Arrangements upon termination of employment

16.1. Non-compete

16.1.1. Subject to the provisions of the law, the officers shall commit in writing, when signing the employment agreement with the Company, to refrain from competing with the Company in its line of business for a period of several months (from 3 to 9 months from the termination of the employee-employer relationship), as stipulated in the employment agreement. If the Company accepts a shorter specified notice period and the termination of the employee-employer relationship, the Company may set the start of the non-compete period at the determined termination of employment date.

16.1.2. Subject to the provisions of the legislative arrangement, no payment for a non-compete commitment period shall be considered a retirement bonus, insofar as the officer is precluded from working for companies that compete with the Company in its line of business in that period.

16.2. Advance notice

16.2.1. An officer shall be entitled to a specified notice period no longer than 6 months, and in special cases – no longer than 9 months. The specified notice period for each officer shall be determined by the Board of Directors at the recommendation of the Compensation Committee prior to signing the employment agreement with the officer.

16.2.2. During the specified notice period, the officer shall be required to continue to perform their duties, unless the CEO decides to release them from this obligation, in whole or in part, and they shall be entitled to the remaining benefits of office and employment, without change.

17. General provisions, discretion, effectiveness, and liability

17.1. The Compensation Policy shall be in effect for 3 years: 2023, 2024, and 2025; at least once every three years, it shall be presented for reauthorization by the Company's competent organs. When authorizing the Compensation Policy, the terms of employment will be examined against the customary terms in the relevant comparison groups at the time.

17.2. Without detracting from the provisions of Section 17.1 above, the Compensation Committee and the Board of Directors shall, from time to time, and at least once a year, review the implementation of the Compensation Policy as well as the need to adjust and revise it, if there has been a material change compared with the circumstances that prevailed when it was set or for other reasons. Changes to the Compensation Policy, if any, will be authorized in accordance with statutory provisions.

17.3. For each calendar year, the Company's relevant organs may deviate from or modify the current Compensation Policy, at their discretion. The foregoing notwithstanding, it is clarified that the Compensation Committee, the Board of Directors, and/or the CEO, as applicable, may change the Compensation Policy in relation to the officers, provided that the total annual change to the compensation components does not exceed 10% for each officer. An immaterial change to an officer's compensation terms, if that officer is subordinate to the CEO, shall not require the Board of Directors' or the Compensation Committee's approval if it is authorized by the CEO and conforms to the Compensation Policy. In this regard, an "immaterial change" – a change that leads to a total annual change in the compensation components that does not exceed 5% for each officer.

17.4. It is noted that in accordance with the provisions of the law, including the Officer Compensation Law, the Company may bear additional costs due to the employment of its officers in accordance with the terms hereof.

17.5. It is emphasized that this document constitutes a policy and guidelines paper, and therefore, it does not grant any right to the officers and/or any other third party, and within this, none of them may raise a claim against the Company that it must act in accordance with the Compensation Policy. The provisions set forth in the duly authorized collective agreements and personal compensation plans override the provisions of the Compensation Policy.

17.6. To clarify, the implementation of this Compensation Policy is subject to the requirement that it does not breach the provisions of the law, including labor laws, emphasizing wage protection laws, and including the court's rulings in individual cases or approvals the court has granted.

17.7. The Compensation Policy shall be backed with procedures that shall include a description of the parties involved in designing, approving, and monitoring the policy and the compensation agreements.

18. Transitional provision

18.1. The provisions of this Compensation Policy shall apply to the compensation agreements approved from its Effective Date and onwards, unless otherwise stated.

18.2. Subject to the foregoing, for the avoidance of doubt, the Compensation Policy does not prejudice the officers' benefits in connection with their tenure and employment with the Company, as applicable on the Effective Date, as well as the benefits accrued and/or created and/or that will accrue due to previous periods, until the day they are adjusted to the Policy, if and as required, or until the date they must be adjusted in accordance with the relevant provisions of the law, as said (hereinafter - the "**Accrued Benefits**").[23]

18.3. To clarify, the Accrued Benefits shall not be taken into account for the purpose of calculating the compensation ceilings stipulated herein even, if their actual payment date is after the statutory provision's commencement date or effective date, including options granted in this way and for which payment has been set aside.

18.4. To clarify – if and when the expected annual expenditure due to an officer's compensation exceeds the Compensation Limit in accordance with the Officer Compensation Law, that officer's compensation shall be reduced accordingly, for any of their compensation components.

18.5. To the extent that the provisions of the Compensation Circular are updated in the future, the compensation terms may be adjusted accordingly, with the approval of the Compensation Committee and the Board of Directors.

* * *

23. It is hereby clarified that the provisions of the compensation policy are not intended to add upon the provisions for the transitional period set forth in the Compensation Circular and the amendment to the circular and the Officer Compensation Law and shall not prejudice the rights that the provisions for the transitional period, including in relation to past periods, are intended to protect.

Part B

Report of the Board of Directors



The Report of the Board of Directors on the State of the Corporation's Affairs for the Period ended December 31, 2024 (hereinafter - the "**Report of the Board of Directors**") reviews the key changes in the activity of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**") in 2024 (hereinafter - the "**Reporting Period**").

The Report of the Board of Directors was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970; the Report of the Board of Directors - with respect to the insurance business - is prepared in accordance with the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the circulars issued by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**"). The Report of the Board of Directors with respect the credit cards business was prepared in accordance with the Directives of the Banking Supervision Department (hereinafter - the "**Banking Supervision Department**").

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1. The Group's Structure, its Areas of Activity, and Developments Therein

The Company's shareholders

Clal Insurance Enterprises Holdings Ltd. (hereinafter - "**Clal Holdings**" or the " **Company"**) is a publicly-traded company, whose shares are listed on the Stock Exchange; Clal Holdings is a company without a control core.

In the Commissioner's letter of December 8, 2019, it was stated that no entity holds, whether directly or indirectly, the means of control in the Company.

For further details regarding shareholdings in the Company and changes during the Reporting Period, see Note 1 to the financial statements.

2. Board of Directors' Explanations for the State of the Corporation's Business

The Group companies' operations are affected by constant changes in regulations and regulatory reforms. Clal Insurance's operations and results are significantly affected by changes in capital markets, including, among other things, by changes in the interest rate that has implications for Clal Insurance's insurance liabilities and financial assets portfolios, and consequently - for management fees and financial margins from investments as well. Max's activity is affected by macroeconomic conditions, the cost of living and interest rate in Israel. Macroeconomic conditions impact the level of private and business consumption, which, in turn, affect the Company's volume of activity and have direct consequences on its business results.

2.1 Significant Events during and Subsequent to the Reporting Period:

A. Approval of the Company's dividend policy and distribution

In September 2024, the Company's Board of Directors approved the dividend distribution policy. This policy was approved, among other things, further to the approval of a dividend distribution policy in the Company's key subsidiaries - Clal Insurance (see Section C below) and Max (see Section D below).

In accordance with the approved policy, the Company will distribute an annual dividend at a rate, which will not fall below 50% of the dividend received in that year from the Company's subsidiaries.

This policy should not be viewed as an undertaking by the Company to distribute dividends and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different (higher or lower) rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of laws applicable to any dividend distribution and to compliance with the financial covenants the Company has undertaken and/or will undertake in the future as to the condition that the distribution shall not adversely affect the Company's cash flows and the Company's need for cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities.

The Company's Board of Director may review the dividend distribution policy from time to time and decide, at any given time, taking into account business considerations and the legal and regulatory provisions applicable to the Company, to change the dividend distribution policy, including the rate of dividend to be distributed.

Further to the above, on November 28, 2024, the Company's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 60% of the dividends declared and distributed in the Company's subsidiaries in 2024. The dividend was paid on December 24, 2024.

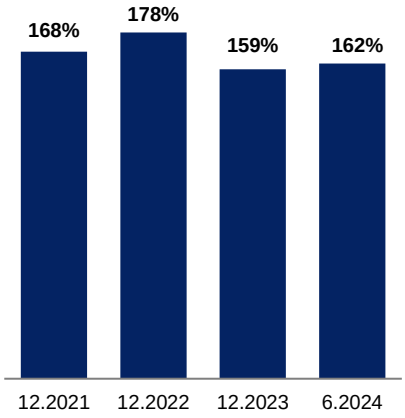
B. Solvency ratio and dividend distribution at Clal Insurance

Clal Insurance published an Economic Solvency Ratio Report as of June 30, 2024, whereunder the ratio net of the Provisions for the Transitional Period after the dividend distribution is 126% compared with a ratio of 109% as of December 31, 2023.

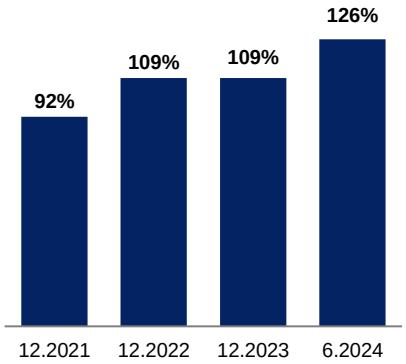
Taking into consideration the Provisions for the Transitional Period, the ratio after dividend distribution and revision of the Deduction is 162% as of June 30, 2024, compared to 159% as of December 31, 2023, respectively. For further details, see Section 2.4 below. and Note 17(f)(1) to the Annual Financial Statements.

According to Clal Insurance's dividend distribution policy (see Note 7(c)(2) to the Annual Financial Statements), on November 27, 2024, Clal Insurance's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 45% of Clal Insurance's comprehensive income in 2023, having considered all aspects, including Clal Insurance's compliance with the economic solvency ratios detailed above. The dividend was paid on November 28, 2024.

Solvency ratio



Solvency ratio without application of Provisions for the Transitional Period



1) Taking into consideration equity transactions that took place subsequent to June 30, 2024, as of the publication date of the Economic Solvency Ratio Report as of June 30, 2024.

2) For details regarding the disclosure pertaining to the stochastic model in the calculation of the economic solvency ratio of Clal Insurance, which - based on market conditions as of June 30, 2024 - its effect is estimated by adding approx. 17%, without taking into consideration the Provisions for the Transitional Period, and by adding approx. 9% taking into consideration the Provisions for the Transitional Period, see Section 2.4 below.

C. Approval of Max's internal capital target, dividend distribution policy and dividend distribution

Further to Note 17(f)(2) to the annual financial statements regarding Max's capital adequacy target, and Note 17(c)(3) to the Annual Financial Statements regarding a dividend in Max, on June 30, 2024 the Board of Directors of Max It Finance Ltd. (hereinafter - "**Max**") - a Company subsidiary - approved Max's CET1 capital ratio internal target at 9.25%, and a dividend distribution policy, under which as from 2024 Max will be able to distribute dividends at a total amount of up to 30% of the net income for the year, which preceded the distribution year, in accordance with Max's consolidated financial statements.

It is clarified that by setting this policy Max does not undertake to distribute a dividend on a certain date or rate, any distribution shall be subject to the full discretion of Max's Board of Directors and require the individual approval of the Board of Directors of Max, subject, among other things, to compliance with all the restrictions applicable to Max under the law and under directives of the Banking Supervision Department.

Accordingly, on June 30, 2024, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 62 million, which constitutes approx. 28% of Max's net income for 2023. The dividend was paid on July 3, 2024.

The dividend was paid in compliance with all restrictions applicable to Max.

D. Capital markets and risk-free interest rate curve during the reporting period and thereafter

The results in the Reporting Period and for the three-month period ended December 31, 2024 were affected mainly by rallies in capital markets, mainly in share indices, which affected investment revenue in the nostro portfolio. It should also be noted that in participating insurance policies, no variable management fees were collected during the Reporting Period, and Clal Insurance has a pre-tax liability of approx. NIS 0.1 billion to policyholders as of the date of the Financial Statements Date shortly before the date of the Financial Statements, and until it meets this undertaking Clal Insurance shall not collect variable management fees.

In addition, during the Reporting Period there were changes in the risk-free interest rate curve, with the addition of illiquidity premium, which brought about a revision in insurance liabilities. For details about the impact of the above on the results, see the Special Items table in Section 2.2 below. For details regarding the consequences of the above on the solvency ratio of Clal Insurance subsequent to June 30, 2024, see Section 2.4 (a)8 below. For details regarding the Group's sensitivity to changes in interest rates, see Note 42 to the Annual Financial Statements.

E. Repayment of syndicated loan by CIMax

In February 2024, the Company used the proceeds of the issuance of the bonds for an early repayment of the entire amount of the syndicated loan taken by CIMax Holdings Ltd. from institutional entities in 2019 (hereinafter - the "**Syndicated Loan**"), as explained in Note 26 to the Annual Financial Statements. Consequently, the Group reduced its finance expenses in this quarter compared to last year, and also extended the average duration of its liabilities.

F. Issuance of Subordinated Notes (replacement of Series J and expansion of Series M) in the subsidiary Clal Insurance

In January 2024, Clal Insurance issued to holders of Notes (Series J), who accepted an exchange tender offer, Subordinated Notes (Series M) totaling NIS 508 million p.v. by way of series expansion. The terms of some of the Notes (Series J) vary from the terms of the Notes (Series M), and accordingly they were accounted for as replacement of debt instruments with materially different terms, in accordance with the standard's definition; accordingly, Clal Insurance accrued a loss of approx. NIS 1.6 million.

Furthermore, in April 2024 Clal Insurance issued to the public NIS 465 million p.v. in Subordinated Notes (Series M) by way of expansion of an existing series. For further details, see Note 26 to the Annual Financial Statements.

G. The Iron Swords War

Further to Note 46(k) to the 2024 Financial Statements, the Israeli economy continued to operate in a wartime routine this year, with activity in most of the economy returning to almost normal levels, except for the areas which suffered directly from the events of October 7, 2023 and the north of the country, where some residents are still evacuated from their homes and businesses have not yet resumed normal operations, despite the ceasefire agreement signed at the end of November 2024. On January 19, 2025, a ceasefire agreement entered into force in the Gaza Strip too.

The War has led to a series of impacts and restrictions, including, among other things, evacuation of hundreds of thousands of people from their homes and temporary closure of many businesses; these measures caused a decrease in economic activity. During 2024, there was a gradual improvement in activity and the Israeli economy returned to almost returned to almost normal levels. The developments in the last quarter of 2024, and in particular the relative calm on both fronts (the Gaza Strip and the northern front) following the abovementioned ceasefire agreements, constitute a positive development for the Israeli economy, which also led the Bank of Israel to revise upwards its growth forecast. However, these agreements are fragile and at the moment also temporary, and any violation may lead to renewed fighting and increase the level of risk to normal economic activity.

Israel's credit rating

The credit rating agencies revised the rating of the State of Israel and their rating outlooks against the backdrop of the War and the geopolitical risks, which Israel has faced since the outbreak of the War as follows:

The credit rating agency Moody's (hereinafter - "**Moody's**") announced on February 9, 2024 that it was downgrading the credit rating of the State of Israel's debt from A1 to A2 with a negative rating outlook. The downgrading of the credit rating and the change of the rating outlook to negative mainly reflected - as explained by the rating agency - the uncertainty as to the economic consequences of the War, the manner and timing by which the War will end and the change in fiscal conditions.

International credit rating agency S&P announced on April 18, 2024 the downgrading of Israel's sovereign rating from AA- to A+, and reiterated the rating outlook at negative.

On April 2, 2024 the international credit rating agency Fitch reiterated Israel's credit rating at A+, but changed the rating outlook from stable to negative.

On August 1, 2024, S&P rating agency published an announcement in which it noted that the potential for a wider conflict in the region presents substantial risks for Israel. In accordance with the announcement, a further escalation is not part of the baseline ratings scenario for Israel and may present a risk to the current rating of the country.

On August 12, 2024, international credit rating agency Fitch downgraded Israel's credit rating from A+ to A, with a negative rating outlook. The reasons for the rating downgrade arise, among other things, from the continued fighting in Gaza and the increase in the geopolitical risks.

On September 27, 2024, the rating agency Moody's announced a downgrading of the State of Israel's debt credit rating by two notches (in one go) from A2 to Baa1 with a negative outlook.

On October 1, 2024, the rating agency S&P announced the downgrading of the State of Israel's credit rating from A+ to A with a negative outlook, bringing forward by five weeks its scheduled announcement, which was planned to be issued on November 8, 2024. The reasons for the credit rating downgrade outside the normally scheduled rating announcements are, among other things, the escalating conflict between Israel and Hezbollah, which - according to S&P - is highly likely to become intensive and persistent.

Subsequent to the reporting date, in January 2025, the international rating agencies published an update regarding Israel's credit rating stating that the ceasefire that entered into force on January 19, 2025 constitutes a positive development for the Israeli economy. However, the rating agencies note the fragility and complexity of the agreement.

Effect on the financial statements

Clal Insurance - In the Reporting Period and as of the approval date of the annual financial statements no material changes occurred in light of the War in its operations and there was no material effect on its financial results.

Max - After a significant decline upon the outbreak of the fighting, as from December 2023 and during 2024 the issuance and acquiring turnovers in Israel increased gradually and even exceeded those of the corresponding period last year. The company's overseas issuance turnovers, which declined during the War, have also started growing gradually, with foreign airlines recently resuming flights to Israel.

Pursuant to the directive of the Banking Supervision Department, in the financial statements for the third quarter of 2023, the company increased the provision for credit losses, due to the potential effects of the War on the credit risk of the company's customers and the expected credit losses (as detailed in the Financial Statements for 2023); however, so far there has been no significant increase in the credit risk of the company's customers. However, there is still a degree of uncertainty regarding the full effects of the War on the Israeli economy and the repayment capacity of the Company's customers. Therefore, since the estimated provision for credit losses is based, among other things, on judgments and assessments, and involves uncertainty at this stage, there is a high probability that future credit losses will vary from the current estimate.

In addition, on November 18, 2024, following the impact of fragments of a missile near Max's site in Bnei Brak, the office building rented by Max suffered property damage due to the blast and shrapnel. Max's assessment of the situation is that no damage was caused to its infrastructures, and it continues operating and providing full service to its customers. The operations required for the refurbishment commenced immediately in coordination with the relevant government agencies and the lessor. Max estimates that the refurbishment work will last several months, but will not affect its business activity.

The Group is exposed to declines on the financial markets and to slowdown, as well as to additional risks that may arise from the War. For further details on sensitivity and exposure to risk factors, see also Note 42 to the Financial Statements.

At this stage, there is significant uncertainty as to the development of the War, its scope and duration. Therefore, at this stage, it is impossible to assess the full effect of the War on the Group.

The Group mobilized to support the national effort through a series of extensive activities, including reliefs for customers, an increased donation budget, and a dedicated support fund established at Clal Insurance to assist policyholders with insurance war damages.

Cyber and information security risks

Since the beginning of the War, and even more so in the past few months, the Group saw an increase in the scope and complexity of cyber-attacks against Group companies. From time to time, Group companies take ongoing steps to improve its infrastructures, which were designed to deal with the said risk.

H. Share-based payment

Further to Note 44 in the Annual Financial Statements, on May 19, 2024, the Company's board of directors resolved to publish an outline for the allocation of up to 1,400,000 Class A options to be offered under the outline, based on the Plan for 2021, for employees and officers of the Company and/or companies under its control. Allocation of the options to be offered under the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The shares underlying the exercise of these options will represent approx. 0.44% of the Company's equity capital as of the reporting date, assuming maximum exercise. The options will be exercisable for the Company's ordinary shares at the value of the benefit implicit in the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 14.1 per option, and the fair value of each tranche will be spread over the vesting period. The value of the benefit was calculated using the binomial model, and estimated at approx. NIS 18.75 million for all options, which will be awarded to Group officers and employees as stated above. The Class A options will be allocated in three tranches, spread over three years, and shall be exercisable beginning when one year, two years, and 3 years have elapsed from the allocation date, up to one year from the vesting date. (With respect to the first tranche, at least two years of vesting and holding are required).

The subsidiaries will bear the expense for the value of the options and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements and in accordance with the accounting principles.

I. Filing of a draft prospectus of Max

For details, see Section 2.4.B.5 below.

J. Agreement with the National Insurance Institute under the National Insurance Law

For details, see Note 42(e)E2 to the Consolidated Annual Financial Statements.

K. Changes to actuarial assumptions in the calculation of the liabilities for annuities

For details, see Note 42(e)E1(d) to the Consolidated Annual Financial Statements.

L. Signing a collective agreement

For details, see Note 46(k) to the Consolidated Annual Financial Statements.

M. Expected material effects of the implementation of IFRS 9 and IFRS 17 (hereinafter - the "Reporting Standards")

Further to Note 47 to the Annual Financial Statements regarding the Company's preparations for the application of the Reporting Standards, the main changes in the accounting policies and disclosure of statement of financial position items (pro forma balance sheet) as of January 1, 2024. Under the preparations of Clal Insurance for the implementation of the Reporting Standards in 2025 and in accordance with data, which were not reviewed and were not audited by the independent auditors, and which were prepared by Clal Insurance, as of the approval date of the annual financial statements, the following is an estimate of the key Company's operating results arising the initial application of the Reporting Standards to key line items in the Company's comprehensive income statement for the six-month period ended June 30, 2024.

Line item	In NIS million
Balance of capital as of December 31, 2023	8,652
Effect of application of the Reporting Standards	(1,297)
Pro forma balance of capital as of January 1, 2024	7,355
Total income from insurance services - retention	564
Total net investment and finance income	1,394
Total comprehensive income for the period	897
Return on equity (annualized)	25%

Balance of contractual service margin (CSM) in NIS million	Life	Health	Total
Gross, as of January 1, 2024 (audited)	4,874	4,266	9,140
Gross as of June 30, 2024	5,146	4,161	9,307
Retention as of January 1, 2024 (audited)	4,737	4,076	8,813
Retention as of June 30, 2024	5,025	3,976	9,001

Description of the effect of the main changes that affected operating results in the first half of 2024 following the application of IFRS 17 and IFRS 9:

As a rule, profit from the insurance services in respect of the contractual service margin recognized on the transition date will be spread out and carried to profit or loss in the coming periods on a gradually declining basis, and on the other hand, the Company expects to generate in the following periods contractual service margin in respect of new businesses.

In accordance with a preliminary estimate, out of the total contractual service margin balance (retention) as of January 1, 2024, approx. 30% is expected to be carried to income during the next five years.

The net investment and finance income for the Insurance Segments consists mainly of the effects of the capital markets on the Company's investment assets, net of the finance expenses on insurance contracts arising mainly from the accrual of interest in respect of the passage of time, a change in the interest rate curve during the period and the effect of the actual return. It is noted that during the first half of 2024, there was an increase in the risk-free interest rate curve and in the liquidity premium, which led to a decrease in finance expenses on insurance contracts, net of a change of approx. NIS 470 million in the fair value of Hetz bonds.

Expected effects of changes in the interest rate curve in the second half of 2024

During the second half of 2024, there was a decrease in the risk-free interest rate curve and in the illiquidity premium, which is expected to lead to an increase in finance expenses on insurance contracts in the second half of 2024. The Company has not yet completed the preparation of the data for the second half of 2024, and therefore, at this stage, the effect on the Company's results for the second half of 2024 cannot be quantified.

It is noted that Clal Insurance has not yet completed all the controls and tests in connection with those data, and that changes may be made to the abovementioned data through the actual implementation date.

The abovementioned information was mostly included in the data sent to the Capital Market Authority in accordance with the roadmap published by the Authority in connection with the adoption of IFRS 17, and in the quantitative impact studies, which were designed to assist Clal Insurance and the Capital Market Authority in assessing the preparedness of Clal Insurance and the Authority for the implementation of the new standards, while assisting in the decision-making process. Therefore, the data may be adjusted, including, among other things, in accordance with the Authority's guidance, changes in accounting policies, or due to further preparations by Clal Insurance for the implementation of the standard, including following discussions with the independent auditors.

The manner by which the standard will be implemented may also be subject to changes or adjustments following clarifications or revisions to international financial reporting standards, changes to existing practices abroad and the emerging practice in Israel, regulatory changes, tax changes or changes and adjustments to various estimates made by Clal Insurance in accordance with professional judgment. Therefore, the above data or results should not be deemed binding data or binding results. Therefore all the information included above constitutes forward-looking information, as defined by the Securities Law, 1968. It is clarified that the above data do not cover or reflect the full effects of the New Standards, including any potential effects on the relevant tax regime and on Clal Insurance's economic solvency ratio. As of the report publication date, these matters have not yet been fully settled.

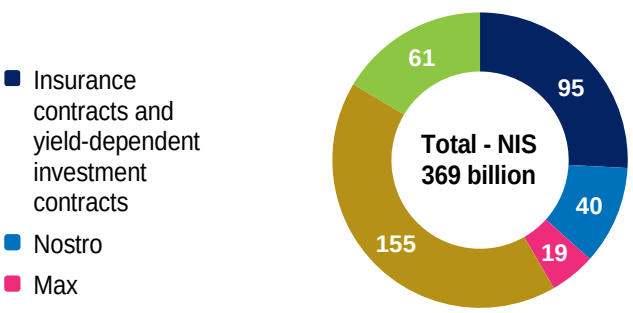
2.2 Financial information by area of activity

(For information regarding the operating segments, see Note 4 to the Consolidated Interim Financial Statements).

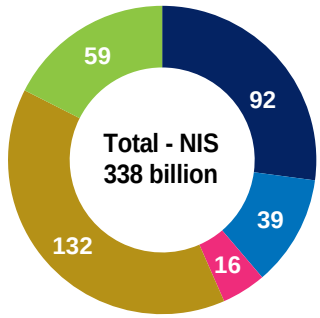
In the Reporting Period, Clal Insurance presents an increase in assets under management and in sales in all products, other than life insurance investment contracts, which were affected by the market situation.

Summary of data from the Group's consolidated Financial Statements

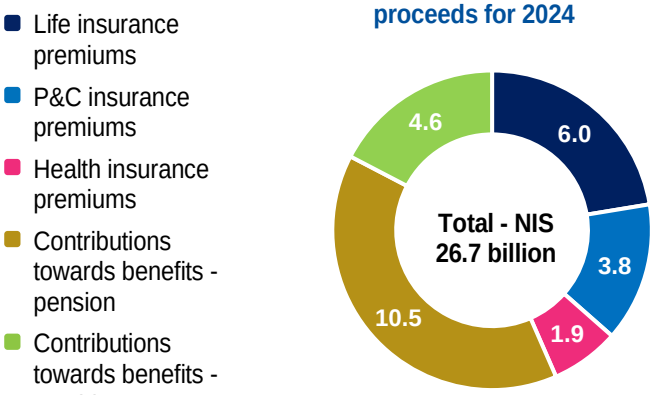
Assets under management as of December 31, 2024



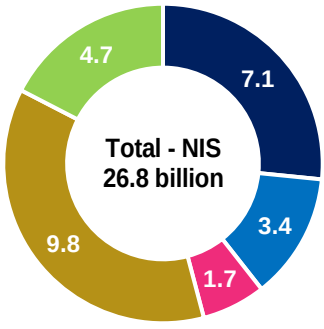
Assets under management as of December 31, 2023



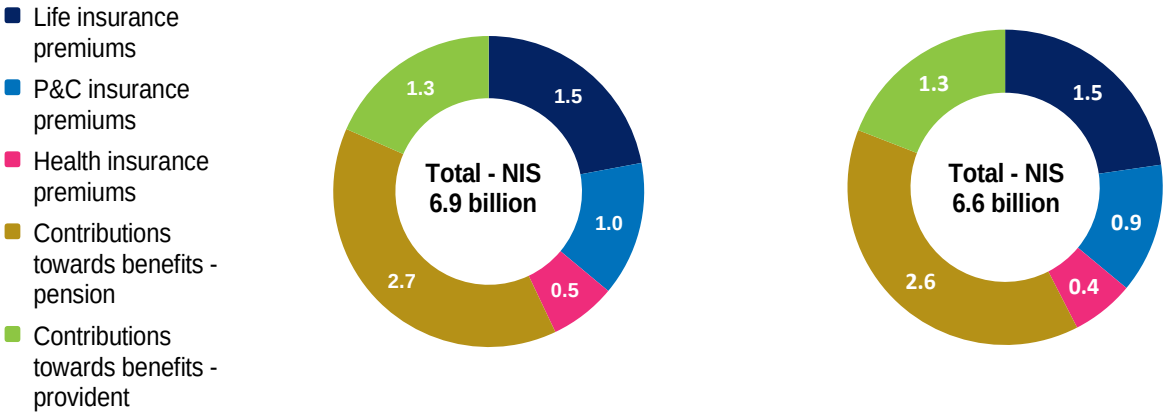
Premiums earned, gross, contributions towards benefits and proceeds for 2024



Premiums earned, gross, contributions towards benefits and proceeds for 2023



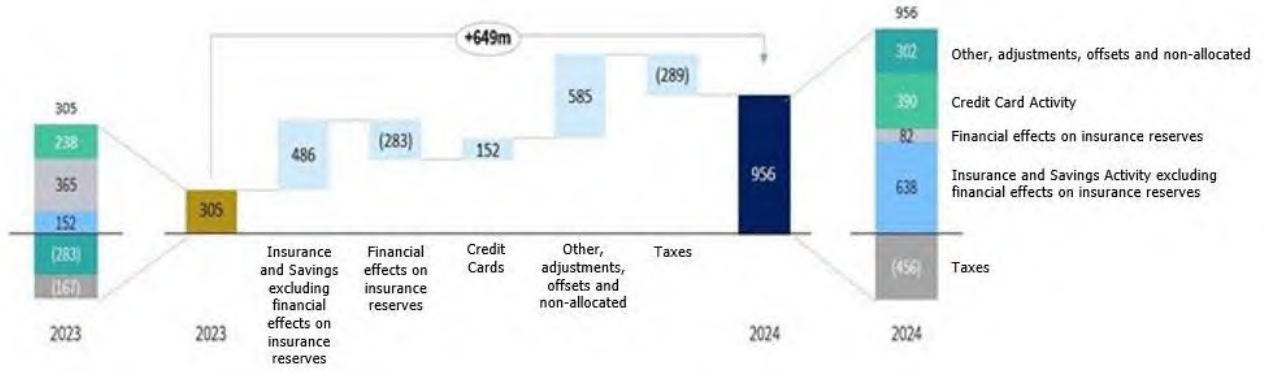
Premiums earned, gross, contributions towards benefits and proceeds for the 10-12/2024 period



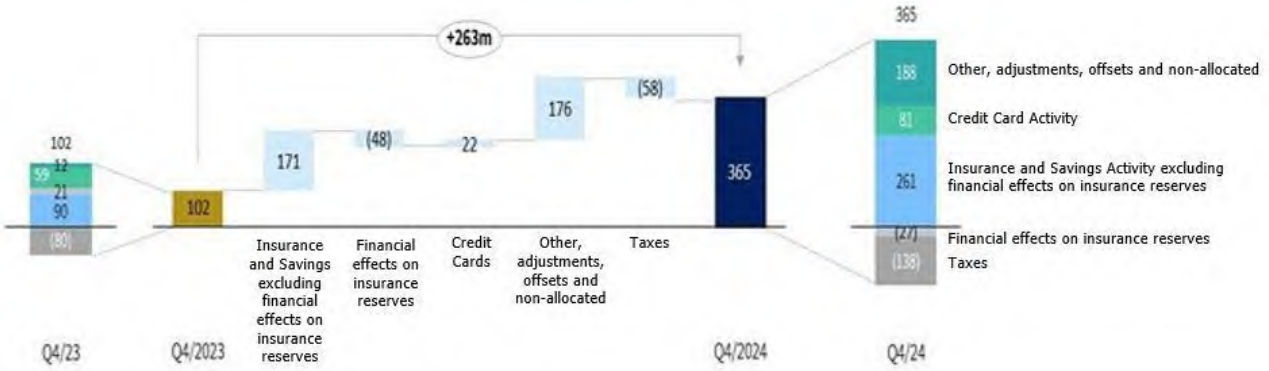
Total assets under management by provident funds, excluding guaranteed return provident fund tracks and pension funds, are not included in the Company's Consolidated Financial Statements. Proceeds in respect of investment contracts are not included in the premiums line item; rather, they are charged directly to liabilities in respect of insurance contracts and investment contracts.

For further details on the premiums in the various operating segments, see Note 5 to the Consolidated Interim Financial Statements.

Following are the main changes in comprehensive income compared to prior periods:



2023	152	365	238	(283)	(167)
2024	638	82	390	302	(456)
Movement	486	(283)	152	585	(289)



Q4/23	90	21	59	12	(80)
Q4/24	261	(27)	81	188	(138)
Movement	171	(48)	22	176	(58)

Following are details of key components of comprehensive income; it is noted that in view of the completion of the acquisition of CIMax on March 27, 2023, CIMax's operating results were consolidated with the Company's financial statements as from April 1, 2023, under key components of comprehensive income, except for the provision for credit default following Max's acquisition, which was included in the financial statements for the first quarter of 2023, as stated below:

		For the year		Q4	
	Section	2024	2023	2024	2023
Life Insurance - net of financial effects on insurance reserves	2.1.1.1	**(51)**	(159)	**88**	(43)
Pension	2.1.1.4	**48**	47	**11**	9
Provident	2.1.1.3	**6**	10	**(0)**	2
Total for Long-Term Savings excluding financial effects on insurance reserves		**2**	(102)	**99**	(32)
P&C Insurance - net of financial effects on insurance reserves	2.1.2	**543**	229	**154**	94
Health Insurance without financial effects on insurance reserves	2.1.3	**93**	25	**8**	28
Total comprehensive income in respect of Insurance and Savings excluding financial effects on insurance reserves		**638**	152	**261**	90
Financial effects on insurance reserves *)		**82**	365	**(27)**	21
Total comprehensive income in respect of insurance and savings		**720**	517	**234**	111
Total income in respect of credit cards		**390**	238	**81**	59
Finance expenses	2.1.6	**(311)**	(294)	**(69)**	(83)
Other	2.1.4	**579**	138	**253**	80
Total comprehensive income, pre-tax before the Max consolidation entries		**1,378**	598	**500**	167
Provision for credit default following the acquisition of Max **)		**-**	(220)	**-**	-
Amortization of excess cost in respect of the Max transaction		**41**	98	**5**	18
Total adjustments and offsets before tax		**41**	(122)	**5**	18
Total comprehensive income, before tax		**1,419**	476	**504**	185
Tax expenses		**456**	167	**138**	80
Total comprehensive income for the period, net of tax		**963**	309	**367**	104
Attributable to Company's shareholders		**956**	305	**365**	102
Attributable to non-controlling interests		**7**	4	**2**	2
Return on equity in annualized terms (in percentages) *)**		**11.2**	3.8	**15.9**	4.8

*) Mostly due to a change in the risk-free interest rate curve. For further details regarding the financial effects on insurance reserves, see the table in Section 2(a) below.

**) As part of the consolidation of Max in accordance with accounting standards, the Company recognized a provision for credit default in excess of the fair value, following Max's acquisition. For further details see Note 3(i)(1)(d) to the Consolidated Annual Financial Statements.

***) The return on equity is calculated based on the net income for the period attributable to the Company's shareholders divided by the equity attributable to the Company's shareholders as of the beginning of the period, with the distributed dividend factored in.

A. The Company's results in the reporting period

The post-tax comprehensive income in the Reporting Period amounted to approx. NIS 956 million, compared with a comprehensive income of approx. NIS 305 million in the corresponding period last year.

The improvement in income is characterized by a significant increase in income from business activity, and an increase in the financial margin due to higher real returns in the capital market, as detailed below:

It is emphasized that on March 27, 2023 the Company completed the acquisition of CIMax (see Note 9 to the Financial Statements). As a result, in its financial statements as of March 31, 2023, the Company consolidated for the first time the assets and liabilities of CIMax and companies under its control.

The operating results of CIMax and the companies under its control and the adjustments made in connection with the acquisition were included in the results of the Company's financial statements as from April 1, 2023, except for a provision for credit default in Max's acquisition, which was recognized in the first quarter of 2023.

Following are the key changes in the results compared with the corresponding period last year:

Insurance and savings without financial effects on reserves

In the Reporting Period, total income in respect of the Insurance and Savings Segments without financial effects on the pre-tax liabilities amounted to approx. NIS 638 million, compared with an income of approx. NIS 152 million in the corresponding period last year.

Underwriting results and savings assets under management:

During the Reporting Period, there was a significant increase in the underwriting income - primarily in the Property and Casualty Segment and in the Health Insurance Segment, compared to the corresponding period last year, as detailed below in Sections 2.2.1-2.2.3.

In the Reporting Period, there was an increase in contributions towards benefits provided by the Provident Funds and Pension Funds Subsegments; on the other hand, there was a decrease in proceeds from investment contracts that stem, among other things, from volatility in capital markets, such that the total gross premiums earned, the contributions towards benefits, and proceeds from investment contracts amounted to approx. NIS 26.7 billion, similarly to the approx. NIS 26.8 billion in the corresponding period last year.

Investment revenue and the capital markets:

In the Reporting Period, capital markets provided higher returns compared to last year, which affected the returns achieved by the Company, such that a positive financial margin of approx. NIS 689 million was recognized in life insurance, as well approx. NIS 614 million in investment revenue not allocated to segments, compared with approx. NIS 658 million in financial margin in life insurance and approx. NIS 192 million in unallocated investment revenue in the corresponding period last year.

It should be noted that in view of the negative real returns in the capital markets in 2022, in the Reporting Period and in the corresponding period last year the Company did not collect variable management fees and as of the financial statements date and shortly before the approval date of the financial statements, there is a liability to policyholders of approx. NIS 0.1 billion in respect of negative returns on the portfolio of life insurance participating policies.

Revisions of the actuarial assumptions, class actions and other:

During the Reporting Period, there was a change in actuarial assumptions, which resulted in a decrease of approx. NIS 122 million in the reserve compared to an increase of approx. NIS 35 million in the reserve in the corresponding period last year.

On the other hand, in the Reporting Period, a revision in respect of class actions totaling approx. NIS 90 million was recorded, compared with approx. NIS 40 million in the corresponding period last year. In addition, in the corresponding period last year, approx. NIS 74 million was recorded as the estimated effect of the Iron Swords War.

Credit cards

The total income from credit cards in the Reporting Period amounted to approx. NIS 390 million before tax compared to approx. NIS 238 million in the corresponding period last year.

The data for the corresponding period last year also include the data for the first quarter of 2023; they are presented for comparison purposes only and were not consolidated in the Company's financial statements.

Max's revenue in this period amounted to approx. NIS 2.244 million. This reflected the continued growth in Max's activities. Of which Max's total revenue from credit card transactions totaled approx. NIS 1.428 million. Revenue from credit card transactions include issuer fees and commissions, service fees and commissions in respect of the activity of card holders, fees and commissions from transactions carried out abroad, acquiring fees and commissions and other revenue from merchants net of fees and commissions to other issuers. The turnover from Max's domestic activity was up during the Reporting Period compared to the corresponding period last year - an increase which led to an increase in Max's revenue from credit card transactions, both on the issuance side and on the acquiring side. However, this increase was partially offset by a decrease in the Company's revenue from overseas transaction fees, due to, among other things, the effect of a change in the overseas transaction mix between CP transactions (transactions in which the card was present at the business at the time of the transaction and which are mostly carried out in foreign currency and for which foreign currency fees are collected by the company) and CNP transactions (transactions in which the card was not present at the business at the time of the transaction, such as online transactions, some of which are carried out in shekels and in which case no foreign currency fees are collected by the company).

Max's net interest revenue increased and amounted to approx. NIS 802 million, mostly due to the increase in Max's business credit activity due to responsible and strict management, which is supported by informed risk management, which is required in view of the macroeconomic environment and the uncertainty as to the effects of the War.

Credit loss expenses amounted to approx. NIS 216 million, compared with an expense of approx. NIS 246 million in the corresponding period last year.

The decrease in credit loss expenses arises mainly from the fact that in accordance with the directive of the Banking Supervision Department, the Company had already included in the financial statements for the third quarter of 2023 the anticipated effect of the War, and increased the provision for credit losses accordingly.

Furthermore, in the Reporting Period, there was an improvement in the quality of the Company's credit portfolio, which was reflected, among other things, in an increase in the share of vehicle loans in the credit portfolio, in risk mitigation and in an improvement in borrowers' risk ratings.

Max's operating expenses for the Reporting Period amounted to NIS 897 million compared to NIS 877 million in the corresponding period last year (net of one-off effect); the increase in operating expenses arises mainly from an increase in the business activities.

Tax expenses

In March 2024 an amendment was approved by the Knesset plenum 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.

The deferred tax balances included in the financial statements as of Group's financial institutions December 31, 2024 have been updated by an immaterial amount, so as to take into account the effects, which arise from the increase in tax rates as described above.

In addition, the effective rate of the provision for tax in Max in the period ended December 31, 2024 stood at 28.2%, compared to the effective rate of the provision for tax excluding a one-off effect, which stood at 23.8% in the corresponding period last year. The increase in the effective tax rate arises from one-off tax expenses in respect of previous years.

The said effects caused an increase of approx. NIS 18 million one-off in tax expenses in the Reporting Period.

Return on equity

The return on equity in annualized terms during the Reporting Period was a positive 11.2%, compared with 3.8% in the corresponding period last year.

Assets under management

During the Reporting Period, Clal Pension and Provident Funds' assets under management increased mainly as a result of returns on assets in the Reporting Period. In addition, there was a significant increase in revenue from management fees, both in pension funds and in provident funds compared with the corresponding reporting period last year. For further details, see Section 2.2.1.3 and 2.2.1.4 below.

Assets under management by the Group as of December 31, 2024 totaled approx. NIS 369 billion compared with approx. NIS 338 billion on December 31, 2023 - an increase of approx. 9%.

Out of the total said assets, as of December 31, 2024 approx. NIS 142 billion are assets under management of the new pension fund compared to approx. NIS 120 billion on December 31, 2023 - an increase of approx. 19%.

The results in the Reporting Period and in the corresponding periods last year, respectively, as detailed below, include, among other things, the Special Items listed below:

	For the year		Q4	
In NIS million	2024	2023	2024	2023
Life insurance				
Change in discount rate used in calculation of pension reserves	**41**	124	**9**	62
Income from change in the pension reserves due to the increase in expected future revenue (K factor)	**-**	260	**-**	102
Total effect of changes in interest on liabilities for annuities		384	**9**	164
Change in the mortality assumptions in the calculation of the liabilities for annuities	**(128)**	-	**-**	-
Changes to other assumptions in the calculation of the liabilities for annuities	**250**	67	**181**	67
Estimated effects of the Iron Swords War	**-**	(74)	**-**	(74)
Total Special Items - life insurance	**163**	377	**190**	157
Financial effects on P&C insurance reserves	**6**	83	**(36)**	(40)
Total Special Items - P&C insurance	**6**	83	**(36)**	(40)
Long-term Care in the Health Segment				
Financial effects in the Liability Adequacy Test (LAT) reserve	**35**	-	**-**	-
Changes in actuarial assumptions for incidence of long-term care claims	**-**	(102)	**-**	(102)
Total long-term care in the Health Insurance Segment	**35**	(102)	**-**	(102)
Total Special Items prior to consolidation	**204**	358	**154**	15
Consolidation entry - Max's credit loss expenses	**-**	(220)	**-**	-
Total Special Items before tax	**204**	138	**154**	15

B. Company's results in the quarter

The post-tax comprehensive income in the quarter amounted to approx. NIS 365 million, compared with a comprehensive income of approx. NIS 102 million in the corresponding period last year.

Insurance and savings without financial effects on reserves

In the quarter, total income in respect of the Insurance and Savings Segments without financial effects on the pre-tax liabilities amounted to approx. NIS 261 million, compared with an income of approx. NIS 90 million in the corresponding period last year.

Underwriting results and savings assets under management:

During the quarter, there was an improvement in underwriting income - primarily in the Property and Casualty Segment and in the Health Insurance Segment, compared to the corresponding period last year, as detailed below in Sections 2.2.1-2.2.3.

In addition, during the quarter there was an increase in contributions towards benefits provided by the pension funds activity; on the other hand, there was a decrease in proceeds from investment contracts that stem, among other things, from volatility in capital markets, such that the total gross premiums earned, the contributions towards benefits, and proceeds from investment contracts amounted to approx. NIS 6.9 billion, compared with approx. NIS 6.6 billion in the corresponding period last year - an increase of approx. 4%.

Investment revenue and the capital markets:

In the Quarter, capital markets provided higher returns compared to the corresponding period last year, which affected the returns achieved by the Company, such that a positive financial margin of approx. NIS 167 million was recognized in life insurance, as well as approx. NIS 266 million from investment revenue not allocated to segments, compared with approx. NIS 184 million in financial margin in life insurance and approx. NIS 112 million in unallocated investment revenue in the corresponding period last year.

It should be noted that in view of the negative real returns in the capital markets in 2022, in the Reporting Period and in the corresponding period last year the Company did not collect variable management fees; the Company has a liability to policyholders of approx. NIS 0.1 billion in respect of negative returns on the portfolio of life insurance participating policies, and until it meets this undertaking Clal Insurance will not collect variable management fees.

Revisions of the actuarial assumptions, class actions and other:

During the Quarter, there was a change in actuarial assumptions, which resulted in a decrease of approx. NIS 181 million in the reserve compared to an increase of approx. NIS 35 million in the reserve in the corresponding period last year.

On the other hand, in the Quarter, a revision in respect of class actions totaling approx. NIS 40 million was recorded, compared with approx. NIS 25 million in the corresponding period last year. In addition, in the corresponding quarter last year, the estimated effects of the Iron Swords War totaled approx. NIS 74 million.

Credit cards

The total income from credit cards in the Quarter amounted to approx. NIS 81 million before tax compared to approx. NIS 59 million in the corresponding period last year.

Max's revenue in the Quarter amounted to approx. NIS 576 million, compared to approx. NIS 495 million in the corresponding period last year, reflecting the continued growth in Max's activity. Of which, Max's total revenue from credit card transactions totaled approx. NIS 371 million in the quarter, compared to approx. NIS 296 million in the corresponding period last year. The turnover from Max's domestic activity was up in the Quarter compared to the corresponding period last year - an increase which led to an increase in Max's revenue from credit card transactions, both on the issuance side and on the acquiring side. However, this increase was partially offset by a decrease in tax revenue from overseas fees and commissions, due to the decrease in inbound and outbound tourism activity following the War.

In the quarter, Max's net interest revenue increased and amounted to approx. NIS 201 million compared to approx. NIS 196 million in the corresponding period last year, mostly due to the increase in Max's business credit activity, with responsible and strict management, which is supported by informed risk management, which is required in view of the macroeconomic environment and the uncertainty as to the effects of the War.

Credit loss expenses during the quarter amounted to approx. NIS 57 million, compared with an expense of approx. NIS 58 million in the corresponding period last year.

Max's operating expenses amounted to NIS 239 million compared to NIS 225 million in the corresponding period last year.

Return on equity

In the quarter, the return on equity in annual terms was a positive 15.9%, compared with 4.8% in the corresponding period last year.

C. Amortization of excess cost at Max

The amortization of excess cost in Max's acquisition was carried out based on an excess cost allocation study. For details regarding the balance of excess costs in respect of acquired identifiable assets and liabilities, the manner of their reduction, and their effect on the Company's results, see Note 9 to the Consolidated Annual Financial Statements.

2.2.1. Long-Term Savings

2.2.1.1 Life Insurance Subsegment

	For the year		Q4	
Life Insurance	**2024**	**2023**	**2024**	**2023**
Premiums earned, gross	**5,100**	6,041	**1,234**	1,361
Comprehensive income (loss)	**(10)**	225	**97**	120
The redemption rate of the life insurance policies out of average reserve in annualized terms	**2.0%**	1.8%	**2.2%**	1.9%

The Reporting Period – the decrease in premiums in the reporting year is due to a trend which has started in 2023, of an increase in customer churn and a decrease in incoming transfers and in the new business following the pension's becoming the main pension product, which was marketed to the general public by the institutional entities, mainly due to the contribution cap on executive insurance contributions (for details see Section 6.2.2 to the Report on the Corporation's Business).

The results were mainly affected by the following factors:

Financial effects, investment revenue and the capital markets:
In the Reporting Period there was a decrease of approx. NIS 41 million in reserves due to the increase in the risk-free interest rate and other financial effects, compared to a decrease of approx. NIS 384 million in reserves in the corresponding period last year.

Revisions of the actuarial assumptions, class actions and other:
In the Reporting Period, a decrease of approx. NIS 122 million was recorded in the reserve due to the revision of actuarial assumptions, mainly in respect of the revision to the pension takeup rate upon retirement, which allow the receipt of an annuity according to guaranteed conversion rates, offset by the effects - totaling approx. NIS 67 million - of the revision to mortality tables for pensioners, compared to a decrease of approx. NIS 67 million in the corresponding period last year.

On the other hand, in the Reporting Period, a revision of approx. NIS 61 million was recorded for class actions, without a material effect in the corresponding period last year. In addition, in the corresponding period last year, approx. NIS 74 million was recorded as the estimated effect of the Iron Swords War.

Quarter - the results were mainly affected by the following factors:

Financial effects, investment revenue and the capital markets:
In the quarter, there was a decrease of approx. NIS 9 million in reserves due to an increase in the risk-free interest rate and other financial effects, compared to a decrease of approx. NIS 164 million in reserves in the corresponding quarter last year.

Revisions of assumptions of the actuarial models and other:
In the quarter, there was a change of approx. NIS 181 million in other actuarial assumptions, mainly in respect of the revision to the pension takeup rate upon retirement, which allow the receipt of an annuity according to guaranteed conversion rates, compared to a decrease of approx. NIS 67 million in the corresponding quarter last year. On the other hand, in the corresponding quarter last year, approx. NIS 74 million was recorded as the estimated effect of the Iron Swords War.

Investment income credited to policyholders in participating policies - following are details regarding the estimated amount of investment income credited to policyholders in life insurance and participating investment contracts calculated based on the return and balances of the insurance reserves in Clal Insurance's business reports (in NIS million):

Life Insurance	For the year 2024	2023	Q4 2024	2023
Investment gains credited to policyholders net of management fees	**6,641**	4,921	**3,199**	1,935

Following is a description of the key results in life insurance by product type in accordance with the details provided in Note 21 to the Financial Statements:

Life Insurance	2024	2023	Comment
Policies including a savings component, which were sold through December 31, 1990			
Premiums earned, gross	**122**	138	
Comprehensive income	**117**	92	
Policies including a savings component, which were sold from January 1, 1991 through December 31, 2003			
Premiums earned, gross	**1,492**	1,568	
Comprehensive income	**71**	304	In the Reporting Period there was a decrease of approx. NIS 31 million in reserves due to the increase in the risk-free interest rate and other financial effects, compared to a decrease of approx. NIS 307 million in reserves in the corresponding period last year.
Sold as from January 1, 2004			
Premiums earned, gross	**2,494**	3,398	
Comprehensive loss	**(203)**	(133)	The loss arises, among other things, from a decrease in premiums and an increase in redemptions.
Policies without a savings component Coverage for risk sold as a single policy (individual)			
Premiums earned, gross	**923**	857	
Comprehensive income (loss)	**3**	(36)	The transition from profit to loss arose mainly from the effects of the Iron Swords War.
Risk coverage sold as a collective policy			
Premiums earned, gross	**70**	80	
Comprehensive income (loss)	**3**	(2)	The transition from profit to loss arose mainly from the effects of the Iron Swords War.

2.2.1.2 Data regarding premiums earned, management fees and financial margin in life insurance:

	For the year		Q4	
In NIS million	2024	2023	2024	2023
Variable management fees*)	**2**	-	**2**	-
Fixed management fees	**597**	594	**154**	149
Total management fees	**599**	594	**156**	149
Total financial margin and management fees	**689**	658	**167**	184
Current premiums	**4,636**	5,079	**1,124**	1,220
One-off premiums	**465**	962	**110**	141
Total premiums earned, gross	**5,101**	6,041	**1,234**	1,361
Current premiums	**96**	91	**24**	24
One-off premiums	**783**	990	**265**	124
Total premiums in respect of pure savings	**879**	1,081	**289**	148

*) As of December 31, 2024, the liability to policyholders in respect of negative returns on the portfolio of participating policies amounts to approx. NIS 0.1 billion (as of December 31, 2023 - approx. NIS 0.6 billion).

Details regarding the rates of return on participating policies

	Policies issued in 1992-2003 (Fund J)			
	For the year		Q4	
In NIS million	2024	2023	2024	2023
Real return before payment of management fees	**8.92**	3.03	**3.53**	2.20
Real return after payment of management fees	**8.27**	2.43	**3.37**	2.05
Nominal return before payment of management fees	**12.65**	6.48	**3.43**	2.30
Nominal return after payment of management fees	**11.98**	5.86	**3.28**	2.15

	Policies issued from 2004 and thereafter (the new Fund J)			
	For the year		Q4	
In NIS million	2024	2023	2024	2023
Real return before payment of management fees	**8.47**	3.53	**3.14**	2.36
Real return after payment of management fees	**7.48**	2.66	**2.90**	2.21
Nominal return before payment of management fees	**12.19**	6.99	**3.05**	2.46
Nominal return after payment of management fees	**11.16**	6.10	**2.81**	2.31

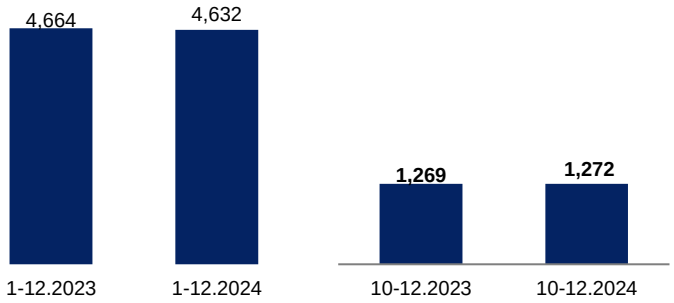
2.2.1.3 Provident Subsegment

	For the year		Q4	
In NIS million	2024	2023	2024	2023
Comprehensive income	**6**	10	**-**	2
Contributions towards benefits	**4,632**	4,664	**1,272**	1,269

Reporting Period - the decrease in comprehensive income in the Reporting Period arises from an increase in general and administrative expenses, which was partly offset by an increase in revenue from management fees and an increase in investment revenue in the nostro portfolio. The increase in revenue from management fees arises from an increase in total assets under management, mainly due to the positive returns recorded in the capital markets in the period.

Quarter - The decrease in comprehensive income in the current quarter compared to the previous quarter last year arises mainly from an increase in general and administrative expenses in the period.

Contributions towards benefits - provident



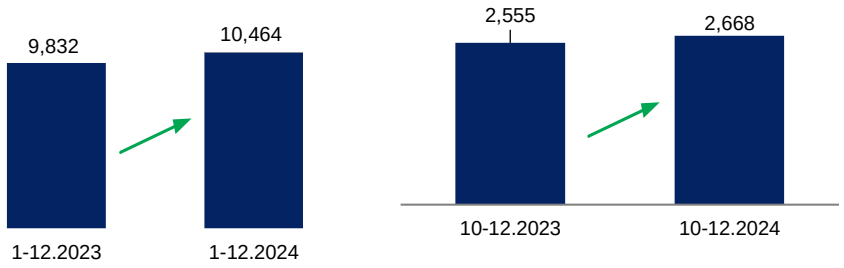
2.2.1.4 Pension Subsegment

	For the year		Q4	
In NIS million	2024	2023	2024	2023
Comprehensive income	**48**	47	**11**	9
Contributions towards benefits	**10,464**	9,832	**2,668**	2,555

Reporting Period and Quarter - the increase in comprehensive income in the Reporting Period arises from an increase in revenue from management fees, mainly from assets under management, offset by an increase in agents fees and general and administrative expenses due to the increase in activity. In addition, in the Reporting Period and the Quarter there was an increase in investment revenue from the nostro portfolio due to the positive returns recorded in capital markets in the period.

The increase in contributions towards benefits in the Reporting Period arises mainly from an increase in the new business and an increase in contribution amounts by active planholders in the pension funds.

Contributions towards benefits - pension



2.2.1.5 In 2023, a trend began which moderated into the reporting period, of an increase in redemptions from short- and mid-term savings products, which are managed by the institutional entities (financial savings policies, investment provident funds, and advanced education funds). In the Company's opinion, this increase stems from a number of factors, including the interest rate environment and the conditions in the markets in Israel and across the world, customers' needs, the cost of living, and investment alternatives arising from the high-interest rate environment. At this stage, the Company is unable to estimate whether the said growth trend is persistent or temporary. Furthermore, there was an increase in funds transferred from the Company's savings products. For further details on the effect of various factors on the markets, see Section 3 below.

2.2.2 Property and casualty insurance - Following is a breakdown of the premiums and the comprehensive income

	For the year		Q4	
P&C insurance	**2024**	**2023**	**2024**	**2023**
Gross premiums	**3,952**	3,596	**798**	737
Comprehensive income	**549**	312	**118**	54

Reporting period and quarter - The increase in premium arises mainly from the increase in average premium in compulsory motor and motor property insurance and an increase in insurance of corporations.

Reporting Period - the improvement in income in the Reporting Period compared to the corresponding period last year arises from a significant underwriting improvement, and - on the other hand - reserves were reduced due to the effect of the interest rate environment amounting to approx. NIS 6 million compared to a reduction of approx. NIS 83 million in reserves in the corresponding period last year.

The quarter – A significant underwriting improvement occurred and reserves were increased due to the effect of the interest rate environment totaling approx. NIS 36 million compared to an increase of approx. NIS 40 million in reserves in the corresponding period last year, which was partially offset by a decrease in investment revenue.

	For the year		Q4	
Motor property	**2024**	**2023**	**2024**	**2023**
Gross premiums	**1,311**	1,101	**238**	224
Comprehensive income (loss)	**103**	(56)	**22**	8
Gross LR	**69%**	83%	**68%**	69%
LR- retention	**69%**	81%	**68%**	69%
Gross CR	**95%**	109%	**96%**	99%
CR - retention	**95%**	109%	**96%**	100%

Reporting Period and quarter - the increase in premiums is mainly affected by an increase in the average premium.

Reporting period - The transition from loss to income in the Reporting Period compared to the corresponding period last year stems mainly from an underwriting improvement due to the increase in the average premium as stated above and developments with respect to prior periods. On the other hand, reserves were increased due to the effect of the interest rate environment amounting to approx. NIS 8 million compared with a reduction of approx. NIS 7 million in reserves in the corresponding period last year.

Quarter – The improvement in income arises from an increase in reserves due to the effect of the interest rate environment totaling approx. NIS 11 million in the corresponding period last year.

	For the year		Q4	
Compulsory motor insurance	**2024**	**2023**	**2024**	**2023**
Gross premiums	**776**	704	**154**	139
Comprehensive income (loss)	**76**	50	**(12)**	(17)

Reporting period and quarter - The increase in premiums in the reporting period stems mainly from an increase in the average premium.

Reporting Period - the improvement in income in the Reporting Period compared to the corresponding period last year arises mainly from positive developments in respect of previous periods (including netting agreement with the National Insurance Institute); on the other hand, reserves were increased due to the effect of the interest rate environment amounting to approx. NIS 7 million compared to a reduction of approx. NIS 30 million in reserves in the corresponding period last year.

Quarter - the decrease in loss in the quarter compared to the corresponding quarter last year arises mainly from an increase in reserves due to the effect of the interest rate environment amounting to approx. NIS 3 million compared to an increase of approx. NIS 17 million in reserves in the corresponding period last year. This effect was partially offset by a deterioration in the development of claims compared to the corresponding period last year.

Property and other subsegments	For the year 2024	2023	Q4 2024	2023
Gross premiums	**1,246**	1,152	**262**	248
Comprehensive income	**146**	156	**36**	24
Gross LR	**35%**	17%	**15%**	21%
LR- retention	**26%**	9%	**28%**	26%
Gross CR	**54%**	**39%**	**36%**	46%
CR - retention	**50%**	45%	**51%**	77%

Reporting Period - The increase in premiums arises mainly from an increase in corporations' policies.

Reporting Period – the decrease in income compared to last year arises mainly from a decrease of approx. NIS 39 million in insurance liabilities in the Sale Law Guarantee Subsegment, which was carried out during the corresponding period last year.
On the other hand, there was an underwriting improvement in most of the Property Subsegments.

Quarter – The increase in income compared to the corresponding quarter last year is due to an underwriting improvement in most of the Property Subsegments.

Credit Insurance	For the year 2024	2023	Q4 2024	2023
Gross premiums	**139**	133	**35**	31
Comprehensive income	**55**	45	**17**	15
LR- retention	**23%**	25%	**20%**	28%
CR - retention	**47%**	50%	**36%**	53%

Liability Subsegments	For the year 2024	2023	Q4 2024	2023
Gross premiums	**479**	506	**109**	94
Comprehensive income	**168**	117	**55**	25

Reporting period and quarter - The decrease in premiums arises mainly from a decrease in premium in officers insurance policies.

Reporting Period - the improvement in underwriting income arises - among other things - from an improvement in the development of claims in respect of previous years compared to the corresponding period last year, and from an increase in the average premium. On the other hand, reserves were reduced due to the effect of the interest rate environment amounting to approx. NIS 20 million compared with a reduction of approx. NIS 46 million in reserves in the corresponding period last year.

Quarter - the improvement in underwriting income arises - among other things - from an improvement in the development of claims in respect of previous years compared to the corresponding period last year, and from an increase in the average premium. On the other hand, reserves were increased due to the effect of the interest rate environment amounting to approx. NIS 32 million compared with a total approx. NIS 11 million in the corresponding period last year.

2.2.3 Health insurance

	For the year 2024	2023	Q4 2024	2023
Premiums earned, gross	**1,854**	1,733	**477**	427
Comprehensive income (loss)	**128**	(77)	**8**	(74)

Premiums earned, gross:

Reporting period - the increase in premiums arises mainly from an increase in the individual insurance activity. This effect was offset against a decrease in the volume of activity in the Travel Insurance Subsegment, due to the effects of the Iron Swords War on travel abroad.

Quarter - the increase in premiums arises mainly from an increase in the individual insurance activity.

Comprehensive income:

Reporting Period - The transition from comprehensive loss to comprehensive income in the Reporting Period arises mainly from an increase in underwriting revenue compared to the corresponding period last year in the Individual Insurance Subsegments, which was partially offset by a revision to the change in actuarial assumptions, a decrease of approx. NIS 35 million in liabilities in respect of Liability Adequacy Test (LAT) due to the effect of the interest rate environment in the Long-Term Care Subsegment in the period compared to an increase in the reserve due to the effect of a change in actuarial assumptions in the individual Long-Term Care Subsegment last year totaling approx. NIS 102 million, and an increase in investment revenue.

Quarter - The transition from comprehensive loss to comprehensive income in the quarter arises mainly from an increase in underwriting revenue compared to the corresponding period last year in the Individual Insurance Subsegments, offset by a revision to actuarial assumptions, an increase in investment revenue and an increase in reserve due to the effect of a change to actuarial assumptions in the Individual Long-Term Care Subsegment totaling approx. NIS 102 million last year.

	For the year		Q4	
	2024	2023	2024	2023
Long-Term Care Subsegment – Comprehensive income (loss)				
Individual	**82**	(105)	**21**	(103)
Collective insurance - including health maintenance organizations	**(22)**	(25)	**(20)**	(18)
Illnesses and Hospitalization Subsegment - comprehensive income (loss)				
Long-term	**67**	53	**5**	57
Short-term	**1**	-	**2**	(10)

Individual long-term care:

Reporting Period - The transition from comprehensive loss to comprehensive income in the Reporting Period compared to the corresponding period last year arises mainly from an underwriting improvement, an increase in investment revenue, and a release of liabilities in respect of Liability Adequacy Test (LAT) due to the effect of the interest rate environment in the Long-Term Care Subsegment totaling approx. NIS 35 million compared to an increase in the reserve due to the effect of a change to actuarial assumptions in the Individual Long-Term Care Subsegment last year totaling approx. NIS 102 million.

Quarter - The transition from comprehensive loss to comprehensive income in the quarter compared to the corresponding quarter last year arises mainly from an improvement in underwriting revenue, an increase in investment revenue, and an increase (last year) in reserve due to the effect of a change to actuarial assumptions in the Individual Long-Term Care Subsegment totaling approx. NIS 102 million.

Illnesses and long-term hospitalization:

Reporting Period - the increase in income during the Reporting Period arises mainly from an improvement in underwriting income compared to the corresponding period last year, which was partially offset by a revision to changes to actuarial assumptions.

Quarter - the decrease in income compared to the corresponding quarter last year arises from the effect of change to actuarial assumptions made in the quarter.

Illnesses and short-term hospitalization:

Quarter - the transition from loss income in the quarter arises mainly from the effect of the Iron Swords War on the Travel Insurance Subsegment in the corresponding quarter last year.

Information regarding investment income credited to holders of health insurance policies of the participating long-term care type:

	Individual and collective participating long-term care insurance policies			
	For the year		Q4	
In NIS million	2024	2023	2024	2023
Investment income credited to policyholders	**143**	70	**42**	26

2.2.4. Credit cards

	For the year		Q4	
	2024	(* 2023	2024	2023
Total revenue from the Credit Cards Segment	**2,368**	2,231	**608**	523
Total pre-tax income	**390**	296	**81**	59
Credit card transactions (Max) (see also Section 2.2.4.1)				
Revenue				
Revenue from credit card transactions	**1,428**	1,325	**371**	296
Interest revenue, net	**802**	783	**201**	196
Other revenue	**14**	10	**4**	3
Total revenue	**2,244**	2,118	**576**	495
Expenses				
Credit loss expenses	**216**	246	**57**	58
Operating expenses	**897**	898	**239**	225
Selling and marketing expenses (see Section 2.2.6 below).	**438**	376	**112**	84
General and administrative expenses (see Section 2.2.6 below).	**80**	88	**21**	24
Payments to banks	**233**	222	**60**	51
Total expenses	**1,864**	1,830	**489**	442
Pretax income	**380**	288	**87**	53
Technological activity (Milo)				
Revenue from credit card transactions	**124**	113	**32**	28
Pretax income	**10**	8	**(6)**	6

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

Revenue from credit card transactions include issuer fees and commissions, service fees and commissions in respect of the activity of card holders, fees and commissions from transactions carried out abroad, acquiring fees and commissions and other revenue from merchants net of fees and commissions to other issuers. The turnover from the Company's domestic activity was up in 2024 compared to the corresponding period last year - an increase which led to an increase in the Company's revenue from credit card transactions, both on the issuance side and on the acquiring side. However, this increase was partially offset by a slight decrease in the company's revenues from overseas transaction fees, due to, among other things, the effect of a change in the overseas transaction mix between CP transactions (transactions in which the card was present at the business at the time of the transaction and which are mostly carried out in foreign currency and for which foreign currency fees are collected by the company) and CNP transactions (transactions in which the card was not present at the business at the time of the transaction, such as online transactions, some of which are carried out in shekels and in which case no foreign currency fees are collected by the company).

Max's net interest revenue increased in 2024 compared to the corresponding period last year, mostly due to an increase in business activity, using responsible and strict management, which is supported by informed risk management, which is required in view of the macroeconomic environment and the uncertainty as to the effects of the War.

The decrease **in credit loss expenses** arises from a decrease in the expense in respect of the provision for credit losses, which was partially offset by an increase in write-offs. In 2024, there was an improvement in the quality of the credit portfolio, which arose, among other things, from an increase in the proportion in the credit portfolio of loans for the purchase of vehicles, from risk mitigation, and from an improvement in borrowers' risk ratings. This is in contrast to 2023, in which there was an increase in the troubled debts and in the provision in respect thereof, and in which a credit loss provision was also included, due to the potential effects of the War.

Max's **operating expenses** (excluding salary expenses) increased compared to last year, as a direct result of the increase in the volume of activity, both from an increase in the turnover of credit card transactions and from an increase in the Credit Segment.

2.2.4.1 Data by areas of activity - Max

	2024	2023	Rate of change
Total credit card transactions (Max)			
Revenue	**2,244**	2,118	6%
Comprehensive income	**380**	288	32%
Of which - issuance activity			
Operating revenue from credit cards	**1,160**	1,053	10%
Interest revenue	**572**	573	(1%)
Other revenue	**14**	10	40%
Total revenue	**1,747**	1,637	7%
Operating, marketing and general and administrative expenses	**1,160**	1,086	7%
Credit loss expenses	**210**	217	(3%)
Payments to banks	**233**	222	5%
Total expenses	**1,603**	1,525	5%
Comprehensive income, before tax	**144**	112	29%
Of which - acquiring activity			
Operating revenue from credit cards	**268**	272	(1%)
Interest revenue	**230**	210	10%
Total revenue	**497**	481	3%
Operating, marketing and general and administrative expenses	**255**	276	(8%)
Credit loss expenses	**6**	29	(79%)
Total expenses	**261**	305	(14%)
Comprehensive income, before tax	**236**	176	34%

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

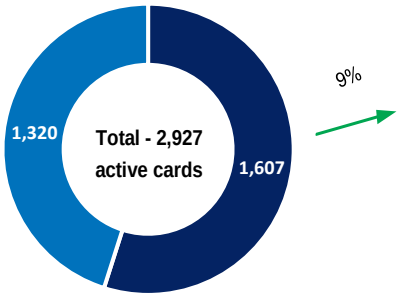
	Q4 2024	Q4 2023	Rate of change
Total credit card transactions (Max)			
Revenue	**576**	495	16%
Comprehensive income	**87**	53	64%
Of which - issuance activity			
Operating revenue from credit cards	**303**	232	31%
Interest revenue	**143**	148	(3%)
Other revenue	**4**	3	33%
Total revenue	**451**	385	17%
Operating, marketing and general and administrative expenses	**302**	268	13%
Credit loss expenses	**58**	52	12%
Payments to banks	**60**	51	18%
Total expenses	**420**	371	13%
Comprehensive income, before tax	**31**	14	121%
Of which - acquiring activity			
Operating revenue from credit cards	**68**	64	1%
Interest revenue	**57**	48	19%
Total revenue	**125**	110	14%
Operating, marketing and general and administrative expenses	**69**	65	1%
Credit loss expenses	**-**	6	-
Total expenses	**69**	71	(3%)
Comprehensive income, before tax	**56**	39	44%

2.2.4.2 Quantitative data regarding the credit card transactions

Definitions:

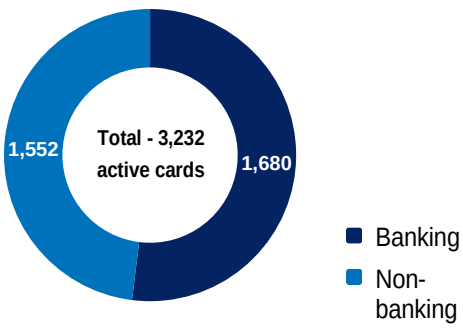
- Valid cards - valid issued cards, excluding blocked cards and prepaid cards.
- Active cards - valid cards with which at least one transaction was carried out during the last quarter.
- Issuance turnover - the turnover from transactions executed with all of the Company's cards, excluding cash withdrawals in Israel and net of cancelled transactions.
- Bank cards - cards issued jointly by the Company and banks to the banks' customers.
- Non-bank cards - cards issued by the Company to customers without cooperation with the banks, sometimes in collaboration with business entities such as organizations and loyalty programs.

Breakdown of active cards as of December 31, 2023



9%

Breakdown of active cards as of December 31, 2024



Turnover of transactions in respect of valid credit cards (active and inactive) (in NIS million):

	For the year ended December 31		For the three-month period ended December 31	
	2024	(* 2023	2024	2023
Banking cards	**80,382**	73,672	**20,470**	17,121
Non-banking cards	**59,388**	48,666	**15,619**	11,332
Total	**139,770**	122,338	**36,089**	28,453

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements.

2.2.4.3 Key credit quality indicators

	As of December 31	
Main credit quality indicators (in %)	2024	2023
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	**2.24%**	2.65%
Rate of non-accruing receivable balance of receivables for credit card transactions	**1.13%**	1.26%
Rate of net write-offs of the average balance of receivables for credit card transactions	**1.43%**	1.13%

2.2.5 Other and items not included in the Insurance and Credit Cards Segments

	For the year		Q4	
In NIS million	2024	2023	2024	2023
Total comprehensive income, before tax	**579**	138	**253**	80

Reporting period – the increase in income arises mainly from an increase of approx. NIS 614 million in investment revenue compared to investment revenue of approx. NIS 192 million in the corresponding period last year.

Quarter – the increase in income arises mainly from an increase of approx. NIS 266 million in investment revenue compared to investment revenue of approx. NIS 112 million in the corresponding period last year.

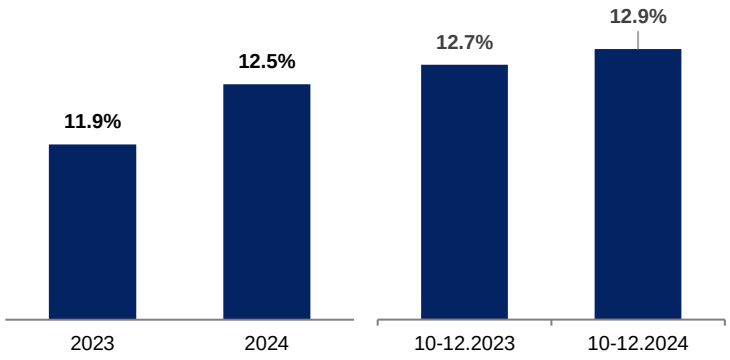
2.2.6 Operating and general and administrative expenses and fees and commissions

Insurance and savings

Total general, administrative and operating expenses and fees and commissions expenses totaled approx. NIS 3,347 million in the Reporting Period, similar to the approx. NIS 3,185 million last year, and in the quarter - a total of approx. NIS 893 million, similar to the approx. NIS 844 million in the corresponding quarter last year, mainly due to the increase in business activities, higher variable compensation expenses due to the Company's results and inflation.

In the Reporting Period, there was a relative increase in the level of expenses compared to revenue mainly due to a decrease in contributions in the financial savings products in view of the conditions in the markets.

Rate of expenses and fees and commissions relative to revenue*



* The revenue includes premiums, contributions towards benefits and proceeds in respect of investment contracts.

Credit cards

	For the year ended December 31			
	2024	(* 2023	Change	
In NIS million	In NIS million		In NIS million	In %
Selling and marketing expenses	**438**	368	**70**	19%
General and administrative expenses	**80**	82	**(2)**	(2%)
Total	**518**	450	**68**	15%

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements, net of one-off effect.

	For the year ended December 31		
	2024	(* 2023	Change
In NIS million	In NIS million	In NIS million	In %
Operating expenses for credit cards	**897**	**877**	

*) The Company consolidated Max's results for the first time starting on April 1, 2023, such that the data for 2023 also include the data for the 1st quarter of 2023, are presented for comparison purposes only and were not consolidated in the Company's financial statements, net of one-off effect.

	For the three months ended December 31			
	2024	(* 2023	Change	
In NIS million	In NIS million		In NIS million	In %
Selling and marketing expenses	**112**	84	**28**	33%
General and administrative expenses	**21**	24	**(3)**	(13%)
Total	**133**	108	**25**	23%

	For the three months ended December 31			
	2024	(* 2023	Change	
In NIS million	In NIS million		In NIS million	In %
Operating expenses for credit cards	**239**	225	**14**	6%

2.2.7 Finance expenses in activity not allocated to segments

Reporting period - In the Reporting Period, finance expenses amounted to approx. NIS 311 million, compared with approx. NIS 294 million in the corresponding period last year. During 2023, the Company raised debt totaling approx. NIS 1,549 million in the form of bonds, and a debt of approx. NIS 875 million included in consolidation as part of the Max transaction (syndicated loan). It is noted that part of the

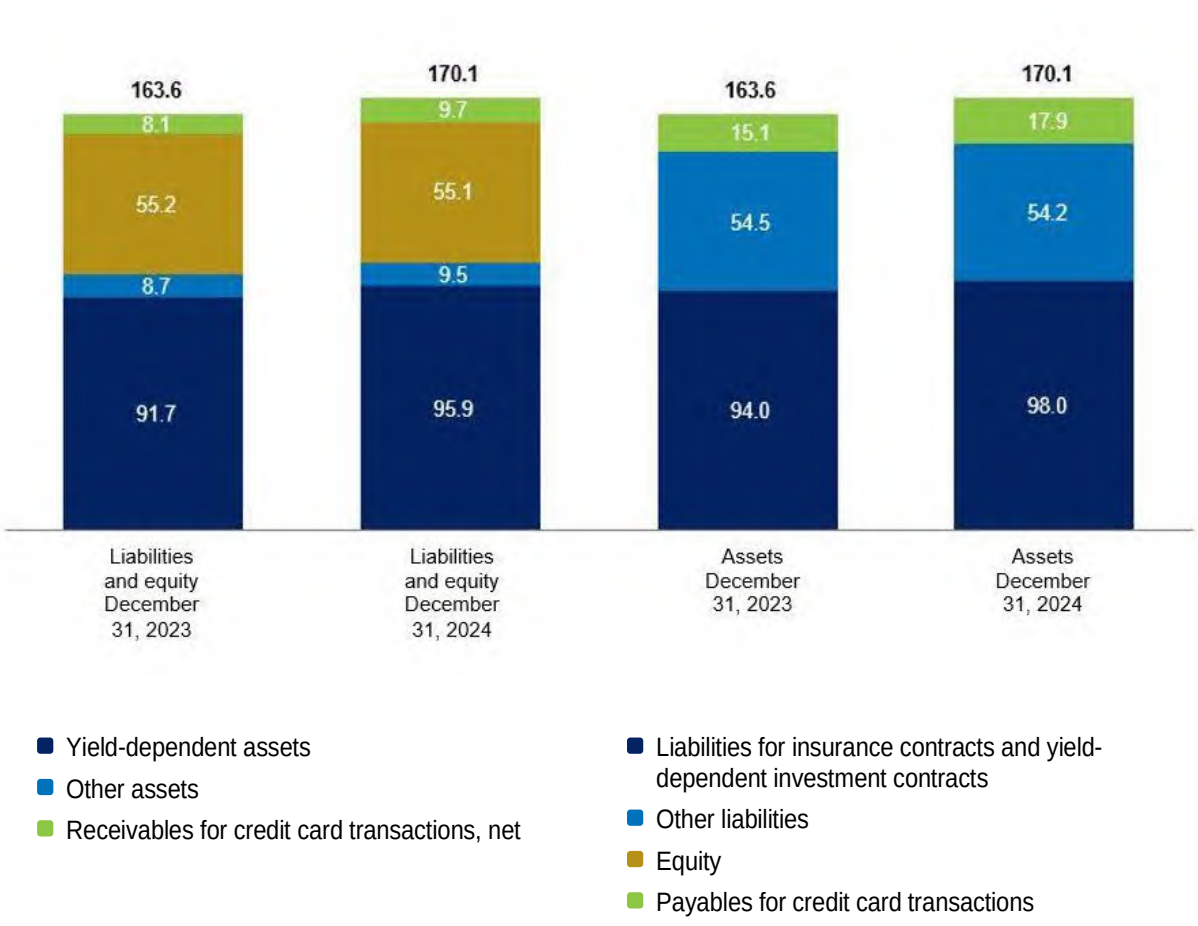
proceeds of the issuance of bonds by the Company was used by the Group - in February 2024 - for full early repayment of the syndicated loan, such that CIMax's finance expenses as detailed in the table were amortized in full as from this date.

Quarter - In the quarter, finance expenses amounted to approx. NIS 69 million, compared with approx. NIS 83 million in the corresponding period last year. The decrease in finance expenses arises from a NIS 875 million repayment of the debt, which was consolidated under the Max transaction (syndicated loan).

	For the year		Q4	
In NIS million	2024	2023	2024	2023
Clal Insurance - Tier 2 capital notes	**193**	179	**42**	42
Clal Holdings - Bonds	**80**	33	**20**	15
CIMax	**16**	61	**-**	18
Other (mainly IFRS 16)	**22**	21	**7**	8
Total	**311**	294	**69**	83

2.3 Key Data from the Consolidated Statements of Financial Position

Following are key data from the consolidated balance sheets (in NIS billion):



2.3.1 Assets

Total assets as of December 31, 2024 amounted to approx. NIS 170.1 billion, compared with approx. NIS 163.6 billion as of December 31, 2023.

Following are key asset line items for Max:

	As of December 31	
In NIS million	**2024**	2023
Receivables for credit card transactions	**17,001**	14,481
Of which: Credit balance not guaranteed by banks	**16,473**	13,908
Of which: Credit card receivables for private individuals	**4,602**	3,453
Of which: balance of credit to private individuals	**10,475**	9,222
Amounts receivable from banks for credit card transactions, net	**1,253**	1,088

2.3.2 Liabilities

Total liabilities as of December 31, 2024 amounted to approx. NIS 160.7 billion, compared with approx. NIS 155.0 billion as of December 31, 2023 and approx. NIS 136.6 billion as of December 31, 2022.

Following are the changes in liabilities as stated above (in NIS million):

Balance sheet line item	As of December 31		
	2024	**2023**	**Comment**
Payables for credit card transactions	**9,707**	8,091	See Note 10 to the Interim Financial Statements
Financial liabilities:			
Bonds issued by the Company – par value component	**1,565**	1,557	See Section 2.5.4 below.
Bonds and subordinated notes at Max	**788**	582	See Note 6 to the Interim
Liabilities to banks in Max	**5,993**	5,202	Financial Statements.
Loan in CIMax and subsidiaries excluding Max	**12**	888	See Section 2.1(c) above.
Total financial liabilities	**8,358**	8,229	
Total	**18,065**	16,320	

2.3.2.1 Following is a breakdown of Max's off-balance-sheet items:

	As of December 31		Change
	2024	**2023**	**In %**
Balance of unutilized credit card credit facilities	**39,593**	34,566	15%
Of which: Under Max's responsibility	**25,911**	21,463	21%
Of which: Under the banks' responsibility	**13,678**	13,100	4%

2.4 Capital and Capital Requirements

A. Capital requirements in accordance with the application provisions of the Economic Solvency Regime in Clal Insurance (see Section 1 below)

The insurance companies in the Group are subject to the Provisions of the Solvency II-based Economic Solvency Regime in accordance with the provisions of the Circular "Amendment to the Consolidated Circular Concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies", which was published on October 14, 2020.

In accordance with the Consolidated Circular, the Economic Solvency Ratio Report in respect of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date.

On November 27, 2024, Clal Insurance approved and published its Economic Solvency Ratio Report as of June 30, 2024, which was posted on the Group's website at:
https://www.clalbit.co.il/aboutclalinsurance/financialstatementsandpressrelease

It is noted that the calculation of the economic solvency ratio is based on data and models that may differ from those used by Clal Insurance as part of financial reporting, and which are based, among other things, on forecasts and assumptions that rely mainly on past experience. Specifically, and as detailed in the Economic Solvency Regime Circular, the calculation of the economic solvency ratio is based, to a large extent, on the model used to calculate the embedded value. For further details regarding the capital requirements that apply to Group companies, see Note 17(f) to the annual financial statements.

In accordance with the principles for calculating the Deduction during the Transitional Period in accordance with the application provisions of the Economic Solvency Regime, as of June 30, 2024, the Deduction was made on a linear basis, as required, and stands at NIS 2,883 million.

For additional information, including a general description of the economic solvency regime, the general underlying principles of the regime, the calculation methodology of the economic balance sheet and of the solvency capital requirement, Provisions for the Transitional Period, general review of the directives of the Commissioner's Directives relating to the Economic Solvency Ratio Report, definitions of key terms, comments and clarifications, please also read Sections 1, 3.1, 4.1 and 5.1 to the Economic Solvency Ratio Report of Clal Insurance as of June 30, 2024.

The solvency ratio as of June 30, 2024 does not include the effect of the Company's business activity in the period subsequent to June 30, 2024 and through this report's approval date.

For details of additional events during and subsequent to the Reporting Period, see Note 2.1 above.

The calculation made by the Company as of June 30, 2024 was audited by the independent auditors. The review was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3400, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Following are data regarding Clal Insurance's solvency ratio and minimum capital requirement (MCR) according to the Solvency II regime.

1. Economic solvency ratio

	As of June 30	As of December 31
	2024	2023
In NIS million	Unaudited	Audited
Shareholders equity in respect of SCR	**14,830**	14,019
Solvency capital requirement (SCR)	**8,888**	8,976
Surplus	**5,942**	5,043
Economic solvency ratio (in %)	**167%**	156%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Company's Economic Solvency Ratio Report		
Capital instruments raising (repayment)	**(455)**	460
Deviation from quantitative limitation	**-**	(169)
Shareholders equity in respect of SCR	**14,439**	14,311
Surplus	**5,551**	5,337
Economic solvency ratio (in %)	**162%**	159%

For details regarding the solvency ratio without applying the Provisions for the Transitional Period and regarding the target solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Subsection 3 below.

For events during the Reporting Period and subsequent to the report date, and their potential effect on the solvency ratio, see Section 2.1 and 2.2 above.

2. Minimum capital requirement (MCR)

	As of June 30	As of December 31
	2024	2023
In NIS million	Unaudited	Audited
Minimum capital requirement (MCR)	**2,222**	2,244
Shareholders equity for MCR	**10,830**	10,272

3. Solvency ratio without applying the Provisions for the Transitional Period

According to the letter published by the Authority, in October 2017, (hereinafter - the "**Letter**") an insurance company shall be entitled to distribute a dividend only if, following the distribution, the company has a solvency ratio - according to the Economic Solvency Regime - 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 insurance company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributable to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

The following are data on Clal Insurance's economic solvency ratio, calculated without taking into account the Provisions for the Transitional Period.

Solvency ratio without applying the Provisions for the Transitional Period	As of June 30 2024	As of December 31 2023
In NIS million	Unaudited	Audited
Shareholders equity in respect of SCR	**12,461**	11,268
Solvency capital requirement (SCR)	**9,890**	10,383
Surplus	**2,571**	885
Economic solvency ratio - in %	**126%**	109%
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Company's Economic Solvency Ratio Report		
Raising of capital instruments	**-**	460
Deviation from quantitative limitation	**-**	(460)
Shareholders equity in respect of SCR	**12,461**	11,268
Surplus	**2,571**	885
Economic solvency ratio - in %	**126%**	109%
The surplus capital in view of equity transactions made in the period between the calculation date and the publication date of the Economic Solvency Ratio Report, relative to the Board of Directors' target (see Section B below):		
The Board of Directors' economic solvency ratio target (%)	**110%**	110%
Capital surplus (shortfall) relative to the target	**1,582**	(153)

4. Update regarding the stochastic model when calculating the economic solvency ratio of Clal Insurance

According to the economic solvency regime, the insurance liabilities were calculated in accordance with the Provisions of the Economic Solvency Regime, which in general, in relation to SLT life and health insurance, is calculated in accordance with the EV calculation practice in Israel.[1] Determination of the optimal value is supposed to be based on the distribution of the estimated possible outcomes (hereinafter - "**Stochastic Models**") and in the absence of clear statistical data suitable for estimating the optimal estimated distribution, Clal Insurance used the expectancy of each relevant factor (hereinafter - "**Deterministic Models**").

As part of continued development and upgrade of the calculations, in the reporting period Clal Insurance simultaneously calculated the best estimate of asymmetric insurance liabilities (including recognition of future variable management fees,[2]) which if it had been included in the calculation of the economic solvency ratio as of June 30, 2024, its effect is estimated by adding approx. 17%,

[1] EV (embedded value) is calculated in Israel in accordance with the rules and principles set by the Commissioner, who adopted the rules and principles of the report of the joint committee of insurance companies and the Commissioner, which worked with the guidance of consultants from Israel and abroad.

[2] See Section 6.1.2.3 in the Report on the Company's Corporation's Business.

without taking into consideration the Provisions for the Transitional Period, and by adding approx. 9% taking into consideration the Provisions for the Transitional Period.

In accordance with the framework received from the Commissioner in November 2023, the Stochastic Model will not be applied in the solvency ratio calculation without application of the Provisions for the Transitional Period, for 3 reporting dates, but Clal Insurance will add disclosure of its effect in the Economic Solvency Ratio Report. At this stage, Clal Insurance chose not to include this in the calculation that takes into consideration the Provisions for the Transitional Period either.

It is noted that this figure is not audited nor reviewed, and is sensitive to changes in the interest rate curve and other financial and demographic assumptions, and will be recalculated in each reporting period.

In view of the above, as from the report as of December 31, 2024, it will be allowed to include the Stochastic Model in the calculation of solvency ratio, subject to completion of an audit of the Capital Market Authority.

As aforesaid, Clal Insurance completed the stochastic calculation based on application of the Economic Generator Scenario,[3] including completion of tests and control processes for accuracy, robustness and market compatibility, as is customary in companies abroad that apply Stochastic Models to calculate economic solvency ratio. The Stochastic Model is used to calculate the optimal actuarial estimate of asymmetric insurance liabilities (including recognition of future variable management fees). With the Stochastic Model, the return used as a basis for the calculation remains unchanged compared to the Deterministic Model. However, the calculation of cash flows in the Stochastic Model takes into account fluctuations in the returns of the relevant assets in accordance with their composition and characteristics, including the investment channels, duration, and exposure to index and foreign currency exchange rates and their effect on recognition of the variable management fees. For the purpose of building the Stochastic Model, Clal Insurance chose appropriate economic models for its types of assets. In choosing, calibrating and testing these economic models, Clal Insurance used international consulting companies. In addition, the independent auditors reviewed the calculation process and the internal control.

As of the publication date of the Financial Statements as of December 31, 2024, no confirmation has been received regarding the completion of the Capital Market Authority's audit. It is noted that had the Stochastic Model been included, there would not have been any effect on Clal Insurance's Financial Statements as of December 31, 2024.

5. The Company and Clal Insurance's Dividend Distribution Policy and Capital Target

For details regarding the Company and Clal Insurance's dividend distribution and capital target, see Note 2.1 (a) and (b) above.

6. The Company's Own Risk and Solvency Assessment (ORSA)

In January 2022, a principles paper regarding the implementation of the Own Risk and Solvency Assessment of an Insurance Company (ORSA) as well as an amendment to the Provisions of the Consolidated Circular regarding Reporting to the Commissioner of the Capital Market - Own Risk and Solvency Assessment of an Insurance Company (ORSA) were published.

According to the Letter of Principles, the Company is required to examine, at least once a year, and to file with the Commissioner, each year, a report outlining the interrelationships between the overall strategy and annual work plan and the Company's risk profile, risk management policy, overall exposure level and the adequacy of the buffer under various assumptions and scenarios. In doing so, the risk management policy, capital targets and the range of risk management applied by the Company should be examined and taken into account. Clal Insurance filed the report to the Commissioner in January 2025.

7. Issuance of Subordinated Notes (Series M) and exchange of Series J

In January 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series M), by way of expansion of an existing series. Notes (Series M) were recognized (subject to

[3] As defined in the provisions of Section B, Chapter 5 (Part 2, Section 2) of the Provisions of the Economic Solvency Regime.

restrictions) as Tier 2 capital of Clal Insurance, instead of Notes (Series J), which were exchanged and recognized as hybrid Tier 2 capital.

In April 2024, the Company issued to the public NIS 465 million p.v. in Notes (Series M) by way of expansion of an existing series in consideration for approx. NIS 460 million. The terms and conditions of the additional notes are identical to the terms and conditions of the Notes (Series M) in circulation. For further details, see Note 26 to the Financial Statements.

8. Market developments in the second half of 2024

During the second half of 2024, there was a decrease in the risk-free interest rate curve, which will adversely affect Clal Insurance's solvency ratio.

B. Capital requirements and capital adequacy in Max

1. Equity and capital adequacy

Max's reported equity at the end of 2024 amounted to NIS 2,061 million compared to NIS 1,847 million at the end of 2023 - an increase of approx. 12%, which arises from the income for the period, net of dividend distribution. The equity capital as of the end of 2024 includes NIS 26 million in share capital, NIS 376 million in share premiums, a NIS 83 million capital reserve, NIS 9 million in accumulated other comprehensive loss, and NIS 1,585 million in retained earnings.

Common Equity Tier 1 capital amounted to NIS 2,066 million at the end of 2024, compared to NIS 1,855 million at the end of 2023.

Total equity at the end of 2024 amounted to NIS 2,532 million, compared to NIS 2,316 million at the end of 2023.

The capital adequacy ratios are calculated as the ratio of capital to the risk-weighted assets. The CET1 capital ratio is calculated as the ratio of CET1 capital to the risk-weighted assets. The total capital ratio is calculated as the ratio of total capital to the risk-weighted assets.

CET1 capital ratio as of December 31, 2024, the CET1 capital ratio amounted to 10%, compared to 11.0% at the end of 2023. Total capital ratio to risk-weighted components as of December 31, 2024, amounted to 12.3%, compared to 13.7% at the end of 2023.

The decrease in the Max's capital ratios as of December 31, 2024 compared to December 31, 2023 arises mainly from an increase in risk-weighted assets in respect of some of Max's exposures to Israeli banks due to the downgrade of the rating of the State of Israel by S&P in April 2024, a significant increase in the credit cards activity turnovers compared to turnovers as of the end of 2023, which were lower than usual due to the effect of the War, and a dividend distribution of NIS 62 million in July 2024. The abovementioned effects were partially offset by the increase in equity due to the net income recorded during the period.

In accordance with Proper Conduct of Banking Business Directive No. 203, "Measurement and Capital Adequacy - Credit Risk - the Standardized Approach", the weight of the risk of part of Max's exposure to Israeli banks derives from Israel's credit rating. Since Max uses ratings of the international credit rating agency Standard and Poor's (S&P), the downgrading of Israel's sovereign rating by this agency in April 2024 from AA- to A+ led to an increase in the risk-weighted assets, which were recognized with respect to some of Max's exposures to the Israeli banks, which decreased Max's capital ratios by approx. 0.3%. The further downgrade of Israel's credit rating to A by S&P at the beginning of October 2024 does not affect Max's capital ratios, and even a further one-notch downgrade by S&P to A- is also not expected to affect Max's capital ratios. It is only if S&P will further downgrade Israel's rating by two or more notches to BBB+ or lower that, in Max's opinion, one can expect approx. 0.3% decrease in its capital ratios based on data as of December 31, 2024. Max is not aware of an intention to affect such rating downgrade. The credit ratings assigned by other rating agencies do not affect Max's capital ratios.

On June 19, 2024, The Banking Supervision Department published a circular for revising Proper Conduct of Banking Business Directive No. 206 "Capital Measurement and Adequacy - Operational Risk", according to which on January 1, 2026 the existing directive will be replaced with a new directive, which adopts the revised directives of the Basel Committee regarding the calculation of capital requirements in respect of operational risk. The new directive redefines the business indicator components that serve as the basis for calculating the capital requirements in respect of the

operational risk, and sets marginal coefficients to be multiplied by the business indicator in accordance with the ranges of the business indicator. Furthermore, the new directive stipulates that the business indicator will be multiplied by an internal loss multiplier, which will be based on the banking corporation's historical operating losses. It was further stipulated that a banking corporation, whose business indicator is lower than NIS 5 billion, is not required to use loss data in its calculation of the capital requirements, and its internal loss multiplier will stand at 1; for all other banking corporations, the internal loss multiplier will stand also at 1 through December 31, 2028, and the Banking Supervision Department will publish - no later than 2028 - the method for applying the internal loss multiplier to their capital requirements. Max is studying the effects of the revised directive on the calculation of the capital requirements.

Max's leverage ratio as of December 31, 2024 is 8.7%, compared to 9.1% at the end of 2023.

2. The Bank of Israel's capital adequacy targets

According to Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions", an acquirer whose receivables balance in its latest annual financial statements exceeds NIS 2 billion — the capital requirement will be calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211 (Capital Adequacy and Measurement). It was also stipulated that despite that which is stated in Section 40 to Proper Conduct of Banking Business Directive No. 201, the Common Equity Tier 1 capital ratio shall not fall below 8%, and the total capital ratio shall not fall below 11.5%.

As from April 1, 2015, Max has been implementing Proper Conduct of Banking Business Directive No. 218 on leverage ratio (hereinafter - the "**Directive**"). Pursuant to the Directive, entities are required to have a consolidated leverage ratio of no less than 5%.

In the circular amending the Directive, which was published by the Banking Supervision Department on December 20, 2023, it extended the term of an expedient set as a Temporary Order in November 2020, as part of adjustments to Proper Conduct of Banking Business Directives for dealing with the Covid-19 crisis, according to which the leverage ratio shall not fall below 4.5% on a consolidated basis. According to the circular, against the background of a review conducted by the Banking Supervision Department to amend the directive and a review of the leverage ratio and its mix, the above relief was extended as a temporary order until June 30, 2026, provided that the leverage ratio does not fall below that as of December 31, 2025 or the minimum leverage ratio applicable to the banking corporation prior to the temporary order, whichever is lower.

3. Max's capital adequacy targets

Max's capital is designed to support all risks embodied in its activity as well as its multi-year business activity, including supporting its lines of business, expanding the activity and entering into new areas of activity and complement and supplement its operations.

Furthermore, Max analyzes its performance in a stress scenario, and has targets it will wish to meet upon the materialization of a stress scenario.

Max's policy, which was approved by its Board of Directors is to maintain a capital adequacy ratio, which is higher than the minimum threshold set by the Bank of Israel, and which is greater from the capital requirements needed to cover the risks in accordance with the results of Max's Internal Capital Adequacy Assessment Process (ICAAP).

In accordance with Max's risk profile, on June 30, 2024 Max's Board of Directors approved Max's CET1 capital ratio internal target at 9.25% instead of 10% as was the case through that date. The revised internal target is 125 basis points (1.25 percentage points) higher than the minimum CET 1 capital ratio set by the Banking Supervision Department. Max intends to hold a safety buffer above the revised internal target. The internal target for total capital ratio has not changed and stands at 12%.

4. Total capital adequacy to risk-weighted components ratio in Max: (*)

Following is a breakdown of the risk-weighted assets and capital requirements in respect thereof:

	As of December 31			
	2024		2023	
	Audited			
In NIS million	Risk-weighted assets	Capital require-ments	Risk-weighted assets	Capital require-ments
Credit risks - standardized approach				
of banking corporations	**1,217**	**140**	638	73
of corporations	**1,747**	**201**	1,479	170
Retail to individuals	**11,775**	**1,354**	9,882	1,136
of small businesses	**1,419**	**163**	1,174	135
Other assets	**1,048**	**121**	847	97
Credit valuation adjustment (CVA)	**1**	**-**	1	-
Total credit risk	**17,207**	**1,979**	14,021	1,611
Market risk - standardized approach	**55**	**6**	19	2
Operational risk - standardized approach	**3,347**	**385**	2,876	331
Total risk-weighted assets and capital requirements	**20,609**	**2,370**	16,916	1,944
Capital base	**2,532**		2,316	
Total capital ratio	**12.3%**		13.7%	
CET1 capital ratio	**10.0%**		11.0%	

* Calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211 on "Capital Adequacy and Measurement", and Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions", which came into effect on June 1, 2016.

5. Dividend distribution policy and actual dividend distribution by Max

The dividend distribution in Max is subject to the directives of the Banking Supervision Department, including compliance with capital adequacy restrictions under the Basel directives. A dividend distribution is allowed subject to the provisions of the Companies Law, 1999, which stipulates, among other things, that Max may make a distribution out of its earnings, provided that there are no reasonable concerns that the distribution will prevent Max from fulfilling its existing and future undertakings, when they fall due, as well as the Banking Supervision Department Directives, according to which no dividend may be distributed under the following cases:

A. When cumulative retained earnings less negative differences included in accumulated other comprehensive income is not positive or when the proposed distribution amount will lead to negative retained earnings.

B. One of more of the last calendar years ended in a loss or comprehensive loss or when the cumulative result in the three quarters ended at the end of the interim period regarding which the last financial report was published shows a loss or comprehensive loss.

C. Max may not comply with the capital target requirements.

Notwithstanding the above, in certain cases Max may distribute dividends also under the above circumstances, if it receives prior written consent from the Banking Supervision Department for the distribution, and up to the maximum amount approved, as aforesaid.

During the second quarter of 2024, Max agreed the cancellation of restrictions on dividend distribution, which were included in its financing agreements, and which were detailed in Note 19(c)(3) to the Financial Statements.

On June 30, 2024, Max's Board of Directors set a dividend distribution policy. According to the policy, as from 2024 Max will be able to distribute every year dividends at a total amount of up to 30% of Max's net income for the year, which preceded the distribution year. In setting the policy Max does not undertake to distribute a dividend on a certain date or rate, any distribution shall be subject to the full discretion of Max's Board of Directors and require the individual approval of the Board of Directors of Max, subject, among other things, to compliance with all the restrictions applicable to Max under the law and under directives of the Banking Supervision Department.

Accordingly, on June 30, 2024, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 62 million, which constitutes approx. 28% of Max's net income for 2023. The dividend was paid on July 3, 2024.

2.5. Analysis of Cash Flow Development, Sources of Financing and Liquidity

2.5.1. Cash flow for the reporting period

The consolidated cash flows provided by operating activities in the reporting period amounted to approx. NIS 1,602 million; most of the amount arises from realization of financial investments by the Insurance Company. The consolidated cash flows used for investing activities totaled approx. NIS 1,079 million in the Reporting Period, mainly for the provision of credit to card holders and merchants. The consolidated cash flows used for financing activities amounted to approx. NIS 323 million in the Reporting Period, and included mainly the repayment of the syndicated loan in CIMax totaling approx. NIS 891 million; for further details, see 2.1(c) above. The Group's cash and cash-equivalent balances increased from a total of approx. NIS 6,966 million at the beginning of the Reporting Period to approx. NIS 7,069 million at the end of the Reporting Period.

2.5.2. Company's financing

2.5.2.1 The Company's sources of financing and liquidity

The Company attaches great importance to maintaining sufficient cash balances, in a manner that will allow it to repay its obligations, and support, where required, the capital needs of Clal Insurance, and liquidity needs in respect of the activity of other Group investees. Other funding sources include, among other things, dividend distributions from investees, and the option of selling stakes in investees, debt raising from the banking system and/or the public, utilization of credit facilities and capital raising.

It is clarified that some of the investees are subject to regulatory provisions regarding dividend distribution beyond the distribution limitations set out in the Companies Law, 1999, which stipulates, among other things, that the Company may make a distribution out of its earnings, provided that there are no reasonable concerns that the distribution will prevent the Company from fulfilling its existing and future undertakings, when they fall due:

A. **Clal Insurance** - the dividends from Clal Insurance depend on the policy set by the Board of Directors of Clal Insurance, see Section 2.4.A.5 above, including compliance with the solvency ratio target set by the Board of Directors, which is higher than the minimum target set by the Banking Supervision Department. The Company considers interest proceeds received from its holding in a Restricted Tier 1 capital instrument of Clal Insurance as a source of liquidity, and classifies this holding as a financial investment.
B. **Max** - the dividend distribution in Max is subject to the directives of the Banking Supervision Department, including compliance with capital adequacy restrictions under the Basel directives. Dividend distribution is allowed subject to the provisions of the Companies Law, 1999. For details regarding the dividend distribution policy, see 2.4.B.5 above.

For further details regarding the restrictions on dividend distributions in Clal Insurance and Max, see Note 7 to the Consolidated Financial Statements.

Furthermore, the Company controls the following entities which are not subject to special Regulatory Restrictions pertaining to dividend distribution beyond those of the Companies Law:

A. **Clal Agency Holdings** - the Company presents the net financial assets of Clal Agency Holdings within the net financial assets of Clal Agency Holdings.
B. **Clal Finance** - as detailed in Note 9 to the Consolidated Financial Statements, Clal Finance holds a 24.9% stake in Michlol Finance Ltd. Michlol Finance is a company whose share is listed on the Tel Aviv Stock Exchange; the market value of its shares, based on the share price on the Stock Exchange, is approx. NIS 120 million immediately prior to the reports publication date; furthermore, Clal Finance also has an option to purchase approx. 7% of Michlol's shares.
   This investment is presented among investments in investees based on equity value, and was not included in the financial investments in this section.

As of the reporting date, following the consolidation of Max's data and the preparations made to finance its acquisition, the Group has three types of financial liabilities, subordinated notes issued to address Clal Insurance's capital needs, and balances used in Max's operating activities, approx. NIS 1,520 million in bonds issued by the Company.

Following is a table providing a breakdown of the net financial debt (the table includes the following companies: the Company, CIMax Holdings Ltd., and Clal Agency Holdings (1998) Ltd. as stated above, and does not include Clal Insurance and Max, which are subject to Regulatory Restrictions in addition to the distribution restrictions set out in the Companies Law, 1999:

	As of December 31	
NIS million	**2024**	**2023**
Financial assets		
Cash and cash equivalents	**37**	9
Other financial investments, mainly money market fund and Israeli T-Bills by the Company	**142**	1,011
Restricted Tier 1 capital instrument of Clal Insurance *)	**493**	481
Total assets	**672**	1,501
Less current maturities		
Financial liabilities - current **)	**43**	963
Financial assets less current maturities	**629**	538
Non-current financial liabilities		
Non-current financial liabilities: Bonds issued by the Company – liability component	**1,522**	1,514
Total liabilities	**1,522**	1,514
Net financial debt	**892**	976
Unutilized credit facility)	**250**	250

*) The other financial investments include an investment in a Restricted Tier 1 capital instrument of Clal Insurance amounting to NIS 519 million (fair value as of December 31, 2024 is approx. NIS 493 million).

**) In February 2024, CIMax's syndicated loan totaling approx. NIS 891 million was repaid. For further details, see Section 2.1C above.

***) In June 2024, an Israeli banking corporation approved a credit facility to the Company totaling up to NIS 250 million for the purpose of providing it with another liquidity buffer, for one further year through June 2025. For further details, see Note 6(e)(1) to the Financial Statements. As of the report date and its approval date, the abovementioned credit facility has not been utilized.

2.5.2.2 The Company's financing characteristics

A. In its capacity as a holding company, the Company assesses the value of its assets against its liabilities in the context of funding and liquidity; it also assesses whether it has liquid means which are reasonably accessible to allow it to conduct its activities.

B. The Company's activity (investments, general and administrative expenses, debt service and dividends) is normally funded by dividends it receives, from investees, capital raising, loans from banking corporations and proceeds from disposal of assets.

C. For details regarding key financial movements in the Company (on a separate basis), see the data on cash flow attributable to the Company itself (on a separate basis).

D. For details regarding the Company's distributable profits, adjusted to reflect the Company's capital requirements, and regarding capital and capital requirements in the consolidated institutional entities and other Group companies, see Note 17 to the Annual Financial Statements.

2.5.2.3 Dedicated disclosure for the Company's bond holders

A. Bond data

Series / issuance date	Bonds (Series A)	Bonds (Series A) (expansion)	Bonds (Series A) (second expansion)	Bonds (Series B) (convertible bonds)	Bonds (Series C)
Issuance date	February 2023	June 2023	August 2023	February 2023	December 2023
Par value on issuance date (in NIS)	249,100,000	250,000,000	400,000,000	150,000,000	500,000,000
Carrying amount as of December 31, 2024 (in NIS)	Approx. NIS 248 million	Approx. NIS 243 million	Approx. NIS 394 million	Approx. NIS 141 million **)	Approx. NIS 496 million
Market value as of December 31, 2024 *)	Approx. NIS 259 million	Approx. NIS 260 million	Approx. NIS 415 million	Approx. NIS 155 million	Approx. NIS 514 million
Interest type	Fixed, non-linked			Fixed, non-linked	Fixed, non-linked
Nominal interest rate	4.7%			2.8%	5.25%
Effective interest rate on issuance date	4.9%			4.9%	5.5%
Listed on the TASE	Yes			Yes	Yes
Principal payment dates	February 28, 2028			February 28, 2028	The principal shall be repaid in three installments in each of the years 2029-2031
Interest payment dates	The interest shall be paid in a single annual installment on February 28 of each of the years 2024-2028			The interest shall be paid in a single annual installment on February 28 of each of the years 2024-2028	The interest will be paid in two semi-annual installments, on November 1 and May 1 of each of the years 2024-2031
Interest payable as of December 31, 2024	Approx. NIS 10 million	Approx. NIS 10 million	Approx. NIS 16 million	Approx. NIS 4 million	Approx. NIS 4 million
Are the notes convertible	No			Yes	No
Linkage base and terms	Notes (principal and interest) are not linked to the CPI and/or to any currency			Notes (principal and interest) are not linked to the CPI and/or to any currency	Notes (principal and interest) are not linked to the CPI and/or to any currency
Pledged assets	None			None	None
Company's right to execute early redemption or forced conversion	The Company may execute full or partial early redemption of its notes no more than once a quarter. Payment to note holders in respect of early redemption shall amount to the higher of: A. Market value; B. Outstanding par value; C. Balance of cash flow (principal and interest) discounted using the return on government bonds plus a 1% interest.			The Company may execute full early redemption of its notes starting 30 days from their listing on the stock exchange, and no later than 180 after such a listing. The payment to note holders in respect of early redemption shall be the outstanding par value of the notes (principal and accrued interest) plus one-off early redemption fee of 2% of the outstanding par value. The Company does not have the right to execute a forced conversion of the notes.	The Company may execute full or partial early redemption of its notes no more than once a quarter. Payment to note holders in respect of early redemption shall amount to the higher of: A. Market value; B. Outstanding par value; C. Balance of cash flow (principal and interest) discounted using the return on government bonds plus a 1% interest.
Series' materiality	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970			The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970	The series is material as this term is defined in Regulation 10(b)13(a) of the Securities Regulations (Periodic and Immediate Reports), 1970
A cross-default clause is in place ***)	Yes			Yes	Yes

*) The market value includes interest accrued as of December 31, 2024.
**) Of which approx. NIS 13 million represents the equity component presented under equity.
***) For further details, see Section 8.1.14 to the deeds of trust of Bonds (Series A) and (Series B) which were attached to the shelf offering report of February 9, 2023.

B. Details regarding the conversion component in Bonds (Series B)

Criterion	Bonds (Series B) (convertible bonds)
Details of the security into which the bonds may be converted	The bonds are convertible into ordinary shares of the Company
Conversion ratio	At the issuance date, the conversion ratio was as follows: Every NIS 85 p.v. of the bonds will be convertible into one ordinary share of the Company In December 2024, subsequent to the Company's dividend distribution, the conversion ratio changed such that every NIS 83.73 p.v. of bonds would be convertible into one ordinary Company share.
Key terms of conversion, including conditions precedent for the execution of a conversion and any distribution adjustments	The bonds are convertible on each day on which trading takes place on the Stock Exchange through February 18, 2028; If during the conversion right period the Company will distribute bonus shares and/or dividend and/or offer shares by way of offering rights, the number of shares arising from the conversion will be adjusted. For further details, see Section 6.3.3 to the deed of trust attached to the shelf offering report of February 9, 2023.

C. Details regarding rating

	Bonds (Series A)	Bonds (Series B) (convertible bonds)	Bonds (Series C)
Rating agency	Maalot	Maalot	Maalot
Rating on issuance date	ILAA-	ILAA-	ILAA-
Current rating	ILAA-	ILAA-	ILAA-

The trustee for the Notes (Series A, Series B and Series C) is Hermetic Trust (1975) Ltd. The names of the individuals in charge of the notes are Adv. Dan Avnon and/or Adv. Meirav Ofer, Tel: 073-2171000, Fax: 03-5271451, email: hermetic@hermetic.co.il, postal address: Champion Tower, 13th Floor, 30 Derech Sheshet HaYamim, Bnei Brak.

D. Contractual restrictions and financial covenants

As part of the trust deed of the Bonds (Series A, Series B and Series C), Max undertook not to place a floating charge on all of its assets as long as the Bonds (Series A, Series B and Series C) are not repaid in full, unless it has obtained the bond holders' consent in advance or placed a floating charge of the same rank in favor of the bond holders. Furthermore, with respect to the expansion of the Bonds (Series A, Series B and Series C), the Company assumed restrictions on dividend distribution; it also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 3.2 billion (as part of Series A and Series B) or NIS 3.4 billion (as part of Series C), and its net financial debt to total assets ratio will not exceed 50%.

For further details, see Section 6.3.1 to the deeds of trust of Bonds (Series A) and (Series B) which were attached to the shelf offering report of February 9, 2023 and Section 6.3.1 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 2023.

In addition, an adjustment mechanism was set whereby the interest rate will increase as a result of failure to comply with any of the financial covenants.

The financial covenants will be adjusted if - as a result of the first-time application of accounting standards - they will undergo a change, whose effect is not negligible. For further details, see Section 6.3 to the deeds of trust of Bonds (Series A) and (Series B) which were attached to the shelf offering report of February 9, 2023 and Section 6.3 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 2023.

An adjustment mechanism was also set whereby the interest rate will increase if the Company's rating will be downgraded. For further details, see Section 6.4 to the deeds of trust of Bonds (Series A) and (Series B) which were attached to the shelf offering report of February 9, 2023 and Section 6.4 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 2023.

As of the reporting date, the Company complies with the covenants described above. As of December 31, 2024, the net financial debt ratio is approx. 8%, and shareholders' equity amounts to approx. NIS 9.4 billion. In addition, as of the reporting date and the publication date of this report, and during the period starting on the notes' issuance date, the Company has complied and continues to comply with all the conditions and undertakings as per the deeds of trusts, and no circumstances have arisen which establish grounds for immediate repayment of the notes. Furthermore, the Company did not receive notice from the trustee for the notes regarding its failure to comply with the conditions and undertakings as per the deeds of trusts.

The key points of the deeds of trust of Bonds (Series A and Series B), which were signed between the Company and the trustee, are attached to the shelf offering report of February 9, 2023, and the key points of the trust deed of Bonds (Series C) are attached to the shelf offering report of December 4, 2023, and the full texts of the deeds of trust are available for perusal by appointment at the Company's registered office on any business day during normal working hours.

2.5.3. Max's financing

2.5.3.1 Max's sources of financing

Management of financing needs and support thereof by liquidity management according to the nature of Max's above activities together comprehensive risk management are reviews continuously, among other things, over various time frames, with emphasis on the short and medium term, while Max's financing sources are planned to support the variable liquidity needs.

The financing sources support the nature of Max's activities while adjusting the relevant time horizon using independent financing sources (equity) and external financing sources, including mainly secured credit facilities from various banks in Israel, short-term and medium-term loans (including on call loans) and bonds.

Max manages its financing needs according to policy and goals defined in its financing strategy, such as:

- Adjustment of financing sources in advance in relation to actual refinancing needs.
- Effective management of liquidity reserves, while complying with the KPIs and monitoring the relevant indicators.
- Broad distribution of lenders to minimize dependence on a specific lender along with maintaining competitive pricing of financing sources due to competition among the lenders.
- Finance from the capital market over time to allow access to additional sources combined pricing advantages as a result.
- Strategic forecasting and planning so as to enable Max's decisions to be supported.
- Dynamic management of all assets and liabilities, among other things, striving to adjust financing sources, their characteristics and average duration in view of the characteristics of Max's various products.

Max takes measures to secure its financing sources and works continuously to diversify and spread them.

On January 23, 2019, Max and Bank Leumi signed an agreement for early repayment, according to which the bank will advance payments to Max for all credit card installment transactions carried out through credit cards of the bank's customers on the first payment date, instead of the original scheduled payment dates (the date on which the bank's customer is debited) against a fee paid to the Bank by Max. The agreement is valid until January 31, 2029. On February 10, 2025, immaterial amendments were made to the commercial terms and conditions of this agreement for its remaining term.

In the Reporting Period, Max fulfilled its obligations and met all the conditions in connection with the above financing agreements.

Following are details regarding Max's external sources of financing as of December 31, 2024 (NIS million):

Lender	Credit type	Amount of liabilities in balance sheet	General characteristics
Banking	Short term	3,626	Utilization of short-term credit out of secured and non-secured credit facilities
	Long term	2,332	Loans from several banks repayable in installments in the next few years
Non-banking	Short term	546	Commercial Papers (Series 1 and 2)
	Long term	250	Subordinated Notes (Series D)
Total		6,754	

Most of the external financing comes from sources within the banking system, through secured loan agreements and secured credit facilities. In order to maintain diversification of financing entities, Max focuses on diversifying the sources among the various entities at any given time.

The scope of the various credit facilities, as well as decisions regarding changes in the credit facilities and the nature of credit, are regularly assessed based on various needs, while also using stress scenarios conducted as part of Max's general risk management.

The above balance of short-term bank financing does not include the agreement for bringing forward payments with Bank Leumi as described above, since the balance in respect thereof is offset in the balance sheet against the "amounts receivable from banks for credit card transactions" line item. The finance expenses in respect of the agreement are included in Max's finance expenses.

It is noted that from time-to-time Max, the banks and various financial entities conduct negotiations for the provision of various types of funding sources, which may amount to material amounts.

On January 4, 2024, the Company completed a private placement of a commercial paper for institutional investors in the amount of NIS 230 million,

Following are details regarding credit facilities and their utilization:

	As of December 31	
In NIS million	2024	2023
Total binding credit facilities	**10,350**	9,850
Total non-secured credit facilities	**1,450**	1,350
Total credit facilities (secured and unsecured)*	**11,800**	11,200
Total utilization of financial credit from secured facilities	**3,626**	3,569
Total loans from banks out of facilities	**874**	358
Total loans from banks not out of facilities	**1,458**	1,246
Total financial credit utilization	**5,958**	5,173

* Max's credit facilities are renewed each year for a period ranging from one to three years.

Below is a breakdown of the outstanding principle of bonds and subordinated notes:

	As of December 31	
In NIS million	2024	2023
Subordinated notes *	**250**	285
Commercial Paper (Series 1 and 2) **	**546**	316
Total	**796**	601

* On December 31, 2023 Max initiated the full early redemption of Max's Subordinated Notes (Series B) and on March 31, 2024 Max initiated the full early redemption of the Subordinated Notes issued to an institutional entity in a private placement. As of December 31, 2024, Max has only one series (Series D) of Subordinated Notes.

** On January 4, 2024, Max completed a private placement of Commercial Paper (Series 2) ((CPs (Series 2)) for institutional investors in the amount of NIS 230 million. Subsequent to the reporting date, on January 6, 2025, Max completed another private placement of a commercial paper for institutional investors, by way of approx. NIS 154 million expansion of CPs (Series 2).

2.5.3.2 Details regarding outstanding bonds as of December 31, 2024:

Series	Issuance date	p.v. on issuance date	p.v. as of December 31, 2023	Balance as of December 31, 2023	Types and rates of interest	Principal payment dates	Interest payment dates	Linkage basis and conditions (principal and interest)	Rating
Commercial Paper (Series 1)	December 27, 2022	NIS 316,200,000	NIS 316,200,000	NIS 316,200,000	NIS, variable Bank of Israel rate +0.2% -0.5%	On installment on December 26, 2027	Paid once a year, on December 26, 2023 and December 27 in each of the years 2024 to 2027.	The principal and interest are not linked	P-1 by Midroog
Subordinated Notes (Series D) CoCo [1)]	July 16, 2023	NIS 250,000,000	NIS 250,000,000	NIS 250,000,000	NIS, fixed - 7.33%[2)]	One installment on October 16, 2033	Paid once a year, on July 15 in each of the years 2024 to 2033. Final payment will be made on October 15, 2033	The principal and interest are not linked	1A with a stable outlook by Midroog
Commercial Paper (Series 2)	January 4, 2024	NIS 230,000,000	NIS 230,000,000	NIS 230,000,000	NIS, variable Bank of Israel rate +0.2% -0.5%	The principal will be repaid in one installment on January 3, 2025, unless it is renewed for further 4 periods through January 2, 2029	Paid once a year, on January 3 in 2025 and January 3 in each of the years 2026 to 2029.	The principal and interest are not linked	P-1 by Midroog

For further details, see Note 26 to the Financial Statements.

1. In accordance with Proper Conduct of Banking Business Directive 202, Capital Measurement and Adequacy - Regulatory Capital, the Subordinated Notes (Series D) include, among other things, a mechanism for absorption of principal losses, as part of which, under certain circumstances which Max is not necessarily able to predict and/or are not necessarily under its control, Max will derecognize the Subordinated Notes (Series D), in whole or in part;
2. If after they are issued the Subordinated Notes (Series D) will be listed on the TASE's main list, the annual interest rate paid in respect of the outstanding principal of the Subordinated Notes (Series D) will be reduced by 0.25%, starting on the listing date of the Subordinated Notes (Series D) on the TASE's main list, and until they are repaid in full or delisted from the TASE's main list (in which case the interest rate will increase to the interest rate which was in place before the reduction), the earlier of the two.

   In addition, if Max will not exercise its right to redeem the Subordinated Notes (Series D) under early redemption in accordance with Section 7 to the deed of trust of the Subordinated Notes (Series D), then the annual interest of the subordinated notes shall be revised on October 16, 2028 (the "Interest Rate Change Date"), such that the annual interest rate will increase or decrease, as the case may be, by the difference between the Benchmark Interest Rate (as defined in the deed of trust), on the Interest Rate Change Date and the Benchmark Interest Rate on the listing date of the Subordinated Notes (Series D) on the TACT Institutional System in accordance with this deed (the "Interest Difference"). It is clarified that if the Interest Difference is negative, the Annual Interest borne by the principal of the Subordinated Notes will be reduced by the amount of the Interest Difference beginning on the Interest Change Date. In no event will the interest rate fall below 0%.

Following are key data regarding Max's credit balances:

Creditor	Credit type	Linkage base	Facilities/ loans range	Book balance	Current maturities - loans	Average weighted interest rate (within the range)[1)]
As of December 31, 2024						
Banks	Total credit facilities (secured and unsecured)[2)]	Variable interest	Short term	3,626	-	P-1.5%-P-0.5%
	Loans	Variable interest	Long term	1,015	262	P-1.3%-P-0.3%
	Loans	Fixed interest[3)]	Long term	1,317	221	0.75%-2.6%
Non-banking	Commercial Paper (Series 1)	Variable interest	Short term	316	-	Bank of Israel + 0.2%-0.5%
	Commercial Paper (Series 2)	Variable interest	Short term	230	-	Bank of Israel + 0.2%-0.5%
	Subordinated Notes (CoCo)	Fixed interest	Long term	250	-	7.33%
As of December 31, 2023						
Banks	Total credit facilities (secured and unsecured)[2)]	Variable interest	Short term	3,569	-	P-1.5%-P-0.5%
	Loans	Variable interest	Long term	1,545	529	P-1.3%-P-0.3%
	Loans	Fixed interest[3)]	Long term	59	44	0.75%-0.85%
Non-banking	Commercial Paper (Series 1)	Variable interest	Short term	316	-	Bank of Israel + 0.2%-0.5%
	Loan with an institutional entity (CoCo)[4]	Fixed interest	Long term	35	-	5.18%
	Subordinated Notes (CoCo)	Fixed interest	Long term	250	-	7.33%

1. Except for the Subordinated Notes, in respect of which the nominal interest rate is noted. In addition, most of the credit facility agreements include an interest adjustment mechanism, including in respect of the downgrading of the rating of the bonds due to the credit portfolio being adversely affected, or due to failure to meet a Tier 1 capital adequacy ratio of at least 8% (in addition to the interest on arrears). In most cases, the additional interest in respect of all of the adjustments (except for the interest on arrears) will not exceed 1.25%.
2. Including current loan account facilities of immaterial amount.
3. Including a loan linked to the Consumer Price Index. As of December 31, 2023, the outstanding loan principal amounts to approx. NIS 42 million.
4. On March 31, 2024, Max initiated a full redemption of this loan.

2.5.3.3 Significant developments in Max's sources of financing in 2024 and through the report signing date

A. In March 2024, one of the banks, which advances secured credit facilities to Max, advanced the latter a NIS 200 million index-linked loan (principal and interest) bearing a fixed interest at a rate ranging between 1.7% and 2.7%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in August 2030).

   In addition to the said loan, Max has a secured credit facility agreement with the said bank at the total amount of NIS 3,300 million, in effect through December 23, 2025 (hereinafter in this section - the "**Secured Credit Facility**"). The secured credit facility is for utilization of short-term credit, long-term credit, facilities of current loan accounts and guarantees. Furthermore, Max and the said bank entered into engagement in respect of a further dedicated credit facility of NIS 200 million, in effect through October 30, 2025, which will be used by Max in order to comply with its liquidity model, and which may be utilized by Max's informing the bank of its wish to utilize this facility (hereinafter - the "**Dedicated Credit Facility**").

   Max's liabilities to repay the utilized credit in respect of these facilities are not guaranteed by any collateral or liens or in any other manner. The interest rates on utilization of the aforementioned facilities will be based on Prime interest plus a spread to be determined from time to time for each withdrawal and which, according to Max, is expected to be in accordance with market conditions. In addition, the credit facilities include a non-utilization fee at a rate in the range of 0.1%-0.7%. In relation to the Secured Credit Facility, the bank will be entitled to call for the immediate repayment of all or some of the credit amounts, under the terms and conditions set forth. In relation to the Dedicated Credit Facility, as a general rule, the bank will not be allowed to reduce or cancel the credit facility and/or call for immediate repayment any credit taken therefrom.

B. Max has a secured credit facility of NIS 1,000 million with one of the banks, in effect through November 19, 2025. The facility is used to utilize short-term credit and long-term credit. Max's liabilities to repay the utilized credit in respect of these facilities are not guaranteed by any collateral or liens or in any other manner. The interest rates on utilization of the aforementioned facilities will be based on Prime interest plus a spread to be determined from time to time for each withdrawal and which, according to Max, is expected to be in accordance with market conditions. In addition, the credit facilities include a non-utilization fee at a rate in the range of 0.1%-0.7%. The bank will be entitled to call for the immediate repayment of all or part of the credit amounts, under the terms and conditions set forth.

C. Max has a secured credit facility of NIS 750 million with one of the banks, in effect through July 21, 2025. The credit facility will be used to utilize short-term credit.

   Furthermore, Max and the said bank entered into engagement in respect of a further dedicated credit facility of NIS 100 million, in effect through October 20, 2025, which will be used by Max in order to comply with its liquidity model, and which may be utilized by Max's informing the bank of its wish to utilize this facility (hereinafter - the "**Dedicated Credit Facility**"). Max's liabilities to repay the utilized credit in respect of these facilities are not guaranteed by any collateral or liens or in any other manner. The interest rates on utilization of the aforementioned facilities will be based on Prime interest plus a spread to be determined from time to time for each withdrawal and which, according to Max, is expected to be in accordance with market conditions. In addition, the credit facilities include a non-utilization fee at a rate in the range of 0.1%-0.7%. In relation to the Secured Credit Facility, the bank will be entitled to call for the immediate repayment of all or some of the credit amounts, under the terms and conditions set forth. In relation to the Dedicated Credit Facility, as a general rule, the bank will not be allowed to reduce or cancel the credit facility and/or call for immediate repayment any credit taken therefrom.

   In September 2024, Max and the abovementioned bank entered into an engagement for the provision of NIS 350 million in an index-linked (principal and interest) loan bearing a fixed interest rate ranging between 1.7% to 2.7%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in March 2031).

   In September 2024, Max and the abovementioned bank entered into an engagement for the provision of NIS 150 million in an index-linked (principal and interest) loan bearing a fixed interest rate ranging between 1.7% to 2.7%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in May 2031).

   In February 2025, the NIS 750 million credit facility was extended through February 18, 2026.

D. Max has a secured credit facility agreement with one of the banks totaling NIS 2,400 million, in effect through November 30, 2025, and a facility totaling NIS 500 million in effect through November 30, 2027. (hereinafter in this section - the "**Secured Credit Facility**"). The secured credit facility is for utilization of short-term credit, long-term credit, facilities of current loan accounts and guarantees.

   Max's liabilities to repay the utilized credit in respect of these facilities are not guaranteed by any collateral or liens or in any other manner. The interest rates on utilization of the aforementioned facilities will be based on Prime interest plus a spread to be determined from time to time for each withdrawal and which, according to the Company, is expected to be in accordance with market conditions. In addition, the credit facilities include a non-utilization fee at a rate in the range of 0.1%-0.7%. The bank will be entitled to call for the immediate repayment of all or part of the credit amounts, under the terms and conditions set forth.

   In June 2024, Max and the abovementioned bank entered into an engagement for the provision of NIS 300 million in an index-linked (principal and interest) loan bearing a fixed interest rate ranging between 1.7% to 2.7%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in December 2030).

   In December 2024, Max and the abovementioned bank entered into an engagement for the provision of NIS 350 million in an index-linked (principal and interest) loan bearing a fixed interest rate ranging between 1.7% to 2.7%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in June 2031).

E. Max has a secured credit facility of NIS 2,100 million with one of the banks, which was renewed on June 4, 2024 for a period ending on June 3, 2025 and extended through December 21, 2025. The credit facility will be used to utilize short-term credit.

   Max's liabilities to repay the utilized credit in respect of these facilities are not guaranteed by any collateral or liens or in any other manner. The interest rates on utilization of the aforementioned facilities will be based on Prime interest plus a spread to be determined from time to time for each withdrawal and which, according to Max, is expected to be in accordance with market conditions. In addition, the credit facilities include a non-utilization fee at a rate in the range of 0.1%-0.7%. The bank will be entitled to call for the immediate repayment of all or part of the credit amounts, under the terms and conditions set forth.

Immediately prior to the report signing date, the average weighted interest in respect of the secured facilities is in the range of Prime minus 0.5% and Prime minus 1.5%, which does not include a fee in respect of non-utilization of the credit facility, which is payable in accordance with the amount utilized out of the credit facility.

The banks' rights to immediate repayment

The agreements with the various banks, as detailed above, include standard provisions regarding the right to immediate repayment, including under the following circumstances (in whole or in part, as the case may be): Resolving to liquidate or filing an application to liquidate or appointment of a temporary liquidator, filing for a stay of proceedings, settlement or arrangement with creditors or summoning or convening a creditors' meetings regarding the arrangement or insolvency or negotiations for reaching a settlement, appointment of a liquidator or receiver, exercising liens or attachments, restructuring (such as a merger), changes in control, non-payment of debts, existence of a material concern of non-payment, a situation in which Max will cease or is likely to cease conducting business, material deterioration in the business situation, grounds for immediate repayment of another debt of the Company (for the bonds, calling for immediate repayment of another bond series of Max); downgrading the rating of the bonds below BBB-, revocation of a license, non-compliance with the directives of the Bank of Israel or another authority regarding capital adequacy, non-compliance with Max's undertakings under credit agreements (including distribution, payment of management fees, change of control, sale of Company assets above certain amounts, and negative lien), all under certain circumstances set out in the agreements or the bonds, as the case may be.

Repayment of CoCo subordinated notes

On March 11, 2024, Max's Board resolved to execute full early redemption of a NIS 35 million subordinated note issued under a private placement to an institutional entity in 2019. Early redemption was implemented on March 31, 2024, and its effect is a decrease of approx. 0.2% in Max's total capital ratio.

Commercial papers

During the Reporting Period, the Company's Commercial Papers (Series 1) were renewed by one further year.

On January 4, 2024, Max completed a NIS 230 million private placement of Commercial Papers (Series 2) to institutional entities at an interest rate of 0.2%-0.5% above the Bank of Israel Interest. The CPs were issued for a one-year period, with an option of renewing by up to 4 additional one-year periods (for a maximum period of 5 years), and the holders and Max have the right to notify the other party in writing of their wish to repay it by giving a 7 business days' notice. In January 2025, the CP was renewed by an additional one-year period. In addition, on January 6, 2025, Max completed a private placement of commercial papers to institutional entities, by way of approx. NIS 154 million expansion of CPs (Series 2).

Financial covenants

The agreements between the Max Group companies and each of the entities that provide them with credit, specify, among other things, limits and commitments for compliance with covenants, transactions with controlling shareholders, sale and transfer of assets, creation of liens, restructuring and/or change of control.

In the Reporting Period, Max fulfilled its obligations and met all the conditions in connection with the above covenants.

Guarantees

During Max's ordinary course of business, it provided bank guarantees to third parties to third parties from time to time, inter alia, for bidding in tenders. The scope of such guarantees as of December 31, 2024 is negligible.

2.6. Objectives for 2027

The Group is implementing its strategy, and with Max's acquisition, was transformed from an insurance group which focuses on historical businesses, which include long-term liabilities, to a financial holdings group with diverse sources of revenue and profit. The positive effect of Max's acquisition on the Company's results is evident, along with a continuous improvement in the insurance and savings business. In the insurance and savings activities, the Group has completed a five-year strategic process under which it has substantially improved its financial results and solvency ratio, and is currently in a position to achieve further profitable growth.

Key tasks in the implementation of the business strategy -

- Growth in revenue and profitability of a new business; focusing on growth in a new business, with an emphasis on the sale of life insurance and P&C insurance products in the Group's various distribution channels, especially in the agents channel.
- Acquisition of activities, which are synergic to those of the Group, including, subject to regulatory restrictions, through the Company in its capacity as a holding company, while assessing, among other things, activities in the field of agencies and/or other financial activities.
- Reining in expenses in order to support the cost/income ratio: The Company has set a target to increase its operational efficiency and lowering its current expenses, while changing the expenses mix, in a manner that will allow an increase in revenue and growth.
- Leading investment management: Leading the returns to the Group's customers in a range of investment channels, while maintaining adequate risk levels and a long-term perspective.
- Innovation and digitization: Leading the industry in digital transformation and advanced data infrastructure development processes, including incorporating AI capabilities, which will allow the Group to maximize its sale opportunities and streamline operations.
- Improving service levels: Continuing the implementation of steps designed to improve the levels of service and the levels of satisfaction among customers, insurance agents and other business partners of the Group.
- Maintaining and improving the financial stability and solvency ratio of Clal Insurance: Retaining an adequate economic solvency ratio, taking into consideration the challenges arising from the exposures in past portfolios, market volatility, the interest rate environment and regulatory effects.
- Maintaining the Company's financial stability, while constantly assessing and optimally managing the Company's debt structure.

- Retaining and improving the Company's positioning in relation to all stakeholders, including, among other things, through the strengthening of the brand and its values, enhancing the organizational engagement and the sense of pride among Group employees.

This year, the Company published a dividend distribution policy following a dividend distribution policies published by Clal Insurance and Max, under which Max will be able to distribute dividends of up to 30% of net income, and Clal Insurance will be able to distribute dividends of up to 30%-50% of comprehensive income. In accordance with the approved policy, the Company will distribute an annual dividend at a rate, which will not fall below 50% of the dividend received in that year from the Company's subsidiaries. This policy should not be viewed as an undertaking by the Company to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. In addition, the actual execution of any distribution shall be subject to compliance with the legal provisions applicable to any dividend distribution and to the financial covenants the Company has undertaken and/or will undertake upon itself in the future. For further details regarding dividend distribution and restrictions on dividend distribution under the regulatory capital requirements applicable to the Group companies and by virtue of the directives of the Commissioner and Banking Supervision Department and manner in which the Company complies with them, see Note 17 to the Financial Statements.

For further details regarding the Group's business strategy, see Section 9.18 in the Description of the Corporation's Business.

Further to the implementation of the abovementioned strategy, and the expected application of IFRS 17, the Company has set itself targets for 2027, as detailed below:

- Post-tax comprehensive income in the range of NIS 1.3-1.6 billion
- Return on equity in the range of 12%-15%
- Approx. NIS 11 billion and approx. NIS 12 billion in equity attributable to shareholders as of December 31, 2026 and December 31, 2027, respectively.
- Dividend distribution of approx. NIS 200 million.
- Assets under management in the range of NIS 420-460 billion

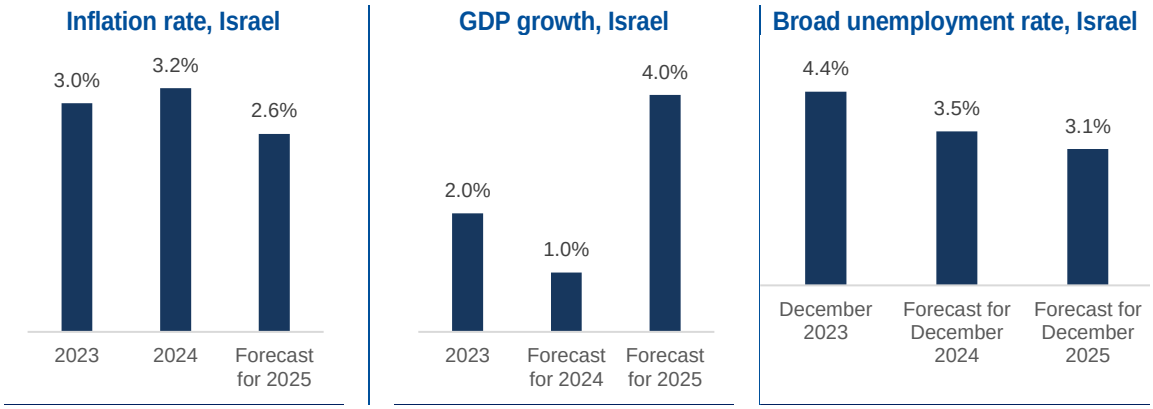
Furthermore, the Company assumed the following:

- Real return of approx. 3% on assets excluding designated bonds.
- Inflation of approx. 2.5%.
- GDP growth in the range of 3.5%-4.5%.
- No additional capital raising.
- No change in the real interest rate curve.
- Excluding non-recurring adjustments, such as changes to actuarial assumptions affecting profit and loss, capital market crisis, etc.

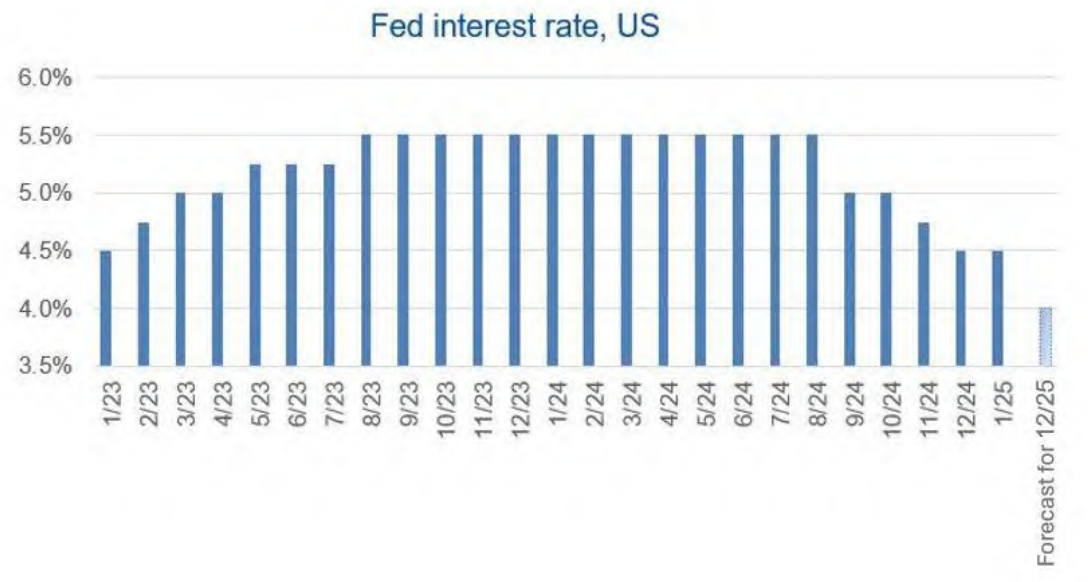
The information regarding the strategic plan as detailed above constitutes forward-looking information, which is based on the Group's assessments, intentions and strategy, as detailed above, which reflect its policy and intentions as of the publication date of this Report, and they are based on current assessments of the Group's areas of activity and situation as of the report publication date, and may change, in whole or in part, from time to time. There is no certainty as to the materialization of the Group's strategy or intentions. It may be that the goals described above will not be achieved in the future, or that the Group will decide not to implement the said strategy, in whole or in part, due to, among other things, the following reasons: Changes in economic feasibility, changes in the business environment, changes in the competitive conditions in the market and changes in the markets themselves, regulatory changes, changes in the capital market in Israel and across the world, and due to the other risk factors that apply to the Group's activities as detailed in Section 9.16 above, and in Note 42 to the Financial Statements.

3. Developments and Material Changes in the Macroeconomic Environment in the Reporting Period

3.1 Key economic data:



* Forecast of the Bank of Israel's Research Department, January 2025



* The December 2025 data represents the consensus of forecasts according to Bloomberg, February 6, 2025

3.2 Following are key trends and material changes in the macroeconomic environment in the Reporting Period and thereafter:

As from October 7, 2023, Israel has been in a state of war; for further details, see Section 2.1(g) above.

Criterion	Data for the period
Development in the market and employment in Israel	In 2024, Israel's GDP grew by approx. 1% following a growth of approx. 2% in 2023. The Israeli population increased by 1.3% in 2024, such that per capita GDP declined by 0.3% (after a 0.1% decrease in 2023). According to the macroeconomic forecast of the Bank of Israel's Research Department (January 2025), GDP is expected to grow by 4% in 2025, and by 4.5% in 2026. The budget deficit in 2024 amounted to 6.9% of GDP; the debt-to-GDP ratio increased to 67% from 61.4% in 2023. The job market - upon the outbreak of the War, the broad unemployment rate (a data which includes - in addition to those unemployed - also those who are temporarily absent due to economic reasons, such as expense for unpaid leave) increased sharply from 4.2% to 9.7% in October 2024; however since then the broad unemployment rate declined to 3.5% in December 2024. In accordance with the Bank of Israel's forecast, the broad unemployment rate is expected to stand at approx. 3.1% at the end of 2025. According to the Central Bureau of Statistics' estimates for November 2024, the average wage of a salaried employee was NIS 13,068, a 0.9% increase compared to November 2023. The number of salaried employee positions in Israel as of December 2024 was 4.256 million - a 5.3% decline compared to December 2023, and a 1.2% increase compared to November 2024. The housing market - during the year, house prices increased by 7.8%. The rental market also saw price increases, with rent under new lease contracts increasing by 4% and rent under contract renewals rising by 2.6%. The mortgage market recorded a sharp increase compared to 2023; throughout 2024, mortgages totaling approx. NIS 94 billion were taken out, compared to NIS 71.3 billion in 2023. The increase arose mainly from the contractors' financing offers. At the beginning of February 2024, the credit rating agency Moody's announced the downgrade of the credit rating of Israel by one notch to A2 with a negative outlook; in September 2024, Moody's downgraded the credit rating by two notches, to Baa1. In August 2024, the rating agency Fitch downgraded Israel's credit rating to A. In October 2024, the rating agency S&P also downgraded Israel's credit rating by one notch to A.
Inflation data	In 2024, inflation stood at 3.2%, very similar to 2023 levels (3.3%).
Exchange rates	2024 was characterized by volatility in foreign currency trade; at the end the year, the NIS strengthened by approx. 0.5% compared to the USD.
Development in interest rates and returns	In January 2024, the Monetary Committee decided to cut the interest rate by 0.25 percentage point to 4.5%. Later in 2024, the Monetary Committee decided to leave the interest rate unchanged at 4.5%.

Developments in capital markets in Israel and across the world (in terms of local currency)

In %	For the year		Q4	
	2024	2023	2024	2023
Share indices in Israel				
TA 35	**28.4**	3.8	**12.8**	1.1
TA 90	**30.9**	4.3	**19.5**	(0.2)
TA 125	**28.6**	4.1	**14.6**	0.7
TA Growth	**37.3**	3.1	**18.2**	2.9
Bond indices in Israel				
General	**4.9**	3.8	**2.7**	2.3
Tel Bond-CPI Linked	**6.4**	5.9	**1.8**	2.4
Tel Bond-Shekel	**6.1**	5.3	**3.9**	3.7
CPI-Linked Government Bonds	**2.3**	(0.4)	**2.0**	0.5
Government - NIS	**3.0**	1.4	**3.2**	2.0
Share indices across the world				
Dow Jones	**12.7**	13.5	**0.6**	11.8
NASDAQ	**28.7**	43.6	**6.6**	13.4
Nikkei Tokyo	**19.2**	28.2	**5.3**	5.0
CAC Paris	**(2.2)**	14.8	**(3.3)**	6.0
FTSE London	**5.7**	3.0	**(0.8)**	1.7
DAX Frankfurt	**18.8**	19.1	**3.0**	9.3
MSCI WORLD	**17.5**	23.1	**(1.0)**	11.6
S&P 500	**23.2**	24.0	**2.4**	10.7

For details regarding the effects on the financial results, see Section 2 above and Notes 15 and 32 to the Financial Statements.

Criterion	Data for the period
Global economic developments	2024 was characterized by a subsidence of the high inflation rate which characterized 2023; the quantitative tightening policy implemented by central banks worked and stopped the sharp rise in inflation rates and even curbed it. During the year, central banks were able to change their policy and start cutting interest rates. At the beginning of the year, markets expected interest rate cuts in key economies across the world; this expectation subsided during the year, especially in the US. In addition, during the year the world witnessed political changes; in the US, Donald Trump was elected president and in Europe the governments of France and Germany collapsed. **USA** - at the beginning of 2024, the inflation rate in the USA was 4.1%, and the interest rate was 5.5%. During the year, the central bank lowered interest rates 4 times up to a level of 4.5%, and at the end of 2024 annualized inflation declined to a level of 3%. As of mid-February 2025, the market priced-in expectations for 1-2 interest rate cuts in 2025. The US economy has grown in the fourth quarter of 2024 by 2.3% in quarterly terms and by 2.8% throughout 2024 (in annual terms). The unemployment rate remained relatively low and stands at 4%. In the US equity markets, the AI effect had a positive impact on the performance of the S&P 500 and NASDAQ indices, which achieved double-digit returns, in light of the expectations of technological advancements and improvements which AI will introduce into our lives and the investments required to develop it. **Europe** - Inflation in Europe subsided during 2024 following a tightening monetary policy implemented by the central bank in 2023, which allowed the central bank to change direction and cut the interest rate from 4.5% at the beginning of the year to 3.15% at the end of the year. The inflation rate declined from 5.5% (annualized) at the beginning of the year to 2.4% at the end of 2024. The geopolitical crisis and the war between Russia and Ukraine continued in 2024 too, but the economic effect subsided. Growth rate in Europe remained low during 2024 with the economy growing by 0.7% (annualized) and in the fourth quarter the economy grew by 0.1% in quarterly terms, with key economies such as Germany even experiencing a recession during the year. The unemployment rate remained relatively low and stands at 6.4%. **China** - In 2024, the Chinese economy continued to struggle in 2024, despite the government's attempt to incentivize the economy, following the Covid-19 lockdowns, which continued through the beginning of 2023; there was hope that the opening up of the economy and the lifting of the restrictions will lead to a significant economic recovery, but growth rate remained low. The Chinese economy has grown by 5% in 2024 (annualized). The tensions between China and the USA remained high, as the trade war continued, and US companies are banned from trading with Chinese companies, which the US claims pose a security threat, with an emphasis on the chip companies which, thanks to the AI revolution, are a strategic tool for technological supremacy.

4. Exposure to Market Risks and Management Thereof

Description of the market risks and the effect of market risks on the business results of the Company and consolidated companies except for Max

The term "market risks" relates to the effect of changes in interest rates, inflation rates, foreign currency exchange rates, share prices, credit spreads and other risk factors on the business results, shareholders' equity, cash flows, financial assets and the liabilities of the corporation and its value.

The Group's business results are materially impacted by changes in market risk factors. The activity's sensitivity to market risks arises both from the direct impact of those changes on the nostro investments of the Group's institutional entities, and from the indirect impact of the returns on planholders and policyholders' funds in yield-dependent insurance policies, provident funds and pension funds, which are managed by those entities, on the management fees they collect. For details on the exposure to market risks and their mitigation throughout the Group's activity, see Note 42 to the Financial Statements.

It is clarified that in accordance with the Securities Regulations, the sensitivity to changes in specific risk factors is assessed in relation to exposures to market risks in an activity which is not carried out by the Group's insurance companies, i.e. - financial exposures (assets and liabilities) in respect of the activity of the Company itself, Clal Agencies and Clal Finance.

4.1 The person in charge of market risk management in the corporation

The Company officer in charge of market risk management is Mr. Avi Ben-Noon. Mr. Ben-Noon has a BA in Economics and Business Administration, and an MBA, and has been serving as the Chief Risk Officer of the Group's institutional entities since 2020.

4.2 The corporation's policy in managing market risks and supervision thereof

The main risks to which the Group is exposed are risks associated with the insurance activity, which is the Group's main activity. For a description of those risks, and the way by which they are mitigated and monitored at Group and Company level, see Note 42 to the Financial Statements.

Compliance with the policy pertaining to exposure to market risks in the Group is monitored by the management and board of directors of each Group company, which are supported and challenged by the Risk Management Department, as the case may be, and through data from their investment and accounting systems.

The Board of Directors is of the opinion that the quality of risk management in the Company is reasonable under the circumstances of the matter.

4.3 Sensitivity tests for market risks

Below is a summary of the exposure and sensitivity to changes in the risk factors in 2024 and 2023 (in NIS million):

As of December 31, 2024:

Risk factor – linked interest	Profit and loss from changes				Profit and loss from changes		
Risk factor	Maximum increase in relevant market factor	10% increase in market factor	5% increase in market factor	Fair value of financial instruments exposed to risk factor	5% decrease in market factor	Decrease of 10% in market factor	Maximum decrease in relevant market factor
Capital note to the insurance company	(46.5)	(4.7)	(2.3)	478	2.4	4.7	53.1
Total	(46.5)	(4.7)	(2.3)	478	2.4	4.7	53.1

Risk factor – NIS-based interest	Profit and loss from changes				Profit and loss from changes		
Risk factor	2% absolute increase in market factor	10% increase in market factor	5% increase in market factor	Fair value of financial instruments exposed to risk factor	5% decrease in market factor	Decrease of 10% in market factor	2% absolute decrease in market factor
Corporate securities – liquid portfolio	(0.7)	(0.2)	(0.1)	9	0.1	0.2	0.8
Bonds (Series A)	52.5	11.5	5.8	(934)	(5.8)	(11.7)	(56.9)
Bonds (Series B)	8.5	2.0	1.0	(168)	(1.1)	(2.2)	(11.2)
Bonds (Series C)	47.6	10.8	5.4	(514)	(5.5)	(11.1)	(54.2)
Total	107.9	24.1	12.1	(1,607)	(12.3)	(24.7)	(121.6)

As of December 31, 2023:

Risk factor – linked interest	Profit and loss from changes				Profit and loss from changes		
Risk factor	Maximum increase in relevant market factor	10% increase in market factor	5% increase in market factor	Fair value of financial instruments exposed to risk factor	5% decrease in market factor	Decrease of 10% in market factor	Maximum decrease in relevant market factor
Capital note to the insurance company	(51.6)	(3.8)	(1.9)	469	1.9	3.9	59.9
Total	(51.6)	(3.8)	(1.9)	469	1.9	3.9	59.9

Risk factor - NIS-based interest	Profit and loss from changes				Profit and loss from changes		
Risk factor	2% absolute increase in market factor	10% increase in market factor	5% increase in market factor	Fair value of financial instruments exposed to risk factor	5% decrease in market factor	Decrease of 10% in market factor	2% absolute decrease in market factor
Bonds (Series A)	68.3	13.1	6.6	(942)	(6.6)	(13.4)	(75.6)
Bonds (Series B)	11.6	2.3	1.1	(146)	(1.2)	(2.3)	(13.5)
Bonds (Series C)	53.3	10.2	5.5	(808)	(5.6)	(11.2)	(61.7)
Total	133.1	26.3	13.2	(1,596)	(13.4)	(26.9)	(150.9)

Key working assumptions:

A. Cash and cash equivalents, and short-term assets and liabilities (up to one year) as well as variable interest assets and liabilities were not included in the assessment of the exposure to changes in interest rate curves.

B. The maximum and minimum values taken into account regarding the volatility of the market factors are the maximum and minimum daily changes in the past 10 years. The stress scenario for interests as of December 31, 2023 and interest rates as of December 31, 2024 was an absolute change of 2% in the interest rate, which is the minimum stress scenario in accordance with the Israel Securities Authority's regulations, and which was selected since the test did not detect a higher daily change in the relevant interest rate curves in the past 10 years.

The fair value calculation

For liquid assets the fair value was determined based on market price. For illiquid assets, the fair value was calculated using generally accepted models for the calculation of fair value, which are based on discounted cash flows.

4.4 Events subsequent to the reporting period

Subsequent to the reporting date, there were no significant events affecting the Company's exposure to market risks.

5. *Risk Review for Max*

General description of the risks and their management

Max is engaged in a wide range of financial activities that involve the taking of risks, including: credit risk, market risk and liquidity risk. Those risks are accompanied by other risks, such as: operational risks, including information security and cyber risks, compliance risks, strategic risk, reputational risk and ESG risks arising from the business activities. Intelligent and in-depth risk management encompassing all areas of Max's activity is part of Max's strategy and a necessary condition for the fulfillment of its long-term goals.

For additional information about the risks, see Pillar 3 - Disclosure of Additional Information about Risks, which was posted on Max's website.

Following are details of the material risks to which Max is exposed, and their definition:

Credit risk - a risk that a borrower or a counterparty of Max will fail to meet its obligations to Max, as they were agreed upon.

Market risk - The risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).

Liquidity risk - a risk to Max's income and stability arising from its inability to meet its liquidity needs.

Operational risk - The risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. This definition includes legal risk, but does not include strategic risk and reputational risk".

Information security and cybersecurity risk - the potential for damage resulting from an occurrence of a cyber incident, taking into account its probability and its severity of its impact. A cyber incident is an event during which the Company's IT and/or embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to Max), and such attack may result in the materialization of the cyber risk.

Strategic risk - the risk of adversely affecting Max's income, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.

Regulatory risk - the risk arising from the possible effect of application of additional regulatory provisions on the results of the business activity of Max.

Compliance risk - the risk of a legal or regulatory sanction being imposed, a material financial loss or reputational damage incurred by Max as a result of failing to comply with laws and regulations.

Legal risk - The risk arising from an activity of Max regarding which there is a concern that it is not in line with regulations or case law, and the risk arising from legal proceedings conducted against Max, and the risk arising from a concern that Max will breach contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's rights, or failure to give appropriate guidance due to changes in regulatory directives, case law, or Max's contractual obligations.

Reputational risk - the potential that negative publications, market rumors, or the public perception regarding the operating methods of Max, will lead to a decline in its customer base, or result in high legal costs, or a decrease in revenue.

Macroeconomic risk is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world.

Manner of risk management

Risk appetite

The risk appetite is usually defined with a forward-looking view, and defines the risk level that Max is willing and able to assume, and reflects the risk perspective of the Board of Directors. The definition of the risk appetite of Max is one of the key tools used by the Board of Directors for control over the risks assumed by Max.

Risk tolerance is the maximum risk level that Max is willing assume considering its resources, without violating the limits dictated by regulatory capital and liquidity requirements, the operating environment and its liabilities, also from the aspect of conduct towards shareholders, customers, and other interested parties.

The risk appetite is determined taking into consideration the strategic and business targets defined by Max and the material risks to which Max is exposed. The risk appetite is determined within the limits of the risk tolerance of Max.

Max has a risk appetite document with quantitative and qualitative limits, which is approved by the management and the Board of Directors. The document is reviewed and revised periodically.

Risk management principles

Risk management is performed, among other things, in accordance with Proper Conduct of Banking Business Directive No. 310 - Risk Management. Risk management at Max is reviewed and revised regularly subject to the directives and guidance of the Banking Supervision Department and taking into account changes in the business environment and policy of Max.

Following are the key risk management principles:

The risk management concept is formed at the Group level (Max and its subsidiaries), from a forward-looking approach that includes the identification and monitoring of existing risks, alongside the identification of new risks. Risks are managed with an integrated, corporate level perspective, all along the managerial chain and across business units.

The corporate governance structure at Max is based on the three lines of defense. The first line of defense is the business lines, which assume the risk and bear full responsibility for risk management and for implementing an adequate control environment for their activities. The second line of defense is an independent risk management function headed by the Chief Risk Officer, who is charged with assisting management in promoting an integrated, corporate-level risk perspective, planning, maintaining, and developing the risk management framework, and reviewing the adequacy of business line inputs for risk management and risk-taking processes. The third line of defense is the internal audit, which is charged with reviewing the adequacy and effectiveness of the risk management processes at Max and exposing internal control weaknesses.

Risk management policy papers were drawn up for each of the material risks, and include reference to the risk management framework, limitations, and indicators for identifying the materialization of the risk. The policy papers are approved by Max's management and the Board of Directors and are revised periodically.

Mapping risks in new products - The exposure of Max increases when it launches a new activity, implements new business processes or develops new products, and enters unfamiliar markets. Before launching a new product or activity, the risks embodied therein are mapped and assessed, and there is an assessment of the existence of appropriate tools and the expertise required to monitor and control the risks. Max has policies and procedures for mapping risks in new products, which include reference to the relevant factors which are required in the process for approving the new product or activity. The "New Product Approval Policy" is reviewed and revised periodically.

Stress scenarios are a forward-looking complementary tool for risk management at Max. Max is making preparations to address risks, which, if they materialize, could cause serious disruptions to normal business activity. The stress scenarios are used in processes such as: capital planning, liquidity management, determining risk appetite, and risk identification processes.

Max has a document of crisis management guidelines, which outlines an overall approach to various types of crisis management, and which aims to address effectively, to the extent possible, disruptions and failures that may arise due to external or internal events, and to allow maximum business continuity.

Conduct risk is the risk that the conduct of Max, by act or omission, may have an undesirable result for its customers (integrity, fairness, and transparency) and as a result, may lead to the materialization of legal damages, imposition of fines, and/or reputational damage, and is integrated in all of the business activities of Max. Risk is managed routinely and includes a constant review of changes in business, consumer, competitive, and technological environments. Proper risk management aims to ensure fair treatment of customers and maintenance of public trust in the activity of Max. In this context, Max ensures that the culture, processes, services, and products that it offers align with customer expectations and requirements.

Result of the capital adequacy assessment process at Max - Capital planning aims to ensure capital adequacy in a normal business situation and in stress scenarios, based on the assessment of changes in activity and exposure to risks and estimates for the extent of future capital sources available to Max.

Capital planning at Max reflects a forward-looking view of the scope of business activity compared with the risks and capital requirement adequacy ratio. The calculation is based on a three-year work plan approved by the Board of Directors, which includes assumptions relating to the expected changes, including growth in business lines and the increase in activity, regulatory requirements and changes, and macroeconomic forecasts.

As part of the capital adequacy assessment process, Max is required to perform forward-looking stress scenarios to identify events or possible changes in market conditions, which may have an adverse effect on Max, and to ensure that Max has adequate capital to support its risks.

In accordance with the Internal Capital Adequacy Assessment Process (ICAAP), Max has adequate capital to meet regulatory requirements, and to address the risks and stress scenarios that may materialize. As stated above in the chapter "Max's capital adequacy targets", Max's internal capital targets stand at 9.25% CET1 capital ratio and 12.0% total capital ratio.

Credit risk

In accordance with Directive No. 311 regarding the management of credit risks, the risk is defined as a risk that a borrower or a counterparty of Max will fail to meet its obligations to Max, as they were agreed upon.

Credit risk management

In accordance with Directive No. 311, the objective of the management of credit risks is to maximize the return adjusted to Max's risk appetite, by ensuring that the exposure to credit risk is in line with Max's policy on this topic.

The credit policy

Max operates according to a credit policy, which is approved by the Board of Directors once a year, and which constitutes one of the main pillars through which Max's credit strategy and risk appetite are reflected. The credit risks policy stipulates, among other things, the principles for provision of credit, including guidelines for the marketing of retail and business credit, the methods of control and the management of the credit risks and restrictions on the provision of credit, in order to monitor and mitigate the credit risk in the portfolio in accordance with the risk appetite.

The credit policy serves as a framework for setting procedures for identifying, measuring, monitoring and placing controls on the credit risk, which is derived from Max's risk appetite.

As a leading company in its area of activity, Max developed a professional function that implements an informed and efficient risk management processes in its business activities in the field of credit, in accordance with the customers' needs.

The three lines of defense

- First line of defense - This responsibility of the first line of defense includes identifying, assessing, measuring, monitoring, mitigating, and reporting the risks embodied to the products, activities, processes, and systems for which they are responsible, and for managing a proper control environment in the risk management context. Among other things, the first line of defense checks compliance with internal and regulatory restrictions, monitors economic indicators, checks the powers of each function, and assesses the credit which was provided on a case-by-case basis.
- Second line of defense - the Credit Control Unit, headed by the Chief Risk Officer, is in charge, among other things, of setting the work methodology and challenging the first line of defense. Its roles include: formulating the risk appetite restrictions, formulating the credit policy, assessing the restrictions set in the policy, applying independent controls regarding the credit risk, including issuing opinions regarding high-amount credit requests, monitoring risk trends and risk centers, and delivering appropriate reports to Max's management and Board of Directors.
- Third line of defense - the internal audit function conducts an independent review and challenges Max's risk management processes and systems, as well as various credit-related audits in accordance with the work plan.

In addition to Directive No. 311 referred to above, Max takes action to implement the relevant directives of the Banking Supervision Department, including Proper Conduct of Banking Business Directive No. 313 regarding the restrictions on the indebtedness of a borrower and a group of borrowers in order to reduce the concentration of risk of borrowers, Proper Conduct of Banking Business Directive No. 312 regarding the restrictions on liability of related parties, aimed at limiting the scope of liability of parties related to Max and minimize the risks stemming from those transactions, and Proper Conduct of Banking Business Directive No. 450 regarding debt collection proceedings aimed at regulating the actions that should be taken in order to increase fairness and transparency when collecting debts from customers. In addition, Max also takes action and implements the provisions of Proper Conduct of Banking Business Directive No. 311A on consumer credit management.

Max operates in accordance with dedicated rules regarding the marketing and initiation of retail loans. Max has in place scenarios for conversations it initiates with customers, which include: Fair disclosure to the customer in accordance with the Banking Rules (Service to Customer, Fair Disclosure and Delivery of Documents), 1992 and they were written in accordance with its code of ethics, the principles for management of the conduct risks, and the guidelines in connection with the marketing of credit to customers, while providing full disclosure to the customer.

Credit risk in respect of credit to private individuals

The credit risk in respect of credit to private individuals arises mainly from the exposure to current transactions involving credit cards and credit products.

Max offers a range of credit products to private individuals, as follows:

- Non-interest-bearing credit - a credit facility for making acquisitions using credit cards.
- Interest-bearing credit - loans, revolving credit, loans to finance vehicles and credit transactions involving the spreading of payments. Credit is mainly provided at variable interest and for different periods in accordance with the product.

Most of the portfolio is composed of own credit without collaterals, except for loans for the financing of vehicles, in which the vehicles serve as collaterals.

Model-based underwriting

Most of the consumer credit advanced by Max, is provided through a model-based underwriting process, which is based on statistical credit scoring models, that include various scoring scales, and an additional score in case of default, in combination with business rules.

The decision regarding the amount of credit and the interest rate set for a customer is based on the model in combination with business rules, that constitute another method for assessing the risk level.

The models are based on internal and external information sources that may indicate negative developments in the customer's financial position, such as: payment default, exceeding credit limits, and warnings from external sources of information.

Max develops and improves the models for new and existing customers on an ongoing basis and as required, and also validates them independently on a periodic basis, based on generally accepted practices, and in accordance with the Bank of Israel's guidance, such that it is possible to estimate the risk level of customers included in the credit portfolio at any given time.

Max has in place a credit underwriting model for new customers, and a separate underwriting model for existing customers:

- The Application Scoring model (AS) - a statistical model, that determines a new customer's risk level; it is used to determine eligibility and credit terms (facility amount and interest rate).
- The Behavior Scoring model - a statistical model, that determines existing customers' risk score, based on the customer's behavior; it is used to manage the credit and make the required adjustments with respect to the credit facility, loans and the interest rate set for borrowers.

Underwriting of credit to private individuals

The process of underwriting of credit to private individuals, and the monitoring of changes in an existing customers risk level is mostly carried out using a model-based process, which is based on statistical credit scoring models, as detailed above.

Max has in place control and monitoring processes that routinely monitor the development of the scores assigned to customers in the models, and monitors the portfolio's risk profile on an ongoing basis. In addition to its model-based underwriting, Max uses manual underwriting in cases where further checks are required in addition to the score issued based on the model.

Among other things, the credit is managed based on constraints derived from Max's risk appetite and credit policy.

The three main products in the credit portfolio for private customers are:

Solo Loans ("all-purpose loan")

Solo loans are advanced to private customers based on a structured underwriting process in accordance with the customer's level of risk and the restrictions set by Max. These loans are not secured by any collateral of any kind. Review of the existing solo loan portfolio and the flow of new loan applications is carried out on an ongoing basis and monitored using predefined risk indicators, which are adapted periodically to changes in the market and in the characteristics of the borrowers as needed. The balance of the solo loan portfolio as of December 31, 2024 is approx. NIS 4,536 million with average duration of approx. 1.7-2.5 years, and as of December 31, 2023, the balance stood at approx. NIS 4,691 million with a similar average duration.

Credit advanced to private individuals for the purpose of purchasing vehicles

Credit advanced to private individuals for the purpose of purchasing vehicles based on a structured underwriting process and in accordance with the restrictions placed by Max. All financed vehicles are pledged in favor of Max and a review of data regarding the development of the portfolio and monitoring of the risk indicators are conducted on an ongoing basis. Alongside the risk arising from the repayment capacity of each customer, the car loan activity also entails risks associated with the collateral - operational risks such as inappropriate lien execution, failure to receive an insurance policy with a lien clause in favor of Max, etc., and the risk inherent in the decrease in the value of the collateral (and an increase in exposure). As of December 31, 2024, the balance of this product stood at approx. NIS 3,305 million with average duration of approx. 2.5-3 years, and as of December 31, 2023, the balance stood at approx. NIS 2,180 million with a similar average duration.

Revolving credit (hereinafter - "**revolving**")

Short-term credit which allows private individuals to set up monthly billing, with any amount that exceeds the set billing amount, "revolves" to the next month and bears interest. This product has a risk level that depends, among other things, on the monthly repayment rate out of the outstanding credit balance. As of December 31, 2024, the balance of revolving credit is approx. NIS 2,011 million and as of December 31, 2023, the balance stood at approx. NIS 1,880 million.

Marketing of credit to private individuals

In accordance with its strategy, Max operates to expand its private individuals' credit portfolio, while maintaining a high level of diversification. Among other things, Max defines the mix of credit products, the growth rate and the offers made to customers in accordance with internal economic parameters, and developments in macroeconomic indicators.

Max defined a policy and work processes suitable for marketing of credit to customers, while modifying the offer in accordance with the customer's needs and characteristics. The process of marketing the credit and its approval is implemented in accordance with the principles set out in Max's Code of Ethics, which reflects the core principles adopted by Max: fairness, transparency, customer experience, initiative, partnership and excellence.

The marketing process also includes a strict assessment of the conduct risk while ensuring that the credit matches the customer's needs and maintaining transparency and fairness. This includes, among other things, providing full disclosure regarding all credit products at the time of sale, removing customers from sales lead lists, at their request, and more.

Max maintains ongoing control over the implementation of the policy and the processes set in the various distribution channels. The policy sets qualitative and quantitative principles, according to which credit will be advanced, managed and monitored, in order to improve the credit portfolio, and mitigate the risk embodied in its management. Max monitors alerts and up-to-date information regarding customers in its credit portfolio, as well as risk parameters and economic indicators, in order to monitor changes in the risk profile. Where needed, Max takes action to mitigate the risk, including by reducing credit limits, while making fair disclosure to the customer. Max has set internal limits in connection with the diversification of the various credit products that have different risk levels. Among other things, Max has set limits regarding the credit facility offered to borrowers in accordance with various parameters and thresholds it has put in place, including with respect to the mix of the risk levels based on internal scoring models and external information. During the Reporting Period, there were no material changes in those characteristics.

Max has set an authorization hierarchy regarding credit decisions, and holds periodic discussions - at least once a quarter - on the mix of risk in the portfolio, including monitoring of risk indicators, and reports on compliance with limits to Max's top risk management committee, its Board of Directors' Risk Committee and its Board of Directors.

In recent years, regulation is characterized with pro-consumer regulations, that affect Max's ability to receive repayments from its customers; in recent years, there has also been a deterioration in individuals/private borrowers' repayment capacity. Those changes are reflected in the number of bankruptcy applications, receivership orders applications, receivership orders issued, bankruptcy orders, and discharge orders. Max takes action to achieve optimal and efficient collection of debts in order to reduce the amounts of debts written-off.

Breakdown of net write-offs and credit loss expenses to private individuals, at Max's sole responsibility

	Rate of expenses in respect of credit losses of the average balance of receivables for credit card transactions		Rate of net write-offs of the average balance of receivables for credit card transactions	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	%		%	
Private individuals:				
Receivables for credit cards	**0.37**	0.44	**0.42**	0.36
Credit	**1.87**	2.14	**1.86**	1.50

Commercial credit

The risk arises from the exposure in respect of different credit products undertaken by the merchants in accordance with their needs. Max offers a range of credit products to business customers, mainly loans with various periods, and facilities for business credit card purchases, alongside autonomous guarantees to merchants aimed at securing rent payments, and an expanding range of products that addresses businesses' working capital, establishment and other needs.

In the fourth quarter of 2023, Max started advancing loans as part of a new fund for state-backed loans (as part of the Iron Swords War), which offers loans to all companies.

Underwriting commercial credit

This credit is advanced to small and micro merchants and limited liability companies. Max operates based on a tight credit policy that integrates internal restrictions on underwriting and on the management of the credit activity. A large portion of the credit advanced to merchants is aimed at merchants for which Max serves as an acquirer. Acquiring is a source for settling the debt. Alongside with its activities with customers that use its acquisition services, Max also advances credit to customers, which are not involved in its acquisition activities, including, among other things, as part of state-backed funds, and short-term loans for factoring suppliers' procurement, backed by a policy of an external insurance company.

Troubled credit

Max has set procedures for identifying troubled credit and for classifying debts as troubled. In accordance with these procedures, Max classifies all of its troubled debts and off-balance sheet credit items as: performing credit and non-performing credit.

Analysis of credit quality, troubled credit risk and non-performing assets:

In NIS million	Balance as of December 31, 2024			
	Commercial	Private individuals	Other	Total
Credit risk with credit performance rating (1)				
On-balance-sheet credit risk	1,309	14,060	2,385	17,754
Off-balance sheet credit risk	685	25,308	13,678	39,671
Total credit risk in credit performance rating	1,994	39,368	16,063	57,425
Credit risk not in credit performance rating: (2)				
Non-troubled	12	453	-	465
Troubled performing	42	363	-	405
Troubled non-performing	23	158	-	181
Total on-balance sheet credit risk	77	974	-	1,051
Off-balance sheet credit risk	2	31	-	33
Total credit risk not in credit performance rating	79	1,005	-	1,084
Of which: Performing debts, in arrears of 90 days or more	-	-	-	-
Overall credit risk incl. of the public	2,073	40,373	16,063	58,509
Additional information on total non-performing assets:				
Non-performing debts	23	158	-	181
Assets received in respect of settled loan	-	-	-	-
Total non-performing assets	23	158	-	181

(1) Credit risk whose credit rating at the report date matches the credit ratings for granting new credit in accordance with Max's policy.

(2) Credit which is not rated "performance" is credit for Max's customers whom, as of the Report Date, Max had decided not to provide with additional credit.

Comments:

A. Credit risk is stated before the effect of credit loss provision and the effect of collateral which is deductible for the purpose of indebtedness of a borrower or group of borrowers.

B. The total debts with payment deferrals of 180 days or more, granted during the War to borrowers who were not in financial difficulties, is less than NIS 0.5 million (all private customers).

In NIS million	Balance as of December 31, 2023			
	Commercial	Private individuals	Others	Total
Credit risk with credit performance rating (1)				
On-balance-sheet credit risk	1,121	11,713	2,193	15,028
Off-balance sheet credit risk	544	20,974	13,094	34,612
Total credit risk in credit performance rating	1,665	32,687	15,287	49,640
Credit risk not in credit performance rating:				
Non-troubled	13	363	-	376
Troubled performing	40	341	-	381
Troubled non-performing	27	148	-	175
Total on-balance sheet credit risk	80	852	-	932
Off-balance sheet credit risk	2	30	-	32
Total credit risk not in credit performance rating	82	882	-	964
Of which: Performing debts, in arrears of 90 days or more	-	-	-	-
Overall credit risk incl. of the public	1,747	33,569	15,287	50,604
Additional information on total non-performing assets:				
Non-performing debts	27	148	-	175
Assets received in respect of settled loan	-	-	-	-
Total non-performing assets	27	148	-	175

(1) Credit risk whose credit rating at the report date matches the credit ratings for granting new credit in accordance with Max's policy.

(2) Credit which is not rated "performance" is credit for Max's customers whom, as of the Report Date, Max had decided not to provide with additional credit.

Comments:

A. Credit risk is stated before the effect of credit loss provision and the effect of collateral which is deductible for the purpose of indebtedness of a borrower or group of borrowers.

B. The total debts with payment deferrals of 180 days or more, granted during the War to borrowers who were not in financial difficulties, is less than NIS 0.5 million (all private customers).

Changes in non-performing debts in respect of receivables for credit card transactions(1)

In NIS million	For the year ended December 31, 2024		
	Commercial	Private individuals	Total
Balance of outstanding non-performing debts - first-time consolidation upon the acquisition of Max	**27**	**148**	**175**
Loans classified as non-performing during the period	**34**	**411**	**445**
Non-performing debts written-off from the books of accounts	**(20)**	**(227)**	**(247)**
Repaid non-performing debts	**(18)**	**(174)**	**(192)**
Balance of non-performing as of the end of the period	**23**	**158**	**181**

(1) Of which: Change non-performing credit under restructuring

In NIS million	For the year ended December 31, 2023		
	Commercial	Private individuals	Total
Balance of outstanding troubled debts under restructuring - first-time consolidation upon the acquisition of Max	9	105	114
Restructurings carried out during the period	35	285	320
Written off restructured debts	(11)	(139)	(150)
Repaid restructured debts	(6)	(103)	(109)
Balance of outstanding troubled debts under restructuring as of the end of the period	27	148	175

Indicators of analysis of credit quality, expenses and credit loss provisions:

	As of December 31, 2024		
	Commercial	Private individuals	Total
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	**1.65**	**1.05**	**1.10**
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	**1.65**	**1.05**	**1.10**
Rate of troubled credit out of receivables for credit card transactions	**4.67**	**3.45**	**3.56**
Rate of credit not in credit performance rating of the balance of receivables for credit card transactions	**5.54**	**6.46**	**6.38**
Analysis of expenses for credit losses for the reporting period			
Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions	**1.27**	**1.43**	**1.42**
Rate of net write-offs of the average balance of receivables for credit card transactions	**1.35**	**1.44**	**1.43**
Analysis of credit loss provision			
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	**4.46**	**2.04**	**2.24**
Rate of balance of provision for credit losses of the balance of non-performing receivables for credit card transactions	**269.57**	**194.30**	**203.87**
Rate of the balance of provision for credit losses of the balance of non-accruing or 90 days or more in arrears receivables balance for credit card transactions	**269.57**	**194.30**	**203.87**
Rate of net write-offs of the balance of provision for credit losses for receivables for credit card transactions	**29.03**	**65.15**	**59.08**

	As of December 31, 2023		
	Commercial	Private individuals	Total
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	2.19	1.17	1.26
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	2.19	1.17	1.26
Rate of troubled credit out of receivables for credit card transactions	5.43	3.86	4.00
Rate of credit not in credit performance rating of the balance of receivables for credit card transactions	6.49	6.72	6.70
Analysis of expenses for credit losses for the reporting period			
Rate of expenses in respect of credit losses out of the average balance of receivables for credit card transactions	3.42	1.61	1.76
Rate of net write-offs of the average balance of receivables for credit card transactions	0.94	1.14	1.13
Analysis of credit loss provision			
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	5.11	2.41	2.65
Rate of balance of provision for credit losses of the balance of non-performing receivables for credit card transactions	233.33	206.76	210.86
Rate of the balance of provision for credit losses of the balance of non-accruing or 90 days or more in arrears receivables balance for credit card transactions	233.33	206.76	210.86
Rate of net write-offs of the balance of provision for credit losses for receivables for credit card transactions	17.46	47.71	42.55

Credit Exposure to Foreign Financial Institutions

Max has an immaterial exposure involving the international organizations Visa and Mastercard in respect of the balance of transactions executed by tourists in Israel, net of the balance of transactions executed by Israelis abroad, in respect of which Max has not yet been credited by the international organizations. In 2024, there was no material change in Max's exposure to foreign financial institutions.

For details about the credit risk, see Pillar 3 - Disclosure of Additional Information about Risks, which was posted on Max's website.

Market risks

Proper Conduct of Banking Business Directive 339, Management or Market Risks, defines market risk as the risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).

Max has a policy for the management of market risks, which is approved by Max's management and Board of Directors. The policy paper includes a reference to the risk appetite limits, and the hedging processes in respect of the different exposures. Max also monitors all financial risks, exposure amounts, results of sensitivity analyses, and material current and expected changes that take place on a current basis and discussed as part of the forum for the management of financial risks, which is headed by the CEO and convenes every month.

Exposure to interest rate risk

Proper Conduct of Banking Business Directive No. 333 regarding management of interest rate risk defines the interest rate risk as the risk to earnings or capital arising from fluctuating interest rates. Changes in interest rates affect Max's income by changing its net interest revenue (including changes in non-interest revenue/expenses). Changes in interest rates also affect the value of Max's assets, liabilities and off-balance sheet instruments, since the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

Max's exposure to changes in interest rates arises from a number of sources:

- Repricing risk - arises from timing differences in repayment periods (at fixed interest) and the repricing dates (at variable interest) of Max's assets, liabilities and off-balance sheet positions. Discrepancies in repricing dates may expose the income and the economic value to unexpected fluctuations due to changes in the interest rates. Changes in interest rates may cause an increase in prices of sources, and an erosion in profitability.
- Basis risk - a risk arising from imperfect correlation between interest rate changes in different financial markets, or different instruments with similar repricing characteristics. Alongside Max's interest-bearing credit assets, most of which bear variable interest (the Prime interest spread), Max raises liabilities in the form of funding sources which include, among other things, bonds.
- Fair value exposure - Max's assets include balances that do not bear interest. When interest rates are changed, an exposure may arise that will lead to a decrease in Max's fair value. The exposure even increases if the average duration of the financial assets vary from that of the financial liabilities.
- Yield curve risk - a risk in which Max's income will be adversely affected by a parallel shift of the yield curve or by a change in its shape.

Interest rate risk management

The assessment of the exposure to the interest rate risk is carried out by analyzing the effect of the change in interest rates on the fair value and on net interest revenue. The risk arises from the exposure to future changes in interest rates, their potential effect on the value of assets and liabilities in accordance with the economic value approach, and their effect on income in accordance with the profits approach. The exposure arises, among other things, from the difference between the repayment dates and interest calculation dates of the assets and liabilities in each of the linkage bases. The mitigation of the interest rate risk also includes an assessment of the differences between the assets and the liabilities in accordance with the linkage bases, where most of Max's exposure lies in the shekel linkage base.

Max has put in place exposure monitoring indicators, upon the materialization of any of which courses of action will be set in order to mitigate the risk; among other things, and where needed, Max will use hedging instruments, as approved by Max's management and Board of Directors.

Derivative financial instruments

Generally, it is Max's policy to use derivative financial instruments for economic hedges only.

Following are the fair value data of financial instruments and the effect of changes in interest rates on the fair value:

1. Fair value of the financial instruments of Max and its consolidated companies, except for non-monetary items:

	As of December 31, 2024				
	NIS		Foreign currency *		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
On-balance sheet balance, net	**1,338**	**191**	**20**	**35**	**1,584**
Financial assets	**16,659**	**1,518**	**71**	**43**	**18,291**
Financial liabilities	**15,355**	**1,325**	**51**	**8**	**16,739**
Net fair value of financial instruments	**1,304**	**193**	**20**	**35**	**1,552**

	As of December 31, 2023				
	NIS		Foreign currency *		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
On-balance sheet balance, net	1,383	49	3	16	1,451
Financial assets	15,382	92	64	25	15,563
Financial liabilities	14,010	45	61	9	14,125
Net fair value of financial instruments	1,372	47	3	16	1,438

*Including foreign-currency linked NIS.

2. Effect of hypothetical changes in interest rates on the net fair value of Max's financial instruments, excluding non-monetary items:

	As of December 31, 2024				
	NIS		Foreign currency *		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
Concurrent changes					
Concurrent increase of 1%	**7**	**(7)**	**-**	**-**	**-**
Simultaneous decrease of 1%	**(7)**	**7**	**-**	**-**	**-**
Non-concurrent changes					
Steepening	**3**	**1**	**-**	**-**	**4**
Flattening	**(3)**	**(2)**	**-**	**-**	**(5)**
Short-term interest rate increase	**(3)**	**(5)**	**-**	**-**	**(8)**
Short-term interest rate decrease	**3**	**5**	**-**	**-**	**8**

	As of December 31, 2023				
	NIS		Foreign currency *		
In NIS million	Non-linked	CPI-linked	USD	Other	Total
Concurrent changes					
Concurrent increase of 1%	8	(1)	-	-	7
Simultaneous decrease of 1%	(8)	1	-	-	(7)
Non-concurrent changes					
Steepening	4	-	-	-	4
Flattening	(4)	-	-	-	(4)
Short-term interest rate increase	(3)	(1)	-	-	(4)
Short-term interest rate decrease	3	1	-	-	4

** Including foreign-currency linked NIS.

3. Effect of scenarios of interest rate changes on net interest revenue:

	As of December 31, 2024	
In NIS million	Interest revenue	Total
Concurrent changes		
Concurrent increase of 1%	**38**	**38**
Simultaneous decrease of 1%	**(38)**	**(38)**

	As of December 31, 2023	
In NIS million	Interest revenue	Total
Concurrent changes		
Concurrent increase of 1%	44	44
Simultaneous decrease of 1%	(44)	(44)

Foreign exchange rate risk

The exposure to the foreign exchange rate risk is reflected in a loss as a result of changes in exchange rates or the consumer price index as part of Max's routine business activities. Max's exposure to the foreign exchange rate risk arises from currency exposure as a result of the effect of changes in exchange rate on foreign-currency denominated assets and liabilities in Max's balance sheets, mainly the USD and the EUR. The currency exposure is a by-product of Max's routine business activities; it does not involve a deliberate exposure by Max in order to increase income.

Most of Max's exposure to changes in exchange rates arises from its activities, i.e., acquiring and issuance, in which an international organization is involved (Visa or Mastercard). Since Max has business activities which are linked to foreign currencies, changes in exchange rates expose it to losses due to exchange rate differences.

Max's foreign exchange rate risk management mainly focuses on mitigating and minimizing the general exposure, and also to sub-exposures arising from cash flow activities and the accounting exposure.

Management of foreign exchange rate risk

Max defined a maximum exposure limit for foreign currency balances after hedging actions. The hedging of the exposure is carried out for each exposure type in accordance with Max's policy through, among other things, selling and buying of foreign currency and using financial derivatives, while maintaining the limit set and acting in accordance with the decision of the management and the Board of Directors.

Max has put in place monitoring indicators for each exposure type, upon the materialization of any of which courses of action will be set in order to mitigate the risk.

Max's exposure to the risk as a result of CPI-linked activities is immaterial. Max will continue to monitor the exposure to CPI-linked activities; if the extent of the exposure will change, the steps required to mitigate it will be considered.

Liquidity and financial risk

In accordance with Proper Conduct of Banking Business Directive No. 342 regarding liquidity risk management, the liquidity risk is defined as a risk to Max's income and stability stemming from its inability to meet its liquidity needs.

Max has a number of activities that affect its liquidity:

- Cash flows from core activities, i.e. - issuance, acquiring and credit activities.
- Outflows in respect of use of liquidity sources, including: Repayment of and interest on bonds, and Max's operating activities.
- Timing differences between the inflows arising from payments from customers, and the outflows from amounts credited to merchants in respect of the acquiring activities.
- Changes in Max's cash flows arising from the behavior of Max's customers or from a significant change in other players in the financial and non-financial system.

Management of liquidity and financial risk

Among other things, Max mitigates the liquidity risk using a liquidity model that takes into account all of Max's sources and uses derived from its current and anticipated operating activities, which affect Max's cash flows. The liquidity model calculates the expected liquidity ratio; its aim is to issue an alert regarding situations where liquidity pressures may be detected. The mitigation of Max's liquidity risk takes into consideration the liquidity needs of all of the subsidiaries.

As part of its liquidity risk policy, Max defined a minimum liquidity ratio limit and performance indicators in the normal course of business and under various scenarios approved by the management and Board of Directors. In addition, Max has set a methodology that assists the identification and management of a liquidity crisis in order to ensure Max's ability to meet the challenges that arise from its operating activities, and which may arise due to pressures in financial markets.

As part of the management of its current assets and liabilities, Max uses diverse funding sources, in order to diversify the risk. Max's funding sources include its shareholders' equity, secured credit facilities with a number of banks, and debt raising through various financial instruments.

On July 1, 2021, a directive entered into effect regarding a daily acquiring arrangement, by virtue of the Israel Competition Authority's decision to exempt, subject to conditions, the interchange acquiring arrangement between the credit card companies. As from that date, transfers of funds between an issuer and an acquirer (in respect of single-payment transactions and immediate or deferred billing transactions) are carried out on a daily basis. Consequently, there was a decrease in Max's funding needs, due to a decrease in the average utilization of the credit facilities compared with periods prior to the date on which the arrangement came into effect. The development of this trend depends on the conditions in the acquiring market.

In the Reporting Period, Max fulfilled its obligations and met all the conditions in connection with the financing agreements to which it is a party.

Max has a forum for the management of financial risks, which is headed by its CEO; Max's CFO, Chief Risk Officer and Chief Internal Auditor attend the forum's meetings. Among other things, the forum discusses exposures and hedging actions.

In July 2023, the rating agency Midroog Ltd. assigned a A1.il(hyb) rating for Subordinated Notes (Series D) raised by Max.

In October 2023, the rating agency Midroog Ltd. reiterated Max's rating of Aa3.il, and the rating's stable outlook. In March 2023, Max terminated its engagement with the rating agency S&P Maalot. Upon the termination of the engagement, Max's rating was ilAA-, and the outlook was stable. In January 2024, the rating agency Midroog Ltd. assigned a P-1.il rating for Commercial Paper (Series 2) raised by Max.

In November 2024, the rating agency Midroog Ltd. reiterated Max's issuer rating at Aa3.il (rating outlook: stable), the rating of Max's Subordinated Notes (Series D) at A1.il (hyb) (rating outlook: stable) and the rating of Commercial Papers at P-1.il.

In December 2024, the rating agency Midroog Ltd. assigned a P-1.il rating for Commercial Paper raised by Max through an expansion of Commercial Paper (Series 2) in January 2025.

For further details regarding liquidity and financial risk, see the Financing chapter in Max's Report of the Board of Directors for 2024 and Disclosure of Additional Information about Risks, which have been posted on Max's website.

Operational risk

Proper Conduct of Banking Business Directive No. 350 regarding operational risks defines an operational risk as "the risk of a loss as a result of the inadequacy or failure of internal processes, personnel, and systems, or as a result of external events. This definition includes legal risk, but does not include strategic risk and reputational risk". There are situations where other risks materialize, such as: credit risk, compliance risk, and reputational risk are caused as a result of an operational failure.

Max is exposed to operational risks as part of its activities, such as:

- The issuance activity - as part of its issuance activity, Max is exposed to fraudulent transactions, both in Israel and abroad, involving the credit cards it issues.
- The acquiring activity - as part of the acquiring activity, Max provides payment spreading and factoring services. The exposure in respect of these services arises from the risk that a merchant will not supply the goods it had undertaken to supply, and which may lead customers to complain about "failure to deliver". The scope and period of exposure was derived from the type of service provided by the merchant in accordance with the product supply date.

In addition, operational risks are naturally present in all of Max's processes, and arise, among other things, from the use of various technologies and IT systems.

Operational risk management

Operational risk management at Max complies with Proper Conduct of Banking Business Directives, which determine, among other things, basic risk management principles. Risk management at Max is an ongoing process of identifying and assessing risks, ongoing measurement of the exposures and capital requirements to cover these risks, and reporting to management and the Board of Directors.

Following are the key principles in operational risk management:

- **The three lines of defense** - The first line of defense is the business units that assume the risk, which is charged with formulating the internal controls to reduce exposure and minimizing the probability of materialization of the risks and the damage arising from materialization. The second line of defense is operational risk management, headed by the Chief Risk Officer, who is an independent entity that outlines the risk management policy and work framework. The third line of defense is the internal audit, which performs independent audits.
- **Operational risk policy** - Max has an operational risk policy, which is validated and approved by the management and Board of Directors once a year. The policy includes corporate governance for risk management, the risk management framework, and risk appetite limitations.
- **Operational risk map** - Max manages an operational risk map of its main processes. The risk map includes assessment of the inherent risk, assessment of the control, and assessment of the residual risk. The operational risk map serves as a support tool for business decision making and assessment of the exposure to operational risk.
- **Risk identification, measurement, and assessment methodology** - Max has uniform methodology for identifying and assessing the operational risks inherent in its activities. The identification methodology uses various tools and includes quantitative and qualitative risk assessment and assessment of the effectiveness of the controls over the risks.
- **Operating loss and near loss events** - Max has a regulated process for reporting operating loss and near-loss events, and a process for drawing conclusions and learning from these events. Collection of data on loss events supports, among other things, the process for assessing operating risk exposure.

For further details regarding the operational risk, see Disclosure of Additional Information about Risks, which was posted on Max's website.

Other risks

Information security and cyber risk

According to Proper Conduct of Banking Business Directive No. 361, Cyber Defense Management, the cyber risk is defined as the potential for damage resulting from an occurrence of a cyber event, taking into account its probability and its severity of its impact. A cyber incident is an event during which the Company's IT and/or computer-embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to Max), and such attack may result in the materialization of the cyber risk.

In its capacity as a financial organization, Max is an attractive target for various attackers. The computer systems and communication networks that serve Max's customers are a target for cyber-attacks, the introduction of malwares, malicious code, phishing attacks, and other exposures aimed to damage Max's services, steal information or damage its database.

Max's business activities relies - to a large extent - on technology-based systems. Therefore, the availability of the systems, the reliability of the data, and maintaining the confidentiality of the data are essential for an orderly business activity. Furthermore, Max views business and customer information stored on its systems and on its suppliers' systems as a key asset, and invests many efforts and resources in implementing advanced information security control and defense mechanisms and processes.

Max's information security and cyber security strategy paper defines its approach and objectives regarding information security and cyber security in accordance with Max's business strategy. The paper aims to constitute a framework for the information security and cyber security policy and work procedures in this field, which define the management and implementation principles, areas of responsibility, the relevant officers and their powers, and the operations and technologies used by Max. As part of the preparations it makes to deal with the various cyber threats, Max has in place and leads internal and external processes to mitigate the cyber threats posed against it and its customers. As part of the above, cyber security risks are mitigated through a number of security and control cycles, on several levels, in order to mitigate the potential exposures in respect of this threat.

A hybrid work routines, which combines remote work with on-site work, transferring business systems to cloud infrastructure, and the growing use of AI capabilities triggered a change in Max's exposure to cyber risks. Max adapted its defenses and controls against those risks and took steps to implement additional controls in order to enhance its defenses as part of the hybrid work environment.

The risk assessment in the cyberspace was also affected by the regional war which caused a substantial increase in the number and quality of cyber-attacks against Israeli companies as well as due to the war between Russia and Ukraine.

In November 2024, the Banking Supervision Department published Proper Conduct of Banking Business Directive 364 - "Management of Information Technology Risks, Information Security, and Cyber Defense", which replaces 3 existing Proper Conduct of Banking Business Directives (Directive 357 - "Information Technology Management", Directive 361 - "Cyber Defense Management" and Directive 363 - "Supply Chain Cyber Risk Management"). Max is working to implement the directive on its effective date.

Strategic Risk

A strategic risk is the risk of adversely affecting Max's income, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.

Strategic risks may be divided into 3 types:

- External environment - risks arising from changes in the political, economic and social environment.
- Competition environment - risks arising from changes in the competition environment in which Max operates.
- Internal environment - risks arising from decisions, processes or actions Max has taken or avoided taking.

Max currently faces significant challenges in all areas of activity, multiple threats in its core businesses alongside opportunities and dealing with material regulatory changes.

Strategic risk management in Max is based on continuously assessing its strategy, including, among other things, the following activities:

- Formulating a long-term strategic plan, that includes a review and assessment of various events in the work environment (regulation, competition, technology, and more), and assessment of the anticipated changes in relation to Max's each and every lines of business.
- Regular discussions by Max's management and Board of Directors, as part of which those changes are presented, and the need to revise the strategy is considered.
- The Risk Management Department challenges the assessments of the strategic trends as identified by Max on a regular basis; it also raises topics, which are relevant to the strategic risk where necessary.

Regulatory risk

Regulatory risk is the risk of loss due to the effect of future expected regulation, including legislation and/or directives issued by various regulators. Max is exposed to a regulatory risk with respect to all of its areas of activity.

The business environment in which Max operates is a dynamic environment, on which regulators and legislators currently focus. These regulatory changes were designed, among other things, to encourage competition in the field by reducing entry barriers and cutting costs to the customers, and protecting customers in the context of fair disclosure, etc. This regulatory framework mostly tightens the restrictions on activity in the industry, and sometimes leads to a regulatory mismatch between Max and its competitors. However, a number of expected regulatory changes are expected to serve as a source of new business opportunities.

The management of the regulatory risk is carried out by regularly identifying new regulatory initiatives and referring them to the relevant function in Max, and continuously reporting them to Max's management.

Compliance risk

Compliance risk is the risk of a legal or regulatory sanction being imposed, and/or a material financial loss and/or a reputational damage incurred by Max as a result of failing to comply with the laws and regulations. According to Proper Conduct of Banking Business Directive No. 308 on compliance, Max is required to mitigate all compliance risks arising from all the laws, regulations, guidance and circulars applicable to its activities. The management of the compliance risk is an integral part of Max's business activities, and does not fall exclusively within the remit of the compliance function. The lines of business bear significant responsibility to the issue of compliance, and play an active role in the management and mitigation of Max's exposure to compliance risks.

Money laundering and financing of terrorism risk

The money laundering and/or financing of terrorism risk is the risk that the organization and its employees' fail to comply with the provisions of the law and regulation and the work processes for the implementation of the provisions at Max and consequently the imposition of a sanction and/or financial sanction and criminal liability on the corporation and its officers and adverse effect on Max's reputation.

Legal risk

The risk arising from an activity of Max regarding which there is a concern that it is not in line with legal provisions (whether primary or secondary legislation), directives and guidance issued by competent authorities, regulation, or case law, a risk arising from legal proceedings conducted against Max, and the risk arising from a concern that Max will breach contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's rights, or failure to give appropriate guidance due to changes in legislation, regulatory directives, case law, or Max's contractual obligations.

Max's risk management approach was that the management of the legal risk is an integral part of the business environment. As a result, decision-making on risk management takes into consideration business and legal aspects.

Max has a legal risks officer, whose job is to mitigate the legal risk while reaching optimal correlation between Max's activities and the legal risks, such that the decision making will correspond to Max's risk appetite.

Legal counseling is provided to Max by its Legal Counsel Department in collaboration with the external attorneys Max works with.

Reputational risk

Reputational risk is the potential that negative publications, market rumors, or the public perception regarding the operating methods of Max and its employees, will have an adverse effect on its reputation, and lead to a decline in its customer base, or result in high legal costs, or a decrease in revenue. The reputational risk is a natural part of Max's activities, and is a company-wide risk. All of Max's products, activities, processes and systems entail a potential risk, whether as part of its business activities or as part of its administrative-internal activities, whether done maliciously or in good faith.

The management of the risk in Max is composed, first and foremost, of a process for identifying reputational exposures (any action that may be associated with the brand and lead to negative media coverage or discourse). Monitoring and response are carried out continuously. The management of the reputational risk is regulated as part of a dedicated policy.

Macroeconomic risk

Macroeconomic risk is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world. Max's business strategy and capital planning include assumptions, which are derived, among other things, from the macroeconomic environment, and Max assesses and evaluates the effect of the changes in the macroeconomic environment on its business results and capital planning.

The high-interest rate environment is onerous for consumers and merchants and may affect the consumer credit risk. Max monitors and manages on an ongoing basis. At this stage, there is no material increase in the materialization of the potential risk. Max is preparing for the possibility that the macroeconomic risk will increase, partly on the back of the geopolitical uncertainty - which arises, among other things, from the ramifications of the Iron Swords War and the effect of the downgrade of the Israel's sovereign rating.

Max is assessing its ability to withstand adverse developments in the macroeconomic environment using systemic stress scenarios. Furthermore, Max continuously monitors various risk indicators, including macroeconomic indicators, and material changes in those indicators are discussed by the Financial Risk Management Forum, which is chaired by its CEO, and by its Enterprise Risk Management Committee, which is chaired by Max's CEO and Max's Board of Directors' Risk Committee.

Environmental and climate risks (ESG)

The definition of environmental risk is the risk of loss resulting from environmental protection directives and enforcement thereof. In recent years, the definition of environmental risk has expanded, and currently also includes the organization's effect on the environment even if it is not directly associated with a financial loss. Furthermore, the risk is currently viewed as a global risk arising from the potential adverse effects of environmental changes, including on people, ecological systems, and economic and financial activities. Environmental risks arise not only due the pollution of air, water and land, but also due to damage to economic and social infrastructures, mainly due to climate change.

The climate risk is an evolving risk arising, among other things, from the impact of the materialization of environmental risks and from regulatory developments, developments in the business environment, and technological developments relating to the adaptation to climate change.

Max's management decided to implement environmental responsibility values and adapt its activities in order to protect the environment. As a basis for this activity, Max's management decided to implement the international standard regarding environmental management systems.

As from 2009, Max has ISO 14001:2015 certification, and is assessed once a year by the IQC Institute of Quality & Control for compliance with the standard's requirements; inter alia, the environmental risk survey is revised and improved. As part of its implementation of the standard's provisions, Max takes action to increase awareness among its employees, and to invest the required resources.

At the beginning of July 2024, Max published an ESG report for 2022-2023, which summarizes and reflects Max's activities, which impact the environment, society and corporate governance, out of a deep commitment and a sense of responsibility to the society and environment in Israel. Max opted to publish the report in view of the great importance it places on sharing with Max's customers, employees and other stakeholders its actions in the above areas.

Max is preparing to implement Proper Conduct of Banking Business Directive 345 - principles for the effective management of climate-related financial risks.

Model risk

Model risk is the exposure to loss or to damage to Max's reputation, due to business decisions based on erroneous or biased model results, or on excessively broad interpretation of the model results. This risk may arise, among other things, due incompatibility of the model with the business reality, usability which is not in line with the designation, and errors in calculations and data when applying the model.

The principles for model risk management are defined in Max's policy, which outlines independent validation processes, corporate governance, authorization hierarchy, and risk management processes. The use of models in decision-making processes has been growing in recent years, and accordingly the model risk management system at Max is compatible with this direction as appropriate and required.

In response to growing local and global uncertainty, Max is boosting the processes for model risk management, including the extent and frequency of monitoring, to mitigate and minimize model risks.

In August 2024, the Banking Supervision Department published Proper Conduct of Banking Business Directive No. 369 "Model Risk Management". Max is working to implement the directive on its effective date (as of August 21, 2025).

The Board of Directors wishes to thank the employees, managers and agents of Group companies for their contribution to the Group's achievements.

Haim Samet	**Yoram Naveh**
Chairman of the Board	CEO

Tel Aviv, March 17, 2025

Part C

Financial Statements



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KPMG
Somekh Chaikin
Millennium Tower KPMG
17 Haarbaa Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

EY
Building a better working world
Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102
Tel. +972-3-6232525
Fax +972-3-5622555
ey.com

Report of the Independent Auditors for the Shareholders of Clal Insurance Enterprises Holdings Ltd.

We have audited the consolidated statements of financial position of Clal Insurance Enterprises 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 Consolidated Financial Statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion of these Consolidated Financial Statements based on our audit.

We did not audit the Consolidated Financial Statements of equity-accounted investees, the investment in which totaled approx. NIS 93 million and approx. NIS 83 million as of December 31, 2024 and 2023, respectively, and the Company's share in the profits of these companies, which totaled approx. NIS 12 million, approx. NIS 10 million and approx. NIS 6 million as of December 31, 2024, 2023 and 2022, respectively. The financial statements of the above companies were audited by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other independent auditors.

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 audits and the reports of other independent auditors provide an adequate basis for our opinion.

In our opinion, based on our audit and the reports of the other independent auditors, the consolidated 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 and credit card companies, as described in Note 2.

Without qualifying our opinion, we would like to draw attention to that which is stated in Note 45 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 set forth 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 items or disclosures to which they relate.

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

The Consolidated Financial Statements as of December 31, 2024 include material liabilities in respect of property and casualty insurance contracts totaling approx. NIS 7,463 thousand, as described in Note 20 to the Consolidated Financial Statements.

As described in Notes 3(d)(2) and 42(e)(e2) 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 20 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.

Key audit procedures implemented to address the key audit matter

The 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 in the Consolidated Financial Statements regarding liabilities in respect of insurance contracts in property and casualty insurance.

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

The consolidated financial statements as of December 31, 2024 include material liabilities in respect of non-yield-dependent life and health insurance contracts totaling NIS 24,777 million, and material liabilities in respect of yield-dependent life and health insurance contracts totaling NIS 86,767 million, as described in Notes 18 and 19 to the consolidated financial statements.

As described in Notes 3(d)(1) and 42(e)(e1) 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 and health 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 ongoing 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.

Key audit procedures implemented to address the key audit matter

The 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.
- 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 in the Consolidated Financial Statements regarding liabilities in respect of insurance contracts in life and health insurance.

3) Fair value measurement of illiquid investments:

As described in Notes 10, 14 and 15 to the Consolidated Financial Statements, the balance of illiquid investments and the balance of the investment property as of December 31, 2024 amount to approx. NIS 59,068 million and approx. NIS 5,441 million, 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.

Key audit procedures implemented to address the key audit matter

The 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.
- 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 Consolidated 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.

4) Credit loss provision:

On March 27, 2023, the Company completed the acquisition of the entire issued and paid up capital of CIMax Holdings Ltd. (hereinafter - the "**Business Combination**"), whose main activity is holding the entire issued capital of Max It Finance Ltd. (hereinafter - "**Max**").

With respect to Max's credit portfolio, the Group applies the disclosure requirements to the credit quality of debts and to the credit loss provision set forth by ASC 310, "Receivables", and ASC 326, "Financial instruments - Credit Losses", with the required adjustments and as adopted by the Reporting to the Public Directives and Rules. The accounting policies applied by the Group regarding credit loss provisions is detailed in Note 3Ic)6 to the Consolidated Financial Statements.

As described in Note 11.B.1. to the Consolidated Financial Statements, the Consolidated Financial Statements as of December 31, 2024 include a credit loss provision in respect of on-balance sheet and off-balance sheet credit to the public totaling NIS 386 million, which includes a specific provision and a collective provision in respect of the credit risk.

In the estimation process of the credit loss provision, the Group estimates the expected loss in the credit portfolio. The loss estimation process is based on significant estimates that involve uncertainty, and subjective estimates.

When calculating the collective provision for credit losses, the expected losses throughout the credit lifetime are estimated using risk rating-based methodologies and models (such as the probability of default and loss in the event of default) as part of which the amount of the expected credit in case default is realized is estimated. The models are based, among other things, on historical data and other adjustments for the purpose of forecasting the expected credit losses. Determining the estimates in models, as well as the methodology, assumptions, data, and additional adjustments involves substantial discretion in selecting and building them.

Furthermore, determining which assets suffered a more than insignificant deterioration in credit risk also involves significant judgment and subjective assessments.

We have identified the said estimates serving as the basis for calculating the credit loss provision as a key audit matter. Changes in these estimates or assessment may have a substantial effect on the credit loss provision presented in the Group's consolidated financial statements.

The audit of the credit loss provision required the independent auditor's discretion, as well as knowledge and experience in order to examine the reasonability of using models, the calculations and adjustments used by the management in determining the estimated credit loss provision.

Key audit procedures implemented to address the key audit matter

- We reviewed the work processes for calculating the credit loss provision and the effectiveness of the planning and operation of certain internal financial reporting controls related to determining the estimated provision, including in-process controls related to reviewing the adequacy of the methodology, the main data and the reasonableness of the credit loss provision.
- We reviewed the methodology for determining the credit loss provision and its adjustment to the accounting principles applicable to the Group.
- We conducted a sample review of the main data used in the credit loss provision calculation models.
- We reviewed the adequacy of the credit loss provision as a whole.
- We assessed the adequacy of the distinction made by the Company between assets which suffered a significant deterioration in credit risk and assets which did not suffer significant deterioration in credit risk.
- We assessed the likelihood of the assumptions in the fair value measurement which was attributed - as part of the purchase price allocation (PPA) - to the credit portfolio which was consolidated under the Max acquisition.

Furthermore, we assessed the adequacy of the key disclosures in the Consolidated Financial Statements regarding the credit loss provision in the Consolidated Financial Statements.

Disclosure regarding the expected effects of the adoption of IFRS 17 - Insurance Contracts and IFRS 9 – Financial Instruments (see Note 47 to the Consolidated Financial Statements)

Why the matter was designated as 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 47 to the Consolidated Financial Statements. 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 in applying 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.

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 Consolidated Financial Statements may be substantial and of importance to users of the Company's Consolidated Financial Statements, we determined that the disclosure made by the Company under the First-Time Application Note, is a key audit matter.

Response given 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 17, 2025 included an unqualified opinion on the effectiveness of these components.

Tel Aviv,
March 17, 2025

Somekh Chaikin
Certified Public Accountants

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Joint Independent Auditors

Consolidated Statements of Financial Position

NIS million	Note	As of December 31 2024	2023
Assets			
Intangible assets	6	**2,212**	2,205
Deferred tax assets	24	**159**	104
Deferred acquisition costs	7	**2,601**	2,543
Property, plant & equipment	8	**310**	302
Right-of-use asset	29	**669**	680
Investments in equity-accounted investees	9	**190**	180
Investment property in respect of yield-dependent contracts	10, 14	**3,924**	3,839
Investment property - other	10	**1,517**	1,494
Reinsurance assets	18, 19	**3,830**	3,805
Current tax assets	24	**60**	306
Receivables for credit card transactions, net	11	**17,855**	15,092
Receivables and debit balances	12	**720**	1,867
Collectible premium	13	**798**	837
Financial investments in respect of yield-dependent contracts	14	**88,802**	84,133
Other financial investments:			
Liquid debt assets	15(a)	**6,206**	7,313
Illiquid debt assets	15(b)	**25,344**	24,444
Shares	15(d)	**1,776**	1,671
Other	15(e)	**6,055**	5,836
Total other financial investments		**39,381**	39,265
Cash and cash equivalents in respect of yield-dependent contracts	14, 16(a)	**4,451**	4,418
Other cash and cash equivalents	16(b)	**2,617**	2,548
Total assets		**170,097**	163,617
Total assets in respect of yield-dependent contracts	14	**97,983**	94,012

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Financial Position (cont.)

NIS million	Note	As of December 31 2024	2023
Equity			
Share capital	17	**167**	167
Share premium		**2,423**	2,390
Capital reserves		**1,242**	1,005
Retained earnings		**5,618**	5,019
Total equity attributable to the Company's shareholders		**9,450**	8,581
Non-controlling interests		**75**	71
Total equity		**9,525**	8,652
Liabilities			
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	18, 20, 21, 22, 23	**34,762**	34,176
Liabilities in respect of insurance contracts and yield-dependent investment contracts	19, 21, 22, 23	**95,875**	91,665
Deferred tax liabilities	24	**742**	592
Liability for employee benefits, net	25	**89**	93
Lease liability	29	**775**	777
Payables for credit card transactions	27	**9,707**	8,091
Payables and credit balances	28	**3,932**	3,851
Current tax liability	24	**18**	21
Financial liabilities	26	**14,671**	15,699
Total liabilities		**160,571**	154,966
Total equity and liabilities		**170,097**	163,617

The attached notes to the consolidated financial statements are an integral part thereof.

March 17, 2025			
Approval date of the financial statements	**Haim Samet** Chairman of the Board	**Yoram Naveh** CEO	**Eran Czerninski** Executive Vice President Finance Division Director

Consolidated Statements of Income

In NIS million	Note	For the year ended December 31 2024	2023	2022
Premiums earned, gross		**10,714**	11,202	11,509
Premiums earned by reinsurers		**1,803**	1,708	1,665
Premiums earned - retention	30	**8,911**	9,495	9,844
Revenue from credit card transactions	31	**1,554**	1,083	-
Investment income (losses), net and finance income	32	**14,633**	9,238	(4,097)
Revenue from management fees	33	**1,301**	1,259	1,198
Revenue from fees and commissions	34	**456**	390	383
Total revenues		**26,856**	21,464	7,329
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross		**20,388**	16,062	4,749
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts		**(940)**	(671)	(1,008)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	35	**19,447**	15,391	3,741
Credit loss expenses	11	**216**	411	-
Credit card processing	36	**986**	739	-
Payments to banks		**233**	166	-
Fees and commissions, marketing expenses and other purchase expenses	37	**2,912**	2,613	2,196
General and administrative expenses	38	**1,155**	1,092	941
Impairment of intangible assets	6	**2**	5	8
Other expenses	39	**46**	40	18
Finance expenses	40	**831**	669	235
Total expenses		**25,829**	21,125	7,139
Share in results of equity-accounted investees, net	9	**14**	8	3
Income before income tax		**1,042**	347	194
Income tax	24	**317**	124	68
Income for the period from continuing operations		**724**	223	126
Attributable to:				
Company's shareholders		**718**	220	121
Non-controlling interests		**6**	3	6
Income for the period		**724**	223	126
Earnings per share attributable to the Company's shareholders:	41			
Basic earnings per share (in NIS)		**9.08**	2.83	1.63
Diluted earnings per share (in NIS)		**9.03**	2.79	1.62
No. of shares used to calculate earnings per share (in thousand):	41			
Basic		**79,099**	77,870	73,796
Diluted		**79,475**	79,034	74,327

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Comprehensive Income

		For the year ended December 31		
In NIS million	**Note**	**2024**	**2023**	**2022**
Income for the period		**724**	223	126
Other comprehensive income:				
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss:				
Foreign currency translation differences in respect of foreign operations carried to capital reserve		**(1)**	7	19
Net change in fair value of financial assets classified as available for sale carried to capital reserve		**611**	398	(299)
Net change in fair value of available for sale financial assets carried to the income statement		**(282)**	(336)	(393)
Impairment loss of available-for-sale financial assets carried to the income statement		**47**	60	114
Other comprehensive income (loss) for the period carried or to be carried to profit and loss, before tax		**376**	128	(559)
Tax (tax benefit) in respect of available-for-sale financial assets		**138**	41	(196)
Tax for other components		**-**	2	4
Tax (tax benefit) for items of other comprehensive income carried or to be carried to profit and loss	24(d)	**138**	43	(192)
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		**238**	86	(367)
Items of other comprehensive income not transferred to profit and loss:				
Actuarial gains from a defined benefit plan		**1**	-	11
Other comprehensive income for the period, before tax		**1**	-	11
Tax for items of other comprehensive income not transferred to profit and loss	24(d)	**-**	-	4
Other comprehensive income not transferred to profit and loss, net of tax		**1**	-	8
Other comprehensive income (loss) for the period		**239**	86	(359)
Total comprehensive income (loss) for the period		**963**	309	(233)
Attributable to:				
Company's shareholders		**956**	305	(237)
Non-controlling interests		**7**	4	3
Total comprehensive income (loss) for the period		**963**	309	(233)

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Changes in Equity

In NIS million	Attributable to Company's shareholders									
	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended December 31, 2024										
As of January 1, 2024	167	2,390	(2)	866	180	(39)	5,019	8,581	71	8,652
Income for the period	-	-	-	-	-	-	718	718	6	724
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	(1)	-	-	-	-	(1)	-	(1)
Net change in fair value of financial assets classified as available for sale carried to capital reserve	-	-	-	610	-	-	-	610	1	611
Net change in fair value of available for sale financial assets carried to the income statement	-	-	-	(282)	-	-	-	(282)	-	(282)
Impairment loss of available-for-sale financial assets carried to the income statement	-	-	-	47	-	-	-	47	-	47
Actuarial gains from a defined benefit plan	-	-	-	-	-	-	1	1	-	1
Tax benefit for items of comprehensive income	-	-	-	(138)	-	-	-	(138)	-	(138)
Other comprehensive income (loss) for the period, net of tax	-	-	(1)	238	-	-	1	238	1	239
Total comprehensive income (loss) for the period	-	-	(1)	238	-	-	719	956	7	963
Transactions with shareholders carried directly to equity:										
Exercise and expiry of options for senior employees	-	34	-	-	-	-	(34)	-	-	-
Share-based payments	-	-	-	-	-	-	14	14	(1)	13
Dividends to Company shareholders	-	-	-	-	-	-	(100)	(100)	-	(100)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(2)	(2)
Acquisition of non-controlling interests	-	-	-	-	-	(1)	-	(1)	1	-
As of December 31, 2024	167	2,423	(2)	1,104	180	(40)	5,618	9,450	75	9,525

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Changes in Equity (cont.)

In NIS million	Attributable to Company's shareholders									
	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended December 31, 2023										
As of January 1, 2023	162	2,127	(7)	788	180	(39)	4,785	7,995	65	8,061
Effect of initial application of IFRS 9 (see Note 3)	-	-	-	(1)	-	-	1	-	-	-
Income for the period	-	-	-	-	-	-	220	220	3	223
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	7	-	-	-	-	7	-	7
Net change in fair value of financial assets classified as available for sale carried to capital reserve	-	-	-	398	-	-	-	398	-	398
Net change in fair value of available for sale financial assets carried to the income statement	-	-	-	(337)	-	-	-	(337)	1	(336)
Impairment loss of available-for-sale financial assets carried to the income statement	-	-	-	60	-	-	-	60	-	60
Tax benefit for items of comprehensive income	-	-	(2)	(41)	-	-	-	(43)	-	(43)
Other comprehensive income for the period, net of tax	-	-	5	79	-	-	-	85	1	86
Total comprehensive income for the period	-	-	5	79	-	-	221	305	4	309
Transactions with shareholders carried directly to equity:										
Issuance of share capital	5	249	-	-	-	-	-	253	-	253
Share-based payments	-	-	-	-	-	-	14	14	3	17
Issuance of convertible bonds (net of tax) – equity component	-	13	-	-	-	-	-	13	-	13
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(1)	(1)
As of December 31, 2023	167	2,390	(2)	866	180	(39)	5,019	8,581	71	8,652

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Changes in Equity (cont.)

In NIS million	Attributable to Company's shareholders									
	Share capital	Share premium	Translation reserve	Capital reserve in respect of available-for-sale assets	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended December 31, 2022										
As of January 1, 2022	155	1,642	(21)	1,167	180	(39)	4,642	7,725	62	7,787
Income for the period	-	-	-	-	-	-	121	121	6	126
Other comprehensive income (loss) items:										
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	19	-	-	-	-	19	-	19
Net change in fair value of financial assets classified as available for sale carried to capital reserve	-	-	-	(294)	-	-	-	(294)	(4)	(299)
Net change in fair value of available for sale financial assets carried to the income statement	-	-	-	(393)	-	-	-	(393)	1	(393)
Impairment loss of available-for-sale financial assets carried to the income statement	-	-	-	114	-	-	-	114	-	114
Actuarial gains from a defined benefit plan	-	-	-	-	-	-	11	11	-	11
Tax for comprehensive income (loss) items	-	-	(4)	195	-	-	(4)	187	1	188
Other comprehensive income (loss) for the period, net of tax	-	-	14	(379)	-	-	8	(357)	(2)	(359)
Total comprehensive income (loss) for the period	-	-	14	(379)	-	-	128	(237)	3	(233)
Transactions with shareholders carried directly to equity:										
Issuance of share capital	6	486	-	-	-	-	-	492	-	492
Share-based payments	-	-	-	-	-	-	15	15	-	15
As of December 31, 2022	162	2,127	(7)	788	180	(39)	4,785	7,995	65	8,061

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Cash Flow

In NIS million	Appendix	For the year ended December 31 2024	2023	2022
Cash flows from operating activities				
Before income tax	(a)	**1,716**	(4,072)	(2,175)
Paid income tax		**(115)**	(240)	(412)
Net cash provided by (used in) operating activities		**1,601**	(4,312)	(2,587)
Cash flows provided by investing activities				
Gains on disposal of investments in other investees		**-**	-	29
Credit provided to card holders and merchants, net		**(1,545)**	(428)	-
Proceeds from the disposal of an investment in financial assets by companies other than insurance and finance companies		**990**	106	7
Deferred payment in the Max acquisition		**-**	(380)	-
Investment in financial assets by companies other than insurance and finance companies		**(97)**	(908)	(181)
Dividend received from equity-accounted investees		**1**	-	-
Investments in shares and loans in investees		**(3)**	(4)	(9)
Acquisition of a company consolidated for the first time net of cash received	(f)	**-**	(294)	-
Investment in property, plant and equipment		**(65)**	(32)	(22)
Investment in intangible assets		**(358)**	(296)	(190)
Net cash used for investing activities		**(1,078)**	(2,236)	(366)
Cash flows provided by financing activities				
Issuance of share capital (less issuance expenses)		**-**	-	492
Credit from banking corporations, net		**(81)**	46	-
Proceeds from the issue of subordinated notes and bonds (see Note 26)		**1,017**	2,071	495
Costs of issuing and exchanging subordinated notes and bonds		**(7)**	(15)	(7)
Repayment of subordinated notes		**(817)**	(431)	-
Repayment of lease liability		**(88)**	(93)	(75)
Interest paid on bonds, subordinated notes, and credit from banking corporations		**(244)**	(141)	(121)
Dividend paid		**(102)**	(1)	-
Net cash provided by financing activities		**(323)**	1,436	785
Effect of exchange rate fluctuations on balance of cash and cash equivalents		**(98)**	27	100
Net increase (decrease) in cash and cash equivalents		**103**	(5,084)	(2,067)
Cash and cash equivalents at the beginning of the year	(b)	**6,966**	12,050	14,117
Cash and cash equivalents at end of the year	(c)	**7,069**	6,966	12,050

The attached notes to the consolidated financial statements are an integral part thereof

Consolidated Statements of Cash Flow (cont.)

In NIS million	For the year ended December 31 2024	2023	2022
(a) Cash flows from operating activities before income tax [1] [2]			
Net income for the year	**724**	223	126
Items not involving cash flows:			
The Company's share in profits of equity-accounted investees	**(14)**	(8)	(3)
Change in liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**586**	362	1,039
Change in liabilities in respect of insurance contracts and yield-dependent investment contracts	**4,210**	1,813	(3,601)
Change in deferred acquisition costs	**(59)**	(87)	(261)
Change in reinsurance assets	**(25)**	719	(106)
Depreciation of property, plant, and equipment and right-of-use asset	**131**	125	91
Amortization of intangible assets	**362**	332	231
Credit loss expenses	**216**	411	-
Amortization of excess cost for credit card receivables	**(63)**	(103)	-
Impairment of intangible assets	**2**	5	8
Loss from right-of-use asset	**1**	-	-
Interest and linkage differences accrued for subordinated notes and a lease liability	**315**	235	194
Accrued interest and revaluation of liabilities to banking and other corporations	**549**	289	(101)
Interest paid in Max	**(456)**	(340)	-
Change in fair value of investment property in respect of yield-dependent contracts	**(6)**	13	(174)
Changes in fair value of other investment property	**8**	21	(47)
Share-based payment transactions	**13**	17	15
Investment losses (income), net on financial investments in respect of insurance contracts and yield-dependent investment contracts	**(9,064)**	(3,940)	8,038
Income tax	**317**	124	68
Losses (gains), net on other financial investments:			
Liquid debt assets	**(89)**	29	(116)
Illiquid debt assets	**(680)**	(1,073)	(1,441)
Shares	**(99)**	(66)	(55)
Other	**(115)**	95	448
Financial investments and investment property in respect of yield-dependent contracts:			
Acquisition of investment property	**(79)**	(74)	(463)
Sales (acquisitions), net of financial investments	**4,070**	(3,528)	(1,646)
Proceeds (investments) from the sale of available-for-sale financial assets and investment property in insurance businesses:			
Liquid debt assets	**410**	665	(1,115)
Illiquid debt assets	**(214)**	(352)	498
Shares	**163**	150	61
Other	**44**	(450)	294
Derivatives	**(862)**	(864)	(121)
Acquisition of other investment property	**(31)**	(28)	(163)

1) Cash flows from operating activities include cash flows in respect of acquisition and sale of financial investments and investment property arising from insurance contracts and investment contracts activities.

2) Cash flows from operating activities include cash flows in respect of dividend and interest received, as detailed in Appendix D.

The attached notes to the consolidated financial statements are an integral part thereof.

Consolidated Statements of Cash Flow (cont.)

In NIS million	For the year ended December 31 2024	2023	2022
(a) Cash flows from operating activities before income tax (cont.)			
Changes in other items in the statement of financial position, net			
Securities held for trading by consolidated companies which are not insurance companies	**(25)**	(4)	4
Receivables for credit card transactions, net	**(1,371)**	472	-
Receivables and debit balances	**1,147**	1,474	(2,764)
Collectible premium	**39**	16	(105)
Payables and credit balances	**50**	(184)	(1,003)
Payables for credit card transactions	**1,616**	(558)	-
Liabilities for employee benefits, net	**(3)**	1	(3)
Total cash Flows from operating activities before income tax	**1,716**	(4,072)	(2,175)
(b) Cash and cash equivalents at the beginning of the year:			
Cash and cash equivalents in respect of yield-dependent contracts	**4,418**	8,458	9,993
Other cash and cash equivalents	**2,548**	3,591	4,124
Balance of cash and cash equivalents at beginning of year	**6,966**	12,050	14,117
(c) Cash and cash equivalents at end of the year:			
Cash and cash equivalents in respect of yield-dependent contracts	**4,451**	4,418	8,458
Other cash and cash equivalents	**2,617**	2,548	3,591
Balance of cash and cash equivalents at end of year	**7,069**	6,966	12,050
(d) Cash flows for interest and dividend received, included in operating activity:			
Interest received	**2,096**	2,147	1,423
Dividend received	**720**	479	668
Included in investing activity by Max:			
Interest received	**1,252**	939	-
(e) Transactions not involving cash flows:			
Payment of deferred deposits against payables	**-**	-	264
Replacement of notes	**187**	-	-
Payables - acquisition of an associate	**-**	-	10
Payables - purchase of insurance portfolios	**14**	7	-

Consolidated Statements of Cash Flow (cont.)

In NIS million	For the year ended December 31 2024	2023	2022
(f) First-time consolidation of an acquired company:			
Excess cost upon acquisition (see Note 9 below)	-	(281)	-
Goodwill upon acquisition (see Note 9 below)	-	(428)	-
Intangible assets	-	(255)	-
Deferred tax assets	-	(38)	-
Current tax assets	-	(1)	-
Property, plant & equipment	-	(131)	-
Right-of-use asset	-	(198)	-
Receivables for credit card transactions, net	-	(15,432)	-
Receivables and debit balances	-	(52)	-
Other financial investments	-	(3)	-
Issuance of Company shares (see Note 17 below)	-	253	-
Investments in investees	-	(7)	-
Liability for employee benefits, net	-	27	-
Lease liability	-	198	-
Deferred tax liabilities	-	8	-
Liabilities for current taxes	-	22	-
Payables for credit card transactions	-	8,649	-
Payables and credit balances	-	463	-
Deferred payment in the CIMax acquisition (presented under payables and credit balances)	-	377	-
Liabilities to banking corporations and others	-	6,535	-
Total investment in acquisition of consolidated companies consolidated for the first time	-	(294)	-
Consideration paid	-	(790)	-
Cash of the acquired company	-	496	-
Total investment in acquisition of consolidated companies consolidated for the first time	-	(294)	-

The attached notes to the consolidated financial statements are an integral part thereof.

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NOTE 1 - GENERAL

A. The reporting entity

Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**") is an Israeli resident company incorporated in Israel, whose official address is 36 Raoul Wallenberg Street, Tel Aviv. The securities of the Company are listed for trading on the Tel Aviv Stock Exchange Ltd.

Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**") is a holding company. Its main holdings are mainly in the insurance, pension, and provident sectors as well as in the credit card sector.

The consolidated financial statements as of December 31, 2024 (hereinafter - the "**Financial Statements**") include those of the Company and its subsidiaries (hereinafter, jointly - the "**Group**"), as well as the Group's interests in joint ventures and associates.

The Group operates mainly in the insurance and finance industries, including pension, provident and holding insurance agencies, as well as credit card transactions, which include issuance, acquiring and processing of debit cards, providing payments solutions and financial products, including credit to private and business customers.

As of the report publication date, the Company does not have a core controlling interest.

On December 8, 2019, the Company received a letter from the Commissioner (hereinafter - the "**Commissioner's Letter**"), whereunder, among other things, the Commissioner announced that in light of the changes in the holding rates of IDB Development Corporation Ltd. (hereinafter - "**IDB Development**"[1] in the Company's securities, the Commissioner reviewed the issue of control in the Company. In accordance with the Commissioner's Letter, as part of the said review, the Ministry of Justice, the Israel Securities Authority and the Israel Competition Authority's positions on the matter were also received. The findings of the said review, which according to the Commissioner are based on the Company's representations, indicated that as of the date of the letter, there is no entity or person that holds, directly or indirectly, means of control in the Company in a manner that establishes a requirement to obtain a control permit in the Company in accordance with Section 32(b) to the Financial Services Supervision Law (Insurance), 1981 (hereinafter - the "**Supervision Law**"), and therefore the Company must obtain from the Commissioner a control permit in Clal Insurance Company (hereinafter - "**Clal Insurance**"). Further to the above, on October 19, 2020, the Company received a letter from the Commissioner with respect to "Update regarding the Outline for Exercising Means of Control in Clal Insurance" (which replaced the Commissioner's letter on this topic of July 21, 2020), which provides, among other things, the Commissioner's reference to the arrangements that will apply to the exercise of the Company's means of control in Clal Insurance, including with respect to the appointment of directors in Clal Insurance and in the Company, and participation in Clal Insurance's General Meeting (hereinafter - the "**Outline for Exercising Means of Control**"). On November 30, 2020, and on December 25, 2022, the Commissioner received a clarification letter in connection with the Outline for Exercising Means of Control. For further details regarding the Outline for Exercising Means of Control, including the appointment of directors in the Company and in Clal Insurance, see Section C(1) below; the Outline for Exercising Means of Control and the letters which were received replace the requirement to obtain a control permit.

On March 27, 2023, the Company received a letter from the Commissioner, which includes, among other things, an update to the insurer license of the institutional entities which are controlled by the Company, and conditions that will apply to the Company in connection with the holding of means of control in Clal Insurance (see Section C(1) below); it was decided that the Outline for Exercising Means of Control in Clal Insurance shall continue to be in effect, and a reference was made to the Company's financial stability and its commitment to Clal Insurance, as a derivative of the Max It Finance Ltd. acquisition transaction. For further details regarding the financial liabilities, see Note 16 to the Company's Financial Statements.

B. Developments in the reporting period for the control of and holdings in the Company and in Clal Insurance

In accordance with the provisions of the Supervision Law, a holding of more than five percent of a certain type of means of control in an institutional entity is conditional upon the receipt of a permit from the Commissioner to hold means of control, and a control in an institutional entity or an insurance agency also requires a permit from the Commissioner.

1. In accordance with the Commissioner's Directives, during the period from 2017 through January 2021 all Company shares which were held by IDB Development - directly and through a trustee to the Company's control shares - were sold, some through swaps, which were all completed as of the report date.

As of the report publication date, to the best of the Company's knowledge a number of entities received a permit to hold means of control, including institutional entities.

For details regarding a holding permit issued to Mr. Alfred Akirov, see Section B1 below.

It should also be noted that according to information provided by the Commissioner to the Company, on March 29, 2022, the Commissioner awarded to Mr. Shalom Shai and Ms. Natala Shai a permit to hold up to 10% of the means of control in the Company and in the institutional entities it controls. In November 2024, the said persons ceased to be interested parties in the Company.

It should be clarified that as of the report publication date, the requirement to report to the Company about the holdings of the Company's shareholders applies only to interested parties as defined in the Securities Law, 1968, and that the Company does not have information regarding the status of the holdings of shareholders who are not interested parties or regarding holding permits or changes made thereto beyond that which is stated above.

B.1. Holding permit for Alfred Akirov and application for a control permit -

On May 11 and 12, 2020, Clal Insurance received the Commissioner's letters to Mr. Moshe (Mori) Arkin and Mr. Alfred Akirov (separately to each of them), in which he clarifies, following the reports of May 6 and 10, 2020, that the holding permit awarded to Mr. Arkin for the holding of up to 8% of the Company's shares, and the holding permit awarded to Mr. Akirov for the holding of up to 10% of the Company's shares of April 5, 2020, does not enable them, or anyone acting on their behalf, to act, independently or together with others, in a manner that will result in directing the activity of Clal Insurance, including, among other things, through involvement in the decision making processes regarding the appointment of its directors and officers. It is noted that to the best of the Company's knowledge, currently, Mr. Arkin does not hold Company shares, and Mr. Akirov holds 14.45% of the Company's shares.

It should also be noted that according to information provided by the Commissioner to the Company, on July 1, 2021, the Commissioner awarded to Mr. Alfred Akirov, Mr. Georgi Akirov and Ms. Sharon Akirov (hereinafter - the "**Permit Holders**") a permit to hold up to 15% of the means of control in the Company and in the institutional entities it controls. Among other things, the permit's terms and conditions stipulate that the permit holders will not enter into an arrangement or agreement with a third party in connection with the permit holders' holding of means of control in the Company and in the institutional entities it controls, unless the Commissioner's advance written approval was obtained. Furthermore, the permit holders undertook to the Commissioner that they will not act - alone or with others - in a manner that will result with them controlling the Company; they also undertook not to act in collaboration with another holder of means of control in the Company in connection with a vote on the appointment of a director, or regarding the termination of his/her term in office, or any other matter on which the General Meeting will be required to decide.

According to an immediate report of Alrov Properties & Lodgings Ltd. (hereinafter - "**Alrov**") of March 15, 2022, discussions are held between Alrov and the Commissioner, as part of which Alrov suggested a number of outlines for obtaining a control permit in respect of the acquisition of further 15% of the Company's shares, in connection with its compliance with the Law for Economic Competition and Minimizing Market Concentration, 2013 (hereinafter - "**Market Concentration Law**"). According to Alrov's report, the Commissioner asserted that he rejects Alrov's interpretation, and Alrov reported that it continues the negotiations with the Commissioner, including discussing other alternatives it wishes to consider.

In September 2022, it was published in the business press, that further to Alrov 's application for a control permit in the Company, the Committee for Reducing Concentration stated that in its opinion Clalbit Finance Ltd. (currently Clal Insurance Capital Raising Ltd.), a subsidiary of Clal Insurance (hereinafter - "**Clal Capital Raising**"), should be deemed a non-financial corporation for the purpose of Chapter D of the Market Concentration Law, thereby rejecting the Capital Market Authority's interpretation, and therefore Clal Capital Raising's debts are deemed as the debts of a non-financial corporation.

On December 25, 2022, Alrov reported that it received a letter from the Commissioner, in which it was noted that at this stage the Authority does not intend to issue an interpretation which is different than that of the Market Concentration Committee as stated above (according to the report, the position of the Committee for Reducing Concentration was received by the Commissioner on September 5, 2022 and attached to the Authority's letter), Alrov also reported that as of the reporting date, if it is decided to award Alrov a control permit in the Company, in view of the required credit amount, there is a deviation of approx. a NIS 163 million (as of June 30, 2022), and under those circumstances the control over the Company by those requesting the permit is not in compliance with the provisions of Section 32A(b) to the Supervision Law.

In May 2024 the Draft Regulations regarding Economic Competition and Minimizing Market Concentration (Financial Entity) (Amendment No. 1), 2024 was published, as part of which it is suggested to expand the list of entities, which will be included in the definition of "financial entities" in the Market Concentration Law, such that, among other things, it will also include an insurer's issuing corporation.

With regard to a number of alternatives and outlines proposed during the negotiations with Alrov, it was noted in the ISA's letter of December 2022 regarding the merger of Clal Capital Raising into Clal Insurance that ISA's Position is that "since Clalbit is a key tool in the management of Clal's capital, such a merger is inconsistent with proper business conduct, and may even have an adverse effect on it under certain scenarios".

On July 25, 2023, Alrov reported it had received a letter from the Capital Market Authority according to which, among other things, in view of the prolonged period that has gone by and the additional information required, and to allow the Capital Market Authority to address the application for the permit, a new application for a permit for control of Clal Insurance is required. Alrov clarified that it is continuing to move forward with this matter, as set out above.

In its financial statements for 2023 Alrov announced that on December 24, 2023 it refiled an application for a permit to control Clal Insurance jointly with a number of outlines and that it is presently negotiating with the Capital Market Authority.

It is noted that on February 23, 2023, the Company received a permit to hold means of control in WPI from the Banking Supervision Department, and on March 27, 2023, Max's acquisition transaction was completed (for further details, see Note 9 below). As a result, certain Company shareholders were required to obtain a permit if they hold more than 5% of the Company's share capital.

On April 17, 2023, Alrov reported that it had notified the Bank of Israel, in accordance with the holding permit dated July 1, 2021 from the Commissioner of the Capital Markets, and without derogating from Alrov's rights and assertions (and its opposition to the Max transaction and the Bank of Israel's position on the matter), it will submit, within the time frame required for this purpose, an application for a permit to hold the means of control in an acquirer, from the Governor of the Bank of Israel. Later, Alrov reported in its financial statements that it has filed the said application. To the best of the Company's knowledge, Alrov has not yet received such a permit.

C. Provisions regarding appointment of directors in the Company, Clal Insurance and Max

During the period in which a trustee served in connection with the Company's control shares, the Commissioner issued various directives dealing with the appointment of directors in the Group, including through a committee for the appointment of directors in Clal Insurance and in the Company, headed by a retired judge (hereinafter - the "**Appointment Committee**"). According to the recommendations of the Appointment Committee, directors and external directors were appointed from time to time to the Company and Clal Insurance.

In its letter of December 8, 2019, in which it was stated that no entity holds, whether directly or indirectly, the means of control in the Company, the Commissioner stipulated, bearing in mind the presumption which is prescribed in the definition of an "insurer", in accordance with Section 31(a) to the Supervision Law, that the provisions as per the Supervision Law regarding arrangements for the appointment of directors in an insurer with no controlling shareholder, apply both to the Company and to Clal Insurance.[2] Under these circumstances, the Commissioner deemed it right to prescribe in the terms and conditions of Clal Insurance's control permit, that without derogating from the provisions of any law, the mechanism employed to appoint directors in the Company and Clal Insurance shall be similar to the mechanisms currently set in the Supervision Law regarding the appointment of directors in insurers without a controlling shareholder, without prejudice to other shareholders' right to put forward candidates, in accordance with the provisions of the law, if the shareholder has such a right.

On July 21, 2020, October 19, 2020, November 30, 2020, and December 25, 2022, the Company received from the Commissioner letters in connection with the Outline for Exercising Means of Control in Clal Insurance, which include, among other things, a reference to the mechanism for appointment of directors in Clal Insurance and in the Company, as detailed below. On March 27, 2023, the Company received from the Commissioner a letter, which stipulated, among other things, that the Outline for Exercising Means of Control in Clal Insurance, as stated in the Commissioner's letters referred to above, shall remain valid.

In his letter of March 27, 2023, the Commissioner stipulated, among other things, as an appendix to the insurer license of the Group's institutional entities, that in accordance with the Commissioner's power to approve an officer in Clal

2. In accordance with the Commissioner's Letter, under the definitions of Section 31A to the Supervision Law, both the Company and Clal Insurance are deemed an "insurer" for the purpose of assessing control in Clal Insurance
3. On January 12, 2021, the Commissioner announced that the Minister of Finance had appointed the Committee in accordance with the provisions of Section 41M of the Supervision Law regarding the appointment of directors in Clal Insurance.

Insurance, Clal Pension and Provident Funds, or Clal Credit Insurance, who serves at the same time as an officer in Max or in CIMax, the Commissioner shall take into account, among other things, the number of officers in the institutional entities of the Clal Group, who serve at the same time as officers in Max or CIMax, and their role. It is clarified that such service of up to two officers in Max or CIMax - provided that none of them serves as the Chairman of the Board - shall not constitute a significant consideration in the Commissioner's assessment of the appointment of a candidate for service as an officer in Clal Insurance, Clal Pension and Provident Funds, or Clal Credit Insurance, as stated above, provided that each application shall be assessed on its own merits.

The Commissioner's abovementioned position is that in view of the corporate structure of the Group whereby Clal Insurance is a privately-held company controlled by the Company, which is a publicly-traded company, which has no ultimate control over Clal Insurance, the provisions regarding "an insurer without a controlling shareholder" shall apply, including the provisions of Sections 41K and L of the Supervision Law, and the provisions of the Board of Directors' Circular regarding an insurer without a controlling shareholder, subject to the adjustments, which shall be detailed below. An external committee will be set up, which will recommend the appointment of directors in Clal Insurance in accordance with the provisions of The Supervision Law regarding an insurer without a control core.[3]

In view of the above, the Commissioner has set an outline for selecting directors as detailed in his letters, the key points of which are as follows:

A. All directors in Clal Insurance (excluding EDs and independent directors) shall be put forward for appointment by the General Meeting once a year.

B. The Company's Board of Directors will be allowed to put forward candidates for service as directors in the Board of Directors of Clal Insurance (notwithstanding the provisions of the law regarding an insurer without a controlling shareholder - the board of directors will be allowed to put forward more than one candidate);

C. The Board of Directors of Clal Insurance will be allowed to put forward candidates on its behalf, but will not be allowed to appoint directors in Clal Insurance;

D. The search committee will also put forward candidates for service in the Board of Directors of Clal Insurance. The search committee will put forward candidates for service at the maximum number of directors, whose appointment will be discussed in the General Meeting. In the case of appointment of directors outside the annual General Meeting, the number of candidates that will be recommended by the search committee shall be at least twice the number of available positions.

E. In order to secure the independence of the insurance company's board of directors, and as part of the Commissioner's power to approve the appointment of officers, the Commissioner will ensure, among other things, that the majority of directors, who were appointed to serve in Clal Insurance's Board of Directors, were appointed at the recommendation of the search committee, and that there is no affiliation, as defined in Section 240(b) to the Companies Law, 1999, mutatis mutandis, between the candidate for service as a director and Clal Holdings. It was also clarified that with respect to directors, the appointment of which will be recommended to the General Meeting of Clal Insurance by the search committee, a service as a Company director shall not be deemed by the Commissioner - in and of itself - as grounds for refusing service as a director,[4] and that the aforesaid does not derogate from the option of appointing a Company director as a director in Clal Insurance, subject to the Commissioner's discretion. It was further clarified that the Commissioner may, subject to his discretion, approve a board composition where the number of directors appointed from among those recommended by the search committee will be lower than a majority of the directors, but reasonable under the circumstances.

F. It was clarified that the number of directors, who serve in the Board of Directors of Clal Insurance, may be determined by Clal Insurance's General Meeting, without derogating from the provisions of the Board of Directors' circular regarding institutional entities, and from the powers of the Commissioner in general.

G. The Chairman of the Board shall be from among those whose service will be recommended by the committee, but the Board of Directors may select a chairman who was not recommended by the committee; however, in such a case, the board will be required to explain its decision and will be required attach it; in the event of a tie vote, the chairman will have a casting vote.

4. Directors who were put forward for service in Clal Insurance's Board of Directors by the Gadot Committee shall be deemed by the Commissioner as directors put forward by the search committee.

According to the outline, no provisions were set by the Commissioner regarding the appointment of Company directors; however, it was stipulated that the entity or person that proposed the appointment of a third of the directors serving in the Company, and whose proposition was approved, shall be deemed as the controlling shareholder thereof, and accordingly, may be required to obtain a control permit from the Commissioner. Furthermore, on December 25, 2022, a clarification was received from the Commissioner in connection with the Outline for Exercising Means of Control in Clal Insurance, whereby, as long as a director, whose candidacy was put forward by a holder or a body of holders, serves in the Board of Directors of Clal Insurance and in the Board of Directors of Clal Holdings, the candidacy of another director, who was appointed as a director in Clal Holdings, will not be proposed to the Board of Directors of Clal Insurance, in accordance with the proposition of that holder or body of holders.

As of the date of this report, 11 directors serve in Clal Insurance, including 4 independent directors recommended by the Appointments Committee, 2 ordinary directors recommended by the Appointments Committee, and 5 directors, who also serve as Company directors.

On September 19, 2023, the Company published a preliminary notice regarding its intention to convene a shareholders' meeting in December 2023. Under the meeting summons, renewal of the tenure of all the ordinary serving directors was proposed, and no additional candidates were proposed by the shareholders.

On October 13, 2024, the Company published a preliminary notice regarding its intention to convene a shareholders' meeting in December 2024. Under the meeting summons, renewal of the tenure of all the ordinary serving directors was proposed, and no additional candidates were proposed by the shareholders.

As of the date of this report, 8 directors serve in the Company, including 5 directors, which were first proposed by a shareholder; the remaining directors were proposed by the Appointments Committee.

D. Implications

As of the reporting date, the Company is unable to assess the full effect of the Commissioner's Directives on the appointment of directors in the Company, among other things, due to the fact that the Company is the controlling shareholder of Clal Insurance and in view of the restrictions imposed under the Outline for Exercising Means of Control in Clal Insurance, which significantly limit the extent of the Company's influence over the conduct of Clal Insurance and the appointment of officers therein. This uncertainty also applies in view of additional changes in the Company which may occur in the future, due to its holdings structure, the fact that it is a company without a controlling core with a substantial shareholder, and due to the fact that the provisions of the Supervision Law for insurers without a controlling shareholder do not apply to it, and due to the different corporate structure of the large insurance companies in Israel compared with the standard structure in banks, according to which the insurance companies, including Clal Insurance, are private companies which are controlled by a holding company, including the Company, which is a publicly-traded company without a controlling core, and due to the effective impact of the holders of non-controlling interests on the conduct of the Company under the above circumstances.

Furthermore, the set of changes and events described above, if they continue, may and will affect, among other things, the reputation of the Company and the Group companies. It is noted that a future transfer of control of the Company to a third party may affect clauses in certain agreements of Group companies with third parties (including reinsurers) and may require, once circumstances involving such change of control exist, negotiations with such third parties for the agreements to remain in effect.

E. Definitions - In these financial statements:

The Company	-	Clal Insurance Enterprises Holdings Ltd.
The Group	-	The Company and its consolidated companies.
Consolidated companies/ subsidiaries	-	Companies, including a partnership, whose financial statements are fully consolidated, directly or indirectly, with the financial statements of the Company.
Investees	-	Consolidated companies and companies, including a partnership or joint venture, the Company's investment in which is included, directly or indirectly, in the financial statements based on the equity method.

Joint arrangements	-	Arrangements in which the Group has joint control which was achieved by a contractual agreement, which requires unanimous consent with regard to the activities that have a significant effect on the arrangement's returns. Investment in joint arrangements is classified as joint operations or joint ventures, based on the rights and obligations of the parties to the arrangement. Joint ventures are all joint arrangements, which are incorporated as a separate entity, where the Group has rights to the net assets of the joint arrangement.
Associates	-	Associates are entities in which the Group has significant influence over the financial and operating policies, but is not a controlling shareholder therein, and the Company's investment in which is presented in the Company's consolidated financial statements based on the equity method.
Interested parties	-	As defined in Section (1) of the definition of an "interested party" in a company in Section 1 of the Securities Law, 1968.
Related party	-	As defined in IAS 24 (2009), Related Party Disclosures.
The Commissioner	-	Commissioner of the Capital Market, Insurance and Savings Authority.
The Supervision Law	-	Financial Services Supervision Law (Insurance), 1981 and amendments thereto.
Investment Rules Regulations	-	Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012, and the Commissioner's guidance thereunder.
Economic Solvency Regime	-	As defined in Insurance Circular 2017-1-9
Calculation of Reserves Regulations	-	The Supervision of Financial Services Regulations (Insurance) (Calculation of Insurance Reserves in Property and Casualty Insurance), 2013.
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 life and long-term care health insurance, in which the insurer's liabilities for the savings or risk component are mostly linked to the yields on the investment portfolio (participating policies), in assets for yield-dependent contracts.
Assets for yield-dependent contracts	-	Assets held against liabilities arising from yield-dependent contracts.
Hetz bonds	-	CPI-linked government bonds, which the government issued to the insurance companies, and which back guaranteed return policies.
Liabilities in respect of insurance contracts	-	Insurance reserves and contingent claims in the Long-Term Savings, Property and Casualty Insurance and Health Insurance Segments.
Reinsurance assets	-	Reinsurers' share in liabilities in respect of insurance contracts.
Premiums	-	Premiums including fees.
Premiums earned	-	Premiums relating to the reporting period.
B2B	-	Business to Business - sales conducted between companies or merchants.
B2C	-	Business to Customer - sales to a single consumer.
CVA	-	Credit Valuation Adjustment - the calculation of the credit risk in derivatives, which reflects the loss that the company is expected to incur if the counterparty to the transaction will experience a credit default.
CECL	-	Model for estimating allowances for current expected credit losses in accordance with US GAAP, which is applied in Max's financial statements.
Restructuring of troubled debt	-	A debt regarding which - for economic or legal reasons related to a debtor's financial difficulties - the Company granted a change in the debt repayment terms.

Basel	-	Banks' risk management directives set by the Basel Committee on Banking Supervision, which is engaged in supervising and setting standards for the supervision of banks across the world. The directives of the Basel Committee serve as a benchmark for leading standards designed to ensure the stability of financial institutions.
Common Equity Tier 1 capital	-	The issued and paid up share capital, plus accumulated earnings, premiums and capital reserves.
Issuance	-	The operation of a credit card function, which comprises, among other things, the issuance of credit cards, provision of services to customers holding credit cards, and the execution of ongoing settling of accounts with acquirers in exchange for an issuer's fee.
Specific provision	-	A provision which is set in accordance with a specific assessment of each and every debt and determined based on the expected cash flow discounted by the debt's original interest rate.
Collective provision	-	A provision applied to large groups of relatively small and homogeneous debts, and in respect of debts that underwent a specific assessment and were found to be unimpaired. The collective provision with respect to off-balance-sheet credit instruments is based on the provision rates that were set for the on balance-sheet credit, while taking into account the expected materialization rate materialization of the off-balance-sheet credit risk.
Flattening	-	An increase in short-term interest rates and a decrease in long-term interest rates.
Steepening	-	A decrease in short-term interest rates, and an increase in long-term interest rates.
Debt	-	A contractual right to payment on demand or at fixed or determinable dates, which is recognized as an asset in the banking corporation's balance sheet.
Special mention debt	-	A potentially weak debt which requires special attention by the Company's management.
Subordinate debt	-	A debt which is not covered sufficiently by the current sound worth and the borrower's repayment capacity or any collateral pledged. On-balance-sheet credit risk that has been classified as substandard debt has a well-defined weakness or weaknesses, which jeopardize the liquidation of the debt.
Impaired debt	-	An impaired debt is a debt regarding which the Company expects - based on up-to-date information and events - that it will not be able to collect all the amounts (principal and interest) due in accordance with contractual terms of the agreement.
Capital adequacy ratio	-	The ratio between the Company's regulatory capital and its risk-weighted assets in respect of credit risk, market risk, and operational risk, calculated in accordance with the Bank of Israel's directives and reflecting the risk arising from the exposures undertaken by the Company during the course of its operations.
Leverage Ratio	-	The ratio between the capital and the Company's total exposures.
Acquiring spread	-	The difference between the acquirer fee collected from a merchant and the interchange fee paid by the acquirer to the issuer.
Average duration	-	The average life until the repayment of assets and liabilities, measured in years.
Credit risk	-	The risk that a borrower or a counterparty will fail to meet its obligations to the banking corporation, as they were agreed upon.
Liquidity Risk	-	A risk to the Company's income and stability stemming from its inability to meet its liquidity needs.
Interest rate risk	-	The exposure to changes in interest rates arising from the differences between the repayment dates and the dates on which the interest rates of the assets and liabilities change.
Market risk	-	The risk of a loss in on-balance sheet and off-balance sheet positions, arising from a change in the fair value of a financial instrument due to changes in market conditions.

Operational risk	-	The risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events.
Acquiring	-	Transfer of payments to a merchant against vouchers of transactions carried out using credit cards in exchange for an acquirer fee, which is collected from the merchant.
Interchange fee	-	Fee paid by the acquirer to the issuer.
EMV (Europay Mastercard Visa) Standard	-	A technical standard for payment transactions using credit cards that contain a chip; it is designed to protect the customer's credit details, and its name is comprised of the names of the international credit organizations that created it.
Return on equity	-	Net income divided by average equity.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

A. Preparation format of the financial statements

The Group's Financial Statements were prepared in accordance with the Securities Regulations (Annual Financial Statements), 2010 (hereinafter - the "**Preparation of Financial Statements Regulations**").

Through December 31, 2022, the Group's Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (hereinafter - "**IFRS**" or "**International Financial Reporting Standards**"), including with respect to the data pertaining to insurer consolidated subsidiaries, as defined in the Preparation of Financial Statements Regulations.

In accordance with the Preparation of Financial Statements Regulations, those financial statements data that relate to a consolidated subsidiary, which falls within the scope of the definition of insurer, are drawn up in accordance with the requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981. As details in Note 4 below, 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 by the standard - 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).

In addition, on March 27, 2023, the Company completed the acquisition of CIMax, which consolidates the Max credit card company in its financial statements. In accordance with the Preparation of Financial Statements Regulations, the information in the Group's consolidated financial statements relating to Max from the completion date of the acquisition of CIMax was prepared in accordance with the guidelines and directives of the Banking Supervision Department; for further details, see Notes 3 and 9 below. These directives basically adopt the US GAAP for Banks.

In addition, with regard to the other issues, including with respect to financial statements data, which do not relate to the said subsidiaries, the consolidated financial statements are prepared in accordance with IFRSs).

The accounting policies applied to the financial statements have been applied consistently across all the periods presented, unless stated otherwise.

B. Functional currency and presentation currency

Unless otherwise stated, the financial statements are presented in NIS, which is the Company's functional currency, and rounded to the nearest million. The New Israeli Shekel (NIS) is the currency representing the primary economic environment in which the Company operates.

Following are details of rates of change in the consumer price index (hereinafter - the "**CPI**") and in the representative exchange rates of the euro, the US dollar (hereinafter - the "**USD**"), and pound sterling:

	In lieu CPI	Known CPI	EUR representative exchange rate	USD representative exchange rate	GBP representative exchange rate
			%		
For the year ended December 31					
2024	**3.2**	**3.4**	**(5.4)**	**0.6**	**(1.0)**
2023	3.0	3.3	6.9	3.1	9.1
2022	5.3	5.3	6.6	13.2	0.8

	EUR representative exchange rate	USD representative exchange rate	GBP representative exchange rate
As of December 31, 2024	**3.796**	**3.647**	**4.574**
As of December 31, 2023	4.012	3.627	4.621
As of December 31, 2022	3.753	3.519	4.235

C. Measurement basis

The financial statements were prepared in accordance with the historical cost, excluding the following main assets and liabilities:

- Insurance liabilities.
- Financial instruments and derivatives measured at fair value through profit and loss.
- Financial instruments measured at fair value through other comprehensive income.
- investment property measured at fair value.
- Provisions.
- Deferred tax assets and liabilities.
- Assets and liabilities for employee benefits.
- Investments in associates and joint ventures.

For details regarding the measurement of those assets and liabilities, see Note 3 below regarding significant accounting policies.

D. The operating cycle period and reporting structure of the Group

The operating cycle of the Group, which comprises mainly financial institutions, cannot be clearly determined, and mainly exceeds one year, especially with regard to the Long-Term Savings Segment, Long-Term Care and Health Insurance Subsegments in the Health Insurance Segment, and the Long-Tail Property and Casualty Insurance Subsegments.

The consolidated statements of financial position, which include mainly the assets and liabilities of the consolidated insurance companies, were presented according to liquidity, with no distinction made between current and non-current assets. This presentation is also in accordance with the Commissioner guidance and provides information which is more reliable and relevant.

E. Use of estimates and judgments

1. Judgment with significant effect

In applying the Group's significant accounting policies regarding the following topics, management exercised judgment with significant effect on the financial statements:

Classification between 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 group of similar contracts, management considers whether they embody a significant insurance risk and should therefore be classified as either insurance contracts or alternatively - investment contracts.

2. Critical estimates

The preparation of financial statements in accordance with IFRS, the Supervision Law, the regulations promulgated thereunder and the Commissioner's guidance and in accordance with generally accepted accounting principles applied by US banks (US GAAP) and the directives and guidance of the Banking Supervision Department requires that the Group's management use judgments, assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It is clarified that actual results may differ from these estimates, inter alia due to regulatory changes published or expected to be published in the areas of insurance, pension, and provident funds, and there is uncertainty as to the manner of their materialization and implications.

When formulating estimates used in the preparation of the Group's financial statements, the Group's management is required to make assumptions regarding circumstances and events involving considerable uncertainty. When exercising its judgment to determine the estimates, the Group's management relies on past experience, various facts, external circumstances, and reasonable assumptions, including expectations as to the future, where it is possible to formulate such expectations, according to the relevant circumstances of each estimate.

The estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates were revised and for any future affected period.

Following are the key assumptions made in the financial statements in connection with the uncertainty as of the reporting date and critical estimates which were calculated by the Group, a material change therein - specifically in view of the abovementioned regulatory changes - may result in a material adjustment to the carrying values of assets and liabilities in subsequent reporting periods:

a) Liabilities in respect of insurance contracts - the liabilities in respect of insurance contracts and the liability adequacy testing (LAT) are mainly based on actuarial valuation methods and on assumptions listed in Note 42(e).

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, taking into account, as far as possible, regulatory and business changes. The actuarial valuations and assumptions are checked at least once a year. 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. It should be noted that among other things the following changes may have a material effect on the financial statements: Changes in the estimated life expectancy, the rate of policyholders that opt to withdraw the funds in the form of a pension, the selection of the various annuity tracks, the morbidity rate, the policyholders' retirement age, and the cancellation rate.

As to changes in key assumptions which were used in the calculation of the insurance liabilities in life insurance and health insurance, including the liability to supplement the annuity reserve, see Note 42(e)(e1)(3). As to changes in the calculation of insurance liabilities in property and casualty insurance, see Note 42(e)(e2).

For sensitivity analyses of the insurance risk, see Note 42(e)(e1)(c).

b) Legal claims outside the ordinary course of business - the assessments as to the chances of the legal claims filed against Group companies rely on the opinion of the legal counsels with respect to the outcome at the end of the proceedings. These opinions are based on their best professional judgment, taking into account the stage of the proceedings, any past legal experience gained with regard to the various issues, and the estimates of the relevant companies regarding the settlement arrangements' amounts, which consolidated companies' managements expect that it is more likely than not that they will pay. It should be emphasized that the results of the legal claims, which will be decided by the courts, may vary from the said assessments. The amounts of the provisions made are based on assessment of the degree of risk in each of the claims, immediately prior to the date of publishing the financial statements. Regarding this matter, it should be noted that events occurring during the litigation process may require renewed assessment of this risk.

It should be emphasized that in the professional opinions of the attorneys with respect to class action certification motions, the attorneys' estimate relates to the chances of the class action certification motion being approved, and only in some of the cases it relates to the odds of the claim itself, should it be certified as a class action. This is so, among other things, due to the stage in which the proceeding is at and since the scope and content of the hearing on the claim itself, after it is certified as a class action, will be influenced by the court's ruling to certify the claim as a class action, which usually relates to both the causes of action that

have been approved and those that have not; the reliefs that have been approved and those that have not; etc.

Where a court rules against Group companies in its judgment in a legal claim (for the avoidance of doubt it is hereby clarified that such a judgment does not include decisions relating to motions to certify claims as class actions and other interim motions), a provision shall be recognized or revised in the first financial statements published after the judgment date, even if in the opinion of the Group's management, based on the opinion of its legal counsels, the outcome of an appeal to a higher court will be different, and that at the end of the proceedings the Group will not be required to pay any amounts (except for cases where it is highly likely that the appeal will be allowed).

In addition to the aforesaid claims, the Group companies are exposed to unasserted claims/lawsuits, where, among other things, there is doubt as to the interpretation of an agreement and/or the provisions of the law and/or the manner of their implementation. Group companies are informed of this exposure in a number of ways, including, among other things: By inquiries made by customers to various functions in the Group, and especially the Group's Ombudsman, via customer complaints to the Public Inquiries Unit in the Capital Market, Insurance and Savings Authority of the Ministry of Finance, and via legal claims (that are not class actions) filed with the court. These issues are brought to the attention of the Group's management to the extent the relevant functions identify that the claims may have wide-ranging implications. When assessing the risk arising from claims/lawsuits that have not yet been filed, the Group's management relies on internal assessments of the relevant parties and its own assessments, which take into account the chances that a lawsuit will be filed and the prospects of its success if filed. The assessment is based on experience gained with respect to the filing of lawsuits and an analysis of each claim on its own merit. Naturally, actual results may vary from the assessment made prior to the filing of the claim due to the preliminary stage of the legal claim.

For further details, see Note 45.

c) **Impairment of non-financial assets, including goodwill** - the value in use of the asset or the cash generating unit, as the case may be, for the purpose of impairment testing of non-financial assets or goodwill, is estimated based on past experience and on Group management's best estimate regarding the economic conditions which will prevail over the remaining useful life of the asset or the cash generating unit. Changes in the estimates used to measure the recoverable amount may change the recognition of impairment loss.

For further information, see Notes 3(i)(2) and 6(b).

d) **Fair value estimates** - See Section 3 below.

e) **Determining the recoverability of deferred acquisition costs** - the recoverability of deferred acquisition costs is assessed at least once a year by using work assumptions, for example - for life insurance and long-term care insurance policies - the assumptions as to cancellation, mortality and morbidity rates and other factors, as stated in Note 32(e). If those assumptions do not materialize, it may be necessary to accelerate the amortization of the deferred acquisition expenses or even to write them off.

f) **Deferred tax assets** - Deferred tax assets are recognized in respect of carryforward losses for tax purposes and temporary differences which have not yet been utilized, provided that a future taxable income is expected against which they can be utilized. Management is required to exercise judgment in order to determine whether a deferred tax asset should be recognized and the amount of such deferred tax asset that may be recognized, based on the assumption that a taxable income will arise, and the timing and amount of the expected taxable income. For further information, see Note 24.

g) **Impairment of financial assets**

1) **Financial assets at amortized cost** - provision for doubtful accounts and credit losses for illiquid debt assets, including in respect of loans and receivables, including reinsurers, collectible premium and other debts, and receivables for credit cards is determined for specific debts, and based on a collective assessment of debts that have been grouped based on shared credit risk characteristics. For further information, see Notes 3(f) and 3(k) and Note 42(f)(2)(a.2).

2) **Available for sale financial assets** - on each reporting date, the Group assesses whether there is objective evidence that the value of the asset was impaired and that impairment should be recorded in respect thereof. In order to test the asset for such impairment, the Group exercises judgment regarding indications that there is objective evidence relating to the percentage of decrease in the fair value and the period over which the fair value decreased. See also Note 3(i)(1).

3. Determining fair value

In order to prepare the financial statements, the Group is required to determine the fair value of financial and non-financial assets and liabilities.

Fair value is the price that would be received when selling an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurement assumes a transaction taking place in the principal market for the asset or liability, or in the absence of a principal market - in the most advantageous market. The fair value of an asset or liability is based on assumptions to be used by market participants to price the asset or liability, assuming that market participants act in their economic interests. Fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits through the highest and best use of the asset, or by selling it to another market participant who will make the highest and best use of the asset.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable data and minimizing the use of non-observable inputs.

The fair values were determined for measurement and/or disclosure purposes based on the methods described below. Further information regarding the assumptions used in determining the fair values is included in the following notes:

- Note 10 - Investment Property, including for yield-dependent contracts
- Note 14, Assets for Yield-Dependent Contracts
- Note 15, Other Financial Investments
- Note 26, Financial Liabilities
- Note 44, Share-Based Payment
- Note 47 regarding fair value of insurance liabilities under the application of IFRS 17

The fair value hierarchy

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 - fair value measured using quoted prices (unadjusted) in an active market for identical instruments.

Level 2 - fair value measured using observable inputs, either directly or indirectly, that are not included in Level 1 above.

Level 3 - fair value measured using inputs that are not based on observable market inputs.

The level in the fair value hierarchy, to which the fair value measurement of the asset as a whole belongs, is determined based on the lowest level of inputs which are significant to the fair value measurement as a whole.

F. Reclassified

In the reporting period, immaterial reclassifications were made in notes 40 and 42, as well as other immaterial reclassifications.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policy described below was applied consistently by the Group for all periods presented in these consolidated financial statements.

A. Basis of consolidation

1. Business combinations

The Group applies the acquisition method to all business combinations.

The acquisition date is the date on which the acquirer obtains control over the acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and has the ability to affect those returns through its power over the acquiree. When testing for control, substantive rights held by the Group and others are taken into account.

The Group recognizes goodwill as of the acquisition date at the fair value of the consideration paid, including amounts which were recognized in respect of any non-controlling interests in the acquiree, and the fair value as of the acquisition date of an equity interest previously held in the acquiree by the Group, less the net amount assigned in the acquisition to identifiable assets acquired and liabilities assumed.

Costs associated with the acquisition incurred by the acquirer in respect of a business combination, such as: brokers' commissions, consultants' fees, legal fees, valuations and other fees and commissions relating to professional services or consulting services, except for those relating to issuance of debt or equity instruments in connection with the business combination, are recognized as expenses in the period in which the services were received.

Contingent consideration is recognized at its fair value at acquisition date. If the contingent consideration is classified as a financial asset or liability according to IAS 39 or IFRS 9. Subsequent changes in the fair value of the contingent consideration are recognized in the income statement or statement of other comprehensive income.

Goodwill is initially measured at cost, which represents the difference between the acquisition consideration and the amount of non-controlling interests and net identified assets acquired and liabilities assumed. If the resulting amount of goodwill is negative, the acquirer will recognize the resulting gain on acquisition date.

2. Subsidiaries

Subsidiaries are entities which are controlled by the Company, whether directly or indirectly. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date of loss of control.

The financial statements of Group-managed pension funds and provident funds (except for Bar A Provident Fund, to whose planholders the Company has guaranteed minimum returns - see Note 42(d)(1)) were not consolidated, since the Group is not directly exposed to variable returns in respect thereof and therefore does not control those entities.

When assessing control, the Group also took into account the overall relationship between the Group and those entities, and the Group's exposure to variability of returns from other rights it holds. This assessment also relates to the Group's maximum exposure to variability of the returns, such as in respect of management fees, and the Group's undertaking to guarantee returns on planholders' rights in retirement benefit plans.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3. Non-controlling interests

Non-controlling interests are the portion of equity ownership in a subsidiary not attributable to the Company, whether directly or indirectly.

Measurement of non-controlling interests on the business combination date

Non-controlling interests, which are instruments that grant present ownership rights and grant the holder a share of the net assets in the event of liquidation (for example: ordinary shares), are measured on the business combination date at fair value or based on their proportionate share of the identified assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Allocation of profit or loss and other comprehensive income among shareholders

Profit or loss and any component of other comprehensive income are attributed to the Company's owners and to non-controlling interests. The total profit or loss and other comprehensive income or loss are attributable to the

Company's shareholders and to the non-controlling interests even if the resulting balance of non-controlling interests is negative.

Transactions with non-controlling interests, while maintaining control

Transactions with non-controlling interests while maintaining control are treated as equity transactions. The Company opted to recognize any difference between the consideration paid or received and the change in non-controlling interests in capital reserve from transactions with non-controlling interests.

4. **Investments in associates and joint ventures.**

Investments in associates and joint ventures are accounted for using the equity method and initially recognized at cost. The investment cost includes transaction costs. The consolidated financial statements include the Group's share in net income or loss, other comprehensive income or loss and net assets of equity-accounted investees, after the adjustments required to reconcile the accounting policies to those of the Group, from the date on which significant influence or joint control is achieved until the date on which significant influence or joint control ceases.

5. **Transactions eliminated as part of the preparation of the consolidated financial statements**

Intra-group balances and unrealized income and expenses from intra-group transactions were eliminated as part of the preparation of the consolidated financial statements. Unrealized gains from transactions with associates and joint ventures were eliminated against the investment in accordance with the Group's interest in those investments. Unrealized losses were eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

6. **Acquisition of a single asset entity**

When it acquires a single asset entity, the Group exercises judgment in order to assess whether it acquired a business or an asset for the purpose of determining the accounting treatment to be applied to the transaction. When its assesses whether the single asset entity constitutes a business, the Group considers, among other things, the nature of the single asset entity's existing processes, including the scope and nature of management, security, cleaning and maintenance services provided to tenants. Where the acquired company is a business, the transaction is accounted for as a business combination as detailed above. However, where the acquired company is not a business, the transactions are accounted for as an acquisition of a group of assets and liabilities. In business combination transactions, the overall acquisition cost, which includes transaction costs, is allocated on a proportionate basis to the identifiable assets and liabilities purchased, based on their proportionate fair value on acquisition date. In the latter case, goodwill is not recognized and neither are deferred taxes in respect of temporary differences existing as of acquisition date.

B. In foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the relevant functional currency of the Group companies at the exchange rates effective on the transaction dates. Monetary assets and liabilities denominated in Foreign Currencies on the reporting date are translated to the functional currency at the exchange rates at that date. Exchange rate differences in respect of monetary items are the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for the effective interest rate and payments during the year, and the amortized cost in foreign currency translated at the exchange rates at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates as of the date on which the fair value was determined. Non-monetary items denominated in Foreign Currencies that are measured at historical cost are translated using the exchange rates at the transaction date.

Exchange rate differences from translation into the functional currency are normally recognized in profit and loss, except for differences arising from translation of non-monetary equity financial assets, which are classified as available for sale and recognized in other comprehensive income (except for impairment, in which case the translation differences which were recognized in other comprehensive income are reclassified to profit and loss).

C. Segment reporting

For details regarding the financial reporting by segments, see Note 5.

D. Insurance contracts, investment 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 are the Group's significant accounting policies in connection with insurance contracts:

1. Long-term savings and long-term care insurance in the Health Insurance Segment

A. Revenue recognition - see Section (l) below.

B. Liabilities for life insurance contracts and long-term care insurance in the Health Insurance Segment

The liabilities are calculated according to the Commissioner's Directives (regulations and circulars), generally accepted accounting principles and generally accepted actuarial methods in Israel. The liabilities are included based on an actuarial valuation, and calculated according to the relevant coverage data, such as: the age of the policyholder, number of years of coverage, the insurance type and the amount of insurance, etc. The liabilities also include provisions for ongoing claims and contingent claims, the direct and indirect expenses arising therefrom, and provisions for claims incurred but not reported (IBNR). The reinsurers' share in liabilities is based on the terms and conditions of the relevant contracts.

The liabilities and the reinsurers' share therein are determined by the supervisor actuaries in Clal Insurance, Mr. Miki Hahn Markowitz, F.IL.A.A. and Mr. Yehoshua Mezin, F.IL.A.A.

The CPI-linked liabilities, and the CPI-linked investments, which cover these liabilities, were included in the financial statements according to the latest CPI published before the end of the reporting period, including insurance liabilities in respect of life insurance contracts, which were linked to the CPI on a semi-annual basis as per their conditions.

Liabilities to supplement the annuity reserve

Liabilities for future payment of annuity in life insurance contracts are calculated in accordance with the Commissioner's directives, taking into account the improvement in life expectancy, and the change in the annuity realization rate upon retirement of policyholders, which require the Group to monitor the adequacy of the liabilities with respect of insurance contracts, that allow the receipt of an annuity and proper supplementation thereof. Accordingly, where required the Group supplements immediately the liabilities in respect of insurance contracts, for which an annuity is being paid to policyholders that reached retirement age, and in respect of a group of insurance contracts which is not profitable. With regard to other insurance contracts, the Group supplements the liability in respect of the funds accrued in the insurance contracts by the end of the reporting period, in amounts that correspond to the expected income over the insurance contract's period.

For further details, see Note 42(e)(e1).

Contingent claims and claims incurred but not yet reported (IBNR)

Contingent claims, net of the reinsurers' share therein, are calculated on a specific basis, in accordance with Company's experts assessment, based on the notices regarding the insured events and the insurance amounts, and included in the liabilities in respect of insurance contracts and investment contracts. For claims incurred but not yet reported (IBNR), a provision is calculated based on a statistical model.

Provisions for ongoing claims

The provisions for paid pensions and ongoing claims in disability insurance and long-term care insurance, the direct and indirect expenses arising therefrom, and provisions for claims incurred but not reported (IBNR) are calculated by the Company's supervisor actuaries and included in liabilities in respect of insurance contracts and investment contracts.

C. Deferred acquisition costs (DAC)

(1) Life and long-term care insurance contracts

DAC of life and long-term care insurance contracts sold as from January 1, 1999 includes fees and commissions to agents and purchasing supervisors, and other expenses, including those general and administrative expenses that are related to the acquisition of new insurance contracts. DAC is amortized at equal annual rates over the term of the insurance contract but no longer than 15 years. DAC for canceled or settled insurance contracts are written off at the cancellation or settlement date.

Every year, the supervisor actuaries in the consolidated insurance companies check the recoverability of DAC in accordance with the Commissioner's Directives. This assessment verifies that the insurance contracts are expected to generate future income to cover the DAC deduction and the insurance liabilities, operating expenses and fees and commissions for these insurance contracts. The assessment was conducted collectively at the level of all individual products for all underwriting years. The assumptions used in this assessment, which include assumptions regarding cancellations, operating expenses, return on assets, mortality and morbidity rates, are determined by the Company's actuaries every year on the basis of past experience and relevant current studies.

(2) Asset management contracts

Incremental acquisition expenses, which are directly attributed to the acquisition of an investment contract in life insurance, and asset management contracts of pension funds and provident funds, are recorded as DAC when it is expected that the Company will recover those costs. Otherwise, they are recognized as an expense as incurred.

Acquisition expenses which were capitalized as an asset are amortized in the statement of income on a systematic basis, which is consistent with the estimated period of transferring the asset management service, which is validated from time to time. The DAC balance accrued through December 31, 2017 is tested for impairment once a year using the discounted cash flow method, under which the projected cash flows from the acquired activity are discounted. In addition, in accordance with IFRS 15, the Company assesses - at least once a year - whether the carrying value of assets recognized on January 1, 2018 and thereafter exceeds the consideration that the entity expects to receive in exchange for the service to which the asset relates, net of the costs directly attributable to the provision of the asset, and which were not recognized as expenses, at undiscounted values. Where necessary, impairment loss is recognized in profit or loss.

D. Liability Adequacy Testing (LAT)

Every year, the insurance company's supervisor actuaries liability adequacy testing in respect of life insurance and long-term care insurance contracts (hereinafter - "**LAT**"), in accordance with the provisions of the Consolidated Circular, Title 5, Part 2, Chapter 1, Appendix C regarding the measurement of liabilities Section 1.1.4 (hereinafter - the "**LAT Circular**"). The LAT is designed to verify that the amount of total liabilities is sufficient to cover the discounted value of the projected cash flows from the insurance contracts: claims, fees and commissions and expenses, net of premiums, and taking into consideration the excess of fair value over the carrying values of the backing assets. The cash flow is discounted by a real risk-free interest rate plus a proportion of the illiquidity premium in accordance with the type of liability. As of December 31, 2024, the illiquidity premium is 0.43% (as of December 31, 2023 - 0.76%), and it was calculated based on the Commissioner's Directives regarding this matter (hereinafter - "**Par Value**").

If the test shows that the liability amount in the books of accounts is lower than the above Liability Value, a special provision is recorded in respect of the shortfall.

Groups of policies defined by the Commissioner are tested separately. For individual policies, the test is carried out in relation to groups of insurance contracts (including their appendices). The assumptions used for the abovementioned tests, including assumptions regarding cancellations, operating expenses, return on assets, mortality and morbidity rates, are determined by the Company's supervisor actuaries on the basis of past experience and other relevant current studies, including margin for adverse deviations, all in accordance with the LAT Circular, see Note 42(e)(e1)(d), including with regard to the effects of revisions to the illiquidity premium rate.

E. Investment contracts

Proceeds in respect of investment contracts are charged directly to the liabilities in respect of insurance contracts and investment contracts line item in the statement of financial position, rather than being included in the premiums earned line item in the statement of income. Investment recovery in respect of redemptions and end of period in respect of these contracts are derecognized directly from the liabilities in respect of insurance contracts and investment contracts line item and not recognized in the statement of income.

The following are charged to the statement of income in respect of these contracts: Investment income, management fees collected from policyholders, changes in liabilities for insurance contracts and investment contracts for the policyholders' share in investment revenue (profit participation), fees and commissions to agents, and general and administrative expenses.

F. Provision for profit participation of policyholders in collective insurance

The provision is included in the payables and credit balances line item in the statement of financial position and the change - in the provision is credited to the premiums line item.

2. P&C insurance and health insurance excluding long-term care

A. Revenue recognition - see Section (l) below.

B. Liabilities for property and casualty insurance and health insurance contracts, excluding long-term care

The insurance reserves and contingent claims reserves included in the liabilities in respect of insurance contracts line item in the statement of financial position, and the reinsurers' share in the reserve and in the contingent claims, which is included in the reinsurance assets line item in the statement of financial position were calculated in accordance with the Calculation of Reserves Regulations, the Commissioner's Directives and generally accepted actuarial methods for calculation of contingent claims, which are implemented at the discretion of the Company's actuaries. The liabilities in respect of insurance contracts were mainly calculated by the Company's supervisor actuaries.

The liabilities in respect of insurance contracts line item is composed as follows:

1) Provision for unearned premium reserve. This provision reflects the insurance premium relating to an insurance period subsequent to the reporting date.

2) Provision for premium deficiency. This provision is recorded, where necessary, if the unearned premium (less deferred acquisition costs, see Section C below) does not cover the expected cost in respect of insurance contracts.

3) Insurance reserves in the Long-Term Health Insurance Subsegments. This provision is calculated in accordance with actuarial assessments, and includes, where necessary, a provision in respect of expected loss (retention) (premium deficiency), which is calculated based on the estimated cash flow expected in respect of the contacts in accordance with the relevant coverage data, such as: The policyholder's age, length of coverage, insurance type, insurance amount, etc.

4) Contingent claims and reserves, calculated according to the following methods:

4.1 Contingent claims and the reinsurers' share therein are included on the basis of an actuarial valuation, except for the subsegments listed in Section 4.2 below. Provision for indirect expenses for settlement of claims is included based on an actuarial valuation. The actuarial calculation was carried out by the supervisor actuaries in Clal Insurance, Ms. Galit Robstein, F.IL.A.A., and Mr. Yehoshua Mezin, F.IL.A.A.

4.2 In cargo insurance for marine, aircraft, Sale Law guarantees, financial guarantees, credit insurance, foreign trade risks and ceded business - for which the actuary determined that an actuarial model is inapplicable, due to lack of statistically significant data - the contingent claims were included based on assessments by external experts and Company employees handling claims, reports by ceding companies for ceded business, with the addition of IBNR and reserves where necessary.

4.3 Excess of income over expenses - regarding the foreign trade risks subsegment, the excess of income over expenses is in the aggregate, based on the annual report.

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

4.5 The Company believes that the contingent claims are adequate, given that the contingent claims are calculated mainly on an actuarial basis and their balance includes appropriate provisions where required for IBNR.

5) Liability Adequacy Testing (LAT) reserve in accordance with the principles set out in Note 42(e)(e2)(4).

C. Deferred acquisition costs (DAC)

Gross DAC and reinsurance of property and casualty insurance and health insurance except for long-term care as stated above, were calculated in accordance with the Calculation of Reserves Regulations and the Commissioner's Directives:

(1) DAC in property and casualty insurance, and in the Short-Term Health Insurance Subsegments include fees and commissions to agents and some of the general and administrative expenses in connection with the purchase of insurance contracts, relating to unearned premiums (retention). DAC is calculated separately for each subsegment on the basis of the actual rates of expenses or according to standard rates as determined in the Calculation of Reserves Regulations and the Commissioner's Directives, as a percentage of the unearned premium, whichever is lower. Reinsurers share in DAC is classified to the payables and credit balances line item; for information about changes in the calculation of reinsurer's share in DAC, see Section D(1)(b) above.

(2) DAC of long-term health insurance subsegments includes fees and commissions to agents and purchasing supervisors, and those general and administrative expenses that are related to the acquisition of new insurance contracts. DAC is amortized at equal rates over the term of the insurance contract but no longer than six years. DAC for canceled insurance contracts are derecognized at the cancellation date.

In accordance with the Commissioner's Directives, the insurance company's actuary checks - every year - the recoverability of DAC in the Long-Term Health Insurance Subsegments. As part of this calculation, an assessment is made that verifies that the insurance contracts are expected to generate future income to cover the insurance liabilities, the DAC deduction, the operating expenses and fees and commissions for these insurance contracts. The assessment was conducted collectively for all underwriting years. The assumptions used in this assessment, which include assumptions regarding cancellations, operating expenses, return on assets, mortality and morbidity rates, are determined each year by the supervisor actuary in the insurance company on the basis of examinations, past experience and relevant current studies.

D. Payments and change in liabilities line items

The payments and change in liabilities in respect of insurance contracts (gross and retention) line items in the statement of income include, among other things, settlements and direct handling costs in respect of paid claims, indirect expenses to settle claims, and revision of the provision for contingent claims, direct handling costs and indirect costs to settle claims, which was recorded in previous years.

E. Provision for policyholders' profit participation in collective insurance in Long-Term Health Insurance Subsegments

The provision is included in the payables and credit balances line item in the statement of financial position and the change - in the provision is credited to the premiums line item.

F. The Israeli Compulsory Motor Insurance Pool of the Israel Insurance Association and other ceded business

Businesses received from the Israeli Compulsory Motor Insurance Pool Ltd. (hereinafter - the "**Pool**"), from other insurance companies (including co-insurance and ceded business from abroad) and from underwriting agencies, are included based on accounts received through the reporting date plus provisions, as the case may be, all in accordance with Clal Insurance's participation rate.

E. Statements of cash flows

In its statements of cash flows, the Group Companies, except for Max, opted to present interest and dividends received as part of the cash flows from operating activities. Interest and dividend paid are presented under cash flows from financing activities.

Max data in the cash flow statement were reported according to generally accepted accounting principles at banks in the USA and the provisions of ASC 230-10, Statement of Cash Flows are applied.

F. Financial instruments

The accounting policies applied by the Company in respect of financial instruments of a consolidated subsidiary that meets the definition of insurer is in accordance with IAS 39 (from 2017). The accounting policy applied by the Company and Group Companies except Max, in respect of the remaining financial instruments is in accordance with IFRS 9.

A. 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 assets

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

Initial recognition

The Group initially recognizes loans and receivables and deposits as 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. A financial asset is initially measured at fair value plus the transaction costs attributable directly to the acquisition or issuing of the financial asset.

Derecognition

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.

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.

Classification of financial assets into groups and the accounting treatment of each group

On the initial recognition date, the Group classifies financial assets into groups as follows:

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 the fair value, in accordance with the method employed by the Group to document the risk management or the 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 (see Section 3 below). 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 the investment income (losses), net and finance income line item in the statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that 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. Gains and losses on the realization of investments are calculated as the difference between the net realization consideration and the amortized cost and are recognized on the sale date.

Loans and receivables include cash and cash equivalents and investment in illiquid debt instruments, which are not included in investment portfolios against participating policies (nostro), including designated bonds (Hetz agreements), deposits with banks, and loans and receivable debit balances.

Cash include readily available cash balances. 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 and are not limited as to withdrawal or use.

Receivables and payables for credit card transactions by Max

Receivables for credit cards - without a charge for interest - transactions, which do not bear a contractual interest, are presented at their full amount rather than at their present value, and therefore finance income for the passage of time is not recognized until the repayment date. These amounts include balances for ordinary transactions, transactions in payments at the expense of the merchant, and other transactions.

Credit for card holders - with a charge for interest - including loans provided to card holders, credit transactions, revolving credit card transactions, and other transactions.

Credit card transactions are recognized at the processing date of the transaction in the systems of Max. At the time of transaction processing, a cardholder debt balance is recorded in the Company's balance sheet, if it is the issuing company or another issuing company's debt, against an undertaking to pay the merchant. If the merchant does not receive acquiring services from Max, a payment obligation to another acquirer arises to the Company.

Merchants' payable balance - transactions, which do not bear contractual interest, are presented at their full amount rather than at their present value, and therefore finance expenses for the passage of time are not recognized until the repayment date. The balances are presented net of accelerated payments to merchants that acquire with Max and that meet the conditions for settlement of the liability.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which were designated as available for sale or were not classified into any of the other categories. 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 and exchange rates, and accumulation of effective interest rate in debt instruments classified as available-for-sale, 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. 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.

Available-for-sale financial assets include: Liquid debt instruments without embedded derivatives requiring bifurcation, and investments in shares that are not classified as held for trading investments, and which are not included in investment portfolios against participating policies (nostro).

2. Non-derivative financial liabilities

Non-derivative financial liabilities include: Liabilities to banking corporations and others, and subordinated notes and other payables.

Initial recognition of 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.

Non-derivative financial liabilities are initially recognized at fair value net of any attributable transaction costs. Transaction costs that are directly attributed to an expected issuance of an instrument which will be classified as a financial liability are recognized as an asset under the deferred expenses line item in the statement of financial position. These transaction costs are deducted from the financial liability upon initial recognition thereof or amortized as finance expenses in the statement of income, when it is no longer expected that the issuance will take place.

Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method. Finance expenses are recognized in the statement of income using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation of the Group, as detailed in the agreement, expires or when it is discharged or canceled.

Changes in terms of debt instruments

An exchange between a borrower and lender of debt instruments at series level with substantially different terms, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. In addition, a substantial modification of the terms of an existing financial liability or part thereof is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

In such a case, the entire difference between the amortized cost of the original financial liability and the fair value of the new financial liability is recognized in profit and loss in the finance expenses line item.

The terms and conditions are substantively different if the discounted present value of the cash flows according to the new terms and conditions, including any fees and commissions paid, less any fees and commissions received and discounted using the original effective interest rate, is different by at least ten percent from the discounted present value of the remaining cash flows of the original financial liability.

In addition to the quantitative test described above, the Group assesses whether changes took place in connection with various qualitative parameters embodied in the exchanged debt instruments. Generally, exchanges of debt instruments that cause a substantial change in qualitative parameters are considered as exchanges with substantially different terms even if they do not meet the quantitative test implemented above.

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. Any costs or fees and commissions incurred adjust the carrying value of the liability and are amortized over the remaining period of the modified liability.

3. Derivative financial instruments

The Group holds derivative financial instruments such as options, foreign exchange forwards and interest rate swaps (IRS).

Derivative financial instruments are initially recognized at fair value, and attributable transaction costs are recognized in profit and loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Gains or losses arising from changes in the fair value of derivative financial instruments are carried immediately to the net gains (losses) from investments and finance income line item in the statement of income. Derivative financial instruments are recognized in the statement of financial position as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in a hybrid financial instrument should be measured at fair value through profit and loss separately from the host contract if: (a) The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid instrument is not measured at fair value through profit and loss.

Embedded derivatives in an insurance contract are not bifurcated when the embedded derivative itself is an insurance contract.

Economic hedging

Hedge accounting is not applied to derivative instruments used as economic hedges of financial assets and liabilities. Changes in the fair value of those derivatives are carried to profit and loss as part of the gains or losses from net investments and finance income.

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

The Company opted to revalue CPI-linked financial assets and liabilities not measured at fair value in each period in accordance with the actual rate of change in the known CPI.

5. The Group decided to designate financial assets as follows:

Assets in investment portfolios of participating policies

These assets, which include liquid and illiquid financial instruments (including investments in associates and joint ventures), were designated at fair value through profit and loss, for the following reasons: These are discretionary portfolios, which are separate and identifiable, whose presentation at fair value significantly reduces an accounting mismatch of reporting financial assets and financial 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.

Financial assets that include embedded derivatives requiring bifurcation

Financial assets that include embedded derivatives requiring bifurcation were designated to the fair value through profit or loss category.

B. The Group companies, except Max and the insurer - for details regarding the treatment of financial instruments, see Section F above. Following is a description of the material changes to the accounting policies applied by them in respect of the remaining financial instruments:

1. Financial assets

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

(a) The Company's business model for managing financial assets, and

(b) Contractual cash flow characteristics of the financial asset.

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

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

Subsequent to initial recognition, instruments included in this group shall be presented according to their terms at cost, plus direct transaction costs, using the amortized cost method, net of impairment losses. Interest income, profits or losses on exchange rate differentials and impairment are recognized in profit and loss. Any profit or loss from derecognition is also recognized in profit and loss.

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

1b) Equity instruments

Financial assets that constitute investments in equity instruments do not comply with the said criteria and are therefore measured at fair value through profit or loss.

In connection with equity instruments that are not held for trading the Company may, at the initial recognition date, irrevocably opt to present in other comprehensive income subsequent changes in fair value, which would have otherwise been measured at fair value through profit or loss. These changes will not be recognized in profit or loss in the future, even when the investment is derecognized. The Company did not choose this designation. As a result, investments in equity instruments, which until January 1, 2023 were classified as available for sale, are measured, as from that date, at fair value through profit or loss.

G. Intangible assets

1. Goodwill

Goodwill resulting from the acquisition of consolidated companies is presented under intangible assets. For information about the measurement of goodwill upon initial recognition, see Section (a)(1) above.

2. Other intangible assets

Separately acquired intangible assets are measured on initial recognition at cost plus direct acquisition costs. Intangible assets, which are purchased as part of a business combination, are measured at fair value as of the business combination date.

The fair value of intangible assets, which were purchased as part of a business combination, is based on the discounted value of the cash flows that are expected to arise from the use of the assets and their disposal. The method requires the setting of a discount rate which is suitable for the asset type and its risk level.

Software including research and development costs

The Group's assets include IT systems consisting of hardware and software. Software which is an integral part of hardware, which cannot function without the software installed on it, is classified as property, plant and equipment. However, licenses for standalone software which adds functionality to the hardware, are classified as intangible assets.

The costs of implementing cloud computing arrangements are capitalized to the asset if the asset meets the definition of an intangible asset, and in particular if the Group controls the asset. To the extent that the Company does not recognize an intangible asset, it assesses whether the services received are distinct from the cloud computing service. If the services the Company receives are distinct from the cloud computing services or are provided by a third party supplier, which is not a cloud computing supplier, the Group - excluding Max - recognizes an expense upon the provision of the implementation services. If the services are not distinct from the cloud computing services, the implementation costs are recognized as an expense at the rate at which the cloud computing services are consumed.

Useful life

The estimated useful life for the current and comparative periods are (in %):

Future management fees provided by pension funds activity	3
Future management fees provided by provident funds activity	5-14
Customer portfolios and brand	7-10
Acquisition expenses of insurance portfolios	7
Computer software	10-33

Classification of amortization and impairment losses

The current amortization in respect of the intangible assets, including expenses incurred in the acquisition of life insurance and property and casualty insurance portfolios, and excluding computer software, is carried to the other expenses line item in the statement of income.

The amortization of computer software is charged to acquisition and marketing and other expenses, indirect expenses for settlement of claims or general and administrative expenses, according to the purpose of the relevant computer software.

Impairment losses are carried to the impairment of intangible assets line item.

H. Investment property

Investment property is a real estate asset (land or building – or part of a building – or both) held by the Group either as the owner or under finance lease to earn rental income and/or for capital appreciation or both, but not for the supply of services or for administrative purposes.

Investment property is initially measured at cost, plus expenses directly attributable to the acquisition of the investment property.

In subsequent periods, investment property held by the Group, except for Max, is measured at fair value, and changes in fair value are carried to the statement of income under the investment income (losses), net and finance income line item. Investment property under construction for future use as investment property is also measured at fair value as set out above, when fair value can be reliably measured. However, when the fair value cannot be reliably measured, due to the nature and scope of the project's risks, investment property is measured at the fair value of the land plus construction costs during the construction period net of any impairment losses, until the earlier of the completion of construction work and the date on which the fair value of the property can be reliably measured.

Profit or loss on derecognition of investment property is measured by comparing the net consideration from derecognition of the property to its carrying value as of the latest financial reporting date, and recognized in the investment income (losses), net and finance income line item in the statement of income. When an investment property which was previously classified as a property, plant and equipment item is sold, the revaluation reserve included in equity in respect of investment property is carried directly to retained earnings.

I. Impairment

1. Non-derivative financial assets

A. In the insurance company

On each reporting date, the Group assesses whether there is objective evidence of impairment in respect of financial asset or a group of the following financial assets:

Financial assets at amortized cost

When there is objective evidence of impairment, the need to recognize impairment loss is assessed. The need for impairment of individually significant financial assets is tested on an individual asset basis. For all other financial assets, the need to recognize impairment is tested collectively, on the basis of asset groups with shared credit risk characteristics. For assets included in the loans and receivables groups, objective evidence of impairment exists when one or more event, that occurred after initial recognition, had a negative impact on the estimated future cash flows from the asset or class of assets with shared credit risk characteristics (hereinafter - the "**Asset**").

Evidence of impairment includes indications that the debtor is experiencing financial difficulties, including liquidity difficulties and failure to meet interest or principal payments. The amount of the loss carried to the statement of income is measured as the difference between the asset's balance in the financial statements and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) capitalized at the original effective interest rate of the financial asset (the effective interest rate calculated on initial recognition). If the financial asset bears variable interest, capitalization is carried out according to the present effective interest rate. The asset's balance as per the financial statements is written-down by recording a provision. In subsequent periods, impairment losses are reversed when the recovery of the asset's value can be objectively attributed to an event that has occurred after the recognition of the loss. Such reversal is carried to profit and loss up to the amount of what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

Available-for-sale financial assets

Regarding available-for-sale financial assets that are equity instruments, the objective evidence for impairment includes a significant or prolonged decline in the fair value of the asset below its cost and assessment of changes in the technological, economic or legal environment in which the issuer of the instrument operates. The testing for significant or prolonged impairment depends on the circumstances at each financial reporting date; the testing takes into account historical volatility in fair value and the period during which the fair value of the asset is lower than its original cost. In addition, according to the Group's policy, a 20% or more decline in fair value below the cost, as of the financial statements date, or a prolonged decline in fair value of nine months or more (even if the rate of decline is lower) constitutes objective evidence of impairment. Where there is objective evidence of impairment, the accumulated loss which was recognized in capital reserve, and measured as the difference between the acquisition cost (net of previous impairment losses) and the fair value, is transferred from the capital reserve and recognized as an impairment loss in the statement of income. In subsequent periods, any further decline in fair value is recognized as an impairment loss; a reversal of an impairment loss is not carried to profit and loss, but rather to capital reserve as other comprehensive income.

For available-for-sale financial assets, which are debt instruments, objective evidence of impairment exists when one or more event, that occurred after the investment date, had a negative impact on the estimated future cash flows from the asset, and the impact can be measured reliably. Evidence of impairment includes indications that the debtor is experiencing financial difficulties, including liquidity difficulties and failure to meet interest or principal payments. Where there is objective evidence of impairment, the accumulated loss which was recognized in capital reserve and measured as the difference between the acquisition cost (net of principal payments, amortization according to the effective interest method and previous impairment losses) and the fair value, is transferred from the capital reserve and recognized as an impairment loss in the statement of income. In subsequent periods: Any further decline in the fair value is recognized as an impairment loss; an impairment loss is reversed when the increase in fair value can be objectively attributed to an event that has occurred after the recognition of the impairment loss, and which was included in the original impairment calculation. Such reversal due to an increase in the fair value is carried to profit and loss up to the amount of what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

B. Group companies, excluding the insurer and Max

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

1) Debt instruments with no significant impairment in credit quality since the initial recognition date or with a low credit risk - the provision for loss recognized for this debt instrument will take into account current expected credit losses in the 12 months period after the reporting date; or

2) Debt instruments with significant deterioration in credit quality since their initial recognition date and their credit risk is not low, the provision for loss recognized will take into account the expected credit losses - over the balance of the useful life of the instrument. The Company applies the relief provided in the standard, according to which it assumes that the credit risk of a debt instrument has not increased significantly since its initial recognition date if it is determined, at the reporting date, that the instrument has low credit risk, for example - if the instrument has an external "investment grade" rating.

The impairment in respect of debt instruments measured at amortized cost shall be recognized in profit or loss against a provision, whereas the impairment in respect of debt instruments measured at fair value through other comprehensive income shall be recognized against capital reserve and will not reduce the carrying value of the financial asset in the statement of financial position.

The Company has financial assets with short credit periods, to which it may apply the expedient set forth in the model, i.e., the Company measures the impairment provision at an amount equal to current expected credit losses throughout the entire life of the instrument. The Company opted to apply the expedient available in respect of these financial assets.

C. Non-performing debts, credit risk and credit loss provision in Max

1. Credit loss provision at Max - measurement

   When applying the standard, Max established methodology for measuring the credit loss provision, to maintain an adequate provision to cover current expected credit losses referring to its credit portfolio and for certain off-balance sheet credit exposures. In accordance with the revised methodology, the estimated expected loan losses and the provision in respect thereof are composed both of a quantitative element and a qualitative element.

   As a rule, the quantitative layer is based on historical data and past losses, and the qualitative layer adjusts this data for the variance of the characteristics of the credit portfolio and for the current economic conditions and reasonable and substantiable forecasts for macroeconomic conditions. The estimate of a current expected credit losses provision is calculated over the contractual period of the financial asset, taking into account an estimate of early repayments.

   Max's estimates include assessments which reflect, inter alia, conditions of uncertainty and may naturally change from time to time.

   As a rule, the calculation of the provision for expected credit losses is assessed collectively when the assets have similar risk characteristics. These include: (1) the type and nature of the financial asset (2) credit ratings (3) debt classification.

   For each group of financial assets with similar risk characteristics, Max calculates the provision for current expected credit losses according to one of the methods for measuring the provision as permitted under the standard, which Max's believes is expected produce the best estimate of the provisions for credit losses.

   The methods applied in Max are: (1) the probability of default / loss given default (PD/LGD) method, for exposures involving credit to private individuals; (2) the WARM method, which is based on loss rates for credit exposures to commercial credit.

   To estimate the expected credit losses throughout the contractual period of the assets, Max takes into account historical information while assessing the need to adjust such historical information to reflect the extent to which the current conditions and reasonable and substantiable forecasts are different than the conditions in place during the period in which the historical information was assessed.

2. Credit loss provision - consumer credit

   Regarding the consumer credit portfolio that includes credit to private individuals, Max measures the provision for current expected credit losses based on the PD/LGD method while adjusting it to historical data and breaking down the credit portfolio into segments with similar risk characteristics such as the customer's internal rating, and the type of financial asset.

   For the purpose of adjusting the historical data to current economic conditions and for expectations regarding future economic conditions, Max determined that the reasonable and substantiable period is one year.

3. Credit loss provision - commercial credit

   Regarding the commercial credit portfolio, Max measures the provision for current expected credit losses based on the WARM method, while breaking down the credit portfolio into segments with similar risk characteristics based on the accounting classification of the debt.

   For the purpose of adjusting the historical data to current economic conditions and for expectations regarding future economic conditions, Max determined that the reasonable and substantiable period is one year.

4. Credit loss provision - off-balance sheet credit exposures

   Off-balance sheet credit exposures include credit exposures for an obligation to provide credit and guarantees.

   The credit loss provision for off-balance sheet credit exposure is based on the rates of the provision established for balance sheet credit (as detailed above), taking into consideration the rate of recovery for the expected credit of off-balance-sheet credit risk. Max calculates the expected default realization rate for each type of off-balance sheet exposure, based on past experience indicating the realization rates for default credit.

5. Credit loss provision - exposure to banks and acquirers

   For on-balance sheet and off-balance sheet credit exposures to banks and acquirers, Max measures the provision for current expected credit losses based on the credit ratings of the various entities.

6. Assessment of the overall adequacy of the provision

   Max also reviews the overall adequacy of the credit loss provision. The adequacy testing is based on management's judgment, which takes into account the risks associated with the credit portfolio, trends in the portfolio, and the limits of the valuation methods applied by Max when determining the provision.

   Occasionally, the entire process, including the various components listed above, involves judgment and expert assessments, in order to reflect management's best expectations and assessment regarding the expected credit losses.

Charge-off

Max charges off any debt or part thereof which is assessed on a specific basis and is considered uncollectible and has a low value such that maintaining it as an asset is unjustifiable or a debt which Max has attempted to collect over a considerable period of time (in most cases, for more than two years). Regarding debts estimated on a group basis, charging off principles were established based on their arrears period (mostly cases of over 150 consecutive arrears days) and other problematic parameters. It should be clarified that charge-offs do not involve a legal concession and reduce the reported outstanding debt for accounting purposes only, while establishing a new cost basis for the debt in Max's books of accounts.

Disclosure requirements

Max applies the disclosure requirements to the credit quality of debts and to the credit loss provision set forth by ASC 310, "Receivables", and ASC 326, "Financial instruments - Credit Losses", with the required adjustments and as adopted by the Reporting to the Public Directives and New Rules.

See Note 11, "Credit Risk, Receivables for Credit Card Transactions and Credit Loss Provision" below.

Regulatory emphases for handling debt and reporting to the public following the Iron Swords War

On October 18, 2023, the Bank of Israel published a letter on the "Iron Swords War" - Regulatory Highlights regarding Treatment of Debts and Reporting to the Public", addressing actions performed by banks to temporarily allow borrowers affected by the war further flexibility in repayment of loans. The circular stipulates that the arrears status of debts whose terms and conditions were revised under the new repayment arrangement (whether agreed with a specific borrower or decided across the board for all borrowers in the affected area) will be adjusted to the current contractual terms, and that regarding debts for which payments were in arrears when the War began, the arrears status should be adjusted to the state as it was at the beginning of the War, and in fact - should be suspended throughout the payment deferment period. The circular further stipulates that as a rule, for such repayment arrangements it is not necessary to classify the debts as troubled debt restructurings. The circular has no material effect on Max's financial statements.

D. Provision for credit default following the acquisition of Max

The credit portfolio which was consolidated as part of the acquisition of Max (hereinafter - the "**Credit Portfolio upon Acquisition**"), was recorded according to the provisional estimate of fair value, which was calculated as part of the paper regarding the allocation of excess costs according to the discounted cash flow method (DCF).

The provision which was recognized in the financial statements of Max for the Credit Portfolio Upon Acquisition was not recognized as is under the business combination itself, and was recognized in the Credit Portfolio Upon Acquisition divided into 2 main groups:

1. Debt assets which were acquired following the occurrence of a more significant deterioration in their credit quality since the date they were provided to the borrower -

   The Company determines which assets have incurred a more significant deterioration in credit quality based on the status of the number of days in arrears, changes in credit rating, and other relevant issues.

   The Company measures a credit loss provision with respect to these assets according to the same methodology as applied by Max in its financial statements, but with no effect on profit or loss, and instead against the carrying value for such assets which was recognized as part of the business combination after they were measured at provisional fair value as set out above (hereinafter - the "**Provision for Credit Default Recognized at First-Time Consolidation**").

   Accordingly, the amortized cost of these assets is measured at the amount of the provisional fair value attributable to them in the business combination as set out above, with the addition of the amount of the credit loss provision as established at the time of acquisition against recognition of this provision. Accordingly, the net amount at which the assets were recognized at the time of acquisition is equal to the provisional fair value as set out above.

   Any changes in the above credit loss provision subsequent to the date of acquisition will be recognized in profit or loss.

2. Debt assets which were acquired that have not incurred any more significant deterioration in credit quality -

   The amortized cost of these assets was measured at the amount of the provisional fair value attributable to them in the business combination as set out above, which reflected the change in market conditions since the date they were provided to the borrower. In addition, the Company calculated a credit default provision for these assets immediately after acquisition (Day 2), according to the same methodology described above, which was recognized in profit and loss, in addition to the fair value which was calculated as set out above (hereinafter - the "**Post-Acquisition Provision**").

   The expenses for the Provision After Acquisition amounted to a total of approx. NIS 220 million before tax (approx. NIS 146 million after tax).

   It should be further noted that the accounting treatment set out above is for the Credit Portfolio Upon Acquisition only. For the new debt assets established after acquisition date, a provision will be calculated according to the methodology described above, by Max only.

Below is a description of the components of receivables for credit card transactions, net, immediately subsequent to the acquisition:

In NIS million	As of March 31, 2023 Unaudited
Receivables for credit card transactions in Max's books of accounts	15,750
Fair value adjustment of the credit portfolio	(216)
Total receivables for credit activity consolidated for the first time	15,534
Provision for credit default recognized under first-time consolidation	(102)
Receivables for credit card transactions, net consolidated for the first time	15,432
Post-acquisition provision	(220)
Balance of receivables for credit card transactions, net, immediately subsequent to the acquisition	15,212

2. Non-financial assets

Timing of impairment testing

Non-financial assets, except goodwill in the Max acquisition

The carrying value of the Group's non-financial assets, other than deferred acquisition costs, investment property, and deferred tax assets, is assessed on each reporting date in order to determine whether there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated. On the same date every year, or more frequently if there are indications of impairment, the Group assesses

the recoverable amount of each cash-generating unit that includes goodwill, or intangible assets with indefinite useful life, or are not yet available for use.

Cash-generating unit, including goodwill in the Max acquisition

According to ASC 350, once a year the Company may conduct a preliminary assessment of qualitative factors to determine whether the fair value of a cash-generating unit will most likely be lower than its carrying value. In such a case, it will estimate the recoverable amount. Otherwise, it is not obligated to perform the estimation. The Company may choose not to conduct the preliminary assessment and estimate the recoverable amount directly.

Recognition of impairment loss in Group Companies, excluding Max

Impairment losses are recognized if the carrying value of an asset or cash-generating unit exceeds its recoverable amount and are recognized in profit and loss. With regard to cash-generating units that include goodwill, an impairment loss is recognized when the carrying value of the cash-generating unit, after grossing up the goodwill balance, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are first allocated to impairment of the carrying value of goodwill attributed to those units and then to impairment of the carrying value of the other assets in the cash-generating units, proportionally.

Recognition of impairment loss in Max

Impairment losses are recognized only if the carrying value of a non-current asset (class of assets) is non-recoverable and exceeds its fair value. The carrying value is not recoverable if it exceeds the total undiscounted cash flows expected to arise from the use and disposal of the non-current asset (class of assets).

Impairment losses are equal to the difference between the carrying value of the non-current asset (assets) and its fair value and are carried to the statement of income.

When an impairment loss is recognized, the adjusted carrying value of the non-current asset (class of assets) constitutes a new cost basis. These losses are not reversed in subsequent periods even if an appreciation occurs.

Allocation of impairment loss to non-controlling interests

The Company opted to allocate impairment loss between the Company's owners and non-controlling interests using the allocation basis employed to allocate profit or loss.

Reversal of impairment loss in Group Companies, excluding Max

Impairment loss for goodwill is not reversed. In connection with other assets for which impairment losses were recognized in previous periods, on each reporting date the Group tests whether there are indications that these losses decreased or no longer exist. An impairment loss is canceled in the event of a change in the estimates used to determine the recoverable amount, only if the carrying value of the asset, after cancellation of the impairment loss, does not exceed the carrying value after deduction of depreciation or amortization, which would have been determined had the impairment loss not been recognized.

3. Equity-accounted associates and joint arrangements

On each reporting date, the Group, except for Max, determines - after the implementation of the equity method - whether there is objective evidence for impairment, and whether it should recognize an impairment loss in respect of the investment of equity-accounted investees (hereinafter - the "**Investment**").

Impairment is tested for the entire investment, including goodwill attributable to the equity-accounted investee (hereinafter - the "**Investee**"). Where such objective evidence is present, an impairment loss is recognized, at the amount of the difference between the recoverable amount of the investment and its amount as per the financial statements. The recoverable amount is the higher of the net sale price and value in use calculated based on a valuation of the net cash flow expected to arise from the investee, including the cash flows from the investee's operations and the proceeds from the final disposal of the investment, or an estimation of the present value of the estimated future cash flows that are expected to arise from the dividends which will be received and from the final disposal. Such an impairment loss is not allocated specifically to the goodwill included in the investment, and therefore, in subsequent periods a loss may be reversed up to its full amount only if there have been favorable changes in the estimates previously used to determine the recoverable amount of the investment from the date on which the impairment loss was last recognized. The investment's carrying value, after the reversal of the impairment loss, shall not

exceed the investment's carrying value, which would have determined by the equity method, had an impairment loss not been recognized.

An investment in an associate of the Max Group is tested for impairment as a whole when events or changes in circumstances indicate that the investment's carrying value is unrecoverable. Impairment is recognized when it is other-than-temporary in nature. These losses are not reversed in subsequent periods even if an appreciation occurs.

4. Premiums collectible

   Allowance for doubtful accounts in respect of premiums collectible, whose collection is doubtful in the management's opinion, is determined specifically based on individual risk assessments, and collectively based on past collection experience in populations with shared credit risk characteristics.

5. Reinsurers' debts

   Reinsurers' failure to meet their undertakings towards the Company does not release the latter from its undertakings towards the policyholders in accordance with the insurance policies. If a reinsurer fails to meet its liabilities under the reinsurance contracts, the Company may incur losses.

   The allowance for doubtful accounts in respect of reinsurers debts, whose collection is doubtful, is made based on specific risk assessments. In addition, when determining the reinsurers' share in contingent claims and insurance reserves, the consolidated companies take into account, among other things, 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 by the actuary, which takes all risk factors into account. In addition, when preparing the provisions, consolidated companies take into account, among other things, the willingness of the reinsurers to reach cutoff agreements (termination of agreements by final repayment of debts).

J. Share-based payment transactions

The fair value on award date of share-based payment awards to employees - which are classified as an equity bonus - is charged as a payroll expense in profit and loss with a corresponding increase in equity, over the period during which the employees' entitlement to the equity instruments is achieved, i.e., the period during which the performance and/or service conditions are satisfied (hereinafter - the "**Vesting Period**"). The vesting period ends when the relevant employees become entitled to the compensation (hereinafter - the "**Vesting Date**"). The Group opted to implement a policy whereby the increase in equity is carried to the retained earnings line item.

When the parent company grants employees of the Group companies rights to its equity instruments, the grant is treated as an equity-settled share-based payment.

Group companies excluding Max

The recognized cumulative expense at each reporting date in respect of transactions settled in equity instruments up to the vesting date reflects the extent to which the Vesting Period has elapsed and the Group's best estimate of the number of equity instruments that are eventually expected to vest. The amount debited or credited to the statement of income reflect the change in the cumulative expense which was recognized as of the beginning and end of the reporting period.

Max

Max recognizes share-based payment transactions according to generally accepted accounting principles at banks in the USA and applies the provisions of ASC 718, Share-Based Payment.

K. Provisions

Group companies excluding Max

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events, a reliable estimate can be made of the amount of the obligation, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the Company opted to measure the provisions by discounting the future cash flows by the pre-tax interest rate, that reflects current market assessments of the time value of money and the risks specific to the liability. In each period, the carrying value of the provision is adjusted to reflect the passage of time.

The Group recognizes an indemnification asset if it is virtually certain that the indemnity will be obtained if the Company settles the obligation. The amount recognized in respect of indemnification does not exceed the amount of the provision.

Legal claims

Legal claims, which have unique characteristics, are not grouped, but rather assessed separately. The provision for such unasserted claims is recognized according to the overall chance of the claim being successful, if filed against the Group companies (based on the probability of filing the claim and the probability of the claim being successful).

Max

The financial statements include adequate provisions for lawsuits, in accordance with the assessment of Max's management and based on the assessments of its legal counsel. The disclosure format is in accordance with the directives of the Banking Supervision Department, and the claims filed against Max are classified into three categories:

- Probable risk – the probability that the risk will materialize exceeds 70%. For a claim in this risk category, a provision is included in the financial statements.
- Reasonably possible risk – the probability that the risk will materialize ranges from 20% to 70%. For a claim in this risk category, a provision is not included in the financial statements, and only disclosure is made, see Note 45 below.
- Remote risk – the probability that the risk exposures will materialize is less than or equal to 20 percent. For a claim in this risk category, a provision is not included in the financial statements, and no disclosure is made.

A legal claim in respect of which the Banking Supervision Department determines that Max is required to make refunds is classified as "probable" and a provision is made in respect of the amount Max is required to refund.

In certain cases, where in the opinion of Max's management, based on the opinion of its legal counsel, it is not possible to assess the materialization prospects of exposure to risk arising from an ordinary legal claim and from a motion which was approved as class action, no provision was made.

Note 45 below includes quantitative disclosures of the total exposure for contingent claims with a probability of materialization which is not remote, for which a provision was not made, and where the total of each one of them (or the addition of several claims on similar matters) exceeds a total of NIS 1 million, according to the statement of claim.

The Note also includes disclosure of material legal proceedings against Max, in which the amount claimed exceeds 1% of the capital of Max as of December 31, 2024.

L. Revenue recognition

1. Following is the Group Companies' revenue recognition policies, excluding Max:

A. Premiums

1. Long-Term Savings Segment and the Health Insurance Segment

   Premiums in Life, Long-Term Care and Long-Term Health Insurance Subsegments, including savings premiums, and excluding proceeds in respect of investment contracts, are recorded as income on collection date.

   Short-term Health Subsegment premiums are recorded as income based on monthly output reports.

   Cancellations are recorded when a notification is received from the policyholder or when initiated by the Company due to arrears in payments, subject to the provisions of the law. Policyholders' participation in profits is deducted from the premiums.

2. Property and Casualty Insurance Segment

   Property and Casualty Segment premiums are recorded as income based on monthly output reports. The insurance premium relate mainly to a one-year insurance period. Gross income from premiums and changes in unearned premium are recorded under premiums earned, gross.

   Premiums in the Compulsory Motor Subsegment are recorded when the premium is paid, since insurance coverage is contingent upon payment of the premium.

   Premiums from insurance contracts, whose inception date falls after the end of the reporting period, are recorded as premiums paid in advance.

   The income 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 profit participation, based on valid agreements.

B. Net investment income (losses) and finance income

Interest income and premium amortization or discount are recognized as incurred using the effective interest method.

Dividend income is recognized when the entitlement to payment is established. If the dividend is in respect of liquid shares, the Group recognizes the income on the ex-dividend date.

Rental income from investment property is recognized in profit and loss on a straight-line basis over the lease term. Lease incentives which were awarded are recognized as an integral part of the rental income over the lease term.

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

C. Revenue from management fees

1. Management fees for yield-dependent insurance contracts

   The management fees are calculated in accordance with the Commissioner's Directives and the terms of the contract, based on the return and the policyholders' savings accrual in an investment portfolio for these contracts. Management fees include the following components:
   For insurance contracts sold as from January 1, 2004 - fixed management fees only;
   For insurance contracts 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 proportion of the annual real profit (from January 1 to December 31), charged to the insurance contract, net of the fixed management fees which were collected from that insurance contract. Only positive variable management fees can be collected, net of negative amounts accumulated in previous years. The variable management fees are calculated at the individual policy level (see also Note 33).

   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 collected 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.

2. Management fees from pension funds and provident funds

   Revenue from management fees from pension funds and provident funds are carried based on the balances of assets under management and proceeds from planholders, on an accrual basis, in accordance with the Commissioner's Directives.

D. Revenue from fees and commissions

1. Life insurance

   Revenue from life insurance fees and commissions in the consolidated 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 expected cancellations of insurance policies.

2. Property and casualty insurance

   Consolidated insurance agencies' Revenue from fees and commissions in property and casualty insurance are recognized as incurred.

3. Reinsurance

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

2. **Following is Max's revenue recognition policy:**

Income and expenses are stated on accrual basis, except as described below:

A. Finance income and operating fees for collection of debts are recognized in the statement of income on the basis of actual collection.

B. Derivative financial instruments are presented at fair value.

C. Incremental costs to obtain a contract are capitalized as an asset if it is expected that Max will recover these costs.

D. Fees charged in respect of issuing the loan, except for loans for a period of up to three months, are not recognized immediately as income in the income statement, but rather deferred and recognized as interest income over the life of the loan as an adjustment of the return.

E. In cases of refinancing or restructuring of non-troubled debts, Max assesses whether the changes made to the terms of the loan are material. Accordingly, it is assessed whether the present value of cash flows under the new loan terms differs by at least 10% from the present value of the remaining cash flows under the current terms. In such cases, all unamortized fees as well as early repayment fees which were collected from the customer in respect of changes to the loan terms recognized in profit and loss; otherwise, these fees are included within the net investment in the new loan and recognized as adjustment of return as stated above.

F. Max recognizes finance income between voucher factoring transactions and advanced payment to merchants. These transactions do not constitute a credit transaction but rather a settlement of a liability.

G. Max recognizes finance expenses for the advanced payment agreement in place between Max and Bank Leumi.

H. Max recognizes finance expenses in respect of sale transactions, which constitute a complete and absolute sale of debts arising as a result of transactions executed with non-banking payment cards issued by Max.

I. Banks and customer loyalty programs

Max is party to agreements with several banks. Each agreement with each bank regulates various netting arrangements in respect of the issuing, processing, distribution and use of cards, whereby each parties is entitled to payments or participation in expenses or revenues. Max includes in the revenue from credit card transactions line item in its financial statements the entire interchange fee income from bank card activity (in respect of transactions carried out in Israel and in respect of transactions with merchants abroad), while the bank's share in this fee is included under the expenses in the payments to banks line item. The "fees from transactions with merchants abroad" line item includes Max's share in these fees, which are collected from bank card customers, and the "service fees" line item includes income from other service fees (other than card fees) collected by Max from bank card customers, and income from operating fees, which Max collects from banks in respect of bank cards. Card fees of bank cards customers are collected and payable to banks.

Max has several agreements with various loyalty programs for the issuing and processing of non-bank credit cards for their customers. The agreements regulate, among other things, the distribution of revenues between the parties, and aspects pertaining to expenses, including marketing and advertising budgets to be provided by the parties. Max revenues from non-banking card activity such as the interchange fee, various service fees and interest from the credit advanced to these customers are recognized in the relevant income line items in the Financial Statements. Amounts to which the loyalty programs are entitled in respect of their share of the said revenues, as well as Max's share in such expenses are included in the selling and marketing expenses line item.

Max recognizes amounts paid when signing agreements with customer loyalty programs as marketing and selling expenses in profit and loss throughout the agreement term and accordingly. Accordingly - as prepaid expenses for the period which have not yet been recognized in profit and loss.

M. Costs and expenses

General and administrative expenses in the insurance companies

General and administrative costs and expenses in the insurance companies are classified as indirect expenses to settle claims (included under payments and changes in the liability for insurance contracts and investment contracts), acquisition-related costs (included under fees and commissions, marketing expenses and other acquisition expenses) and the balance of general and administrative and other expenses included in this section. The classification was carried out in accordance with internal models of the Group and in accordance with the identification of the expenses and the allocation of overheads.

Damages due to misuse at Max

Expenses due to damages from misuse of a credit card include damages from forgery, fraud, theft, and loss, and are recognized in the financial statements as incurred.

Provision for customer loyalty programs

The financial statements include a provision for customer loyalty programs for card holders, calculated according to historical data, based on the usage rate of points accrued by card holders and their cost.

N. Finance expenses

All uncapitalized borrowing costs are charged to the statement of income using the effective interest method.

O. Income tax

Income tax includes current and deferred taxes. Current and deferred taxes are stated in profit and loss unless the tax derives from a business combination, or are stated directly in equity or other comprehensive income if derived from items recognized directly in equity or other comprehensive income, respectively.

The provision for income tax by Max and its consolidated companies which are considered financial institutions for Value Added Tax purposes include a provision for profit tax levied on the income pursuant to the Value Added Tax Law. Value Added Tax levied on salaries in financial institutions is included in the income statement under “Salaries and related expenses”.

Current taxes

The Group offsets deferred tax assets and liabilities if there is a legally enforceable right to offset current tax liabilities and assets, and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Group companies excluding Max

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; this amount also includes changes in previous years taxes.

The Group has determined that the minimum global tax it is required to pay under the Pillar 2 legislation constitutes income taxes under IAS 12. The Group has applied the mandatory temporary exemption from recognition and disclosure of temporary differences arising from the implementation of the new legislation and recognizes the global minimum tax as a current tax when it is incurred.

Max

Current taxes are the total income tax which were paid or which will be paid (or refunded) on the taxable income for current period, as determined by implementing the provisions of tax laws enacted or substantively enacted. Current tax expenses also include the changes in the tax payments related to previous years.

Deferred taxes

Group companies excluding Max

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 according to the tax rate expected at the reversal date. 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.

Deferred taxes are measured at the tax rates that 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. Deferred taxes in respect of subsidiaries operating outside Israel were calculated at the relevant tax rates in each country.

Group companies excluding Max

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 that does not constitute a business combination and does not affect the accounting profit and the profit for tax purposes; and the differences are due to an investment in investees, if the Group controls the reversal date of the difference and, they are not expected to reverse in the foreseeable future, whether by way of disposal of an investment or by way of distribution of dividends in respect of an investment.

A deferred tax asset is recognized in the books of accounts for carryforward losses and/or deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the carryforward losses and/or deductible temporary differences can be utilized, or it is not probable that future taxable income will be available in the future, a deferred tax asset is recognized only up to the amount of the taxable temporary differences. Deferred tax assets are examined on every reporting date, and if the attributable tax benefits are not expected to materialize, they are amortized.

Deferred tax assets which were not recognized are reassessed on every reporting date and recognized if the expectation changes such that future taxable income will be available against which they can be utilized.

Max

Deferred tax liabilities and deferred tax assets represent the future effects on income tax arising from temporary differences and carryforward losses at the end of the period.

Max recognizes deferred tax liabilities in respect of all taxable temporary differences, except the following temporary differences:

- Undistributed profits of a local subsidiary that over time are in essence constant;
- Differences associated with goodwill (or part thereof) for which amortization of goodwill cannot be deducted for tax purposes;
- Differences arising from intercompany transactions.

Max recognizes deferred tax assets in respect of all deductible temporary differences and carryforward losses, and simultaneously, recognizes a separate valuation allowance for the same amount which is included in an asset that most likely will not be disposed of. Max deducts from the deferred tax assets any tax benefits that are not expected to be utilized based on the available evidence - both positive evidence supporting the recognition of a deferred tax asset and negative evidence supporting the creation of a provision in respect of a deferred tax asset, in order to assess whether a net deferred tax asset can be recognized.

Offsetting deferred tax assets and liabilities

Group companies excluding Max

The Company 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, and they intend to dispose of deferred tax assets and extinguish deferred tax liabilities on a net basis, or to dispose of the assets and extinguish the liabilities simultaneously.

Max

Max offsets all deferred tax liabilities and assets, as well as the entire allowance valuation (provision for a deferred tax asset) which are associated with a certain taxable component and within ta specific tax jurisdiction.

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.

P. Earnings per share

The Company presents basic and diluted earnings per share data regarding its ordinary shares.

Diluted earnings per share are determined by adjusting the profit or loss attributable to the Company's ordinary shareholders and the weighted average number of ordinary shares outstanding, and after adjustment for the effects of any potentially dilutive ordinary shares (i.e., the shares that reduce earnings per share or increase losses per share), which include share options awarded to employees.

Q. Initial application of new IFRSs and amendments to existing accounting standards by the Group companies, which implement IFRS or the directives of the Capital Market, Insurance and Savings Authority

1. 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 shall be applied as from annual periods beginning on January 1, 2024; earlier application is permitted. The Amendment shall be applied retrospectively.

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

R. First-time application of new financial reporting standards and amendments to existing accounting standards in the credit card company - Max

As from the reporting periods starting on January 1, 2024, Max applies new provisions and accounting standards regarding this issue, as detailed below:

A. ASU 2022-02 regarding modifications to the terms and conditions of debts of distressed borrowers and disclosure requirements in accordance with the year in which credit was provided.

Following is a description of the nature of the modifications applied to the accounting policies in the Consolidated Annual Financial Statements and a description of the manner and effect of any first-time application, if any:

On March 31, 2022, the Financial Accounting Standards Board (FASB) published ASU 2022-02 regarding modifications to the terms and conditions of debts of distressed borrowers and disclosure requirements on credit loss provisions in accordance with the year in which credit was provided (hereinafter - the "**ASU**").

The ASU revokes the provisions relating to restructuring of troubled debts by lenders, while improving disclosure requirements regarding borrowers in financial difficulties. The ASU also adds a disclosure requirements of gross write-offs, by credit granting year.

On October 19, 2023, the Banking Supervision Department published a circular on "Modifications to Terms and Conditions of Debts of distressed borrowers", revising the Reporting to the Public Directives in accordance with the revision of accounting standards on this issue.

The main modifications in the circular include, among other things: Cancelling the definition of "debts that have undergone troubled debt restructuring", including the requirement to check whether Max granted a concession to determine this classification, and replacing it with the phrase "changes in terms and conditions of debts of distressed borrowers"; updating the disclosure requirements in the financial statements, such that disclosure will be given in respect of each change in the terms and conditions of a debt to distressed borrowers, which includes a waiver of the principal, reduction of the interest rate or term extension which does not trigger insignificant postponement of payments; cancelling the requirement to calculate the credit loss provision using the discounted cash flow method, for troubled debt which underwent restructuring, using the discounted cash flow method; expanding the disclosure about the "credit quality according to the year the credit was provided", such that it includes information about gross charge-offs carried out during the year.

Banking corporations were required to apply the directive as from January 1, 2024, in accordance with guidance and Transitional Provisions set forth in the directive.

The application of the directive does not affect the measurement method of the credit loss provision and did not lead to any change in Max's the credit loss provision.

The application of the directive leads to a change in the format of disclosure regarding those debts. Max adopted, at the initial application date, certain expedients, as provided by the Transitional Provisions, including determining the balance of the debts of distressed borrowers which underwent a change in terms and conditions until December 31, 2023, according to the balance of troubled debt restructurings until December 31, 2023. In accordance with the directive, comparative data were not restated, but their presentation was adapted to the new disclosure format, except for the information required for the first time, and in particular the additional details of the types of changes made through December 31, 2023 to the debts of financially distressed borrowers, of the financial effects of these changes, and the additional details of the types of changes to such debts which defaulted in the reporting year.

For further details, see the note entitled Credit Risk, Receivables for Credit Card Transactions and Credit Loss Provision.

B. The revision to the accounting policies, which were applied following the first-time application of the new accounting principles on modifications to the terms and conditions of debts of distressed borrowers (instead of troubled debt restructuring):

Policies on debt settlement arrangements and accounting for modifications to the terms and conditions of debts of distressed borrowers (instead of troubled debt restructuring)

Modifications to the terms and conditions of debts of distressed borrowers is generally carried out for customers, whose debts were identified as troubled, and through debt rescheduling, reducing the periodic payments, or postponing the payment dates.

In order to determine whether a debt settlement arrangement executed by Max constitutes a modification to the terms and conditions of debts of distressed borrowers, Max assesses all the terms and conditions of the debt settlement arrangement and the circumstances in which it was executed.

In order to determine whether the borrower has financial difficulties, Max assesses whether there are indications of difficulties as of the restructuring date or whether it is reasonably probable that the borrower will have financial difficulties were it not for the restructuring. Among other things, Max assesses whether one or more of the following criteria are met:

The debtor is currently in payment default on any of its debt, or it is probable that the debtor would be in payment default on any of its debt in the foreseeable future without the modification.

The debtor has declared or is in the process of declaring bankruptcy or other receivership.

There is substantial doubt as to whether the debtor will continue to be a going concern.

Without the current modification, the debtor cannot obtain funds from sources other than the existing creditors at an effective interest rate equal to the current market interest rate for similar debt for a nontroubled debtor.

Max does not classify a debt settlement arrangement as a modification to the terms and conditions of debts of distressed borrowers, if the modification results in an insignificant delay in payment, considering the frequency or the payments, the remaining contractual maturity, and the debt's original expected duration.

C. ASU 2023-07 regarding Improvements to Reportable Segment Disclosures

On November 27, 2023, the Financial Accounting Standards Board (FASB) published ASU 2023-07 regarding Improvements to Reportable Segment Disclosures (hereinafter - the "**ASU**"). The revision improves the disclosure requirements, including:

- Addition of a requirement to disclose 'significant expenses' reported to the CODM and included within the reported profit; the disclosure will be made in a separate line in the note.
- Disclosure regarding the amount and composition of 'other segment items' included in adjustments to the reported segment profit.
- Explanation of how the CODM uses the reported profit to assess performance and allocate resources to the segment.
- Disclosure of the CODM's identity and position.
- Further clarifications regarding single reportable segment entities and disclosures in interim financial statements.
- Max and the Company are examining the effect of the new provisions on its financial statements.

D. Circular no. 06-2798-H of the Banking Supervision Department regarding "Disclosure of Interest Rate Risk and Disclosure of Liquidity and Financing Risk"

On October 8, 2024, the Banking Supervision Department published a circular regarding disclosure of interest rate risk and disclosure of liquidity and financing risk.

Under the circular, revisions were made to the Reporting to the Public Directives with the aim of establishing an expanded and adapted disclosure framework for achieving effective and comprehensive disclosure regarding management of interest rate, liquidity and financing risks. Among other things, Note 42(2)(e) was regarding "Assets and Liabilities by Currency and Term to Maturity" was revised as detailed below:

- The note's name was changed to "Cash Flows in Accordance with the Contractual Repayment Date"
- The disclosure regarding the composition of financial assets and liabilities was expanded.
- Details of longer repayment periods were reduced.
- A requirement of providing quarterly disclosure of this Note, on a consolidated basis, had been added.

Max has started implementing the circular's provisions in the financial statements as of December 31, 2024. Comparison figures were presented in accordance with the data detailed in the disclosure format in the Reporting to the Public Directives.

NOTE 4 - NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A. Disclosure of the new IFRSs in the period prior to their application by Group companies excluding Max:

1) For details regarding IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments (for Clal Insurance), see Note 47 below.

2)

Standard / interpretation / ASU	*Topic*	*Effective date and Transitional Provisions*	*Expected main effects*
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 within the statement of profit or loss, 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 statement of profit or loss must be classified into one of five categories (operating, investing, financing, income taxes, and discontinued operation), it may alter the operating income of the entity. 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. Early application is permitted, provided a disclosure is made. In accordance with the resolution of the Israel Securities Authority's plenum, reporting corporations may early adopt the standard starting with reporting periods beginning on January 1, 2025.	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.
Amendments to IFRS 9, *Financial Instruments* and IFRS 7 *Disclosures:* Amendments to Classification and Measurement of Financial Instruments	The amendments address the following topics: • They provide clarifications regarding the date of recognition and derecognition of financial instruments, and add an exception regarding the derecognition date of financial liabilities settled through an electronic cash transfer; • Classification of financial assets - ○ Revision of the application guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) when the contractual terms of the asset include contingent characteristics (e.g., linkage to ESG indicators), and addition of examples on the subject; ○ Clarification as to when financial instruments are contractually linked and when they constitute non-recourse financial assets, for the purpose of determining whether they include solely payments of principal and interest (SPPI); • Revision of the disclosure requirements for instruments, which include contingent events which are not directly associated to changes in basic risks/costs; and Revision of the disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income (FVOCI).	The Amendments will be applied for annual reporting periods beginning on January 1, 2026. Early application is permitted. Entities may opt for early application of all amendments or only the amendments regarding the classification of financial assets (including the amendment to IFRS 7 which includes the related disclosure requirements). The amendment to IFRS 9 shall be applied retrospectively without the requirement to restate comparative figures. When applying the amendment to IFRS 7, entities are not required to provide disclosures regarding the periods prior to the initial application of the amendments.	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.

B. Disclosure of US GAAP and new directives issued by the Banking Supervision Department in the period preceding their application

ASU	Topic	Effective date and transitional provisions	Expected main effects
ASU 2023-09 regarding Improvements to Income Tax Disclosures	On December 14, 2023, the FASB published ASU 2023-09 regarding Improvements in Income Tax Disclosures (hereinafter - the "**ASU**").The amendments included in the ASU add new improved disclosure requirements and also revoke certain disclosure requirements.	The provisions of the ASU will be applicable to publicly-traded entities in the US as of the annual periods commencing after December 15, 2024. Early adoption is permitted. Upon first-time application, the entity is required to apply this ASU prospectively. Retrospective application for prior presented periods is permitted.	Max and the Company are examining the effect of the new provisions on its financial statements.
ASU 2024-03 regarding Disaggregation of Income Statement Expenses	In November 2024, the Financial Accounting Standards Board (hereinafter - the "**FASB**") published ASU 2024-03 regarding the disaggregation of selected income statement line items in a separate note (hereinafter - the "**ASU**"). The amendments include, among other things, requirements for: • Quantitative breakdown in a table format of certain types of expenses included in each relevant expense item in the primary financial statements, including employee compensation, depreciation of property, plant, and equipment items and amortization of intangible assets. • Qualitative description of amounts for which quantitative disclosure was not provided.	The provisions of the ASU will be applicable to publicly-traded entities in the US and in annual periods commencing after December 15, 2026 and interim periods commencing after December 15, 2027. Early adoption is permitted. Upon first-time application, entities are required to apply the amendments retrospectively for all the periods presented in the Financial Statements or prospectively, as preferred by the entity.	Max and the Company are examining the effect of the new provisions on its financial statements.

NOTE 5 - SEGMENT REPORTING

A. General

The Group operates in the following operating segments:

1. **Long-term savings**

   The Long-Term Savings Segment comprises life insurance, related coverages (appendices), and management of pension funds and provident funds. The segment comprises long-term savings (under various types of insurance policies, pension funds and provident funds, including advanced education funds), and insurance coverages for various risks, such as: death, disability, long-term health, and health insurance sold as appendices to life insurance policies, and more. According to the Commissioner's Directives, the Long-Term Savings Segment is described in accordance with the following subsegments: provident, pension and life insurance.

2. **Health Insurance**

   The Health Insurance Segment comprises the Group's activity in the health insurance subsegments. The segment comprises long-term care insurance, medical expenses insurance, surgery, transplants, personal accidents (long-term health subsegment), travel, dental insurance, foreign employees insurance and more.

3. **P&C insurance**

   The P&C Insurance Segment comprises the liability and property subsegments, credit insurance, personal accidents insurance and other.

   In accordance with the Commissioner's Directives, the Property and Casualty Insurance Segment is broken down into Compulsory Motor Insurance, Motor Property, Property and Other Subsegments, Credit Insurance and Other Liability Subsegments, as follows:

   - **Compulsory Motor Subsegment**
     The Compulsory Motor Subsegment focuses on coverage, the purchase of which by the vehicle owner or driver is mandatory, in respect of bodily injury caused as a result of the use of a motor vehicle (to the driver, passengers, or pedestrians).
   - **Motor Property Subsegment**
     The Motor Property Subsegment focuses on coverage against property damage to the policyholder's vehicle and third-party property damage caused by the insured vehicle.
   - **Property and Other Subsegments**
     All remaining Property Insurance Subsegments other than the Motor And Liability Insurance Subsegments and Other Insurance Subsegments, such as guarantees and personal accidents (Short-Term Health Insurance Subsegment).
   - **Credit insurance through a consolidated company**
     The Credit Insurance and Foreign Trade Insurance Subsegments.
   - **Other Liability Subsegments**
     The Liability Subsegments provide coverage in respect of the policyholder's liability for any third-party damage he/she may cause. These subsegments include: third-party liability, employer liability, professional liability and product liability.

4. **The Credit Cards Segment**

   The Company was initially consolidated as from March 31, 2023, such that the quantitative segment information below includes only the results of the second, third and fourth quarters of 2023 for this operating segment, other than a provision for credit default according to CECL at the time of the CIMax acquisition; for further details, see Note 3(i)(1)(d).

   The operating results of the credit card segment are divided into two main subsegments: issuing and acquiring.

   Issuing Subsegment

   The Issuing Subsegment focuses on 2 main activities:

   A. **Solutions for financial institutions** - joint credit card issuing and processing with banks, for their customers (B2B2C); hereinafter - "**bank payment cards**").

B. **Private customers** - sale and marketing of non-bank credit cards, consumer credit and other products directly to private customers, i.e., consumers (B2C), including through joint loyalty programs.

Within the Issuing Subsegment, Max issues its customers payment cards, which are used as a means of payment for transactions and cash withdrawal at merchants in Israel and worldwide that accept the brands issued by Max. Max's income from card holders is from fees and commissions collected from the card holders and issuer fees collected from the credit card companies (as acquiring companies) as well as from international organizations (acquirers outside Israel). In addition, interest is collected from Max customers for transactions and credit products provided by Max.

Acquiring Subsegment

This subsegment includes mainly the following activities:

1. Acquiring services - Payment guarantees against vouchers of transactions carried out using credit cards in exchange for a fee collected from the merchant.
2. Related services and complementary products to the acquiring services.
3. Financial solutions - Products and services offered to merchants, such as loans, voucher discounting, early payments and guarantees, in respect of which interest, fees and commissions are collected from the merchants.

Furthermore, the credit card segment will include the operating results of HoldCo Milo Brom Holdings Ltd. (hereinafter - "**Milo**"), a subsidiary of Max, which holds the following companies:

A. **Hyp Payment Solutions Ltd**. (hereinafter - "**Hyp**"), which provides payment solutions to e-commerce websites and merchants, used for payment by credit cards and other means of payment, and provides credit card reconciliation services through a system that enables monitoring merchants' business activity with credit card companies and factoring companies. Hyp also provides a bookkeeping management and digital invoice generation system;

B. **Max EVS Ltd**. (held at 51%) - is a technological joint venture in the field of charging systems and other services relevant to electric vehicles and solar roofs.

5. Other

Includes operating segments that do not meet the quantitative and qualitative thresholds for reporting, mainly in respect of the insurance agencies.

6. Activity not allocated to segments

This activity includes the Group's headquarters, which is mainly the capital, the liabilities not in the insurance business and the assets held against them by Clal Insurance, as well as the Company's separate balances and results.

B. Operating segment reporting

	Long-Term Savings											
	Provident funds			Pension			Life insurance			Total		
In NIS million	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Premiums earned, gross	-	-	-	-	-	-	5,100	6,041	6,844	5,100	6,041	6,844
Premiums earned by reinsurers	-	-	-	-	-	-	324	171	162	324	171	162
Premiums earned - retention	-	-	-	-	-	-	4,776	5,870	6,683	4,776	5,870	6,683
Revenue from credit card transactions	-	-	-	-	-	-	-	-	-	-	-	-
Investment income, net and finance income	223	217	248	5	1	3	12,169	7,425	(4,783)	12,397	7,643	(4,532)
Revenue from management fees	299	293	252	402	371	339	599	594	605	1,300	1,258	1,196
Revenue from fees and commissions	-	-	-	-	-	-	42	30	36	42	30	36
Total revenues	523	510	501	406	372	342	17,587	13,919	2,540	18,516	14,801	3,383
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	218	212	249	-	-	-	16,742	12,679	1,742	16,960	12,891	1,991
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	-	-	-	-	-	-	(287)	(144)	(110)	(287)	(144)	(110)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	218	212	249	-	-	-	16,455	12,535	1,632	16,673	12,747	1,881
Credit loss expenses	-	-	-	-	-	-	-	-	-	-	-	-
Credit card processing	-	-	-	-	-	-	-	-	-	-	-	-
Payments to banks	-	-	-	-	-	-	-	-	-	-	-	-
Fees and commissions, marketing expenses and other purchase expenses	143	141	117	129	118	111	721	721	729	993	979	957
General and administrative expenses	151	142	123	227	204	193	379	368	371	756	713	688
Impairment of intangible assets	-	-	2	-	1	1	-	-	3	-	1	6
Other expenses (income)	7	6	6	5	5	7	-	-	-	12	11	13
Finance expenses (income)	-	-	-	-	-	-	27	19	3	27	19	4
Total expenses	519	501	497	361	327	313	17,582	13,642	2,738	18,462	14,471	3,548
Share in results of equity-accounted investees, net	-	-	-	1	-	-	(1)	-	(3)	(1)	-	(3)
Income (loss) before income tax	4	9	4	46	45	28	4	277	(201)	54	331	(168)
Other comprehensive income (loss) before income tax	2	2	(6)	2	2	(11)	(14)	(52)	104	(11)	(48)	87
Total comprehensive income (loss) before income tax	6	10	(2)	48	47	18	(10)	225	(96)	43	282	(81)

In NIS million	Health			Property and casualty			Credit cards			Other		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Premiums earned, gross	**1,854**	1,733	1,599	**3,763**	3,432	3,068	**-**	-	-	**-**	-	-
Premiums earned by reinsurers	**108**	90	84	**1,371**	1,447	1,420	**-**	-	-	**-**	-	-
Premiums earned - retention	**1,746**	1,644	1,515	**2,392**	1,984	1,648	**-**	-	-	**-**	-	-
Revenue from credit card transactions	**-**	-	-	**-**	-	-	**1,554**	1,083	-		-	-
Investment income, net and finance income	**363**	265	180	**272**	227	202	**1,278**	948	-	**1**	(8)	(3)
Revenue from management fees	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Finance income (expenses) from fees and commissions	**14**	10	11	**220**	222	225	**21**	7	-	**245**	220	201
Total revenues	**2,123**	1,919	1,707	**2,885**	2,434	2,075	**2,853**	2,038	-	**246**	212	198
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**1,337**	1,348	746	**2,093**	1,825	2,013	**-**	-	-	**-**	-	-
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(96)**	(81)	(105)	**(558)**	(446)	(793)	**-**	-	-	**-**	-	-
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**1,242**	1,267	641	**1,535**	1,379	1,220	**-**	-	-	**-**	-	-
Credit loss expenses	**-**	-	-	**-**	-	-	**216**	191	-	**-**	-	-
Credit card processing	**-**	-	-	**-**	-	-	**986**	739	-	**-**	-	-
Payments to banks	**-**	-	-	**-**	-	-	**233**	166	-	**-**	-	-
Fees and commissions, marketing expenses and other purchase expenses	**672**	625	578	**706**	675	613	**451**	278	-	**175**	155	139
General and administrative expenses	**96**	90	83	**100**	102	80	**96**	71	-	**18**	16	16
Impairment of intangible assets	**-**	-	1	**-**	-	1	**-**	-	-	**-**	-	-
Other expenses (income)	**-**	-	-	**-**	-	-	**-**	-	-	**9**	6	5
Finance expenses (income)	**4**	4	9	**6**	18	27	**485**	356	-	**2**	1	1
Total expenses	**2,015**	1,986	1,312	**2,347**	2,174	1,940	**2,467**	1,801	-	**205**	178	161
Share in results of equity-accounted investees, net	**-**	-	-	**(2)**	-	(3)	**4**	1	-	**12**	10	6
Income (loss) before income tax	**108**	(67)	394	**536**	259	132	**390**	238	-	**53**	44	43
Other comprehensive income (loss) before income tax	**20**	(11)	(41)	**13**	53	(224)	**-**	-	-	**-**	-	2
Total comprehensive income (loss) before income tax	**128**	(77)	353	**549**	312	(91)	**390**	238	-	**53**	44	45

	Not allocated to segments			Adjustments and offsets			Total		
In NIS million	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
Premiums earned, gross	**-**	-	-	**(4)**	(4)	(2)	**10,714**	11,202	11,509
Premiums earned by reinsurers	**-**	-	-	**-**	-	-	**1,803**	1,708	1,665
Premiums earned - retention	**-**	-	-	**(4)**	(4)	(2)	**8,911**	9,495	9,844
Revenue from credit card transactions		-	-	**-**	-	-	**1,554**	1,083	-
Investment income, net and finance income	**258**	60	57	**64**	104	-	**14,633**	9,238	(4,097)
Revenue from management fees	**-**	-	-	**1**	1	1	**1,301**	1,259	1,198
Finance income (expenses) from fees and commissions	**-**	-	-	**(86)**	(99)	(90)	**456**	390	383
Total revenues	**258**	60	57	**(25)**	2	(90)	**26,856**	21,464	7,329
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**-**	-	-	**(3)**	(2)	(1)	**20,388**	16,062	4,749
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**-**	-	-	**-**	-	-	**(940)**	(671)	(1,008)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**-**	-	-	**(3)**	(2)	(1)	**19,447**	15,391	3,741
Credit loss expenses	**-**	-	-	**-**	220	-	**216**	411	-
Credit card processing	**-**	-	-	**-**	-	-	**986**	739	-
Payments to banks	**-**	-	-	**-**	-	-	**233**	166	-
Fees and commissions, marketing expenses and other purchase expenses	**-**	-	-	**(86)**	(99)	(90)	**2,912**	2,613	2,196
General and administrative expenses	**88**	97	74	**-**	2	1	**1,155**	1,092	941
Impairment of intangible assets	**2**	4	-	**-**	-	-	**2**	5	8
Other expenses (income)	**1**	-	(1)	**24**	23	-	**46**	40	18
Finance expenses (income)	**311**	294	194	**(5)**	(22)	-	**831**	669	235
Total expenses	**402**	395	267	**(69)**	121	(90)	**25,829**	21,125	7,139
Share in results of equity-accounted investees, net	**-**	(3)	3	**-**	-	-	**14**	8	3
Income (loss) before income tax	**(144)**	(338)	(207)	**44**	(120)	(1)	**1,042**	347	194
Other comprehensive income (loss) before income tax	**355**	135	(374)	**-**	-	2	**377**	129	(547)
Total comprehensive income (loss) before income tax	**211**	(203)	(581)	**44**	(120)	2	**1,419**	476	(354)

C. Additional data regarding key insurance subsegments included in the Property and Casualty Insurance Segment

	Liability Subsegments					
	Compulsory motor insurance			Liability and Other Subsegments 1)		
In NIS million	2024	2023	2022	2024	2023	2022
Gross premiums	**776**	704	695	**479**	506	486
Reinsurance premiums	**129**	168	275	**232**	258	251
Premiums - retention	**647**	536	419	**247**	248	236
Change in unearned premium balance, retention	**(35)**	(43)	(43)	**(1)**	(8)	(7)
Premiums earned - retention	**612**	493	376	**246**	240	229
Investment income, net and finance income	**110**	87	80	**82**	78	76
Revenue from fees and commissions	**13**	23	36	**21**	23	22
Total revenues	**735**	602	492	**349**	342	327
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**656**	637	484	**130**	104	135
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(122)**	(187)	(164)	**(48)**	20	(42)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**535**	450	320	**82**	125	93
Fees and commissions, marketing expenses and other purchase expenses	**106**	100	97	**94**	104	101
General and administrative expenses	**17**	18	14	**7**	9	8
Impairment of intangible assets	**-**	-	-	**-**	-	-
Finance expenses	**3**	4	4	**-**	4	6
Total expenses	**661**	572	435	**182**	242	208
Share in results of equity-accounted investees, net	**(1)**	-	(1)	**-**	-	(1)
Income (loss) before income tax	**73**	30	56	**166**	100	118
Other comprehensive income (loss) before income tax	**3**	19	(86)	**2**	16	(83)
Total comprehensive income before income tax	**76**	50	(30)	**168**	117	36
Liabilities in respect of insurance contracts						
Gross	**2,838**	2,967	2,843	**2,227**	2,289	2,941
Reinsurance	**962**	1,236	1,297	**962**	959	1,551
Retention	**1,877**	1,731	1,546	**1,265**	1,329	1,390

1) Other Liability Subsegments mainly include results from the third party liability, employers' liability and executive liability and professional liability insurance subsegments, the activity of which constitutes approx. 80% in the reporting period and in the corresponding period last year constitutes approx. 80% and in the year ended December 31, 2022, approx. 80% of total premiums in these subsegments.

	Property Subsegments											
	Motor property			Credit insurance			Property and Other Subsegments 1)			Total		
In NIS million	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Gross premiums	**1,311**	1,101	942	**139**	133	132	**1,246**	1,152	1,019	**3,952**	3,596	3,275
Reinsurance premiums	**12**	59	114	**74**	69	72	**979**	899	792	**1,427**	1,452	1,503
Premiums - retention	**1,299**	1,042	829	**65**	64	60	**267**	253	228	**2,526**	2,143	1,772
Change in unearned premium balance, retention	**(84)**	(94)	(70)	**-**	(2)	(1)	**(13)**	(12)	(3)	**(133)**	(159)	(124)
Premiums earned - retention	**1,215**	948	758	**65**	62	59	**254**	241	225	**2,392**	1,984	1,648
Investment income, net and finance income	**45**	27	20	**15**	8	9	**20**	28	16	**272**	227	202
Revenue from fees and commissions	**2**	7	8	**22**	20	21	**162**	149	138	**220**	222	225
Other income	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Total revenues	**1,263**	982	786	**102**	90	90	**436**	418	379	**2,885**	2,434	2,075
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**856**	857	862	**45**	44	35	**405**	182	497	**2,093**	1,825	2,013
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	**(19)**	(89)	(140)	**(30)**	(30)	(23)	**(339)**	(160)	(423)	**(558)**	(446)	(793)
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**837**	768	722	**15**	14	11	**66**	22	74	**1,535**	1,379	1,220
Fees and commissions, marketing expenses and other purchase expenses	**294**	249	212	**14**	13	12	**198**	210	191	**706**	675	613
General and administrative expenses	**29**	27	20	**24**	22	20	**23**	25	18	**100**	102	80
Impairment of intangible assets	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	1
Finance expenses	**-**	-	2	**1**	1	4	**2**	9	11	**6**	18	27
Total expenses	**1,160**	1,045	956	**53**	51	47	**290**	265	294	**2,347**	2,174	1,940
Share in results of equity-accounted investees, net	**-**	-	-	**-**	-	-	**-**	-	-	**(2)**	-	(3)
Income (loss) before income tax	**102**	(62)	(169)	**49**	39	42	**145**	152	85	**536**	259	132
Other comprehensive income (loss) before income tax	**1**	6	(21)	**6**	6	(17)	**-**	4	(17)	**13**	53	(224)
Total comprehensive income (loss) before income tax	**103**	(56)	(190)	**55**	45	26	**146**	156	68	**549**	312	(91)
Liabilities in respect of insurance contracts												
Gross	**907**	790	784	**90**	93	100	**1,401**	1,244	1,294	**7,463**	7,383	7,963
Reinsurance	**21**	58	117	**50**	51	58	**1,146**	995	1,014	**3,141**	3,299	4,037
Retention	**885**	732	667	**41**	42	42	**255**	249	280	**4,322**	4,084	3,926

1) Property and other subsegments mainly include results from the business, home and engineering property insurance subsegments, the activity of which in the reporting period constitutes approx. 78%, in the corresponding period last year constitutes approx. 77% and in the year ended December 31, 2022 - approx. 76% of total premiums in these subsegments.

D. Operating segments reporting as of December 31

In NIS million	Long-Term Savings		Health insurance		Property and casualty		Credit cards		Other		Not allocated to segments		Adjustments and offsets		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets:																
Intangible assets	**758**	773	**79**	77	**220**	215	**265**	245	**179**	157	**15**	14	**697**	725	**2,212**	2,205
Deferred acquisition costs	**1,625**	1,602	**654**	635	**318**	301	**-**	-	**5**	5	**-**	-	**-**	-	**2,601**	2,543
Investments in equity-accounted investees	**40**	39	**-**	-	**(5)**	-	**12**	8	**119**	106	**24**	27	**-**	-	**190**	180
Investment property in respect of yield-dependent contracts	**3,924**	3,839	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**3,924**	3,839
Investment property - other	**1,263**	1,238	**14**	14	**168**	171	**-**	-	**-**	-	**72**	70	**-**	-	**1,517**	1,494
Financial investments in respect of yield-dependent contracts	**87,533**	82,990	**1,268**	1,144	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**88,802**	84,133
Other financial investments:															**-**	
Liquid debt assets	**838**	1,378	**574**	465	**748**	855	**-**	-	**-**	-	**4,047**	4,615	**-**	-	**6,206**	7,313
Illiquid debt assets	**19,798**	18,774	**2,609**	2,309	**2,577**	3,056	**-**	-	**-**	-	**388**	332	**(28)**	(28)	**25,344**	24,444
Shares	**250**	400	**7**	8	**3**	3	**-**	-	**7**	7	**1,509**	1,253	**-**	-	**1,776**	1,671
Other	**2,269**	2,527	**155**	78	**591**	424	**2**	3	**-**	-	**3,039**	2,804	**-**	-	**6,055**	5,836
Total other financial investments	**23,154**	23,079	**3,344**	2,861	**3,919**	4,338	**2**	3	**7**	7	**8,982**	9,005	**(28)**	(28)	**39,381**	39,265
Cash and cash equivalents in respect of yield-dependent contracts	**4,451**	4,418	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4,451**	4,418
Other cash and cash equivalents	**625**	724	**82**	75	**498**	279	**620**	531	**47**	39	**746**	900	**-**	-	**2,617**	2,548
Reinsurance assets	**530**	368	**159**	138	**3,141**	3,299	**-**	-	**-**	-	**-**	-	**-**	-	**3,830**	3,805
Receivables for credit card transactions, net	**-**	-	**-**	-	**-**	-	**17,905**	15,205	**-**	-	**-**	-	**(50)**	(113)	**17,855**	15,092
Collectible premiums	**127**	173	**82**	69	**586**	591	**-**	-	**4**	4	**-**	-	**-**	-	**798**	837
Other assets	**374**	1,423	**24**	104	**366**	306	**605**	503	**73**	80	**600**	976	**(124)**	(132)	**1,918**	3,259
Total Assets	**124,404**	120,666	**5,706**	5,116	**9,212**	9,499	**19,409**	16,495	**433**	398	**10,438**	10,992	**495**	451	**170,097**	163,617
Total assets for yield-dependent contracts	**96,688**	92,849	**1,294**	1,163	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**97,983**	94,012
Liabilities:																
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**24,191**	23,889	**3,109**	2,906	**7,463**	7,383	**-**	-	**-**	-	**-**	-	**(1)**	(1)	**34,762**	34,176
Liabilities in respect of insurance contracts and yield-dependent investment contracts	**94,606**	90,528	**1,288**	1,156	**-**	-	**-**	-	**-**	-	**-**	-	**(19)**	(18)	**95,875**	91,665
Payables for credit card transactions	**-**	-	**-**	-	**-**	-	**9,707**	8,091	**-**	-	**-**	-	**-**	-	**9,707**	8,091
Financial liabilities	**1,544**	2,139	**-**	22	**11**	88	**6,801**	5,812	**-**	-	**6,342**	7,662	**(28)**	(23)	**14,671**	15,699
Other liabilities	**1,527**	1,453	**378**	308	**1,267**	1,504	**801**	713	**207**	214	**1,543**	1,308	**(167)**	(166)	**5,557**	5,334
Total liabilities	**121,869**	118,008	**4,776**	4,392	**8,741**	8,975	**17,309**	14,616	**207**	214	**7,885**	8,970	**(215)**	(208)	160,571	154,966

NOTE 6 - INTANGIBLE ASSETS [2)]

A. Composition and changes

In NIS million	Goodwill	Customer portfolios and future management fees	Licenses, trade name, brand and other	Insurance portfolios	Computer software	Total
Cost						
Balance as of January 1, 2023	645	272	9	699	3,325	4,949
Purchases and internal-use software [1) 3)]	4	-	-	16	283	303
Purchases as part of business combinations [4)]	428	188	73	-	1,366	2,056
Balance as of December 31, 2023	1,077	461	82	715	4,974	7,309
Purchases and internal-use software [1) 3)]	-	-	-	30	342	372
Purchases as part of business combinations [4)]	66	(47)	1	-	(20)	-
Balance as of December 31, 2024	**1,142**	**414**	**83**	**745**	**5,295**	**7,679**
Amortization and impairment losses						
Balance as of January 1, 2023	298	256	9	659	2,487	3,709
Amortization for the year	-	20	5	6	301	332
Impairment loss	-	-	-	-	5	5
Purchases as part of business combinations [4)]	-	-	-	-	1,058	1,058
Balance as of December 31, 2023	298	276	14	665	3,851	5,104
Amortization for the year	-	19	7	9	326	362
Impairment loss	-	-	-	-	2	2
Balance as of December 31, 2024	298	295	22	674	4,179	5,468
Carrying value, net						
Balance as of January 1, 2023	347	17	-	40	838	1,241
Balance as of December 31, 2023	779	185	68	50	1,124	2,205
Balance as of December 31, 2024	**844**	**119**	**61**	**71**	**1,117**	**2,212**

1) Additions in respect of computer software include additions in respect of internal-use software totaling approx. NIS 139 million and approx. NIS 172 million in the years ended December 31, 2024 (in 2023, including balance in respect of Max from the consolidation date) and 2023, respectively.

2) For details regarding the policy for classifying current amortization and impairment losses, and the amortization periods, see Note 3(g).

3) Betach Toren signed agreements to purchase several insurance portfolios over the years; as of December 31, 2024, Betach Toren recognized liabilities in its financial statements in the amount of the payments not yet transferred to the sellers in respect of them and undertook in purchase agreements an amount of approx. NIS 3 million.

   Tmura signed agreements to purchase several insurance portfolios over the years; as of December 31, 2024, Tmura recognized liabilities in its financial statements in the amount of the payments not yet transferred to the sellers in respect of them and undertook in purchase agreements an amount of approx. NIS 20 million.

4) For details regarding excess cost in the Max acquisition, see Note 9 below.

B. Impairment testing and further details

Following is the composition of the carrying value of the intangible assets, excluding computer software:

	Original differences attributable to the value of insurance portfolios		Customer portfolios and future management fees		Licenses, trade name, brand and other		Goodwill	
	As of December 31							
In NIS million	2024	2023	2024	2023	2024	2023	2024	2023
Provident activity 1)	**-**	-	**11**	14	**-**	-	**125**	125
Pension activity 2)	**-**	-	**-**	-	**-**	-	**135**	135
P&C insurance activity - Clal Credit	**-**	-	**-**	-	**-**	-	**2**	2
Credit cards 4)	**-**	-	**107**	171	**61**	68	**498**	432
Insurance agencies 3)	**71**	50	**-**	-	**-**	-	**85**	85
Total	**71**	50	**119**	185	**61**	68	**844**	779

1. **Provident fund management activity**

The Company assessed the need to record a provision for impairment of the goodwill allocated to the provident funds management activity through an appraisal by an external independent appraiser, which is based on the discounted cash flow method, under which the projected cash flows from the activity (value in use) are discounted.

The appraiser's work as of December 31, 2024, was based, among other things, on the calculations of the embedded value (EV) for the provident funds activity conducted by the Company. In previous years, the valuation was based on the Company's forecasts regarding cash flows from operating activities for a period of 5 years.

According to the valuation as of December 31, 2024 and 2023, the recoverable amount calculated is higher than the carrying value of the provident funds activity, and therefore no impairment was recorded in respect of goodwill.

The following key assumptions and parameters were used in the calculation of the recoverable amount:

	As of December 31	
	2024	2023
Valuation methodology	**DCF**	DCF
WACC operating discount rate before tax	**12.3%**	11.1%
WACC operating discount rate after tax	**10%**	9.7%
Effective marginal tax rate	**34.75%**	34.2%
Weighted rate of return on assets under management	**3.85%-3.95%**	5.1%-5.2%
No. of years in the projected cash flows	**5**	5

2. **Pension fund management activity**

For the purpose of preparing the financial statements as of December 31, 2024 and 2023, the Company tested for impairment of the goodwill allocated to the pension funds activity through an appraisal of an external independent appraiser. The assessment was based on the discounted cash flow method. As part of its appraisal, the appraiser uses embedded value calculations made by the Company in respect of the pension funds activity.

Based on the appraisal, the recoverable amount calculated is higher than the carrying value of the pension funds activity, and therefore no impairment was recorded in respect of goodwill as of December 31, 2024 and 2023.

The following key assumptions and parameters were used in the calculation of the recoverable amount:

	As of December 31	
	2024	2023
Valuation methodology	**DCF**	DCF
WACC operating discount rate before tax	**12.6%**	12.2%
WACC operating discount rate after tax	**9.4%**	9.1%
Effective marginal tax rate	**34.75%**	34.2%
Weighted return on available assets (excluding designated bonds and guaranteed-return track) - planholders' assets	**5.3%**	5.3%
Weighted return on available assets (excluding designated bonds and guaranteed-return track) - annuity recipients	**3.2%**	3.2%

3. **Agencies**

For the purpose of preparing the financial statements, the Company tested for impairment of the goodwill allocated to the agencies activity.

As of December 31, 2024 and 2023, the value in use attributed to the agencies activities was higher than the carrying value of these activities, and therefore no impairment loss was recorded in respect of the goodwill.

4. **Credit cards**

As of December 31, 2024, with respect to Max's share, the Company conducted an assessment of qualitative factors, mainly market input and profitability of the unit, and found that the fair value of a cash-generating unit will most likely be higher than its carrying value and therefore, it did not assess the recoverable amount. For details regarding the policy for assessing the impairment loss in respect of Max, see Note 3(i)(2).

NOTE 7 - DEFERRED ACQUISITION COSTS

A. Composition

In NIS million	As of December 31 2024	2023
Long-term savings	**1,625**	1,602
Health Insurance	**654**	635
Property and casualty *)	**318**	301
Other	**5**	5
Total	**2,601**	2,543

*) For further details, see Note 20(a).

B. Changes in deferred acquisition costs in the long-term savings segment and the health insurance segment

	Long-term savings			Health		
In NIS million	Life insurance	Pension and provident funds	Total	LTC	Illnesses and hospitalization	Total
Balance as of January 1, 2023	970	570	1,540	69	558	627
Additions:						
Purchase fees	167	191	358	-	150	150
Other purchase expenses	113	-	113	-	159	159
Total additions	279	191	470	-	309	309
Current amortization	(93)	(101)	(194)	(10)	(149)	(160)
Deduction for cancellations	(215)	-	(215)	(2)	(139)	(142)
Balance as of December 31, 2023	941	660	1,602	57	578	635
Additions:						
Purchase fees	156	140	296	-	180	180
Other purchase expenses	138	-	138	-	141	141
Total additions	294	140	434	-	321	321
Current amortization	(90)	(118)	(207)	(9)	(162)	(172)
Deduction for cancellations	(203)	-	(203)	(2)	(128)	(131)
Balance as of December 31, 2024	**942**	**683**	**1,625**	**45**	**608**	**654**

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT2)

A. Composition and changes

In NIS million	Land and office buildings	Computers and servers	Vehicles	Office furniture and equipment	Leasehold improvements	Total
Cost						
Balance as of January 1, 2023	66	328	-	72	238	704
Purchases	-	27	-	1	4	32
Purchases as part of business combinations [1)]	-	412	2	39	137	590
Balance as of December 31, 2023	66	767	2	113	379	1,327
Purchases	-	49	-	2	15	65
Balance as of December 31, 2024	**66**	**816**	**2**	**114**	**394**	**1,392**
Depreciation and impairment losses						
Balance as of January 1, 2023	56	264	-	53	140	512
Depreciation per year	1	33	-	4	15	53
Purchases as part of business combinations [1)]	-	373	1	24	61	459
Balance as of December 31, 2023	57	670	1	81	216	1,025
Depreciation per year	-	37	-	4	15	57
Balance as of December 31, 2024	**58**	**707**	**1**	**85**	**231**	**1,082**
Carrying value, net						
Balance as of January 1, 2023	10	65	-	19	98	192
Balance as of December 31, 2023	9	97	1	31	163	302
Balance as of December 31, 2024	**8**	**109**	**1**	**29**	**163**	**310**

1. In 2023, the Company acquired CIMax and the companies that it controls. For further details, see Note 9 to the Financial Statements.
2. For further details regarding leased property, plant, and equipment, see Note 29.

NOTE 9 - INVESTMENTS IN INVESTEES

A. Further details regarding key subsidiaries

1. Further details regarding key subsidiaries held directly by the Company

In NIS million	Comment	Country of incorporation	Company's rights in equity - %	Investment in the consolidated company	Capital notes
2024					
Clal Insurance Company Ltd. (hereinafter - "**Clal Insurance**")	(1	**Israel**	**99.98**	**7,252**	**519**
CIMax Holdings	(2	**Israel**	**100.00**	**2,337**	**368**
Clal Agency Holdings (1998) Ltd. (hereinafter - "**Clal Agencies**")		**Israel**	**100.00**	**181**	**58**
Clalbit Systems Ltd.		**Israel**	**100.00**	**9**	**-**
Clal Finance Ltd.		**Israel**	**100.00**	**53**	**53**
2023					
Clal Insurance Company Ltd. (hereinafter - "**Clal Insurance**")	(1	Israel	99.98	6,713	502
CIMax Holdings	(2	Israel	100.00	1,509	76
Clal Agency Holdings (1998) Ltd. (hereinafter - "**Clal Agencies**")		Israel	100.00	152	58
Clalbit Systems Ltd.		Israel	100.00	8	-
Clal Finance Ltd.	(3		100.00	42	53

1) Notes for Tier 1 capital purposes.
2) In 2024 and 2023, CIMax Holdings issued capital notes to the Company in an amount of NIS 292 million and NIS 76 million, respectively.
3) In 2023, Clal Finance issued to the Company a NIS 2 million capital note.

2. A business combination which took place in 2023 and was measured in previous periods at provisional amounts (acquisition of CIMax Holdings Ltd. (formerly WPI))

On March 27, 2023 the Company completed the acquisition of the entire issued and paid up share capital of CIMax Holdings Ltd.

CIMax is a holding company incorporated in Israel that holds Max IT Finance Ltd. and other companies, which, prior to completion of the transaction, were controlled by investment fund Warburg Pincus (approx. 70%).[5] The rest of WPI shares were held by Menora Mivtachim Group (approx. 9%), planholders of Clal Insurance Group (approx. 9%), Allied Holdings Ltd. (approx. 5%), as well as several individual shareholders, including Max consultants and employees.

CIMax's main activity is holding of the entire issued capital of Max IT Finance Ltd. (hereinafter - "**Max**"). Max's activity constitutes approx. 95% of the income in CIMax's consolidated financial statements. Max engages in the issuing, acquiring and processing of payment cards, as well as the provision of payments solutions and financial products, including credit to private and business customers.

Max is defined as an acquirer and holds a permanent acquiring license pursuant to the Banking Law (Licensing), 1981.

Accordingly, Max's activity is subject to a set of laws, orders and regulations, the provisions and guidelines of the Banking Supervision Department and the terms of the acquiring license.

For details regarding the subsegments of Max and the other companies controlled by CIMax, see Note 5A(4) above.

CIMax's contribution to the Group's income in the nine months ended December 31, 2023 amounted to:

A. Operating income provided by credit card transactions (results of Max and Hyp for nine months) amounted to a total of approx. NIS 238 million before tax and was included under the credit card segment.

5 In economic value terms.

B. Provision for credit default as part of initial consolidation of Max's results, see Note 3(i)(1)(d) above, and amortization of excess cost in respect of the acquisition in the period amounted to approx. NIS 122 million before tax and was included under adjustments and offsets.
C. Finance expenses in respect of the syndicated loan in CIMax in the period amounted to approx. NIS 61 million before tax and was included under unallocated segment.

Following are data regarding the consideration paid according to the different components, assets and liabilities recognized on the acquisition date:

In NIS million	Consideration paid
Cash	790
Equity instruments issued (4,970,310 ordinary shares) [(a)]	253
Deferred payment [(b)]	377
	1,420

A. Equity instruments issued

The fair value of the ordinary shares issued is based on the quoted price of the Group's shares as of March 26, 2023, which is NIS 51 per share.

B. Deferred payment

The fair value which was calculated by an external appraiser, for the balance of NIS 370 million (three hundred and seventy million NIS), which will be paid at a date or dates set by the Company and no later than April 30, 2024 (hereinafter - the "**Deferred Payment**"). The Deferred Payment will be adjusted according to CIMax's rate of return in the period between the completion date of the CIMax acquisition transaction and the actual payment date of the Deferred Payment, according to arrangements determined by the parties.

On June 30, 2023, the Company settled the entire Deferred Payment of approx. NIS 380 million.

Following is information regarding how the Group determined the fair value of assets and liabilities which were recognized as part of the business combination:

The Company used an independent external appraiser for the purpose of conducting a provisional purchase price allocation (PPA) for its financial statements.

1. The Company recognized the fair value of the assets acquired and the liabilities assumed as part of the business combination according to a provisional measurement. As of the approval date of the financial statements, a final valuation has not yet been received by an external appraiser with respect to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the acquisition as well as the fair value of the assets and liabilities purchased can be carried out up to 12 months from the acquisition date.
2. Valuation methods used for the valuation:
   Following is a breakdown of the manner of calculating the fair value of the assets acquired and liabilities assumed as part of the business combination, according to a provisional measurement:
   A. The fair value of the brand was estimated using the relief from royalty method. The lifetime used is approx. 10 years; the discount rate of this asset is 15.5%.
   B. Technology - The fair value of technology was assessed according to the income approach, using the MPEEM method, while the value of the asset was estimated based on the future cash flows arising from Hyp's income from technology. Assumed economic life - 9 years and discount rate - 17.0%.
   C. Customer relations of the Acquiring Segment - The fair value of customer relations was assessed according to the income approach, using the MPEEM method, while the value of the asset was estimated based on the future cash flows arising from income of this segment, with an estimated churn rate of approx. 20.5% per year. A cash flow forecast of operating income and expenses was established, which is attributable to the Acquiring Segment only, with a lifetime of approx. 7 years. Assumed discount rate - 16.5%.

D. Customer relations of the Issuing Segment - The fair value of customer relations under the Issuing Segment was assessed according to the income approach, using the MPEEM method, while the value of the asset was estimated based on the future cash flows arising from income of this segment, with an estimated churn rate of approx. 10.9% per year. A cash flow forecast of operating income and expenses was established, which is attributable to the Issuing Segment only, with a lifetime of approx. 9 years. Assumed discount rate - 16.5%.

E. Interest-bearing financial assets and liabilities - The fair value of credit balances was calculated according to the fair value calculation made by Max for its financial statements.

F. For the discounted cash flows in Sections A-D above, the tax reserve or deferred tax asset, respectively, were calculated based on the statutory tax rate under Israeli tax laws, which will be depreciated concurrently with the depreciation of the assets.

The growth rate of income according to which the above valuation was conducted for the Company and from which the forecast of income to be generated from the above assets were estimated fluctuates between 5% and 3% per year based on the type of asset and the relevant year in the forecast.

The Group's financial statements as of March 31, 2023, June 30, 2023, September 30, 2023, and December 31, 2023 included provisional amounts in respect of identified assets and liabilities of CIMax Group which were acquired. Upon completion of the independent valuation for the business combination, the amounts were revised as follows:

Identifiable assets and liabilities acquired:

In NIS million	Balance as of March 31, 2023 - based on provisional events	Effect of the change in estimate following completion of the valuation	As reported in these financial statements
Cash and cash equivalents	496	-	496
Receivables and debit balances	52	-	52
Receivables for credit card transactions, net	15,432	-	15,432
Excess cost on acquisition *)	281	(66)	215
Intangible assets	255	-	255
Property, plant & equipment	131	-	131
Right-of-use asset	198	-	198
Deferred tax assets	30	-	30
Investments in equity-accounted investees	7	-	7
Other financial investments	3	-	3
Payables and credit balances	(463)	-	(463)
Payables for credit card transactions	(8,649)	-	(8,649)
Financial liabilities	(6,535)	-	(6,535)
Liability for employee benefits, net	(27)	-	(27)
Lease liability	(198)	-	(198)
Current tax liabilities	(21)	-	(21)
Net identifiable assets	992	(66)	926

Composition of excess cost

In NIS million	Amortization period (in years)	Balance as of March 31, 2023 - based on provisional events	Effect of the change in estimate following completion of the valuation	As reported in these financial statements
Brand	10	73	1	74
Technology	8.75	60	(20)	40
Customer relations	6.75-7.75	188	(47)	141
Payables and credit balances	0.25	(13)	-	(13)
Financial liabilities	1	(28)	-	(28)
Total		281	(66)	215

Goodwill

Due to the acquisition, goodwill was recognized as detailed below:

In NIS million	Balance as of March 31, 2023 - based on provisional events	Effect of the change in estimate following completion of the valuation	As reported in these financial statements
Consideration paid	1,420	-	1,420
Less fair value of the identifiable assets, net	(992)	66	(926)
Total	428	66	494

In accordance with the provisions of ASU 805, the financial statements were not adjusted retrospectively in respect of adjustments which took place during the measurement period; rather, all adjustments to provisional amounts recognized in previous periods during the measurement period were recognized in the current reporting period in which the valuation was completed.

The effect on the profit and loss statement and other comprehensive income, which would have been recognized during the period from March 31, 2023 to December 31, 2023, and which was effectively recognized during the first quarter of 2024 had the final valuation been completed on acquisition date, is immaterial.

Costs associated with the business combination -

The Group incurred legal expenses and due diligence costs attributable to the acquisition totaling NIS 3.5 million. The Company also paid bonuses to employees amounting to approx. NIS 2.7 million.

These costs were included in administrative and general expenses in the income statement; most were recognized in 2022 and the remainder in 2023.

B. Changes in investment in investees

In NIS million	2024	2023
Balance as of January 1	**180**	168
Investment in the period	**(2)**	9
Equity gains	**14**	8
Other comprehensive income (loss)	**(1)**	1
Additions under business combinations	**-**	7
Dividend received	**(1)**	(13)
Balance as of December 31	**190**	180

NOTE 10 - INVESTMENT PROPERTY, INCLUDING FOR YIELD-DEPENDENT CONTRACTS

A. Composition and changes

	Investment property							
	Yield-dependent contracts							
	Office space in Israel [2]		Logistics and commercial centers in Israel [2]		Office space - abroad		Total	
In NIS million	2024	2023	2024	2023	2024	2023	2024	2023
Balance as of January 1	**2,251**	2,209	**1,204**	1,171	**384**	398	**3,839**	3,778
Additions								
Purchases, net additions to existing assets	**36**	15	**21**	38	**-**	-	**57**	53
Capitalized costs and expenses	**15**	16	**8**	4	**-**	-	**22**	20
Total additions	**50**	32	**29**	42	**-**	-	**79**	74
Translation differences	**-**	-	**-**	-	**-**	20	**-**	20
Changes in fair value in respect of real estate properties yet undisposed of	**11**	10	**8**	(9)	**(13)**	(35)	**6**	(33)
Changes in fair value 1)	**11**	10	**8**	(9)	**(13)**	(14)	**6**	(13)
Balance as of December 31	**2,312**	2,251	**1,241**	1,204	**371**	384	**3,924**	3,839
Details regarding the discount rates used to determine the fair value	**5.5%-10%**	5.5%-10%	**6%-10%**	5.75%-10%	**5.32%-9.46%**	5.25%-9.7%		

1) Income from changes in fair value are recognized in the line item investment income, net and finance income.

2) Includes an advance for investment property.

	Other							
	Office space in Israel [2]		Logistics and commercial centers in Israel [2]		Office space - abroad		Total	
In NIS million	2024	2023	2024	2023	2024	2023	2024	2023
Balance as of January 1	**973**	959	**345**	331	**175**	185	**1,494**	1,475
Additions								
Purchases, net additions to existing assets	**13**	6	**11**	16	**-**	-	**25**	22
Capitalized costs and expenses	**5**	5	**2**	1	**-**	-	**7**	6
Total additions	**18**	12	**13**	17	**-**	-	**31**	28
Translation differences	**-**	-	**-**	-	**-**	11	**-**	11
Changes in fair value in respect of real estate properties yet undisposed of [1]	**(3)**	3	**(1)**	(2)	**(5)**	(21)	**(8)**	(21)
Changes in fair value	**(3)**	3	**(1)**	(2)	**(5)**	(10)	**(8)**	(10)
Balance as of December 31	**989**	973	**358**	345	**170**	175	**1,517**	1,494
Details regarding the discount rates used to determine the fair value	**5.5%-10%**	5.5%-10%	**6%-10%**	5.75%-10%	**5.32%-9.46%**	5.25%-9.7%		

1) Income from changes in fair value are recognized in the line item investment income, net and finance income.

2) Includes an advance for investment property.

B. Determining fair value

1. Fair value hierarchy

All fair value measurements are Level 3 measurements in the fair value hierarchy. For the definitions of the different levels in the hierarchy, see Note 2(e)(3) above.

2. Appraisal processes implemented by the Group and valuation techniques used to determine the fair value

The fair value of investment property is an estimate of the amount that would have been received in a sale of the investment property, in an orderly transaction between market participants at the measurement date.

In the absence of current PPPs in an active market, the fair 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 appraisals of the investment property are conducted in accordance with a valuation method appropriate for the type of asset as detailed below. External appraisals are conducted in different periods for different assets in the investment property portfolio. All valuations were forwarded for review by the relevant entities in the Company.

3. 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/ residential/ office use	The fair value is measured using an income discounting technique: The fair value model is based on the present value of the estimated NOI arising from the asset. The appraisal of the value of the real estate is based on the net annual 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. 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, including a general assessment of their credit worthiness; and the remaining economic useful life of the asset, where those parameters are relevant. The appraisal also takes into account cash outflows in respect of improvement levies, expected refurbishment, and lease payments. When there is reliable comparative information, the fair value is estimated using the comparison technique, while the valuation model is based on price per square meter of comparable properties arising from transactions observed in an active market.	• Market value of future rental payments at the end of the contract period • Discount rate of the cash flows (from 5.32% to 10%)	The estimated fair value will increase if: • The NOI arising from the asset will increase • The discount rate of the cash flows will decrease
Investment property under construction	The appraisal is based on the estimated fair value of the investment property, after the completion of its construction, net of the present value of the estimated construction costs expected to be incurred in order to complete its construction, and net of a reasonable developer's profit, where relevant, while taking into account a discount rate which is adjusted to reflect the property's relevant risks and characteristics. Where the real estate property is in its preliminarily presentation stages, it is presented on a cost basis.		There were no significant inter-relationships between the significant non-observable inputs.

4. **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 the investment property in respect of yield-dependent contracts does not affect the Group's profit and loss.

The following sensitivity analysis reflects the effect of a change in the discount rate by the rates listed below:

Investment property in respect of yield-dependent contracts

	Increase (decrease) in the fair value as of December 31	
In NIS million	2024	2023
0.5% increase	**(262)**	(239)
Decrease of 0.5%	**303**	280

Investment property in respect of non-yield-dependent contracts

	Increase (decrease) in profit and loss before tax for the year ended December 31	
In NIS million	2024	2023
0.5% increase	**(99)**	(92)
Decrease of 0.5%	**115**	108

C. The amounts recognized in the statement of income (except for the changes in the fair value and exchange rate differences)

	For the year ended December 31		
In NIS million	2024	2023	2022
Rental income from investment property	**313**	299	264
Direct operating expenses arising from investment property generating rental income during the period	**(14)**	(16)	(20)
	299	283	244

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

	As of December 31	
In NIS million	2024	2023
Owned	**3,335**	3,336
Capitalized lease:		
Up to 15 years	**128**	122
15-50 years	**1,622**	1,546
Over 50 years	**355**	329
Total	**5,441**	5,333

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.

E. As to investment property lease commitments, see Note 29.

F. As of December 31, 2024, the balance of the Group's liability in respect of further investments in investment property amounted to approx. NIS 652 million, of which approx. NIS 457 million out of participating policies' funds. (and last year - approx. NIS 686 million, of which approx. NIS 486 million out of participating policies' funds).

NOTE 11 - CREDIT RISK, RECEIVABLES FOR CREDIT CARD TRANSACTIONS AND CREDIT LOSS PROVISION

A. Receivables for credit card transactions

In NIS million	As of December 31	
	2024	2023
Credit risk without bank guarantees:		
Private individuals: [1]		
Of which: Receivables for credit card transactions [2]	**4,606**	3,451
Of which: Credit cards [2][3]	**10,431**	9,127
Private individuals - total	**15,037**	12,578
Commercial		
Of which: Receivables for credit card transactions [2]	**313**	237
Of which: Credit cards [2][3]	**1,069**	964
Commercial - total	**1,382**	1,201
Total credit risk without bank guarantees	**16,419**	13,779
Credit risk guaranteed by banks and others:		
International credit card companies and organizations	**294**	276
Income receivable	**53**	153
Others	**209**	170
Total receivables for credit card transactions	**16,975**	14,378
Credit loss provision	**(373)**	(372)
Total receivables for credit card transactions	**16,602**	14,006
Receivables for credit cards guaranteed by banks	**1,253**	1,085
Receivables for credit card transactions, net	**17,855**	15,092

(1) Private individuals, as defined in the Reporting to the Public Directives - Report of the Board of Directors and Management, regarding Total Credit Risk by Market Sector on a Consolidated Basis.

(2) Receivables for credit cards - interest-free, including balances for ordinary transactions, transactions in payments on account of the merchant, and other transactions. The balance is presented after the invoice factoring transaction. For details, see Note 11.D.

Credit - with interest, including credit transactions, revolving credit card transactions, direct credit, credit for non-card holders, and other transactions.

(3) Including credit secured by vehicles amounting to NIS 3,359 million (December 31, 2023 - NIS 2,205 million).

B. Debts* and off-balance-sheet credit instruments

1. Change in outstanding credit loss provision

	As of December 31, 2024					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
In NIS million	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Others (2)	Total
Balance of credit loss provision as of December 31, 2023	**24**	**297**	**5**	**60**	**4**	**389**
Credit loss expenses	**15**	**184**	**2**	**15**	**-**	**216**
Charge-offs	**(18)**	**(209)**	**(2)**	**(18)**	**-**	**(247)**
Collection of debts written off in previous years	**1**	**26**	**-**	**2**	**-**	**29**
Charge-offs, net	**(17)**	**(183)**	**(2)**	**(16)**	**-**	**(218)**
Balance of credit loss provision as of December 31, 2024 (3)	**22**	**296**	**4**	**60**	**4**	**388**
Of which(3):						
For off-balance sheet credit instruments	**11**	**-**	**2**	**-**	**2**	**15**
For deposits with banks and amounts receivable from banks	**-**	**-**	**-**	**-**	**2**	**2**

	As of December 31, 2023					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
In NIS million	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Others (2)	Total
Balance of credit loss provision as of December 31, 2022	-	-	-	-	-	-
Provision for Max consolidation credit default (see Note 3(i)(1)(d))	5	82	1	11	4	102
Application of CECL subsequent to Max's acquisition (see Note 3(i)(1)(d))	18	177	2	23	-	220
Credit loss expenses	11	151	2	35	-	199
Write-downs	(11)	(128)	-	(10)	-	(149)
Collection of debts written off in previous years	1	15	-	1	-	17
Write-downs, net	(10)	(113)	-	(9)	-	(132)
Balance of credit loss provision as of December 31, 2023(3)	24	297	5	60	4	389
Of which(3):						
For off-balance sheet credit instruments	13	-	2	-	1	16
For deposits with banks and amounts receivable from banks	-	-	-	-	4	4

*) Receivables for credit card transactions, deposits with banks, and other debts.

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivables.

2. Additional information on calculating the credit loss provision for debts and for the debts for which it was calculated

	As of December 31, 2024					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
In NIS million	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Others (2)	Total
Recorded outstanding debt:						
Examined on a specific basis	4	23	70	606	-	703
Examined on a collective basis	4,602	10,408	243	464	2,428	18,145
Total debts	4,606	10,431	313	1,070	2,428	18,848
Of which:						
Non-performing debts	13	145	3	25	-	186
Other troubled debts	6	357	2	35	-	400
Total troubled debts	19	502	5	60	-	586
Credit loss provision in respect of debts:						
Examined on a specific basis	-	1	-	19	-	20
Examined on a collective basis	11	295	2	41	4	353
Total credit loss provision	11	296	2	60	4	373
Of which: For non-performing debts	2	64	1	16	-	83
Of which: For other troubled debts	-	35	-	6	-	41

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivables.

	As of December 31, 2023					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial			
In NIS million	Receivables for credit cards	Credit (1)	Receivables for credit cards	Credit (1)	Others (2)	Total
Recorded outstanding debt:						
Examined on a specific basis	9	11	66	526	-	612
Examined on a collective basis	3,442	9,116	171	438	2,220	15,388
Total debts	3,451	9,127	237	964	2,220	16,000
Of which:						
Non-performing debts	12	136	3	24	-	175
Other troubled debts	5	336	1	39	-	381
Total troubled debts	17	472	4	63	-	556
Credit loss provision in respect of debts:						
Examined on a specific basis	-	-	-	20	-	20
Examined on a collective basis	11	295	2	41	4	353
Total credit loss provision	11	295	2	61	4	373
Of which: For non-performing debts	2	60	1	14	-	77
Of which: For other troubled debts	-	41	-	7	-	48

(1) Interest-bearing credit. This credit includes credit transactions, revolving credit card transactions, credit for card holders, credit non-card holders and other transactions.

(2) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income and other accounts receivables.

3. Credit quality by credit granting year

In NIS million	As of December 31, 2024 Recorded debt balance of fixed term credit 2024	2023	2022	2021	2020 Previous	Recorded outstanding debt of renewed loans		Total
Private individuals								
Receivables for credit cards:								
Non-troubled credit	4,482	79	25	1	-	-	-	4,587
Troubled performing credit	4	1	1	-	-	-	-	6
Non-performing credit	12	1	-	-	-	-	-	13
Total receivables for credit cards	4,498	81	26	1	-	-	-	4,606
Charge-offs during the reporting period	(11)	(6)	(1)	-	-	-	-	(18)
Credit:								
Non-troubled credit	4,459	1,781	1,181	479	100	13	1,916	9,929
Troubled performing credit	36	77	93	39	10	1	101	357
Non-performing credit	56	23	12	3	1	1	49	145
Total credit	4,551	1,881	1,286	521	111	15	2,066	10,431
Charge-offs during the reporting period	(6)	(40)	(35)	(14)	(4)	(2)	(108)	(209)
Total private individuals	9,048	1,962	1,312	522	111	15	2,066	15,037
Commercial								
Receivables for credit cards:								
Non-troubled credit	297	5	1	-	1	-	-	304
Troubled performing credit	1	1	-	-	-	-	-	2
Non-performing credit	3	-	-	-	-	-	-	3
Total receivables for credit cards	301	6	1	-	1	-	-	309
Charge-offs during the reporting period	(1)	(1)						(2)
Credit:								
Non-troubled credit	598	224	79	27	8	(0)	77	1,013
Troubled performing credit	17	8	3	3	1	-	3	35
Non-performing credit	9	12	1	-	-	-	3	25
Total credit	624	244	83	30	9	(0)	83	1,073
Charge-offs during the reporting period	(1)	(6)	(3)	(2)	-	-	(6)	(18)
Commercial - total	925	250	84	30	10	(0)	83	1,382
Total debts	9,973	2,212	1,396	552	121	15	2,149	16,419

As of December 31, 2024, there is no outstanding debt for renewed loans converted to fixed loans.

	As of December 31, 2023							
	Recorded debt balance of fixed term credit						Recorded outstanding debt of renewed loans	Total
In NIS million	2024	2023	2022	2021	2020	Previous		
Private individuals								
Receivables for credit cards:								
Non-troubled credit	3,323	90	19	2	-	-	-	3,434
Troubled performing credit	3	2	-	-	-	-	-	5
Non-performing credit	11	1	-	-	-	-	-	12
Total receivables for credit cards	3,337	93	19	2	-	-	-	3,451
Credit:								
Non-troubled credit	3,547	2,052	905	256	96	7	1,792	8,655
Troubled performing credit	48	115	57	20	8	1	87	336
Non-performing credit	28	36	16	6	5	2	43	136
Total credit	3,623	2,203	978	282	109	10	1,922	9,127
Total private individuals	6,960	2,296	997	284	109	10	1,922	12,578
Commercial								
Receivables for credit cards:								
Non-troubled credit	211	2	-	1	-	1	-	215
Troubled performing credit	1	-	-	-	-	-	-	1
Non-performing credit	3	-	-	-	-	-	-	3
Total receivables for credit cards	215	2	-	1	-	1	-	219
Credit:								
Non-troubled credit	570	192	64	32	-	(2)	63	919
Troubled performing credit	21	9	5	1	-	-	3	39
Non-performing credit	16	4	1	-	-	1	2	24
Total credit	607	205	70	33	-	(1)	68	982
Commercial - total	822	207	70	34	-	-	68	1,201
Total debts	7,782	2,503	1,067	319	109	10	1,990	13,779

C. Debts (1)

1. Credit quality and delinquency

	As of December 31, 2024			
		Troubled (2)		
In NIS million	Performing**	Accruing	Non-performing	Total
Private individuals				
Receivables for credit cards	**4,587**	**6**	**13**	**4,606**
Credit (3)	**9,929**	**357**	**145**	**10,431**
Commercial				
Receivables for credit cards	**308**	**2**	**3**	**313**
Credit (3)	**1,010**	**35**	**25**	**1,070**
Other accounts receivables (4)	**2,428**	**-**	**-**	**2,428**
Total debts	**18,621*)**	**400**	**186**	**18,848**

	As of December 31, 2023			
		Troubled (2)		
In NIS million	Performing**	Accruing	Non-performing	Total
Private individuals				
Receivables for credit cards	3,434	5	12	3,451
Credit (3)	8,655	336	136	9,127
Commercial				
Receivables for credit cards	233	1	3	237
Credit (3)	901	39	24	964
Other accounts receivables (4)	2,220	-	-	2,220
Total debts	15,444*)	381	175	16,000

*) Of which: debts with a credit rating as of the report date corresponding with the credit rating for new credit in accordance with the Company's policy in the amount of NIS 17,807 million (December 31, 2023 - NIS 15,160 million).
Performing debts include debts, which are not classified as troubled debts, with payment deferral of 180 days or more, given during the War to borrowers who were not in financial difficulties and totaling less than NIS 0.5 million (all of whom are private customers). Regarding this matter - a payment deferral - including an extension of period and payment deferral without interest during the deferral period. If a further payment deferral was given to a debt, the duration of the deferral is calculated according to the cumulative deferral period. The deferral of payments does not include a deferral in which an entitlement was utilized, to which the borrower is entitled as required by law.

(1) Receivables for credit card transactions, deposits with banks, and other debts.
(2) Performing and non-performing debts.
(3) Including credit secured by vehicle totaling NIS 3,359 million (December 31, 2023 - NIS 2,205 million).
(4) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, accrued income, and other accounts receivables.

2. Additional information on non-performing debts

(a) Non-performing debts and provision

	As of December 31, 2024			
	Outstanding debts			
In NIS million	Outstanding non-performing debts for which there is a provision (2)	Outstanding provision	Total outstanding non-performing debts (2)	Outstanding contractual principal in respect of non-performing debts
Private individuals				
Receivables for credit cards	**13**	**2**	**13**	**13**
Credit	**145**	**64**	**145**	**145**
Commercial				
Receivables for credit cards	**3**	**1**	**3**	**3**
Credit	**25**	**16**	**25**	**25**
Total debts	**186**	**83**	**186**	**186**

	As of December 31, 2023			
	Outstanding debts			
In NIS million	Outstanding non-performing debts for which there is a provision (2)	Outstanding provision	Total outstanding non-performing debts (2)	Outstanding contractual principal in respect of non-performing debts
Private individuals				
Receivables for credit cards	12	2	12	12
Credit	136	60	136	136
Commercial				
Receivables for credit cards	3	1	3	3
Credit	24	14	24	24
Total debts	175	77	175	175
Of which:				
Restructured troubled debts	58	31	58	58

(2) Recorded outstanding debt

1. Information regarding debts of distressed borrowers who underwent a change in terms and conditions (2)

(a) The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions (2)

	As of December 31, 2024	
	Recorded outstanding debt	
In NIS million	Non-performing interest income	Total
Private individuals		
Receivables for credit cards	**5**	**5**
Credit	**54**	**54**
Commercial		
Credit	**10**	**10**
Total debts	**69**	**69**

	As of December 31, 2023	
	Recorded outstanding debt	
In NIS million	Non-performing interest income	Total
	Unaudited	
Private individuals		
Receivables for credit cards	3	3
Credit	44	44
Commercial		
Credit	11	11
Total debts	58	58

(2)The data as of December 31, 2023 present data about restructured troubled debt, in accordance with the previous directive.

(b) The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting year (2)

	For the year ended December 31, 2024		
	Recorded outstanding debt		
In NIS million	Non-performing	Total	Charge-offs
Private individuals			
Receivables for credit cards	**3**	**3**	**-**
Credit	**43**	**43**	**16**
Commercial			
Credit	**10**	**10**	**-**
Total debts	**56**	**56**	**16**

	For the year ended December 31, 2023		
	Recorded outstanding debt		
In NIS million	Non-performing	Total	Charge-offs
Private individuals			
Receivables for credit cards	3	3	-
Credit	56	56	15
Commercial			
Receivables for credit cards	3	3	-
Credit	8	8	-
Total debts	70	70	15

(2) The data as of December 31, 2023 present data about restructured troubled debt, in accordance with the previous directive.

(c) Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting year

	Debts of distressed borrowers, whose terms and conditions changed during the year ended December 31, 2024					
	Total		Type of change			
In NIS million	Recorded outstanding debt	% of total	Waiver of interest	Extension of period	Extension of period and waiver of interest	Payment deferral
	In NIS million	%	In NIS million			
Private individuals						
Receivables for credit cards	3	0.1	-	3	-	-
Credit	43	0.4	1	29	13	-
Commercial						
Credit	10	0.9	-	4	1	5
Total debts	56	0.4	1	36	14	5

	Financial effects of changes to terms and conditions during the year ended December 31, 2024			Debts of distressed borrowers who defaulted following changes of terms during the year ended December 31, 2024 [2]				
	Type of change			Total	Type of change			
	Average waiver of interest	Average extension of period	Average payment deferral	Recorded outstanding debt	Waiver of interest	Extension of period	Extension of period and waiver of interest	Period extension and deferral of payments
	%	Months		In NIS million				
Private individuals								
Receivables for credit cards	-	30	-	-	-	-	-	-
Credit	2.4	35	-	4	-	3	1	-
Commercial								
Credit	1.9	13	6	1	-	1	-	-
Total debts	2.2	31	6	5	-	4	1	-

(2) Debts which were in arrears of at least 30 days during the reporting period, which were restructured as part of the restructuring of troubled debt during the 12 months preceding the date on which they became delinquent.

D. Credit acquisition and sale during the year

During 2024, the Company acquired, through a subsidiary, credit card vouchers totaling approx. NIS 993 million (2023 - approx. NIS 963 million).

During 2022, the Company signed an agreement with one of the banks for the regulation of the execution of purchase transactions by the Bank, which constitute a complete and absolute sale of debts arising by virtue of transactions made with non-banking payment cards issued by the Company.

During 2024, the Company signed a similar agreement with another bank.

In 2023-2024, monthly transactions were carried out totaling between NIS 400 million and 1,100 million. Transactions were made under the said agreements, subject to the discretion of the parties.

E. Receivables for credit card transactions[1] and off-balance-sheet credit risk based on the amount of the borrower's debts [1], [3]

	As of December 31, 2024		
		Receivables for credit card transactions	
	No. of borrowers [2]	Total	Off-balance-sheet credit risk [1][3]
		NIS million	
Maximum credit (in NIS thousand)			
Borrower's outstanding balance is up to 5	**176,977**	**129**	**467**
Borrower's outstanding balance is over 5 and up to 10	**302,122**	**415**	**2,280**
Borrower's outstanding balance is over 10 and up to 15	**177,355**	**531**	**1,768**
Borrower's outstanding balance is over 15 and up to 20	**170,533**	**717**	**2,369**
Borrower's outstanding balance is over 20 and up to 30	**232,383**	**1,497**	**4,303**
Borrower's outstanding balance is over 30 and up to 40	**139,164**	**1,367**	**3,480**
Borrower's outstanding balance is over 40 and up to 80	**238,056**	**4,365**	**8,197**
Borrower's outstanding balance is over 80 and up to 150	**65,213**	**4,071**	**2,435**
Borrower's outstanding balance is over 150 and up to 300	**14,083**	**2,263**	**414**
Borrower's outstanding balance is over 300 and up to 600	**1,382**	**404**	**112**
Borrower's outstanding balance is over 600 and up to 1,200	**204**	**128**	**39**
Borrower's outstanding balance is over 1,200 and up to 2,000	**72**	**108**	**14**
Borrower's outstanding balance is over 2,000 and up to 4,000	**44**	**113**	**15**
Borrower's outstanding balance is over 4,000 and up to 8,000	**17**	**89**	**8**
Borrower's outstanding balance is over 8,000 and up to 20,000	**23**	**269**	**14**
Borrower's outstanding balance is over 20,000 and up to 40,000	**1**	**24**	**-**
Borrower's outstanding balance is over 40,000 and up to 200,000	**2**	**277**	**-**
Total	**1,517,631**	**16,767**	**25,915**
Receivables and other receivables		**234**	**-**
Total	**1,517,631**	**17,001**	**25,915**

(1) Receivables for credit card transactions and off-balance sheet credit risk are stated before the effect of credit loss provision and the effect of deductible collateral for the purpose of borrower indebtedness.

(2) Number of borrowers according to total payables and off-balance-sheet credit risk.

(3) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower indebtedness limitations (excluding credit facilities provided by banks).

In NIS million	As of December 31, 2023		
		Receivables for credit card transactions	
	No. of borrowers [2]	Total	Off-balance-sheet credit risk [1] [3]
		NIS million	
Maximum credit (in NIS thousand)			
Borrower's outstanding balance is up to 5	167,063	137	429
Borrower's outstanding balance is over 5 and up to 10	320,826	383	2,508
Borrower's outstanding balance is over 10 and up to 15	158,743	468	1,578
Borrower's outstanding balance is over 15 and up to 20	146,661	600	2,042
Borrower's outstanding balance is over 20 and up to 30	192,911	1,249	3,553
Borrower's outstanding balance is over 30 and up to 40	112,854	1,141	2,773
Borrower's outstanding balance is over 40 and up to 80	191,432	3,873	6,210
Borrower's outstanding balance is over 80 and up to 150	56,721	3,752	1,840
Borrower's outstanding balance is over 150 and up to 300	9,191	1,399	328
Borrower's outstanding balance is over 300 and up to 600	972	269	109
Borrower's outstanding balance is over 600 and up to 1,200	188	122	36
Borrower's outstanding balance is over 1,200 and up to 2,000	70	110	14
Borrower's outstanding balance is over 2,000 and up to 4,000	36	100	10
Borrower's outstanding balance is over 4,000 and up to 8,000	18	100	7
Borrower's outstanding balance is over 8,000 and up to 20,000	17	196	9
Borrower's outstanding balance is over 20,000 and up to 40,000	2	21	20
Borrower's outstanding balance is over 40,000 and up to 200,000	2	264	-
Total	1,357,707	14,184	21,466
Receivables and other receivables		195	
Total	**1,357,707**	**14,379**	**21,466**

(1) Receivables for credit card transactions and off-balance sheet credit risk are stated before the effect of credit loss provision and the effect of deductible collateral for the purpose of borrower indebtedness.

(2) Number of borrowers according to total payables and off-balance-sheet credit risk.

(3) Credit risk for off-balance sheet financial instruments as calculated for the purpose of per borrower indebtedness limitations (excluding credit facilities provided by banks).

NOTE 12 - RECEIVABLES AND DEBIT BALANCES

A. Composition

	As of December 31	
NIS million	2024	2023
Government institutions and authorities	-	3
Prepaid expenses	**136**	89
Collateral in respect of the securities	**135**	1,006
Receivables for purchase of securities	**135**	493
Advances on account of fees and commissions to insurance agents	**34**	15
Insurance companies and insurance brokers	**114**	94
Trade receivables and accrued income	**119**	117
Subrogation and salvage recoveries	**22**	27
Inventories	**9**	9
Others	**34**	31
Total	**738**	1,884
Less provision for doubtful debts, mostly in respect of reinsurers (see B below)	**(18)**	(18)
Total receivables and debit balances	**720**	1,867

Regarding the Group's exposure to credit risks and market risks, see Note 42 below.
Regarding receivables and debit balances constituting related parties and interested parties, see Note 43 below.

B. Following is the movement in provision for doubtful debts:

	As of December 31	
NIS million	2024	2023
Balance as of January 1	**18**	19
Bad debts	-	(4)
Change in provision during the period - stated in profit and loss	-	3
Total provision for doubtful debts	**18**	18

NOTE 13 - COLLECTIBLE PREMIUM

A. Composition[1), 2)]

	As of December 31	
In NIS million	**2024**	**2023**
Collectible premiums	**861**	900
Less provision for doubtful debts	**(63)**	(62)
Total premiums collectible	**798**	837
Including checks collectible and standing orders	**529**	506

1) Regarding the Group's exposure to credit risks and market risks, see Note 42.
2) Regarding the collectible premium from related parties and interested parties, see Note 43.

B. Following is the change in provision for doubtful debts for the collectible premium

In NIS million	**2024**	**2023**
Balance as of January 1	**62**	62
Change in provision during the period - stated in profit and loss	**1**	-
Balance as of December 31	**63**	62

C. Aging

	As of December 31	
In NIS million	**2024**	**2023**
Unimpaired collectible premium		
No arrears	**610**	567
In arrears: *)		
Under 90 days	**70**	91
Between 90 and 180 days	**45**	55
Over 180 days	**58**	109
	173	254
Total unimpaired collectible premium	**783**	822
Impaired collectible premium	**15**	16
Total collectible premium	**798**	837

*) Includes an amount of NIS 108 million (December 31, 2023 - NIS 151 million) debts in arrears in the Life Insurance Segment. These debts are mainly backed by the repayment value of the policy.

NOTE 14 - ASSETS FOR YIELD-DEPENDENT CONTRACTS

A. Composition

Following is a breakdown of assets held against insurance contracts and yield-dependent investment contracts presented at fair value through profit and loss:[1)]

	As of December 31	
In NIS thousand	2024	2023
Investment property	**3,924**	3,839
Financial investments:		
Liquid debt assets	**25,911**	28,065
Illiquid debt assets	**7,638**	8,199
Shares	**20,274**	17,378
Other financial investments [2)]	**34,979**	30,491
Total financial investments	**88,802**	84,133
Cash and cash equivalents	**4,451**	4,418
Other [3)]	**806**	1,622
Total assets for yield-dependent contracts	**97,983**	94,012

1) For information regarding the exposure in respect of assets for yield-dependent contracts, see Note 42.
2) Other financial investments mainly include investments in ETNs/ETFs, participation certificates in mutual funds, investment funds, derivatives, futures, options and structured products.
3) The balance includes mainly collectible premiums, reinsurer balances, collateral for activity in forward contracts and outstanding securities transactions as of the financial statements date.

B. Fair value of financial assets

(1) Fair value hierarchy of financial assets measured at fair value

The following table presents the financial assets measured at fair value from time to time, using a valuation method according to the different fair value levels. For the definitions of the levels in the hierarchy, see Note 2(e)(3). For further details regarding fair value measurements, see Note 14.

For information about the fair value of investment property in respect of yield-dependent assets, see Noe 10 below.

	As of December 31, 2024			
In NIS million	Level 1	Level 2	Level 3	Total
Financial investments:				
Liquid debt assets	**21,751**	**4,160**	**-**	**25,911**
Illiquid debt assets	**-**	**7,620**	**18**	**7,638**
Shares	**17,471**	**515**	**2,288**	**20,274**
Other financial investments *)	**17,646**	**2,850**	**14,483**	**34,979**
Total financial investments	**56,868**	**15,145**	**16,789**	**88,802**
*) Of which for derivatives	**101**	**934**	**9**	**1,044**

During the period there were no material transfers between Level 1 and Level 2.

	As of December 31, 2023			
In NIS million	Level 1	Level 2	Level 3	Total
Financial investments:				
Liquid debt assets	23,410	4,655	-	28,065
Illiquid debt assets	-	8,170	29	8,199
Shares	14,899	511	1,968	17,378
Other financial investments *)	16,002	1,950	12,539	30,491
Total financial investments	54,311	15,286	14,536	84,133
*) Of which for derivatives	280	284	9	573

During the period there were no material transfers between Level 1 and Level 2.

(2) Change in financial assets measured at fair value - Level 3

In NIS million	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of January 1, 2024 (audited)	**29**	**1,968**	**12,539**	**14,536**
Total gains (losses) recognized in profit and loss	**6**	**(123)**	**792**	**675**
Purchases	**-**	**509**	**2,762**	**3,271**
Sales	**-**	**(56)**	**(1,591)**	**(1,647)**
Redemptions	**(24)**	**-**	**-**	**(24)**
Proceeds from interest and dividend	**(3)**	**(10)**	**(9)**	**(22)**
Debt-to-equity swap	**10**	**-**	**(10)**	**-**
Balance as of December 31, 2024 (audited)	**18**	**2,288**	**14,483**	**16,789**
Total gains (losses) for the period included in profit and loss in respect of financial assets held - balance as of December 31, 2024 [1)]	**-**	**(123)**	**812**	**689**

In NIS million	Illiquid debt assets	Shares	Other financial investments	Total
Balance as of January 1, 2023 (audited)	61	2,106	10,027	12,194
Total gains (losses) recognized in profit and loss	4	(161)	517	360
Purchases	-	393	2,989	3,382
Sales	-	(367)	(1,005)	(1,372)
Redemptions	(12)	-	-	(12)
Proceeds from interest and dividend	(13)	(3)	-	(16)
Debt-to-equity swap	(11)	-	11	-
As of December 31, 2023 (audited)	29	1,968	12,539	14,536
Total gains (losses) for the period included in profit and loss in respect of financial assets held as of December 31, 2023 [1)]	4	(163)	540	381

1) Under investment income, net and finance income.
2) Regarding the fair value measurement method, see Note 15(f)(3).

NOTE 15 - OTHER FINANCIAL INVESTMENTS

	As of December 31, 2024			
In NIS million	Fair value through profit and loss [1]	Available-for-sale	Loans and receivables	Total
Liquid debt assets [(a)]	**212**	**5,994**	**-**	**6,206**
Illiquid debt assets [(b)]	**-**	**-**	**25,344**	**25,344**
Shares (d)	**40**	**1,736**	**-**	**1,776**
Others (e)	**747**	**5,308**	**-**	**6,055**
Total	**999**	**13,038**	**25,344**	**39,381**

	As of December 31, 2023			
In NIS million	Fair value through profit and loss [1]	Available-for-sale	Loans and receivables	Total
Liquid debt assets [(a)]	1,101	6,212	-	7,313
Illiquid debt assets [(b)]	-	-	24,444	24,444
Shares (d)	24	1,647	-	1,671
Others (e)	1,017	4,819	-	5,836
Total	2,142	12,678	24,444	39,265

1) Of which investments valued at approx. NIS 123 million and approx. NIS 992 million are treated according to IFRS 9 at fair value through profit and loss in 2024 and 2023, respectively.

A. Liquid debt assets

Composition

	As of December 31	
In NIS million	2024	2023
Government bonds		
Presented at fair value through profit or loss:	**-**	902
Available-for-sale	**3,351**	3,131
Total government bonds	**3,351**	4,033
Other debt assets		
Non-convertible		
Presented at fair value through profit or loss:		
Designated as of initial recognition date	**186**	174
Available-for-sale	**2,643**	3,081
Total other non-convertible debt assets	**2,829**	3,255
Convertible		
Presented at fair value through profit or loss:		
Designated as of initial recognition date	**26**	25
Total other convertible debt assets	**26**	25
Total liquid debt assets	**6,206**	7,313
Impairments carried to profit and loss (cumulative)	**2**	2

B. Illiquid debt assets

(1) Composition, fair value against carrying value and level in the fair value hierarchy

	As of December 31, 2024				As of December 31, 2023			
		Fair value [1]				Fair value [1]		
In NIS million	Carrying value	Total	Level 2	Level 3	Carrying value	Total	Level 2	Level 3
Government bonds accounted for as loans and receivables								
Designated bonds	**14,739**	**19,912**	**-**	**19,912**	14,441	19,542	-	19,542
Treasury deposits	**2,226**	**2,704**	**-**	**2,704**	2,193	2,737	-	2,737
Total government bonds	**16,965**	**22,616**	**-**	**22,616**	16,634	22,279	-	22,279
Other non-convertible debt assets are presented at fair value through profit or loss:								
Designated as of initial recognition date	**28**	**30**	**30**	**-**	28	28	28	-
Presented as loans and receivables, excluding deposits with banks [2]	**7,939**	**8,125**	**4,956**	**3,170**	7,232	7,242	5,062	2,180
Deposits with banks	**412**	**421**	**421**	**-**	550	566	566	-
Total other non-convertible debt assets	**8,379**	**8,576**	**5,407**	**3,170**	7,810	7,836	5,656	2,180
Total illiquid debt assets	**25,344**	**31,192**	**5,407**	**25,786**	24,444	30,115	5,656	24,459
Impairments carried to profit and loss (cumulative)	**34**				42			

1) Further to Note 3(d)(1)(d), in the liability adequacy testing (LAT), the Company takes into account excess fair value over the carrying value of illiquid debt assets.
2) For further details, see Note 42(e)(e1)(d).

(2) Aging of investments in illiquid financial debt assets

	As of December 31	
In NIS million	2024	2023
Government bonds	**16,965**	16,634
Specifically unimpaired debt assets, gross:		
No arrears	**8,378**	7,804
In arrears: (*)		
Under 90 days	**1**	1
Between 90 and 180 days	**-**	-
Over 180 days	**1**	**2**
Total in arrears	**2**	3
Total debt assets whose value is specifically unimpaired, gross	**25,345**	24,441
Collective provision	**(3)**	(4)
Total debt assets whose value is specifically unimpaired, net	**25,342**	24,437
Impaired debt assets:		
Impaired assets, gross	**34**	45
Provision for loss	**(32)**	(38)
Impaired debt assets, net	**2**	7
Total illiquid debt assets	**25,344**	24,444

*) Mainly loans on 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.

C. Details on paid interest and linkage in respect of debt assets

In %	As of December 31 2024	2023
Liquid debt assets		
Linkage basis		
CPI-linked	**2.41**	2.14
NIS	**4.70**	4.40
Linked to foreign currency	**5.31**	5.27
Illiquid debt assets		
Linkage basis		
CPI-linked	**4.89**	4.62
NIS	**6.25**	5.97
Linked to foreign currency	**7.23**	7.47

D. Shares

In NIS million	December 31 2024	2023
Liquid		
Presented at fair value through profit or loss, designated upon initial recognition	**34**	17
Available for sale	**940**	897
Total liquid shares	**974**	914
Illiquid		
Presented at fair value through profit or loss, designated upon initial recognition	**7**	7
Available for sale	**795**	750
Total liquid shares	**802**	757
Total shares	**1,776**	1,671
Impairments carried to profit and loss (cumulative)	**318**	344

E. Other financial investments

1. Composition

In NIS thousand	As of December 31 2024	2023
Liquid		
Presented at fair value through profit and loss:		
Designated as of initial recognition date	**475**	638
Derivative instruments (2)	**6**	7
Available for sale	**426**	365
Total liquid financial investments	**907**	1,010
Illiquid		
Presented at fair value through profit and loss:		
Designated as of initial recognition date	**114**	67
Derivative instruments (2)	**150**	304
Available for sale	**4,884**	4,455
Total illiquid financial investments	**5,148**	4,826
Total other financial investments	**6,055**	5,836
Impairments carried to profit and loss (cumulative)	**122**	125

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

2. Additional Information on derivative instruments

Following is the amount of net exposure to the underlying asset, presented in delta terms of transactions involving derivative instruments carried out by the Group's insurance companies as of the financial statements dates:

	As of December 31	
In NIS million	2024	2023
Shares	**444**	478
CPI	**-**	104
Foreign currency	**(4,496)**	(3,691)
Fixed interest	**1,360**	762

The amount of net exposure to the underlying asset, presented in delta terms of transactions involving derivative instruments carried out as of the financial statements dates, which are included in the financial liabilities are detailed in Note 26.

F. Fair value

1. Fair value hierarchy of financial assets measured at fair value

The following table presents the financial assets measured at fair value from time to time, using a valuation method according to the different fair value level. For details regarding the levels in the hierarchy, see Note 2(e)(3) above.

	As of December 31, 2024			
In NIS million	Level 1	Level 2	Level 3	Total
Financial investments:				
Liquid debt assets	**6,079**	**127**	**-**	**6,206**
Shares	**930**	**44**	**802**	**1,776**
Other financial investments *)	**905**	**146**	**5,004**	**6,055**
Total financial investments	**7,914**	**317**	**5,806**	**14,037**
*) Of which for derivatives	**4**	**145**	**4**	**153**

During the period there were no material transfers between Level 1 and Level 2.

	Balance as of December 31, 2023			
In NIS million	Level 1	Level 2	Level 3	Total
Financial investments:				
Liquid debt assets	7,130	183	-	7,313
Shares	867	47	757	1,671
Other financial investments *)	1,007	301	4,528	5,836
Total financial investments	9,004	531	5,285	14,820
*) Of which for derivatives	4	301	3	308

During the period there were no material transfers between Level 1 and Level 2.

2. Change in assets measured at fair value - Level 3

In NIS million	Fair value measurement, at the reporting date, of financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other financial investments	Total
Balance as of January 1, 2024 (audited)	**757**	**4,528**	**5,285**
Total gains (losses) recognized:			
In profit and loss	**(13)**	**121**	**108**
In other comprehensive income	**5**	**67**	**72**
Purchases	**86**	**813**	**899**
Sales	**(26)**	**(525)**	**(551)**
Dividend and interest received	**(7)**	**-**	**(7)**
Balance as of December 31, 2024 (audited)	**802**	**5,004**	**5,806**
Total income (losses) for the period included in profit and loss in respect of financial assets held as of December 31, 2024	**(13)**	**129**	**116**

In NIS million	Fair value measurement, at the reporting date, of financial assets at fair value through profit and loss and available-for-sale financial assets		
	Shares	Other financial investments	Total
Balance as of January 1, 2023 (audited)	937	3,697	4,634
Total income (losses) recognized:			
In profit and loss	41	96	137
In other comprehensive income	(142)	134	(8)
Purchases	117	944	1,061
Sales	(190)	(343)	(533)
Dividend and interest received	(6)	-	(6)
As of December 31, 2023 (audited)	757	4,528	5,285
Total gains for the period included in profit and loss in respect of financial assets held as of December 31, 2023	9	97	106

3. Fair value valuation techniques and valuation processes implemented by the Company

A Investments in shares and debt instruments

The fair value of investments traded actively in regulated financial markets is determined based on their quoted closing bid price as of the measurement date.

Regarding investments traded over the counter (OTC), the Group receives quotes from recognized pricing services.

For investments where there is no active market, fair value is determined by external appraisers 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.

The fair value of illiquid debt assets in Israel, including bonds, loans and deposits, is calculated using a model based on the present value of the discounted cash flows calculated using a discount rate set by a provider of interest rate quotes (see Section 4(a)(1) below).

The fair value of illiquid debt assets abroad is calculated using a model based on the present value of the discounted cash flows calculated using a discount rate set by an expert (see Section 4(a)(2) below).

The fair value of Hetz bonds is calculated according to actuarial average duration and by discounting the expected cash flows based on a risk-free interest rate curve.

The valuations, methodology and trends are reviewed and approved by the relevant investment managers and Investment Controller Department personnel.

The fair value of the investment funds is based on net asset value (NAV) reported by the fund managers - mostly once a quarter; the fund's reports are reviewed and approved by the investment manager based on his/her knowledge of the fund.

The fair value of hybrid instruments is determined based on a quote.

B. Derivatives

The fair value of forwards, cross currency swaps (CCS) and options is based on their quoted price, if available. Where such a quoted price is unavailable, the fair value of forwards and CCSs is estimated by discounting the difference between the forward price as per the contract and the current forward price in respect of the period to maturity, using quotes of suitable interest rates, while the fair value of options is determined using the S&B model.

The fair value of interest rate swaps (IRS) is calculated according to the discounted cash flow model according to the terms of the contracts, and based on quoted prices received from recognized pricing services.

4. Data used in the fair value calculation

A. The interest rates used in determining the fair value

1. The discount rates used to calculate the fair value of illiquid assets, which is determined by discounting the estimated cash flows in respect thereof are based primarily on yields on government bonds and margins of corporate bonds as measured on the Tel Aviv Stock Exchange. 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.

   Subsequent to the reporting date, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the 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 the measurement and classification of fair value hierarchies.

2. The discount rates used to calculate the fair value of illiquid assets abroad, which is determined by discounting the estimated cash flows in respect thereof are based primarily on yields on corporate bonds as measured in stock exchanges abroad.

3. The interest rate for illiquid debt assets in Israel, by ratings:[1)]

	As of December 31	
In %	2024	2023
AA and above	**2.2**	2.1
BBB to A	**5.6**	5.2
Unrated	**5.8**	6.6

The interest rate for illiquid debt assets abroad, by international ratings[2)]:

	As of December 31	
In %	2024	2023
Unrated	**7.1**	7.8

1) The sources for the ratings in Israel are Maalot, Midroog 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+.
2) All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, for example: A rating includes A- up to A+.

NOTE 16 - CASH AND CASH EQUIVALENTS

A. Cash and cash equivalents in respect of yield-dependent contracts

1. Composition

	As of December 31	
NIS million	2024	2023
Cash and deposits available for immediate withdrawal	**2,305**	3,364
Short term deposits	**2,146**	1,054
Cash and cash equivalents	**4,451**	4,418

2. Further details

As of financial reporting date, the cash with banking corporations bear current interest of approx. 4.3% based on interest rates applicable to daily deposits with banks (as of December 31, 2023 - approx. 4.5%).

Other deposits with banking corporations are for periods ranging between one week and three months. The deposits bear interest of approx. 4.4% (as of December 31, 2023 - 4.6%-5.2%)

B. Other cash and cash equivalents

1. Composition

	As of December 31	
NIS million	2024	2023
Cash and deposits available for immediate withdrawal	**1,702**	1,647
Short term deposits	**916**	901
Cash and cash equivalents	**2,617**	2,548

2. Further details

As of financial reporting date, the cash with banking corporations bear current interest of approx. 4.3% based on interest rates applicable to daily deposits with banks (as of December 31, 2023 - approx. 4.5%).

Other deposits with banking corporations are for periods ranging between one week and three months. The deposits bear interest of approx. 4.4% (as of December 31, 2023 - 4.6%-5.2%)

C. For further details regarding the Group's exposure to interest rate risk, market risk and regarding sensitivity analysis, see Note 42(c)(2)-(3).

NOTE 17 - EQUITY AND RESERVES

A. Share capital

	Ordinary shares *)		
	2024	2023	2022
	In thousands of shares of NIS 1 p.v.		
Issued and paid-up share capital as of January 1	**79,031**	74,061	67,649
Issuance of shares **)	**-**	4,970	6,411
Exercise of options for senior employees ***)	**406**	-	1
Issued and paid up share capital as of December 31	**79,437**	79,031	74,061
Authorized capital	**100,000**	100,000	100,000

*) The shares are listed on the Tel Aviv Stock Exchange (TASE). Holders of ordinary shares have the right to receive dividends as declared from time to time, voting rights at general meetings of the Company according to one vote per share, rights in the event of liquidation of the Company and the right to appoint directors for the Company.

**) See D2 below.

***) For further details, see Note 44 below.

B. Capital reserves

1. The translation reserve of foreign operations is composed primarily from the effects of the exchange rates of the GBP and USD.
2. Other capital reserves include capital reserve in respect of transactions with controlling shareholders, and other capital reserves which are immaterial.

C. Dividends in the Company and consolidated companies

1. Approval of the Company's dividend policy and distribution

In September 2024, the Company's Board of Directors approved the dividend distribution policy. This policy was approved, among other things, further to the approval of a dividend distribution policy in the Company's key subsidiaries - Clal Insurance and Max (see below).

In accordance with the approved policy, the Company will distribute an annual dividend at a rate, which will not fall below 50% of the dividend received in that year from the Company's subsidiaries.

This policy should not be viewed as an undertaking by the Company to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of laws applicable to any dividend distribution and to compliance with the financial covenants the Company has undertaken and/or will undertake in the future as to the condition that the distribution shall not adversely affect the Company's cash flows and the Company's need for cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities.

The Company's Board of Director may review the dividend distribution policy from time to time and decide, at any given time, taking into account business considerations and the legal and regulatory provisions applicable to the Company, to change the dividend distribution policy, including the rate of dividend to be distributed.

Further to the above, on November 28, 2024, the Company's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 60% of the dividends declared and distributed in the Company's subsidiaries. The dividend was paid on December 24, 2024.

2. Dividend distribution policy and dividend distribution at Clal Insurance

In June 2023, Clal Insurance's Board of Directors approved a policy for the distribution of a dividend at a rate of 30%-50% of Clal Insurance's comprehensive income. The distribution is subject to Clal Insurance's compliance with a minimum capital target pursuant to the economic solvency ratio regime, post-distribution, at a rate of 110%, without taking into account the Transitional Provisions, and at a rate of 135%, taking into consideration the Provisions for the Transitional Period.

This is further to setting a capital management policy whereby the target range for Clal Insurance's economic solvency ratio shall be 150%-170%, approved in June 2021. In addition, the minimum economic solvency ratio target for prudential purposes is set at 135%. These targets relate to a solvency ratio taking into account the Deduction during the Transitional Period until the end of 2032 and thereafter.

It is noted that in February 2025, the Commissioner issued a letter regarding capital targets, which clarifies the appropriate practices for setting the capital targets. Clal Insurance intends to assess its targets bearing the letter in mind.

This policy should not be viewed as an undertaking by Clal Insurance to distribute dividends, and that any actual distribution shall be individually subject to approval by Clal Insurance's Board of Directors, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of laws applicable to any dividend distribution and to compliance with the financial covenants Clal Insurance has undertaken and/or will undertake in the future as to the condition that the distribution shall not adversely affect Clal Insurance's cash flows and Clal Insurance's need for cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities.

The Board of Directors of Clal Insurance may review the dividend distribution policy from time to time and decide, at any given time, taking into account business considerations and the legal and regulatory provisions applicable to Clal Insurance, to change the dividend distribution policy, including the rate of dividend to be distributed.

Further to the above, on November 27, 2024, Clal Insurance's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 45% of Clal Insurance's comprehensive income in 2023, having considered all aspects, including Clal Insurance's compliance with the economic solvency ratios detailed above. The dividend was paid on November 28, 2024.

3. Dividend distribution policy and dividend distribution in Max

Dividend distribution by Max is subject to the restrictions of the Companies Law as well as the Banking Supervision Department's directives, according to which no dividend shall be distributed in the following cases:

1. When cumulative retained earnings less negative differences included in accumulated other comprehensive income is not positive or when the proposed distribution amount will lead to negative retained earnings.
2. One of more of the last calendar years ended in a loss or comprehensive loss or when the cumulative result in the three quarters ended at the end of the interim period regarding which the last financial report was published shows a loss or comprehensive loss.
3. Max may not comply with the capital target requirements.

Notwithstanding the above, in certain cases Max may distribute dividends also under the above circumstances, if it receives prior written consent from the Banking Supervision Department for the distribution, and up to the maximum amount approved, as aforesaid.

Furthermore, pursuant to the terms of some of Max's credit facilities, no dividend will be distributed in the following cases:

A. If at the distribution date, the Tier 1 capital adequacy ratio is less than 8% under its consolidated financial statements.

B. In addition, if Max's Tier 1 capital adequacy ratio exceeds 10% under its consolidated financial statements, Max may make a distribution in any calendar quarter, only if, among other things, the following terms and conditions are met: (1) Max does not default on its liabilities, including deviation from the financial covenants; (2) there is no cause to call for immediate repayment;

C. If Max's Tier 1 capital adequacy ratio is within the range of between 8% and 9%(inclusive) under its consolidated financial statements, Max may not distribution dividends in any calendar quarter, unless it complies, among other things, with the following terms: (1) The distribution amount does not exceed 25% of the net income under the Company's last consolidated financial statements; (2) Max meets all its material liabilities, including not deviating from the financial covenants; (3) there is no cause to call for immediate repayment.

D. If Max's Tier 1 capital adequacy ratio is higher than 9% and less than 10% under Max's consolidated financial statements, Max may not distribute dividends in any calendar quarter, unless the Company complies, among other things, with the following terms and conditions: (1) The distribution amount does not exceed 50% of the net income under the Max's last consolidated financial statements; (2) Max meets all its material liabilities, including not deviating from the financial covenants; (3) there is no cause to call for immediate repayment.

During the second quarter of 2024 Max agreed the cancellation of restrictions on dividend distribution, which were included in its financing agreements, and which were detailed above.

On June 30, 2024, Max's Board of Directors set a dividend distribution policy. According to the policy, as from 2024 Max will be able to distribute every year dividends at a total amount of up to 30% of Max's net income for the year, which preceded the distribution year; in setting the policy Max does not undertake to distribute a dividend on a certain date or rate, any distribution shall be subject to the full discretion of Max's Board of Directors and require the individual approval of the Board of Directors of Max, subject, among other things, to compliance with all the restrictions applicable to Max under the law and under directives of the Banking Supervision Department.

Accordingly, on June 30, 2024, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 62 million, which constitutes approx. 28% of Max's net income for 2023. The dividend was paid on July 3, 2024.

D. Issuance of share capital by the Company

On January 16, 2022, the Company issued 6,410,700 shares of NIS 1 p.v. each, under an IPO pursuant to its shelf offering report dated January 13, 2022 which was published under a shelf prospectus dated August 29, 2019, the validity of which was extended until August 28, 2022. The proceeds of the issuance, net of issuance expenses, amounted to approx. NIS 492 million. In March 2023, as part of the consideration for the Max transaction, the Company allocated to the seller - on the transaction completion date - 4,970,310 ordinary shares of the Company of NIS 1 p.v. each (hereinafter - the "**Allocated Shares**"). The allocated shares constituted - immediately following their allocation - approx. 6.29% of the Company's issued and paid-up share capital and approx. 6.05% of the issued and paid-up share capital of the Company, fully diluted. For details regarding Max's acquisition, see Note 9 above.

E. Control status and management of the Company's capital requirements and consolidated institutional entities

1. Capital management by the Company

It is the Company's policy to maintain a strong capital base as a central loss absorption buffer 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 its consolidated companies' capital needs and in order to support future business development.

With regard to capital management, the Company also assesses the need to maintain an absorption buffer, noting negative developments which may affect the capital and the capital requirements.

The Board of Directors monitors the return on equity, which is defined by the Group as comprehensive income (loss) for the period attributable to the Company's shareholders divided by the equity attributable to the Company's shareholders.

For details regarding the Company's undertaking to the Capital Market, Insurance and Savings Authority (hereinafter - the "**Authority**") regarding compliance with an equity to asset ratio in the separate balance sheet, as given as part of the completion of the Max transaction, and for details regarding the Company's undertaking to meet financial ratios as part of the control permit in Max and CIMax, as issued by the Governor of the Bank of Israel, see Sections 3 and 4 below.

2. Status of the Company's control over consolidated companies

A. Clal Insurance

On December 8, 2019, the Company received a letter from the Commissioner, in which the Commissioner announced that the Authority's position as of that date is that at the present time, no entity holds, directly or indirectly, means of control of the Company in a way that establishes the obligation to obtain a control permit in the Company pursuant to Section 32(b) of the Insurance Law; therefore, the Company is required to obtain from the Commissioner, a control permit in Clal Insurance. Later, the Commissioner issued further letters regulating, as of now, the arrangements applicable to activation of means of control by the Company in Clal Insurance (hereinafter - the "**Outline**").

As of the report date, the Company does not have a core control core.

In the Authority's letter to the Company in connection with the Max acquisition transaction, the Authority noted that the outline set out regarding the activation of means of control in Clal Insurance, as outlined above, shall remain in effect, and the following was added to it - an undertaking by the Company to complete the Company's share capital of Clal Insurance, as detailed in Section 3 below, amendment to Clal Insurance's license and control permit over corporate agent Max Insurance Agency Ltd.

For details regarding the holding and control in the Company, and regarding the cancellation of the control permit, see Note 1 above.

B. Max

On February 23, 2023, the Company was issued a permit by the Governor of the Bank of Israel to control and hold means of control in Max and CIMax (hereinafter - the "**Control Permit**"). According to the permit, the Company is required to maintain certain financial ratios in the Company and in CIMax, which mainly include the following: (a) The Company's equity to asset ratio will be at least 50%; (b) CIMax's equity to asset ratio will be at least 50%, and under certain conditions - at least 45%. For that purpose, the calculation was carried out with certain adjustments. The Company is required to maintain these ratios both for the separate financial statements and the consolidated financial statements, with the main adjustments being that the calculation in the Company's consolidated financial statements will be carried out while presenting Clal Insurance Group and Max's assets and liabilities using the equity method, and that CIMax's existing debt will be added to the calculation in the Company's separate financial statements. Currently, the Company and CIMax meet those ratios. The control permit also provides that the Company's minimum holding rate in Max not fall below 30% of any type of means of control (hereinafter - the "**Control Core**"). The Control Permit also sets limits on a pledge of 20% of the means of control in Max, which constitute a part of the Control Core, and conditions applicable to the transfer of the means of control in CIMax and in Max, which are not a part of the Control Core.

Subject to the exceptions set out in the control permit, which refer, among other things, to the activities of Clal Insurance Group, the Company will consolidate its activities in the operating segment of Max under Max. This does not impose any restrictions on other activities or investments by Clal Insurance Group for the planholders and policyholders of Clal Insurance Group, or activities that are carried out in the ordinary course of business of the Group's institutional entities, which do not compete with the businesses of Max.

3. Liabilities for supplementation of capital in Group companies:

- The Company undertook towards the Authority and Clal Insurance to supplement Clal Insurance's equity capital to the amount set in the definition of the "minimum capital requirement (MCR)" as per the Economic Solvency Regime appendix to Circular No. 2017-1-9 published by the Commissioner of the Capital Market, Insurance and Savings regarding provisions for the Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies, or any other law that will supersede it. As part of the undertaking, it was clarified that the Company may fulfill it or a part thereof, by executing equity transactions to increase Clal Insurance's equity in order to supplement the required capital, while diluting the Company's ownership interest.

  In order to meet the undertaking to supplement the capital as stated above, the Company even undertook to ensure that its equity will not fall below 50% of the Company's total assets at any given time.

  It is noted that to date the Company meets the equity to asset ratio in the balance sheet referred to above.

- Under the control permit in Max, the Company has undertaken to inject capital into Max or, alternatively, not to prevent Max from raising further capital in a manner which may dilute the Company's ownership interest therein, such that Max will be able to meet the regulatory capital adequacy requirements.

F. Capital requirements and management by the Group Companies

1. Clal Insurance

(a) **Scope of the Economic Solvency Regime**

The consolidated insurance companies are subject to the Provisions of the Solvency II-based Economic Solvency Regime that sets guidance regarding the calculation of the shareholders' equity and the solvency capital requirement on the economic basis.

(b) **Economic solvency ratio**

In accordance with the provisions of the Consolidated Circular, the Economic Solvency Ratio Report as of the December 31 and June 30 data of each year shall be included in the first periodic report published subsequent to the calculation date.

On November 27, 2024, Clal Insurance approved and published its Economic Solvency Ratio Report as of June 30, 2024.

The calculation carried out by the Company as of June 30, 2024 was reviewed by the Company's independent auditors in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard is relevant for the execution of the engagement to assess whether the Company's solvency calculations comply,

in all material respects, with the Commissioner's Directives, and are not part of the auditing standards applicable to financial statements.

In accordance with the Solvency Ratio Report as of June 30, 2024, published on November 27, 2024, Clal Insurance has excess capital over the capital requirement, both including and excluding the Transitional Provisions (the Provisions for the Transitional Provisions and stock scenario adjustment).

It should be emphasized that the projections and assumptions on the basis of which the Economic Solvency Ratio Report was prepared are based mainly on past experience as arising from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and the changes in the economic environment, past data do not necessarily reflect future results. The calculation is sometimes based on assumptions regarding future events and measures taken by management, and the pattern of the future development of the risk margin, that will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation. Furthermore, actual results may substantively vary from the calculation, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the calculation.

For further details, see Section 2.4 to the Report of the Board of Directors.

(c) **Additional details regarding economic solvency regime and updates in the reporting period**

The Provisions of the Economic Solvency Regime set guidance regarding an economic calculation of the shareholders' equity and the solvency capital requirement.

A. In accordance with the Provisions of the Economic Solvency Regime, in general, the economic balance sheet line items are calculated according to economic value, and specifically, the insurance liabilities are calculated based on the best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin that reflects the total cost of capital that another insurance company or reinsurer would have been required to bear, in order to assume the insurance liabilities of an insurance company, calculated on a best estimate basis, as defined in the Provisions of the Economic Solvency Regime. Generally, intangible assets are not recognized in the economic balance sheet; it is prepared based on the Company's separate financial statements plus subsidiary insurance companies, whose data are consolidated with those of the insurance company, and - according to the guidance - does not include the economic value of the provident funds activity and pension funds activity under the insurance company.

B. The Economic Solvency Regime includes, among other things, transitional provisions in connection with compliance with capital requirements, and which allow increasing the economic capital by deducting from the insurance reserves an amount calculated in accordance with the Provisions of the Economic Solvency Regime (hereinafter - the "**Deduction**"). The Deduction will decrease gradually until 2032 (hereinafter - the "**Transitional Period**"). In addition to a reduced capital requirement, that will increase gradually until the end of 2023, in respect of certain investment types.

C. The calculation of the solvency capital requirement is based on an assessment of the economic shareholders' equity's exposure to the risk-weighted components set in the Provisions of the Economic Solvency Regime: life insurance risks, health insurance risks, property and casualty insurance risks, market risks and counter-party default risks. These risk-weighted components include sub-risk-weighted components with respect to specific risks to which the insurance company is exposed. The exposure assessment of the economic shareholders' equity to each sub-risk component is carried out based on a scenario set out in the guidance. The determination of the solvency capital requirement is based on the sum of the capital requirements in respect of the risk-weighted components and risk-weighted sub-components, as stated above, in accordance with the correlations assigned to them, and net a loss absorption adjustment for deferred tax, as detailed in the Provisions of the Economic Solvency Regime. Furthermore, the calculation of the solvency capital requirement includes components of capital required in respect of operational risk and in respect of management companies.

   It is noted that the calculation of the economic solvency ratio is based on data and models that may differ from those used by the Company as part of financial reporting, and which are based, among other things, on forecasts and assumptions that rely mainly on past experience. Actual results may vary from the forecasts and guidance used in the calculation of the economic solvency ratio. Specifically, and as detailed in the Provisions of the Economic Solvency Regime, the calculation of the economic solvency ratio is based, to a large extent, on the model used to calculate the embedded value. The model for calculating the embedded value is executed in accordance with the practice implemented in Israel, whose principles and

rules were set by the Capital Market Authority, that adopted the rules and principles stipulated under a report of a joint committee of the insurance companies and the Capital Market Authority, which was supported by Israeli and foreign consultants. The model is based, among other things, on internal studies that reflect the Company's best estimate, subject to qualifications and limitations set as part of the said principles and rules.

It should be emphasized that the results of the models used in the calculation of the eligible own funds and the solvency capital requirement are highly sensitive to the forecasts and assumptions included therein, as well as to the manner by which the Directives are implemented. The economic solvency ratio is highly sensitive to market variables and other variables, and accordingly may be volatile.

(d) **Minimum capital requirement and regulatory intervention hierarchy**

In addition to a solvency capital requirement (SCR), the Provisions of the Economic Solvency Regime also define a minimum capital requirement (MCR) (hereinafter - the "**Minimum Capital Requirement**"), which will not fall below 25% of the SCR according to the transitional provisions during the Transitional Period and will not exceed 45% of the SCR. In addition, a regulatory intervention hierarchy was put in place, whereby a company that will fail to meet the required solvency ratio upon the implementation of the transitional provisions during the Transitional Period, or where there is real concern that its solvency ratio will be lower than required, will file to the Commissioner a plan for ensuring its compliance with the required solvency ratio within 6 months from its filing date. Should the insurance company fail to meet the plan's requirements, in accordance with the conditions detailed in the provisions, the Commissioner will consider a regulatory intervention according to his powers. It is noted that if the Commissioner declared an extraordinary negative development upon the occurrence of one of the circumstances detailed in the economic solvency ratio regime, it may extend the rectification period to up to 7 years. Furthermore, a company that will not meet the Minimum Capital Requirement (MCR), or where there is real concern that its MCR will be lower than required, will file to the Commissioner a plan for ensuring its compliance with the MCR within three months from its filing date. Should the insurance company fail to meet the plan's requirements, in accordance with the conditions detailed in the provisions, the Commissioner will take regulatory measures according to the powers vested in him in The Supervision Law.

(e) **Composition of eligible economic capital**

The Provisions of the Economic Solvency Regime set guidance regarding the composition of the eligible capital on an economic basis, whereunder the eligible shareholders' equity shall be the total of Tier 1 capital and Tier 2 capital, as defined in the provisions, where Subordinated Tier 2 capital instruments, Hybrid Tier 2 capital and Tier 3 capital, which were issued prior to June 30, 2017, shall be classified as Tier 2 capital, and recognized according to the criteria used for recognizing them before this date. Furthermore, it was stipulated that the maximum rate of Tier 2 capital shall stand at 40% of the solvency capital requirement. Regarding the compliance with the Minimum Capital Requirement, it was stipulated that the maximum rate of Tier 2 capital shall stand at 20% of the Minimum Capital Requirement.

2. Management of capital requirements in Max

A. Capital adequacy, as per the Banking Supervision Department's directives (in %)

	As of December 31	
In NIS million	2024	2023
1. Capital for capital ratio calculation purposes:		
Common Equity Tier 1 capital	**2,066**	1,855
Tier 2 capital	**466**	461
Total overall capital	**2,532**	2,316
2. Balance of risk-weighted assets:		
Credit risk - standardized approach	**17,207**	14,021
Market risks - standardized approach	**55**	19
Operational risk - standardized approach	**3,347**	2,876
Total balance of risk-weighted assets	**20,609**	16,916
3. Ratio of capital to risk-weighted assets:	In %	In %
Ratio of CET1 capital to risk-weighted components	**10.0**	11.0
Ratio of total capital to risk-weighted assets	**12.3**	13.7
Minimum CET 1 capital by the Banking Supervision Department	**8.0**	8.0
Minimum total capital ratio set by the Banking Supervision Department	**11.5**	11.5

* Calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211 titled "Capital Adequacy and Measurement", and Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions", which came into effect on June 1, 2016.

B. Capital adequacy target in Max

In accordance with Proper Conduct of Banking Business Directive No. 472 issued by the Banking Supervision Department, regarding "Merchant Acquirers and Acquiring Payment Card Transactions". The Common Equity Tier 1 capital ratio shall not fall below 8%, and the total capital ratio shall not fall below 11.5%. The directive became effective on June 1, 2016 and applies to Max as an acquirer. ("Payment Services Provider with Prudential Importance").

In accordance with Max's risk profile, on June 30, 2024 Max's Board of Directors approved Max's CET1 capital ratio internal target at 9.25% instead of 10% as was the case through that date. The revised internal target is 125 basis points (1.25 percentage points) higher than the minimum CET 1 capital ratio set by the Banking Supervision Department, as stated above. Max intends to hold a security buffer above the revised internal target. The internal target for total capital ratio has not changed and stands at 12%.

C. Capital components for the calculation of capital ratio in Max

	As of December 31	
In NIS million	2024	2023
1. Common Equity Tier 1 capital		
Equity	**2,061**	1,847
Net of goodwill	***)**	*)
Total Common Equity Tier 1 capital	**2,061**	1,847
Regulatory adjustments:		
Adjustments for current expected credit losses - CET1 capital**	**5**	8
Total CET1 capital, after regulatory capital deductions	**2,066**	1,855
2. Tier 2 capital		
Tier 2 capital: Instruments	**250**	285
Tier 2 capital: Provisions	**216**	176
Total Tier 2 capital	**466**	461
Total overall capital	**2,532**	2,316

*) An amount lower than NIS 1 million.

) These data include adjustments in respect of the effect of first-time application of GAAP for current expected credit losses (hereinafter - "adjustments for current expected credit losses**"), which are gradually amortized until January 1, 2026.

D. Effect of adjustments for current expected credit losses on the CET1 capital ratio at Max

	As of December 31	
In %	2024	2023
Ratio of capital to risk-weighted components		
Ratio of CET1 capital to risk-weighted components, before the effect of adjustments for current expected credit losses	**10.0**	10.9
Effect of adjustments for current expected credit losses	**0.02**	0.05
Ratio of CET1 capital to risk-weighted components	**10.0**	11.0

E. Leverage ratio in Max pursuant to the Banking Supervision Department directives

As from April 1, 2015, Max has been implementing Proper Conduct of Banking Business Directive No. 218 on leverage ratio (hereinafter - the "**Directive**"). The directive sets a simple, transparent and non-risk based leverage ratio to serve as a supplementary and reliable measure for risk-based capital requirements, with the purpose of limiting excess leverage in banking corporations. The leverage ratio is expressed as a percentage, and is defined as the ratio between capital measurement and exposure measurement. The capital for the purpose of measuring the leverage ratio is Tier 1 capital as defined in Proper Conduct of Banking Business Directive No. 202. Max's total exposure is the sum of the on-balance sheet exposures and off-balance-sheet items. As a rule, the measurement is consistent with the accounting values, and no risk-weighting is applied. In addition, unless specifically permitted to do so under the Directive, Max may not use physical or financial collateral, guarantees or other credit risk mitigation techniques to reduce the exposure measurement. On-balance sheet assets deducted from Tier 1 capital (in accordance with Directive No. 202) are deducted from the exposure measurement. Pursuant to the Directive, Max calculates the exposures for off-balance-sheet items by converting the sum of the items by credit conversion coefficients, as stipulated in Proper Conduct of Banking Business Directive No. 203.

Pursuant to the Directive, acquirers shall have a consolidated leverage ratio of no less than 5%.

In the circular amending the Directive, which was published by the Banking Supervision Department on December 20, 2023, it extended the term of an expedient set as a Temporary Order in November 2020, as part of adjustments to Proper Conduct of Banking Business Directives for dealing with the Covid-19 crisis, according to which the leverage ratio shall not fall below 4.5% on a consolidated basis. According to the circular, against the background of a review conducted by the Banking Supervision Department to amend the directive and a review of the leverage ratio and its mix, the above relief was extended as a temporary order until June 30, 2026, provided that the leverage ratio does not fall below that as of December 31, 2025 or the minimum leverage ratio applicable to the banking corporation prior to the temporary order, whichever is lower.

Following is the leverage ratio calculated in accordance with Proper Conduct of Banking Business Directive No. 218:

	As of December 31	
In NIS million	2024	2023
Consolidated data:		
Tier 1 capital	**2,066**	1,855
Total exposures	**23,825**	20,405
	In %	In %
Leverage ratio	**8.7**	9.1
Minimum total leverage ratio set by the Banking Supervision Department	**4.5**	4.5

3. Capital requirements in management companies of pension funds and provident funds

The Supervision of Financial Services Regulations (Provident Funds) (Minimum Capital Requirements from a Provident Fund or a Pension Fund's Management Company), 2012, and the Income Tax Regulations (Rules for the Approval and Management of Provident Funds) (Amendment No. 2), 2012, set capital requirements for a management company in accordance with its total assets under management and annual expenses (with a minimum capital amount of NIS 10 million), as well as liquidity requirements.

A management Company will be allowed to distribute a dividend only if its shareholders' equity is equal to or higher than the shareholders' equity it is required to hold under those regulations. In addition, a management company will be required to hold additional capital in respect of controlled management companies.

As of the end of the reporting period, the management company controlled by Clal Insurance have an excess capital over the minimum capital requirement of management companies according to the Capital Regulations.

NOTE 18 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND NON-YIELD-DEPENDENT INVESTMENT CONTRACTS [1)]

	As of December 31					
	2024	2023	2024	2023	2024	2023
In NIS million	Gross		Reinsurance		Retention	
Life Insurance and Long-Term Savings						
Insurance contracts	**21,669**	21,418	**(11)**	(14)	**21,657**	21,404
Investment contracts	**2,522**	2,470	**-**	-	**2,522**	2,470
	24,191	23,889	**(11)**	(14)	**24,179**	23,875
Less amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees [1)]	**(1)**	(1)	**-**	-	**(1)**	(1)
Total long-term savings	**24,189**	23,887	**(11)**	(14)	**24,178**	23,873
Insurance contracts included in the Health Insurance Segment (Note 22)	**3,109**	2,906	**(133)**	(118)	**2,976**	2,788
Insurance contracts included in the Property and Casualty Insurance Segment (Note 20)	**7,463**	7,383	**(3,141)**	(3,299)	**4,322**	4,084
Total liabilities in respect of insurance contracts and non-yield-dependent investment contracts	**34,762**	34,176	**(3,285)**	(3,431)	**31,477**	30,745

NOTE 19 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND YIELD-DEPENDENT INVESTMENT CONTRACTS 1)

	As of December 31					
	2024	2023	2024	2023	2024	2023
NIS thousand	Gross		Reinsurance		Retention	
Life Insurance and Long-Term Savings						
Insurance contracts	**85,479**	80,553	**(519)**	(354)	**84,960**	80,199
Investment contracts	**9,127**	9,975	**-**	-	**9,127**	9,975
	94,606	90,528	**(519)**	(354)	**94,087**	90,174
Less amounts deposited in a consolidated company as part of a defined benefit plan for the Group's employees [1)]	**(19)**	(18)	**-**	-	**(19)**	(18)
Total long-term savings	**94,587**	90,510	**(519)**	(354)	**94,068**	90,156
Insurance contracts included in the Health Insurance Segment (see Note 21)	**1,288**	1,156	**(26)**	(20)	**1,262**	1,136
Total liabilities in respect of insurance contracts and yield-dependent investment contracts	**95,875**	91,665	**(545)**	(374)	**95,330**	91,292

1) In yield-dependent insurance contracts, the insurance benefits payable to the policyholder are dependent on or linked to the return on certain investments of the Group, 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 the Group'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 the Group.

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

A. 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
NIS million	Gross		Reinsurance		Retention	
Compulsory Motor and Liability Subsegments						
Provision for unearned premium reserve	**607**	576	**202**	207	**405**	369
Contingent claims and provision for premium deficiency	**4,459**	4,679	**1,722**	1,988	**2,736**	2,691
Total Compulsory Motor and Liability Subsegments	**5,066**	5,256	**1,924**	2,195	**3,142**	3,060
Of which - total liability in respect of the Compulsory Motor Subsegment	**2,838**	2,967	**962**	1,236	**1,877**	1,731
Property and Other Subsegments						
Provision for unearned premium reserve	**1,252**	1,093	**564**	502	**688**	591
Provision for premium deficiency	**-**	4	**-**	4	**-**	-
Contingent claims	**1,146**	1,030	**653**	598	**493**	432
Total Property and Other Subsegments	**2,398**	2,127	**1,217**	1,104	**1,180**	1,023
Total liabilities in respect of insurance contracts included in the Property and Casualty Insurance Segment	**7,463**	7,383	**3,141**	3,299	**4,322**	4,084
Deferred acquisition costs						
Compulsory Motor and Liability Subsegments	**94**	91	**23**	24	**71**	66
Property and Other Subsegments	**224**	211	**99**	94	**125**	117
Total deferred acquisition costs	**318**	301	**122**	118	**196**	183
Liabilities in respect of property and casualty insurance contracts, net of deferred acquisition costs						
Compulsory Motor and Liability Subsegments (see C1 below)	**4,972**	5,165	**1,901**	2,171	**3,071**	2,994
Property and Other Subsegments (see C2 below)	**2,174**	1,916	**1,118**	1,010	**1,056**	907
Total liabilities in respect of property and casualty insurance contracts, net of deferred acquisition costs	**7,145**	7,081	**3,019**	3,181	**4,126**	3,900

B. 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
NIS million	Gross		Reinsurance		Retention	
Actuarial assessments						
Ms. Galit Robstein [1)]	**5,512**	5,625	**2,319**	2,538	**3,193**	3,086
Provisions based on other estimates						
Claims Department's estimates in respect of known contingent claims	**41**	40	**28**	25	**13**	15
Addition for contingent claims in respect of claims incurred but not yet reported (IBNR)	**30**	26	**20**	18	**9**	8
Provision for unearned premium reserve	**1,859**	1,670	**766**	710	**1,093**	960
Excess of income over expenses (accrual) for foreign trade risk insurance	**22**	23	**8**	8	**14**	14
Total liabilities in respect of insurance contracts included in the Property and Casualty Segment in Israel	**7,463**	7,383	**3,141**	3,299	**4,322**	4,084

1) See statements of the supervisor actuary in property and casualty insurance in Israel, attached as an appendix to the financial statements. The actuary's assessments do not add to/detract from the amount included in the financial statements.

C. 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
NIS million	Gross		Reinsurance		Retention	
Balance at beginning of year	**5,165**	5,693	**2,171**	2,818	**2,994**	2,875
Ultimate cost of claims in respect of current underwriting year	**1,019**	966	**251**	286	**768**	680
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	**160**	169	**67**	81	**93**	88
Effect of change in discount rate	**(3)**	(54)	**10**	22	**(13)**	(76)
Balance of change in the estimated ultimate cost of claims in respect of previous underwriting years *)	**(362)**	(324)	**(163)**	(252)	**(199)**	(72)
Total change in ultimate cost of claims	**814**	757	**165**	136	**648**	621
Payments to settle claims during the year:						
In respect of current underwriting year	**(4)**	(3)	**(1)**	(1)	**(4)**	(3)
In respect of previous underwriting years	**(1,003)**	(1,281)	**(435)**	(783)	**(568)**	(499)
Total payments	**(1,007)**	(1,285)	**(436)**	(783)	**(571)**	(502)
Balance at end of year	**4,972**	5,165	**1,901**	2,171	**3,071**	2,994

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.
3. The payments include indirect costs associated with the settlement of claims (general and administrative expenses recorded in respect of the claims) attributed to the relevant underwriting year.

*) A change in the estimated ultimate cost of claims in respect of previous underwriting years stems mainly from an improvement in the development of an executive liability insurance claim, which is backed by a reinsurance policy.

2. Property and Other Subsegments

	As of December 31					
	2024	2023	2024	2023	2024	2023
NIS million	Gross		Reinsurance		Retention	
Balance at beginning of year	**1,916**	1,985	**1,010**	1,108	**907**	877
Ultimate cost of claims in respect of events in the reporting year	**1,409**	1,279	**468**	351	**941**	929
Change in the ultimate cost of claims in respect of events prior to the reporting year	**(102)**	(135)	**(77)**	(59)	**(25)**	(77)
Total change in ultimate cost of claims	**1,308**	1,144	**391**	292	**916**	852
Payments to settle claims during the year:						
In respect of events in the reporting year	**(748)**	(802)	**(121)**	(194)	**(627)**	(608)
In respect of events prior to the reporting year	**(444)**	(480)	**(215)**	(211)	**(229)**	(268)
Total payments	**(1,192)**	(1,282)	**(336)**	(406)	**(856)**	(876)
Change in provision for unearned premium reserve, net of deferred acquisition costs	**145**	133	**57**	29	**89**	104
Change in provision for premium deficiency	**(4)**	(64)	**(4)**	(14)	**-**	(50)
Balance at end of year	**2,174**	1,916	**1,118**	1,010	**1,056**	907

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 reported year plus total payments in respect of claims in the reporting period, including direct and indirect expenses associated with settlement of claims.
3. Payments to settle claims during the year include payments in respect of events prior to the reporting year plus the change in the balance of contingent claims in respect of events prior to the reporting year.
4. Payments to settle claims include direct and indirect expenses associated with the settlement of claims (general and administrative expenses recorded in respect of the claims) attributed to the damage years.

D1. 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 in Israel, and in subsegments estimated based on underwriting years

	As of December 31, 2024										
	Underwriting year										
In NIS thousand, adjusted to the November 2024 CPI [1])	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Claims paid (cumulative) as of the end of the year											
After the first year	3	4	7	6	6	5	6	5	4	4	
After two years	39	43	48	51	42	40	49	59	46		
After three years	136	142	146	134	147	139	198	224			
After four years	249	248	255	245	249	245	381				
After five years	338	329	346	318	325	376					
After six years	408	403	426	391	425						
After seven years	484	471	493	499							
After eight years	567	543	575								
After nine years	631	588									
After ten years	655										
Estimated cumulative claims (including payments, including accrual) as of the end of the year											
After the first year [2]	770	744	737	779	818	1,025	1,203	1,091	999	1,019	
After two years	780	730	763	811	831	1,056	1,089	1,011	960		
After three years	740	755	811	871	876	934	1,047	1,010			
After four years	773	791	861	910	780	853	1,005				
After five years	779	792	835	810	737	781					
After six years	743	781	758	781	667						
After seven years	748	739	736	732							
After eight years	721	729	723								
After nine years	723	714									
After ten years	708										
Surplus (deficit) relating to the first year that does not involve accrual [3]	62	30	14	47	151	244	198	81	39	-	865
Deviation rate in respect of the first year that does not involve accrual, in %	8.02%	4.07%	1.84%	6.07%	18.44%	23.83%	16.43%	7.40%	3.93%		10.60%
Cumulative cost of claims as of December 31, 2024	708	714	723	732	667	781	1,005	1,010	960	1,019	8,319
Cumulative payments through December 31, 2024	655	588	575	499	425	376	381	224	46	4	3,774
Total liabilities as of December 31	53	126	149	232	242	405	624	786	914	1,015	4,545
Contingent claims for the years up to and including the underwriting year 2014											426
Total gross liability in respect of insurance contracts in Compulsory Motor and Liability Insurance Subsegments in Israel less deferred acquisition costs as of 2024											4,972

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

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

3) The difference between the assessment of the cumulative claims in the first year that does not include the accrual and the assessment of the cumulative claims as of the report date.

Comment: 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.

D2. Examination of development in estimated liabilities in respect of insurance contracts, net of deferred acquisition costs, own retention, in the Compulsory Motor and Liability Subsegments in Israel, and in subsegments estimated based on underwriting years

	As of December 31, 2024										
	Underwriting year										
In NIS thousand, adjusted to the November 2024 CPI [1])	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Claims paid (cumulative) as of the end of the year											
After the first year	3	4	6	3	3	4	4	4	3	4	
After two years	38	43	33	27	22	27	31	40	37		
After three years	130	139	93	66	69	86	108	141			
After four years	242	236	162	122	112	150	211				
After five years	329	314	219	162	151	221					
After six years	396	386	266	201	194						
After seven years	460	452	309	241							
After eight years	531	515	351								
After nine years	575	556									
After ten years	595										
Estimated cumulative claims (including payments, including accrual) as of the end of the year											
After the first year [2)]	672	671	423	395	393	531	651	640	704	768	
After two years	679	626	455	399	380	540	613	620	703		
After three years	643	650	482	407	387	490	596	610			
After four years	660	682	499	407	356	457	546				
After five years	672	696	474	374	334	411					
After six years	672	675	445	358	313						
After seven years	662	645	435	339							
After eight years	646	644	419								
After nine years	651	631									
After ten years	639										
Surplus (deficit) relating to the first year that does not involve accrual [3)]	34	40	3	56	81	120	105	30	-	-	470
Deviation rate in respect of the first year that does not involve accrual, in %	4.99%	6.03%	0.80%	14.26%	20.49%	22.57%	16.20%	4.64%	0.03%	-	9.24%
Cumulative cost of claims as of December 31, 2024	639	631	419	339	313	411	546	610	703	768	5,378
Cumulative payments through December 31, 2024	595	556	351	241	194	221	211	141	37	4	2,551
Outstanding contingent claims	44	75	69	97	119	190	334	469	667	764	2,827
Contingent claims for the years up to and including the underwriting year 2014											244
Total liability (own retention) in respect of insurance contracts in the Compulsory Motor and Liability Subsegments, net of deferred acquisition costs as of 2024									-		3,071

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

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

3) The difference between the assessment of the cumulative claims in the first year that does not include the accrual and the assessment of the cumulative claims as of the report date.

Comment: 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.

D3. Examination of development in estimated liabilities in respect of insurance contracts, net of deferred acquisition costs, gross, in the Compulsory Motor Subsegment

	As of December 31, 2024										
	Underwriting year										
In NIS thousand, adjusted to the November 2024 CPI [1])	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Claims paid (cumulative) as of the end of the year											
After the first year	2	2	2	3	4	2	4	4	2	2	
After two years	28	28	32	29	28	28	35	47	33		
After three years	98	98	113	93	116	108	135	196			
After four years	179	168	195	176	197	198	302				
After five years	240	216	261	226	251	318					
After six years	285	267	306	278	331						
After seven years	340	316	355	360							
After eight years	407	362	426								
After nine years	444	396									
After ten years	458										
Estimated cumulative claims (including payments, including accrual) as of the end of the year											
After the first year [2]	461	464	448	457	508	574	762	723	644	694	
After two years	466	430	456	472	487	638	700	710	669		
After three years	457	442	510	514	533	576	708	736			
After four years	492	460	542	528	488	546	673				
After five years	502	457	523	475	471	509					
After six years	490	446	502	463	426						
After seven years	495	433	495	439							
After eight years	485	430	492								
After nine years	489	423									
After ten years	476										
Surplus (deficit) relating to the first year that does not involve accrual [3]	(15)	41	(43)	18	83	65	89	(12)	(25)		200
Deviation rate in respect of the first year that does not involve accrual, in %	(3.17)%	8.75%	(9.66)%	3.98%	16.29%	11.38%	11.66%	(1.73)%	(3.94)%		3.97%
Cumulative cost of claims as of December 31, 2024	476	423	492	439	426	509	673	736	669	694	5,536
Cumulative payments through December 31, 2024	458	396	426	360	331	318	302	196	33	2	2,823
Total liabilities as of December 31, 2024	18	28	65	79	94	191	371	540	636	692	2,713
Contingent claims for the years up to and including the underwriting year 2014											87
Total gross liability in respect of insurance contracts in Compulsory Motor Insurance Subsegments less deferred acquisition costs as of December 31, 2024											2,800

1) The amounts presented above are adjusted to reflect the effect of inflation in order to allow examination of development in real values.
2) The estimated ultimate claims as of the end of the first year includes the reserve for unearned premium net of deferred acquisition costs.
3) The difference between the assessment of the cumulative claims in the first year that does not include the accrual and the assessment of the cumulative claims as of the report date.

Comment: 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.

D4. 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										
In NIS thousand, adjusted to the November 2024 CPI [1])	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Claims paid (cumulative) as of the end of the year											
After the first year	2	2	1	1	1	1	2	2	1	2	
After two years	28	28	17	11	10	15	20	28	25		
After three years	98	98	60	35	39	59	75	116			
After four years	178	168	103	65	63	108	162				
After five years	239	216	139	83	81	169					
After six years	282	266	162	102	106						
After seven years	325	315	187	130							
After eight years	381	356	220								
After nine years	413	387									
After ten years	422										
Estimated cumulative claims (including payments, including accrual) as of the end of the year											
After the first year [2]	452	454	229	187	179	303	401	422	488	569	
After two years	453	417	240	170	153	322	374	411	502		
After three years	424	421	264	180	158	298	380	426			
After four years	445	441	275	177	151	287	357				
After five years	453	443	260	166	146	265					
After six years	448	431	253	162	137						
After seven years	450	415	251	158							
After eight years	445	421	248								
After nine years	449	414									
After ten years	438										
Surplus (deficit) relating to the first year that does not involve accrual [3]	14	40	(19)	29	42	38	44	(4)	(13)		170
Deviation rate in respect of the first year that does not involve accrual, in %	3.07%	8.77%	(8.40)%	15.52%	23.69%	12.47%	10.93%	(0.87)%	(2.72)%		5.47%
Cumulative cost of claims as of December 31, 2024	438	414	248	158	137	265	357	426	502	569	3,513
Cumulative payments through December 31, 2024	422	387	220	130	106	169	162	116	25	2	1,739
Total liabilities as of December 31, 2024	15	28	29	28	31	96	195	310	477	568	1,774
Contingent claims for the years up to and including the underwriting year 2014											68
Total gross liability in respect of insurance contracts in Compulsory Motor Insurance Subsegments less deferred acquisition costs as of December 31, 2024											1,842

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

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

3) The difference between the assessment of the cumulative claims in the first year that does not include the accrual and the assessment of the cumulative claims as of the report date.

Comment: 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.

D5. Composition of comprehensive income (loss) in the Compulsory Motor Insurance Subsegment (in NIS thousand)

Reporting year	Comprehensive loss in respect of current underwriting year (Gross)	Comprehensive income in respect of previous underwriting years (Gross)	Comprehensive loss in respect of current underwriting year (Retention)	Comprehensive income in respect of previous underwriting years (Retention)
2024	**(18)**	**109**	**(22)**	**98**
2023	(21)	79	(26)	75
2022	(97)	130	(49)	19

D6. Data regarding underwriting years 2018-2024 in the Compulsory Motor Subsegment (in NIS thousand)

Underwriting year	Underwriting years 2024	2023	2022	2021	2020	2019	2018
Gross premiums (including fees)	**782**	701	693	599	538	460	464
Cumulative retention comprehensive income (loss) for the underwriting year until the report date	**(22)**	(27)	(24)	(36)	24	27	39
Effect of investment income on cumulative income for an underwriting year	**17**	38	46	43	40	19	28

D7. Composition of comprehensive income (loss) (retention) in the foreign trade Risk Insurance Subsegment (in NIS thousand)

Reporting year	Comprehensive income (loss) for open-ended years	Comprehensive income for the underwriting year released in the reporting year	Adjustments for the underwriting years released in previous years	Activity not included in the calculation of reserves	Total reported comprehensive income
2024	-	**7**	**(1)**	**(2)**	**5**
2023	-	6	-	(1)	5
2022	-	8	-	-	8

D8. Composition of comprehensive income (loss) in Other Liability Insurance Subsegments (in NIS thousand)

Reporting year	Comprehensive income (loss) in respect of current underwriting year (Gross)	Comprehensive income in respect of previous underwriting years (Gross)	Comprehensive loss in respect of current underwriting year (Retention)	Comprehensive income in respect of previous underwriting years (Retention)
2024	**18**	**298**	**(34)**	**202**
2023	-	357	(54)	171
2022	(5)	232	(56)	92

D9. Data regarding underwriting years 2018-2024 in the Other Liability Insurance Subsegment

Underwriting year	Underwriting years 2024	2023	2022	2021	2020	2019	2018
Gross premiums (including fees)	**429**	483	493	509	425	347	342
Cumulative retention comprehensive income (loss) for the underwriting year until the report date	**(34)**	(28)	(1)	(4)	6	(16)	(6)
Effect of investment income on cumulative income for an underwriting year	**5**	15	20	33	20	35	39

E1. Assessment of development in estimated contingent claims - gross - in the Property and Other Subsegments

	As of December 31, 2024										
	Damage year										
In NIS thousand, adjusted to the November 2024 CPI [1])	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Claims paid (cumulative) as of the end of the year											
After the first year	692	551	578	513	530	500	584	773	788	701	
After two years	1,192	928	944	862	848	738	926	1,249	1,111		
After three years	1,258	1,010	995	933	884	789	972	1,342			
After four years	1,303	1,050	1,004	953	898	798	1,013				
After five years	1,321	1,050	1,006	957	908	804	-				
After six years	1,328	1,054	1,006	960	917						
After seven years	1,332	1,061	1,005	972							
After eight years	1,340	1,061	1,005								
After nine years	1,343	1,055									
After ten years	1,346										
Cumulative claims (including payments)											
After the first year	1,333	1,003	1,072	921	947	863	1,101	1,486	1,281	1,361	
After two years	1,401	1,096	1,076	1,080	997	860	1,090	1,465	1,282		
After three years	1,396	1,119	1,060	1,064	1,023	889	1,050	1,455			
After four years	1,396	1,101	1,031	1,031	975	840	1,054	-			
After five years	1,400	1,088	1,024	1,019	976	838					
After six years	1,398	1,093	1,017	1,031	950						
After seven years	1,392	1,081	1,007	987							
After eight years	1,374	1,076	1,006								
After nine years	1,374	1,067									
After ten years	1,373										
The estimated ultimate cost of claims as of December 31, 2024	1,373	1,067	1,006	987	950	838	1,054	1,455	1,282	1,361	11,373
Cumulative payments through December 31, 2024	1,346	1,055	1,005	972	917	804	1,013	1,342	1,111	701	10,267
Outstanding contingent claims	27	12	1	14	33	33	42	113	171	660	1,106
Contingent claims for the years up to and including damage year 2014											40
Total contingent claims in Property and Other Subsegments as of December 31, 2024											1,146

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

E2. Assessment of development in estimated contingent claims - retention - in the Property and Other Subsegments

	As of December 31, 2024										
	Damage year										
In NIS thousand, adjusted to the November 2024 CPI [1])	2015	2016	2017	2018	2019	2020	2021	2022	2014	2024	Total
Claims paid (cumulative) as of the end of the year											
After the first year	562	441	437	411	404	282	388	517	604	580	
After two years	826	696	651	602	574	404	583	761	821		
After three years	879	743	684	628	596	426	610	792			
After four years	905	769	692	631	602	429	620				
After five years	923	770	695	633	604	433					
After six years	933	776	696	635	605						
After seven years	945	782	696	656							
After eight years	954	783	696								
After nine years	957	785									
After ten years	960										
Cumulative claims (including payments)											
After the first year	889	760	697	632	598	442	629	797	873	895	
After two years	961	778	711	662	629	452	636	813	873		
After three years	960	804	714	666	639	469	632	817			
After four years	962	805	704	645	612	442	636				
After five years	970	803	704	643	610	446					
After six years	971	808	706	654	620						
After seven years	968	801	697	658							
After eight years	972	798	696								
After nine years	972	797									
After ten years	971										
Cumulative cost of claims as of December 31, 2024	971	797	696	658	620	446	636	817	873	895	7,410
Cumulative payments through December 31, 2024	960	785	696	656	605	433	620	792	821	580	6,948
Outstanding contingent claims	11	12	-	2	16	13	16	25	53	314	462
Contingent claims for the years up to and including damage year 2014											31
Total contingent claims in Property and Other Subsegments as of December 31, 2024											493

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

NOTE 21 - ADDITIONAL DATA REGARDING THE LONG-TERM SAVINGS SEGMENT

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

As of December 31, 2024

In NIS million	Policies which include a savings component (including appendices) by policy issuance date				Policies without a savings component		
			From 2004		Risk insurance sold as a single policy		
	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
1 By insurance exposure							
Liabilities in respect of insurance contracts							
Annuity without guaranteed coefficients	-	-	-	9,402	-	-	9,402
Annuity with guaranteed coefficients							
Until May 2001	10,545	34,441	-	-	-	-	44,986
From June 2001	-	6,056	-	17,339	-	-	23,395
Annuity paid	7,184	6,313	-	873	-	-	14,370
Equity (with no Annuity Option)	1,451	5,642	1	1,937	-	-	9,031
Supplementary pension reserve [2]	1,110	1,950	-	13	-	-	3,073
Other risk-weighted components	80	627	-	1,094	861	229	2,891
Total in respect of insurance contracts	20,370	55,030	1	30,657	861	229	107,148
Liabilities in respect of investment contracts in life insurance	-	-	-	9,127	-	-	9,127
Total in life insurance	20,370	55,030	1	39,784	861	229	116,275
Liability in respect of consolidated provident fund management companies [3]							2,522
Total							118,797
2 By financial exposure							
Non yield-dependent	20,126	259	1	497	557	229	21,669
Yield-dependent	244	54,770	-	39,287	305	-	94,606
Total in life insurance	20,370	55,030	1	39,784	861	229	116,275
Guaranteed return liability in respect of consolidated provident fund management companies [3]							2,522
Total							118,797

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

2) The supplementary retirement pension reserve included in the above table is in respect of the deferred annuity component. Additional amount in respect of the existing accrual of NIS 2,486 million, shall be charged to profit and loss over the remaining life of the policy until the retirement age. For further details, see Note 42(e)(e1)(a)(3).

3) For information regarding the financial exposure in respect of Bar A Provident Fund, for the planholders of which Clal Insurance guarantees a minimum return, see Note 42(d)(1)(c).

As of December 31, 2023

		Policies which include a savings component (including appendices) by policy issuance date				Policies without a savings component		
				From 2004		Risk insurance sold as a single policy		
	In NIS million	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
1	**By insurance exposure**							
	Liabilities in respect of insurance contracts							
	Annuity without guaranteed coefficients	-	-	-	11,107	-	-	11,107
	Annuity with guaranteed coefficients							
	Until May 2001	10,759	31,470	-	-	-	-	42,229
	From June 2001	-	5,731	-	15,141	-	-	20,872
	Annuity paid	6,346	5,265	-	754	-	-	12,366
	Equity (with no Annuity Option)	1,610	5,802	1	2,130	-	-	9,543
	Supplementary pension reserve [2]	1,304	1,705	-	18	-	-	3,028
	Other risk-weighted components	83	636	-	1,040	835	232	2,826
	Total in respect of insurance contracts	20,104	50,609	1	30,190	835	232	101,971
	Liabilities in respect of investment contracts in life insurance	-	-	-	9,975	-	-	9,975
	Total in life insurance	20,104	50,609	1	40,165	835	232	111,946
	Liability in respect of consolidated provident fund management companies [3]							2,470
	Total							114,417
2	**By financial exposure**							
	Non yield-dependent	19,858	265	1	519	545	231	21,418
	Yield-dependent	246	50,345	-	39,646	291	-	90,528
	Total in life insurance	20,104	50,609	1	40,165	835	232	111,946
	Guaranteed return liability in respect of consolidated provident fund management companies [3]							2,470
	Total							114,417

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

2) The supplementary retirement pension reserve included in the above table is in respect of the deferred annuity component. Additional amount in respect of the existing accrual of NIS 2,743 million, shall be charged to profit and loss over the remaining life of the policy until the retirement age. For further details, see Note 42(e)(e1)(a)(3).

3) For information regarding the financial exposure in respect of Bar A Provident Fund, for the planholders of which Clal Insurance guarantees a minimum return, see Note 42(d)(1)(c).

B. Breakdown of results by type of policy

For the year ended December 31, 2024

In NIS million	Policies which include a savings component (including appendices) by policy issuance date				Policies without a savings component		
			From 2004		Risk insurance sold as a single policy		
	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:							
Traditional/ mixed	9	7	-	-	-	-	16
Savings component	99	1,313	-	2,218	-	-	3,630
Other	14	172	-	276	923	70	1,454
Total	122	1,492	-	2,494	923	70	5,101
Proceeds in respect of investment contracts credited directly to insurance reserves [2]	-	-	-	879	-	-	879
Financial margin including management fees [3]	92	270	-	327	-	-	689
Payments and change in liabilities in respect of insurance contracts, gross	1,571	7,663	-	5,878	557	66	15,736
Payments and change in liabilities for investment contracts [4]	-	-	-	1,006	-	-	1,006
Profit (loss) from life insurance business	127	72	-	(202)	4	3	4
Other comprehensive loss from life insurance business	(10)	(1)	-	(1)	(1)	-	(14)
Comprehensive income (loss) from life insurance business	117	71	-	(203)	3	3	(10)
Profit from pension and provident funds							50
Other comprehensive income from pension and provident							4
Total comprehensive income from pension and provident							54
Total income from Life Insurance and Long-Term Savings							54
Total comprehensive income from Life Insurance and Long-Term Savings							43
Annualized premium for insurance contracts - new business	-	-	-	65	135	-	200
One-off premium for insurance contracts	-	2	-	467	-	-	469
One-off premium for investment contracts	-	-	-	783	-	-	783
Transfers to the Company in respect of insurance contracts and investment contracts [5]	-	-	-	284	-	-	284
Transfers from the Company in respect of insurance contracts and investment contracts [5]	121	1,292	-	3,315	-	-	4,728

1. Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies which were backed primarily by designated bonds.
2. Excluding premiums for investment contracts in consolidated provident fund (Bar A) in the amount of NIS 1 million.
3. The financial margin comprises gains (losses) on investments recognized in other comprehensive income, excludes the Company's other revenue, 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 income, 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 composed of the total amount of the fixed and variable management fees as a reduction of the amounts credited to the savings balances in the Company's systems.
4. The line item "payments and changes in liabilities in respect of investment contracts" includes only the investment income amount in respect of investment contracts.
5. Excluding internal transfer.

For the year ended December 31, 2023

In NIS million	Policies which include a savings component (including appendices) by policy issuance date				Policies without a savings component		
			From 2004		Risk insurance sold as a single policy		
	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:							
Traditional/ mixed	12	9	-	-	-	-	20
Savings component	110	1,367	-	3,093	-	-	4,570
Other	17	192	-	305	857	80	1,451
Total	138	1,568	-	3,398	857	80	6,041
Proceeds in respect of investment contracts credited directly to insurance reserves [2]	-	-	-	1,081	-	-	1,081
Financial margin including management fees [3]	65	253	-	340	-	-	658
Payments and change in liabilities in respect of insurance contracts, gross	1,510	4,492	-	5,387	529	77	11,995
Payments and change in liabilities for investment contracts [4]	-	-	-	684	-	-	684
Profit (loss) from life insurance business	129	309	- (*	(129)	(* (30)	(2)	277
Other comprehensive loss from life insurance business	(37)	(5)	-	(5)	(5)	(1)	(52)
Comprehensive income (loss) from life insurance business	92	304	-	(134)	(35)	(2)	225
Profit from pension and provident funds							53
Other comprehensive income from pension and provident							4
Total comprehensive income from pension and provident							57
Total income from Life Insurance and Long-Term Savings							331
Total comprehensive income from Life Insurance and Long-Term Savings							282
Annualized premium for insurance contracts - new business	-	-	-	128	123	-	251
One-off premium for insurance contracts	-	3	-	961	-	-	964
One-off premium for investment contracts	-	-	-	990	-	-	990
Transfers to the Company in respect of insurance contracts and investment contracts [5]	-	-	-	849	-	-	849
Transfers from the Company in respect of insurance contracts and investment contracts [5]	56	803	-	2,416	-	-	3,275

*) Reclassified.

1. Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies which were backed primarily by designated bonds.
2. Excluding premiums for investment contracts in consolidated provident fund (Bar A) in the amount of NIS 1 million.
3. The financial margin comprises gains (losses) on investments recognized in other comprehensive income, excludes the Company's other revenue, 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 income, 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 composed of the total amount of the fixed and variable management fees as a reduction of the amounts credited to the savings balances in the Company's systems.
4. The line item "payments and changes in liabilities in respect of investment contracts" includes only the investment income amount in respect of investment contracts.
5. Excluding internal transfer.

For the year ended December 31, 2022

In NIS million	Policies which include a savings component (including appendices) by policy issuance date				Policies without a savings component		
			From 2004		Risk insurance sold as a single policy		
	Until 1990 [1]	Until 2003	Non yield-dependent	Yield-dependent	Individual	Collective	Total
Gross premiums:							
Traditional/ mixed	15	10	-	-	-	-	25
Savings component	120	1,394	-	3,895	-	-	5,409
Other	19	203	-	325	790	74	1,411
Total	153	1,607	-	4,220	790	74	6,844
Proceeds in respect of investment contracts credited directly to insurance reserves [2]	-	-	-	3,674	-	-	3,674
Financial margin including management fees [3]	(143)	257	-	347	-	-	461
Payments and change in liabilities in respect of insurance contracts, gross	1,580	(1,430)	-	1,947	369	69	2,536
Payments and change in liabilities for investment contracts [4]	-	-	-	(794)	-	-	(794)
Profit (loss) from life insurance business	19	(181)	-	(9)	(9)	(20)	(201)
Other comprehensive income (loss) from life insurance business	74	9	-	10	9	2	104
Comprehensive income (loss) from life insurance business	93	(172)	-	2	-	(19)	(96)
Profit from pension and provident funds							33
Other comprehensive loss from pension and provident							(17)
Total comprehensive income from pension and provident							16
Total loss on Life Insurance and Long-Term Savings							(168)
Total comprehensive loss from Life Insurance and Long-Term Savings							(81)
Annualized premium for insurance contracts - new business	-	-	-	273	136	-	409
One-off premium for insurance contracts	-	4	-	1,488	-	-	1,492
One-off premium for investment contracts	-	-	-	3,621	-	-	3,621
Transfers to the Company in respect of insurance contracts and investment contracts [5]	-	-	-	1,343	-	-	1,343
Transfers from the Company in respect of insurance contracts and investment contracts [5]	42	532	-	1,513	-	-	2,087

1. Products issued until 1990 (including increases in respect thereof) were mainly guaranteed return policies which were backed primarily by designated bonds.
2. Excluding premiums for investment contracts in consolidated provident fund (Bar A) in the amount of NIS 2 million.
3. The financial margin comprises gains (losses) on investments recognized in other comprehensive income, excludes the Company's other revenue, 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 income, 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 composed of the total amount of the fixed and variable management fees as a reduction of the amounts credited to the savings balances in the Company's systems.
4. The line item "payments and changes in liabilities in respect of investment contracts" includes only the investment income amount in respect of investment contracts.
5. Excluding internal transfer.

NOTE 22 - ADDITIONAL DATA REGARDING THE HEALTH INSURANCE SEGMENT

A. Breakdown of liabilities in respect of insurance contracts

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

As of December 31, 2024

	Long-term care		Illnesses and hospitalization *)		
In NIS million	Individual	Collective	Long-term	Short-term	Total
Yield-dependent	**1,288**	**1**	**-**	**-**	**1,288**
Other	**2,074**	**177**	**796**	**63**	**3,109**
Total insurance liabilities	**3,361**	**178**	**796**	**63**	**4,398**

As of December 31, 2023

	Long-term care		Illnesses and hospitalization *)		
In NIS million	Individual	Collective	Long-term	Short-term	Total
Yield-dependent	1,155	1	-	-	1,156
Other	1,899	230	710	67	2,906
Total insurance liabilities	3,054	230	710	67	4,062

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

As of December 31, 2024

	Long-term care		Illnesses and hospitalization		
In NIS million	Individual	Collective	Long-term	Short-term	Total
Reserve for payable claims	**426**	**101**	**55**	**-**	**582**
Other risk-weighted components	**2,935**	**77**	**741**	**63**	**3,815**
Total insurance liabilities	**3,361**	**178**	**796**	**63**	**4,398**

As of December 31, 2023

	Long-term care		Illnesses and hospitalization		
In NIS million	Individual	Collective	Long-term	Short-term	Total
Reserve for payable claims	362	125	56	-	544
Other risk-weighted components	2,692	105	654	67	3,519
Total insurance liabilities	3,054	230	710	67	4,062

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

B. Breakdown of results by type of policy

For the year ended December 31, 2024

In NIS million	Long-term care		Illnesses and hospitalization		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	**279**	**26**	**[1]1,422**	**[1]129**	**1,856**
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	**451**	**61**	**737**	**87**	**1,336**
Profit (loss) from Health Insurance Business	**82**	**(22)**	**51**	**(3)**	**108**
Other comprehensive income (loss) from Health Insurance Business	**-**	**-**	**16**	**4**	**20**
Total comprehensive income (loss) from Health Insurance Business	**82**	**(22)**	**67**	**1**	**128**
Annualized individual premium - new	**-**		**[2]170**		**170**

1) Of which, individual premiums in the amount of NIS 1,329 million and collective premiums in the amount of NIS 222 million.
2) Excluding in the following subsegments: dental, foreign workers, travel and Israelis abroad.

For the year ended December 31, 2023

In NIS million	Long-term care		Illnesses and hospitalization		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	278	22	[1]1,278	[1]152	1,731
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	524	64	655	105	1,348
Profit (loss) from Health Insurance Business	(105)	(25)	65	(1)	(67)
Other comprehensive income (loss) from Health Insurance Business	-	-	(11)	1	(11)
Total comprehensive income (loss) from Health Insurance Business	(105)	(25)	53	-	(77)
Annualized individual premium - new	-		[2]159		159

1) Of which, individual premiums in the amount of NIS 1,225 million and collective premiums in the amount of NIS 205 million.
2) Excluding in the following subsegments: dental, foreign workers, travel and Israelis abroad.

For the year ended December 31, 2022

In NIS million	Long-term care		Illnesses and hospitalization		
	Individual	Collective	Long-term	Short-term	Total
Gross premiums	271	24	[1]1,177	[1]132	1,603
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	41	67	561	78	746
Profit (loss) from Health Insurance Business	290	17	78	10	394
Other comprehensive income (loss) from Health Insurance Business	-	-	(38)	(3)	(41)
Total comprehensive income (loss) from Health Insurance Business	290	17	39	6	353
Annualized individual premium - new	-		[2]144		144

1) Of which, individual premiums in the amount of NIS 1,121 million and collective premiums in the amount of NIS 188 million.
2) Excluding in the following subsegments: dental, foreign workers, travel and Israelis abroad.

NOTE 23 - CHANGE IN LIABILITIES FOR LIFE INSURANCE CONTRACTS, INVESTMENT CONTRACTS AND HEALTH INSURANCE

	Life Insurance and Long-Term Savings				
In NIS million	Insurance contracts	Investment contracts	Total	Health insurance	Reinsurance assets in health insurance
Balance as of January 1, 2023	98,313	13,707	112,019	3,705	156
Interest, linkage differences and investment gains [2]	6,765	898	7,663	213	8
Increase in premiums charged to liabilities [3]	4,697	1,082	5,778	249	-
Decrease in respect of management fees on accruals	(509)	(86)	(594)	-	-
Decrease in respect of claims, redemptions and end of term	(5,983)	(3,155)	(9,137)	(1)	-
Changes due to change in assumptions	(* (452)	-	(452)	(1)85	-
Other changes [4]	(860)	-	(860)	(190)	(26)
Balance as of December 31, 2023	101,971	12,445	114,417	4,062	138
Interest, linkage differences and investment gains [2]	11,204	1,224	12,429	289	8
Increase in premiums charged to liabilities [3]	3,745	880	4,625	257	-
Decrease in respect of management fees on accruals	(522)	(75)	(597)	-	-
Decrease in respect of claims, redemptions and end of term	(7,989)	(2,825)	(10,814)	-	-
Changes due to change in assumptions	(* (164)	-	(164)	(1)35	5
Other changes [4]	(1,098)	-	(1,098)	(245)	8
Balance as of December 31, 2024	**107,148**	**11,649**	**118,797**	**4,398**	**159**

*) See Note 42(e)(e1)(a) for the section regarding the main assumptions used to calculate the insurance liabilities.

1) Derived from the experience gained regarding cost and incidence of the claims and their effect on the expected results.

2) This line item includes interest, linkage differences and investment gains 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.

3) This premium includes the savings premium and part of the premium in products with fixed premium, net of the management fees that are collected as a rate of the premium, and excluding the premium amount recorded as income.

4) 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 interest rate effect, linkage differences and investment income not included under the “interest, linkage differences and investment gains” item, such as: interest, linkage differences and investment gains on claim payments and non-saving premiums.

NOTE 24 - INCOME TAXES

A. Tax laws applicable to the Group companies

1. General

Most of the consolidated companies (insurance companies, management companies of pension funds and provident funds and other companies) are "financial institutions" as defined in the Value Added Tax Law, 1975. The tax applicable to income of financial institutions is composed of corporate income tax and profit tax.

The income of the Company and all other Israeli investees is subject to corporate income tax.

2. Tax agreement unique to the insurance industry

The Israel Insurance Association and the Israel Tax Authority have in place sectoral arrangements (hereinafter - the "**Tax Agreements**"), which are renewed and revised every year and address tax issues unique to the industry. Among other things, the Tax Agreements cover the following topics:

a) Deferred Acquisition Costs (DAC) - direct expenses incurred by insurance companies 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 in respect of pension and provident funds contracts (as defined in the agreement) in respect of underwriting years 2015 through 2020 shall be deductible for tax purposes in equal shares over 10 years or in accordance with the period over which they are expensed in the books of accounts, as decided by the Company. The expense in respect of pension and provident funds contracts cannot be brought forward.

Deferred acquisition costs relating to critical illnesses and hospitalization insurance are amortized over a 6-year period, in accordance with their amortization period as per the books of accounts.

The Company will comply with the above arrangement in years subsequent to 2020 as well.

b) Attribution of expenses to preferred income - expenses will be attributed to income subject to reduced tax rates and to tax-exempt income earned by Clal Insurance (hereinafter - "**Preferred Revenue**"), which will result with some of the Preferred Income becoming taxable at the full tax rate in accordance with the attribution rate. The attribution rate set in the agreement depends on the source of funds generating the Preferred Income.

c) The method employed to tax income from assets held as investments matches yield-dependent liabilities.

d) Taxation of liquid securities and derivatives - it was agreed that income and/or expenses from securities, shall be reported for tax purposes based on disposal. Except for the following exclusions:
- linkage differences, interest and amortization of discount in respect of liquid bonds shall be reported on an accrual basis.
- Impairment charged to profit and loss shall not be calculated as loss for tax purposes, but rather on an accrual basis.
- Income and/or expenses in respect of various types of derivatives shall be reported on an accrual basis.

e) The last agreement signed in February 2024 extends the validity of the last agreement relating to the tax years 2017-2019 by three additional years such that it will also apply to tax years 2020-2022 with the exception of the tax applicable to the cancellation of the reserve to extraordinary risks in life insurance - see Section F below.

f) The tax applicable to cancellation of the reserve for extraordinary risks - 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:

1) 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.

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

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

The provisions for taxes in the 2024 financial statements is made in accordance with the principles of the abovementioned agreement.

Further to Note 47 to the Financial Statements, as from January 1, 2025, subsidiaries, which meet the definition of insurer, shall apply IFRS 17 and IFRS 9. As of the report publication date, the tax treatment following the implementation of the standards in the insurance companies' financial statements has not yet been determined.

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

   The Pillar 2 rules are currently being enacted, or had effectively already been enacted in some countries where the Group operates. The legislation is expected to come into force in the financial year starting on January 1, 2024.

   After examining Clal Group's eligibility to Safe Harbors in 2024, the Company believes current taxes for the year ended December 31, 2024 will not be affected, since the Group is expected to enter into a Safe Harbor; this assessment is based on the latest information regarding Group entities' financial performance in the various countries.

B. Tax rates applicable to the Group companies

1. The statutory tax applicable to financial institutions, including the Company, which constitutes most of the Group's activities, is composed of corporate income tax and profit tax.
2. The statutory tax rates applicable to financial institutions, including the Company, are as follows:

In %	Corporate income tax rate	Profit tax rate	Total tax rate in financial institutions
2018 to 2024	23.00	17.00	34.19
2025 and onwards	23.00	18.00	34.75

Current taxes for the reported periods are calculated according to the tax rates presented in the table above.

In March 2024, the Knesset plenum approved an order stipulating an increase in the rate of VAT from 17% to 18% as from January 1, 2025. In addition, an amendment to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "**Ordinance**") was approved, 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 income generated.

The deferred tax balances included in the financial statements as of Group's financial institutions December 31, 2024 have been updated by an immaterial amount, so as to take into account the effects, which arise from the increase in tax rates as described above.

In addition, the Company estimates that the effect of the change in tax rates is not expected of be material.

C. Components of income tax expenses (income)

	For the year ended December 31		
In NIS million	2024	2023	2022
Current tax expenses (income)			
In respect of the current period	**306**	193	93
Adjustments in respect of prior years, net	**46**	15	(11)
Total current tax expenses	**353**	208	82
Deferred taxes expenses (income)			
Creation and reversal of temporary differences	**11**	(83)	(42)
Adjustments in respect of prior years, net	**(46)**	(1)	28
Adjustment of deferred tax balances following a change in tax rate	**(1)**	-	-
Total deferred tax revenues	**(35)**	(84)	(14)
Total income taxes	**317**	124	68

D. Components of income tax in respect of the other comprehensive income component

	For the year ended December 31		
In NIS million	2024	2023	2022
Foreign currency translation differences in respect of foreign operations	**-**	2	4
Available-for-sale financial assets	**138**	41	(196)
Actuarial gains from a defined benefit plan	**-**	-	4
Total tax expenses (tax benefit) for other comprehensive income components	**138**	43	(188)

E. Adjustments between theoretical tax on pre-tax income and tax expenses

In NIS million	For the year ended December 31 2024	2023	2022
Profit before income tax	**1,042**	347	194
Main tax rates applicable to the Group companies	**34.19%**	34.19%	34.19%
Tax is calculated according to the Group's primary tax rate	**356**	119	66
Addition to (savings on) tax liability for:			
Adjustment with respect to a lower tax rate in investees that are not insurance companies	**(49)**	(24)	(11)
Neutralized tax calculated in respect of the Company's share in income of equity-accounted investees	**(8)**	(7)	(2)
Differences in measuring assets and liabilities for tax purposes and for the purposes of adjusted statements	**4**	13	7
Difference in respect of the tax rate used to calculate the deferred taxes	**1**	2	(5)
Rental income that is exempt from profit tax	**(5)**	(5)	(4)
Tax-exempt income	**(9)**	(9)	(7)
Non-deductible expenses	**7**	10	7
Non-deductible expenses for share-based payment (see Note 41)	**8**	2	3
Utilization of losses and benefits from previous years for which deferred taxes were not recorded	**(2)**	(2)	(3)
Losses and benefits for tax purposes from the period for which no deferred taxes were recorded	**14**	10	-
Taxes for previous years	**1**	14	17
Update of deferred tax balances due to change in tax rates	**(1)**	-	-
Total income taxes	**317**	124	67
Effective tax rate	**30.47%**	35.75%	34.80%

F. Deferred tax assets and liabilities

1. Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributed to the following items:

In NIS million	Intangible assets	Property, plant & equipment	Investment property	Financial Instruments	Deferred acquisition costs in life insurance	Deductions and carry-forward losses for tax purposes	Employee benefits	Credit losses	Others[1]	Total
Balance of deferred tax asset (liability) as of January 1, 2023	(172)	(3)	(125)	(274)	(89)	25	49	-	33	(555)
Changes carried to profit and loss	16	(3)	(2)	29	3	(9)	(1)	52	(1)	84
Changes carried to other comprehensive income	-	-	(2)	(41)	-	-	-	-	-	(43)
Commencement of consolidation (for further details, see Note 9)	(76)	(5)	-	-	-	-	13	91	2	24
Classification of current taxes into deferred taxes	-	-	-	-	-	3	-	-	-	3
Balance of deferred tax asset (liability) as of December 31, 2023	(233)	(11)	(129)	(287)	(86)	19	62	143	35	(487)
Changes carried to profit and loss	**19**	**5**	**(5)**	**(8)**	**3**	**(14)**	**3**	**(15)**	**47**	**35**
Changes carried to other comprehensive income	**-**	**-**	**-**	**(138)**	**-**	**-**	**-**	**-**	**-**	**(138)**
Classification of current taxes into deferred taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**7**
Balance of deferred tax asset (liability) as of December 31, 2024	**(214)**	**(6)**	**(135)**	**(432)**	**(83)**	**5**	**64**	**135**	**82**	**(584)**

1) Stems mainly from provision for doubtful debts.

In NIS million	2024	2023
Deferred tax assets	**159**	104
Liability in respect of deferred taxes	**(742)**	(592)
Total	**(584)**	(487)

2. Deferred tax assets which were not recognized

Deferred tax assets which were not recognized are in respect of the following items:

	As of December 31	
In NIS million	2024	2023
Losses for tax purposes	**58**	57
Capital losses and real difference from liquid securities	**690**	690
Total	**749**	747

According Israeli tax laws, the utilization of losses for tax purposes, and the utilization of deductible temporary differences is not limited in time. However, deferred tax assets were not recognized in respect of those items, since it is not expected that there will be a taxable income in the foreseeable future, against which the tax benefits may be utilized.

G. Tax Assessments

Clal Insurance has final tax assessments through the 2021 tax year.

The Company's and other Group companies' tax returns through tax year 2019 are deemed final assessments according to the provisions of Section 145 to the Income Tax Ordinance.

NOTE 25 - EMPLOYEE BENEFITS

Employee benefits include post-employment benefits, termination benefits, other long-term benefits and short-term benefits, and share-based payments.

For details regarding benefits for key management personnel, see Note 43.

For details regarding share-based payments, see Note 44.

A. Composition

In NIS million	Details	As of December 31 2024	2023
Group companies excluding Max			
Present value of funded obligations		**95**	94
Present value of unfunded obligations		**22**	25
Total present value of obligations	B1(b)	**117**	119
Fair value of plan assets	B1(b)	**68**	66
Liability recognized for defined benefit plan in Group Companies, excluding Max.		**49**	53
Liability recognized for other long-term benefits in Group Companies, excluding Max	C	**13**	12
Liability for short-term benefits, excluding Max *)		**312**	267
Max			
Liability recognized for defined benefit plan - Max		**27**	29
Liability for short-term benefits - Max *)		**117**	107
Total employee benefits		**518**	468
Presented under the following line items:			
Payables and credit balances		**429**	375
Liabilities for employee benefits, net		**89**	93

*) The liabilities for short-term benefits include liabilities in respect of salaries, holiday, retirement benefits and annual bonuses to employees and provision for early retirement in 2023.

For information regarding amounts deposited with Clal Insurance as part of a defined benefit plan for Group employees, see Notes 18 and 19.

For details regarding the collective agreements, including their effects on severance pay for employees, see Section D below.

B. Further details regarding the benefit plans of the Group companies, excluding Max

1. Post-employment benefit plans - defined benefit plan

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

Under labor laws in Israel and the Severance Pay Law, 1963 (hereinafter - the "**Severance Pay Law**") in Israel the Group is required to pay severance pay to an employee upon dismissal or retirement. The Group's liability in respect of employee benefits is calculated based on employment agreements in force and the employee's salary, which, in the opinion of management, give rise to the right to receive severance pay.

A. Composition of plan assets

Plan assets are composed as follows:

In %	As of December 31 2024	2023
Central severance pay funds	**1%**	1%
Executive insurance	**35%**	36%
Provident funds and pension funds	**64%**	63%
	100%	100%

B. Change in liabilities (assets), net for defined benefit plans and their components

	Obligation in respect of defined benefit plan		Fair value of plan assets		Total liability (asset), net recognized for defined benefit plan	
In NIS million	2024	2023	2024	2023	2024	2023
Balance as of January 1	**119**	104	**(66)**	(53)	**53**	51
Purchases as part of business combinations [3]	**-**	12	**-**	(9)	**-**	3
Expense/income imputed to profit and loss [1]						
Current service cost	**9**	9	**-**	-	**9**	9
Cost of past services	**(2)**	-	**-**	(1)	**(2)**	(1)
Interest costs/income	**7**	6	**(3)**	(3)	**3**	3
Discharges	**(1)**	(2)	**1**	1	**-**	(1)
Total income/expense charged to profit and loss	**13**	13	**(3)**	(2)	**11**	10
Recognized in other comprehensive income:						
Actuarial losses (gains) arising from changes in the financial assumptions [2]	**-**	(1)	**-**	-	**-**	(1)
Other actuarial losses (gains)	**1**	1	**-**	-	**1**	1
Actual return, less interest income	**-**	-	**(2)**	-	**(2)**	-
Total recognized in other comprehensive income (loss)	**1**	(1)	**(2)**	-	**(1)**	-
Additional movements						
Benefits paid	**(16)**	(9)	**9**	4	**(7)**	(5)
Contributions by the Group	**-**	-	**(7)**	(6)	**(7)**	(6)
Total additional movements	**(16)**	(9)	**2**	(2)	**(14)**	(11)
Balance as of December 31	**117**	119	**(68)**	(66)	**49**	53

1) The expenses are included in general and administrative expenses in the income statement, see Note 38.
2) Such as discount rate.
3) Hyp acquisition.

C. Actuarial assumptions and sensitivity analysis

The key actuarial assumptions as of the end of the reporting period:

In %	2024	2023	2022
Average real discount rate for December 31 (according to weighted average)	**3.19**	2.98	2.86
Rate of future salary costs	**2.83-4.00**	2.83-4.00	3.00-4.00

1) The discount rate is based on high-quality CPI-linked corporate bonds.

Potential changes that 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			
	Increase by one percent		Decrease by one percent	
In NIS million	2024	2023	2024	2023
Rate of future salary costs	**3**	3	**(3)**	(3)
Discount rate	**(2)**	(3)	**3**	3

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

The Company's estimate of the expected contributions in 2025 into a funded defined benefit plan, for plan assets is NIS 6.3 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 8.1 years (2023 - 7.8 years).

E. Actual return

	For the year ended December 31		
In NIS million	2024	2023	2022
Actual return on plan assets	**5**	3	1

2. Post-employment benefit plans - defined contribution plan

The Group has the following defined contribution plans:

1. The provisions of Section 14 to the Severance Pay Law, 1963 apply to most severance pay payments; pursuant to that section, the Company's regular contributions to pension funds and/or insurance policies exempt it from any further obligation to the employees in respect of whom the amounts were deposited as described above. See also Section D below with regard to this issue.
2. Contributions towards retirement benefits in Israel.

	For the year ended December 31		
In NIS million	2024	2023	2022
Amount recognized as an expense in respect of defined contribution plans	**121**	117	104

3. Liability for other long-term benefits

	As of December 31	
In NIS million	2024	2023
Liability for sick leave	**5**	4
Liability for long service award	**9**	8
Total liability recognized for other long-term benefits	**13**	12

C. Collective agreements in the Group

1. Collective agreement between the Group's companies (except Max and Hyp), the Histadrut and the Group's Workers Committee

In April 2022, a collective agreement was signed between the Company's subsidiaries, Clal Insurance, Clal Pension and Provident Funds, Clal Credit Insurance, Clalbit Systems and Canaf (hereinafter - the "**Companies**") and the New Histradrut Workers' Union (hereinafter – the "**Histadrut**"), and the Group's Workers Committee, which incorporates all the agreements and collective agreements signed between the parties since 2014 into a combined agreement, subject to the changes and additions agreed upon.

After the agreement ended on December 31, 2024, the parties signed a new collective agreement in March 2025. (Hereinafter – the "**2025 Agreement**").

The 2025 Agreement retains the past agreements, subject to agreed changes and additions, the highlights of which are as detailed below:

- In 2025, a one-off 5% pay raise will be paid to employees. The pay raises to employees in 2026-2028 will be at an annual rate of 3.5%, and in addition, a pay raise of up to 0.5% will be paid. As a function of compliance with the agreed annual income target. As a general rule, approximately half of the pay raises will be paid as a differential pay raise subject to managers' discretion;
- Increasing the current minimum wage to monthly employees to a total of NIS 7,000, and raising it in 3 additional phases, up to NIS 7,600 in May 2028, and setting wage brackets for increasing the minimum wage to veteran employees;

- Every year, provided that the minimum annual income conditions are met (between NIS 400 million and NIS 1,400 million), employees will be paid a bonus, whose total cost will be between NIS 25 million and NIS 74 million.
- Furthermore, where the Company's annual income will be between NIS 500 million to NIS 1,000 million at the very least, employees will be paid equity compensation, whose cost will be between NIS 4.25 million to NIS 25.5 million, respectively.
- The agreement regulates the shortening of the work week of a full time position to 8 hours per day, increasing companies' participation in the payment of summer camps and the participation amounts in employee meals.
- The term of the agreement is 4 years, from January 1, 2025 to December 31, 2028, and no industrial action will take place throughout the agreement term. In addition, the agreement exhausts the claims and assertions by all parties throughout the agreement term.

The 2025 Agreement applies to most Group companies' employees, except Max and Hyp and except employees serving in specific roles which were defined therein and managers at the defined rank.

The Company believes that the increase in the total cost of the companies' expenses due to the changes included in the abovementioned provisions for each of the collective agreement's years, is immaterial.

As of December 31, 2024, the Group, excluding Max and Hyp, has approx. 760[(1)] employees to whom the new collective agreement does not apply, including senior management, and they are employed under personal employment agreements that define their employment terms and conditions, including base salary, social benefits and related benefits.

2. Collective agreement - Max

In 2015, a collective agreement was signed for the first time between Max, the New Histadrut Workers' Union and Max employees' representatives. The agreement applies to most Max employees, other than positions predefined as excluded from the collective agreement and detailed in Appendix A of the agreement. After the agreement ended, on November 27, 2018 signed another collective agreement. The agreement is valid from April 1, 2018 to June 30, 2023 (hereinafter - the "**2018 Agreement**").

The collective agreement prescribes the working conditions at Max. The agreement includes an organizational chapter and an economic chapter.

The organizational chapter defines the process of granting tenure in Max, manner of staffing the jobs, performance improvement and dismissal procedures, and eligibility to voluntary retirement in case of job redundancy. That chapter also includes rules for outsourcing employment, work procedures, and disciplinary rules, and defines the hours and breaks required for the various types of jobs.

The economic chapter defines the annual salary increase processes, which is carried out in the April salary in each of the agreement years. Furthermore, that chapter defines the minimum salaries in Max and the salary for certain jobs.

In addition, on May 26, 2021, another collective agreements was signed following the Covid-19 crisis, which includes, among other things, agreements regarding postponement of reduction dismissal proceedings, postponement of the salary increase for 2021 by two months, utilization of leave days in 2021, reduction of the welfare budget for 2021, and payment of a special bonus. That agreement stipulates that until December 31, 2021, no Max employees will be dismissed for reasons of reduction and streamlining, including not by virtue of the 2018 Agreement.

In March 2023, another collective agreement was signed in respect of a bonus to Max employees following the sale of Max to Clal Holdings. Under that agreement, the validity of the collective agreement was extended until June 30, 2024, and it was agreed to settle claims and maintain "industrial silence" until that date.

After the collective agreement ended, on October 8, 2024 the parties signed a new collective agreement. The term of the agreement is from July 1, 2024 to December 31, 2028. (Hereinafter - the "**2024 Agreement**").

The 2024 agreement consolidated into a single agreement the past agreements, which ended on June 30, 2024, subject to changes and additions, the highlights of which are as detailed below:

- industrial peace will be maintained during the entire term of the agreement. In addition, the agreement exhausts the claims and assertions of all of the parties.

- Payment of pay rises to employees at variable rates, which were set in accordance with achievement of business targets as stipulated in the Agreement and the agreement term - 3.65% in the first year and up to 3.4% per each additional year.
- -The minimum institutional wage as defined in the agreement will rise to NIS 6,500, and the hourly pay will be revised in accordance with the minimum wage in Israel.
- -In view of the increase in the number of employees and the increase in the cost of living, it was agreed to improve the related benefits to certain groups; this includes, among other things, revision of the convalescence fee tariffs, the tariffs of meals outside the office, costs of vehicles, gifts for the Jewish festivals and seniority bonuses; it was also agreed to increase the welfare budgets as detailed in the agreement.

The agreement did not have a material effect on Max's 2024 financial statements and in the opinion of Max's management, the agreement is not expected to have a material effect on Max's financial statements in subsequent years.

3. Workers' union in Tmura agency

In May 2024, the management of Tmura Insurance Agency (1987) Ltd. - a wholly owned insurance agency of the subsidiary Clal Agency Holdings (1998) Ltd., (hereinafter - "**Tmura**") - recognized the National Labor Federation in Eretz-Israel as the representative employee union of Tmura's employees. Negotiations are conducted between the parties in accordance with the provisions of the Collective Agreements Law, 1957. At this stage, due to the uncertainty as to the scope of the negotiations, the conditions they will lead to, and their conclusion with a binding agreement, the Company is unable to assess the effect of the abovementioned negotiations.

(1) Excluding supplier employees.

D. Employee benefits in Max

1. Max employees, other than the CEO and members of management, signed agreements pursuant to Section 14 of the Severance Pay Law (hereinafter - the "**Section 14 Arrangement**") (sometimes after completion of a six-month employment period). That obligation is treated as a defined contribution plan which pays benefits for services rendered, and provides an individual account for each participant in the plan. Accordingly, Max does not have any other obligation to pay severance pay beyond the current deposits into the insurance company and pension funds, except as described in Section 2 below. It should be clarified that in respect of the service representatives at Max, there is an immaterial liability in respect of the initial period until signing of Section 14 of the Severance Pay Law.

2. Liability in respect of severance pay, retirement and pension - the liability in respect of severance pay as of December 31, 2024 amounts to NIS 27 million (as of December 31, 2023 - NIS 29 million). The amount of this liability is after offsetting the fair value of the plan assets (which constitute current deposits in the insurance companies and pension funds in respect of the employment agreements of the Company CEO and members of management) in the amount of NIS 7 million (as of December 31, 2023 - NIS 6 million).

3. Leave reserve - Max employees are entitled to annual leave according to the employment agreements and subject to the provisions of the law. The "other liabilities" note includes a provision in respect of unutilized paid leave, calculated based on the last salary plus related benefits. As of December 31, 2024, the balance of the provision is NIS 23 million (as of December 31, 2023 – NIS 20 million).

NOTE 26 - FINANCIAL LIABILITIES

A.1. Financial liabilities

In NIS million	Additional Information	As of December 31			
		Carrying value		Fair value [2]	
		2024	2023	2024	2023
Financial liabilities presented at amortized cost					
The Company's bonds	C	**1,565**	1,557	**1,602**	1,583
Subsidiaries:					
Loans in CIMax and its subsidiaries, excluding Max 3)		**12**	889	**12**	889
Liquid subordinated notes in Clal Insurance	B	**4,666**	4,639	**4,398**	4,315
Credit from banking corporations in Max	D	**5,993**	5,202	**5,995**	5,202
Bonds and subordinated notes at Max	E	**788**	582	**799**	581
Total liabilities presented at amortized cost		**13,024**	12,869	**12,806**	12,569
Less interest payable		**115**	99	**115**	99
Total financial liabilities presented at amortized cost net of interest payable		**12,908**	12,770	**12,691**	12,471
Total liabilities measured at fair value through profit and loss					
Futures		**429**	1,683	**429**	1,683
Interest rate, foreign exchange and stock swaps		**82**	89	**82**	89
Stock options		**2**	5	**2**	5
Options on indices		**15**	5	**15**	5
Liabilities for REPO		**1,235**	1,147	**1,235**	1,147
Total liabilities measured at fair value through profit and loss [1]		**1,763**	2,929	**1,763**	2,929
Total financial liabilities		**14,671**	15,699	**14,454**	15,400
[1] **Of which in respect of yield-dependent liabilities**		**1,460**	1,786	**1,460**	1,786

2) Including approximation of fair value, where the difference is immaterial. For further information regarding fair value measurement, see Section G below.
Additional information regarding the Group's exposure to interest rate, foreign currency and liquidity risks is provided in Note 42(d).

3) CIMax - Syndicated Loan

As part of financing the acquisition of Max from Bank Leumi, in 2019 CIMax undertook a debt from a syndicate of lenders that are institutional entities, led by Harel Insurance Company Ltd. (hereinafter - the "**Syndicated Loan**").

The Syndicated Loan comprises three portions - two financial portions and one liquidity portion, which was intended for the purpose of financing the interest and fees and commissions payments to the lenders.

The debt principal of the Syndicated Loan is repayable by one lump sum in February 2026. The interest in respect of the loan was paid on a quarterly basis and calculated as the Bank of Israel Interest plus a spread, which varies for different tiers of the loan and based on CIMax's LTV ratio, which are set in the loan agreement (immediately prior to the loan repayment date, the interest rate stood at 8.5% to 9.5%).

The loan was secured by pledges - mainly a floating charge on CIMax's assets, a pledge on all Milo shares and a pledge on 80% of Max's shares, while with respect to the remaining 20% - the rights to receive dividends are pledged.

The syndication agreement specifies a financial covenant that CIMax must comply with a maximum LTV ratio of 70%, which is calculated according to the provisions of the agreement. As of December 31, 2023, the said ratio is approx. 31%. The agreement also contains a provision regarding cross default, with respect of default on liabilities of CIMax or companies under its control to other lenders.

CIMax's debt, as it appeared in its consolidated and reviewed financial statements as of the consolidation date, i.e., March 31, 2023, was approx. NIS 941 million (approx. NIS 873 million of which is the loan principal and the balance - interest), which constituted full utilization of both financing portions as well as partial utilization of the liquidity portion.

In the second and third quarters of 2023, CIMax received a dividend in the amount of approx. NIS 40 million from Max, and in addition, an amount of NIS 57 million from the Company, in consideration for the issuance of a capital note for the Company. These amounts were used for full repayment of the liquid portion, such that as of December 31, 2023, the loan balance amounted to approx. NIS 875 million, of which an amount of approx. NIS 873 million is for the loan principal and the remaining balance is for interest and other fees under the provision of the syndicated loan agreement.

In February 2024, CIMax repaid the full balance of its syndicated loan, totaling an amount of approx. NIS 891 million, of which approx. NIS 873 million was the loan principal, and the remaining balance being interest in addition to an early repayment penalty and additional fees and commissions pursuant to the provisions of the syndicated loan agreement totaling approx. NIS 18 million.

Repayment of the syndicated loan was carried out via a sum of NIS 891 million that the Company invested in CIMax.

A.2. Movement in the liabilities arising from financing activities

In NIS million	Subordinated notes	Bonds	Notes / bonds - Max	Total net of interest payable	Interest payable in respect of subordinated notes	Total
Balance as of January 1, 2023	4,548	-	-	4,548	48	4,596
Acquisitions as part of business combinations	-	-	490	490	6	496
Changes arising from cash flows and financing activities						
Proceeds from the issue of subordinated notes	300	1,549	250	2,099	-	2,099
Repayment of subordinated notes	(292)	-	(139)	(431)	-	(431)
Expansion of series - and classification of the premium component in Series B	-	(27)	-	(27)	14	(13)
Issuance costs	(4)	(12)	-	(15)	-	(15)
Interest paid	-	-	-	-	(141)	(141)
Total cash provided by financing activities	5	1,510	111	1,626	(127)	1,499
Inter-company cancellations	-	-	(28)	(28)	-	(28)
Effect of changes in the CPI	25	-	-	25	-	25
Changes in effective interest rate	14	4	-	19	172	190
Balance as of December 31, 2023	4,592	1,514	573	6,679	99	6,778
Changes arising from cash flows and financing activities						
Proceeds from the issue of subordinated notes	456	-	230	686	4	690
Repayment and exchange of subordinated notes	(459)	-	(35)	(494)	4	(489)
Issuance costs	(7)	-	-	(7)	-	(7)
Interest paid	-	-	-	-	(235)	(235)
Total cash provided by financing activities	(9)	-	195	186	(227)	(41)
Effect of changes in the CPI	16	-	-	16	-	16
Changes in effective interest rate	15	7	-	22	244	265
Balance as of December 31, 2024	**4,613**	**1,522**	**768**	**6,903**	**115**	**7,019**

B. Subordinated notes - composition as of December 31[a)]

	Additional Information	Type of capital	Linkage terms	Interest type	Annual interest rate: Effective %	Annual interest rate: Nominal %	Liquid / illiquid	Level of fair value hierarchy	Early redemption date [b)]	Original amount issued	Carrying value: 2024	Carrying value: 2023	Fair value: 2024	Fair value: 2023
										In NIS million				
Notes (Series I)		(1)Hybrid Tier 2	CPI-linked	Fixed	2.51-3.85	2.48	Liquid	1	July 2025	423	**493**	474	**493**	482
Notes (Series J)		(1)Hybrid Tier 2	Non-linked	Fixed	3.39-4.61	3.92	Liquid	1	July 2024	960	**-**	974	**-**	974
Notes (Series K)		(1)Tier 2 Capital	Non-linked	Fixed	2.42-2.79	2.64	Liquid	1	March 2027	1,636	**1,650**	1,651	**1,483**	1,450
Notes (Series L)		(1)Tier 2 Capital	Non-linked	Fixed	2.66-5.01	2.50	Liquid	1	March 2030	1,334	**1,246**	1,235	**1,127**	1,102
Notes (Series M)		(1)Tier 2 Capital	Non-linked	Fixed	5.53-5.78	5.31	Liquid	1	July 2032	1,273	**1,276**	304	**1,295**	305
Total notes										5,627	**4,666**	4,639	**4,398**	4,315

a) The issuer of all notes is Clal Insurance Capital Raising Ltd. (formerly - “Clalbit Finance Ltd.”).

b) For further details, see Section 1(i)(1) below.

1. A. Notes (Series I) were issued in July 2015, and the series was expanded in December 2016. The principal is repaid in a single payment on July 31, 2028, subject to an early redemption right, as detailed in Section I(1) below. The interest on the notes is paid annually in two semi-annual installments on January 31 and July 31 of each calendar year between 2016 and 2028.

B. Notes (Series J) were issued in July 2015, and the series was expanded in April 2016. In January 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series M), by way of expansion of an existing series. The interest on the notes is paid annually in two semi-annual installments on January 31 and July 31 of each calendar year between 2016 and 2027. The notes were repaid in full by early repayment on July 31, 2024, in accordance with their terms.

C. Notes (Series K) were issued in September 2019, and the series was expanded in December 2019, as detailed in Section E below.

The principal is repaid in a single payment on March 31, 2033, subject to an early redemption right, as detailed in Section I(1) below. The interest on the notes is paid annually in two semi-annual installments on March 31 and September 30 of each calendar year between 2020 and 2032 and on March 31, 2033.

G. In December 2019, approx. NIS 698 million p.v. in Notes (Series C) were exchanged by way of an exchange tender offer; in return for the issuance of approx. NIS 806 million p.v. in Notes (Series K) by expansion of an existing series.

E. Notes (Series L) were issued in August 2021, and the series was expanded in December 2021 and in September 2022, as detailed in Section F below. The principal is repaid in a single payment on March 31, 2035, subject to an early redemption right, as detailed in Section I(1) below. The interest on the notes is paid annually in two semi-annual installments on March 31 and September 30 of each calendar year between 2022 and 2034 and on March 31, 2035.

G. In December 2021, approx. NIS 103 million p.v. in Notes (Series G) were exchanged by way of an exchange tender offer; in return for the issuance of approx. NIS 117 million p.v. in Notes (Series L) by expansion of an existing series. Additionally, approx. NIS 206 million p.v. in Notes (Series H) was exchanged by way of an exchange tender offer; in return for the issuance of approx. NIS 218 million p.v. in Notes (Series L) by expansion of an existing series.

In September 2022, approx. NIS 599 million p.v. in notes (Series L) were issued to the public by way of expansion of an existing series.

G. Notes (Series M) were issued in July 2023, and the series was expanded in January 2024 and in April 2024, as detailed in Section H below. The principal is repaid in a single payment on July 31, 2037, subject to an early redemption right, as detailed in Section J(1) below. The interest on the notes is paid annually in two semi-annual installments on January 31 and July 31 of each calendar year between 2024 and 2037.

H. In January 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series M), by way of expansion of an existing series.
In April 2024, NIS 465 million p.v. in Notes (Series M) were issued to the public by way of expansion of an existing series.

I. **Additional terms and conditions of the notes**

1. Right to early redemption

A. Clal Insurance Capital Raising Ltd. (hereinafter - "**Clal Capital Raising**") (formerly - "Clalbit Finance Ltd.") may redeem the notes via full or partial early redemption, without granting noteholders and/or to the trustee the right to redeem the notes via full or partial early redemption, provided that the following conditions are met and the Commissioner's approval is obtained (where required):

The first date on which Clal Capital Raising will be allowed to execute full or partial early redemption of the Notes (hereinafter - the "**First Early Redemption Date**"):

Series I - on July 31, 2025;

Subsequent to First Early Redemption Date, there is an early redemption right on each interest payment date.

Series K - on March 31, 2027;
Series L - on March 31, 2030.

Series M - on July 31, 2032.

Subsequent to this date, Clal Capital Raising will be entitled to repay the notes by way of early redemption in full or in part as applicable to each relevant series on each date. The frequency of the early redemptions shall not exceed one redemption per quarter. To the extent that early redemption will be executed as from the First Early Redemption Date and until 3 years before the principal repayment date, the payment to noteholders in respect of early redemption shall amount to the higher of: a. market value. b. the carrying amount; c. the value based on a discount rate equal to the yield on government bond plus interest of 0.8%.

B. If the right to early redemption of all of the notes is not exercised, from the date of payment of interest on the notes, which shall be 3 years before the principal repayment date, added interest shall be paid to the holders of the relevant notes on the interest borne by the notes at that time in respect of the remaining period at a rate of 50% of the original risk margin determined in the issuance in relation to the notes of the relevant series.

The original risk margin is as follows:
Series I - 1.83%;
Series K - 1.69%;
Series L - 1.52%;
Series M - 1.87%;

C. The minimum amount for the execution of early redemption in respect of Series I is NIS 25 million p.v. and in respect of Series K, L and M, the minimum amount for early redemption is NIS 1 million p.v. Furthermore, regarding Notes (Series K, L and M) early redemption of part of the principal shall not be effected if the outstanding balance of principal that would remain after the early redemption is lower than a total of NIS 3.2 million.

D. The conditions for early redemption is:

(1) With regard to Series I - obtaining the Commissioner's advance approval at the terms they will set. As a general rule, early redemption will be possible if Clal Insurance's shareholders' equity after the early redemption would exceed 120% of the minimum capital requirement as per the Capital Regulations. See J(3) below.

(2) With regard to Series K, L and M, obtaining advance approval of the Commissioner and at the terms set by him. In general, early redemption will be possible if Clal Insurance's economic capital after the early redemption would exceed the solvency capital requirement (SCR), as defined in the circular on the economic solvency regime.

(3) Furthermore, with respect to all series, early redemption may also be executed if at the same time the Company will issue a capital instrument of identical or better quality;

2. Deferral of principal and/or interest repayment under suspending circumstances

Upon the occurrence of one of the suspending circumstances listed below, a principal payment and/or interest payments, as relevant, in respect of the notes shall be deferred:

A. With respect to deferral of interest repayment only - unavailability of distributable profits of Clal Insurance, as defined in the Companies Law, based on the latest financial statements (annual or quarterly) published before the relevant interest repayment date.

With regard to the deferral of a principal and/or interest payments:

B. With regard to Series I, Clal Insurance's eligible own funds fell below its minimum capital requirement (see I(3) below), based on the latest financial statements (annual or quarterly) published before the relevant interest and/or principal repayment date, and Clal Insurance did not execute capital supplementation as of the report publication date (as this term is defined in the Commissioner's guidance regarding "Composition of Eligible Own Funds of an Insurer of August 2011").

With regard to Series K, L and M - according to Clal Insurance's latest financial statements published prior to the payment date, Clal Insurance's shareholders' equity is lower than the capital required from Clal Insurance for suspending circumstances, as this term is defined in the Economic Solvency Regime Circular, and Clal Insurance did not execute capital supplementation (as this term is defined in the Economic Solvency Regime Circular) as of the financial statements publication date.

C. The Board of Directors of Clal Insurance has ordered the deferral of a principal and/or interest payment, if it had stipulated that there is a real, imminent concern regarding Clal Insurance's ability to comply with the capital requirement (as stated in Section B above, as the case may be), or to perform timely repayment of obligations with higher precedence than the notes, provided that the advance approval of the Commissioner has been received.

D. With regard to Series I - the Commissioner ordered the deferral of principal and/or interest payment due to a significant decline in Clal Insurance's eligible shareholders' equity, or if it saw an imminent concern regarding Clal Insurance's ability to comply with the capital requirement.

With regard to Series K, L and M - The Commissioner ordered the deferral of an interest and/or principal payment, if it saw a decline in the solvency ratio, or if it saw an imminent concern regarding Clal Insurance's ability to comply with the solvency capital requirement (as this term is defined in the Economic Solvency Regime Circular).

E. Such deferred principal and/or interest amounts shall accrue linkage differences, if the original principal is index-linked, from the date of the deferral to the date of actual payment, at the known index as of the actual payment date, and interest as from the deferral date and through the date of actual payment, at the interest rate specified in the terms of the notes as of the deferral date.

3. Commissioner's Position - "Definition of Eligible Capital and Capital Requirement in Hybrid Capital Instruments"

In view of the coming into force of the Economic Solvency Regime (see Note 17(f) above), in March 2018, the Capital Market Authority published a position paper whereby the correct interpretation of the terms "capital requirement" and "eligible capital", which are pertinent to hybrid capital instruments issued by insurance companies, that received the Commissioner's approval regarding the audit of the implementation of an economic solvency regime, regarding suspending circumstances, shall be as follows:

The term "capital requirement" (including similar terms) will be interpreted according to the definition of the term "minimum capital requirement" (MCR) within its top limit (45% of SCR), calculated without taking into account the transitional provisions during the Transitional Period and without adjusting the stock scenario, and the term "equity" (including similar terms) will be interpreted according to the definition of the term "equity") in an economic solvency regime.

In view of the above, the relevant provisions in the notes which were issued through the date on which the Economic Solvency Regime came into force (Series I), shall be interpreted in accordance with the said position paper.

J. In accordance to an amendment to the agreement between Clal Capital Raising and Clal Insurance of August 2019 (hereinafter - the "**Agreement Amendment**"):

1. The deposits that will be deposited with Clal Insurance out of the proceeds of the issuances of notes and/or options to notes (including from disposal of options as stated above), to be issued after the Agreement Amendment date and which will be deemed Clal Insurance's Tier 2 capital, and Clal Insurance's undertaking to meet the conditions of the said notes, shall have the following status:
   - Equal priority to subordinated Tier 2 capital instruments, hybrid Tier 2 capital, and hybrid Tier 3 capital which were issued by Clal Insurance and/or Clal Capital Raising until the Agreement Amendment date.
   - Equal priority to components and instruments that will be included in Clal Insurance's Tier 2 capital, that will be issued by Clal Insurance and/or Clal Capital Raising as from the Agreement Amendment date.
   - Those with seniority over components and instruments that will be included in Clal Insurance's Tier 1 capital, that will be issued by Clal Insurance and/or Clal Capital Raising.
   - Subordinated to all of Clal Insurance's other liabilities to its creditors.
2. The deposits which were deposited with Clal Insurance out of the proceeds of the issuances of notes recognized as Clal Insurance's hybrid Tier 2 capital, and Clal Insurance's undertaking to meet the conditions of the said notes have equal priority to that of subordinated notes which were issued by Clal Insurance and/or Clal Capital Raising, and which are deemed subordinated Tier 2 capital, hybrid Tier 2 capital and hybrid Tier 3 capital; and subordinated to all of Clal Insurance's other liabilities to its creditors.

2. The balance of the notes is presented net of issuance expenses of approx. NIS 26 million, which are amortized using the effective interest method.

3. Repayment dates

Following are the contractual repayment dates of the subordinated notes*):

In NIS million	December 31 2024	2023
First year	**541**	1,007
Second year	**-**	473
Third year	**-**	-
Fourth year	**-**	-
Fifth year and onwards	**4,243**	3,270
	4,784	4,749
Less balance of deferred issuance expenses, discount balance, plus premium balance	**(119)**	(111)
Total	**4,666**	4,639

*) Assuming early redemption, see Section B(1)(i)(1) above.

C. Bonds issued by the Company

In February 2023, the Company issued NIS 249.1 million par value in Bonds (Series A) and NIS 150.9 million par value in convertible Bonds (Series B) pursuant to the Company's shelf offering report dated February 9, 2023, published under the Company's shelf prospectus. Issuance expenses amounted to approx. NIS 3 million, the effective annual interest rate on the Bonds (Series A) and (Series B) is 4.9%, and the net proceeds of the issuance was approx. NIS 397 million.

In June 2023, the Company issued NIS 250 million p.v. in Bonds (Series A) by way of a private placement and an expansion of an existing series for approx. NIS 244.6 million. The issuance expenses amounted to approx. NIS 592 thousand; the annual effective interest rate is 5.6%, and net proceeds of the issuance amounted to approx. NIS 244 million.

In August 2023, the Company issued NIS 400 million p.v. in Bonds (Series A) by way of an additional expansion of an existing series in consideration for approx. NIS 404.4 million pursuant to the Company's shelf offering report dated August 29, 2023, published under the Company's shelf prospectus. The issuance expenses amounted to approx. NIS 3 million; the annual effective interest rate is 5.3%, and net proceeds of the issuance amounted to approx. NIS 401 million.

In December 2023, the Company issued NIS 500 million in Bonds (Series C) pursuant to the Company's shelf offering report dated December 4, 2023, published under the Company's shelf prospectus. The issuance expenses amounted to approx. NIS 4 million; the annual effective interest rate is 5.5%, and net proceeds of the issuance amounted to approx. NIS 496 million.

Following are the details of the bonds:

	Additional Information	Type of capital	Linkage terms	Interest type	Annual interest rate: Effective %	Annual interest rate: Nominal %	Liquid / illiquid	Level of fair value hierarchy	Early redemption date [b]	Original amount issued	Carrying value: 2024	Carrying value: 2023	Fair value: 2024	Fair value: 2023
										In NIS million				
Bonds (Series A) - corporate bonds		(1)Straight	Non-linked	Fixed	4.89-5.64	4.7	Liquid	1	February 28	899	**920**	918	**934**	942
Bonds (Series B) - convertible bonds		(1)Convertible bonds	Non-linked	Fixed	4.91	2.8	Liquid	1	February 28	150	**144**	142	**155**	133
Bonds (Series C) - corporate bonds		(1)Straight	Non-linked	Fixed	5.48	5.25	Liquid	1	Repayment in 3 installments in November 2029-2031	500	**500**	497	**514**	508
Total notes										1,549	**1,565**	1,557	**1,602**	1,583

(1) With respect to Bonds (Series A-B and C), the Company assumed upon itself restrictions on distribution of dividends; the Company has also undertaken to comply with various financial covenants in accordance with the terms detailed in the shelf offering report. As of the reporting date and the approval date of the financial statements, the Company complies with the financial covenants which were set.

Following are the contractual repayment dates of the Company's bonds:

	December 31	
In NIS million	2024	2023
First year	**43**	43
Second year	**-**	-
Third year	**-**	-
Fourth year	**1,049**	-
Fifth year and onwards	**500**	1,549
	1,592	1,592
Less balance of deferred issuance expenses, discount balance, plus premium balance	**(28)**	(35)
Total	**1,565**	1,557

D. Credit from banking corporations in Max

	December 31, 2024			Balance as of
	Average annual interest rate			December 31, 2023
In NIS million	Balance as of	For transactions in the past month		
	%		NIS million	
Credit in current loan accounts	**4.8**	**4.8**	**31**	-*
Other loans	**4.4**	**4.8**	**5,962**	5,202
Total credit from banking corporations			**5,993**	5,202

* An amount lower than NIS 1 million.

E. Additional information regarding bonds and subordinated notes in Max

	Additional Information	Type of capital	Linkage terms	Interest type	Annual interest rate		Liquid / illiquid	Level of fair value hierarchy	Average duration	Internal rate of return	Original amount issued	Carrying value		Fair value	
					Effective	Nominal						2024	2023	2024	2023
					%						In NIS million				
CoCo Note (Series C)	(2)	Tier 2 Capital	Non-linked	Fixed	5.18%	5.18%	Illiquid	2	3.35	6.05	35	-	35	-	35
CoCo Note (Series D)	(3)	Tier 2 Capital	Non-linked	Fixed	7.33%	7.33%	Illiquid	2	3.35	6.05	223	**231**	231	**241**	230
Commercial Paper (Series 1)	(4)		Non-linked	variable	5.25%	5.25%	Illiquid	2	0.02	4.77	316	**316**	316	**316**	316
Commercial Paper (Series 2)	(5)		Non-linked	variable	4.80%	4.80%	Illiquid	2	0.02	4.77	230	**241**	-	**241**	-
Total notes											804	**788**	582	**799**	581

CoCo subordinated notes

1. On December 17, 2018, Max raised from institutional entities subordinated notes with a CoCo contractual loss absorption mechanism, amounting to approx. NIS 139 million par value, which were recognized as Tier 2 capital. The Subordinated Notes (Series B) are repayable by a lump sum on December 31, 2028 with an early repayment option for the issuer, not before December 31, 2023 and no later than January 31 2024. On December 31, 2023, full early redemption of the Subordinated Notes (Series B) was executed, which resulted in a decrease of approx. 0.8% in the total capital ratio. For further details, see Max's report dated November 19, 2023.
2. On July 2019, Max raised by private placement subordinated notes with a CoCo contractual loss absorption mechanism, in the amount of approx. NIS 35 million. The Subordinated Note (Series C) bore fixed annual interest of 5.18%.

   On March 31, 2024, full early redemption of the said subordinated note was executed, which resulted in a decrease of approx. 0.2% in the Company's total capital ratio.
3. On July 16, 2023, Max issued a new series of CoCo Subordinated Notes (Series D) with a contractual loss absorption mechanism, in the total amount of NIS 250 million par value, which are recognized as Tier 2 capital from the date of their issuance. The Subordinated Notes (Series D) bear fixed annual interest at a rate of 7.33%, and are repayable in one installment on October 16, 2033, and Max was given an option for early redemption between October 16, 2028 and November 16, 2028 in accordance with the terms and conditions detailed in the deed of trust. If Max does not exercise the early redemption option, the interest will be revised on October 16, 2028, such that its annual rate will be equal to the benchmark interest rate on the date of the interest rate change as detailed above, plus the margin above the benchmark interest rate on the issuance date, all in accordance with the definitions set out in the deed of trust. The Subordinated Notes (Series D) were issued to qualified investors in a private placement and were listed on the TACT Institutional system of the TASE. Subordinated Notes (Series D) include a contractual loss absorption mechanism, according to which if the circumstances for a trigger event exists (trigger event for non-compliance or trigger event for absorption of principal loss), a full or partial delisting of the subordinated notes will be performed, all according to the definitions and terms of the subordinated notes.

Commercial papers

4. On December 27, 2022, Max raised from institutional entities Commercial Papers (Series 1) in the amount of NIS 316 million at a variable NIS annual interest rate at the Bank of Israel interest rate plus a spread of 0.2%-0.5% over the Bank of Israel's interest rate. The CPs were issued for a period of 5 years, with the holders and Max having the right to notify the other party in writing of their wish to repay it with a 7 business days' notice. During the reporting period, the CP was renewed by an additional one-year period. The CPs were rated P-1 by Midroog.
5. On January 4, 2024, Max completed a private placement of another Commercial Paper to institutional investors (CPs Series 2) totaling NIS 230 million at a variable NIS annual interest rate at the Bank of Israel Interest, plus a spread of 0.2%-0.5% above the Bank of Israel Interest. The CPs were issued for a period of 5 years, with the holders and Max having the right to notify the other party in writing of their wish to repay it with a 7 business days' notice. The CPs were rated P-1 by Midroog.

   Subsequent to the reporting date, on January 6, 2025, Max completed a private placement of commercial papers to institutional entities, by way of approx. NIS 154 million expansion of CPs (Series 2).

In the Reporting Period, Max fulfilled its obligations and met all the conditions in connection with the bonds.

Following are the contractual repayment dates of the bonds

In NIS million	December 31 2024	2023
First year	**565**	359
Second year	**-**	-
Third year	**-**	-
Fourth year	**223**	223
Fifth year and onwards	**-**	-
	788	582
Less balance of deferred issuance expenses, discount balance, plus premium balance	**-**	-
Total	**788**	582

F. Rating

Following are details regarding the rating of the Company, Group companies, and notes they issued, as of the report publication date, and changes therein during the reporting period:

Rating agency	Company	Rating		Outlook	Last revision date	Last reiteration date
Maalot	Clal Insurance	(IFS)[1]	(AA+)	Stable	July 2024 [2]	July 2024 [2]
		Debt rating - additional Tier 2 capital	(AA-)	Stable		
Midroog	Clal Insurance	(IFS)[1]	Aa1(hyb)	Stable	July 2024 [3]	July 2024 [3]
		Debt rating - additional Tier 2 capital	Aa3(hyb)	Stable		
Maalot	Clal Holdings	Issuer ratings	(AA-)	Stable	July 2024 [2]	July 2024 [2]
		Rating of the bonds	(AA-)	Stable	July 2024 [2]	July 2024 [2]
Midroog	Max It Finance	Issuer ratings	Aa3	Stable	November 2024 [4]	November 2024 [4]
		Subordinated bonds with contractual loss absorption mechanism (CoCo)	A1(hyb)	Stable		
		Commercial Papers – illiquid (Max It CPs Series 1 and CPs Series 2)	P-1	-		
International rating agency Moody's	Clal Credit Insurance	(IFSR)	Baa1	Negative	October 2024 [5]	October 2024 [5]

1) Insurer Financial Strength Rating (IFSR).

2) In July 2024, Maalot reiterated the ratings and outlook presented in the above table.

3) In July 2024, Midroog reiterated the ratings and outlook presented in the above table.

4) In November 2024, Midroog reiterated the ratings and outlook presented in the above table. In December 2024, Midroog assigned identical rating and outlook to the expansion of the CPs (Series 2).

5) Following the downgrading of Israel's sovereign rating from 2A with a negative outlook to Baa1 with a negative outlook, in October 2024 the international rating company Moody's announced the downgrading of Clal Credit Insurance's insurance financial strength rating (IFSR) from A3 with a stable outlook to Baa1 with a negative outlook.

G. Fair value of liabilities for derivative financial instruments and short sale

1. Fair value measurement

   The fair value of financial liabilities is determined based on their asking price (quoted closing price) as of the reporting date. Where a quoted price is not available, the fair value is measured using a valuation technique based on the discounted future cash flow method in respect of the principal and interest components, discounted using the market interest rates of similar liabilities as of the calculation date, which are determined by a company that provides interest rates quotes (for further details, see Note 15(f)).

2. Fair value hierarchy

   The following table presents the financial liabilities by levels in the fair value hierarchy. For details regarding the levels in the hierarchy, see Note 2(e)(3) above.

In NIS thousand	As of December 31, 2024 Level 1	Level 2	Total
Derivatives	**17**	**511**	**528**
Short sale	**-**	**1,235**	**1,235**
Total	**17**	**1,746**	**1,763**

In NIS thousand	As of December 31, 2023 Level 1	Level 2	Total
Derivatives	10	1,772	1,782
Short sale	-	1,147	1,147
Total	10	2,919	2,929

H. Additional information on derivatives

Following is the amount of net exposure to the underlying asset, presented in delta terms of the transactions involving derivative instruments carried out by Group companies, which are Israeli insurance companies, as of the financial statements dates:

In NIS thousand	As of December 31 2024	2023
Shares	**-**	20
Foreign currency	(1,255)	(2,106)
Fixed interest	**-**	(102)

I. Shelf prospectus in the Company and in Clal Capital Raising

In July 2022, the Company and Clal Capital Raising published shelf prospectuses. On July 17, 2024, the terms of the shelf prospectuses were extended through July 24, 2025. The Company's shelf prospectus allows it, among other things, to issue ordinary shares of the Company, preferred shares, bonds (including by way of expansion of existing series of Companies' bonds, if issued), bonds convertible into Company shares, options exercisable into Company shares, options exercisable into bonds or into bonds convertible into Company shares, commercial papers, and any other security that may be lawfully issued by virtue of shelf prospectuses on the relevant date. Clal Capital Raising's shelf prospectus allows it, among other things, to issue bonds (including by way of expansion of existing series of companies' bonds, if issued) and options, which may be exercised into bonds and commercial papers.

J. Credit facilities

1. The Company

In June 2024, an Israeli banking corporation approved a credit facility to the Company totaling up to NIS 250 million for the purpose of providing it with another liquidity buffer, for one further year through June 2025. If credit is provided out of the credit facility, the terms and conditions will be as detailed below:

Credit period	Up to 12 months
Non-utilization fee	0.25%
Annual interest rate	P-1% -P-0.5%
Date of principal repayment	At the credit's final repayment date
Total interest repayment dates	Quarterly payment
Linkage mechanism	Non-linked
Pledged assets	Collateral-free, but the Company undertook not to create a general floating lien on its assets
Restrictions applicable to the Company in connection with the credit facility	Whenever the credit facility is utilized - the Company's accounts at the bank will contain an amount of at least NIS 50 million (fifty million NIS) in liquid assets, as defined, and if the Company distributes dividends in that period, an amount of up to 50% of the dividend will be added to the above amount.
Material terms for utilization of credit facility	Standard commercial terms, including the absence of cause for calling for immediate repayment of the Company's debts to the bank

If credit is provided out of the credit facility, the terms for calling for immediate repayment will apply thereto, including a cross default mechanism. At the date of the report and at the date of the approval thereof, the Company has not utilized the aforesaid credit facility.

2. Max

Following are details regarding credit facilities and their utilization:

	As of December 31	
In NIS million	2024	2023
Total binding credit facilities	**10,350**	9,850
Total non-secured credit facilities	**1,450**	1,350
Total credit facilities (secured and unsecured)*	**11,800**	11,200
Total utilization of financial credit from secured facilities	**3,626**	3,569
Total loans from banks out of facilities	**874**	358
Total loans from banks not out of facilities	**1,458**	1,246
Total financial credit utilization	**5,958**	5,173

* Max's credit facilities are renewed each year for a period ranging from one to three years.

K. Contractual restrictions and financial covenants

The agreements between the Group companies and each of the entities that provide them with credit, specify, among other things, limits and commitments for compliance with covenants, transactions with controlling shareholders, sale and transfer of assets, creation of liens, restructuring and/or change of control.

In the Reporting Period, the Company fulfilled its obligations and met all the conditions in connection with the above covenants.

Off-balance-sheet financial instruments and derivatives

	As of December 31	
In NIS million	2024	2023
Unutilized credit card credit facilities		
Credit risk for Max	**25,911**	21,463
The credit risk for banks	**13,678**	13,100
Credit risk for others	**4**	3
Total unutilized credit card credit facilities	**39,593**	34,566
Credit loss provision	**(13)**	(15)
Total unutilized credit card credit facilities, net	**39,580**	34,551
Guarantees and other commitments:		
Exposure in respect of guarantees to merchants	**111**	84
Total guarantees and other commitments	**111**	84
Credit loss provision	**(2)**	(1)
Total guarantees and other commitments, net	**109**	83

Derivatives activity - Scope and repayment dates

In 2024, Max and Israeli banking corporations entered into currency option transactions at a par value of USD 17 million and EUR 5 million for repayment in March 2027. Some of the transactions are stated in the balance sheet at a positive fair value of approx. NIS 2 million and some are stated in the balance sheet at a negative fair value lower than NIS 1 million.

NOTE 27 - PAYABLES FOR CREDIT CARD TRANSACTIONS

	For the year ended December 31	
In NIS million	**2024**	**2023**
Merchants (1)	**8,421**	7,272
Liabilities for deposits (2)	**209**	155
Credit card companies	**888**	414
Prepaid income	**29**	18
Benefit plan for card holders (3)	**90**	72
Others (4)	**70**	160
Total payables for credit card transactions	**9,707**	8,091

(1) Net of balances in respect of factoring of credit card vouchers for merchants totaling NIS 1,708 million (December 31, 2023 - NIS 1,768 million) and in respect of advanced payments to merchants totaling NIS 244 million (December 31, 2023 - NIS 309 million) These balances do not constitute a credit transaction but rather a settlement of a liability.

(2) All of Max's deposits were raised in Israel and most of them are held for private individuals, do not bear interest and do not exceed NIS 1 million.

(3) As part of the operation of Max's customer loyalty programs, there is a liability towards card holders for their right to benefits according to the terms and conditions of the plans. The balance of the liability includes a provision based on the calculation of the expected future utilization rate of the benefits by the card holders.

(4) Mainly accrued expenses in respect of banks and loyalty programs.

NOTE 28 - PAYABLES AND CREDIT BALANCES

A. Composition

In NIS million	As of December 31 2024	2023
Employees and other liabilities in respect of compensation and salaries	**429**	375
Accrued expenses	**186**	167
Provisions for lawsuits	**60**	67
Trade payables	**99**	62
Government institutions and authorities	**38**	28
Reinsurers' share of deferred acquisition costs	**122**	118
Insurance companies and insurance brokers:		
Deposits by reinsurers	**1,117**	1,149
Other accounts	**259**	297
Total insurance companies and insurance brokers	**1,376**	1,446
Insurance agents	**487**	489
Policyholders and planholders	**544**	407
Provision for policyholders' share in profits	**39**	61
Interest payable in respect of subordinated notes	**115**	99
Prepaid premium	**107**	89
Payables for collateral for illiquid futures	**-**	21
Payables for purchase of securities	**37**	186
Credit loss provision in respect of off-balance sheet balance	**15**	16
Other accounts payables	**278**	221
Total payables and credit balances	**3,932**	3,851

B. Provisions for lawsuits excluding Max

In NIS million	For the year ended December 31 2024	2023
Balance as of January 1	**67**	59
Provisions used during the year	**(15)**	(3)
Provisions created during the year	**7**	11
Balance as of December 31	**60**	67

NOTE 29 - LEASES

A. Leases in which the Group is the lessee

1. **Disclosures regarding right-of-use assets**

In NIS million	Buildings	Sites	Vehicles	Total
Cost				
Balance as of January 1, 2023	556	25	69	650
Commencement of consolidation - CIMax	207	-	8	215
Additions to right-of-use assets due to new leases in the period	-	-	58	58
Revisions to right-of-use assets for CPI linkages	17	-	2	19
Derecognitions	-	-	(35)	(35)
Balance as of December 31, 2023	780	25	102	907
Additions to right-of-use assets due to new leases in the period	10	-	41	51
Revisions to right-of-use assets for CPI linkages	17	-	2	19
Derecognitions	-	(4)	(35)	(39)
Balance as of December 31, 2024	**807**	**21**	**110**	**938**
Accumulated depreciation				
Balance as of January 1, 2023	124	8	34	166
Commencement of consolidation - CIMax	18	-	-	18
Depreciation for the period	36	2	33	71
Derecognitions from right-of-use assets	-	-	(29)	(29)
Balance as of December 31, 2023	178	10	38	226
Depreciation for the period	40	2	32	74
Derecognitions from right-of-use assets	-	(4)	(27)	(31)
Balance as of December 31, 2024	**218**	**8**	**43**	**269**
Balance of amortized cost as of December 31, 2023	602	15	64	680
Balance of amortized cost as of December 31, 2024	**589**	**13**	**67**	**669**

2. **Disclosures regarding lease liability**

In NIS million	Buildings	Sites	Vehicles	Total
Liability				
Balance as of January 1, 2023	527	19	35	581
Commencement of consolidation - CIMax	189	-	8	197
Additions to lease liability in respect of new leases in the period	-	-	58	58
Revisions to the lease liability for CPI linkages	17	1	2	20
Finance expenses	17	1	1	19
Payment of lease liability	(54)	(3)	(36)	(93)
Derecognitions of lease liability	(1)	-	(4)	(5)
Balance as of December 31, 2023	696	18	63	777
Additions to lease liability in respect of new leases in the period	10	-	41	51
Revisions to the lease liability for CPI linkages	17	1	2	20
Finance expenses	20	1	1	22
Payment of lease liability	(51)	(3)	(34)	(88)
Derecognitions of lease liability	-	-	(7)	(7)
As of December 31, 2024	**692**	**16**	**67**	**775**

3. **Maturity analysis of lease liability**

	As of December 31	
In NIS million	2024	2023
Up to one year	**85**	64
Over one year and up to two years	**70**	68
Over two years and up to 3 years	**52**	53
Over 3 years and up to 4 years	**45**	42
Over 4 years and up to 5 years	**47**	43
Over 5 years	**476**	507
Total	**775**	777

B. Leases in which the Group is the lessor

The Group leases a number of commercial and office buildings (classified as investment property) to external entities under operating leases. The lease agreements are for variable periods (up to approx. 38 years) that cannot be canceled, taking into consideration the lessees' options to renew the contracts at the end of the period.

Following is a breakdown of the minimum future lease payments receivable in respect of lease contracts including in respect of extension options that, as of the engagement dates, were reasonably certain to be exercised:

Leases in which the Group is the lessor

	As of December 31	
In NIS million	2024	2023
Up to one year	**288**	296
From one year to five years	**994**	961
More than five years	**2,252**	2,171
Total	**3,533**	3,428
Of which the minimum lease payments receivable related to properties in which the Company is a lessor under a finance lease	**1,071**	963

For further details regarding the agreements for the lease of investment property, see Note 10 above.

1. **Information about the Group's main lease agreements**

   A. **Agreement for the lease of spaces with Atidim - High Tech Industrial Park Ltd.** - On March 12, 2013, the Company entered into a binding memorandum of understanding with Atidim - High Tech Industrial Park Ltd., whereunder, the Company rents - for its own use and the use of some of the Group companies - approx. 47,000 sq.m in office space (comprising of 24 floors), a lobby floor, warehouses and approx. 1,000 underground parking spaces in the Atidim Tower in Ramat HaHayal, Tel Aviv. The term of the agreement between the parties is approx. 24 years, with a breakout clause at the end of approx. 16 years.

   B. Max has lease agreements in respect of buildings and cars which are classified as operating leases.
   On May 19, 2015, Max and Allied Real Estate Ltd. (hereinafter - "**Allied**") signed a long-term lease agreement under which Allied constructed an employment construction project on land in Bnei Brak, with separate adjustment and planning for the space which Max leases for its business operations.

   Max started moving to the new building at the end of February 2020 and completed the move by the end of March 2020.

   The lease term is for 24 years and 11 months, with Max having the right to terminate the lease on several fixed exit dates prescribed in the agreement:
   A 10-year lease with 12 months' advance notice.
   A 15-year lease with 9 months' advance notice.
   A 20-year lease with 6 months' advance notice.

   As of the approval date of the financial statements, Max reasonably estimates that it will exercise the entire lease period.

   The annual rent is approx. NIS 12 million plus CPI-linkage. The discounted interest rate is set according to the interest rate curve of the risk-free NIS interest yield, plus the customary risk margin at Max for the relevant period of duration.

2. **Expenses for operating leases in Max**

	For the year ended December 31, 2024	For the nine-month period ended December 31, 2023
	NIS million	
Expenses for operating leases	**26**	23
Variable lease expenses	**1**	1
Total	**27**	24

NOTE 30 - PREMIUMS EARNED

	For the year ended December 31, 2024		
In NIS million	Gross	Reinsurance	Retention
Life insurance premiums	**5,081**	**324**	**4,757**
Health insurance premiums	**1,856**	**108**	**1,748**
Property and casualty insurance premiums	**3,952**	**1,427**	**2,526**
Total premiums	**10,889**	**1,859**	**9,030**
Changes in balance of unearned premium and other changes*)	**(175)**	**(56)**	**(119)**
Total premiums earned	**10,714**	**1,803**	**8,911**

	For the year ended December 31, 2023		
In NIS million	Gross	Reinsurance	Retention
Life insurance premiums	6,041	171	5,870
Health insurance premiums	1,731	90	1,641
Property and casualty insurance premiums	3,596	1,452	2,143
Total premiums	11,368	1,713	9,655
Changes in balance of unearned premium and other changes*)	(166)	(5)	(160)
Total premiums earned	11,202	1,708	9,495

	For the year ended December 31, 2022		
In NIS million	Gross	Reinsurance	Retention
Life insurance premiums	6,844	162	6,683
Health insurance premiums	1,603	84	1,520
Property and casualty insurance premiums	3,275	1,503	1,772
Total premiums	11,723	1,749	9,974
Changes in balance of unearned premium and other changes*)	(214)	(83)	(130)
Total premiums earned	11,509	1,665	9,844

*) With regard to the changes in unearned premium in property and casualty, see Note 20.
Furthermore, there are changes arising from a deduction in respect of amounts deposited with the Company as part of a defined benefit plan for the Group's employees.

NOTE 31 - REVENUE FROM CREDIT CARD TRANSACTIONS

In NIS million	For the year ended December 31 2024	2023*)
Income from merchants		
Merchants fees and commissions	**809**	564
Other revenue	**179**	123
Total income from merchants - gross	**988**	687
Net of fees and commissions to other issuers	**(380)**	(261)
Total income from merchants - net	**608**	426
Income from credit card holders		
Issuer fees and commissions (1)	**566**	382
Service fees and commissions (2)	**208**	134
Fees and commissions from cross-border transactions (3)	**172**	141
Total income for credit card holders	**946**	657
Total income from credit card transactions	**1,554**	1,083

*) Since the data were first consolidated as from April 1, 2023, as noted above, the cumulative effect on the Company's results is presented for the nine-month period which began on that date. For further details, see Note 9 above.

(1) Revenues from issuer fees include an interchange fee in respect of transactions involving Israeli merchants and transactions involving overseas merchants.

(2) Service fees include fees collected from he Company's card holders in accordance with the fees and commissions price list, and processing fees collected from the banks with which the Company has processing agreements.

(3) Revenues from overseas transaction fees include foreign exchange fee in respect of transactions involving overseas merchants (with card present and card not present).

NOTE 32 - INVESTMENT INCOME (LOSSES), NET AND FINANCE INCOME

	For the year ended December 31		
In NIS million	2024	2023	2022
Gains (losses) on assets held against yield-dependent liabilities			
Investment property	**222**	189	349
Financial investments			
Liquid debt assets	**1,438**	1,514	(1,649)
Illiquid debt assets	**629**	443	(196)
Shares	**4,418**	1,059	(4,356)
Other	**3,909**	2,470	(635)
Cash and cash equivalents	**30**	195	178
Other	**(4)**	9	(12)
Total income (losses) on assets held against yield-dependent liabilities, net	**10,642**	5,879	(6,321)
Gains (losses) on assets held against non yield-dependent liabilities, capital and other			
Income from investment property			
Revaluation of investment property	**(8)**	(21)	47
Current income in respect of investment property	**83**	84	71
Total income from investment property	**75**	63	118
Gains (losses) on financial investments, excluding interest, linkage differences, exchange rate differences and dividend in respect of:			
Available-for-sale assets (a)	**189**	152	231
Assets presented at fair value through profit or loss (b)	**(24)**	(271)	(509)
Assets presented as loans and receivables (c)	**(4)**	16	19
Total	**161**	(103)	(259)
Interest income [1] and linkage differences on financial assets not accounted for at fair value through profit and loss	**2,379**	2,256	2,265
Interest income (*) and linkage differences on financial assets accounted for at fair value through profit and loss	**26**	18	1
Interest income - Max			
From credit to private individuals	**1,051**	778	-
From commercial credit	**203**	152	-
From deposits with banks	**22**	15	-
From other assets	**2**	3	-
Total interest income from Max	**1,278**	948	-
Amortization of excess loan cost at Max	**63**	103	-
Gain (loss) on exchange rate differences on investments not measured at fair value through profit and loss and on other assets [2]	**(39)**	28	47
Dividend income	**48**	46	52
Total investment income (losses), net and finance income	**14,633**	9,238	(4,097)
1) The above revenue includes interest in respect of impaired financial assets which are not measured at fair value through profit or loss	**1**	3	1

2) Regarding exchange rate differences in respect of financial liabilities, see Note 40.

A. Net gains on investments in available-for-sale financial assets

	For the year ended December 31		
In NIS million	2024	2023	2022
Net gains on realized securities	**282**	336	393
Net impairments carried to profit and loss	**(93)**	(184)	(162)
Total income (losses) on investments for financial assets presented as available-for-sale assets	**189**	152	231

B. Gains (losses) on investments in respect of assets presented at fair value through profit or loss

	For the year ended December 31		
In NIS million	2024	2023	2022
Changes in net fair value, including realization gains			
In respect of assets designated on initial recognition	**34**	7	37
In respect of held-for-trading assets	**(58)**	(278)	(546)
Total income (losses) on investments for assets presented at fair value through profit or loss	**(24)**	(271)	(509)

C. Gains (losses) on investments for assets presented as loans and receivables

	For the year ended December 31		
In NIS million	2024	2023	2022
Net gains on realization of assets presented as loans and receivables	**(6)**	18	16
Reversal of impairments (impairments), net carried to profit and loss	**2**	(2)	3
Total investment income for assets presented as loans and debit balances	**(4)**	16	19

NOTE 33 - REVENUE FROM MANAGEMENT FEES

	For the year ended December 31		
In NIS million	2024	2023	2022
Management fees in the Pension and Provident Subsegments	**702**	665	593
Variable management fees for life insurance contracts*)	**2**	-	-
Fixed management fees for life insurance contracts	**522**	509	519
Management fees for investment contracts	**75**	86	87
Total revenue from management fees	**1,301**	1,259	1,198

*) As of the reporting date, there is an outstanding liability to policyholders in respect of collection of variable management fees on the portfolio of life insurance participating policies in the amount of approx. NIS 0.1 billion (compared to approx. NIS 0.6 billion as of December 31, 2023); for further details, see Note 3(k)c(1).

NOTE 34 - REVENUE FROM FEES AND COMMISSIONS

	For the year ended December 31		
In NIS million	2024	2023	2022
Insurance agencies - fees and commissions	**180**	128	111
Reinsurance fees and commissions, net of change in deferred acquisition costs in respect of reinsurance	**276**	263	272
Total income from fees and commissions	**456**	390	383

NOTE 35 - PAYMENTS AND CHANGE IN LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND INVESTMENT CONTRACTS - RETENTION

	For the year ended December 31		
In NIS million	2024	2023	2022
Total payments and change in liabilities - retention, for insurance contracts and investment contracts in long-term savings			
For life insurance contracts			
Paid and contingent claims			
Fatalities, disability and other	**1,070**	978	785
Less - reinsurance	**(122)**	(109)	(89)
	948	869	696
Redeemed policies	**7,548**	5,726	4,382
Expired policies	**260**	127	121
Pension	**1,102**	956	846
Expenses for settlement of claims	**76**	71	72
Total claims	**9,934**	7,748	6,116
Increase (decrease) in liabilities in respect of life insurance contracts (except for a change in contingencies) - retention	**5,513**	4,101	(3,691)
Increase (decrease) in liabilities in respect of life insurance investment contracts due to the yield component	**1,006**	684	(794)
Increase in liabilities for a contract to manage a guaranteed-return provident fund	**218**	212	249
Total payments and change in liabilities - retention, for insurance contracts and investment contracts in long-term savings	**16,670**	12,745	1,880
Total payments and change in liabilities in respect of property and casualty insurance contracts			
Gross	**2,093**	1,825	2,013
Reinsurance	**(558)**	(446)	(793)
Retention	**1,535**	1,379	1,220
Total payments and change in liability in respect of health insurance contracts			
Gross	**1,337**	1,348	746
Reinsurance	**(96)**	(81)	(105)
Retention	**1,242**	1,267	641
Total payments and change in liabilities in respect of insurance contracts and investment contracts - retention	**19,447**	15,391	3,741

NOTE 36 - PROCESSING EXPENSES FOR CREDIT CARDS

	For the year ended December 31	
In NIS million	2024	2023
Salaries and related expenses [1]	**315**	229
Data processing and computer maintenance	**38**	29
Payments to international organizations	**134**	127
Depreciation and amortization	**132**	95
Communication	**8**	6
Mailings	**41**	28
Damages from credit card misuse	**3**	2
Rent and building maintenance	**40**	28
Card issuance and printing production	**31**	21
Processing fees and commissions [2]	**58**	42
Vehicle maintenance	**6**	6
Others	**180**	126
Credit card operations	**986**	739

(1) In 2023, expenses include a bonus of approx. NIS 21 million paid in respect of the sale of the Company.

(2) Of which: Fees to Automated Banking Services (ABS) and MASAV in 2024 and 2023 totaling NIS 39 million NIS 38 million, respectively.

*) Since the data were first consolidated as from April 1, 2023, as noted above, the cumulative effect on the Company's results is presented for the nine-month period which began on that date. For further details, see Note 9 above.

NOTE 37 - FEES AND COMMISSIONS, MARKETING EXPENSES AND OTHER PURCHASE EXPENSES

	For the year ended December 31		
In NIS million	2024	2023	2022
Purchase expenses:			
Purchase fees	**910**	925	966
Other purchase expenses	**557**	542	555
Change in deferred acquisition costs	**(59)**	(86)	(260)
Total purchase expenses	**1,407**	1,381	1,260
Other fees and commissions	**775**	703	709
Other marketing expenses	**730**	529	226
Total fees and commissions, marketing expenses and other purchase expenses	**2,912**	2,613	2,196

NOTE 38 - ADMINISTRATIVE AND GENERAL EXPENSES

	For the year ended December 31		
In NIS million	2024	2023	2022
Salaries and related expenses [2]	**1,501**	1,373	1,148
Depreciation and amortization	**319**	327	314
Office maintenance and communications	**78**	74	73
Marketing and advertising	**363**	229	45
Legal and professional advice	**73**	80	54
Operating expenses for provident funds in banks	**12**	12	12
Others [3]	**294**	256	258
Total [1]	**2,642**	2,350	1,904
Less:			
Amounts classified under change in liabilities and payments in respect of insurance contracts	**201**	187	181
Amounts classified under fees and commissions, marketing expenses and other purchase expenses	**1,286**	1,071	781
General and administrative expenses	**1,155**	1,092	941
1) General and administrative expenses include automation expenses totaling	**486**	477	490

2. Salaries and related expenses include share-based payment; for further details, see Note 44; for further details regarding provisions in respect of employee benefits, including bonuses for achieving targets and consequences of collective agreement, see Notes 25(c) and 25(d).

3. Most of the amount stems from automation expenses other than depreciation and amortization.

*) Max's results were first consolidated as from April 1, 2023, as noted above, the cumulative effect on the Company's results is presented for the nine-month period which began on that date. For further details, see Note 9 above.

NOTE 39 - OTHER EXPENSES

	For the year ended December 31		
In NIS million	2024	2023	2022
Amortization of intangible assets (Note 6)*	**36**	31	8
Provision for claims	**1**	-	-
Clearing fees	**9**	8	10
Others	**1**	-	-
Total other expenses	**46**	40	18

* Regarding Max valuation in connection with the allocation of excess cost, see Note 9 above.

NOTE 40 - FINANCE EXPENSES

In NIS million	For the year ended December 31 2024	2023	2022
Interest expenses and linkage differences in respect of subordinated notes	**192**	179	175
Liabilities to banks - Max	**427**	322*)	-
Interest expenses and linkage differences in respect of subordinated notes - Max	**47**	31	-
Interest expenses and linkage differences for the Company's bonds 5)	**80**	33	-
Interest expenses in respect of a loan from others in CIMax 4)	**11**	38	-
Interest expenses for reinsurers	**37**	29	19
Exchange rate differences, net in respect of liabilities [1) 2)]	**6**	16	20
Lease finance expenses 3)	**22**	19	19
Fees and commissions and other finance expenses	**9**	1	2
Total finance expenses	**831**	669	235

1) Due mainly to exchange rate differences in respect of accounting with reinsurers.
2) Regarding exchange rate differences in respect of financial investments, see Note 32.
3) For further details, see Note 29 above.
4) See Note 26 regarding the repayment of the syndicated loan in February 2024.
5) See Note 26 regarding the bonds issued by the Company during 2023.
*) Reclassified.
**) Since Max's results were first consolidated as from April 1, 2023, as noted above, the effect on the Company's results is for 2023 alone for a period of nine months, which began on that date. For further details, see Note 9 above.

NOTE 41 - EARNINGS PER SHARE

A. Income attributable to the holders of the Company's ordinary shares (basic and diluted)

In NIS million	For the year ended December 31 2024	2023	2022
Profit (loss) attributable to the holders of ordinary shares	**718**	220	121

B. Weighted average number of ordinary shares (basic)

In thousand	For the year ended December 31 2024	2023	2022
	Shares of NIS 1 p.v.		
Balance as of January 1	**79,031**	74,061	67,649
Effect of shares issued in the year [1)]	**-**	3,810	6,147
Effect of options exercised for shares	**68**	-	1
Weighted average of the number of ordinary shares used to calculate basic earnings (loss) per share	**79,099**	77,870	73,796

C. Weighted average of the number of ordinary shares (diluted)2)

In thousand	For the year ended December 31 2024	2023	2022
	Shares of NIS 1 p.v.		
Weighted average of the number of ordinary shares used to calculate basic earnings per share	**79,099**	77,870	73,796
Effect of shares issued in the year [1)]	**-**	1,161	264
Effect of stock options	**376**	3	267
Weighted average number of ordinary shares used in calculation of diluted earnings (loss) per share	**79,475**	79,034	74,327

1) For further details regarding issuance of shares in the Company in 2023 and 2022, see Note 17 above.
2) The average market value of the Company's shares for calculation of the diluted effect of options was based on the quoted market prices for the period in which the options were outstanding.

NOTE 42 - RISK MANAGEMENT

A. General

The Group's activities expose it to the following main risks: Market risks, liquidity risks, insurance risks, credit risks and operational risks.

This note provides information on the Group's exposure to these risks, the Group's objectives, policies and processes regarding risk measurement and management. Additional quantitative disclosure is included throughout the financial statements.

A1. Description of risk management procedures, methods, measurement and control

The main risks to which the Group is exposed are risks associated with the insurance and investment activity (see Section A2 below). The underlying principles of the policy for management of financial risks are determined by Group companies' relevant organs, which convene from time to time. The Board of Directors receives reports and updates on a regular basis and holds discussions of those exposures from time to time.

The Group's Risk Management Department is charged with risk management in the Group's institutional entities and coordinates the Group's financial exposures on a periodic basis.

Professional Group forums headed by the CEO convene on a periodic basis, which discuss, among other things, also risk aspects in the Group's areas of activity.

The Company invests its liquidity balances in short-term investments and in accordance with the risk appetite limits set by the Board of Directors.

For subsidiaries that invest in financial assets, a specific investment policy is set, which is relevant to the nature of the subsidiary's activities. This policy is determined by the Board of Directors of the subsidiary and monitored by it.

The Company has an undertaking to the Commissioner to complete the equity of Clal Insurance, an undertaking regarding compliance with an equity to asset ratio in the separate balance sheet, as part of the completion of the Max transaction, and an undertaking to comply with financial ratios under the control permit in Max and CIMax, as issued by the Governor of the Bank of Israel (for details, see Note 17(e)(3)). For information regarding changes in the Company and their effects on the control permits, see Note 1 above. From time to time, the Board of Directors assesses the capital buffer which is required in addition to the minimum capital requirements as stated above, with respect to unexpected developments that may take place in the capital and the capital requirement, as a result of changes in the key risk factors to which the Group is exposed.

A2. Description of risk management, procedures, methods, and measurement in the consolidated insurance companies

The risk management policy of the consolidated insurance companies and their investees (hereinafter - the "**Clal Insurance Group**"), which was approved by their boards of directors, aims to ensure a controlled exposure to the risks to which the Clal Insurance Group is exposed, while meeting the regulatory requirements and maintaining Clal Insurance Group's business targets and financial strength.

Clal Insurance Group's risk management is based on three "lines of defense":

- The business entities charged with identifying, assessing, monitoring, mitigating and reporting the risks inherent in the products, activities (including outsourced activities), processes and systems which are under their responsibility and control. Among other things, this responsibility includes defining processes, internal procedures and making decisions. The business entities are supported by support units, including actuary, Finance Division, legal department, reinsurance and IT systems.
- The Risk Management Control and Compliance Department supplements and challenges the risk management activity of the business entities and is charged with the formulation of the work framework for risk management in the Group, challenging the activity of the first line, developing tools and methods for risk assessment, and assessing the overall risk to which it is exposed. The Risk Management Department is engaged independently in the formulation of recommendations to management and board of directors regarding the overall risk level, risk appetite and capital adequacy, analyzing and reporting the level of exposure to risks, approval of products, analyzing the risks involved in significant business engagements, and implementing the Commissioner's Directives regarding risk management. As an important part of its role, the Risk Management Department challenges the identification and assessment of the risks of the business entities, and the actions they take in order to mitigate the risk and assists in enhancing the business entities' ability to identify, assess and mitigate risks and implement controls over risks. All this, in order achieve a situation where the Company's decision-making processes, by the parties

authorized to engage therein, will be carried out after they have understood and assessed the risks associated with the business decisions and in accordance with the Company's risk appetite. The Risk Management Department collaborates with the Actuarial Department, Accounting Department and SOX Department, which also constitute part of the second line of defense.

- The Internal Audit Department, which independently audits and challenges the internal processes, the controls and the systems which are used, among other things, in risk management, and monitors the rectification of the deficiencies it identified.

Clal Insurance Group takes action to implement an enterprise risk management framework, in order to create awareness to risk in all of its activities, create capabilities for assessing the various risks, integrate risk measurement into the business processes, and adapt the overall exposure to the Group's ability to bear the risks over time. In this framework, action is taken to create a technological infrastructure and processes for mitigating the risks to which the Clal Insurance Group is exposed, work is performed to identify, map, assess and quantify financial and insurance risks, which are material in terms of planholders and policyholders' rights and the resilience of the Group's institutional entities, and he controls over those risks are assessed across all activities of Clal Insurance Group, while constantly improving the ability to quantify the various risks.

As part of the implementation of the Solvency II-based economic solvency regime (see Note 17(e)), Clal Insurance Group assesses the economic capital required for its activity and reviews these assumptions in accordance with Pillar II (ORSA); as part of the risk management, the Company takes action to assess and implement control over significant business activities, also with regard to capital aspects and the use of economic capital considerations in the decision making processes. The Board of Directors of Clal Insurance has set a solvency ratio target range which the Company will aspire to maintain during and after the Transitional Period. Furthermore, the Board of Directors has set an internal prudential economic solvency ratio threshold (for further details, see Note 17(f).

Furthermore, Clal Insurance assesses its capital adequacy with respect to the overall risk, also in respect of the effect of the changes in risk factors on accounting capital adequacy. This assessment is carried out based on scenarios regarding risk factors, and assessments regarding the correlations between them, and their effect on profit at risk, and provides Clal Insurance with an indication as to the accounting capital adequacy with respect to risks. It is noted that the transition to IFRS 17 is expected to lead to reassessment of the accounting risk appetite and accounting absorption buffers.

Boards of Directors in the Clal Insurance Group set a policy regarding the exposure to risks, the methods employed to measure them, the limitations regarding the various risks and the methods employed to report them and implement controls thereon and monitor compliance with the restrictions set through the reports submitted to them. Clal Insurance's Board of Directors appointed a Risk Management Committee to increase the supervision of these issues. Ongoing monitoring of and control over investment management are carried out by separate investment committees, for the nostro funds, the funds under management in the pension funds and the provident funds, and in yield-dependent insurance policies.

Processes and methods for managing and measuring the various risks:

1. Market and liquidity risks

As part of its investment activities, Clal Insurance Group operates according to the provisions of the law and the investments policy, he credit policy and the risk management policy set by the boards of directors, subject to the restrictions set thereunder.

The financial risks are mitigated by ensuring diversification of investments between investment channels, issuers and assets in Israel and assets abroad, assessment and analysis of the resilience of the entities to which the Clal Insurance Group is exposed, and their solvency before the execution of the investment and during the term of the investment, assessment of the asset profile compared with the profile of the liabilities that they back, including with respect to liquidity aspects and compliance with limits set on exposure to credit risks and market risks, as set by the board of directors and investment committees from time to time.

The investment committees and boards of directors monitor the exposure to various investment channels, and the results of scenarios, sensitivity analyses and other risk indicators, in order to verify that the exposures to market risks are in line with Clal Insurance Group's risk appetite and limitations. The calculation of the risk indicators, the scenarios and their analysis is carried out by the Risk Management Department, while using a dedicated system. Information regarding the risk indicators and exposures against the set limitations is

presented to the investment and risk management committees and boards of directors on a regular basis and supports the decision making and investment management processes.

These periodic analyses constitute a key tool in the quantification and management of the market risks of Clal Insurance Group's asset portfolios. At the same time, controls are implemented on a regular basis in the investment control unit of Canaf, which manages the investments, to ensure compliance with the Investment Regulations and the investment and credit policies of the various investment portfolios, as well as operational controls with regard to operations.

For details regarding the exposure to market risks, see Section C below. For details regarding the exposure to liquidity risks, see Section D below.

2. Insurance risks

The insurance risks are mitigated, subject to the risk management policy approved by the Board of Directors, by the business managers of the various insurance segments, including, among other things, by setting guidance on underwriting and accepting businesses and authorization hierarchies, and by transferring risks to reinsurers as part of contracts or through facultative insurance, in accordance with the retention policy approved by the Board of Directors.

The insurance risks are mitigated through diversification of the insurance contracts and transfer of risk through, and the use of, reinsurance, and by selecting and implementing underwriting and diversification strategies based on industries, geographical areas, risk types, amount of coverage, etc.

As part of the process of developing new products, and before the engagement in significant transactions, the risks involved in the product or the transaction are identified and assessed in a comprehensive manner, and ways to manage and price those risks and implement controls thereon. When there is a concern that underwriting results have deteriorated other than due to random fluctuations, in-depth checks are conducted, among other things, to assess the inherent risk, and where necessary, the valuation of the insurance liabilities is adjusted, and the underwriting policy is reviewed.

In addition, in order to reduce the exposure to risks, Clal Insurance Group implements a strict claims assessment policy, conducts regular assessments of claims handling processes, and investigations to detect fraud. Furthermore, Clal Insurance Group implements a policy of ongoing active management of the claims, in order to reduce the exposure to unexpected developments that may have an adverse effect thereon.

Clal Insurance Group implements a policy whereby the exposure to catastrophes is limited by setting maximum coverage amounts in certain contracts, and by purchasing appropriate reinsurance coverage. One of the goals of the underwriting policy and the reinsurance policy is to cap the exposure to catastrophes at a predetermined estimated maximum loss, with reference to a given probability, based on models and/or studies, and in accordance with Clal Insurance Group's risk appetite as determined by the Board of Directors.

The total quantitative assessment of the exposure to insurance risks is carried out based on the Provisions of the Economic Solvency Regime, that include the application of stress scenarios to various risk categories, and the assessment of the overall risk, taking into consideration the correlations between them. The Group takes steps to conduct internal assessments, based on the same methodology and based on various parameters, as needed.

The Actuarial Department conducts studies, exposure analyses, and periodic checks of risk factors, such as: Assessment of the profitability of areas of activity, specific products and collective businesses, mortality and morbidity studies, deficiency reserves and exposure to earthquakes. These analyses are used both as the basis for the risk assessment, while using statistical metrics and sensitivity tests, in collaboration with the Risk Management Department, and as part of the control function in connection with the insurance activity.

Clal Insurance Group uses an automated system to calculate the best estimate of the insurance liabilities in life insurance, health insurance and pension, and property and casualty insurance to analyze the profitability and to conduct sensitivity tests in connection with the main risk factors in these areas. As part of this, the profitability of new businesses sold during the year was also assessed.

The assessment of the exposure of the property and casualty insurance business of Clal Insurance Group to the earthquake risk in Israel, which is the main catastrophe event to which it is exposed, is carried out using

international models, and Clal Insurance acquires protection in respect of this risk based on this assessment. The assessment of the exposure to other catastrophe risks is carried out mainly by internal studies.

The risks assessments are presented periodically to managements and boards of directors of the insurers in the Group.

For further details regarding insurance risks, see Section E below.

3. Credit Risks

With regard to credit risks in its investment assets, Clal Insurance Group operates in the various areas of credit through dedicated units. The boards of directors and investment committees of the Group's institutional entities have set a detailed credit policy, that sets guidance and restrictions with regard to credit types, credit ratings, exposure to economic sectors, geographic exposure, exposure to borrower groups and individual borrowers, the various portfolios under management in accordance with their characteristics, and the regulations to which they are subject. This activity is supported by a procedural, organizational and technological infrastructure for assessing the credit risks, implementing controls over the activity, early identification of troubled debt and the handling of those debs. The institutional entities set an authorization hierarchy for approval of credit, and reports are submitted on a regular basis to senior management, the investment, Credit and Risk Management Committees and boards of directors regarding credit exposures in the portfolios.

Among other things, the work processes include checks and analyses carried out when credit is provided, and regular controls over the composition and the quality of the credit exposures, including through automated systems that monitor the exposures, with various cross-sections and against set restrictions, at the individual portfolio level, at the level of various Group companies, and at the level of Clal Insurance Group. Before entering into significant transactions, a comprehensive procedure for identifying and assessing the risks is carried out, including challenging and obtaining opinions of the Risk Management Department.

When assessing credit risks of certain transactions, Clal Insurance Group also uses self-developed internal rating models, which were approved by the Insurance Company's board of directors.

Credit transactions at an amount that exceeds the threshold which was set are brought for discussion by a special-purpose forum and advance approval by the credit committee and/or the relevant investment committee, as the case may be, in accordance with the authorization hierarchy which was set for approval of credit transactions.

Clal Insurance Group implements a regular procedure for identifying sensitive and troubled debts, which is also assessed by the Risk Management Department. The Group has a troubled debt forum, comprised of a team of relevant officers, and charged with the execution of the regular procedure for assessing the status of the debt for the Group's institutional entities.

Canaf's investment control unit monitors the credit exposures in respect of the investments carried out in Canaf in the various portfolios, and their compliance with the credit policy set for those portfolios. Monitoring is based on specific exposure data per each borrower, including whether the borrower belongs to a group of borrowers, the rating and the sectoral classification. Canaf's investment control department implements operational controls over the credit activity as part of the operations of the organizational credit function.

In addition to the restrictions which were set regarding credit risks in the investments activity, Clal Insurance's Board of Directors has set restrictions regarding the overall exposure to counter-parties in all of the Group's activities. The Risk Management Department assesses the aggregation of the different exposures to counter-parties arising from all Group activities, with the support of automated systems that allow the Group to monitor exposures at the level of individual portfolios, at the level of the various Group companies, and at the level of Clal Insurance Group, with various cross-sections, and assesses compliance with the set restrictions. Based on this information, the Risk Management Department assesses and analyzes the exposure to counter-parties, with regard to the exposure's quantitative data, such as: The breakdown of the portfolio by sectors, and average rating and concentration indicators that monitor the changes in the portfolio's risk level.

For details regarding the exposure to credit risks, including the policy regarding exposure to reinsurers, see Section F below.

4. **Operational risks**

The management and control of operational risks are conducted by the business managers as part of the organization's routine work, with professional support from the Risk Management Department. The organization's function for the management and control of operational risks includes the following entities/officers:

- Operational risks and control managers in the business units and employees who report to them (hereinafter - "**Controllers**").
- Manager of operational risks and control in the Risk Management Department, and his/her employees.
- "Regulatory entities", which include dedicated functions/officers, specializing in specific categories of operational risks, including the Chief Compliance Officer, SOX, the Cyber Security and Business Continuity Department, and the Ombudsman.

Furthermore, the internal audit function conducts audits with regard to various areas of activity, which also include the identification of operational risks, the assessment of exposures and the effectiveness of controls.

The Controllers report to the heads of the business units. As part of their role, they identify operational exposures in their units, and work to mitigate them, while addressing the adequacy of the processes from a range of perspectives, including prevention of embezzlement and fraud, compliance with regulations and procedures, compliance with policies and the adequacy of financial reporting. The Controllers receive professional guidance by way of matrix management from the head of operational risks and control in the Risk Management Department, who, as part of his/her role, is also in charge of professional guidance of the Controllers, challenging their work, coordinating between the regulatory organs and the Controllers, monitoring the findings, drawing up the overall exposure picture and reporting it.

A quantitative estimate of the exposure to operational risks is also carried out as part of the calculation of the solvency ratio in accordance with the Provisions of the Economic Solvency Regime.

The risk management policy set by the boards of directors in the Clal Insurance Group also refers to the management of the operational risks. Furthermore, specific policies were set for various categories of operational risks, including the prevention of embezzlement and fraud, cyber risks, business continuity, outsourcing and compliance, including with regard to regulatory requirements on these issues.

A3. Control over risks

Clal Insurance Group views effective controls as an important component in the risk management function.

As described extensively below, the Group operates an organizational control function. This function ins in charge of implementing controls over a range of aspects in the activity of the Clal Insurance Group, including control over all types of risks.

In addition, the independent activity of the Risk Management Department, the Actuarial Department, the Accounting Department and SOX, provides additional control over the risks.

Specifically, the Risk Management Department quantifies, monitors and audits the overall exposure to risks in the activity of Clal Insurance Group, performs controls over financial and insurance risks, including control over the compliance with the risk appetite limits set on exposure to market risks in the nostro activity of Clal Insurance Group, the limits set on exposure to reinsurers, and the limits set on exposure to counter-parties as set in the risk management policy, and monitors the risks in planholders' portfolios. Furthermore, the Risk Management Department assesses the quality of risk identification and assessment with respect to certain transactions which are carried out in Canaf.

Furthermore, the Company's Chief Internal Auditor conducts periodic audits, based on, among other things, risk surveys.

B. Legal requirements from institutional entities

Institutional entities are legally required to appoint a Chief Risk Management Officer, whose main duties are:

- To ensure that qualitative processes are in place, which are aimed at identifying material insurance and financial risks inherent in the assets held against planholders and policyholders' savings, and in other assets of the insurance company, and in the liabilities of the insurance company or the pension fund, as the case may be, which may have a material effect on planholders and policyholders' rights and the financial resilience of the institutional entity.
- To quantify the exposure and assess the potential effect of the material risks identified by using tools and criteria that will be defined by the insurer, and to assess the manner by which the identified risks were mitigated.
- To periodically report about the risks to the CEO, the Board of Directors, the investment, risk management and credit risk committees.
- To address the risks inherent in new products, changes in rules and regulations, entry into a new area of investment, and the engagement in a transaction, which according to the Board of Directors can have a significant effect on the business results of the institutional entity or its customers' funds.

The Group appointed a risk manager who, among other things, takes action to implement the regulatory requirements in this area.

Clal Insurance's institutional entities are subject to various regulatory requirements regarding risk management; the key requirements are:

- The provisions of the Consolidated Circular regarding the appointment of an officer in charge of risk management, his/her powers, roles and methods of work.
- A requirement to set a risk exposure policy, exposure limits, and procedures and tools to measure and control the risks.
- Provisions regarding credit risk management, their assessment and controls.
- Provisions regarding management of the exposure to reinsurers.
- Provisions regarding the way to address specific categories of operational risks: Embezzlement and fraud, cyber risks, outsourcing, compliance, prevention of money laundering, and control over financial reporting (SOX).

Furthermore, the Company is subject to the Provisions of the Economic Solvency Regime (for further details, see Note 17(f).

With regard to legal requirements and capital management policy, see Note 17(f).

C. Market risks

Market risk is 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, share prices, the Consumer Price Index and foreign currency.

1. Yield-dependent contracts

Most of Clal Insurance's yield-dependent liabilities are liabilities in respect of insurance contracts, where the insurance benefits payable to the beneficiary are dependent on the yield on certain investments of Clal Insurance, net of management fees, as detailed below:

A. Regarding policies 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.

b. In policies issued in 2004 and thereafter - fixed management fees.

As a general rule, with regard to these products Clal Insurance has no direct exposure to market risks due to their impact on the fair value of the investments. However, Clal Insurance has an indirect exposure to market risks due to their potential impact on the variable management fees in accordance with the fluctuations in the return carried to policyholders, but only with respect to yield-dependent insurance policies issued until 2004, and due to their potential impact on the total amount of the liability, from which Clal Insurance's fixed management fees are derived with regard to all of the yield-dependent products. In addition, under certain conditions, the Company may be exposed to changes in interest rates and margins that affect the discount rates that the Company uses to calculate the liabilities, including the effect on the K factor and the liabilities for deferred annuity (for details see Section E below). Furthermore, in respect of these products Clal Insurance has an indirect exposure to changes in the Consumer Price Index, which will affect the real return achieved, and accordingly, the variable management fees that will be collected. It is noted that these contracts give rise to market risk exposure with respect to solvency ratio.

As of December 31, 2024, the amount of liabilities as part of yield-dependent contracts in respect of policies issued until 2004 is approx. NIS 54.8 billion (last year - approx. NIS 50.4 billion); any 1% change in the accrual amount

affects the fixed management fees by approx. NIS 3 million. Any 1% change in the real return in this portfolio affects the variable management fees by approx. NIS 78 million. For details regarding management fees collected in the reporting period, see Note 33.

2. Sensitivity analyses relating to market risks

The following is a sensitivity analysis for the effect of the change in the variables described below on the net income for the period and on the comprehensive income.

The sensitivity analysis pertains to 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. As stated above, the sensitivity analysis does not include the effect of yield-dependent contracts, and specifically, it does not take into consideration indirect effects on assets in respect of yield-dependent liabilities, through their impact on the management fees that will be collected. It has also been assumed that the aforementioned changes do not reflect an impairment of assets presented at amortized cost or of available-for-sale financial assets 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.

As of December 31, 2024

	Interest rate		Investments in equity instruments		% of change in the Consumer Price Index		% of change in foreign currency exchange rates	
In NIS million	**+1%**	**-1%**	**+10%**	**-10%**	**+1%**	**-1%**	**+10%**	**-10%**
Profit and loss	**(16)**	**(493)**	**33**	**(32)**	**(34)**	**34**	**(269)**	**269**
Comprehensive income (shareholders' equity)	**(271)**	**(176)**	**496**	**(495)**	**(34)**	**34**	**84**	**(84)**

As of December 31, 2023

	Interest rate		Investments in equity instruments		% of change in the Consumer Price Index		% of change in foreign currency exchange rates	
In NIS million	**+1%**	**-1%**	**+10%**	**-10%**	**+1%**	**-1%**	**+10%**	**-10%**
Profit and loss	72	(806)	35	(33)	(34)	34	(268)	268
Comprehensive income (shareholders' equity)	(195)	(491)	463	(462)	(34)	34	67	(67)

1) The interest rate sensitivity analysis reflects the impact of a corresponding change along the entire curve and applies both to instruments bearing fixed interest and to instruments bearing variable interest. With regard to instruments bearing fixed interest, the exposure is with respect to the instrument's carrying amount. With regard to instruments bearing variable interest, the exposure is with respect to the cash flow from the financial instrument.

   The sensitivity analyses are based on the carrying amount, rather than on economic value. Therefore, out of the assets and liabilities with direct interest rate risk and bearing fixed interest, the sensitivity tests did not take into account illiquid debt assets classified as loans and receivables (amounting to approx. NIS 24 billion), cash and cash equivalents, reinsurance assets, liabilities in respect of insurance contracts and investment contracts, except as stated below, financial liabilities and deposits and reinsurers' balances. Also, the assets to which the interest rate sensitivity analysis was applied constituted approx. 15% of total assets for non-yield dependent contracts. The liabilities to which the sensitivity analysis was applied constituted approx. 0% of total liabilities for non-yield dependent insurance contracts.

   The sensitivity analysis includes the impact on the insurance liabilities, due to the low interest rate environment in which the Company has been operating in recent years, which affects the amount of insurance liabilities. The effect of a 1% decrease in the interest rate on the pre-tax comprehensive income is estimated at a loos of approx. NIS 809 million (a loos of approx. NIS 1,214 million last year). The effect of a 1% increase in the interest rate on the pre-tax comprehensive income is estimated at approx. NIS 24 million (income approx. NIS 93 million last year).

   For further details regarding boosting the insurance reserves in view of the low interest rate environment and its effect on the discount rates in life insurance in the reporting year, see Section (e)(e1)(d) below.
2) 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 equity-accounted investees.
3) The primary foreign currency is the USD, as detailed in the breakdown of assets and liabilities by linkage bases in Section 4 below.
4) The sensitivity analyses with respect to the comprehensive income also reflect the effect on the income for the period.
5) The sensitivity analyses were carried out with respect to the post-tax net income for the period, and with respect to the post-tax comprehensive income.
6) The foreign currency sensitivity analyses presented above include sensitivity in respect of non-monetary items denominated in foreign currency totaling approx. NIS 5,914 million (NIS 5,643 million last year); in respect of a 10% increase in the exchange rate of the foreign currency a net income of approx. NIS 44 million and approx. NIS 386 million comprehensive income were included (last year: approx. NIS 47 million and approx. NIS 371 million, respectively); the main currency in these instruments is the USD.

3. 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 which 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. It should be emphasized that changes in the fair value are not necessarily reflected in the carrying amount of the financial instruments, see Note 3(f).

Following is the breakdown of the assets and liabilities by exposure to interest rate risk:

Comments:

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, 2023 and 2022, the designated bonds covered approx. 73% and approx. 74%, respectively, of total insurance liabilities in life insurance in those plans.

	As of December 31, 2024		
In NIS million	Non-yield-dependent	Yield-dependent	Total
Assets with direct interest rate risk			
Liquid debt assets	**6,206**	**25,911**	**32,117**
Illiquid debt assets			
Hetz bonds and treasury deposits	**16,965**	**-**	**16,965**
Other	**8,379**	**7,638**	**16,017**
Other financial investments	**732**	**5,971**	**6,703**
Cash and cash equivalents	**1,998**	**4,451**	**6,449**
Reinsurance assets	**3,831**	**545**	**4,376**
Total assets with direct interest rate risk	**38,111**	**44,516**	**82,627**
Assets without direct interest rate risk *)	**14,138**	**53,467**	**67,605**
Balance sheet adjustments for the assets of Max	**19,865**	**-**	**19,865**
Total assets	**72,114**	**97,983**	**170,097**
Liabilities with direct interest rate risk			
Financial liabilities	**6,409**	**1,460**	**7,869**
Liabilities in respect to insurance contracts and investment contracts	**34,762**	**95,875**	**130,637**
Others	**1,405**	**398**	**1,803**
Total liabilities with direct interest rate risk *)	**42,576**	**97,733**	**140,309**
Liabilities with no direct interest rate risk	**2,510**	**76**	**2,586**
Balance sheet adjustments for the liabilities of Max	**17,676**	**-**	**17,676**
Equity	**9,525**	**-**	**9,525**
Total equity and liabilities	**72,288**	**97,808**	**170,097**
Total assets less liabilities	**9,352**	**173**	**9,525**
Off-balance sheet credit risk	**1,643**	**1,392**	**3,035**

*) Assets that do not have a direct interest rate risk include: shares, property, plant and equipment and investment property, deferred acquisition costs and intangible assets, as well as on-balance sheet classes of financial assets (receivables and debit balances, collectible premiums and current account balances of insurance companies), the average duration of which is up to six months and therefore, the interest rate risk they represent is relatively low.

Comments:

1) 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, 2023 and 2022, the designated bonds covered approx. 73% and approx. 74%, respectively, of total insurance liabilities in life insurance in those plans.

2) For Clal Insurance's other investments in the life and health insurance business, there is exposure to interest rates that will prevail upon refinancing the investments whose duration may be less than the average duration of insurance liabilities. For these products, as well as for ongoing payment claims, long-term care insurance and income protection, the calculation of the insurance liability is based on the policy's calculative interest rate, subject to the assessment of the discount rate in some of the reserves for pension and LAT, which is calculated based on the risk-free interest rate curve. For further details regarding the discount rates of insurance liabilities, see Section (e)(e1)(d) and (e)(e2)(4)(a) below.

In NIS million	As of December 31, 2023		
	Non-yield-dependent	Yield-dependent	Total
Assets with direct interest rate risk			
Liquid debt assets	7,313	28,065	35,378
Illiquid debt assets			
Hetz bonds and treasury deposits	16,634	-	16,634
Other	7,810	8,199	16,009
Other financial investments	973	7,230	8,203
Cash and cash equivalents	2,017	4,418	6,435
Reinsurance assets	3,805	374	4,179
Total assets with direct interest rate risk	38,552	48,286	86,838
Assets without direct interest rate risk *)	14,147	45,726	59,874
Balance sheet adjustments for the assets of Max	16,906	-	16,906
Total assets	69,605	94,012	163,617
Liabilities with direct interest rate risk			
Financial liabilities	8,101	1,786	9,887
Liabilities in respect to insurance contracts and investment contracts	34,176	91,665	125,842
Others	1,400	292	1,692
Total liabilities with direct interest rate risk *)	43,677	93,744	137,421
Liabilities with no direct interest rate risk	2,749	102	2,851
Balance sheet adjustments for the liabilities of Max	14,694	-	14,694
Equity	8,652	-	8,652
Total equity and liabilities	69,772	93,846	163,617
Total assets less liabilities	8,485	167	8,652
Off-balance sheet credit risk	1,319	1,918	3,237

*) Assets that do not have a direct interest rate risk include: shares, property, plant and equipment and investment property, deferred acquisition costs and intangible assets, as well as on-balance sheet classes of financial assets (receivables and debit balances, collectible premiums and current account balances of insurance companies), the average duration of which is up to six months and therefore, the interest rate risk they represent is relatively low.

4. Breakdown of assets and liabilities by linkage bases

As of December 31, 2024:

	NIS		Foreign currency						
In NIS million	Non-linked	CPI-linked	USD	EUR	GBP	Other	Non-monetary items	Liabilities for yield-dependent contracts [1])	Total
Intangible assets	-	-	-	-	-	-	2,212	-	2,212
Deferred tax assets	-	-	-	-	-	-	159	-	159
Deferred acquisition costs	-	-	-	-	-	-	2,600	2	2,601
Property, plant & equipment	-	-	-	-	-	-	310	-	310
Right-of-use asset	-	-	-	-	-	-	669	-	669
Investments in equity-accounted investees	-	-	-	-	-	-	190	-	190
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	3,924	3,924
Investment property - other	-	-	-	-	-	-	1,517	-	1,517
Reinsurance assets	8	3,272	4	1	-	-	-	545	3,830
Current tax assets	-	60	-	-	-	-	-	-	60
Receivables for credit card transactions, net	16,165	1,511	44	7	-	-	128	-	17,855
Receivables and debit balances	157	117	133	8	7	-	129	170	720
Collectible premiums	4	637	67	1	-	-	-	89	798
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	88,802	88,802
Other financial investments:									
Liquid debt assets	1,590	4,499	107	-	9	-	-	-	6,206
Illiquid debt assets	2,270	22,894	113	29	38	-	-	-	25,344
Shares	-	-	-	-	-	-	1,776	-	1,776
Other	223	40	428	14	6	-	5,345	-	6,055
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	4,451	4,451
Other cash and cash equivalents	2,166	4	338	49	54	7	-	-	2,617
Total assets	22,582	33,034	1,234	109	114	7	15,033	97,983	170,097

1) Most of the insurance contracts issued by the consolidated insurance companies are denominated in NIS, and their exposure to changes in exchange rates is immaterial. Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD.

2) See Note 42(g) below.

As of December 31, 2024 (cont.)

	NIS	Foreign currency							
In NIS million	Non-linked CPI-linked	USD	EUR	GBP	Other	Non-monetary items	Liabilities for yield-dependent contracts [1]	Total	
Total equity	-	-	-	-	-	-	9,525	-	9,525
Liabilities									
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	30	34,668	62	1	-	-	-	-	34,762
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	95,875	95,875
Deferred tax liability	-	-	-	-	-	-	742	-	742
Liabilities for employee benefits, net	89	-	-	-	-	-	-	-	89
Payables for credit card transactions	9,618	7	45	6	2	-	29	-	9,707
Payables and credit balances	2,504	717	143	-	-	-	95	474	3,932
Lease liability	-	775	-	-	-	-	-	-	775
Current tax liabilities	-	18	-	-	-	-	-	-	18
Financial liabilities	11,120	2,006	84	(12)	-	12	-	1,460	14,671
Total liabilities	23,361	38,192	334	(4)	2	12	866	97,809	160,571
Total equity and liabilities	23,361	38,192	334	(4)	2	12	10,391	97,809	170,097
Total balance sheet exposure	(778)	(5,157)	899	113	112	(4)	4,642	173	-
Exposure to underlying assets through derivatives in delta terms	5,308	-	(4,965)	(431)	(368)	12	444	-	-
Total exposure	4,529	(5,157)	(4,065)	(317)	(256)	8	5,086	173	-

1) Most of the insurance contracts issued by the consolidated insurance companies are denominated in NIS, and their exposure to changes in exchange rates is immaterial. Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD.

Balance as of December 31, 2023

	NIS	Foreign currency							
In NIS million	Non-linked	CPI-linked	USD	EUR	GBP	Other	Non-monetary items	Liabilities for yield-dependent contracts [1]	Total
Assets									
Intangible assets	-	-	-	-	-	-	2,205	-	2,205
Deferred tax assets	-	-	-	-	-	-	104	-	104
Deferred acquisition costs	-	-	-	-	-	-	2,539	4	2,543
Property, plant & equipment	-	-	-	-	-	-	302	-	302
Right-of-use asset	-	-	-	-	-	-	680	-	680
Investments in equity-accounted investees	-	-	-	-	-	-	180	-	180
Investment property in respect of yield-dependent contracts	-	-	-	-	-	-	-	3,839	3,839
Investment property - other	-	-	-	-	-	-	1,494	-	1,494
Reinsurance assets	8	3,415	8	1	-	-	-	374	3,805
Current tax assets	-	306	-	-	-	-	-	-	306
Receivables for credit card transactions, net	14,835	94	52	9	1	-	101	-	15,092
Receivables and debit balances	188	90	374	4	7	-	86	1,118	1,867
Collectible premiums	4	651	54	1	-	-	-	127	837
Financial investments in respect of yield-dependent contracts	-	-	-	-	-	-	-	84,133	84,133
Other financial investments:									
Liquid debt assets	2,507	4,637	138	23	8	-	-	-	7,313
Illiquid debt assets	2,576	21,672	81	35	80	-	-	-	24,444
Shares	-	-	-	-	-	-	1,671	-	1,671
Other	397	50	541	2	1	1	4,844	-	5,836
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	4,418	4,418
Other cash and cash equivalents	1,843	-	667	23	14	1	-	-	2,548
Total assets	22,359	30,915	1,915	97	110	1	14,206	94,012	163,617

1) Most of the insurance contracts issued by the consolidated insurance companies are denominated in NIS, and their exposure to changes in exchange rates is immaterial. Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD.

2) See Note 42(g) below.

As of December 31, 2023 (cont.)

In NIS million	NIS	Foreign currency							
	Non-linked	CPI-linked	USD	EUR	GBP	Other	Non-monetary items	Liabilities for yield-dependent contracts [1]	Total
Total equity	-	-	-	-	-	-	8,652	-	8,652
Liabilities									
Liabilities in respect of insurance contracts and non-yield-dependent investment contracts	28	34,073	74	1	-	-	-	-	34,176
Liabilities in respect of insurance contracts and yield-dependent investment contracts	-	-	-	-	-	-	-	91,665	91,665
Deferred tax liability	-	-	-	-	-	-	592	-	592
Liabilities for employee benefits, net	93	-	-	-	-	-	-	-	93
Payables for credit card transactions	8,001	3	60	7	2	-	18	-	8,091
Payables and credit balances	2,570	504	300	5	-	-	78	394	3,851
Lease liability	-	777	-	-	-	-	-	-	777
Current tax liabilities	-	21	-	-	-	-	-	-	21
Financial liabilities	12,543	874	471	13	-	12	-	1,786	15,699
Total liabilities	23,236	36,252	905	26	2	12	687	93,846	154,966
Total equity and liabilities	23,236	36,252	905	26	2	12	9,339	93,846	163,617
Total balance sheet exposure	(877)	(5,336)	1,009	71	108	(10)	4,869	167	-
Exposure to underlying assets through derivatives in delta terms	5,196	104	(4,926)	(404)	(407)	(60)	498	-	-
Total exposure	4,319	(5,233)	(3,917)	(333)	(299)	(70)	5,367	167	-

1) Most of the insurance contracts issued by the consolidated insurance companies are denominated in NIS, and their exposure to changes in exchange rates is immaterial. Where there is exposure to foreign exchange rates it is mainly due to exposure to the USD.

5. Breakdown of exposure to economic sectors in respect of equity instruments

	As of December 31, 2024					
In NIS million	Traded on the TA 100 Index	Included in the Yeter - Rest of Shares Index	Illiquid	Overseas	Total	% of total
Industry	**55**	**6**	**12**	**-**	**73**	**4%**
Construction, real estate and infrastructures	**134**	**17**	**168**	**200**	**519**	**29%**
Electricity and water	**69**	**2**	**22**	**23**	**116**	**7%**
Commerce	**7**	**5**	**-**	**5**	**17**	**1%**
Communications and IT services	**165**	**-**	**135**	**184**	**484**	**27%**
Banks	**249**	**33**	**-**	**1**	**283**	**16%**
Financial services	**37**	**-**	**7**	**-**	**44**	**2%**
Other business services	**4**	**5**	**41**	**21**	**71**	**4%**
Medicines and medical services	**2**	**4**	**90**	**73**	**169**	**10%**
Total	**722**	**72**	**475**	**507**	**1,776**	**100%**

	Balance as of December 31, 2023					
In NIS million	Traded on the TA 100 Index	Included in the Yeter - Rest of Shares Index	Illiquid	Overseas	Total	% of total
Industry	45	-	12	-	57	3%
Construction, real estate and infrastructures	117	34	126	199	476	29%
Electricity and water	93	2	9	35	139	8%
Commerce	8	4	-	6	18	1%
Communications and IT services	118	1	148	230	497	30%
Banks	200	17	-	4	221	14%
Financial services	35	-	11	-	46	3%
Other business services	2	5	30	14	51	3%
Medicines and medical services	7	8	78	67	160	9%
Total	625	71	414	555	1,665	100%

D. Liquidity risks

1. General

It is the Company's policy to ensure that it has in place the cash balances it requires to meet its financial liabilities, including, among other things, through dividend distributions and coupon payments from investees, a liquidity buffer and adequate financial flexibility.

Clal Insurance Group Insurance is exposed to risks arising from uncertainty as to when it will be required to pay claims and other benefits to policyholders with respect to the amount of funds available for that purpose at that date. It should be noted 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.

A significant part of Clal Insurance's insurance liabilities in the Long-Term Savings Segment and in the Health Insurance Segment is not exposed to liquidity risk due to the nature of the various insurance contracts as described below:

A. Yield-dependent contracts - under the terms of the contracts, their owners are entitled to receive only the value of the said investments. Therefore, if the value of investments declines for any reason, there would be a corresponding decline in the level of Clal Insurance's liabilities. As of December 31, 2024 and 2023, total liabilities under these contracts amounted to approx. NIS 95.9 billion and approx. NIS 91.7 billion, respectively.

B. Approx. 73% of the liabilities in respect of insurance contracts and non-yield-dependent investment contracts in the Life Insurance Subsegment, which were issued until 1990 are backed by designated bonds (Hetz), which

are issued by the Bank of Israel. Clal Insurance is entitled to sell these bonds when the said policies are redeemed. As of December 31, 2024 and 2023, the amount of Hetz bonds was approx. NIS 14.7 billion and approx. NIS 14.4 billion, respectively.

C. In respect of approx. 89% of the liabilities to planholders of the guaranteed-return provident fund "Bar A Provident Fund Ltd." (hereinafter - "**Bar A**"), there are deposits with the Accountant General, which Bar A is entitled to withdraw when planholders' funds are redeemed. As of December 31, 2024 and 2023, the amount of those deposits was approx. NIS 2.2 billion.

The potential liquidity risk of the Group stems, therefore, mainly from the balance of the Group's assets against non-yield-dependent liabilities, and which are not backed by designated bonds (Hetz) or deposits with the Accountant General. The total amount of these assets was approx. NIS 27.9 billion (last year - approx. NIS 27.4 billion), constituting approx. 16% (last year approx. 17%) of total assets in the statement of financial position.

Out of total assets not held against yield-dependent liabilities, a total of approx. NIS 10.1 billion (last year - approx. NIS 11.3 billion) are liquid assets, and cash and cash equivalent balances.

The Group's institutional entities manage their assets and liabilities according to the requirements of The Supervision Law and the regulations promulgated thereunder in that respect.

2. Expected repayment dates of liability amounts

The tables below summarize the estimated repayment dates of the Company'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 of the liabilities in the Long-Term Savings Segment and the Health Insurance Segment are included in the tables as follows:

Savings - based on contractual repayment dates, i.e. retirement age, excluding cancellation assumptions, assuming that all savings will be withdrawn as capital rather than as annuity.

Paid pension, permanent health insurance and paid long-term care - based on an actuarial estimate.

Contingent claims and risk reserves - reported under the column "no defined repayment date".

B. For the purpose of this note, the liabilities in property and casualty insurance also include excess of income over expenses, see Note 3(d)(2)(b)(4)(4.3), provision of unexpected deviations, and reserve for unearned premium, and are net of deferred acquisition costs.

The above estimated repayment dates are included in the tables as follows:

Liabilities in statistical subsegments, which are estimated by an actuary - are reported in the columns based on an actuarial estimate, which allocates to the total undiscounted liabilities an estimated date based on past claims payment experience.

Insurance liabilities in non-statistical liability insurance subsegments, and excess of income over expenses - are reported in the "no defined repayment date" column.

Insurance liabilities in non-statistical Property and Other Insurance Subsegments or in subsegments the assessment of which is not approved by an actuary - are reported in the "up to 3 years" column.

The liabilities are exposed to a reserve risk, which is described in Section E below. The actuarial models 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 estimated cash flow is exposed to model risk and parameter risk, including the risk that the amount paid for the settlement of Clal Insurance's insurance liabilities or the date of settlement of the insurance liabilities will be other than expected.

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.

The repayment dates of liabilities in respect of investment contracts in Bar A were included based on churn rate and average redemption rate.

Liabilities in the Long-Term Savings Segment and Health Insurance Segment*)

In NIS million	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	Over 15 years	No defined repayment date	Total
As of December 31, 2024	**3,317**	**7,193**	**4,370**	**3,056**	**3,270**	**3,069**	**24,276**
As of December 31, 2023	3,440	6,918	4,198	2,944	3,247	3,081	23,829

*) Excluding liabilities for yield-dependent contracts.

**) Liabilities of up to one year include a total of approx. NIS 122 million (as of December 31, 2023 - approx. NIS 54 million), which are repayable upon request. These liabilities were classified as repayable within up to one year, although actual repayment dates may be in later years.

Liabilities in respect of property and casualty insurance contracts

In NIS million	Up to 3 years	Over 3 years and up to 5 years	Over 5 years	No defined repayment date	Total
Balance as of December 31, 2024	**4,489**	**1,123**	**1,156**	**706**	**7,474**
As of December 31, 2023	4,353	1,169	1,231	670	7,424

Financial liabilities and liabilities in respect of investment contracts, excluding Max*)

In NIS million	Carrying value	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	Over 15 years	No defined repayment date	Total
As of December 31, 2024								
Liabilities in respect of investment contracts	**2,522**	**196**	**644**	**560**	**374**	**749**	**-**	**2,522**
Liabilities in respect of yield-dependent investment contracts	**9,127**	**-**	**-**	**-**	**-**	**-**	**9,127**	**9,127**
Liquid subordinated notes in Clal Insurance	**4,666**	**669**	**503**	**5,396**	**-**	**-**	**-**	**6,568**
The Company's bonds	**1,565**	**16**	**1,049**	**500**				**1,565**
Payables and credit balances	**3.839**	**3.839**						**3.839**
Lease liability	**578**	**87**	**233**	**246**	**131**	**-**	**-**	**696**
Total	**22.297**	**4.806**	**2.429**	**6.702**	**504**	**749**	**9,127**	**24.318**

In NIS million	Carrying value	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	Over 15 years	No defined repayment date	Total
As of December 31, 2023								
Liabilities in respect of investment contracts	2,470	192	630	549	366	733	-	2,470
Liabilities in respect of yield-dependent investment contracts	9,975	-	-	-	-	-	9,975	9,975
Subordinated notes	4,639	1,125	830	4,209	-	-	-	6,165
The Company's bonds	1,557	8	-	1,549	-	-	-	1,557
Payables and credit balances	3,774	3,774	-	-	-	-	-	3,774
Lease liability	777	85	265	393	170	-	-	912
Total	24,663	6,432	1,948	6,700	535	733	9,975	26,324

*) Reclassified.

E. Insurance risks

Among other things, insurance risks include:

Underwriting risks: The risk of using incorrect prices due to deficiencies in the underwriting process and the gap between the risk when pricing and setting the premium, and the actual materialization, such that the premiums collected are insufficient to cover future claims and expenses. 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.

Reserve risks: The risk of inadequate assessment of insurance liabilities which may result in actuarial reserves being insufficient to cover all liabilities and claims. The actuarial models, according to which - among other things - the Group's insurance companies estimate their insurance liabilities are mostly based on the assumption that the pattern of behavior and claims in the past represent that which is to happen in the future. The exposure of the Group's insurance companies 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 that incorrect parameters will be used, which may lead, among other things, to the amount paid for the settlement of Clal Insurance's insurance liabilities or the date of settlement of the insurance liabilities will be other than expected.

The maximum expected loss amount in the property and casualty insurance business as a result of the exposure to a single large damage event or accumulated damages due to a particularly large event with a maximum possible loss (according to weighted MPL of 2.05%) is approx. NIS 11 billion (gross) and approx. NIS 100 million (own retention), as of December 31, 2024 (last year - approx. NIS 10 billion and approx. NIS 53 million, respectively).

For data regarding the various insurance products in respect of which the insurer accrues an exposure to insurance risk, see the details of insurance liabilities by insurance risks in Notes 5, 19, 20(a) and 21.

E1. Insurance risk in life and health insurance contracts

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 in Israel and consistently with the previous year. The liabilities are calculated according to the relevant coverage data, such as: age and gender of the policyholder, the insurance term, the policy commencement date, type of insurance, periodic premium and insurance amount.

A. The actuarial methods for calculating insurance liabilities

1. "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 insurance components attached to these policies (income protection, life, long-term care, etc.), an insurance liability is calculated separately, as stated below.

2. "Traditional" insurance plans with a fixed premium

   There are "traditional" insurance plans with a fixed premium, such as a "mixed" insurance plan, and the like, which combines a savings component, if the policyholder is alive at the end of the plan period, with a life insurance component during the plan period, as well as pure risk plans (primarily income protection and long-term care insurance) a with fixed premium.

   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 the claims history, including interest rates (hereinafter - the "**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.

   In respect of yield-dependent "traditional" insurance plans, the reserve also includes a provision at the amount of the actual balance of accumulated bonus. The bonus reflects the difference between the actual return net of management fees and the calculative interest rate.

3. Liabilities for paid pensions and supplementing the annuity reserve:

   Liabilities to paid pensions are calculated in accordance with the guidance set in the Consolidated Circular Title 5, Part 2, Chapter 1(c), according to the expected life expectancy, based on mortality tables, which were prepared based on the tables published in 2022 (hereinafter - the "**Reserves for Annuity Circular"**).

   Liabilities in respect of supplementation of annuity reserve are calculated for policies which are in effect (paid and settled), that allow lifetime annuity payouts and have not yet reached the stage of annuity payout, or whose policy holders have reached retirement age but have not yet started receiving the annuity (hereinafter - the "**Policies**").

   A. Calculations of liabilities to supplement the annuity reserve

      Liabilities for supplementation of annuity reserve are calculated, among other things, in accordance with the probability of withdrawal of the annuity when retiring (exercising the entitlement to annuity), in accordance with the expected annuity tracks to be selected by policyholders, and according to the expected life expectancy based on mortality tables published in the Reserves for Annuity Circular.

      The higher the probability of withdrawal of the annuity, the higher the liabilities for supplementation of the annuity reserve. In addition, the greater the difference between the revised mortality tables under the Reserves for Annuity Circular (which indicate longer life expectancy) and the mortality tables on the basis of which the annuity coefficients guaranteed by the policies were priced, the greater the liability for paid pensions and the liability for supplementation of annuity reserve.

      From time to time, the Company conducts studies in which it assesses the rate of policyholders who are expected to exercise their entitlement to receive an annuity, the mix of annuity tracks selected by the policyholders, according to which the annuity payment period is estimated, and other parameters that effect the amount of the liability for supplementation of annuity reserve. The uptake rates and the annuity tracks are adapted to the various types of insurance plans and types of savings.

B. Gradual provision to complement the annuity reserve by using the K factor

In addition, in accordance with the Reserves for Annuity Circular, the provision for supplementation of annuity reserve is carried out on a gradual basis in respect of the funds that accumulated in policies through the end of the reporting period, by using a K-value which was set upon initial application of the Reserves for Annuity Circular, in order to achieve a reserve for payment of full annuity in accordance with the expected annuity uptake date of policyholders (hereinafter - "**Basic K**", 0.2% for guaranteed return policies and 0.96% for yield-dependent policies).

Each quarter, the Company checks whether the K-value will enable an appropriate distribution of the reserve for payment of pension, based on an analysis which is based on conservative financial and actuarial assumptions, which indicates that the profitability of management fees and/or financial margin arising from the investments held against the reserve for the policy and the premium payments for the policy, may generate future income in excess of the basic K-value, which will be sufficient to cover all expenses; if any gap exists, the liabilities for supplementing the annuity reserve are updated by updating the K-value. The higher is 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.

As a general rule, the K-value which is used to spread the liability for supplementation of annuity reserve shall not exceed the Basic K rate.

In the reporting period, the K-value rate as detailed in the following table was not updated:

As of December 31	2024	2023	2022
In respect of guaranteed-return policies	**0.0%**	0.0%	0.0%
In respect of yield-dependent insurance policies	**0.96%**	0.96%	0.85%

The estimated total cost of the increase in life expectancy may change due to several factors, which include, among other things, changes in life expectancy and in the rate of policyholders who exercise their entitlement to annuities, change in the reasons of policyholders for opting for the annuity tracks upon retirement, increase in the savings accruals of policyholders due to payment of future premiums and/or an increase in investment revenue, and due to changes in discount rate assumptions, and other assumptions.

For further details regarding the amount of the provision and the total cost, see Note 20A above.

For information about the discount rate applied to the liabilities for supplementation of annuity reserves, see Subsection B(1) below.

4. Other life insurance plans include pure risk products at a fixed premium (permanent health insurance, life insurance, long-term care insurance, etc.), which are sold as independent policies or attached to policies with a basic "Adif", "Investment Tracks" or "Traditional" plan. For these plans, an actuarial liability is calculated. The calculation was made using the net premium reserve method. For all other plans, the reserve is calculated at the amount of contingent claims and IBNR (incurred but not yet reported claims).

5. Medical expenses, critical illness and personal accidents insurance plans
The medical expenses insurance plans mainly include coverage in respect of surgical procedures in Israel, and transplants and special treatments abroad, selection of a private surgeon in private hospitals, drugs which are not included in the Healthcare Services Basket, and other ambulatory coverages.

The critical illness and hospitalization subsegment includes the basic insurance coverages, as follows:

- Insurance coverage that confers upon the policyholder the right to fund private medical services. In this framework, the policyholder is given the right to select the date on which the medical services will be rendered, the identity of the physician who will render the service, and the medical center in which it will be rendered. The said insurance coverage provides reimbursement of medical expenses or compensation in connection with, among other things, a surgical procedure, transplants and/or special treatments abroad, and more.
- Insurance coverage for critical illness, under which the policyholder is entitled to receive a compensation at an amount which was determined when he/she signed-on to the insurance.
- Insurance coverage in respect of purchase of drugs, which are not included in the government's Healthcare Services Basket.

- Furthermore, policyholders will be able to purchase additional coverages, as an appendix to the policy or as a chapter in the basic policy, such as ambulatory services (medical services provided on an outpatient basis, including a consultation with a specialist physician, tests and physiotherapy sessions).

Personal accidents insurance is sold in the Company as an independent policy or an appendix to health insurance policies under the critical illness and hospitalization insurance subsegment. The insurance coverages include:

- Accidental death
- Disability due to an accident or loss of function/functional impairment
- Fractures due to accidents
- Burns due to accidents
- Daily compensation following hospitalization due to accident
- Compensation in respect of long-term care required due to an accident

In respect of those plans, which are sold as individual policies, a reserve is calculated using the "Gross Premium Reserve" method, that includes the expected proceeds from all premium components and deducts the cost of the liability, the expenses and the expected fees and commissions and expected reinsurance payments (if the coverage has a reinsurance arrangement). The calculation assumptions regarding parameters related to morbidity, demographic and economic assumptions were made on a strict basis compared to the pricing basis, as is generally accepted in pricing of reserves.

The travel insurance subsegment is composed of a basket of insurance coverages aimed at policyholders in connection with their stay abroad, which include, among other things, coverage in respect of sickness, personal accidents, cutting the travel period, search and rescue and luggage. The insurance period of a travel insurance policy is stated in days, in accordance with the period during which the policyholder will stay abroad, or for all of the travel days in one calendar year.

In the travel insurance subsegment, contingent claims are calculated based on the reports of Clal Insurance's claims department and an actuarial valuation based on the portfolio's past experience.

The contingent claims are calculated based on the reports of the claims department and a statistical model of claims payments, based on past experience. The calculation was made based on the triangle methods (Bornhuetter-Ferguson, Chain Ladder) for paid and contingent claims amounts, and for the number of claims by damage months, including discount and confidence range for the pupils personal accidents insurance subsegment.

6. In respect of ongoing payment claims, in long-term care insurance and permanent health insurance, the insurance liability is calculated in accordance with the expected duration of the payment period, discounted at the calculative interest rate of the product.

7. The insurance liability in respect of collective insurance is composed of a liability in respect of unearned premium, reserve for ongoing claims, contingent claims, continuity of cover reserve, and provision for future losses, where required. Furthermore, a profit participation provision is calculated, which is presented under the accounts payable line item, where relevant.

8. The liability in respect of contingent claims in life insurance mainly includes provisions for contingent claims in respect of death and disability.

B. The main assumptions used to calculate the insurance liabilities

1. Discount rate

A. In respect of insurance plans and pure risk products with fixed premium, the discount rate is as follows:

For "Mixed" (traditional) and "Adif" insurance plans, which are not yield-dependent and mainly backed by designated bonds, real calculative interest of 3.5% and 4.8%;

For yield-dependent products issued in 1991 and thereafter, a real calculative interest rate of 2.5% was set. According to the policy terms and conditions, changes in interest rates will be credited to policyholders;

In respect of non-yield-dependent long-term care and long-term individual health insurance products, a real calculative interest rate of 2.5%.

B. In respect of liabilities for guaranteed-return paid pensions and supplementation of the guaranteed-return annuity reserve, the discount rate is calculated on a fund by fund basis, by weighting the estimated market return on the available asset mix was 4.50% (last year - 4.50%), and the gross interest of the Hetz bonds per fund. The weighting will be carried out based on the weight of the available assets and the weight of the Hetz bonds in the fund, which back those reserves.

In respect of liabilities for participating paid pensions and supplementation of the participating annuity reserve, in accordance with the estimated market return on the asset mix including in respect of the investment tracks in which the funds are intended to be invested - 3.54% (last year - 3.47%-3.54%).

The Company may decide to change the discount rate as a result of changes in the risk-free interest rate curve and/or the estimated rate of return in the assets portfolio held against insurance liabilities. For information about the effect of updating the interest rates used to discount the liabilities for supplementation of annuity and paid pensions reserves, see Section D below.

2. Mortality and morbidity rates

A. 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 income protection or long-term care compensation) are generally identical to the rates used in determining the rate, which is approved by the Commissioner.

B. The liability for lifetime annuities is calculated according to mortality tables, which were published by the Ministry of Finance Actuary, in the Reserves for Annuity Circular.

An increase in the mortality rate assumption due to an increase in the actual mortality rate to a level that exceeds the current assumption, shall result in an increase in insurance liabilities in respect of the death of policyholders before they reach retirement age, and a decrease in the liability for lifetime annuities.

It should be noted that in recent decades, there has been a reversal of the trajectory - of increasing life expectancy and lower mortality rates. The mortality assumption which is used to calculate the liability for annuity takes into account an assumption of a future increase in life expectancy.

For information regarding the effect of revising the mortality tables during the reporting period, see Section D(2) below.

C. Morbidity rates refer to the prevalence of claims for morbidity from critical illnesses, PHI, long-term care, surgery and hospitalization, accidental disability, etc. These rates are determined based on Clal Insurance's experience and/or data from studies by reinsurers. In the long-term care and permanent health insurance subsegments, the annuities payment period used by the Company to calculate the liabilities is determined based on Clal Insurance's past experience or information received from reinsurers' studies.

The higher the assumption regarding the discount rate and/or the longer the duration of the annuity payment, the higher the insurance liability for critical illness, PHI, long-term care, surgery and hospitalization and accidental disability.

3. Annuity uptake rate upon retirement and selection of annuity tracks upon retirement

Life insurance contracts containing a savings component in respect of funds deposited by 2008, offered two ways of withdrawing funds: equity (one-off withdrawal), or an annuity (with a secured conversion factor), which also offers various tracks that can be selected (such as: life-long, policyholder and spouse, annuity secured for 10 years, and more). In some of the contracts, the policyholder may select the manner of receiving the funds at the time of their withdrawal. Since the amount of the insurance liability is different in each of those tracks, from time to time the Company estimates the annuity uptake rate and the track that will be selected. As from 2008, new contributions to all plans are towards annuity. As to the effect of updating the annuity uptake rate and the expected reasons of policyholders for opting for the annuity tracks upon retirement, see Section D(3) below.

4. Cancellation rates

The cancellation rate affects insurance liabilities in respect of some health and life insurance policies, as well as lifetime annuities in the period before the commencement of payments. Cancellation of insurance contracts may stem from the cancellation of policies initiated by Clal Insurance due to termination of premium payments or policy redemptions at the request of the policyholders. The cancellation rates assumptions are based on Clal Insurance's experience and on the product type, product life and sales trends.

5. Continuity rates

In some collective life, health and long-term care insurance polices, the policyholders are entitled to continue to be insured under the same conditions even if the collective contract is not renewed. In respect of this option available to the policyholder, Clal Insurance has a liability 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. See Section E1(a)7 regarding the actuarial methods for calculating the above insurance liabilities.

The higher the probability that the collective contract will not be renewed (and therefore the continuity rate is higher), the higher the insurance liability for continued coverage under previous conditions, without adjustments to the underwriting, such that it reflects the changes in the policyholder's health.

C Life and health insurance sensitivity analyses

	Cancellation rate (redemptions, settlements, and reductions)		Morbidity rate		Mortality rate		Rate of annuity uptake	
In NIS million	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**	**-10%**	**+5%**	**-5%**
Profit (loss)	**14**	**(16)**	**(265)**	**86**	**571**	**(1,007)**	**(97)**	**97**

*) For the amount of the supplementary retirement pension reserve, see Note 21(a).

	Cancellation rate (redemptions, settlements, and reductions)		Morbidity rate		Mortality rate		Rate of annuity uptake	
In NIS million	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**	**-10%**	**+5%**	**-5%**
Profit (loss)	6	(9)	(273)	100	607	(1,111)	(178)	93

*) For the amount of the supplementary retirement pension reserve, see Note 21(a).

D. Changes in estimates and principal assumptions used to calculate the insurance liabilities

The effect on the financial results of the revision to the assumptions in the life insurance and long-term insurance subsegments is set out below:

	For the year ended December 31		
In NIS million	2024	2023	2022
Life insurance			
Change in the discount rate is taken into account in the calculation of the liability for complementing the reserves for paid pensions and annuity	**41**	124	505
Change in the pension reserves due to the expected reduction in future income from change in interest rate (K factor)	**-**	260	637
The total effect of changes in interest on the liabilities for complementing the reserves for paid pensions and annuity	**41**	384	1,142
Change in mortality assumptions in the calculation of liabilities for paid pensions and supplementing the annuity reserve (see Section 2)	**(128)**	-	(627)
Changes to other assumptions in the calculation of the liabilities to supplement the annuity reserve (see Section 3)	**250**	67	(155)
Total life insurance	**163**	451	360
Long-term care in the Health Segment			
Changes in actuarial assumptions for incidence of long-term care claims, including from the aspect of the liability adequacy test (LAT) reserve (see Section 4)	**-**	(102)	-
Financial effects in the liability adequacy test (LAT)	**35**	-	279
Total long-term care in the Health Segment	**35**	(102)	279
Total pre-tax income	**198**	349	639

1. Boosting insurance reserves due to the interest rate environment and its effect on the discount rates in life and long-term care insurance and the Commissioner's Directives regarding the liability adequacy testing (LAT). In the reporting year, there was an increase in the risk-free interest rate curve.

   A. The Commissioner's Directives regarding the liability adequacy testing (LAT)

   Further to the in Note 3(d)1(d), the Company conducts liability adequacy testing (LAT) on a periodic basis, in accordance with the LAT Circular.

   In respect of illiquid debt assets, such as illiquid bonds other than Hetz bonds, loans and bank deposits, a fair value surplus (deficit) balance in Clal Insurance Ltd. of approx. NIS 197 million included in the LAT (last year - NIS 38 million). The total fair value surplus (deficit) attributed to the long-term care insurance liability is approx. NIS 176 million (last year - NIS 106 million), to life insurance liability - approx. NIS (5) million (last year - NIS 94 million), and to property and casualty insurance liability - approx. NIS 26 million (last year - NIS (26) million).

   B. Revision of the insurance reserves in view of the interest rate environment

   Further to that which is stated in Section B(1) above, the discount rates used to calculate the liabilities for supplementation of annuity and paid pension reserves may change as a result of changes in the risk-free interest rate curve and/or the estimated rate of return in the assets portfolio held against insurance liabilities.

2. In July 2024, Amendment to the Consolidated Circular Provisions on Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds (hereinafter - the "**Circular**") was published. The circular includes a revision to the default assumptions on the basis of which the institutional entities will calculate their liabilities and conversion factors with respect to annuity recipients in pension savings products.

Further to Note 42(e)(e1)a(3)b above, the liabilities in respect of supplementation of annuity and paid pensions reserves are calculated in accordance with the assumptions included in the Reserves for Annuity Circular, and therefore, during the period, the Company increased its estimates regarding the liabilities in respect of insurance contracts by approx. NIS 128 million, of which approx. NIS 99 million in respect of the liability for paid pensions, and approx. NIS 29 million for liabilities in respect of supplementation of annuity reserve, in view of the trends arising from the circular.

3. Changes to other assumptions in the calculation of the liabilities to supplement the reserve for annuity

   Further to Note 42(e) (e1)(b)(3) above regarding the periodic assessment of pension takeup rates upon retirement, which allow the receipt of an annuity according to guaranteed conversion rates. During the reporting period, the Company and another insurer in a joint venture updated various assumptions, including the assumption regarding the annuity takeup rate upon retirement, which resulted in a decrease of approx. NIS 273 million in the reserve, and the expected change in the reasons of policyholders for opting for the annuity tracks upon retirement, which resulted in an NIS 32 million increase in the reserve, and consequently the Company decreased its estimates regarding the liabilities by approx. NIS 250 million (last year - approx. NIS 67 million).

4. Changes in actuarial assumptions in long-term care

   Further to Note 42(e)(e1)(b)2(c) above, regarding morbidity rates, the morbidity rates were determined in accordance with the experience of Clal Insurance and/or based on studies of reinsurers. During the corresponding period last year, various assumptions of long-term care policies were updated, including the incidence of long-term care claims, which caused an increase of approx. NIS 102 million in the reserves, and further to Note 3(d)1(d), regarding the liability adequacy test (LAT), these assumptions were also taken into account in the LAT of the reserve.

E2. Insurance risk in property and casualty insurance contracts

(1) Summary description of the main insurance subsegments in which the Group operates

The Group underwrites property and casualty insurance contracts, mainly in the compulsory motor insurance, liability insurance, motor property insurance, and property insurance subsegments.

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. Compulsory motor claims 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.

Agreement with the National Insurance Institute regarding compensation under the National Insurance Law in respect of national insurance annuities in road accidents in which an insurer is required to pay compensation in respect of 2016-2022

According to the National Insurance Law [Combined Version], 1995 (hereinafter - the "**National Insurance Law**"), where the National Insurance Institute paid an annuity to a person entitled to an annuity, and at the same time a liability arises to a third-party to pay compensation to that person under the Tort Ordinance or the CRAV Law, the National Insurance Institute may claim compensation from the said third party in respect of annuity it has paid or is required to pay (hereinafter - the "**Third Party**"). The Third Party may deduct from the compensation the annuities paid and/or due to be paid by the National Insurance Institute. Over the years, the National Insurance Institute used to file individual subrogation claims with insurers.

The Economic Efficiency Law (Legislative Amendments to Achieve the Budgetary Targets for Budget Years 2021 and 2022), 2021 amended the National Insurance Law, such that as from January 2023 the netting mechanism due to claims arising from road accidents was modified to replace the filing of individual subrogation claims by the National Insurance Institute.

In July 2024, an agreement was signed between Clal Insurance and the National Insurance Institute, which prescribes Clal Insurance's exposure to subrogation claims by the National Insurance Institute in the Compulsory Motor Subsegment in respect of 2016-2022 was essentially extinguished.

Liability insurance is intended to cover a policyholder's liability for damage that he/she may cause to a third party. The main types of insurance are: third party liability insurance, employer liability insurance, other liability insurance such as professional liability, product liability and directors' and officers' liability. The timing of claims' filing and settlement is influenced by a number of factors, such as the type of coverage, policy terms and conditions, as well

as legislation and legal precedents. Liability claims are typically characterized by a "long tail", i.e., sometimes a long time elapses from the date of the incident to the final settlement date of the claim.

Motor property damage insurance policies and motor property damage third-party policies provide policyholders with coverage for property damage. 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 statistical, partially differential 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 a system of procedures designed to review the policyholder's claims history, including presenting a no claims certificate for the past three years from the previous insurer, presenting evidence of up-to-date protection, etc., and incorporated automatically into the policies' production process. 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 and characterized by a short tail.

Property insurance is intended to provide policyholders with coverage against physical damage to his/her property and loss of income due to damage to the property. The main risks covered by property policies are fire, explosion, burglary, earthquake and natural 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. In most cases, claims in respect of these policies are investigated close to the date of the insured event and characterized by a short tail.

(2) Principles of calculating the actuarial assessment in property and casualty insurance

General

A. The liabilities in respect of property and casualty insurance contracts include the following key components: Provision for unearned premium reserve; premium deficiency; contingent claims; and excess of income over expenses, all in accordance with the relevant subsegment. The provision for unearned premium and excess of income over expenses are calculated using a method which is not dependent on any assumptions, and therefore not exposed to reserve risk in and of themselves. With regard to the method employed to calculate these provisions, see Note 3(d)(2).

B. In accordance with the Commissioner's Directives, contingent claims are calculated by an actuary, using generally acceptable actuarial methods which 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 assessments are mainly based on past experience in the development of claim payments and/or development of the amount of specific payments and estimates. The assessments include assumptions about the average claim cost, claims handling costs, and prevalence of claims. Additional assumptions may take into account changes in interest rates, foreign exchange rates and timing of payments. Claim payments include direct and indirect expenses to settle claims, less subrogation and deductibles.

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 claims history is insufficient, the actuary sometimes uses a calculation that weights a known estimate (in the Company and/or industry) such as loss ratio and the actual claims development. Greater weight can be estimated based on experience as time goes on and more information about the claims accumulates.

D. In addition, qualitative assessments and judgment are included regarding the extent to which past trends will not continue in the future. For example, due to a one-off event, internal changes such as a change in the portfolio mix, underwriting policies and claims handling procedures, as well as the effect of external factors such as court rulings, legislation, etc. When such 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 large claims of a non-statistical nature, the reserve is determined (gross and retention) based on the opinion of Clal Insurance's experts and in accordance with the recommendations of their legal counsel.

F. The share of reinsurers in the contingent claims is estimated taking into account the type of agreement (proportional or non-proportional) and the actual claims history, and the premium paid to reinsurers.

G. The estimation of contingent claims in respect of Clal Insurance's share in the pool, incoming businesses and joint insurance received from other insurance companies (leading insurers - "Leader"), was based on a calculation carried out by the pool or by the leading insurers or on a separate calculation in Clal Insurance.

(3) Details of actuarial methods in the main property and casualty insurance subsegments

For the purpose of calculating the contingent claims, the following actuarial models were used in combination with the various assumptions:

A. Chain ladder - this method is based on the development of the historical claims (development of the payments and/or development of the payments amount and the estimation of the individual claims, development of the number of claims, and more), in order to estimate the expected development of 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 past claims in order to estimate the total expected claims.

B. Bornhuetter-Ferguson - this method combines a preliminary estimate which is known among the consolidated insurance companies or in the subsegment, and another estimate, which is based on the claims themselves. The preliminary estimate uses the premiums and the rate of damages to estimate total claims. The second estimate uses actual claims history, based on other methods (such as chain ladder). 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 suitable mainly in instances where there is no sufficient information from the claims, or when 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 chain ladder method), and the historical average claim.

D. Other - for occupational diseases claims under employers liability insurance, which are claims in respect of ongoing damage, a provision is calculated based on expected future cost. In this type of claims, there is no specific date on which damage was caused to the employee, and the damage is caused due to prolonged exposures to the risk factors. Such claims are characterized by a very long time from the date on which the employee was first exposed to the risk factors (the insurer's exposure) until the date on which the claim is reported (long-tail claims). This pattern of the claims reporting rate and the exposure of the insurer to prolonged damages, require a provision for each exposure year in the employers liability policy, even if no claims were reported or that the policy expired many years ago.

In the motor property, comprehensive home, personal accidents, property loss and engineering insurance subsegments a payment development model was used for payments and gross contingent claims, and in periods in respect of which there are insufficient data, both the average method and the Bornhuetter-Ferguson method were used. The model is calculated at the gross claims level. Where relevant, the reinsurer's share was estimated based on the estimate of the individual claims plus IBNR, in accordance with the gross IBNR rate set in the actuarial model.

In the Compulsory Motor and Liability Insurance Subsegments, semi-annual models were used for the development of payments, and the development of payments and contingent claims. For periods in respect of which there are insufficient data, the Bornhuetter- Ferguson method and/or the Expected Loss Ration method were used. In the liability insurance subsegments, the claims development model is based on net claims from facultative reinsurance. The share of reinsurers in the non-proportional contract is estimated based on estimated individual contingent claims for early years and according to loss ratio for the later years.

In subsegments where no actuarial valuation was carried out, such as cargo insurance, marine and aircraft insurance, guarantees, credit risk insurance, and incoming businesses subsegments, the contingent claims were included according to assessments by external experts, as detailed in Note 3(d)(2)(b) in Section 4.2.

It is noted that during the corresponding period last year, the Company improved the estimate of its insurance liabilities in the Sale Law guarantees subsegment, such that there is an estimate that reflects the adjusted credit risks of the policyholders. As a result, the Company reduced its insurance liabilities in retention by a total of approx. NIS 39 million.

(4) The main assumptions underlying the actuarial assessment

A. The reserves for contingent claims in the compulsory motor, liability and personal accidents subsegments are discounted using a real annual interest rate set by the supervisor actuary. As part of the preparation of the financial statements, the actuary checks the discount rate on a quarterly basis with respect to the indicators, which include:
   - The implicit returns in the portfolio of assets held against the insurance liabilities, after amortization with respect to expected credit defaults;
   - Market returns - reflected in the "deposit yield" curve in accordance with average duration and the rating of the portfolio's investments.

   These indicators are also assessed in combination with the assessment of macroeconomic assessments regarding long-term developments in the interest rate environment, and with respect to the average duration of the relevant liabilities.

   The Company may decide to change the discount rate as part of the overall testing of the adequacy of insurance liabilities, as a result of material and ongoing changes in the risk-free interest rate curve and/or the implicit return in the assets portfolio held against insurance liabilities in property and casualty insurance and/or changes in market returns.

   Further to the above, in view of the interest rate environment, the Company updated the estimated discount rate, according to the best practice (see (e)1 below), based on the risk-free interest rate curve adjusted according to the illiquid nature of the liability, and taking into consideration the method employed to revalue the assets held against those liabilities. The total effect of the change resulted in a decrease of approx. NIS 6 million in insurance reserves (retention) in the reporting year; last year - a decrease of approx. NIS 83 million in insurance reserves (retention).

   It is noted that, from time to time, Clal Insurance's investment committee and board of directors approved and revised the investment policies and adjusted them according to the assets under management against the capital and insurance liabilities in the life, health, and P&C insurance segments, taking into account the yield and the average duration of the liabilities and the required liquidity, and the effects of the interest rate environment on the liability adequacy test, as set out in Note 3(d)1(d) and for determining the discount rate, as set out in Section E(2) below.

   Following the revision, in 2023, insurance liabilities in the Property and Casualty Segment declined by approx. NIS 76 million before tax as a result of excess fair value above the carrying amount of assets previously allocated to Long-Term Care Insurance in the Health Insurance Segment and are currently allocated to property and casualty insurance.

   The amortization in respect of the discounting in Clal Insurance (retention) as of the update date of the actuarial model is approx. NIS 245 million in the reporting year (last year - an increase of approx. NIS 210 million).

B. In the compulsory motor, liabilities and pupils personal accidents subsegments an addition was included in the basic reserve in respect of risk margin (standard deviation).

   The addition amount in Clal Insurance (retention) as of the update date of the various actuarial models is approx. NIS 160 million (last year - approx. NIS 166 million).

C. In the analysis of the development of payments, Clal Insurance adds a claim tail, where needed. In the analysis of the development of the payment amounts and individual contingent claims, actuarial judgments will generally not allow negative IBNR at the level of each underwriting year.

D. See also Note 20(c).

E. Implementation of the Commissioner's position regarding the best practice for calculating insurance reserves in property and casualty insurance (hereinafter - the "**Practice**"), which constitutes the basis for setting a minimum amount for the required reserves.

   Among other things, the Practice includes the following stipulations:

   1. The use of "prudence" means, that with regard to a reserve calculated by an actuary "an adequate reserve to cover the insurer's obligations" implies that it is fairly likely that the insurance liability which was set will suffice to cover the insurer's obligations. In the case of contingent claims in the Compulsory Motor and Liability Subsegments, the estimate of "fairly likely" shall mean a probability at least 75%.

      Nevertheless, where the statistical analysis is limited, the actuary will exercise judgment, and will refer, for example:

A. To a random risk (risk of random deviation from the results of the actuarial model).

B. To a systemic risk (risks which are not included in the model, for example the risk of using the wrong model or incorrect parameters, or external changes which are not reflected in the model).
The discount rate appropriate for the prudence test is based on a risk-free interest rate curve tailored to the illiquid nature of the liabilities. In addition, this test must take into account the revaluation of the assets in the financial statements against the liabilities.

2. Selecting a discount rate to be applied to the liabilities.

3. Aggregation - for the purpose of the precautionary principle, in non-aggregated subsegments (as defined in the Circular - Non-Aggregated Subsegments), each subsegment should be taken into consideration separately, but all underwriting (or damage) years in the subsegment may be aggregated. In aggregated subsegments (aggregated), they can all be taken into consideration as a single unit. In addition, the lack of full correlation between various subsegments may be taken into account in order to reduce the overall margin.

4. Determining the amount of insurance liabilities in respect of policies sold shortly before the balance sheet date and unexpired risks.
It should be noted that according to the LAT Circular, the implementation of the precautionary principle, as stated above, constitutes a sufficient calculation for purposes of liability adequacy testing in property and casualty insurance.

5. **Sensitivity analyses**

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 payments, 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 yield 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.

F. Credit risks

1. Distribution of debt assets by location

	Balance as of December 31, 2024		
In NIS million	Liquid [1]	Illiquid	Total
In Israel	**6,106**	**25,278**	**31,384**
Overseas	**100**	**66**	**166**
Total debt assets	**6,206**	**25,344**	**31,550**

	As of December 31, 2023		
In NIS million	Liquid [1]	Illiquid	Total
In Israel	7,168	24,337	31,505
Overseas	145	107	252
Total debt assets	7,313	24,444	31,757

1) For further details regarding liquid debt assets, see Note 15(a).
See also Section 2 below regarding the breakdown of assets by rating.
It should be noted that the above data are not in respect of debt assets for yield-dependent contracts. For details regarding financial investments for yield-dependent contracts, see Section G below.

2. Breakdown of assets by rating

A.1. Debt assets

	Local rating [1]				
	As of December 31, 2024				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total
Debt assets in Israel					
Liquid debt assets					
Government bonds	3,351	-	-	-	3,351
Corporate bonds	2,112	587	-	56	2,755
Total liquid debt assets in Israel	5,463	587	-	56	6,106
Illiquid debt assets					
Government bonds	16,965	-	-	-	16,965
Corporate bonds	251	27	-	-	278
Deposits with banks and financial institutions	412	-	-	-	412
Other debt assets by collateral:					
Mortgages	-	-	-	4,957	4,957
Loans against policies	-	-	-	4	4
Loans secured by real estate properties	163	865	-	285	1,313
Guaranteed by a bank guarantee	210	-	-	-	210
Guaranteed by a lien on vehicles	-	2	-	-	2
Loans secured by shares attributable to controlling shareholders	-	47	-	9	56
Other collateral	371	431	15	263	1,080
Unsecured	-	-	-	1	1
Total illiquid debt assets in Israel	18,372	1,372	15	5,519	25,278
Total debt assets in Israel	23,835	1,959	15	5,575	31,384
Total illiquid debt assets in Israel	152	44	-	-	196
Of which - debt assets that meet the principal and interest test only	23,676	1,935	15	5,572	31,198

1. The sources for the ratings in Israel are Maalot and Midroog. 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+.

	International ratings [1]				
	As of December 31, 2024				
In NIS million	A and above	BBB	Lower than BBB	Unrated	Total
Debt assets abroad					
Liquid debt assets					
Corporate bonds	-	54	41	5	100
Total liquid debt assets abroad	-	54	41	5	100
Illiquid debt assets					
Loans secured by real estate properties	-	-	-	35	35
Other debt assets	-	-	-	31	31
Total illiquid debt assets abroad	-	-	-	66	66
Total debt assets abroad [2]	-	54	41	71	166
Of which - debt assets that meet the principal and interest test only	-	45	41	66	152

1) All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, for example: A rating includes A- up to A+.

2) The Group does not have financial guarantees which are not accounted for as insurance contracts.

	Local rating [1]				
	As of December 31, 2023				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total
Debt assets in Israel					
Liquid debt assets					
Government bonds	4,034	-	-	-	4,034
Corporate bonds	2,467	586	-	81	3,134
Total liquid debt assets in Israel	6,501	586	-	81	7,168
Illiquid debt assets					
Government bonds	16,634	-	-	-	16,634
Corporate bonds	284	30	-	-	314
Deposits with banks and financial institutions	550	-	-	-	550
Other debt assets by collateral:					
Mortgages	-	-	-	4,114	4,114
Loans against policies	-	-	-	6	6
Loans secured by real estate properties	210	257	-	869	1,336
Guaranteed by a bank guarantee	191	-	-	-	191
Loans secured by shares attributable to controlling shareholders	-	29	-	6	35
Other collateral	469	456	84	148	1,157
Total illiquid debt assets in Israel	18,338	772	84	5,143	24,337
Total debt assets in Israel	24,839	1,358	84	5,224	31,505
Of which - internally rated debt assets	209	39	-	-	248
Of which - debt assets that meet the principal and interest test only	24,677	1,332	84	5,211	31,304

1) The sources for the ratings in Israel are Maalot and Midroog. 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+.

	International ratings [1]				
	As of December 31, 2023				
In NIS million	A and above	BBB	Lower than BBB	Unrated	Total
Debt assets abroad					
Liquid debt assets					
Government bonds					
Corporate bonds	-	67	67	11	145
Total liquid debt assets abroad	-	67	67	11	145
Illiquid debt assets					
Loans secured by real estate properties	-	-	-	29	29
Other debt assets	-	-	-	78	78
Total illiquid debt assets abroad	-	-	-	107	107
Total debt assets abroad [2]	-	67	67	118	252
Of which - debt assets that meet the principal and interest test only	-	67	67	118	252

1) All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, for example: A rating includes A- up to A+.

2) The Group does not have financial guarantees which are not accounted for as insurance contracts.

The following table presents a comparison between the fair value and the carrying amount of the assets that meet the solely principal and interest (SPPI) criteria and do not have a low credit risk. The carrying amount is measured in accordance with IAS 39 but before provision for impairment.

	Balance as of December 31, 2024		Balance as of December 31, 2023	
In NIS million	Carrying value	Fair value	Carrying value	Fair value
Liquid debt assets	**42**	**42**	67	67
Illiquid debt assets	**46**	**14**	134	64

A.2. Credit risks in respect of other assets (in Israel)

	Local rating [1]			
	As of December 31, 2024			
In NIS million	AA and above	A to BBB	Unrated	Total
Receivables and debit balances, excluding balances for reinsurers	**161**	**102**	**231**	**494**
Deferred tax assets	**-**	**-**	**159**	**159**
Other financial investments	**33**	**2**	**244**	**279**
Cash and cash equivalents	**2,310**	**196**	**-**	**2,506**
Total	**2,504**	**300**	**634**	**3,438**

	Local rating [1]			
	As of December 31, 2023			
In NIS million	AA and above	A to BBB	Unrated	Total
Receivables and debit balances, excluding balances for reinsurers	28	153	528	709
Deferred tax assets	-	-	104	104
Other financial investments	124	1	167	292
Cash and cash equivalents	2,202	165	-	2,367
Total	2,354	319	799	3,472

1) The sources for the ratings in Israel are Maalot and Midroog. 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+.

A.3. Credit risks for off-balance sheet instruments (in Israel) [2]

	Local rating [1]			
	As of December 31, 2024			
In NIS million	AA and above	A to BBB	Unrated	Total
Unutilized credit facilities	**14**	**487**	**1,142**	**1,643**

	Local rating [1]			
	As of December 31, 2023			
In NIS million	AA and above	A to BBB	Unrated	Total
Unutilized credit facilities	97	357	865	1,319

1) The sources for the ratings in Israel are Maalot and Midroog. 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+.

2) The Group does not have financial guarantees provided in Israel which are not accounted for as insurance contracts.

A.4. Credit risks in respect of other assets (abroad)

	International ratings [1]				
	As of December 31, 2024				
In NIS million	A and above	BBB	Lower than BBB	Unrated	Total
Receivables and debit balances, excluding balances for reinsurers	**56**	**-**	**-**	**-**	**56**
Other financial investments	**414**	**-**	**-**	**40**	**454**
Cash and cash equivalents	**112**	**-**	**-**	**-**	**112**
Total	**582**	**-**	**-**	**40**	**622**

	International ratings [1]				
	As of December 31, 2023				
In NIS million	A and above	BBB	Lower than BBB	Unrated	Total
Receivables and debit balances, excluding balances for reinsurers	39	-	-	-	39
Other financial investments	677	-	-	4	681
Cash and cash equivalents	170	-	-	11	181
Total	886	-	-	15	901

1) All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, for example: A rating includes A- up to A+.

A.5. Credit risks for off-balance sheet instruments (abroad) [2]

	International ratings [1]				
	As of December 31, 2024				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total
Unutilized credit facilities	**-**	**-**	**-**	**-**	**-**

	International ratings [1]				
	As of December 31, 2023				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total
Unutilized credit facilities	-	-	-	-	-

1. All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, for example: A rating includes A- up to A+.

2) The Group does not have financial guarantees provided abroad which are not accounted for as insurance contracts.

3. **Additional information regarding the rating of debt assets**

   Internal credit rating based on a model created by Clal Insurance. Clal Insurance validates the internal model on a periodic basis against the ratings by external rating agencies, and other credit rating models. These checks showed a good correlation between the internal rating and the external ratings.

4. The information regarding credit risks in this note does not include the assets for yield-dependent contracts presented in Section G below.

5. For collectible premium balances, see Note 13.

6. Regarding the aging of investments in illiquid financial debt assets, see Note 15(b)(2).

7. **Details of exposure to economic sectors in respect of investments in liquid and illiquid financial debt assets**

	As of December 31, 2024		
In NIS million	Amount	% of total	Off-balance sheet credit risk
Economic sector			
Manufacturing	**6**	**0%**	**-**
Construction & real estate	**3,442**	**11%**	**984**
Electricity and water	**1,042**	**3%**	**70**
Commerce	**31**	**0%**	**-**
Communications and IT services	**23**	**0%**	**-**
Banks	**998**	**3%**	**-**
Financial services	**250**	**1%**	**14**
Other business services	**318**	**1%**	**11**
Private individuals	**5,124**	**16%**	**564**
Government bonds	**20,316**	**65%**	**-**
Total	**31,550**	**100%**	**1,643**

	As of December 31, 2023		
In NIS million	Amount	% of total	Off-balance sheet credit risk
Economic sector			
Manufacturing	25	0%	-
Construction & real estate	3,449	11%	1,000
Electricity and water	1,146	4%	125
Commerce	33	0%	-
Communications and IT services	83	0%	-
Banks	1,512	5%	-
Financial services	258	1%	-
Other business services	274	1%	26
Private individuals	4,310	14%	168
Government bonds	20,667	64%	-
Total	31,757	100%	1,319

8. Reinsurance

A. Clal Insurance's policy regarding the management of credit risks in connection with reinsurers

Clal Insurance Group reinsures part of its business - mostly through foreign reinsurers. However, the reinsurance does not release the consolidated insurance companies from their obligation to their policyholders under the insurance policies.

The Group is exposed to risks arising from uncertainty about the ability and/or willingness of reinsurers to pay their share of liabilities in respect of insurance contracts (reinsurance assets) and their debts in respect of claims paid. This exposure is managed by ongoing monitoring of the reinsurer's position in the global market, as well as fulfillment of its financial obligations.

In accordance with the Commissioner's guidance, once a year the boards of directors of the consolidated insurance companies set maximum exposure limits to specific reinsurers and groups of reinsurers, with which the Clal Insurance Group entered and/or will enter into engagements - based on their international rating. These exposures are managed by specific assessments of the reinsurers, the exposure to which is significant, and by monitoring indications of the risk level with respect to all reinsurers with which the Clal Insurance Group enters into engagements. The Risk Management Department conducts quarterly monitoring of the exposures to reinsurers, which are reported to it, monitors the large reinsurers' financial position based on a range of data sources, including from international capital markets, and implements a credit control to analyses performed with respect to specific reinsurers. Every quarter, the Risk Management Department reports to the boards of directors about the exposure compared with the set limits.

In addition, these companies' exposures are diversified among various reinsurers; the main exposures are in respect of reinsurers who have high international ratings.

As a result of the implementation of the policy described above, the concentration of the exposure to a single reinsurer is not high, although the Company may be exposed to a concentration of credit risk in respect of a single reinsurer in a catastrophe event.

B. Information on exposure to credit risks of reinsurers

As of December 31, 2024

In NIS million	Total premiums to reinsurers for 2024	Net receivable (payable) balances [2]	Reinsurance assets net of the reinsurers' share of deferred acquisition costs					Deposits by reinsurers	Amount of letters of credit received from reinsurers	Total exposure [1]	Delinquent debt	
			In life insurance	In health insurance	In property insurance	In liability insurance	Total reinsurance assets				Between six months and one year	Over one year
Rating group AA and above												
Swiss Re	363	(43)	274	74	230	65	643	272	5	323	-	-
Munich Re	320	(61)	215	48	85	75	423	216	-	146	-	-
Others	441	(47)	41	22	322	576	961	134	-	780	1	1
Total	1,125	(151)	530	144	637	717	2,028	622	5	1,250	1	1
A	717	(4)	-	15	468	1,132	1,615	491	-	1,120	3	1
BBB	9	(1)	-	-	8	-	8	4	-	2	-	-
Less than BBB - or unrated	9	1	-	-	6	52	58	-	-	59	-	-
Total	1,859	(156)	530	159	1,118	1,901	3,708	1,117	5	2,431	4	2

As of December 31, 2023

In NIS million	Total premiums to reinsurers for 2023	Net receivable (payable) balances [2]	Reinsurance assets net of the reinsurers' share of deferred acquisition costs					Deposits by reinsurers	Amount of letters of credit received from reinsurers	Total exposure [1]	Delinquent debt	
			In life insurance	In health insurance	In property insurance	In liability insurance	Total reinsurance assets				Between six months and one year	Over one year
Rating group AA and above												
Swiss Re	324	(73)	238	62	181	77	558	224	65	196	-	-
Others	478	(67)	129	62	312	652	1,155	358	3	726	6	-
Total	802	(140)	367	124	493	729	1,712	582	68	922	6	-
A	889	(80)	1	14	499	1,213	1,727	435	20	1,193	1	1
BBB	15	6	-	-	14	171	185	132	-	59	-	-
Less than BBB - or unrated	7	(5)	-	-	4	59	63	-	-	58	-	-
Total	1,713	(220)	368	138	1,010	2,171	3,687	1,149	87	2,231	7	1

Comments:

(1) Total exposure to reinsurers is: Total insurance assets (the reinsurers' share in the liabilities in respect of insurance contracts net of deferred acquisition costs for reinsurance), net of the deposits and net of the amount of letters of credit received from the reinsurers as guarantee for their liabilities plus (less) the net current receivable (payable) balances.

(2) Net of allowance for doubtful accounts of NIS 6.6 million (NIS 6.5 million last year). The balances do not include insurance companies' balances in respect of co-insurance.

(3) Total allowances for doubtful account plus the reduction of reinsurers' share in the liabilities in respect of insurance contracts amounts to NIS 7 million (last year - NIS 9.4 million), which constitute 0.3% of total exposure (last year - 0.4%).

(4) The rating is mainly assigned by the rating agency S&P; where S&P does not assign a rating, it is assigned by another rating agency and converted according to a formula set in the Investment Methods Regulations.

(5) Total exposure of the reinsurers to an earthquake event with maximum potential loss (MPL) ranges between 1.55% and 3% of the insurance amount, according to the insurance subsegments and the characteristics of the insured property, is NIS 12,305 million, of which the share of the most significant reinsurer is 17%.

(6) 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.

(7) The data include balances of Israeli companies, which were included in accordance with a rating conversion table as stated in Section 4 above, of NIS (0.5) million (NIS (0.6) million last year).

G. Information on financial investments for yield-dependent contracts

1. Breakdown of composition of investments by linkage bases

	As of December 31, 2024				
In NIS million	Non-linked	CPI-linked	In foreign currency or linked thereto [1]	Non-financial and other items	Total
Cash and cash equivalents	**2,831**	**-**	**1,620**	**-**	**4,451**
Liquid assets	**6,169**	**15,738**	**8,563**	**32,321**	**62,791**
Illiquid assets	**4,436**	**3,509**	**909**	**17,157**	**26,011**
Total Assets	**13,436**	**19,247**	**11,092**	**49,478**	**93,253**

	As of December 31, 2023				
In NIS million	Non-linked	CPI-linked	In foreign currency or linked thereto [1]	Non-financial and other items	Total
Cash and cash equivalents	3,084	-	1,334	-	4,418
Liquid assets	8,077	15,704	10,806	25,961	60,548
Illiquid assets	4,875	3,286	657	14,767	23,585
Total Assets	16,036	18,990	12,797	40,728	88,551

1) The primary foreign currency is the USD.

2. Credit risk for assets in Israel

As of December 31, 2024

	Local rating [1]				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total [2]
Debt assets in Israel:					
Government bonds	**9,947**	**-**	**-**	**-**	**9,947**
Other debt assets - liquid	**8,434**	**2,886**	**-**	**555**	**11,875**
Other debt assets - illiquid	**1,710**	**1,622**	**31**	**4,030**	**7,393**
Total debt assets in Israel	**20,091**	**4,508**	**31**	**4,585**	**29,215**
Of which - internally rated debt assets	**532**	**76**	**-**	**-**	**608**

As of December 31, 2023

	Local rating [1]				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total [2]
Debt assets in Israel:					
Government bonds	8,823	-	-	-	8,823
Other debt assets - liquid	11,407	2,669	133	487	14,696
Other debt assets - illiquid	2,311	1,280	96	4,182	7,869
Total debt assets in Israel	22,541	3,949	229	4,669	31,388
Of which - internally rated debt assets	521	160	-	-	681

1. The sources for the ratings in Israel are Maalot and Midroog. 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+.
2) The carrying amount is an approximation of the maximum credit risk. Therefore, the "Total" column represents a maximum credit risk.

3. Credit risk for assets abroad

As of December 31, 2024

	International ratings [1]				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total [2]
Total debt assets abroad	**584**	**1,907**	**1,492**	**351**	**4,334**

As of December 31, 2023

	International ratings [1]				
In NIS million	AA and above	A to BBB	Lower than BBB	Unrated	Total [2]
Total debt assets abroad	466	2,010	2,009	391	4,876

1) All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, for example: A rating includes A- up to A+.
2) The carrying amount is an approximation of the maximum credit risk. Therefore, the "Total" column represents a maximum credit risk.

H. Geographical risks

	As of December 31, 2024									
In NIS million	Government bonds	Corporate bonds	Shares	ETFs/ETNs [1]	Mutual funds	Investment property	Other investments	Total balance sheet exposure	Derivatives in delta terms	Total
Israel	**20,316**	**3,116**	**1,265**	**129**	**177**	**1,347**	**11,041**	**37,391**	**(6)**	**37,385**
USA	**-**	**8**	**287**	**212**	**355**	**102**	**3,075**	**4,039**	**450**	**4,489**
UK	**-**	**9**	**96**	**-**	**6**	**68**	**960**	**1,139**	**-**	**1,139**
Germany	**-**	**-**	**-**	**-**	**-**	**-**	**673**	**673**	**-**	**673**
Switzerland	**-**	**-**	**-**	**-**	**-**	**-**	**648**	**648**	**-**	**648**
Emerging markets	**-**	**-**	**-**	**-**	**-**	**-**	**173**	**173**	**-**	**173**
Others	**-**	**-**	**128**	**7**	**14**	**-**	**2,148**	**2,297**	**-**	**2,297**
Total Assets	**20,316**	**3,133**	**1,776**	**348**	**552**	**1,517**	**18,718**	**46,360**	**444**	**46,804**

	As of December 31, 2023									
In NIS million	Government bonds	Corporate bonds	Shares	ETFs/ETNs [1]	Mutual funds	Investment property	Other investments	Total balance sheet exposure	Derivatives in delta terms	Total
Israel	20,667	3,582	1,124	97	146	1,319	10,535	37,470	48	37,518
USA	-	2	328	223	519	101	3,058	4,231	450	4,681
UK	-	-	-	-	-	-	488	488	-	488
Germany	-	-	-	-	-	-	838	838	-	838
Switzerland	-	-	-	-	-	-	601	601	-	601
Emerging markets	-	-	-	-	-	-	216	216	-	216
Others	-	8	219	7	8	74	2,216	2,532	-	2,532
Total Assets	20,667	3,592	1,671	327	673	1,494	17,952	46,376	498	46,874

1) Including foreign ETFs

2. Risk Review - Max

A. General description of the risks and their management

Max is engaged in a wide range of financial activities that involve the taking of risks, including: credit risk, market risk and liquidity risk. Those risks are accompanied by operational risks, including information security and cyber risks, compliance risks, reputational risk and ESG risks arising from the business activities. In addition, Max operates in a developing business environment with regulations that also expose it to strategic and regulatory risks. Intelligent and in-depth risk management encompassing all areas of Max's activity is part of Max's strategy and a necessary condition for the fulfillment of its long-term goals.

Following are details of the material risks to which Max is exposed, and their definition:

- **Credit risk -** a risk that a borrower or a counterparty of Max will fail to meet its obligations to Max, as they were agreed upon.
- **Market risk -** The risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).
- **Liquidity risk** - a risk to Max's income and stability arising from its inability to meet its liquidity needs.
- **Operational risk -** The risk of loss as a result of inadequate, or failure of, internal processes, people and systems, or external events. This definition includes legal risk but does not include strategic risk and reputational risk".
- **Information security and cybersecurity risk** - the potential for damage resulting from an occurrence of a cyber incident, taking into account its probability and its severity of its impact. A cyber incident is an event during which the Company's IT and/or embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to Max), and such attack may result in the materialization of the cyber risk.
- **Legal risk** - The risk arising from an activity of Max regarding which there is a concern that it is not in line with regulations or case law, and the risk arising from legal proceedings conducted against Max, and the risk arising from a concern that Max will breach contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's rights, or failure to give appropriate guidance due to changes in regulatory directives, case law, or Max's contractual obligations.
- **Compliance risk** - the risk of a legal or regulatory sanction being imposed, a material financial loss or reputational damage incurred by Max as a result of failing to comply with laws and regulations.
- **Regulatory risk** - the risk arising from the possible effect of application of additional regulatory provisions on the results of the business activity of Max.
- **Strategic risk** - the risk of adversely affecting Max's income, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.
- **Reputational risk** - the potential that negative publications, market rumors, or the public perception regarding the operating methods of Max, will lead to a decline in its customer base, or result in high legal costs, or a decrease in income.
- **Macroeconomic risk** - Macroeconomic risk is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world.
- **Environmental and climate risks (ESG)** - the risk of loss resulting from non-compliance with environmental directives and their enforcement. In recent years, the definition of environmental risk has expanded, and currently also includes the organization's effect on the environment even if it is not directly associated with a financial loss.
- **Model risk** - the risk that the model is exposed to loss or to reputational damage incurred by Max, due to business decisions based on erroneous or biased model results, or on excessively broad interpretation of the model results.

B. Risk appetite

The risk appetite is usually defined with a forward-looking view and defines the risk level that Max is willing and able to assume and reflects the risk perspective of the Board of Directors. The definition of the risk appetite of Max is one of the key tools used by the Board of Directors for control over the risks assumed by Max.

Risk tolerance is the maximum risk level that Max is willing to assume considering its resources, without violating the limits dictated by regulatory capital and liquidity requirements, the operating environment and its liabilities, also from the aspect of conduct towards shareholders, customers, and other interested parties.

The risk appetite is determined taking into consideration the strategic and business targets defined by Max and the material risks to which Max is exposed. The risk appetite is determined within the limits of the risk tolerance of Max.

Max has a risk appetite document with quantitative and qualitative limits, which is approved by the management and the Board of Directors. The document is reviewed and revised periodically.

C. Risk management principles

Risk management is performed, among other things, in accordance with Proper Conduct of Banking Business Directive No. 310 - Risk Management. Risk management at Max is reviewed and revised regularly subject to the directives and guidance of the Banking Supervision Department and taking into account changes in the business environment and policy of Max.

Following are the key risk management principles:

- The risk management approach is formed at the Group level (Max and its subsidiaries), from a forward-looking approach that includes the identification and monitoring of existing risks, alongside the identification of new risks. Risks are managed with an integrated, corporate level perspective, all along the managerial chain and across business units.
- The corporate governance structure at Max is based on the three lines of defense. The first line of defense is the business lines, which assume the risk and bear full responsibility for risk management and for implementing an adequate control environment for their activities. The second line of defense is an independent risk management function headed by the Chief Risk Officer, who is charged with assisting management in promoting an integrated, corporate-level risk perspective, planning, maintaining, and developing the risk management framework, and reviewing the adequacy of business line inputs for risk management and risk-taking processes. The third line of defense is the internal audit, which is charged with reviewing the adequacy and effectiveness of the risk management processes at Max and exposing internal control weaknesses.
- Risk management policy papers were drawn up for each of the material risks, and include reference to the risk management framework, limitations, and indicators for identifying the materialization of the risk. The policy papers are approved by the management and the Board of Directors and are revised periodically.
- Mapping risks in new products - The exposure of Max increases when it launches a new activity, implements new business processes or develops new products, and enters unfamiliar markets. Before launching a new product or activity, the risks embodied therein are mapped and assessed, and there is an assessment of the existence of appropriate tools and the expertise required to monitor and control the risks. Max has policies and procedures for mapping risks in new products, which include reference to the relevant factors which are required in the process for approving the new product or activity.
- Stress scenarios are a forward-looking complementary tool for risk management at Max. Max is making preparations to address risks, which, if they materialize, could cause serious disruptions to normal business activity. The stress scenarios are used in processes such as: capital planning, liquidity management, determining risk appetite, and risk identification processes.
- Max has a document of crisis management guidelines, which outlines an overall approach to various types of crisis management, and which aims to address effectively, to the extent possible, disruptions and failures that may arise due to external or internal events, and to allow maximum business continuity.
- Conduct risk is the risk that the conduct of Max, by act or omission, may have an undesirable result for its customers (integrity, fairness, and transparency) and as a result, may lead to the materialization of legal damages, imposition of fines, and/or reputational damage, and is integrated in all of the business activities of Max. Risk is managed routinely and includes a constant review of changes in business, consumer, competitive, and technological environments. Proper risk management aims to ensure fair treatment of customers and maintenance of public trust in the activity of Max. In this context, Max ensures that the culture, processes, services, and products that it offers align with customer expectations and requirements.
- Result of the capital adequacy assessment process at Max - Capital planning aims to ensure capital adequacy in a normal business situation and in stress scenarios, based on the assessment of changes in activity and exposure to risks and estimates for the extent of future capital sources available to Max.

Capital planning at Max reflects a forward-looking view of the scope of business activity compared with the risks and required capital adequacy ratio. The calculation is based on a three-year work plan approved by the Board of Directors, which includes assumptions relating to the expected changes, including growth in business lines and the increase in activity, regulatory requirements and changes, and macroeconomic forecasts.

As part of the capital adequacy assessment process, Max is required to perform forward-looking stress scenarios to identify events or possible changes in market conditions, which may have an adverse effect on Max, and to ensure that Max has adequate capital to support its risks.

In accordance with the Internal Capital Adequacy Assessment Process (ICAAP), Max has adequate capital to meet regulatory requirements, and to address the risks and stress scenarios that may materialize.

D. Processes for managing the various risks:

1. Credit risk

Credit risk is defined in accordance Proper Conduct of Banking Business Directive 311, as a risk that a borrower or counterparty of Max will fail to meet their obligations to Max, as they were agreed upon.

In accordance with Proper Conduct of Banking Business Directive 311, the objective of the management of credit risks is to maximize the return adjusted to Max's risk appetite, by ensuring that the exposure to credit risk is in line with Max's policy on this topic.

2. The credit policy

Max operates according to a credit policy, which is approved by the Board of Directors once a year, and which constitutes one of the main pillars through which Max's credit strategy and risk appetite are reflected. The credit risks policy stipulates, among other things, the principles for provision of credit, including guidelines for the marketing of retail and business credit, the methods of control and the management of the credit risks and restrictions on the provision of credit, in order to monitor and mitigate the credit risk in the portfolio in accordance with the risk appetite.

The credit policy serves as a framework for setting procedures for identifying, measuring, monitoring and placing controls on the credit risk, which is derived from Max's risk appetite. As a leading company in its area of activity, Max developed a professional function that implements an informed and efficient risk management processes in its business activities in the Credit Segment, in accordance with the customers' needs.

The three lines of defense:

- First line of defense - This responsibility of the first line of defense includes identifying, assessing, measuring, monitoring, mitigating, and reporting the risks embodied to the products, activities, processes, and systems for which they are responsible, and for managing a proper control environment in the risk management context. Among other things, the first line of defense checks compliance with internal and regulatory restrictions, monitors economic indicators, checks the powers of each function and assesses the credit provided on a case by case basis.
- Second line of defense - the Credit Control Unit, headed by the Chief Risk Officer, is in charge, among other things, of setting the work methodology and challenging the first line of defense. Its roles include: formulating the risk appetite restrictions, formulating the credit policy, assessing the restrictions set in the policy, applying independent controls regarding the credit risk, including issuing opinions regarding high-amount credit requests, monitoring risk trends and risk centers, and delivering appropriate reports to Max's management and Board of Directors.
- Third line of defense - the internal audit function conducts an independent review and challenges the Company's risk management processes and systems, as well as various credit-related audits in accordance with the work plan.

3. Credit risk in respect of credit to private individuals

The credit risk in respect of credit to private individuals arises mainly from the exposure to current transactions involving credit cards and credit products.

Max offers a range of credit products to private individuals, as follows:

- Non-interest-bearing credit - a credit facility for making acquisitions using credit cards.

- Interest-bearing credit - loans, revolving credit, loans to finance vehicles and credit transactions involving the spreading of payments. Credit is mainly provided at variable interest and for various periods in accordance with the product.

Most of the portfolio is composed of credit without collaterals, except for loans for the financing of vehicles, in which the vehicles serve as collaterals.

4. Model-based underwriting

Most of the consumer credit underwriting which is advanced by Max, is provided through a model-based underwriting process, which is based on statistical credit scoring models, that include various scoring scales, and an additional score in case of default, in combination with business rules.

The decision regarding the amount of credit and the interest rate set for a customer is based on the model in combination with business rules, that constitute another method for assessing the risk level.

The models are based on internal and external information sources that may indicate negative developments in the customer's financial position, such as: payment default, exceeding credit limits, and warnings from external sources of information.

Max develops and improves the models for new and existing customers on an ongoing basis and as required, and also validates them independently on a periodic basis, based on generally accepted practices, and in accordance with the Bank of Israel's guidance, so as to make it possible to estimate the risk level of customers included in the credit portfolio.

Max has in place control and monitoring processes that routinely monitor the development of the scores assigned to customers in the models and monitors the portfolio's risk profile on an ongoing basis. In addition to its model-based underwriting, Max uses manual underwriting in cases where further checks are required in addition to the score issued based on the model.

Among other things, the credit is managed based on constraints derived from Max's risk appetite and credit policy.

Marketing of credit to private individuals

In accordance with its strategy, Max operates to expand its private individuals' credit portfolio, while maintaining a high level of diversification. Among other things, Max defines the mix of credit products, the growth rate and the offers made to customers in accordance with internal economic parameters, and developments in macroeconomic indicators.

Max defined a policy and work processes which are suitable for marketing credit to customers, while modifying the offer in accordance with the customer's needs and characteristics. The process of marketing the credit and its approval is implemented in accordance with the principles set out in Max's Code of Ethics, which reflects the core principles adopted by Max: fairness, transparency, customer experience, initiative, partnership and excellence.

The marketing process also includes a strict assessment of the conduct risk while ensuring that the credit matches the customer's needs and maintaining transparency and fairness. This includes, among other things, providing full disclosure regarding all credit products at the time of sale, removing customers from sales lead lists, at their request, and more.

Max maintains ongoing control over the implementation of the policy and the processes set in the various distribution channels. The policy sets qualitative and quantitative principles, according to which credit will be advanced, managed and monitored, in order to improve the credit portfolio, and mitigate the risk involved in its management. Max monitors alerts and up-to-date information regarding customers in its credit portfolio, as well as risk parameters and economic indicators, in order to monitor changes in the risk profile. Where needed, Max takes action to mitigate the risk, including by reducing credit limits, while making fair disclosure to the customer. Max has set internal limits in connection with the diversification of the various credit products that have different risk levels. Among other things, Max has set limits regarding the credit facility offered to borrowers in accordance with various parameters and thresholds it has put in place, including with respect to the mix of the risk levels based on internal scoring models and external information. During the Reporting Period, there were no material changes in those characteristics.

Max has set an authorization hierarchy for credit decisions and holds periodic discussions - at least once a quarter - on the mix of risk in the portfolio, including monitoring of risk indicators, and reports on compliance with limits to Max's top risk management committee, its Board of Directors' Risk Committee and its Board of Directors.

In recent years, regulation is characterized with pro-consumer regulations, that affect Max's ability to receive repayments from its customers; in recent years, there has also been a deterioration in individuals/private borrowers' repayment capacity. Those changes are reflected in the number of bankruptcy applications, receivership orders applications, receivership orders issued, bankruptcy orders, and discharge orders. Max takes action to achieve optimal and efficient collection of debts in order to reduce the amounts of debts written-off.

5. Commercial credit

This credit is advanced to small and micro merchants and limited liability companies. The risk arises from the exposure in respect of different credit products undertaken by the merchants in accordance with their needs. Max offers a range of credit products to business customers, mainly loans with various periods, and facilities for business credit card purchases, alongside autonomous guarantees to merchants aimed at securing rent payments and an expanding range of products that addresses merchants' working capital, establishment and other needs.

In the fourth quarter of 2023, Max started advancing loans as part of a new fund for state-backed loans (as part of the Iron Swords War), which offers loans to all companies.

Max operates based on a tight credit policy that integrates internal restrictions on underwriting and on the management of the credit activity. A large portion of the credit advanced to merchants is aimed at merchants for which Max serves as an acquirer. Acquiring is a source for settling the debt. Alongside its activities with customers that use its acquiring services, Max also advances credit to customers who are not involved in its acquiring activities, including, among other things, as part of state-backed funds, and short-term loans to fund suppliers' procurement, backed by a policy of an external insurance company.

Troubled credit

Max has set procedures for identifying troubled credit and for classifying debts as troubled. In accordance with these procedures, Max classifies all of its troubled debts and off-balance sheet credit items as: performing credit and non-performing credit.

Credit Exposure to Foreign Financial Institutions

Max has an immaterial exposure involving the international organizations Visa and Mastercard in respect of the balance of transactions executed by tourists in Israel, net of the balance of transactions executed by Israelis abroad, in respect of which Max has not yet been credited by the international organizations. In 2023, there was no material change in Max's exposure to foreign financial institutions.

6. Market risks

Market risk is defined by Proper Conduct of Banking Business Directive 339 as the risk of loss in on-balance sheet and off-balance sheet positions as a result of a change in the fair value of a financial instrument due to change in market conditions (changes in price levels in various markets, interest rates and foreign exchange rates, inflation rates, prices of shares and commodities).

Max has a policy for the management of market risks, which is approved by Max's management and Board of Directors. The policy paper includes a reference to the risk appetite limits, and the hedging processes in respect of the different exposures. Max also monitors all financial risks, exposure amounts, results of sensitivity analyses, and material current and expected changes that take place on a current basis and discussed as part of the forum for the management of financial risks, which is headed by the CEO and convenes every month.

Exposure to interest rate risk

Interest rate risk is defined in Proper Conduct of Banking Business Directive No. 333 as the risk to income or capital arising from fluctuating interest rates. Changes in interest rates affect Max's income by changing its net interest income (including changes in non-interest income/expenses). Changes in interest rates also affect the value of Max's assets, liabilities and off-balance sheet instruments, since the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change.

- Max's exposure to changes in interest rates arises from a number of sources:
- Repricing risk - arises from timing differences in repayment periods (at fixed interest) and the repricing dates (at variable interest) of Max's assets, liabilities and off-balance sheet positions. Discrepancies in repricing dates may expose the income and the economic value to unexpected fluctuations due to changes in the interest rates.
- Changes in interest rates may cause an increase in prices of sources, and an erosion in profitability.
- Basis risk - a risk arising from imperfect correlation between interest rate changes in different financial markets or different instruments with similar repricing characteristics. Alongside Max's interest-bearing credit assets, most of which bear variable interest (the Prime interest spread), Max raises liabilities in the form of funding sources which include, among other things, bonds.
- Fair value exposure - Max's assets include balances that do not bear interest. When interest rates are changed, an exposure may arise that will lead to a decrease in Max's fair value. The exposure even increases if the average duration of the financial assets vary from that of the financial liabilities.
- Yield curve risk - a risk in which Max's income will be adversely affected by a parallel shift of the yield curve or by a change in its shape.
- Interest rate risk management

The assessment of the exposure to the interest rate risk is carried out by analyzing the effect of the change in interest rates on the fair value and on net interest income. The risk arises from the exposure to future changes in interest rates, their potential effect on the value of assets and liabilities in accordance with the economic value approach, and their effect on profits in accordance with the profits approach. The exposure arises, among other things, from the difference between the repayment dates and interest calculation dates of the assets and liabilities in each of the linkage bases. The mitigation of the interest rate risk also includes an assessment of the differences between the assets and the liabilities in accordance with the linkage bases, where most of Max's exposure lies in the shekel linkage base.

Max has put in place exposure monitoring indicators, upon the materialization of any of which courses of action will be set in order to mitigate the risk; among other things, and where needed, Max will use hedging instruments, as approved by Max's management and Board of Directors.

Derivative financial instruments

Generally, it is Max's policy to use derivative financial instruments for economic hedges only.

Foreign exchange rate risk

The exposure to the foreign exchange rate risk is reflected in a loss as a result of changes in exchange rates or the consumer price index as part of Max's routine business activities. Max's exposure to the foreign exchange rate risk arises from currency exposure as a result of the effect of changes in exchange rate on foreign-currency denominated assets and liabilities in Max's balance sheets, mainly the USD and the EUR. The currency exposure is a by-product of Max's routine business activities; it does not involve a deliberate exposure by Max in order to increase income.

Most of Max's exposure to changes in foreign exchange rates arises from its activities, i.e., acquiring and issuing, in which an international organization is involved (Visa or Mastercard). Since Max has business activities which are linked to foreign currencies, changes in exchange rates expose it to losses due to exchange rate differences.

Max's foreign exchange rate risk management mainly focuses on mitigating and minimizing the general exposure, and also to sub-exposures arising from cash flow activities and the accounting exposure.

Management of foreign exchange rate risk

Max defined a maximum exposure limit for foreign currency balances after hedging actions. The hedging of the exposure is carried out for each exposure type in accordance with Max's policy through, among other things, selling and buying of foreign currency and using financial derivatives, while maintaining the limit set and acting in accordance with the decision of the management and the Board of Directors.

Max has put in place monitoring indicators for each exposure type, upon the materialization of any of which courses of action will be set in order to mitigate the risk.

Max's exposure to the risk as a result of CPI-linked activities is immaterial. Max will continue to monitor the exposure to CPI-linked activities; if the extent of the exposure changes, the steps required to mitigate it will be considered.

7. Liquidity and financial risk

In accordance with Proper Conduct of Banking Business Directive 342 regarding liquidity risk management, the liquidity risk is defined as a risk to Max's income and stability stemming from its inability to meet its liquidity needs.

Max has a number of activities that affect its liquidity:

- Cash flows from core activities, i.e. - issuing, acquiring and credit activities.
- Outflows in respect of use of liquidity sources, including: Repayment of and interest on bonds, and Max's operating activities.
- Timing differences between the inflows arising from payments from customers, and the outflows from amounts credited to merchants in respect of the acquiring activities.
- Changes in Max's cash flows arising from the behavior of Max's customers or from a significant change in other players in the financial and non-financial system.

Management of liquidity and financial risk

Among other things, Max mitigates the liquidity risk using a liquidity model that takes into account all of Max's sources and uses derived from its current and anticipated operating activities, which affect Max's cash flows. The liquidity model calculates the expected liquidity ratio; its aim is to issue an alert regarding situations where liquidity pressures may be detected. The mitigation of Max's liquidity risk takes into consideration the liquidity needs of all of the subsidiaries.

As part of its liquidity risk policy, Max defined a minimum liquidity ratio limit and performance indicators in the normal course of business and under various scenarios approved by management and Board of Directors. In addition, Max has set a methodology that assists the identification and management of a liquidity crisis in order to ensure Max's ability to meet the challenges that arise from its operating activities, and which may arise due to pressures in financial markets.

As part of the management of its current assets and liabilities, Max uses diverse funding sources, in order to diversify the risk. Max's funding sources include its shareholders' equity, secured credit facilities with a number of banks, and debt raising through various financial instruments.

Max has a forum for the management of financial risks, which is headed by its CEO; Max's CFO, Chief Risk Officer and Chief Internal Auditor attend the forum's meetings. Among other things, the forum discusses exposures and hedging actions.

8. Operational risk

Proper Conduct of Banking Business Directive No. 350 regarding operational risks defines an operational risk as "the risk of a loss as a result of the inadequacy or failure of internal processes, personnel, and systems, or as a result of external events. This definition includes legal risk but does not include strategic risk and reputational risk". There are situations where other risks materialize, such as: credit risk, compliance risk, and reputational risk are caused as a result of an operational failure.

Max is exposed to operational risks as part of its activities, such as:

- The issuing activity - as part of its issuance activity, Max is exposed to fraudulent transactions, both in Israel and abroad, involving the credit cards it issues.
- The acquiring activity - as part of the acquisition activity, Max provides payment spreading and factoring services. The exposure in respect of these services arises from the risk that a merchant will not supply the goods it had undertaken to supply, and which may lead customers to complain about "failure to deliver". The scope and period of exposure was derived from the type of service provided by the merchant in accordance with the product supply date.
- In addition, operational risks are naturally present in all of Max's processes, and arise, among other things, from the use of various technologies and IT systems.

Operational risk management

Operational risk management at Max complies with Proper Conduct of Banking Business Directives, which determine, among other things, basic risk management principles. Risk management at Max is an ongoing process of identifying and assessing risks, ongoing measurement of the exposures and capital requirements to cover these risks, and reporting to management and the Board of Directors.

Following are the key principles in operational risk management:

- **The three lines of defense** - The first line of defense is the business units that assume the risk, which is charged with formulating the internal controls to reduce exposure and minimizing the probability of materialization of the risks and the damage arising from materialization. The second line of defense is operational risk management, headed by the Chief Risk Officer, who is an independent entity that outlines the risk management policy and work framework. The third line of defense is the internal audit, which performs independent audits.
- **Operational risk policy** - Max has an operational risk policy, which is validated and approved by the management and Board of Directors once a year. The policy includes corporate governance for risk management, the risk management framework, and risk appetite limitations.
- **Operational risk map** - Max manages an operational risk map of the main processes at Max. The risk map includes assessment of the inherent risk, assessment of the control, and assessment of the residual risk. The operational risk map serves as a support tool for business decision making and assessment of the exposure to operational risk.
- **Risk identification, measurement, and assessment methodology** - Max has uniform methodology for identifying and assessing the operational risks inherent in its activities. The identification methodology uses various tools and includes quantitative and qualitative risk assessment and assessment of the effectiveness of the controls over the risks.
- **Operating loss and near loss events** - Max has a regulated process for reporting operating loss and near-loss events, and a process for drawing conclusions and learning from these events. Collection of data on loss events supports, among other things, the process for assessing operating risk exposure.

Other risks

9. Information security and cyber risk

According to Proper Conduct of Banking Business Directive No. 361, Cyber Defense Management, the cyber risk is defined as the potential for damage resulting from an occurrence of a cyber incident, taking into account its probability and its severity of its impact. A cyber incident is an event during which the Company's IT and/or computer-embedded systems and infrastructures are attacked by, or on behalf of, opponents (whether external or internal to Max), and such attack may result in the materialization of the cyber risk.

In its capacity as a financial organization, Max is an attractive target for various attackers. The computer systems and communication networks that serve Max's customers are a target for cyber attacks, the introduction of malwares, malicious code, phishing attacks, and other exposures aimed to damage Max's services, steal information or damage its database.

Max's business activities relies - to a large extent - on technology-based systems. Therefore, the availability of the systems, reliability of the data, and maintaining data secrecy are essential for an orderly business activity. Furthermore, Max views business and customer information stored on its systems and on its suppliers' systems as a key asset and invests many efforts and resources in implementing advanced information security control and defense mechanisms and processes.

Max's information security and cyber security strategy paper defines its approach and objectives regarding information security and cyber security in accordance with Max's business strategy. The paper aims to constitute a framework for the information security and cyber security policy and work procedures in this field, which define the management and implementation principles, areas of responsibility, the relevant officers and their powers, and the operations and technologies used by Max. As part of the preparations it makes to deal with the different cyber threats, Max has in place and leads internal and external processes to mitigate the cyber threats posed against it and its customers. As part of the above, cyber security risks are mitigated through a number of security and control cycles, on several levels, in order to mitigate the potential exposures in respect of this threat.

10. Compliance risk

Compliance risk is the risk of a legal or regulatory sanction being imposed, and/or a material financial loss and/or a reputational damage incurred by Max as a result of failing to comply with the laws and regulations. According to Proper Conduct of Banking Business Directive 308 on compliance, Max manages all compliance risks arising from all the laws, regulations, guidance and circulars applicable to its activities. The management of the compliance risk is an integral part of Max's business activities and does not fall exclusively within the remit of the compliance function. The lines of business bear significant responsibility to the issue of compliance, and play an active role in the management and mitigation of Max's exposure to compliance risks.

11. Legal risk

The risk arising from an activity of Max regarding which there is a concern that it is not in line with legal provisions (whether primary or secondary legislation), directives and guidance issued by competent authorities, regulation, or case law, a risk arising from legal proceedings conducted against Max, and the risk arising from a concern that Max will breach contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's rights, or failure to give appropriate guidance due to changes in legislation, regulatory directives, case law, or Max's contractual obligations.

Max's risk management approach was that the management of the legal risk is an integral part of the business environment. As a result, decision-making on risk management takes into consideration business and legal aspects.

12. Regulatory risk

Regulatory risk is the risk of loss due to the effect of future expected regulation, including legislation and/or directives issued by various regulators. Max is exposed to a regulatory risk with respect to all of its areas of activity.

The business environment in which Max operates is a dynamic environment, on which regulators and legislators currently focus. These regulatory changes were designed, among other things, to encourage competition in the field by reducing entry barriers and cutting costs to the customers, and protecting customers in the context of fair disclosure, etc. This regulatory framework mostly tightens the restrictions on activity in the industry and sometimes leads to a regulatory mismatch between Max and its competitors. However, a number of expected regulatory changes are expected to serve as a source of new business opportunities.

The management of the regulatory risk is carried out by regularly identifying new regulatory initiatives and referring them to the relevant function in Max and continuously reporting them to Max's management.

13. Strategic Risk

A strategic risk is the risk of adversely affecting Max's income, capital, reputation or position as a result of erroneous business decisions, inappropriate implementation of decisions or lack of response to industry-specific, economic, regulatory and technological changes.

Strategic risks may be divided into 3 types:

- External environment - risks arising from changes in the political, economic and social environment.
- Competition environment - risks arising from changes in the competition environment in which Max operates.
- Internal environment - risks arising from decisions, processes or actions Max has taken or avoided taking.

Max currently faces significant challenges in all areas of activity, multiple threats in its core businesses alongside opportunities and dealing with material regulatory changes. Strategic risk management in Max is based on continual assessment of its strategy, while maintaining the core values of Max's strategic plan. Validation is performed in view of reviews and assessments of different events in the work environment (such as regulation, competition, and technology), and assessment of the anticipated changes in Max's operating sectors, including risks that may arise from these changes, exposure to their materialization, and measures to be taken by Max if the risks materialize. Strategic risk management at Max includes the following activities:

- Formulating a long-term strategic plan, that includes a review and assessment of various events in the work environment (regulation, competition, technology, and more), and assessment of the anticipated changes with respect to Max's each and every lines of business.
- Regular discussions by Max's management and Board of Directors, as part of which those changes are presented, and the need to revise the strategy is considered.

- The Risk Management Department challenges the assessments of the strategic trends as identified by Max on a regular basis; it also raises topics which are relevant to the strategic risk where necessary.

14. Reputational risk

Reputational risk is the potential that negative publications, whether true or false, market rumors, public perception, or social protests regarding the operating methods of Max and its employees, will have an adverse effect on its reputation and good name, or lead to a decline in its customer base, or result in high legal costs, or a decrease in income. The reputational risk is a natural part of Max's activities and is a company-wide risk. All of Max's products, activities, processes, and systems, as well as Max's collaborations with other companies and entities, embody a potential risk, whether as part of its business activities or as part of its administrative-internal activities, whether done maliciously or in good faith.

The management of the risk by Max is composed, first and foremost, of a process for identifying reputational exposures (any action that may be associated with the brand and lead to negative media coverage or discourse), which is addressed using the New Product Procedure. Monitoring and response are carried out continuously. The management of the reputational risk is regulated as part of a dedicated policy.

15. Macroeconomic risk

Macroeconomic risk is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic environment in Israel and across the world. Max's business strategy and capital planning include assumptions derived, among other things, from the macroeconomic environment, and Max assesses and evaluates the effect of the changes in the macroeconomic environment on its business results and capital planning.

The high interest rate environment in 2023 is onerous for consumers and may affect the consumer credit risk. Max continuously monitors and mitigates the risk of loan defaults, as well as the overall consumer credit risk. At this stage, there is no material increase in the materialization of the potential risk. Max is preparing for the possibility that the macroeconomic risk will increase, partly due to the economic consequences of the Iron Swords War and the effect of the downgrade of the rating of the State of Israel.

Max is assessing its ability to withstand adverse developments in the macroeconomic environment using systemic stress scenarios. Furthermore, Max continuously monitors various risk indicators, including macroeconomic indicators, and material changes in those indicators are discussed in the forum for the management of financial risks, which is headed by Max's CEO, in its top risk management committee, and the Board of Directors' Risk Committee.

16. Environmental and climate risks (ESG)

The definition of environmental risk is the risk of loss resulting of non-compliance with environmental protection directives and enforcement thereof. In recent years, the definition of environmental risk has expanded, and currently also includes the organization's effect on the environment even if it is not directly associated with a financial loss. Furthermore, the risk is currently viewed as a global risk arising from the potential adverse effects of environmental changes, including on people, ecological systems, and economic and financial activities. Environmental risks arise not only due the pollution of air, water and land, but also due to damage to economic and social infrastructures, mainly due to climate change.

The climate risk is an evolving risk arising, among other things, from the impact of the materialization of environmental risks and from regulatory developments, developments in the business environment, and technological developments relating to the adaptation to climate change.

Max's management decided to implement environmental responsibility values and adapt its activities in order to protect the environment. As a basis for this activity, Max's management decided to implement the international standard regarding environmental management systems.

As from 2009, Max has ISO 14001:2015 certification and is assessed once a year by the IQC Institute of Quality & Control for compliance with the standard's requirements; inter alia, the environmental risk survey is revised and improved. As part of its implementation of the standard's provisions, Max takes action to increase awareness among its employees, and to invest the required resources.

Max monitors developments in the regulation and the relevant requirements and works accordingly to implement the directives.

17. Model risk

Model risk is the exposure to loss or to damage to Max's reputation, due to business decisions based on erroneous or biased model results, or on excessively broad interpretation of the model results. This risk may arise, among other things, due incompatibility of the model with the business reality, usability which is not in line with the designation, and errors in calculations and data when applying the model.

The principles for model risk management are defined in Max's policy, which outlines independent validation processes, corporate governance, authorization hierarchy, and risk management processes.

The use of models in decision-making processes has been growing in recent years, and accordingly the model risk management system at Max is compatible with this direction as appropriate and required.

In response to growing local and global uncertainty, Max is boosting the processes for model risk management, including the extent and frequency of monitoring, to mitigate and minimize model risks.

E. Cash flows in accordance with the contractual repayment date - Max [1]

	December 31, 2024									
	Cash flows in accordance with the contractual repayment date							Total assets [2]		
	On demand and up to one month	More than one month and up to 3 months	More than 3 months and up to one year	Over one year to 3 years	Over 3 and up to 5 years	Over 5 years	Total cash flows	No repayment date	Total	Effective rate of return [3]
	NIS million									In %
Cash and deposits with banks [4]	541	62	-	3	-	-	606	-	604	3.35
Receivables for credit card transactions, net [5]	4,616	2,372	4,116	5,051	2,935	699	19,789	65	17,755	8.54
Other financial assets	8	13	54	23	1	1	100	112	211	-
Total assets	5,165	2,447	4,170	5,077	2,936	700	20,495	177	18,570	8.46
Credit from banking corporations	3,713	118	380	968	770	262	6,211	-	5,993	3.41
Payables for credit card transactions	6,777	1,345	1,283	259	14	-	9,678	-	9,678	-
Bonds and subordinated notes	558	-	18	37	273	-	886	-	816	7.23
Other financial liabilities	153	37	308	48	30	148	724	-	724	-
Total liabilities	11,201	1,500	1,989	1,312	1,087	410	17,499	-	17,211	2.74
Off-balance sheet items										
Liabilities to provide credit	29,415	9,567	719	3	-	-	39,704	-	-	-
Total cash flows, net (including in NIS and foreign currency)	(35,451)	(8,620)	1,462	3,762	1,849	290	(36,708)	177	1,359	-
Of which:										
Total current assets in foreign currency	109	-	-	-	-	-	109	-	109	-
Total liabilities in foreign currency	42	-	4	4	4	-	54	-	54	-
Total cash flows in foreign currency	67	-	(4)	(4)	(4)	-	55	-	55	-

(1) This note presents the expected future contractual cash flows for the total assets, total liabilities, and total liabilities to extend credit, after the effect of employee benefits and derivatives, by currency, in accordance with the remaining periods of the contractual repayment date of each cash flow as of the report date.

(2) As included in Note 31, Assets and Liabilities by Linkage Basis, including off-balance-sheet amounts in respect of derivatives which are not settled on a net basis.

(3) The interest rate used to discount the projected future contractual cash flows for a monetary item to its book balance.

(4) As of December 31, 2024, the fair value of cash and deposits with banks stands at NIS 604 million.

(5) The future cash flows of loans are presented in accordance with the loans' contractual repayment date. Credit in arrears of 30 days or more is presented under the "No repayment date" column. The credit loss provision is deducted from the relevant cash flows.

E. Cash flows in accordance with the contractual repayment date - Max [1] (cont.)

	December 31, 2023									
	Cash flows in accordance with the contractual repayment date							Total assets [2]		
	On demand and up to one month	More than one month and up to 3 months	More than 3 months and up to one year	Over one year to 3 years	Over 3 and up to 5 years	Over 5 years	Total cash flows	No repayment date	Total	Effective rate of return [3]
	NIS million In %									
Cash and deposits with banks [4]	508	16	-	-	-	-	524	-	523	3.71
Receivables for credit card transactions, net [5]	3,594	1,908	3,817	4,734	2,543	518	17,114	61	15,096	9.79
Other financial assets	10	4	16	4	1	1	36	105	138	-
Total assets	4,112	1,928	3,833	4,738	2,544	519	17,674	166	15,757	9.72
Credit from banking corporations	3,629	132	466	591	494	81	5,393	-	5,202	5.02
Payables for credit card transactions	5,638	1,137	1,059	230	9	-	8,073	-	8,073	-
Bonds and subordinated notes	317	35	18	37	291	-	698	-	610	7.29
Other financial liabilities	143	33	268	43	28	151	666	-	666	-
Total liabilities	9,727	1,337	1,811	901	822	232	14,830	-	14,551	3.53
Off-balance sheet items										
Liabilities to provide credit	25,772	8,073	791	14	-	-	34,650	-	-	
Total cash flows, net (including in NIS and foreign currency)	(31,387)	(7,482)	1,231	3,823	1,722	287	(31,806)	166	1,206	
Of which:										
Total current assets in foreign currency	87	-	-	-	-	-	87	-	87	-
Total liabilities in foreign currency	51	-	5	6	6	-	68	-	68	-
Total cash flows in foreign currency	36	-	(5)	(6)	(6)	-	19	-	19	

(1) This note presents the expected future contractual cash flows for the total assets, total liabilities, and total liabilities to extend credit, after the effect of employee benefits and derivatives, by currency, in accordance with the remaining periods of the contractual repayment date of each cash flow as of the report date.

(2) As included in Note 31, Assets and Liabilities by Linkage Basis, including off-balance-sheet amounts in respect of derivatives which are not settled on a net basis.

(3) The interest rate used to discount the projected future contractual cash flows for a monetary item to its book balance.

(4) As of December 31, 2023, the fair value of cash and deposits with banks stands at NIS 523 million.

(5) The future cash flows of loans are presented in accordance with the loans' contractual repayment date. Credit in arrears of 30 days or more is presented under the "No repayment date" column. The credit loss provision is deducted from the relevant cash flows.

NOTE 43 - RELATED AND INTERESTED PARTIES

A. Parent company, controlling shareholder and subsidiaries

(1) Further to Note 1, the Company does not have a control core.

On October 19, 2020, the Company received a letter from the Commissioner with respect to "Update regarding the Outline for Exercising Means of Control in Clal Insurance" (which replaced the Commissioner's letter on this topic of July 21, 2020), which provides, among other things, the Commissioner's reference to the arrangements that will apply to the exercise of the Company's means of control in Clal Insurance, including with respect to the appointment of directors in Clal Insurance and in the Company, and participation in Clal Insurance's General Meeting (hereinafter - the "**Outline for Exercising Means of Control**"). On November 30, 2020, the Commissioner sent a clarification letter in connection with the Outline for Exercising Means of Control. On December 25, 2022, an additional clarification letter was received in connection with the tenure of directors at Clal Insurance.

On March 27, 2023, the Company received a letter from the Commissioner, which includes, among other things, an update to the insurer license of the institutional entities which are controlled by the Company, and conditions that will apply to the Company in connection with the holding of means of control in Clal Insurance; it was decided that the Outline for Exercising Means of Control in Clal Insurance shall continue to be in effect, and a reference was made to the Company's financial stability and its commitment to Clal Insurance, as a derivative of the Max It Finance Ltd. acquisition transaction (hereinafter - the "**Max**"). For further details, see Note 17 above.

For more information, see Note 1 above.

As of this date, to the best of the Company's knowledge, permits have been issued for holding means of control in the Company to several entities. The interested parties in the Company (i.e., shareholders holding more than 5% of the Company's shares) are Phoenix group, Harel group, and Alrov Properties & Lodgings Ltd.

(2) Regarding investees, see Note 9.

During the ordinary course of its business, the Group conducted transactions with interested parties in the Company or with interested parties with a vested interest (hereinafter - "**Interested Party Transactions**"), including transactions with companies whose interested parties are interested parties in them, as well as undertakings to conduct transactions under regular commercial conditions, as part of the provision of services by the Group to interested parties and their investees (such as: insurance, insurance brokerage services, provident fund and/or pension fund management services including loans based on the savings accrued in the provident funds or the insurance policies and various financial and/or economic services and renting out assets) and/or as part of the acquisition of services and products from interested 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 which are not exceptional transactions pursuant to the guidelines and rules established in the procedure adopted by the Company as provided in Article 41(a3)(1) of the Securities Regulations (Annual Financial Statements), 2010, then they shall not be described separately in these statements.

B. Benefits for key management personnel (including directors)

In addition to their salaries, the Group's CEO and senior executives are entitled to non-cash benefits (such as cars,, etc.). The Group also deposits monies for them in a defined benefit plan and a defined contribution plan post-employment. The chairman of the board is entitled to management fees.

1. Benefits in respect of employment of key management personnel (including the chairman of the board) include[1]:

	For the year ended December 31					
	2024		2023		2022	
In NIS million	No. of people	NIS thousand	No. of people	NIS thousand	No. of people	NIS thousand
Short-term employee benefits	**16**	**40**	16	34	15	26
Post-employment benefits	**15**	**2**	15	2	14	1
Share-based payments [2]	**14**	**4**	14	5	13	5
		46		40		31

1) The benefits include benefits for key management personnel until the end of their employment, and benefits in respect of key management personnel from the day they are appointed.

2) The amount is determined based on the value of the options on the day they are granted, such that the fair value of each tranche is spread over its vesting period.

2. Benefits in respect of employment of key management personnel who are directors not employed by the Company:

	For the year ended December 31					
	2024		2023		2022	
In NIS million	No. of people	NIS million	No. of people	NIS million	No. of people	NIS million
Directors' compensation [1)]	**8**	**3**	8	4	9	4

1) The compensation given to directors at the Company, with the exception of the chairman of the board and the directors on behalf of the controlling shareholders, if any, is in accordance with the Company's rank, and is the maximum compensation for an expert external director pursuant to the Companies Regulations (Rules Regarding Compensation and Expenses for External Directors), 2000. It is noted that Clal Insurance bears 80% of the compensation for a joined director, if the director is paid compensation by both companies. The aforesaid amount is after participation by Clal Insurance. With regard to the terms of compensation for the chairman of the board, see Section 4 below.

3. The Company acquires directors' and officers' insurance (for itself and for the Group companies); see Section 8 below. The amount paid for the Company and the Group companies:

	For the year ended December 31		
In NIS million	2024	2023	2022
For insurance for board members and officers	**6**	6	5

4. **Chairman of the Board**

A. On February 3, 2021, the board of directors of the Company approved the appointment of Mr. Haim Samet (hereinafter - "**Mr. Samet**" or the "**Board Chairman**") as chairman of the board of the Company. On April 11, 13, and 20, 2021, the Compensation Committee and the board of directors of the Company, respectively, approved the terms of office of Mr. Samet as executive chairman of the board, at a 50% position, all as detailed below (hereinafter - the "**Terms of Office**"). The Terms of Office were approved by the general meeting on June 17, 2021, retrospectively, as of the date of commencement of Mr. Samet's service as Board Chairman.

The annual consideration approved for the chairman's service is in a total amount of 50% of the ceiling established in Section 2(b) of the Officer Compensation Law, plus VAT according to the law; i.e., an amount equal to 50% of the lowest cost of employment of an employee at the Company (including a contract worker employed directly by the Company or employed by a service provider employed by the Company), multiplied by 35 (hereinafter - the "**Annual Consideration**"), plus VAT according to law.

Accordingly, the Board Chairman was entitled to Annual Consideration in a total amount of approx. NIS 1.6 million. The aforesaid amount is linked to the rate of increase of the lowest compensation at the Company, as stated in the Officer Compensation Law, and also in the event that it emerges that additional components are not included in the compensation ceiling established in the Officer Compensation Law (including compensation for overtime), but in any case it shall not exceed a total cost of NIS 1.75 million (including following the update of the Annual Consideration, as noted above).

The Terms of Office are consistent with the statements in the Officer Compensation Law and the Company's compensation policy, which was established, among other matters, with due attention to the provisions of Institutional Entities Circular 2019-9-6 (Amendment of the Provisions of the Consolidated Circular, Part 1, Section 5, Chapter 5, Titled "Compensation," dated July 11, 2019) (hereinafter - the "**Compensation Circular**"), all as detailed below.

B. On October 13, 2021, Mr. Samet was appointed as a director of Clal Insurance, and on November 2, 2021, the board of directors of Clal Insurance approved the appointment of Mr. Samet as Board Chairman of Clal Insurance; this appointment took effect on December 23, 2021, with the approval of the Supervisor.

On November 4 and 11, 2021, the Compensation Committee and the board of directors of the Company and Clal Insurance, respectively, approved the Terms of Office of Mr. Samet as executive chairman of the board, at an 80% position, as of the date of commencement of Mr. Samet's service as Board Chairman of Clal Insurance, and they shall be in effect for as long as Mr. Samet serves as Board Chairman of the companies. The Terms of Office were approved by the general meeting on December 27, 2021, retrospectively, as of the date of commencement of Mr. Samet's service as Board Chairman of Clal Insurance.

The annual consideration for the chairman's service will be in a total amount of 80% of the ceiling established in Section 2(b) of the Officer Compensation Law, plus VAT according to the law; i.e., an amount equal to 80% of the lowest cost of employment of an employee at the Company (including a contract worker employed directly by the Company or employed by a service provider employed by the Company), multiplied by 35 (hereinafter - the "**Annual Consideration**"), plus VAT according to the law. As long as Mr. Samet serves as joint chairman of the companies, the companies shall share the cost of the payments such that Clal Insurance bears 80% of the compensation and the Company bears 20% of the compensation.

The aforesaid amount is linked to the rate of increase of the lowest compensation at the Company, as stated in the Officer Compensation Law, and also in the event that it emerges that additional components are not included in the compensation ceiling established in the Officer Compensation Law (including compensation for overtime). Once annually, an update will be provided to the Compensation Committee and the board of directors regarding the update of the Annual Consideration, as noted above (if any). It is clarified that in any case the Annual Consideration shall not exceed a total cost in the amount of NIS 2.8 million (including due to an update of the Annual Consideration, as noted above).

Accordingly, in the reporting year, the Chairman of the Board was entitled to annual compensation totaling approx. NIS 2.7 million.

The aforesaid Terms of Office apply from the date of commencement of Mr. Samet's service as Board Chairman of Clal Insurance and shall be in effect for as long as Mr. Samet serves as Board Chairman of the Company and of Clal Insurance. It is clarified that these statements shall not detract from the resolution of the Company's meeting regarding the Terms of Office of Mr. Samet as Board Chairman of the Company; i.e., if he serves as chairman of the Company only, he will continue to serve in a 50% position and will be entitled to pay in the amount of NIS 1.6 million, and no more than NIS 1.75 million.

The Terms of Office may include an additional immaterial cost in respect of "surplus expense cost," pursuant to the Officer Compensation Law, due to the fact that this double expense is not tax-deductible for the Company.

In accordance with the Company's compensation policy, which was established, among other matters, with due attention to the provisions of the Compensation Circular, the Board Chairman is not entitled to any variable component (cash or equity).

The Board Chairman is entitled to the reimbursement of expenses in connection with the performance of his duties, according to common practice at the Company and the Company's procedures.

The chairman is permitted to request that the Company place an appropriate vehicle at his disposal, to be fully maintained by the Company, or reimburse expenses for the use of a private vehicle of the chairman, and/or that a mobile phone be placed at his disposal, and/or additional benefits, reimbursements, and terms, taking into consideration his role as Board Chairman, all in accordance with common practice at the Company, provided that the total annual cost to the Company in respect of the Terms of Office does not exceed the Annual Consideration.

Payment to the Board Chairman for regular absence days and absence due to a health condition is also included in the Annual Consideration, according to the common practice at the Company.

The engagement with the Board Chairman is not limited in duration, and either party may give notice of termination of the engagement at any time and for any reason, with 6 months' advance notice in writing (hereinafter - the "**Advance Notice Period**"). The Advance Notice Period shall also apply at the end of the term of office, if it is not renewed and/or extended. The board of directors shall be permitted to waive the chairman's service during all or part of the Advance Notice Period.

All of the foregoing notwithstanding, in the event that the Board Chairman's work ends under exceptional circumstances (e.g. circumstances due to which an employee is denied eligibility for severance pay), the Company is permitted to bring about the immediate termination of this agreement without providing advance notice fees.

During the period of the agreement, the Board Chairman is permitted to engage in another/other role/s, either as an employee or as a service provider, subject to the dedication of the scope of employment stated above to the Company and the Group, and subject to restrictions concerning the avoidance of conflicts of interest and/or competition with the business of the Company and the Group and/or the Commissioner's Directives.

During the period of his service as Board Chairman, Mr. Samet may be required to serve as a director at additional companies in the Group, and he shall do so without payment of any additional consideration (except as stated with regard to Clal Insurance). If Mr. Samet is required to serve as chairman of the board of additional

Group companies, as stated, Mr. Samet may be entitled to the payment of additional consideration, subject to approvals as shall be required according to the law, if required. It is noted that Mr. Samet was not entitled to additional directors' compensation from Clal Insurance in respect of his service as a director, and accordingly, prior to his appointment as Board Chairman of Clal Insurance, he did not receive additional compensation in respect of this office.

Mr. Samet is providing his services as a self-employed Board Chairman, and accordingly, it was agreed that there would be no employee-employer relationship between the Company and Mr. Samet. Mr. Samet shall bear any tax payment and mandatory payments in accordance with the law in respect of any payment and benefit he receives for his Terms of Office.

The insurance, exemption, and indemnity arrangements in effect with regard to directors and officers of the Company apply to the Board Chairman.

5. **Employment agreement of the Max's Chairman of the Board**

In July and August 2023, the competent organs at Max approved the terms of service and employment of Ms. Maya Liquornik for her tenure as Chair of the Board of Directors at Max commencing from May 17, 2023.

Ms. Liquornik serves as an independent director at the Company, the owner of all the shares of Max's parent company, CIMax Holdings Ltd. (hereinafter - "**CIMax**"). Therefore, pursuant to the provisions of the law, the compensation that she is able to receive for her tenure at Max is limited to the lower of the following two amounts: (a) an amount to be calculated according to the number of meetings she has attended, whereby the amount for each meeting shall be determined in accordance with the Companies Regulations (Rules Regarding Compensation and Reimbursement of Expenses for External Directors), 2000 (hereinafter - the "**External Directors Compensation Regulations**"); (b) the annual amount of compensation established in the External Directors Compensation Regulations, in accordance with the Company's ranking. Ms. Liquornik has been classified as having accounting and financial expertise, and she is thus considered to be an expert director pursuant to the External Directors Compensation Regulations, and the compensation to be calculated for her is in accordance with the maximum amounts set forth in the External Director Compensation Regulations in relation to an expert director, which are updated once a year. Ms. Liquornik received a letter of indemnity and exemption, and she is included in the liability insurance policy for company officers, as per the accepted norm at Max. Furthermore, Ms. Liquornik is entitled to payment for expenses that she is required to pay out in respect of her service as the Chair of Max, pursuant to the provisions of the law.

6. **CEO's employment agreement**

On June 17, 2018, the board of directors of the Company and Clal Insurance approved the appointment of Mr. Yoram Naveh to the position of CEO of the Company and of Clal Insurance as of July 1, 2018.

On July 5 and 8, 2018, the Compensation Committee and board of directors of the Company and Clal Insurance, respectively, approved the terms of the engagement with Mr. Yoram Naveh in an employment agreement for an unlimited period, beginning July 1, 2018, where either party may end the engagement with 6 months' advance notice (hereinafter - the "**Agreement**"). On August 14, 2018, the general meeting of shareholders of the Company approved the terms of the Agreement.

<u>The main points of the Agreement for the employment of Mr. Naveh (hereinafter - the "**CEO**") are detailed below:</u>

The CEO's compensation will be calculated according to the provisions of the Officer Compensation Law, such that the expected expense with respect to the CEO's compensation will be calculated according to the total cost of the compensation components per year, in accordance with Section 2 of the Officer Compensation Law at the higher of: (1) two and a half million shekels (NIS 2.5 million) per year[6] (hereinafter - the "**Sum Limit**"); or (2) the lowest compensation the Company paid an employee according to the cost of a full-time, 100% appointment percentage, directly or indirectly (including to a contract worker the Company employs directly or an employee who is employed by a service provider the Company retains), multiplied by 35 (respectively, hereinafter - the "**Minimum Salary**" or the "**Minimum Salary Limit**").

"Compensation Limit" - The higher of the Minimum Salary Limit and the Sum Limit.

6 CPI-linked since the Officer Compensation Law publication date (April 12, 2016). For the purpose of the calculation of the total compensation, as noted, contributions towards pensions, including disability, and contributions towards severance pay in accordance with the law that can be applied to the total compensation components shall not be taken into account.

The fixed salary may change from time to time, according to the mechanism noted above, with updates to the Compensation Committee and the board of directors. In addition, the fixed salary may change, in accordance with and subject to the decision of the Compensation Committee and the board of directors, in the event that it emerges that additional components (beyond the contributions towards benefit and severance pay in accordance with the law) are not included in the Sum Limit or the Minimum Salary Limit established in the Officer Compensation Law.

It is clarified that such a decision is binding for the Company, even if it emerges that there is additional cost for the Company in respect of "surplus salary cost," as defined in the Officer Compensation Law (e.g. as a result of the interpretation of the provisions of the Officer Compensation Law), i.e. due to the fact that such expense is not deductible from the Company's taxable income.

The CEO shall be entitled to convert related compensation components (such as a vehicle and social benefits that exceed the relevant ceilings) into a monthly salary, provided that such conversion does not raise the cost of employment beyond the Compensation Limit.

All of the foregoing notwithstanding, it is clarified that, according the Agreement, the total compensation, as defined in the Officer Compensation Law, for the CEO shall not, in any event, exceed three and a half million NIS (NIS 3.5 million) per year (hereinafter - the "**Compensation Mechanism**").

In accordance with the foregoing, the monthly salary of the Company's CEO was in the amount of approx. NIS 215 thousand as of January 2024 (plus the value of a vehicle), and is approx. NIS 225 thousand as of January 2025, plus social benefits, with the expense in respect of the CEO's compensation based on the total cost of the compensation components for the year, totaled approx. NIS 3.3 million in the reporting year. A "tax penalty" may arise in respect of this expense, according to the statements in the Officer Compensation Law.

In addition, the CEO is entitled to reimbursement of expenses in connection with the performance of his duties, a mobile phone, a newspaper, and an appropriate vehicle (subject to replacement of the vehicle periodically, according to the common practice at the Company), including expenses for its maintenance and including gross-up of the value of charging the benefit in respect of the vehicle and phone for tax purposes, as well as additional related benefits as stated in the Company's compensation policy, all subject to the Compensation Limit.

The Agreement contains non-compete restrictions during the period of the Agreement. The aforesaid restrictions shall apply to the CEO with regard to the fields of insurance and finance, for a period of nine months from the date on which advance notice is given. During the 6-month advance notice period, the CEO shall receive the full linked monthly salary and the full benefits and related benefits. The Company shall be permitted to waive the work of the CEO in practice during this period, without detracting from his rights to the aforesaid terms during the advance notice period.

Various additional commonly accepted provisions and arrangements were established in the Agreement. It was also established that in the event of termination of the employee-employer relationship, for any reason (excluding exceptional circumstances in which the CEO is not entitled to severance pay, according to the provisions of the law, in respect of the period of his work for the Company), the CEO shall be entitled to the release and/or transfer to his ownership of all monies accrued in his favor in the executive insurance plan and study fund, including the profits thereof. In addition, if and inasmuch as the amount accrued in the severance pay component of the executive insurance does not reach the amount of severance pay to which the CEO would be entitled under the law (if he were to be dismissed), the Company shall supplement the difference owed to the CEO.

The CEO is not entitled to a variable annual bonus in respect of his service as CEO.

It is noted that in accordance with the compensation policy, the compensation policy shall not impair rights accrued or created in respect of previous periods, and therefore the provisions of the Compensation Circular shall not apply to an adjustment bonus for which a provision was recorded for Mr. Naveh prior to the inception of the circular.

The CEO continues to be entitled to the adjustment bonus, as established in his previous employment agreement, in which it was determined that he would be entitled to 6 months of work, without related benefits. The provisions of the Compensation Circular with regard to retirement bonuses apply to the supplementation of the adjustment bonus, as stated above.

The existing insurance, exemption, and indemnity arrangements for directors and officers of the Company will continue to apply to the CEO.[7]

7 The CEO received a letter of exemption and a letter of indemnity from the Company, like the Company's directors and officers.

In addition, on July 3, 2018, the CEO privately purchased 3,934 Company shares and on September 22, 2024, he privately purchased 3,478 additional Company shares. On January 7, 2025, the CEO sold 4,000 shares on the Stock Exchange, such that as of the financial statements publication date, the CEO holds 3,412 Company shares, which constitute 0.1% of its issued and paid-up share capital.

During the term of his service, the Company will request that the CEO serve as a director at various companies in the Group of the Company, without payment of any additional consideration beyond the consideration paid to him under the power of and in accordance with the provisions of the Agreement.

7. **Employment agreement of Max's CEO**

Max's CEO and the management members are employed on personal contracts that include a fixed (CPI-linked) wage and social benefits, as well as variable compensation in accordance with Max's compensation policy.

The employment agreement of Max's incoming CEO, Ms. Sagit Dotan, is for an indefinite period, commencing from January 1, 2025, and each party is entitled to terminate the agreement subject to 6 months advance notice, and in any event Max reserves the right not to use up the notice period in full or in part. In that event, Max shall pay the CEO the wages and related benefits in respect of the advance notice period in respect of which Max has waived her work. Max's new CEO is entitled to social and related benefits (executive insurance, pension fund, advanced education fund, vacation and sick leave, convalescence pay, cellphone and additional benefits, as is the accepted norm at Max. In addition, the CEO is entitled to a vehicle and Max bears the cost of its upkeep and the tax gross-up in respect of it.

In case of dismissal, under the agreement, the incoming CEO is entitled to severance pay at a rate of 200%, net of the amounts accrued by the CEO in respect of her period of employment due to the contributions with respect to the severance pay component. Furthermore, the incoming CEO is entitled to an adjustment period in accordance with the circumstances detailed in the agreement. In addition, the incoming CEO is committed to a non-compete period of 6 months.

The existing insurance, exemption, and indemnity arrangements for Max's directors and officers apply to the CEO.

The start date of the employment agreement of the outgoing CEO, Mr. Ron Fainaro, was August 21, 2016; on December 31, 2024, he terminated his work at Max and his employment by Max terminated on January 31, 2025. On termination of his work, the outgoing CEO was entitled to severance pay at a rate of 250%, net of the amounts accrued by the CEO in respect of hi period of employment due to the contributions with respect to the severance pay component. Furthermore, the outgoing CEO was entitled to an adjustment period in accordance with the circumstances set forth in the agreement. In addition, the outgoing CEO is committed to a non-compete period of 6 months.

In 2019, Max's outgoing CEO was awarded restricted stock units (RSU) of CIMax 2019 as part of an equity compensation plan for managers at Max as this was updated in January 2022. Furthermore, in January 2022, he was awarded special stock options (which are not included in Section 102 to the Income Tax Ordinance), which vest on the occurrence of a sale or issuance event, subject to the terms and conditions in the plan, until the date set forth in the plan. On March 27, 2023, on completion of the transaction for the acquisition of CIMax by the Company, the vesting of all the bonuses that had not yet vested was expedited and the Max managers joined in the transaction and sold their shares in CIMax as a part of it.

On May 23, 2023, Max Board of Directors approved the allocation of option warrants to Max's CEO, Max's officers and some of its executives (including Max's CEO, under her former title), exercisable into ordinary shares of the Company (see Note 44 to the Financial Statements).

8. **Exemption from insurance or indemnification undertaking for officers effective as of the end of the reporting period**

A. <u>The following is a description of the arrangement applicable with regard to directors' and officers' liability insurance at the Company</u>:

(1) Beginning December 1, 2014, the Company purchased officers' liability insurance policies for a period of one year. Each of these policies is jointly for the Company and companies in the Company's Group, including Clal Finance and CIMax group. Clal Insurance is not the insurer in the aforesaid policies. On December 18, 2016, for the first time, the general meeting of shareholders of the Company approved a compensation policy that includes a section on exemption, indemnity, and insurance for officers. According to the Compensation Policy, the Company may purchase officer liability insurance for the Group's officers, at insurance amounts no higher than USD 400 million; on January 3, 2021, the Compensation Policy was

updated, such that the annual premium cost and the deductible amount in respect of the policy shall be in accordance with prevailing market conditions when drafting the relevant policy, and at an immaterial cost to the Company. In addition, the Company may purchase run-off officer insurance if the control of the Company and/or a subsidiary is transferred.

Pursuant to the aforesaid resolution, the Company entered into an insurance policy issued by an insurer which is not a related party, for the period from December 1, 2023, to November 30, 2024, and later from December 1, 2024, to November 30, 2025 (hereinafter - the "**2024 and 2025 Policies**"), in which the Company acquired insurance coverage for officers of the Company and its investees, including the CIMax Group. The overall liability limit of each of the 2024 and 2025 Policies is up to USD 130 million and up to USD 145 million in respect of one claim or cumulatively, respectively (coverage over USD 100 million does not apply to past activity). The total annual premium is within the amount and/or mechanism approved in the resolution of the general meeting, as stated above.

B. The following is a description of the arrangement applicable with regard to directors' and officers' indemnity at the Company:

(1) On October 10, 2002, the Company's general meeting approved an undertaking to indemnify directors and officers of the Company and of additional companies in the Group, up to a rate of 25% of the shareholders' equity of the Company at the date of the indemnity. Accordingly, the Company grants letters of indemnity to officers in the Company and certain subsidiaries.

(2) On April 16, 2008, the Company's audit committee and board of directors approved the granting of updated letters of indemnity to officers of certain companies in the Group, which are similar in essence to the letters of indemnity approved as stated.

(3) On May 3, 2012, in light of Amendment 16 to the Companies Law, and in accordance with the provisions of the Law for More Efficient Enforcement Procedures at the Israel Securities Authority (Legislative Amendments), 2011, and the Law for Increased Enforcement in the Capital Market (Legislative Amendments), 2011, the Company's general meeting approved the granting of new letters of indemnity by the Company to directors and officers of the Company and/or of additional companies in the Group (hereinafter - the "**New Indemnity Letter**"), up to a rate of 25% of the equity attributable to the Company's shareholders at the date of the indemnity. Accordingly, the Company grants letters of indemnity to officers in the Company and certain subsidiaries.

The provisions of the New Indemnity Letter supersede any prior commitment or agreement (preceding the signing of the New Indemnity Letter), whether written or oral, between the Company and the officer on the matters stated in the New Indemnity Letter, also with reference to events that occurred before the New Indemnity Letter was signed. The aforesaid is subject to the previous indemnity letter granted to the officer, if any, continuing to apply and remaining in effect with regard to any event that occurred prior to the signing of the New Indemnity Letter (even if the proceeding in respect thereof was filed against the officer after the signing of the New Indemnity Letter), if the terms of the New Indemnity Letter worsen the terms of the indemnity for the officer with respect to such event, subject to all laws.

On July 28, 2013, the general meeting of shareholders of the Company approved the correction of omissions in the definitions of "administrative proceeding" and "payment to a party harmed by a breach" in the New Indemnity Letter which were not in accordance with the definitions as they appear in the articles of the Company. Accordingly, the definitions of "administrative proceeding" and "payment to a party harmed by a breach" in the New Indemnity Letter were adjusted to the definitions that appear in the Company's articles.

(4) Beginning in 2017, the Company's compensation policy, as approved from time to time by the general meeting of the Company's shareholders, includes, as stated, a section on exemption, indemnity, and insurance for officers.

The Company's compensation policy states that the Company shall be permitted to grant letters of indemnity in the format it decides upon and that has been approved and/or will be approved by the general meeting of shareholders of the Company.

Accordingly, the Company granted letters of indemnity to directors and officers of the Company and to other officers.

Some of the Group's subsidiaries gave indemnity letters to their officers (sometimes in addition to the Company's indemnity letters), such that the indemnity amount therein does not exceed 25% of the shareholders' equity of those companies or NIS 1 million.

C. The following is a description of the arrangement applicable with regard to exemption for directors and officers of the Company:

On October 9, 2016, the Company's Compensation Committee and Board of Directors approved the granting of a release of liability to the Company's officers, subject to receiving the approvals required to grant the exemption under the law. Such exemption will not apply to a decision or transaction in which the controlling shareholder or any officer in the Company (including an officer other than the one to which the exemption is granted) has a vested interest. The Company's compensation policy as of 2017, as approved by the meeting from time to time, states that the Company shall be permitted to grant release of liability to officers of the Company, as stated above.

Accordingly, the Company granted letters of exemption to the Company's directors and officers.

C. Balances of related parties and interested parties

	As of December 31, 2024		As of December 31, 2023	
	Related party/ interested party			
In NIS million	Other related parties	Investees	Other related parties	Investees
Financial investments in respect of yield-dependent contracts	**2,282**	**13**	1,371	3
Other financial investments:				
Liquid debt assets	**104**	**-**	118	-
Illiquid debt assets	**51**	**-**	24	122
Shares	**70**	**-**	57	-
Other	**11**	**-**	-	-
Loans to equity-accounted investees 1)	**-**	**7**	-	2
Receivables and debit balances	**1**	**4**	-	2
Cash and cash equivalents in respect of yield-dependent contracts	**411**	**-**	-	-
Other cash and cash equivalents	**61**	**-**	-	-
Payables and credit balances	**28**	**-**	-	-
Financial liabilities	**88**	**-**	**-**	**-**

1) Included in the investments in investees line item.

D. Amounts included in the statement of income in respect of transactions with related and interested parties, and description of the transactions

	For the year ended December 31, 2024		For the year ended December 31, 2023		For the year ended December 31, 2022	
	Related party/ interested party					
In NIS million	Other related parties	Investees	Other related parties	Investees	Other related parties	Investees
Gross premiums	**8**	**-**	9	-	22	-
Net investment income (losses) and finance income	**455**	**7**	(14)	9	(1)	3
Payments in respect of insurance contracts	**4**	**-**	5	-	5	-
General and administrative expenses	**6**	**-**	2	-	2	-

NOTE 44 - SHARE-BASED PAYMENT

A. Details of plans for the allocation of option warrants for shares of the Company

1. Plan for 2021

In accordance with the Company's compensation policy, on March 25, 2021, the board of directors of the Company adopted a performance-based equity compensation plan for 2021 (hereinafter - the "**Plan for 2021**"), pursuant to which the Company is permitted to award option warrants to employees and officers.

The option warrants are each exercisable into a common share of par value NIS 1, according to the value of the monetary benefit inherent in the option at the exercise date, subject to adjustments and conditions, primarily those detailed below.

The exercise price shall not be lower than the average closing price of the Company's share in the last 30 trading days, and in any event shall not be lower than the closing price of the Company's share on the last trading day on the stock exchange, at the date of approval of the board of directors. In addition, beyond the requirements under the compensation policy, an incremental premium over the share price shall be added to each tranche - the exercise prices shall be at a premium of 2.5%, 5%, and 7.5% for each tranche, except with respect to Class B options, which the Company intends to allocate to certain employees in accordance with the collective agreement, as stated in Note 25(c), at an exercise price as stated above, with no premium.

The exercise price of the option warrants shall be subject to adjustments in respect of the following events: distribution of benefit shares; a share exchange arrangement (such as a merger transaction or restructuring); issuance of rights; cash dividend payment; and a split or consolidation of the equity capital of the Company, or any other corporate equity event of essentially similar nature. Adjustments will be made as stipulated in the Plan for 2021. The Plan for 2021 will be approved under the work income track pursuant to Section 102 to the Income Tax Ordinance.

The Class A options will be allocated in three tranches, spread over three years, and shall be exercisable beginning when one year (with regard to the first tranche, at least two years of vesting and holding are required), two years, and 3 years have elapsed from the allocation date, up to two years from the vesting date (with regard to the first tranche, from the holding date).

The Class B options will be allocated in one tranche and shall be exercisable beginning when one year has elapsed (at least two years of vesting and holding are required), and in accordance with the terms of the collective agreement, as detailed in Note 25 above.

Each vested tranche is exercisable up to two years from the vesting date.

Each tranche of options shall vest on the condition that the offeree is an employee of the Group as of December 31st of the year preceding the vesting date, and subject to fulfillment of all of the following conditions: a. attainment of the Minimum Solvency Ratio (125% according to the economic solvency regime directives, calculated taking into account the transitional provisions established by the Commissioner), and non-existence of suspending circumstances of any of the notes issued by Clalbit Finance Ltd. (hereinafter - "**Threshold Conditions**"); b. absence of a comprehensive loss (after tax) at the Company; and c. compliance with the salary ceiling under the Officer Compensation Law. It is clarified that each option tranche shall expire in the event of failure to fulfill the Threshold Conditions; however, if conditions b and/or c are not fulfilled, the vesting date can be deferred to the following year, provided that all of the conditions are fulfilled.

This applies for a period of up to four (4) years, in total, from the original vesting date. The offeree is not required to be an employee of the Company at the deferred vesting date, unless the deferral was effected due to the non-fulfillment of Condition C.

Notwithstanding the foregoing, if the option period of any tranche ends during a period designated by the Company as a blocked period due to the existence or potential existence of insider information, subject to the terms of the plan, the option period shall be automatically extended for an additional period, by a number of days equal to the number of days included in the blocked period.

The plan manager is permitted to establish a ceiling price, as defined above, when allocating option warrants. It is noted that such a ceiling price has been established for all option warrants allocated under the Plan for 2021 (see Section C below).

In 2021, the Company's board of directors resolved to publish an outline referring to the allocation of up to 3,500,000 option warrants to be offered thereunder, in accordance with the plan, to employees and officers of the Company and/or companies under its control (hereinafter - the "**2021 Outline**"). Allocation of the options to be offered under

the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The option warrants will be exercisable for ordinary shares of the Company at the value of the benefit inherent in the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 15 per option, and the fair value of each tranche will be spread over the vesting period.

In June 2021, the Company allocated 2,493,200 Class A options and 175,247 Class B options to officers and employees of the Company and/or companies under its control, in accordance with the 2021 Outline.

The shares underlying the exercise of these options represent approx. 1.87% of the Company's equity capital, assuming maximum exercise.

For further details, see Sections B and C below.

In addition, in April 2022, according to the 2021 Plan, an outline was published regarding the allocation of up to 370,000 option warrants to be offered thereunder, in accordance with the plan, to employees and officers of the Company and/or companies under its control (hereinafter - the "**2022 Outline**"). Allocation of the options to be offered under the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The option warrants will be exercisable for ordinary shares of the Company at the value of the benefit inherent in the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 21 per option, and the fair value of each tranche will be spread over the vesting period.

In July 2022, the Company allocated 213.000 Class A options and 137,396 Class B options to officers and employees of the Company and/or companies under its control, in accordance with the 2022 Outline.

The shares underlying the exercise of these options represent approx. 0.23% of the Company's equity capital, assuming maximum exercise.

In addition, on May 30, 2023, the Company's board of directors resolved to publish an outline for the allocation of up to 1,250,000 Class A options to be offered under the outline, based on the Plan for 2021, for employees and officers of the Company and/or companies under its control. Allocation of the options to be offered under the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The shares underlying the exercise of these options will represent approx. 0.77% of the Company's equity capital, assuming maximum exercise. The options will be exercisable for ordinary shares of the Company at the value of the inherent benefit of the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 16.3 per option, and the fair value of each tranche will be spread over the vesting period. The subsidiaries will bear the expense for the value of the options and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements and in accordance with the accounting standards.

In July 2023, the outline was updated in such a way that the vesting period of the first tranche will be three years and not two years, accordingly the value of the benefit based on the valuation of the options at the time they were allotted was updated and is approx. NIS 16.8 per option, and the fair value of each tranche will be spread over the vesting period. The Company's subsidiaries will bear their proportionate costs for the total value of the options and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements in accordance with the accounting standards, which is estimated at approx. NIS 20 million.

In addition, for options for employees and officers of the Company and/or companies under its control which were allocated in July 2021 under the Plan for 2021, in July 2023 the board of directors approved an extension to the exercise period of the options that vested in 2022 for employees and officers where there is an employee-employer relationship with the Company and companies under its control as of this date, by an additional year, meaning until June 2025. The subsidiaries will bear their proportionate share of the expense for the additional cost in the value of the options, which is not material, and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements and in accordance with the accounting principles.

On May 19, 2024, Clal Holdings' board of directors resolved to publish an outline for the allocation of up to 1,400,000 Class A options to be offered under the outline, based on the Plan for 2021, for employees and officers of Clal Holdings and/or companies under its control, including the Company. Allocation of the options to be offered under the outline is subject to obtaining all of the permits and approvals required under any law for the offering of securities in accordance with the outline, for their issue, and for the publication of the outline. The shares underlying

the exercise of these options will represent approx. 0.44% of Clal Holdings' equity capital as of the reporting date, assuming maximum exercise. The options will be exercisable for ordinary shares of the Company at the value of the inherent benefit of the options, subject to adjustments. The value of the benefit is based on the valuation of the options at the time they are allotted, which is approx. NIS 14.1 per option, and the fair value of each tranche will be spread over the vesting period. The value of the benefit was calculated using the binomial model and estimated at approx. NIS 17.9 million for all options, which will be awarded to Clal Group officers and employees as stated above. The Class A options will be allocated in three tranches, spread over three years, and shall be exercisable beginning when one year, two years, and 3 years have elapsed from the allocation date, up to one year from the vesting date. (In relation to the first tranche, at least two years of vesting and holding are required).

The subsidiaries will bear their proportionate share of the expense for the additional cost in the value of the options, which is not material, and will indemnify the Company in full for this benefit, based on the value of the financial benefit that will be recorded in the Company's financial statements and in accordance with the accounting principles.

B. Movement in options and additional details

	Average duration*) in years	Weighted average of exercise money in NIS [1])	No. of Options
Balance as of January 1, 2022	3.14	57.85	2,642,711
Allocated during 2022		75.10	350,396
Forfeited in 2022		60.54	(189,673)
Realized during 2022		71.39	(11,890)
Total options in circulation as of December 31, 2022	2.39	59.78	2,791,544
Allocated during 2023		58.17	1,247,670
Forfeited in 2023		64.37	(141,509)
Expired during 2023		72.42	(14,987)
Realized during 2023		56.24	(10,362)
Total options in circulation as of December 31, 2023	2.62	59.05	3,872,356
Allocated during 2024		**63.05**	**1,286,805**
Forfeited in 2024		**59.96**	**(71,642)**
Expired during 2024		**56.19**	**(60,296)**
Realized during 2024		**57.77**	**(2,093,110)**
Total options in circulation as of December 31, 2024	**2.60**	**60.81**	**2,934,113**
Of which options in circulation as of December 31, 2024			
Outline for 2021	1.07	56.59	309,748
2022 Outline	1.65	75.65	195,407
2023 Outline	2.93	56.90	1,142,153
2024 Outline	2.82	63.05	1,286,805
Total exercisable options:			
As of the end of 2022		72.42	14,987
As of the end of 2023		56.97	974,477
As of the end of 2024		**59.08**	**850,881**

*) The weighted average remaining contractual life until expiration.

1) The weighted average of the exercise money in respect of forfeitures and expirations was calculated based on the value of the exercise money at the end of each year.
The range of exercise prices of the share options as of December 31, 2024, is NIS 53.87-77.09 (2023 - NIS 55.13-NIS 78.35; 2022 - NIS 55.13-78.35).

Under the theoretical maximum assumption of exercising all of the option warrants from the 2021 Outline, 2022 Outline, 2023 Outline and 2024 Outline, when the Company's share price on the Stock Exchange reaches the price at which, according to the terms of the option plan, automatic exercise is carried out, subject to adjustments,

as detailed in the 2021 Outline, 2022 Outline, 2023 Outline, and 2024 Outline, the option warrants in circulation would confer upon their recipients, as of December 31, 2024, 2023, and 2022, approx. 1.44%, approx. 2.38%, and approx. 1.79%, respectively, of the issued and paid-up share capital after the allocation.

This assumption regarding the full exercise of the option warrants is purely theoretical; offerees who exercise the option warrants will not be allocated the shares arising from the option warrants in full, instead receiving only the quantity of shares that reflects the amount of the monetary benefit inherent in the option warrants, according to the actual amount of the benefit at the exercise date, i.e. the difference between the price of a common share of the Company at the exercise date and the exercise price of the option.

C. Details regarding the fair value measurement of the option plans

The fair value of the option warrants is estimated using a binomial model, with reference to option warrants allocated, as stated, to offerees within the 2021 Outline, 2022 Outline, 2023 Outline and 2024 Outline.

The main assumptions of the models include the closing rate of the share at the measurement date, the exercise price of the instrument, the expected volatility (based on the average historical volatility of the Company's shares over the expected life of the option warrants), the expected life of the instruments (based on past experience and the general behavior of the option warrants holders). and the risk-free interest rate according to the useful life of the option warrants (based on an interest-rate curve). Service conditions and execution conditions other than market conditions are not taken into account when determining the fair value.

The parameters used to implement the models and the fair value at the award date are detailed below:

	2021 Outline [1]	2021 Outline [1]	2022 Outline [1]	2022 Outline [1]	2023 Outline [1]	2024 Outline [1]
	Option A	Option B	Option A	Option B	Option A	Option A
No. of option warrants granted net of forfeitures until the balance sheet date	2,219,467	169,154	147,861	132,441	1,142,153	**1,286,805**
Weighted average of the exercise price (in NIS)	55.13	55.13	72.80	72.80	52.78	**59.11**
Weighted average of the exercise money at allotment date (in NIS)	57.80	55.13	76.22	72.88	58.16	**64.31**
Weighted average of expected volatility 2)	36.34%	37.01%	37.94%	40.26%	38.41%	**32.65%**
Average duration of option warrants (in years) 3)	3.94	3.00	3.83	3.00	4.33	**3.33**
Weighted average of the risk-free interest rate 4)	0.50%	0.46%	1.74%	1.65%	3.79%	**4.25%**
Ceiling price	110	110	149	149	114	**86**
Fair value on award date of total option warrants allocated by the Company (in NIS million) [5]	34	3	3	3	19	**18**

1) The data presented are a weighted average of the allocations at the different dates, by tranche, net of forfeitures and exchanges of the offerees.

2) The expected volatility of the share price over the expected life of the option warrants was determined based on the historical volatility of prices of the Company's shares, under the assumption that the historical volatility of the share price constitutes a good indication of the expected future trend.

3) The forecast average duration of the option warrants was determined based on past experience and the general behavior of the option warrants holders, which does not necessarily represent the future pattern of exercise of the options into shares. Accordingly, it was assumed that the option warrants would be exercised at the expiration date.

4) The risk-free interest rates were determined by a company that provides interest-rate quotes (for further details, see Note 15(f)(4)); interest-rate periods are aligned with the expected life of the option warrants (based on an interest-rate curve).

5) The cumulative fair value of all of the awards in each of the option plans.

D. Salary expenses for share-based payments

In NIS thousand	2021 Outline - Option A	2021 Outline - Option B	2022 Outline - Option A	2022 Outline - Option B	2023 Outline - Option A	2024 Outline - Option A	Total
In 2022	10	-	2	-	-	-	12
In 2023	6	1	1	-	6	-	14
In 2024	**-**	**-**	**-**	**-**	**5**	**9**	**14**

NOTE 45 - CONTINGENT LIABILITIES AND CLAIMS

1. Preamble - Claims not in the Ordinary Course of Business

Following are details regarding legal actions not in the ordinary course of business, as follows: material claims[8] which may be derivative actions, actions whose filing as class actions has been certified; pending motions for certification of material claims as class actions; material and immaterial class actions which were concluded during the reporting period and until its signing and other material claims against the Group companies (hereinafter - "**Claims not in the Ordinary Course of Business**" or "**Claims**").

The following claimed amounts are presented in amounts that are correct as of the date of their filing, and as detailed by the plaintiffs, unless noted otherwise.[9]

It is noted, as a general rule, that the exposure to financial demands, either specific or general, is subject to the laws of prescription. The prescription periods in respect of Claims for insurance benefits in the insurance products vary according to the type of product and the event in respect of which the claim of prescription has been raised. The exposure due to prescription is especially intense in those insurance sectors with "long-tail claims" and long-term insurance policies, in the field of life insurance and health insurance, in which Clal Insurance operates. In legal actions not pertaining to insurance benefits, the prescription period is pursuant to what is prescribed in the Prescription Law, 1985. In February 2024, in view of the Iron Swords War, an amendment to the prescription period was approved, primarily stating that the period from October 7, 2023 to April 6, 2024 will not be taken into account in the calculation of the prescription period required by law, subject to the established exceptions. The period of time required to investigate the claim, which on occasions may be long, particularly in class actions, extends the period in respect of which refund or compensation need to be effected, as part of the prescription period.

1.1 General details regarding class actions

As part of a general trend in those markets in which the Group operates, a significant number of class action certification motions have been filed in past years against the Group companies, and as a result, there has been an increase in the number of actions filed against the Group companies that have been recognized as class actions by the courts. This trend, which is the result, among others, of the enactment of the Class Actions Law, 2006 (hereinafter - the "**Law**"), the growing number of legal actions and the approach of the courts, substantially increases the Company's potential of exposure to losses due to rulings against the Group's companies in class actions filed against them. However, there was a decline in the total number of class certification motions filed against Group companies in the reporting year. The Group cannot assess whether this trend will continue in the coming years.

A class action lawsuit, as it is defined in the Law, is a lawsuit managed on behalf of an anonymous class of persons, who have not granted power of attorney in advance to the lead plaintiff for that purpose, and which raises material questions of fact or law that are common to all the class members, under which a motion to certify is first heard. Only if the class action certification motion is accepted will the claim be defined as a "class action", and the plaintiff will then become a "representative plaintiff".

It is noted that the scope and content of the hearing regarding a class action on its merits, is affected by the ruling approving a motion to certify. The ruling to certify a class action usually relates to both the causes of action that have been approved and those that have not; the reliefs that have been approved and those that have not; etc.

Further to the Report of the Inter-Ministerial Taskforce on Assessing the Arrangements Set in the Class Actions Law, 2006, published in May 2023, in July 2024, the Class Actions Bill (Amendment No. 16), 2024 was published, which suggests to pass into law the Taskforce's recommendations.

As part of the bill proposes, among other things, to add a mechanism requiring that an advance contact be made with a defendant prior to filing a motion to certify, regarding specific types of causes of action and claims; to authorize the court to strike out oppressive and vexatious motions at any time; to set uniform and clear rules regarding compensation and legal fees, including cancellation of the option for a compensated withdrawal; to set mechanisms pertaining to compensation between class members; to generally authorize the court to impose legal fees on applicants or their attorneys; to require a lead plaintiff to note the number of class actions they filed in a calendar year and to limit this number to 5 actions per year; and to set a requirement to take other considerations into account, when hearing a certification motion against an insurer or a management company on the grounds of breaching the long-term savings contract (as defined in the draft bill), such as the existence of a regulatory approval for the relevant action, the time, which has elapsed since the contract was signed; the extent of the damage to the insurer/management company if the

8 See Footnotes 10 and 23 below.

9 See Footnote 19.

motion is certified, and the interests of the class members in the certification of the motion; it also proposes that delaying the motion to certify for these reasons shall be subject to approval by the Attorney General.

At this preliminary stage, the Company is unable to assess the effects of the above proposed provisions, whose effect on the scope of Group companies' exposure to class actions depends on various factors.

The motions to certify claims as class actions detailed below, are currently in the various stages of procedural adjudication, some have been approved and some are undergoing appeal proceedings.

1.2 Additional exposures

It is noted that in addition to the legal proceedings, from time to time there are potential exposures which cannot currently be evaluated or quantified, in respect of commercial disputes or warnings pertaining to the intention to file suits, including class actions and derivative actions on certain matters, or legal proceedings and specific inquiries that may develop into claims in the future, including class actions or third party notices against the Group's companies, as well as exposure resulting from the complexity of the regulation applying to the activity of the Group's companies.

The Group companies are unable to predict in advance whether a customer's claim which has been brought to the companies' attention will eventually lead to the filing of a class action lawsuit, or will lead to a sector-wide ruling or will have sector-wide implications, even in those cases in which the customer threatens to do so, and furthermore the Group companies cannot estimate the potential exposure that may be created in respect of the aforementioned claims, insofar as these may be adjudicated and found to be justified by a competent authority. For details, see Section 2.2.2 below.

The following are details of lawsuits outside the ordinary course of business, as detailed below, that had been brought against the Company and its consolidated companies, divided into Max and the consolidated companies in Max's statements (hereinafter - the "**Max Group Companies**") and the other Group companies.

2. Exposures against the Company and the consolidated companies, not including the Max Group Companies

Following are details regarding material lawsuits[10] that have been certified as class action lawsuits (Section 2.1.1), pending motions to certify material lawsuits as class actions (Section 2.1.2), and material class actions, material claims and motions to certify material claims as class actions that had concluded during the reporting period and until the report was signed (Section 2.1.3), exposures due to immaterial class actions or class actions that have not yet been filed, and exposure due to regulatory provisions (Section 2.2), additional exposures (including claims) (Section 2.3) which were all brought against the Company and/or the consolidated companies, except the Max Group Companies.

10. It is noted that, in general, in this note, a claim is considered material and described according to a qualitative or quantitative assessment that the Company makes when receiving the claim. With respect to the quantitative assessment, insofar as the actual exposure amount, net of tax, crosses the Group's materiality threshold for the purpose of profit – assuming the claim is deemed justified and without going into the claim's odds or the amount specified therein on their merits – according to the calculated projected comprehensive loss, divided by the average annual comprehensive income or comprehensive loss in the last three years, calculated using the last 12 quarters for which reviewed or audited financial statements were published; it is clarified that the profit/loss attributable to the event and the profit/loss in each quarter are calculated according to their absolute value. The above classification is made as of the date of filing the lawsuit. However, as legal proceedings can extend and unfold, sometimes over years, a claim which was not considered material at the time of filing may subsequently become material, in which case disclosure will be made with respect to it at a later date. In addition, a claim may be considered material for the purpose of such a disclosure if the Company is unable to assess the total exposure.

2.1. Class actions against the Company and the consolidated companies, with the exception of the Max Group companies

2.1.1 Material claims whose filing as class actions was certified, against the Company and the consolidated companies, with the exception of the Max Group companies

Following are details of material claims which were certified as class actions and are at various stages of litigating the respective proceeding on its merits, including inquiry into the substantive claim before the court of first instance or the appellate court after the ruling to certify the claim or dismiss it has been rendered, or after a judgment that granted or dismissed the lawsuit has been rendered.

1.	*Date and court*	*Defendants*	*Key claims and causes of action*	*Key remedies*	*Represented class*	*Status / additional details*	*Claimed amount*
	5/2013 District Court - Tel Aviv	Clal Insurance and additional insurance companies	According to the plaintiff, the defendants are in breach of their duty to add linked interest as well as the lawful linkage differences in respect of the insurance benefits they pay. According to the plaintiffs, the date from which interest and linkage differences should be calculated is the insured event's occurrence date, until the actual payment date. Alternatively, linkage differences must be paid from the insured event's occurrence date and until the actual payment date, and interest must be paid starting 30 days from the date of submitting the insurance claim until the actual payment of insurance benefits.	Charge the defendants to pay the class members linkage differences and interest due to the underpayment. In addition and/or alternatively, the court is asked to order damages to the public, as it deems suitable.	According to the ruling - all Entitled Parties who, during the period commencing three years prior to bringing the lawsuits (filed against Clal Insurance in May 2013) and ending on the day of rendering the Judgment, were paid insurance benefits from the defendants, not in accordance with a judgment in their case, without the lawful interest added to them.	In August 2015, the District Court rendered its ruling to dismiss the motion to certify against the defendants with respect to the claim of non-payment of linkage differences, but accept the motion to certify against the defendants with respect to the claim of underpaying interest on insurance benefits; it was found that the eligible class members are all policyholders, beneficiaries, or third parties, who, during a period starting three years before the lawsuit had been filed and ending on the day the lawsuit was certified as a class action, had been paid insurance benefits from the defendants (unless the above were paid not in accordance with a judgment rendered between them), without adding the lawful interest, within 30 days from the date of submitting the insurance claim with the insurer (not from the date of submitting the last document the insurer had required to clarify the liability), and until the actual payment date. In August 2016, the defendants, with the Supreme Court's approval, had stricken out a motion for leave to appeal they had brought, whose gist was an objection to the District Court's ruling, according to which a prior settlement agreement the Company had made on a similar issue does not establish res judicata that precludes bringing the motion to certify and does not establish a defense for the defendants, while the parties reserved all their claims to the main proceeding. In February 2021, a partial judgment was rendered, in which the court determined that the class action was granted and charged the defendants recovery of interest differentials to the class members, as detailed in the judgment (hereinafter - the "**Judgment**"). In accordance with the Judgment, it was found that the "day of filing an insurance claim," on which the 30-day race begins and after which linked interest must be added to the insurance benefits in accordance with the provisions of Section 28(a) of the Insurance Contract Law, 1981 (hereinafter - the "**Insurance Contract Law**"), is the date the insurance company or the insurance agent, whichever is earlier, first receive an inquiry indicating that the policyholder, a third party, or the beneficiary (hereinafter - "**Entitled Parties**"), wish to be paid the insurance benefits, without needing to attach any document. It was further determined that when the insurance benefits are calculated at their value on a date after the insured event's occurrence, interest will be added to them only from that date, and with respect to recovery of funds paid to service providers in a deferred payment – the interest differentials would be calculated starting from the actual payment date. The court ruled that the definition of the class would cover all Entitled Parties who, during the period commencing three years prior to bringing the lawsuits (filed against Clal Insurance in May 2013) and ending on the day of rendering the Judgment, were paid insurance benefits from the defendants, not in accordance with a judgment in their case, without the lawful interest added to them. It was also determined that for the purpose of implementing the Judgment and calculating the total damages to the class members in accordance with the principles set forth in the partial judgment, an expert must be appointed, and that the reward payable to the representative plaintiffs and their counsels' legal fees would be determined in the final judgment..	The plaintiff estimates the cumulative amount due to the First Class at NIS 518 million (if it is decided that the interest must be calculated from the insured event's occurrence date), or at NIS 210 million (if it is decided that the interest must be calculated starting 30 days from the date of filing the insurance claim to the insurance company). The plaintiff estimates the cumulative amount due to the Second Class (for which the motion to certify was denied) at an additional amount of NIS 490 million, due to linkage differences.

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
(cont.)						In May 2021, the defendants filed an appeal, or, alternatively, a motion for leave to appeal the Judgment to the Supreme Court. In November 2022, the Supreme Court rejected the motion for leave to appeal that had been filed as said above, in the absence of a cause for judicial interference, mainly because the partial judgment constituted "a non-judgment ruling," and the appellate court's starting point is that it would only interfere in the trial court's interim rulings in highly unusual cases. Accordingly, it was held that the appropriate venue for investigating the defendants' claims was in an appeal on the final judgment in the lawsuit, insofar as an appeal is filed. The Supreme Court clarified that it was not taking a stand on the issue of the hypothetical appeal to be filed on the final judgment. The proceeding is at the stage of litigating the claim before the District Court, and in January 2023, within the above, the court rendered its ruling on the identity of and the authorities vested in the expert. In December 2023, the defendants submitted a motion for clarification regarding the court's ruling. As part of the plaintiffs' response to the motion for clarification, the court was moved to award expenses as well as exceptional/special interest in favor of each of the members of the class, as well as expand the definition of the class such that it includes all the policyholders, third parties and beneficiaries to whom the interest has not been paid as of the date of the partial judgment (June 28, 2021), and until the date of the judgment. In April 2024, the court rendered its decision on the motion for clarification, in which it was mainly determined that within the decision in question, the court's entire role at this stage, is – at most – to clarify the court's partial judgment (rendered by a different judge), and that even if the defendants have good claims, the court can only adhere to the findings in the judgment. The motions for clarification were partially dismissed. The plaintiffs' motion was not discussed within the decision.	

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	1/2008 District Court - Tel Aviv	Clal Insurance and additional insurance companies	According to the plaintiff, the defendants charge sub-annuals, a payment which is collected in life insurance policies in which the insurance rate is determined as an annual amount but the payment is made in several installments (hereinafter - "**Sub-Annuals**"), at an amount that exceeds the permitted amount, and they do so, allegedly, in several methods: collecting Sub-Annuals with respect to the "policy factor" component, collecting Sub-Annuals at a rate that exceeds the permitted rate in accordance with the Insurance Supervision circulars, collecting Sub-Annuals with respect to the savings component in life insurance policies, and collecting Sub-Annuals with respect to non-life insurance policies.	Refund of all the amounts the defendants had collected unlawfully, as well as a mandatory injunction ordering the defendants to change their modus operandi with respect to the matters specified in the lawsuit.	According to the court's decision - anyone who entered into an insurance contract with the defendants or any of them and was charged Sub-Annuals with respect to the following components: with respect to the "mixed" life insurance savings component sold by Clal Insurance in the past, with respect to the "policy factor" (which is a fixed monthly amount which is added to the premium whose aim is to cover expenses), and with respect to health policies, permanent health policies, critical illness policies, permanent health policies, and long-term care policies (hereinafter - the "**Collection Components**").	In July 2016, the court certified the lawsuit as a class action. The court rendered the ruling notwithstanding the Commissioner's position, which had been issued at the court's request, in which the Commissioner concurred with the insurance companies' position. In December 2016, the defendants filed a motion for leave to appeal against the ruling to certify the claim as a class action to the Supreme Court (hereinafter - "**MLA**"), and in May 2018, the Supreme Court accepted the MLA, heard it as an appeal, and rendered a judgment granting the appeal and dismissing the lawsuit accordingly. In June 2018, the plaintiffs moved to hold a further hearing of the judgment, with respect to some of the findings therein. In February 2020, a position was submitted to the Supreme Court on behalf of the Attorney General within the further hearing, according to which, the Attorney General believed that there was no justification to intervene with the ruling rendered in the judgment on the appeal, which was based on adopting the Capital Market Authority's interpretive position. In July 2021, a judgment was rendered in the petition for a further hearing, stating that the ruling that certified the lawsuit as a class action would be reinstated, such that the motion to certify would be granted and the case would be returned to the District Court to hear the class action lawsuit on its merits. The proceeding is currently being litigated before the District Court. The parties are conducting a mediation procedure.	The amount claimed from Clal Insurance was revised and set at approx. NIS 398.2 million.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	7/2014	Clal Pension and Provident Funds Ltd. as well as against four other pension fund management companies.	According to the plaintiffs, the defendants raised the management fees it charged from pensioners in the pension funds they manage at the stage of paying the pension, to the maximum lawful management fees ceiling (0.5% of the accumulated balance), while taking advantage of the pensioners' position as a "captive audience," while active planholders paid significantly lower management fees, on average. It was further claimed that the defendants do not disclose to their planholders that when they become pensioners, the management fees they pay the defendants would immediately be raised to the maximum management fees.	To require the defendants to return the excess management fees unlawfully charged from the class members with interest and linkage; to require the defendants to lower the management fees charged to the pensioners, such that they do not exceed the management fees it charged before each one of them retired; to prohibit the defendants from raising the planholders' management fees immediately before they retire.	According to the court's decision - anyone who is a planholder in a new comprehensive pension fund managed by one of the respondents and is entitled to be paid an old-age pension after they retire in the seven years prior to submitting the motion to certify and/or will be entitled to be paid an old-age pension in the future. It is noted that pension beneficiaries who retired in the latter half of 2018 will be given notice in accordance with the standard-conforming bylaws the regulator had published, that came into force starting in that year.	In September 2015, the plaintiffs submitted a reply to the defendants' response to the motion to certify (hereinafter - the "**Plaintiffs' Response**"), in which, among other things, a new claim was raised: that the defendants did not send the planholders prior notice of raising the management fees, as required in accordance with the provisions of the law. As per the court's request, the Commissioner submitted its position in September 2017, which held, inter alia, that management fees lower than 0.5% could be collected during the pension payment period and that the defendants had no regulatory duty to notify of a management fee increase once the planholders reached retirement age. In March 2022, the District Court decided to grant the motion to certify against the defendants, with respect to 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. The lawsuit is currently being litigated on its merits, and the parties are conducting a mediation proceeding at the same time.	At the motion filing date, the plaintiffs estimated the management fees the defendants collected unlawfully from current pensioners at NIS 48 million; the management fees to be unlawfully collected from current pensioners in the future by the defendants were estimated at NIS 152 million; and the management fees to be collected unlawfully from future pensioners in the future were estimated by the defendants at NIS 2,800 million. The said amounts are claimed with respect to all the defendants.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	9/2015 District Court - Central	Clal Insurance and three additional insurance companies	According to the plaintiffs, when the defendants give a score for the "incontinence" function within examinations of claims for insurance benefits under long-term care policies, they apply an interpretation according to which, in order for a policyholder's claim due to "incontinence" to be recognized, it must be the result of a urological or gastroenterological illness or defect, rather than assigning the function a score even when the source of the policyholder's poor medical and functional condition due to which he or she suffers from "incontinence" may be an illness, accident, or health defect outside the domain of urology or gastroenterology.	To compel the defendants to compensate the class members in full for the damage caused to the latter due to the defendants' alleged breaches of the agreement, and to comply with the agreement from here on out, and alternatively, to award any other remedy as the court deems suitable under the circumstances.	According to the court's decision, any policyholder of long-term care insurance who suffered a 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 insurance companies points for incontinence when examining their claim to receive long-term care insurance benefits, such that their rights to insurance benefits were jeopardize between September 8, 2012 and the date of certifying the claim as a class action.	In April 2020, the court partially certified the lawsuit as a class action lawsuit against Clal Insurance and three other insurance companies. The plaintiffs' motion to certify the lawsuit as a class action lawsuit in respect of a class of policyholders who suffer from incontinence due to functional disabilities or mobility impairments, and experience incontinence due to this, as well as in respect of a class of policyholders who suffer from cognitive impairments and who were not recognized as "mentally frail," was denied. The causes of action for which the class action was certified were a breach of the long-term care insurance contract that resulted in non-payment of long-term care insurance benefits or underpayment of long-term care insurance benefits, due to the policyholders not being recognized as qualifying for a score on their incontinence. The proceeding is currently being litigated. The parties are in mediation.	According to the plaintiffs, the damage cannot be estimated but estimated it in the tens and even hundreds of millions of shekels.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	10/2016 District Court - Central	Clal Insurance	According to the plaintiff, within an engagement with a collective policy master policyholder (a health maintenance organization) for the sale of a collective long-term care insurance policy, Clal Insurance had committed to give the collective policyholders who enroll in the private policy a 20% discount on the premium, and did not do so (hereinafter - the "**Collective Policy**").	Refund of the amounts by which the class members were overcharged.	In accordance with the court's ruling – anyone who bought an individual long-term care insurance policy from Clal Insurance in which the eligibility period is lifetime compensation, between October 30, 2009, and December 31, 2018, while they were insured under the Collective Policy, and Clal Insurance did not give them a discount of at least 20% according to Clal Insurance's lowest prevailing rate at the time of purchase in respect of individual policies that are equivalent to the plan the policyholder had chosen, for a policyholder of comparable age and health condition, provided that it does not exceed the regulator-approved rate.	In January 2021, the court partially certified the motion to approve the class action. The lead plaintiff's motion to certify the lawsuit as a class action, including with respect to any group of policyholders who hold an individual long-term care policy in which the period of eligibility for compensation is not for the policyholder's entire life, was denied. The causes of action for which the claim was certified as a class action lawsuit are a breach of the provisions of the Collective Policy and unjust enrichment, and the claimed remedy is restitution of the amounts by which the class members were overcharged. The proceeding is currently being litigated on the merits. The parties are conducting a mediation proceeding, as part of which - in November 2023 - a binding procedural arrangement was signed, according to which the parties agreed on giving or supplementing a discount for the relevant policyholders at the rates agreed upon by the parties. The procedural arrangement is subject to examination by an external expert, according to the agreed outline of principles, following and according to which the settlement agreement will be formulated and submitted to the court.	In the claim, the plaintiff estimated the alleged damage to all class members at NIS 52 million for alleged damage caused until the date of filing the motion, and NIS 126 million for the damage expected to be caused to the class members in the next 10 years.

6.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	11/2019 Regional Labor Court - Tel Aviv	Clal Insurance	According to the plaintiff, Clal Insurance charged management fees in life insurance policies with an integrated profit-sharing savings component issued before January 12, 2004 (hereinafter - the "**Relevant Policies**"), at rates that deviate from the permissible limits, without a legal and/or contractual basis.	Remedy in the form of restitution of the management fees the class members were unlawfully charged, as well as a mandatory injunction ordering Clal Insurance to change its modus operandi with respect to the collection of management fees in the Relevant Policies from here on out.	According to the Court's decision - anyone who was or is a policyholder of the respondent under a Relevant Policy in the period beginning seven years prior to the date of filing the lawsuit and ending on the day the lawsuit was certified as a class action lawsuit, and whom Clal Insurance charged Management Fees exceeding the permitted ceiling under the relevant regulations and/or in accordance with the provisions of the policy from a premium contrary to the policy's provisions.	In June 2023, the Regional Labor Court decided to reject the claims that Clal Insurance charged management fees out of the accrued savings in violation of the law or contrary to the provisions of the policy, as well as the alternative claim that Clal Insurance charged management fees out of the accrued savings at a rate that exceeded the rate permitted by law; however, the Court decided to partially certify the lawsuit as a class action claiming that Clal Insurance collected management fees from policyholders insured under the relevant policies management fees out of premium contrary to the provisions of the policy. Let it be noted that these policies have been marketed since 1999. The causes of action for which the lawsuit was certified as a class action lawsuit are: a breach of agreement, unjust enrichment, and a breach of statutory duty, including a breach of Clal Insurance's duties of trust and duties of care, and deception. The parties are conducting a mediation procedures. In April 2024, the plaintiff appealed to the National Labor Court regarding the causes of action which were dismissed in the decision to certify the lawsuit as a class action, and on the same day, Clal Insurance filed a motion for leave to appeal the decision to partially certify the lawsuit's adjudication as a class action; at the same time, the parties sought to stay the proceedings in the National Court to attempt to complete the mediation.	NIS 120 million

7.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	05/2022 District Court - Central	Clal Insurance	The lawsuit concerns the allegation that in policies that cover surgeries in Israel that stipulate compensation for surgeries performed without financing from Clal Insurance, Clal Insurance refrains from compensating the policyholders for the cost of the implants and accessories used to perform the surgery (hereinafter - the "**First Cause**") and also refrains from indemnifying the policyholders for the deductible amounts they had paid (hereinafter - the "**Second Cause**").	A judgment requiring Clal Insurance to include the cost of the implant and/or accessory in the calculation of the benefits owed to the class members from here on out, and compelling it to indemnify the class members for the deductible amounts they paid in connection with the various surgeries and to calculate the compensation accordingly, as well as requiring Clal Insurance to compensate each member of the sub-category with respect to the monetary remedies, at the rate of 50% (or another rate) of the cost of the implant borne by Clal Insurance and/or the deductible amount paid by the class member due to a surgery they had, with added linkage differences and interest, as per the law.	According to the court's decision - all Clal Insurance policyholders under the relevant policies, who had a surgical procedure in a private hospital and are eligible to compensation out of the amount Clal Insurance saved following the funding of the surgical procedure by the health maintenance organization over a period starting 3 years prior to the filing of the motion to certify and through the issuance of a judgment in the lawsuit, where compensation was calculated without including the implants component.	In November 2024, the court decided to partially allow the motion, such that it allowed the first cause of action and dismissed the second cause of action. The cause of action for which the lawsuit has been certified as a class action is breach of contract. In December 2024, the parties filed an update stating that they had resumed their dialogue in an attempt to minimize their disputes.	The plaintiff estimated that the aggregate damage caused to the class members is over NIS 2.5 million.

8.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	5/2019 Regional Labor Court - Tel Aviv	Clal Insurance	According to the plaintiff, the defendant systematically reduces the permanent health insurance benefits it pays its policyholders under its participating permanent health insurance policies, by unlawfully deducting management fees and calculative interest.	Restitution in kind of the funds the class members were unlawfully denied, according to the plaintiff, and with respect to the premium release funds – crediting the policies' savings. The plaintiff also petitions to declare that certain provisions of the policies, with respect to the interest and management fees deduction from the yield to which the policyholders are entitled, are void.	In accordance with the Regional Labor Court ruling – all current or former policyholders (holding participating Clal Insurance life insurance policies stipulating a mechanism for linking permanent health insurance benefits to the return on the investment portfolio, starting from the 25th payment) to whom the respondent paid and/or pays permanent health insurance benefits for a period exceeding 24 months, and for whom the respondent deducted and/or deducts the calculative interest from the return, starting from the payment for the 25th month.	In November 2024, the Regional Labor Court partially certified the lawsuit as class action, while allowing the claim regarding the unlawful deduction of the calculative interest rate as from May 28, 2016; the court dismissed the claim regarding unlawful deduction of management fees from the insurance benefits. The causes of action in respect of which the lawsuit was certified as a class action are alleged breach of Section 3 to the Insurance Contracts Law, alleged breach of the duty to draft the insurance contract in a clear manner and include therein all relevant provisions, and alleged breach of the duty to act in good faith and unjust enrichment. In January 2025, Clal Insurance brought a motion for leave to appeal before the National Labor Court, and the movant filed an appeal.	The plaintiff estimated the total alleged damage to all class members at NIS 2.4 billion.

2.1.2 Pending motions to certify material claims as class actions against the Company and the consolidated companies, with the exception of the Max Group companies[11]

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	9/2015 District Court - Tel Aviv	Clal Pension and Provident Funds, as well as four other companies that manage pension funds	According to the plaintiffs, who are planholders in the pension funds managed by the defendants, the mechanism to remunerate agents and brokers with fees and commissions as a rate out of the management fees planholders are charged, as had been the custom among the defendants, is a breach of the duty of loyalty toward the planholders in the provident funds the defendants manage and leads to the collection of higher management fees than is appropriate by the defendants.	To require the defendants to alter the agent compensation mechanism and to pay the planholders back the excessive management fees they were charged.	Planholders of provident funds managed by the plaintiffs, who were charged management fees from which the agents' commission is derived based on the management fees amount.	In November 2022, the District Court's rendered its judgment, in which the motion to certify was denied. In January 2023, the plaintiffs appealed the judgment. The proceeding is at the stage of hearing the appeal.	The plaintiffs estimated the damage to all class members at approx. NIS 2 billion, reflecting approx. NIS 300 million in annual damage since 2008.

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	7/2019 Regional Court - Tel Aviv	"Atudot" - Pension Fund for Workers and Independent Workers Ltd. (a subsidiary of Clal Insurance (held at 50%) (hereinafter - "**Atudot**")	The lawsuit concerns the allegation whereby Atudot charges its planholders, in addition to management fees, "investment management expenses" (hereinafter - "**direct expenses**") in the absence of a contractual provision that allows it to charge such expenses and in contrast with the fund's bylaws.	The plaintiffs seek to compel Atudot to return the excessive direct expenses they were charged.	The planholders in the pension funds were charged investment management expenses in the seven years before the relevant lawsuit was filed.	In June 2023, the Supreme Court handed down its judgment on the motion for leave to appeal in a motion for class certification regarding direct expenses charges in private individual life insurance policies (which Atudot was not a party to), and granted the appeal on the certification ruling, stating that insurance companies and management companies serve as trustees for the planholders' funds, and are entitled to charge expenses in their capacity as such. In February 2024, a judgment was issued dismissing the motion to certify the class action against Atudot. In March 2024, the plaintiff appealed to the National Labor Court.	The class action claimed amount was set at approx. NIS 41 million, based on an assessment.

11. Including such motions which were denied and the ruling to deny them was appealed.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	2/2020 District Court - Central	Clal Insurance and another insurance company	According to the plaintiffs, due to "lack of knowledge" following the failure to present the personal accidents insurance policy (hereinafter - the "**Policy**") to the students, to the policyholders, and to their relatives, and the Policy's non-publication, the policyholders have not been exercising their right to benefits under the Policy, and they are incurring damages.	Issue orders against the defendants and the Insurance Commissioner for the discovery of documents and data; order the extension of the prescription period; order the appointment of a committee that will include independent members and will be authorized to discuss and decide all personal claims under the Policy for three years, in respect of all cases before October 25, 2016 (hereinafter - the "**Committee**"), and will also be authorized to discuss the issue of the Policy's delivery; order a procedure for transferring the burden of evidence; issue a mandatory injunction ordering the defendants to compensate the plaintiffs in accordance with the Committee's ruling; award special damages to the plaintiffs and the counsels' legal fees.	The motion classifies the plaintiffs into several subcategories, mainly including: Any student in a school or kindergarten in the State of Israel who had been insured under a personal accidents insurance policy by the defendants and did not receive a copy of the personal accidents insurance policy at their home, starting from the school year that started in September 2006, and/or any student whose cause of action against the insurance company has become invalid under the statute of limitations; In addition, the motion defines additional subcategories, comprising students who were born after October 25, 1995, and who, between the ages of 3 and 19 (while in the Israeli education system, from kindergarten and until their graduation from the 12th or 13th grade), suffered an accident that resulted in physical harm, and who were not paid insurance benefits in accordance with the Policy, divided into sub-categories according to the type of harm, as detailed in the motion; In addition, a subcategory comprising of people born in 1974 to 1995, whose members are people and/or their parents and/or heirs who were born and/or studied in Israel between 1974 and 1995 and who were injured or killed after 1992, and did not file insurance claims because they did not know about the Policy and its scope; and the subcategory of all policyholders – all students and all their parents, from September 1992 to September 18, 2016, divided into sub-categories according to the causes of harm, as specified in the lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed. The parties are in advanced negotiation stages toward concluding the case with a compromise.	The plaintiffs estimated the alleged damage against Clal Insurance at approx. NIS 1.4 billion, plus approx. NIS 1.5 billion in damage attributable to the two defendants due to breach of autonomy.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	3/2020 Regional Labor Court - Tel Aviv	Clal Insurance	According to the plaintiff, Clal Insurance systematically violates the provisions of the law by charging unlawful insurance premiums for "temporary risk" insurance (payment for insurance coverage when the regular deposits into a savings policy with combined insurance components are discontinued), by making excessive deductions out of the accrued savings amount and thus reducing the accrued savings, without informing the policyholders in advance of making the "temporary risk" insurance and of its terms and rates, and in breach of the duty to send the policyholders up-to-date insurance information sheets on time or at all.	(1) Restitution of all funds charged out of the accrual and/or otherwise in respect of the entire period following the termination of employment (except when the policyholder has asked to purchase the insurance coverages in writing). Alternatively, restitution of all funds collected for the period after 3 or 5 months from the termination of their employment, in accordance with the relevant statutory arrangement (hereinafter - the "**Automatic Temporary Risk Period**"), and in cases of higher insurance premiums, restitution of the excess insurance premiums in respect of the Automatic Temporary Risk Period as well; (2) a prohibition on making "temporary risk" insurances for a period exceeding the Automatic Temporary Risk Period, except when the policyholders request this it in writing; (3) compelling Clal Insurance to return the excess insurance premiums paid by policyholders who were charged double insurance premiums (for the month they returned to work); (4) various provisions relating to future conduct (including a prohibition on increasing premiums, giving prior notice of the purchase of a temporary risk, and more).	The represented class for the purpose of the non-pecuniary remedies is all policyholders under provident funds or insurance plans within which employers and/or employees make contributions for permanent health insurance and/or insurance in case of death, or any other insurance risk. The represented class for the purpose of the pecuniary remedies is: (a) all the policyholders for whom funds were collected for permanent health insurance or insurance in case of death or any other insured event, out of the accrual funds or any other source, without prior notice; (b) alternatively, policyholders who were charged insurance premiums for periods that exceed the Automatic Temporary Risk Period, unless they agreed in advance; (c) policyholders who were charged higher insurance premiums than the insurance premiums they were charged when they were active policyholders and/or who were charged for new insurances that they did not have prior to the termination of their work; (d) policyholders who were charged double insurance premiums. According to the plaintiff, the lawsuit ought not to be subject to any statute of limitations. Alternatively, the claim for pecuniary remedies is made for the period starting 7 years before the lawsuit was filed, i.e., 2020, and until the lawsuit is certified as a class action.	The proceeding is in the stage of the class action certification motion being reviewed. Pursuant to the court's ruling, the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Commissioner**") submitted his position, clarifying that collecting insurance premiums is permissible only in accordance with the provisions of the law and the applicable policy.	The class action claimed amount was estimated conservatively, according to the plaintiff, at no less than NIS 7 million per year.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	4/2020 District Court - Haifa	Clal Insurance and 12 additional insurance companies	According to the plaintiffs, the respondents must be compelled to compensate the class members and fully remedy the harm they incurred due to the excess premiums they have been paying for motor insurance, due to the dramatically reduced use of vehicles during the Covid-19 pandemic and the significantly reduced risk level.	Compensate the class members, repair all the harm they suffered, issue a mandatory injunction ordering the adjustment of the collected amounts to the risk the respondents are actually exposed to during the effective period, and/or render a declaratory judgment stating that a material reduction in the use of vehicles, as had occurred, for example, during the effective period, calls for an adjustment (reduction) to the premium.	Anyone who was insured by one or more of the respondents, under a compulsory motor insurance and/or comprehensive motor insurance and/or third party motor insurance policy, during the period commencing on March 8, 2020, and ending on the date of full and final removal of movement restrictions imposed on residents of Israel due to the coronavirus, or part of it.	The proceeding is in the stage of the class action certification motion being reviewed. In February 2021, the court ordered the consolidation of the motion to certify this class action lawsuit, with respect to compulsory motor and property insurance policies, with a motion to certify a separate class action lawsuit that concerns similar causes, in which Clal Insurance has not been named as a respondent (hereinafter - the "**Separate Motion**") which was filed in April 2021.	The plaintiffs estimated the alleged damage against Clal Insurance in respect of the period from March 8, 2020, until April 30, 2020, at NIS 103 million, and jointly for all the respondents (except one), at approx. NIS 1.2 billion. Alternatively, for 8 of the defendant companies (that do not include Clal Insurance), it was claimed that the damage is approx. NIS 720,000 thousand. The movants note that the damage accrued further as the collection did not cease.

6.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	7/2020 District Court - Central	Clal Insurance and 4 additional insurance companies	According to the plaintiffs, the defendants allegedly do not reduce the insurance premiums for policyholders for whom pre-existing condition exclusions were stipulated, even though the exclusions are claimed to lower the insurance risk, relative to the risk in insurance policies held by policyholders for whom no such exclusions were stipulated.	Compensation/refund of all the amounts the policyholders in the class were overcharged by, with linkage differences and interest as per the law, as well as a mandatory injunction ordering the defendants to change their modus operandi.	Anyone who was a policyholder in the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, by one or more of the defendants, under an insurance policy for disability, long-term care, life, permanent health insurance, 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. For this purpose, an "**exclusion**" – a policy clause which stipulates that any event / injury / disease, or any risk that materializes and that stems from and/or is related to a pre-existing condition the policyholder had on the day the policy was obtained, are not covered under the policy.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimated that the total damage to all class members with respect to all the defendants totals NIS 1.9 billion, and they note that each defendants' share is in accordance with its market share of the Health and Life Insurance Subsegment, according to the Capital Market Commissioner's publications.

7.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	9/2020 District Court - Haifa	Clal Insurance	According to the plaintiff, Clal Insurance does not act in accordance with its undertakings, as it regularly refunds its policyholders for a significantly lower amount than the amount it warranted within the implementation of the "no claims bonus" clauses in health policies Clal Insurance used to sell, which entitle policyholders to be refunded part of the insurance premiums they paid if no insurance claims are made over the period specified in the policy.	The remedy the plaintiff is petitioning for includes compelling Clal Insurance to compensate each of the class members entitled to the no claims bonus for the relative share of the insurance premiums they were not refunded, with interest and linkage.	All Clal Insurance policyholders that hold private and collective health insurance policies, including extended health insurance and full liability insurance and including policies whose names had been changed over the years, that include a "No Claims Bonus" clause, who did not claim and/or refrained from claiming benefits for 3 years or any other period in accordance with the policy, and were entitled to a refund of 10% of the insurance premiums they had paid, or another refund rate according to the terms of the policy, and were paid a lower amount than the amount they are owed under the terms of the policy during the lawsuit period.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated the damage to all class members at NIS 33,575,080 in the seven years prior to filing the lawsuit.

8.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	9/2020 District Court - Central	Clal Insurance and another insurance company	The lawsuit concerns the allegation that the defendants acted contrary to the provisions of critical illness policies, and specifically – that they did not act in accordance with the terms of the policy that stipulate that after a first insured event has occurred, if the policyholder is still covered under the insurance policy, the insurance amount and the monthly premium amount will be reduced by 50%.	The relief the plaintiffs are petitioning for is damages to the class members due to past damages, as well as a declaratory remedy and a mandatory injunction ordering the defendants to change their modus operandi.	All of the respondents' clients / policyholders who were covered under critical illness insurance and/or critical illness and serious medical events insurance and/or any other similar insurance by any other name, who experienced their first insured event, after which they were charged a higher premium than the agreed premium in breach of the terms of the insurance policy, in the 7 years before the motion was brought.	In April 2024, a settlement agreement was submitted to the court for approval; under that agreement, Clal Insurance must return a certain percentage of the insurance premiums to the class members, in accordance with the mechanism set forth in the settlement agreement, as well as notify the policyholders in the policies that the lawsuit concerns of the applicable insurance premiums and insurance benefits mechanism with respect to the future. The arrangement is subject to the court's approval.	The plaintiffs estimated that the total damage to all class members with respect to Clal Insurance totals NIS 16.8 million.

9.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	4/2021 District Court - Tel Aviv-Jaffa	Clal Insurance and 14 additional companies	The lawsuit concerns the claim that the defendants are violating the provisions of the law by transferring their customers' personal and confidential information, without the customers' consent, to third parties (in particular, to Google and its advertising service), thus infringing on the customers' right to privacy and violating their lawful obligations.	The main remedies the plaintiffs are petitioning for are: to instruct the defendants to cease transferring information about their customers to third parties, to act in accordance with the law and guard and protect the customers' privacy, to disclose all the documents in their possession and that may aid in the investigation into the truthful, and to compensate the plaintiffs for the pecuniary and non-pecuniary damage they incurred.	All the defendants' customers who used the digital services on the websites and apps operated by the defendants in the seven years before the lawsuit was filed, and about whom private and/or personal and/or confidential information was transferred to a third party.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimated the damage to all class members in millions of shekels, in the aggregate.

10.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	7/2021 District Court - Tel Aviv-Jaffa	Clal Insurance and 6 additional companies	The lawsuit concerns the allegation that when receiving an annuity from a profit-participating policy issued between 1991 and 2004, the defendants deduct annual interest at a rate of 2.5 (or any other rate) out of the monthly return accrued due to the lower cash surrender value, unlawfully and without any contractual basis under the terms of the policy.	The main remedies claimed in the lawsuit are a declaratory order according to which the interest deduction from the monthly return is a breach of the policies, and alternatively – a declaratory remedy according to which this is a depriving condition in a standard contract and a motion to order its nullity, and to order a refund of the amounts deducted from the class members' monthly annuity, plus linkage differences and interest, starting seven years prior to the date of filing the lawsuit and until the final ruling on it is rendered, and to order the defendants to cease deducting interest out of the monthly return.	The defendants' policyholders who purchased from them a life insurance policy that includes accrued savings and investment income participation, 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.	The proceeding is in the stage of the class action certification motion being reviewed. The parties are conducting a mediation procedure to conclude the proceeding.	The plaintiffs estimated the aggregate damage to all class members in an amount greatly exceeding NIS 2.5 million.

11.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	10/2021 District Court - Lod	Clal Insurance and additional company	The lawsuit concerns the allegation that the defendants unlawfully deny insurance claims by children with special needs in the framework of a long-term care insurance policy, even though, according to the plaintiffs, they meet the definition of an insured event by virtue of "mental frailty" according to the terms of the policy, without checking whether their condition falls within this definition.	The main remedies claimed in the lawsuit are full compensation to the class for all the harms they were caused and compelling the defendants to comply with the insurance agreements.	All of the defendants' policyholders aged 21 and under (or their heirs), who have special needs and who are insured under a long-term care insurance policy sold by any of the defendants and who suffer from "mental frailty," who were not recognized by the defendants as being "mentally frail" and whose rights under the policy were denied, with respect to the past period and the future.	The proceeding is in the stage of the class action certification motion being reviewed. In April 2023 the plaintiff filed a motion for leave to appeal.	The plaintiffs estimated the total alleged damage to the class members against the two defendants, jointly, at approx. NIS 2.97 billion.

12.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	04/2022 District Court - Tel Aviv-Jaffa	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance continues to charge premiums from policyholders, even after the latter announce their policy's cancellation, as the cancellation takes effect only on the 1st of the following calendar month after Clal Insurance receives the notice, rather than within 3 days from the date of delivering the policyholders' cancellation notices, as required in accordance with the legislative arrangement. It was claimed that no full disclosure is made to policyholders of the applicable arrangement in case the policyholder cancels the policyholder, before purchasing the policy.	The main claimed remedies are a declaratory remedy, according to which a policyholder's cancellation notice would take effect within 3 days from the date of its delivery, and a monetary remedy in the form of returning all premiums policyholders were charged due to the period beginning from the fourth day after the delivery of the cancellation notice, and 50% of the average monthly premium as compensation to the class members whose respective cancellation notice had been delayed due to the provisions of the policy, with added linkage differences and interest. Alternatively, other declaratory / monetary reliefs.	The class the movant seeks to represent is: (a) all policyholders who notified Clal Insurance of the policy's cancellation and Clal Insurance did not cancel their respective policy within 3 days from the date of delivering the cancellation notice; (b) all policyholders who notified Clal Insurance of the policy's cancellation and whose cancellation notice was somehow inadequate, and Clal Insurance did not notify the policyholders of the inadequacy within 3 business days from the date of delivery of the cancellation notice; (c) all policyholders who wanted to cancel the policy at any time in the previous calendar month before the last 3 days of that month, and delayed their cancellation notice due to the contractual arrangement whereby the cancellation would take effect from the 1st of the calendar month following Clal Insurance's receipt of the cancellation notice.	The proceeding is in the stage of the class action certification motion being reviewed. In September, the Supervisor submitted his position, which generally supports the position of the defendant. In February 2025, the parties submitted a consensual motion for the movant to withdraw from the motion to certify, in which Clal Insurance agreed to add further disclosure - in addition to the current disclosure - regarding the cancellation effective date before the policy was purchased. It was further agreed to pay the plaintiff and their counsel negligible amounts. The withdrawal motion is subject to the court's approval, which is uncertain.	The plaintiff estimated the aggregate damage to all class members in many millions of shekels.

13.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	07/2022 District Court - Tel Aviv-Jaffa	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance denies policyholders' insurance claims in private health insurance policies it had marketed until February 2016, which include a basic insurance tier, on the grounds of the claim being filed due to "preventive surgery" that does not meet the definition of the term "surgery" in the policy (hereinafter - the "**Basic Tier Policies**"); as well as the allegation that Clal Insurance had marketed (for increased premiums) policies that supposedly offer wider coverage than the Basic Tier Policies and that include coverage for preventive surgeries, while this component is already covered by the Basic Tier Policies.	The main claimed remedies are a declaration that in Clal Insurance's health insurance policies that define a "surgery" as an "insured event," any medically necessary surgery is included, including a preventive surgery which is intended to prevent a disease, defect, or deformity in the policyholder and/or the harmful effect of the above; a declaration that denying policyholders' insurance claims for coverage in respect of a preventive surgery under a Basic Tier Health Insurance Policy violates the insurance contract; and an order that requires Clal Insurance to contact the policyholders under all Basic Tier Policies, and inform them that preventive surgeries are covered under the insurance coverage in the policy.	The First Class the movant seeks to represent is any person who entered into a health insurance contract with Clal, which includes insurance coverage for "surgery," and whose claim due to a surgery was denied and/or will be denied on the grounds that it is a "preventive surgery" which is not covered by the policy, until a final and irreversible ruling is made in the class action lawsuit. The Second Class the movant wishes to represent is all former or current Clal policyholders who purchased private health insurance policies that expand the insurance coverage to include preventive surgery from Clal Insurance and/or from anyone on its behalf until February 1, 2016, and for which they paid excessive premiums from the date the extended policies were marketed and until the collection stops and/or until a final and irreversible ruling is made on the class action lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated that the aggregate damage caused to the class members is over NIS 2.5 million.

14.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	10/2022 District Court - Lod	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance's modus operandi is automatic renewal of home insurance policies while raising the insurance premiums from year to year, without obtaining the policyholder's consent.	The main remedies sought in the lawsuit are, inter alia, to issue a declaratory order according to which Clal Insurance acted unlawfully, to order Clal to refrain from automatic policy renewals and/or policy renewals at less favorable conditions, and to compensate the class members for the damage they incurred, with interest and linkage.	The class the plaintiffs seek to represent is all of the respondent's customers, whose home insurance policy the respondent had extended without their consent, and/or all of the respondent's customers who were charged insurance premiums for a home insurance policy without their consent (including Clal Insurance's customers whose insurance premiums were raised without their consent when the policy was renewed), in the period starting 7 years before the claim was filed and to date.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimated that the aggregate damage caused to the class members exceeds NIS 3 million.

15.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	11/2022 Regional Labor Court - Tel Aviv	Clal Pension and Provident Funds	The lawsuit mainly concerns the allegation that Clal Pension and Provident Funds unlawfully charges insurance premiums due to insurance grace periods (a payment for insurance coverage when regular contributions to the pension fund are suspended) by making deductions out of the accrual, thereby reducing the accrual, without informing the planholders in advance and allowing them to exercise their right to waive the coverage, as well as that it refuses to return the insurance premiums when it learns that the planholder was insured by another pension fund.	The main remedies sought within the lawsuit are a refund of the insurance premiums paid by the class members during the insurance grace periods, and compelling Clal Pension and Provident Funds to notify planholders of the insurance grace period's commencement, the insurance premium rates, and the options available to them, in advance.	The represented class is all planholders (past and present) whose pension fund, which is managed by Clal Pension and Provident Funds, became subject to an insurance grace period arrangement without them being notified in advance, and thereby denying their right to choose not to allow the said arrangement to take effect. With respect to monetary remedies, the represented class is all planholders who did not continue to make contributions to their pension funds after the insurance grace period had ended and did not seek to extend the insurance arrangement, as well as all the planholders who opened an additional pension fund and paid double insurance premiums, in the seven years prior to submitting the motion to certify and until a judgment is rendered in the lawsuit.	The proceeding is in the stage of the class action certification motion being reviewed. In February 2024, the Commissioner's position was submitted, which states, inter alia, that the extension of the insurance is activated automatically upon the cessation of contributions to the fund and that the management company must notify the planholder of the cessation of the planholder's deposits.	As a conservative estimate, the class action claimed amount was estimated by the plaintiff at no less than NIS 2.5 million per year and at approx. NIS 17.5 million in total for the seven years preceding the date of filing the motion to certify.

16.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	12/2022 District Court - Lod	Clal Insurance	The lawsuit concerns the allegation that in the event of damage caused by a trailer and a towing vehicle, Clal Insurance (as the insurer for either the trailer or the towing vehicle) refuses to pay for the full damage caused to a third party, as it has undertaken to pay in the policy, and pays only half of it, on the grounds that the liability for damage caused by a trailer or by a towing vehicle must always be divided equally between them.	The main remedies sought in the lawsuit are a monetary remedy that includes, inter alia, compensation for the deductible paid to the other insurer, a refund of the premium to the policyholders, a mandatory injunction ordering Clal Insurance to indemnify the third parties for the full damage caused in the context of an applicable policy, and a duty of disclosure with respect to new policies that have not yet been issued.	The represented class is all Clal Insurance policyholders who purchased a trailer and/or towing vehicle third-party insurance and/or compulsory insurance policy in the 7 years preceding the submission of this motion; or, alternatively or in addition: all Clal Insurance policyholders who purchased a trailer and/or towing vehicle third-party and/or compulsory insurance policy from it, who had to pay a double deductible for a single incident of damage caused to a third party and/or who were forced to pay out of pocket for half or part of the damage caused to the third party.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiffs estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million.

17.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	01/2023 Regional Labor Court - Tel Aviv	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance unlawfully reduced the insurance benefits to which policyholders qualifying for permanent health insurance are entitled, without obtaining the policyholders' explicit prior consent and in breach of the provisions of the policy and the Capital Market Authority's directives, as well as in breach of the duty of disclosure, while committing deception and without sending the policyholders any notice or alert of the need to pay an additional premium or reduce the insurance coverage. It was also argued that the monthly benefits paid to policyholders who have permanent health insurance were reduced or will be reduced in the future, due to the premium increase as the policyholders grow older.	The main remedies sought in the lawsuit are a declaratory remedy that prohibits Clal Insurance from reducing the insurance benefits for permanent health insurance without obtaining the policyholder's explicit written consent, and a monetary remedy that requires Clal Insurance to pay the class members who suffered a permanent health insurance event the difference to make up the insurance benefits amount.	The represented class is: with respect to the future arrangement – all Clal Insurance policyholders who have permanent health insurance and for whom, according to Clal Insurance, the insurance coverage rate is reduced or will be reduced in the future due to an increase in the premium as they grow old; and with respect to the monetary remedies – all past and present class members who had an insured event, and their insurance benefits were reduced by Clal Insurance without the policyholder's explicit, active, and prior consent.	The proceeding is in the stage of the class action certification motion being reviewed. In December 2024, the parties filed a motion for approval of a settlement agreement, whose main terms stipulate the issuance of a notice to class members, informing them that the scope of coverage in permanent health insurance would be diminished due to the inadequacy of the premium payments to secure the monthly compensation rate. The settlement agreement is subject to the court's approval, which will not necessarily be granted.	The plaintiff estimated the aggregate damage to all class members at NIS 18 million in the 3 years preceding the lawsuit filing date.

18.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	03/2023 District - Tel Aviv	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance has an improper and illegal practice whereby it partially repays the appraiser's fees to the injured parties, without justification, and without explaining why the fees were reduced.	The main remedies sought in the lawsuit are a monetary remedy according to the gap between the fees the class members paid the appraisers and the payment made to the class members as insurance benefits for this component (hereinafter - the "**Pecuniary Damage**"), as well as damages for non-pecuniary damage in the amount of 20% of the pecuniary damage to all class members.	The represented class is any injured party, policyholder, or third party, who is entitled to be reimbursed by Clal Insurance for appraiser's fees the injured party paid to an appraiser in order to assess the damage to the injured party's vehicle, if Clal Insurance did not transfer the full amount the injured party paid for the appraiser's fees to the injured party.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million.

19.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	03/2023 District Court - Tel Aviv-Jaffa	Clal Insurance	The lawsuit concerns the allegation that the defendants refuse to finance the policyholders' medical cannabis purchase expenses, which, according to the plaintiffs, is contrary to the provisions of policies that offer coverage for pharmaceuticals that are not included in the Healthcare Services Basket, and the fact that medical cannabis has recognized medical uses in Western countries.	The main remedies sought in the lawsuit are, inter alia, a declaratory remedy stating that Clal Insurance must reimburse the policyholders for their medical cannabis purchase expenses; to order Clal Insurance to contact all their eligible policyholders in recent years and actively invite them to demand the indemnification they deserve; and also, to require Clal Insurance to reimburse all class members for the economic damage they suffered due to their improper conduct and due to a breach of the insurance contract.	The class that the plaintiffs seek to represent is anyone who has been insured by Clal Insurance under the Policies and who did not receive reimbursement for their medical cannabis purchase expenses.	The proceeding is in the stage of the class action certification motion being reviewed.[12]	The plaintiffs estimated the total claimed amount for all class members at approx. NIS 13.5 million.

20.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	05/2023 Tel Aviv-Jaffa Regional Labor Court	Clal Pension and Provident Funds	The lawsuit concerns the allegation that when receiving a planholder's request for a disability annuity, the pension fund does not check whether the planholder requires long-term care and/or if the planholder's condition has deteriorated in a way that made the planholder require long-term care, and as a result, the fund does not pay eligible planholders the additional long-term disability annuity.	The main remedies sought in the lawsuit are to pay the class members the additional long-term care disability annuity; compensation and/or restitution for not making full contributions to the fund and for return losses class members incurred as a result of the above non-payment; obligating the fund to give the fund's physicians accurate instructions in connection with examining conditions that require long-term care when reviewing requests for a disability annuity.	The represented class includes policyholders in "Clal Pension" and "Clal Supplementary Pension" funds who have disability insurance coverage, who are insured with a pension fund and are entitled to a disability annuity, and who, due to their medical condition on top of their permanent health, require long-term care, and the pension fund did not supplement monthly payments for policyholders who, in addition to having a disability pension is a patient requiring long-term care.	The proceeding is in the stage of the class action certification motion being reviewed. An amended motion for class certification was submitted in November 2024, in which similar allegations were made to the allegations in the original motion to certify.	According to the plaintiff, the class action lawsuit amount cannot be estimated; however, for the purposes of the fee, it was put at no less than NIS 2.5 million per year and approx. NIS 18.75 million in total for the seven years preceding the date of filing the motion to certify.

12 In July 2022 and in September 2022, motions to certify the claims as class actions against Clal Insurance, concerning similar claims and causes of action (hereinafter - the "**Earlier Proceedings**") were submitted to the District Court in Tel Aviv-Jaffa. In January 2023, the court ruled in favor of consolidating the Earlier Proceedings, and accordingly, the proceeding was filed in March 2023.

21.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	05/2023 District Court (Economic Department) - Tel Aviv-Jaffa	Clal Holdings Clal Insurance Clal Pension and Provident Funds Clal Israel Stock Basket "Atudot" - Pension Fund for Workers and Independent Workers Ltd. (a subsidiary of Clal Insurance (held at 50%) (hereinafter - "**Atudot**") Company officers and investment committee members	The lawsuit concerns the allegation of damage supposedly caused to planholders in provident funds, pension funds, life insurance, and savings policies managed by the Group companies, in light of the respondents' ruling to sell the Alrov Properties & Lodgings Ltd. (hereinafter - "**Alrov**") shares held by the Group companies, within the investment of the policyholders' and planholders' funds, to the Israel-Canada Company (T.R.) Ltd. (hereinafter - "**Israel Canada**"), due to a dispute between some of the respondents and Alrov's controlling shareholder, and despite the fact that at the time of signing the agreement, the Group companies allegedly had an offer from Mr. Alfred Akirov to purchase the Alrov shares at a price of at least 33% higher than the price Israel Canada paid for Alrov shares.	Compensation for pecuniary damage, which the plaintiff claims reflects the damage caused to the class members.	The class the movant seeks to represent is anyone who has been a planholder of the provident funds, pension funds, life insurance, and savings policies managed by the Group companies that held shares in Alrov on March 18, 2021.	This lawsuit was filed further to a class action lawsuit filed in December 2021 to the Regional Labor Court, and was stricken out by the Court in May 2023, due to a lack of substantive jurisdiction. In July 2024, the Court allowed the respondents' request and ordered the dismissal in limine of the motion to certify against the Company and against the officers and members of the Investment Committee, who were added as respondents to the proceeding, such that the proceeding will continue to be heard only against the other respondents. The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated the aggregate damage to all class members at approx. NIS 128 million.

22.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	06/2023 Regional Court - Haifa	Clal Insurance	The lawsuit concerns the allegation that following the economy-wide extension order regarding the increase in pension insurance contributions in 2016 (hereinafter - the "**Extension Order**"), which concerns an increase in the pension insurance contributions employers are required to make for their employees (hereinafter - the "**Increased Contributions**"), Clal Insurance opened new executive insurance policies (hereinafter - the "**Contribution Policies**") for its policyholders who had had old executive insurance policies that had been issued before May 31, 2001 (hereinafter - the "**Old Policies**"), while the annuity conversion factors set for the Contribution Policies were not guaranteed and were less beneficial than the guaranteed annuity conversion factors in the Old Policies, and redirected the additional funds from the Increased Contributions into the Contribution Policies, without the policyholders' consent.	The remedy the plaintiff is petitioning for is to close the Contribution Policies and transfer the contributions made thereto, as well as future contributions originating from the Increased Contributions, to the Old Policies, or, alternatively, to set beneficial factors for the Contribution Policies, at the discretion of the court; to pay the people who are already being paid a pension out of the Contribution Policies the difference between the amounts they would have received if the Increased Contributions funds had all been deposited into the Old Policies (or the amounts they would receive due to beneficial factors, at the discretion of the court) and the amounts they actually received; to compel Clal Insurance to pay each of the class members NIS 500 in damages for non-pecuniary damage due to deception.	The class the plaintiff seeks to represent is anyone for whom Clal Insurance had managed an executive insurance policy issued before May 31, 2001, and for whom, after June 30, 2016, it managed (in a new insurance policy) the funds received due to them for the Increased Contributions, or the beneficiaries or heirs of any such person.	The proceeding is in the stage of the class action certification motion being reviewed. In June 2024, the Court ordered to ask for the regulator's position in connection with this proceeding.	The plaintiff conservatively estimated the aggregate damage to all class members in millions of shekels.

23.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	06/2023 District Court - Tel Aviv-Jaffa	Clal Insurance Clal Pension and Provident Funds and 4 additional companies	The lawsuit concerns the allegation that the defendants ought to have refrained from deducting tax out of the portion of the annuity equal to the annuity recipients' "recognized annuity" in the pension products they manage, and apply a tax exemption due to that component, which would have resulted in higher annuity payments to the class members.	Repayment of the funds deducted as tax out of the "recognized annuity" portion of the annuity to the class members.	The class the plaintiff seeks to represent is any individual who is paid an annuity from one of the new pension funds and/or the provident funds and/or the insurance funds managed by any of the respondents, who was entitled to a tax exemption on their annuity in respect of their "recognized annuity" component, as this term is defined in the Income Tax Ordinance, and did not receive the above exemption, as of January 1, 2012, and thereafter.	The proceeding is in the stage of the class action certification motion being reviewed. At the same time as submitting the answer to the motion to certify the claim as a class action, the respondents submitted a motion for permission to send a third party notice to the Israel Tax Authority. In its response to the third party notice, the Israel Tax Authority rejected the arguments made therein and argued, among other things, that it should be added as a respondent to the proceeding rather than as a third party.	The plaintiff estimated the aggregate damage to all class members at approx. NIS 297 million, for all class members who are paid annuities from the defendants, without attributing a specific monetary remedy to each defendant.

24.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	08/2023 Central District Court - Lod	Clal Insurance	The claim concerns the contention that in insurance policies marketed by Clal Insurance, in a plan of the type "self defense" and/or any other marketing name, Clal Insurance was asked in the insurance registration form (the insurance offer) to insure its policyholders under an insurance plan that includes several forms of insurance coverage, including insurance coverage for perpetual disability due to accident, yet in practice it issued policyholders different and inferior insurance coverage of the type "loss/impairment of functioning".	Provision of a mandatory injunction pursuant to which Clal Insurance is required to update the insurance policies with insurance coverage of the type perpetual disability due to accident, required to provide the class members with insurance coverage in respect of perpetual disability due to accident, and charged with special interest.	All Clal Insurance policyholders with health-insurance policies within the "self defense" plan, and/or any other marketing name, issued by Clal Insurance with insurance coverage of the type "loss/impairment of functioning" in contradiction of the statements in the insurance offer form, which noted insurance coverage of the type "accidental disability," as well as Clal Insurance policyholders with this policy who were denied their entitlement to receive insurance benefits for perpetual disability due to an accident event based on the argument that no such coverage exists in the policy.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million.

25.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	09/2023 District Court - Tel Aviv	Clal Insurance and 7 additional insurance companies	The claim concerns the contention that the defendants do not pay for insurance incidents and do not provide towing services to policyholders who purchase a towing service rider in cases in which it is necessary to tow the insured vehicle using a towing lift, and that they charge these vehicle owners added payment, despite the fact that this matter is not expressed in the language of the riders.	The remedies sought are, among other matters, compensation in respect of reimbursement of premium payments, towing costs, and non-pecuniary damages ("pain and suffering") in the amount of NIS 3,000 per class member, and in addition, amendment of the language of the riders issued on behalf of the respondents.	The class in the name of which the claim is filed is defined as the "the class of consumers who hold or held riders of respondents 1-8 in the last 7 years prior to the filing of the claim and in the period after the filing of this claim, until a judgment is rendered, whose vehicle necessitates the possibility or requires towing via lift when the vehicle is inoperable (requiring towing to a garage).	In November 2023, the court ordered a severance of proceedings by way of filing separate motions for certification, while ordering that most of the respondents be stricken out, including Clal Insurance. In January 2025, the movants appealed against the court's above ruling to the Supreme Court.	The plaintiff estimated the aggregate damage to all class members at approx. NIS 80 million.

26.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	11/2023 District Court - Tel Aviv	Clal Insurance and 7 additional insurance companies	The lawsuit concerns the claim that when setting the price of premiums in life, health, and P&C insurance policies, "catastrophe events" such as a "surprise" war and/or other extreme or unexpected events that reduced the defendants' risk and exposure were not factored in; that in light of the Iron Swords War, the defendants are expected to experience a major reduction in the risk in policies in which the risk-weighted components had significantly decreased (and completely eliminated in some cases).	The remedies sought are declaratory remedy, a mandatory injunction, reimbursement or reduction of the premiums from the date of declaration of a state of emergency, and pecuniary and non-pecuniary monetary compensation.	The petitioners define five classes in the claim. (1) Policyholders some of whose policies contain a war exclusion that excludes insurance coverage of an insured event in wartime, but, in light of their call-up for reserve military service, the actuarial risk in connection with whom has decreased, and accordingly, action should be taken to reimburse and/or reduce the premium; (2) policyholders of the respondents, mainly in the area of P&C insurance, who, due to the declaration of a state of emergency and the transition of government institutions, public bodies, and dual-purpose entities to an emergency work format, will be unable, or able in a partial and limited manner, to exercise the insurance service and/or coverage; (3) policyholders of the respondents who, due to the declaration of a state of emergency and the transition of government institutions, public bodies, and dual-purpose bodies to an emergency work format, cannot receive services such as treatment and elective surgeries at public hospitals. (4) Policyholders in P&C insurance – property policies of the various types, vehicle, home - which, due to the state of emergency, their inherent risk decreased substantially; (5) policyholders of various policies in the area of business, the risk of which has significantly decreased due to the state of emergency.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million. With regard to policyholders called up for military service under Order 8, it is argued that the estimated damage is in the amount of NIS 10.02 million (with respect to all of the defendants).

27.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	12/2023 Regional Labor Court Haifa	Clal Pension and Provident Funds	The action involves the claim that the defendant unlawfully collects insurance premiums in the comprehensive pension fund under its management that are higher than those it was entitled to collect, while reducing the amount of the accrual of the fund's planholders: (a) when receiving retroactive contributions - insurance premiums are collected that are higher than the insurance premiums that the defendant should have collected; (b) as a result of attributing "insured income" which is higher than the planholder's salary when the rate of contribution for rewards was more than 11.5% of the planholder's salary and less than 13%; (c) as a result of collecting insurance premiums due to the portion of the planholder's income that exceeds the monthly contribution ceiling for the pension fund stipulated in the law.	Restitution of insurance premiums which were collected from the class members plus interest and linkage differences; A declaration on the nullity of provisions in the regulations which were in effect in the relevant years and a prohibition on the management company to carry out the actions mentioned in Sections (a) to (c) above.	The class the plaintiff seeks to represent is everyone who, during the 7 years that ended on the day the motion was submitted, was a planholder of the comprehensive pension fund of "Clal Pension," and from whom the respondent collected an insurance premium calculated on the basis of an amount greater than the maximum amount for this matter, according to the law and/or according to the fund's regulations which were in effect on the collection day, the lower of the two.	The proceeding is in the stage of the class action certification motion being reviewed.	The class action claimed amount was estimated conservatively, according to the plaintiff, at millions of shekels, without specifying an amount.

28.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	01/2024 District Court - Jerusalem	Clal Pension and Provident Funds	The action involves the claim that the defendant raised the management fees in planholders' accounts in the products managed by it without sending them any notice in advance according to the law.	Restitution of the all the amounts which were unlawfully collected from each of the class members together with the returns that said funds would have yielded in the accrued savings.	The class the plaintiff seeks to represent is all planholders of provident funds and/or study funds and/or pension funds and/or any other instrument managed by the respondent (including savings instruments which were managed by those replaced by the respondent and anyone who was a planholder thereof during the relevant years) - including deceased planholders and/or their beneficiaries, for whom management fees were raised without being notified as required by law, during the period starting in January 2008 and ending in January 2017, with the exception of three price increases for which res judicata was granted in Class Action 15-03-59823.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

29.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	01/2024 District Court - Jerusalem	Clal Pension and Provident Funds	The action involves the claim that the defendant charged management fees at a rate that exceeds the rate permitted by law, in the accounts of planholders with whom contact has been lost or in the accounts of deceased planholders.	Restitution of the all the amounts which were unlawfully collected from each of the class members together with the returns that said funds would have yielded in the accrued savings.	The class the plaintiff seeks to represent is all planholders of provident funds and/or study funds and/or pension funds and/or any other instrument managed by the respondent (including savings instruments which were managed by those replaced by the respondent and anyone who was a planholder thereof during the relevant period) - including deceased planholders and/or their beneficiaries, from whom management fees were collected at a rate higher than the maximum rate stipulated in Regulation 8 of the Supervision of Financial Services Regulations (Provident Funds) (Management Fees), 2012, during the period beginning on January 1, 2013, (the date of entry into force of the aforementioned regulations) and ending with a final and decisive ruling in the action.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

30.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	05/2024 District Court - Tel Aviv	Clal Insurance	The lawsuit concerns the allegation that the defendant offered retired policyholders in the “Hassneh” policies an annuity track that guarantees a higher number of annuities than the annuity track they would have been entitled to according to the terms and conditions of the policy, in a manner that has reduced the total annuity that the policyholders received.	To allow all class members to retroactively choose an annuity track in accordance with that said in the policy (as alleged), and to pay anyone who chooses this the difference between the amount that the policyholder would have been entitled to according to the terms and conditions of the policy and the amount actually paid by the defendant, plus linkage differences and interest.	The class that the plaintiff seeks to represent consists of policyholders who hold an executive insurance policy issued by “Hassneh” and which is managed by the defendant, who chose a different annuity track from the track set out in the policy or who chose to receive their accrued balance in the policy as a lump sum.	The proceeding is in the stage of the class action certification motion being reviewed.	The plaintiff estimated the aggregate damage to all class members at approx. NIS 900 million.

31.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	06/2024 District Court - Haifa	Clal Insurance and 7 additional companies	The lawsuit concerns the claim that installers of windscreens, who operate on behalf of the defendants under the "windscreen insurance" rider, do not calibrate the safety systems installed on the vehicle's front windscreen when the dismantle the broken windscreen and install the new (replacement) one, in violation of the provisions of the law; it is also claimed that the defendants did not inform the policyholders - when they purchased the riders - that the latter will not include the testing and calibration of the safety system when the front windscreen is replaced.	Declaratory remedy whereby the calibration of the safety system is included in the policy / rider covering damage to the windscreens; a mandatory injunction ordering the defendants to summon Class A to auto repair shops to test and/or calibrate the safety systems; refund the funds, which were collected from Class B members; paying a monetary compensation to all Class C members.	Three classes: A class of consumers who hold or held the riders/windscreen insurance of the respondents in the 7 years preceding the filing of the lawsuit and when they had the windscreen replaced under the rider, the safety system in their vehicle was not tested and/or not calibrated as part of the process of replacing the front windscreen; a class of consumers who hold or held the riders/windscreen insurance of the respondents in the 7 years preceding the filing of the lawsuit and when they had the windscreen replaced under the rider, the installer on behalf of the defendants charged them for testing and/or calibrating the safety system; a class of consumers who own a vehicle equipped with a safety system, who purchased a rider/windscreen insurance from the defendants in the 7 years preceding the filing of the lawsuit, and were not told when they purchased the rider that the coverage will not include testing and calibration of the safety system as part of the replacement of the front windscreen.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

32.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	07/2024 District Court - Tel Aviv	Clal Insurance	The lawsuit concerns the claim that the defendant pays the insurance benefits and/or refunds insurance premiums to its policyholders by sending checks by mail, allegedly in violation of the guidance of the Capital Market Commissioner, whereunder the funds should be delivered to the policyholders by way of bank transfer or by crediting their credit card. Furthermore, it is claimed that by acting as described above, Clal Insurance also breaches its obligation to pay policyholders the amounts due to them on time, and its obligation to pay interest and linkage differences in respect of the amounts of the checks through the date on which the funds are actually paid.	Issuing a mandatory injunction, which will order Clal Insurance to voluntarily pay the class members the insurance benefits and/or refund the insurance premiums plus linkage and interest from the day on which they become entitled to such payments and until they are actually made; to issue a mandatory injunction ordering Clal Insurance to pay the insurance premiums and/or refund insurance premiums through the same means of payment they used to pay Clal Insurance; and to issue a mandatory injunction ordering Clal Insurance to voluntarily contact its policyholders, if it does not have the means of payment details, and allow the policyholders to select the means of payment through which they wish to use to receive the insurance benefits and/or the refunded insurance premiums.	Anyone who meets one or more of the following conditions: (1) Clal Insurance policyholders, who are entitled to insurance benefits and/or to a refund of insurance premiums and/or any type of refund, to whose registered address and/or their address as updated with Clal Insurance the latter mailed checks, which have not been cashed by the policyholders and/or checks, which were cashed but no interest and linkage differences were added to their amount; (2) Clal Insurance policyholders, whose bank account details or payment card details were held by Clal Insurance on the date on which the abovementioned checks were mailed and/or where Clal Insurance was able to obtain those details during the seven years, which preceded the filing of the lawsuit, or within the normative limit in accordance with the ruling of the honorable court, and through the date, which will be set by the honorable court in its decision; and alternatively, to define the class in any other way it will deem appropriate.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

33.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	07/2024 Regional Court - Haifa	Clal Insurance and additional defendants	The lawsuit concerns the claim that the defendants unilaterally change the expiry date of the policy period in permanent health insurance policies of the class members to reflect the policyholder's "insurance age", which varies from their calendar age, without disclosure as required by law, and consequently, among other things, the insurance benefits to policyholders, who experienced the insured event, are not paid until the end of the policy period they selected as part of the insurance offer, but rather until an earlier date. Furthermore, policyholders who have not yet experienced the insured event are at risk that if they experience an insured event in the future, they will receive insurance benefits by a date, which is earlier than the end of the policy period, which they selected as part of the insurance offer.	(a) Declaratory remedy whereunder the policy period of permanent health insurance policies purchased by the classes members ends at the earlier of the end of the calendar policy period as requested by the policyholder or on the calendar retirement age prescribed by law (hereinafter - the "**Calendar Date**"), and accordingly issue a mandatory injunction requiring the defendants to extend the insurance coverage period of the permanent health insurance of classes members, such that the insurance coverage will end on the Calendar Date. The plaintiffs also request a declaration to the effect that failure to pay the insurance benefits to Class B members by the Calendar Date constitutes a breach of the policy; (b) Pecuniary remedy - pay Class B members insurance benefits through the Calendar Date plus linkage differences and interest; (c) Compensation in respect of the non-pecuniary damage totaling NIS 100 to each of the classes members.	(a) Policyholders insured under a policy, which includes permanent health insurance coverage, whose insurance coverage period will end before the calendar age noted by the policyholders in the insurance offer, or before the calendar retirement date prescribed by law, and have not yet experienced an insured event; and (b) past or present policyholders insured in a policy, which provides a permanent health insurance coverage, who experienced an insured event during the period they noted in the insurance offer, or during the period prescribed by law (in accordance with the policyholder's calendar age), but were not paid insurance benefits through the end of the policy period, which was requested or prescribed as described above in the 7 years before the lawsuit's filing date.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

34.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	12/2024 District Court - Central	Clal Insurance	The lawsuit concerns the allegation that Clal 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.	Issuing a declaratory order stating that imaging-guided injections meet the policy's definition of "surgery," or, alternatively, the definition of a "non-surgical alternative," as defined in the movant's policy and in policies with identical and/or similar wording and is not subject to the "injection" exclusion, in its various forms; as well as a declaratory order stating that Clal is estopped from invoking the "injection exclusion."	The class that the plaintiff seeks to represent consists of all Clal Insurance policyholders holding the same policy as the movant, and other Clal Insurance health insurance policies, of any kind, whose claims for insurance coverage due to any kind of imaging-guided injection Clal Insurance 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.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

35.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	02/2025 District Court - Central	Clal Insurance	The lawsuit concerns the allegation that Clal Insurance unlawfully requires its policyholders to sign an overly broad, one-sided settlement document it has drafted, which severely prejudices its policyholders and denies their rights with respect to events unrelated to the event for which the settlement document is signed, allegedly in contravention of the law, while continuing to collect the full premium in a manner that constitutes a breach of the insurance contract, thereby unjustly enriching itself at the expense of its customers.	(A) A mandatory injunction to amend the settlement documents; (B) for the members of Class A – to pay each class member whose claim is deemed justified the compensation amount they are owed, with lawful interest and linkage differences, plus NIS 1,000 in damages for non-pecuniary damage; (C) for the members of Class B – to inform the policyholder that they may file a claim for an additional event, which shall be investigated in accordance with the policy's terms and conditions; to extend the lawful prescription period for any date, as required; and to pay each class member who files a claim which is deemed justified, the total compensation amount they are owed, plus lawful interest and linkage differences, while paying each class member NIS 100 in damages.	The classes that the plaintiff seeks to represent consist of: (a) any person who signed a release document in favor of the respondent, containing a provision that denies the right to compensation for an event which is unrelated to the event for which the release document was signed, resulting in the denial of a separate claim which is unrelated to the event for which the settlement document was signed (hereinafter – "**Class A**"); and (b) any of the respondent's policyholders who signed a release document containing a provision that denies their eligibility for compensation for an event which is unrelated to the event for which the release was signed, and who did not file another claim against the respondent (hereinafter – "**Class B**").	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

36.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	2/2025 Regional Labor Court - Tel Aviv	Clal Pension and Provident Funds Ltd.	The lawsuit concerns the allegation that the defendant unlawfully charges its planholders debts stemming from the failure on the part of these planholders' respective employers to make pension contributions by the deadlines required by law.	Restitution of the funds unlawfully charged to the class members, plus linkage differences and interest; damages for non-pecuniary damage; restitution of the (alleged) enrichment funds in Clal Pension and Provident Funds' possession; a prohibition on Clal Pension and Provident Funds to charge to its planholders any debt stemming from failure on part of the respective planholder's employer; and an order compelling Clal Pension and Provident Funds to implement the provisions of Section 19A of the Wage Protection Law.	Anyone to whom the defendant charged and/or attempted to charge funds stemming from their respective employer's failures, from the date the defendant first implemented this policy, until the date this lawsuit is certified as a class action.	The proceeding is in the stage of the class action certification motion being reviewed.	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

2.1.3 *Material class actions, material claims and motions to certify material claims as class actions which were concluded during the reporting period and until the signing of the report against the Company and the consolidated companies, with the exception of the Max Group companies*[13]

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	8/2016 Regional Court - Tel Aviv (1) 10/2016 Regional Labor Court - Jerusalem (2) 11/2016 Regional Court - Jerusalem (3) 12/2016 Regional Court - Tel Aviv (4)	Clal Pension and Provident Funds and Clal Insurance	The lawsuits concern the allegation that in the pension funds, the Tamar Provident Fund, the study funds under their management, and their executive insurances, the defendants charge planholders – in addition to the management fees – "investment management expenses" (hereinafter - "**direct expenses**"), in the absence of a contractual provision that allows them to charge such expenses and contrary to the bylaws of the respective funds or policies, as applicable.	The plaintiffs in the lawsuits seek to compel the defendants to return the excessive direct expenses amounts they were charged. In addition, some of the plaintiffs have motioned to charge some of the defendant management companies for the return differences the overcharge amounts would have yielded and/or interest rate differences.	The planholders in the pension funds, the study fund, the provident fund "Clal Tamar" managed by the defendants, and the policyholders of executive insurance policies who were charged investment management expenses in the seven years before the relevant lawsuit was filed.	In May 2019, the Central District Court rendered a ruling granting the motion to certify a class action lawsuit due to the collection of direct expenses in individual life insurance policies (hereinafter - the "**Certification Ruling**"). In September 2019, a motion for leave to appeal the Certification Ruling was brought to the Supreme Court (hereinafter - the "**Motion for Leave to Appeal**"). The Group Companies were not originally a party to that proceeding. In June 2023, the Supreme Court rendered its decision after hearing the motion for leave to appeal as an appeal, and granted the appeal on the Certification Ruling, while stating that insurance companies and management companies act as trustees for the planholders' funds and are therefore entitled to collect expenses. Subsequently, the parties submitted supplemental arguments. In March and April 2024, consensual motions for withdrawal were submitted without a costs order in all proceedings. [For details on a similar proceeding being adjudicated against "Atudot", which has not yet been concluded, see Section 2.1.2.2 above].	In lawsuit, which concerns the pension funds, the class action claimed amount was approx. NIS 341 million in respect of the years 2009 to 2015, plus the investment management expenses the defendant had collected from the class members in 2016 and the additional yield the funds that have been deducted as investment management expenses would have yielded. In the lawsuit, which concerns the study fund, the class action claimed amount was set at approx. NIS 53 million, based on an assessment. In the lawsuit, which concerns the Tamar Provident Fund, the class action claimed amount was set at approx. NIS 181 million, based on an assessment. The lawsuit concerns the executive insurance policies, the class action claimed amount was set, according to an estimate, at approx. NIS 404 million, plus the investment management expenses that the defendant had charged to the class members in 2016, with interest and linkage.

13. Not including lawsuits that concluded in the reporting year, but which were reported as having been concluded in the Financial Statements for 2023.

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	11/2018 District Court - Central	Clal Insurance	According to the plaintiffs, Clal Insurance is in breach of its contractual obligation under the policy, as it allegedly refuses to pay its policyholders under comprehensive motor insurance policies for vehicles that weigh over 3.5 tons benefits for their vehicles' impairment due to an insured event, even though the policy covers the "damage" to the vehicle, and while manipulating the assessments issued by the appraisers under the arrangement.	A declaratory remedy and a motion to compel Clal Insurance to indemnify all its policyholders who were insured under the policy and whose vehicles were and/or will be damaged due to impairment as a result of an insured event, as well as any other remedy that the court deems suitable and equitable under the circumstances.	All Clal Insurance policyholders who purchased and/or will purchase a comprehensive motor insurance policy from Clal Insurance for a vehicle that weighs over 3.5 tons, if, as a result of an "insured event," as defined in the policy, their vehicle was and/or will be damaged due to an impairment.	In June 2024, the court allowed a motion for approval of a settlement agreement, under which the defendant will pay the class members an amount agreed upon by the parties and will also send a clarifying letter to the external appraiser.	The plaintiff estimated the total damage to the class members at approx. NIS 75 million. The plaintiff's individual damage was estimated at NIS 21,605.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	4/2020 District Court - Central	Clal Insurance, 4 other insurance companies, and another non-insurance company	According to the plaintiffs, the defendants allegedly provide their customers with non-OEM windshields that do not comply with the Israeli standards mark, in contrast with their undertakings toward their customers in accordance with their agreements with them.	Monetary damages to all customers whose vehicles have had a replacement windshield installed, which would allow them to replace the windshield installed in their vehicle with an OEM windshield; NIS 500 in monetary damages per each such customer for the trouble of carrying out the replacement; refund for the price difference between an OEM windshield and a non-OEM windshield.	Every customer of the defendants, who has held or holds a cover note in which any one of the defendants has made an undertaking to provide the customer with an Israeli standard-compliant replacement windshield or an OEM windshield, as well as any of the defendants' customers who have held or holds a cover note under which any of the defendants undertakes to supply the customer with an Israeli standard-compliant replacement windshield or an OEM windshield, who has been supplied with a non-OEM and non-Israeli standard-compliant windshield.	In July 2024, the Court dismissed the class action certification motion.	The plaintiffs did not quantify the total damage they are claiming for all class members they seek to represent but estimated that it greatly exceeds NIS 2.5 million.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	12/2017 District Court - Jerusalem	Clal Insurance, two other insurance companies, Clalit Health Services, and Maccabi Healthcare Services.	According to the plaintiffs, the defendants allegedly refuse to provide long-term care insurance to people on the autistic spectrum, or set impossible and unreasonable conditions for them, without providing any explanation or justification for their conduct.	Making a declaratory order that the defendants' conduct violates Article H of the Equal Rights of People with Disabilities Law, 1998, the Equal Rights for People with Disabilities Regulations (Insurer's Notice Regarding Different Treatment of a Person or Refusal to Insure) (2016) (hereinafter - the "**Equality Law**"), and other statutes; issuing a mandatory injunction compelling the defendants to stop discriminating against the class members and establish clear work procedures regarding individual, egalitarian, and impartial treatment of people with disabilities; issuing mandatory injunction compelling the defendants to retroactively insure the class members who are found eligible for long-term care insurance after an egalitarian underwriting procedure is carried out in accordance with the procedures, as said above.	People with autistic spectrum disabilities who applied for insurance under a long-term care insurance policy offered by any of the defendants, and were unlawfully treated differently and discriminated against by the defendants, without the defendants basing the ruling on reliable and relevant statistical, actuarial, or medical data on the specific insurance risk, and/or were not given an explanation for this, as required under the Equality Law and other applicable statutory provisions, in the seven years prior to bringing the motion to certify.	In February 2023, the court rendered its judgment, in which the motion to certify was denied. In July 2024, the movants withdrew an appeal against the judgment, which they filed in April 2023.	The plaintiffs did not quantify the damage incurred by all class members.

	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
5.	5/2011 District Court - Central	Clal Insurance and additional insurance companies	According to the plaintiff, in combined life insurance and savings policies, the defendants charged policyholders – without consent and without any justification originating from the policies – sums of money that sometimes comprised a considerable rate of the premiums the policyholders paid, known as the "policy factor" and/or "other management fees" (hereinafter - the "**Policy Factor**"), unlawfully and without this being grounded on any suitable contractual provision, even though the defendants were, in principle, allowed to charge the Policy Factor in life insurance policies in accordance with the Commissioner's circulars.	According to the court's decision - to rectify the breach by way of adjusting the policyholders' accumulated savings according to the amount of the additional savings they would have accrued had they not been charged a Policy Factor or to compensate the policyholders by that amount, as well as to cease charging the Policy Factor from that date on. In addition, the defendants were charged the legal fees payable to the lead plaintiffs' counsel and to the counsel of parties who were opposed to the settlement agreement and their counsels, at immaterial amounts.	Anyone who had a combined life insurance and savings policy with any of the defendants and from whom any amount was collected as a Policy Factor.	In June 2015, a motion to approve a settlement agreement was brought to the court, according to which, the defendants should have paid a total of NIS 100 million in respect of the past (Clal Insurance's share of the above being approx. NIS 26.5 million) and give a 25% discount on the future actual collection of the Policy Factor. In November 2016, the court decided to dismiss the motion to approve the settlement agreement, as it did not constitute a proper, fair, and reasonable arrangement in the court's opinion, considering the class members' interests. In addition, the court decided to partially certify the lawsuit's administration as a class action, only with respect to combined life insurance and savings policies made between 1982 and 2003 (with respect to Clal Insurance policies in the "Adif," "Meitav" and "Profile" categories), in which the savings accrued in favor of the policyholders were diminished due to the collected Policy Factor, with the cause being a breach of the insurance policy due to collecting the Policy Factor in a manner that diminished the savings the policyholders accumulated, in respect of the period starting seven years before the date of filing the claim, in April 2011. The claim has not been approved with respect to other types of policies. In June 2023, the parties submitted a settlement agreement for approval by the court, in which a refund mechanism was set for the class members who owned combined life insurance and savings policies made between 1982 and 2003, in which the accumulated savings to their benefit were affected due to the collection of the Policy Factor. According to the settlement agreement, the main consideration to the class members would be as follows (in accordance with the provisions of the settlement agreement): (1) Refunding the class members at 42% of the total collected Policy Factor which allegedly should have been transferred to the savings component but was not, starting seven years before the motion to certify was brought until the reduced collection start date, as stated in Subsection 2 below. With respect to the period until the end of 2012, the amounts were to be repaid with returns, and with respect to the period from the beginning of 2013 and onward, the amounts would be revalued in accordance with the court's ruling, by virtue of the authority granted to the court by the parties (hereinafter - the "**Supplementary Ruling**"). It was also agreed that, under the settlement agreement, Clal Insurance paid the plaintiffs and their counsel the reward and legal fees. (2) The Company would reduce the future Policy Factor collection from the relevant class members, by lowering the Policy Factor collection to 50% of the total Policy Factor that would have been collected had no reduction been made, as stated in the settlement agreement. According to Clal Insurance's initial assessment, the total Policy Factor reduction with respect to future collection is expected to sum up to approx. NIS 3 million for 2024. The above reduction amounts are expected to be reduced over the years. In May 2024, the Attorney General submitted her position regarding the settlement agreement, whose highlights are that she does not object to the total compensation to the benefit of the class members, as agreed upon in the settlement agreement, provided that the refunded amounts also include the returns from 2013. In addition, the Attorney General did not object to the manner of future regulation and the continued reduced collection of the policy factor. However, the Attorney General believes that the reduced cost of the policy factor should apply only to savings (and not be divided between the savings component and the life insurance component, as proposed in the settlement agreement). In addition, the position includes objections and commentary on other components of the settlement agreement, including with respect to the attorney's fees to be paid to the counsel for the plaintiffs and the manner of implementing the settlement agreement. In June 2024, the Attorney General's position regarding the settlement agreement was discussed; following the discussion, in July 2024 the parties filed to the court an agreed supplement to the settlement agreement in connection with several technical operational topics.	According to various estimates and assumptions the plaintiffs made with respect to the collection of the Policy Factor in the seven years preceding the date the defendants filed the claim and the relevant annual returns, the plaintiffs estimated the amount of the class members' claim against all the defendants, as of the date of filing the claim, at a nominal amount of approx. NIS 2,325 million. Out of this amount, approx. NIS 662 million are attributable to Clal Insurance, according to its alleged market share.

5.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
(cont.)						In August 2024 the court approved the settlement agreement after it set various provisions in connection with its implementation, including, among other things, with respect to the Attorney General's position. As part of the judgment, the court ruled that the revaluation of the refund amounts in the period from 2013 and onward (the "Supplementary Ruling" as defined above) shall include 90% of the returns in the period from the beginning of 2013 through the reduction date and approved the fee payable to the class's counsel in accordance with the rates set in the settlement agreement.	

6.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	3/2019 District Court - Jerusalem	Clal Insurance	According to the plaintiffs, the defendant issues personal accidents policies to policyholders when the latter purchase travel insurance policies, without obtaining their consent and while misleading them.	An order to pay back the funds collected by the defendant to each class member, due to payments for a personal accidents policy, in the last seven years	Any policyholder who, while purchasing a travel insurance policy, was simultaneously, without their consent, enrolled in a personal accidents insurance, and was unlawfully charged monthly premium payments, in the period starting up to 7 years prior to the day the lawsuit was filed.	In December 2020, the parties filed with the Court a motion to approve a settlement agreement. In January 2023, in accordance with the court's position, the parties submitted a revised settlement agreement to the court, according to which, a certain refund would be made out of the paid premiums, at the rate the parties had agreed on, to the policyholders who had purchased a personal accidents policy in conjunction with the travel insurance and who canceled the personal accidents policy during the period specified in the settlement. A judgment was rendered in October 2024, which approves the amended settlement agreement, with immaterial amendments.	The plaintiff estimated the total damage to the class members at approx. NIS 17 million.

2.2 Details regarding exposure to immaterial class actions or claims that have not yet been filed and for additional expenses against the Company and the consolidated companies, with the exception of the Max Group companies

2.2.1. In addition to the material class action lawsuits, described in Note 45(2.1.1), the pending motions to certify material lawsuits as class actions, described in Note 45(2.1.2), and the motions to certify material lawsuits as class actions which were dismissed in the reporting period, described in Note 45(2.1.3), there are pending motions to certify class actions against the Company and its consolidated companies (except for the Max Group Companies) that, according to the Company's estimate, are immaterial,[14] and therefore there is no detailed description thereof in the financial statements. As of the date of the report, 5 lawsuits are litigated against the Company and/or its consolidated companies, as said above, not including Max, and the total amount specified by the plaintiffs in these lawsuits is approx. NIS 110.5 million[15] (compared to 7 lawsuits for approx. NIS 140 million as of December 31, 2023).

2.2.2 **Insurance exposures**

In addition to the aforementioned legal proceedings, potential exposure also exists, which at this stage can neither be evaluated nor quantified, to the filing of additional derivative claims or class actions against the Group companies, inter alia as a result of the Company's control structure (for further details, see Note 1, as well as Section 2.3 below) as well as exposure arising from the complexity of the companies' products, which may result in disputes arising regarding the interpretation of provisions of the Law or an agreement, including, among other things, pertaining to contractual or commercial terms and conditions, or regulatory directives, including the option available to the Commissioner, under certain circumstances, to order an insurer to cease implementing an insurance plan, or to order it to make changes to an insurance plan, including with respect to policies which have already been marketed by the insurer, or regarding the manner of implementation of the provisions of the Law or an agreement, or the method of claims settlement agreement pursuant to an agreement, which apply to and impact the relationship between the Group companies and the customer and/or the relationship between the Company and third parties, including reinsurers.

This exposure is particularly heightened in the fields of long-term savings and long-term health insurance, in which Clal Insurance operates, among other things, in view of the fact that in those spheres, some of these policies were issued decades ago, whereas today, in light of significant regulatory changes, and due to the development of both judicial rulings and the Commissioner's position, these policies may be interpreted differently when viewed retroactively, and different interpretative standards may be applied to them than those which were customary when they were drafted. Moreover, the policies in these aforementioned areas remain valid for decades, such that in those cases in which a customer's claim is accepted and new interpretation is attributed to the contents of the policy, there is also potential exposure to the fact that the future profitability of that particular company will be influenced due to the existing policy portfolio. This is in addition to compensation that may be awarded to customers in respect of past activity.

There is also exposure, which at this stage can neither be evaluated nor quantified, to errors in the methods used in the operation of products, chiefly in the areas of Long-Term Savings and Health Insurance. The insurance area of activity in which the Group companies operate is complex and rich in details, and the regulatory directives tend to change over the years, and it involves an inherent, unquantifiable risk of the occurrence of an error or a series of errors, mechanical or human errors, which may have a sector-wide impact. It is not possible to anticipate all the types of claims to be raised in this context and/or the exposure arising from these potential claims, among other things, via the procedural mechanism of class action lawsuits and/or industry-wide rulings made by the Commissioner.

14. See Footnote 10 above regarding the materiality threshold.
15. The aforementioned number of lawsuits includes one lawsuit in which Clal Insurance is a formal defendant and no remedies are sought against it. In addition, there is one action which was certified as a class action, in which the plaintiff did not specify the amount, but estimated it in tens of millions of NIS.

Such exposure is also the result of the complexity of the aforementioned products, which are characterized by extremely prolonged lifetime, and are subject to frequent, complex and material changes, including changes in regulatory and taxation directives. The complexity of those changes and their application over many years creates increased operational exposure, which is also due to the numerous different computer systems in the Group's institutional entities, and their limitations, in view of additions and/or changes to the basic wording of the products, and in light of multiple, frequent changes implemented over the product's lifetime, including by the regulatory authorities, the customers (the employees) and/or by the employers and/or by those acting on their behalf, with respect to insurance coverages and/or to savings deposits, including in the context of reporting to planholders, and the need to create direct contact with employers and operating entities.

This complexity and these changes have an impact, among other things, on the volume of contributions and the amounts involved, the various product components, the manner in which funds are attributed to employees (including due to discrepancies between the employer's reports, including through the employers' interface with the policy data), products and components and selected investment and insurance tracks, dates of payment appropriations, the identification of arrears in deposits and the handling of such cases, the employment, personal and underwriting status of customers, as well as operational considerations involving third parties outside the Group, which affect customer rights together with the information given to them. This complexity intensifies in view of the increasingly large number of parties operating with the Group companies with respect to the management and operation of the products, including, among other things, distributors, employers, customers and reinsurers, including with respect to the ongoing interface with them, and contradictory instructions that may be received from them or their representatives. The institutional entities of the Group are engaged in a constant effort to study, identify and address issues that may arise due to the aforementioned complexities, both with regard to specific cases, and also with respect to customer and/or product types.

There is additional complexity regarding employer deposits which is related to the mechanism prescribed in the Wage Protection Law, 1958, according to which an amount owed by an employer to a provident fund, as this is defined in that law, in respect of the employee's rights or those of his replacement toward the provident fund, is deemed to have been paid on time unless the Regional Labor Court has determined that the delay in the collection of the debt was not the result of negligence on the part of the Fund, or occurred due to other justified circumstances, and subject to the right of indemnity available to the fund with respect to the employer, pursuant to the provisions of the law. Furthermore, pursuant to a circular relating to the manner of depositing payments into provident funds, the provident fund shall receive interest on arrears from an employer who has failed to transfer payments to the provident fund on time. There are various difficulties in the interpretation of the provisions of the Law and their implementation. The responsibility of the institutional entities in the Group for the collection of employers' debts to the said funds generates exposure in the event of defects occurring during the collection process.

Moreover, the institutional entities in the Group carry out a regular, routine process of data cleansing in the long-term savings IT systems, in order to ensure that the registration of the planholders' and policyholders' rights in the data systems is complete, accessible and retrievable, in view of the discrepancies that are discovered from time to time, including the issue of mechanization of the classification of the savings, pursuant to the various levels of the provisions of the regulation issued over the years, and which are in various stages of being addressed. The institutional entities in the Group are unable to estimate the scope, costs and the full ramifications of the aforementioned actions, or the scope of the future data cleansing discrepancies, which may also be the result of regulatory changes, as this is due, among other things, to the complexity of the products, the fact that they are long-term products, in view of the multiplicity of IT systems in this sphere and their limitations. The institutional entities in the Group update their insurance liabilities from time to time and as is required.

In this context, it should be noted that in December 2021, Clal Insurance received a letter outlining the implementation of regulatory restrictions regarding the collection of insurance coverage costs pursuant to the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964, containing demands to refund amounts allegedly collected in breach of the restrictions set forth in the letter. The Company is currently engaged in discussions with the Authority regarding the implementation of the contents of the letter, and at this stage there is no certainty regarding the full amount it may be required to refund due to the said letter - and it is unable to estimate the full implications arising from the requisite implementation of the directives.

There is also exposure, which at this stage can neither be evaluated nor quantified, to changes and to significant regulatory intervention in the various insurance and savings sectors, including, among other things, those which are intended for the direct or indirect reduction of insurance premiums and management fees, intervention in sales processes, involving the different use of diverse regulatory tools, which may have an impact on the contractual terms and conditions, the structure of the contractual engagement and the reciprocal relations among institutional entities, agents, employers and customers, in a manner that could influence the load and the operating expenses, profitability, retention of current products, including with respect to the specific sector business model and the existing product portfolio.

The Group is also exposed, in a manner that cannot be evaluated, to legal claims related to contract laws and the fulfillment of insurance liabilities as part of the insurance policy or implementation of the provident funds' regulations, breach of fiduciary duty, conflicts of interest, professional negligence, and also including in respect of the manner of distribution and sale of the Group's products, via third parties, whose activities, either by action or omission, may be binding upon it.

2.2.3. Additional exposures

2.2.3.1 Immaterial or yet unfiled claims

The exposure to currently unfiled legal actions against the Group companies is brought to their attention in a number of ways. This is done, among other things, by inquiries made by customers, employees, suppliers, non-profit organizations or anybody acting on their behalf to various functions in the companies, and especially the compliance officer responsible for public inquiries in the Group companies, via customer complaints to the Public Inquiries Unit in the regulator's office, and via legal actions (that are not class actions) filed with the court and also via position papers of the Commissioner.

Note that insofar as this concerns a customer complaint to the regulator's Public Inquiries Unit, then, in addition to the risk that the customer chooses to assert their allegations in a class action lawsuit as well, Group companies are also exposed to the risk that the regulator resolves the complaint by issuing an industry-wide ruling, which could apply to a broad category of customers and/or by publishing a position statement (or a draft ruling or position). For further details regarding industry-wide rulings and position papers, see Section 2.2.3.2 below.

Moreover, pursuant to the regulatory directives applying to institutional entities, as part of a circular on the adjudication and settlement of claims and addressing public inquiries, in cases in which a public inquiry indicates a systemic, significant defect, which could well be repeated in an institutional entity's regular conduct, that institutional entity must act to identify similar cases in which a similar defect has occurred, and insofar as similar cases are identified - it must develop insights and rectify the defects within a reasonable period of time. This amendment may expand the Group's exposure to the industry-wide implications in respect of the said defects.

2.2.3.2 Exposure of the Group companies due to regulatory directives, audits and position papers

A. Furthermore and in general, in addition to the overall exposure to which the Group companies are exposed, in respect of future claims, as detailed in Section 8(2.2.2) above, from time to time, including due to complaints of customers and suppliers, audits and requests for information, there is also exposure to warnings concerning the intention of a regulatory authority, to impose financial sanctions and/or directives on the supervised consolidated companies regarding amendment and/or refunding and/or taking of certain actions pertaining to past actions and/or change in behavior, among other things, with regard to a customer or a group of customers, and/or exposure in respect of industry-wide rulings, under which directives may be issued to pay out refunds to customers, or to provide other remedies in respect of the defects to which the warnings or rulings and/or position papers published by supervisory entities related, and whose status and degree of impact are not certain. The Group companies are also involved, from time to time, in hearing and/or discussion proceedings with supervisory authorities with respect to warnings and/or rulings, and enforcement powers are sometimes employed against them, including the imposition of authorizations.

   The Group companies are examining the need to make provisions in the financial statements in respect of the aforesaid processes, based on the professional opinion of their legal counsel and/or are in the process of learning the ramifications of the said proceedings, as is deemed to be necessary and relevant.

B. Following are details regarding positions or draft positions of the Commissioner or theoretical rulings that either have or may have an impact on the Group:

Pursuant to the financial statements of Atudot, a company owned by Clal Insurance (50%), during 2017 an audit of the pension fund was conducted on behalf of the Commissioner focusing on the subject of planholders' rights. On August 7, 2019, Atudot received the draft audit report for its response. The draft audit report addressed key issues of the pension fund's activity, including: the groups, the fund's articles of association, management fees and management expenses, data cleansing, actuarial reporting and withdrawal of money from the fund. Atudot filed its response to the draft audit report findings and held a number of meetings to discuss them with the Commissioner's representatives. The Company was informed that on August 21, 2022, Atudot received the final audit report that included directives and recommendations for the Board of Directors on a number of topics, among other things, an examination of the issue of actuarial bubbles and all their ramifications; including their application. It also addressed the issue of how to deal with them, greater coherence between the average duration of the assets and liabilities in each actuarial bubble, etc.; as well as finding solutions to the problem of funding sources to manage the fund in the future given the fact that it is a closed fund; optimization of the method of payment to planholders, expansion of the data cleansing process, together with certain recommendations for amendments to the regulations and expanding the notes, etc. Furthermore, the Commissioner recommended considering the possibility of adopting the redemption values formula prescribed in the Income Tax Regulations, in order to encourage the fund's planholders to realize the funds as an annuity rather than a capital withdrawal. The Company was informed, that with regard to a significant part of the recommendations, and particularly on issues pertaining to the actuarial bubbles, adapting the average duration of assets to liabilities and the redemption formula - it was determined in the audit report that Atudot's Board of Directors must draw up its position on these matters, and that the recommendation is not binding specifically with respect to the manner of treating those issues; and also that as of the approval date of the financial statements, discussions were being held with the Authority in order to reach an agreed model on actuarial bubbles, while a concrete plan of action was devised to address other issues which is being implemented by the Fund. In view of the aforementioned, Atudot is unable to evaluate the full implications of the audit report on its financial statements.

2.3 Demand for information from the Competition Authority against Hyp

Further to Note 45(2)(4) to the Consolidated Financial Statements for 2023 regarding the demand for data and request for an examination of conduct that raises concerns of a breach of the provisions of the Economic Competition Law, 1988, regarding the interface of new acquirers received by Hyp Payment Solutions Ltd., a sub-subsidiary of the Company (hereinafter - "**Hyp**"), Hyp took steps designed to resolve any dispute regarding this matter; furthermore, as part of a review by the Israel Competition Authority, Hyp received several other demands for data from the Israel Competition Authority, which it responded to, and conversations and meetings were conducted between the parties. To the best of the Company's knowledge, to date the Israel Competition Authority has not yet issued a decision regarding the review.

2.4 Summary of exposures to lawsuits against the Company and the consolidated companies, not including the Max Group Companies

2.4.1 Following are details of the overall amount of claims in both material and immaterial class actions which were certified to be filed as class actions, in pending class action certification motions and a derivative claim, as (nominally) stated by the plaintiffs in their claim as part of the pleadings filed against the Company and the consolidated companies, except companies of the Max Group. It is noted that in the State of Israel, filing class action lawsuits does not entail payment of a fee derived from the claimed amount; therefore the amounts of such claims may be significantly higher than the actual exposure for that exposure. In the majority of cases, the plaintiffs point out that the amount claimed by them is stated as an estimate alone, and the exact amount shall be decided upon as part of the legal proceeding. It is further noted that the aforementioned amount does not include claims for which the lead plaintiff did not state their amount (Section b(3) in the table below). Moreover, it is clarified that the claimed amount does not necessarily constitute quantification of the Company's actual exposure amount, which may eventually transpire to be lower or higher,[16] as on numerous occasions

16. It should be noted further that the specified amounts do not include the amounts the plaintiffs claimed as the lead plaintiff's reward and their counsel's legal fees, they do not include a lawsuit against Atudot, as detailed in Section 2.1.2.2, and they do not include an increase in the amounts of the lawsuit in respect of the period from the date it is brought, as applicable.

the plaintiffs refrain from stating the precise claimed amount or state that the amount exceeds NIS 2.5 million for the claim to be heard under the jurisdiction of the District Court, and the exposure due to these claims could be substantially higher than noted, and that the claimed amount usually relates to the period preceding the date of filing suit and does not include the following period.

Type of claim	*No. of claims*	*Claimed amount in NIS million (Unaudited)*
A. Claims certified as class actions[17]		
1. An amount relating to the Company has been specified	5	3,981
2. The claim was filed against several parties and no specific amount was attributed to the Company	1	48
3. No claimed amount was provided[18]	4	-
B. Pending motions to certify claims as class actions		
1. An amount relating to the Company has been specified[19]	12	1,702
2. The claim was filed against several parties and no specific amount was attributed to the Company[20]	5	8,267
3. No claimed amount was provided / a potential range was detailed[21]	22	-
4. An annual amount was specified (and accordingly, the total amount depends on the period)[22]	1	7

In addition to that specified in Sections 8(1) and 8(2) above, the Company and/or the consolidated companies are parties to other legal proceedings, in addition to the lawsuits outside the ordinary course of business, that are considered immaterial and are not class actions or derivative actions, and that mainly include lawsuits brought by customers, former customers, and various third parties, outside of regular lawsuits to exercise rights under insurance contracts or provident fund bylaws, at a total alleged amount of approx. NIS 39 million as of December 31, 2024 (approx. NIS 35 million as of December 31, 2023). The causes of action within these proceedings are many and varied.

2.4.2 Regarding the Companies and the consolidated companies, except the Max Group companies, in respect of the costs that may derive from the claims and exposures described in Sections 45(1) and 45(2) above, provisions are made in the financial statements of the relevant consolidated companies, only if it is more likely than not - namely, with a probability exceeding 50% that a payment liability owing to past events may arise, and that it will be possible to quantify or estimate the liability amount within a reasonable range.

The amounts of the provisions made are based on assessment of the degree of risk in each of the claims, immediately prior to the date of publishing this report (apart from some of the claims filed during the last two quarters, and due to the preliminary state of their treatment it is not possible to estimate their chances of success). with respect to this matter, it should be noted that events occurring during the litigation process may require renewed assessment of this risk. Insofar as the Company has the right of indemnity from a third party, the Company acknowledges this right, if it is virtually certain that the indemnity will be obtained if the Company settles the liability.

17. Including a lawsuit that had been certified as a class action and in which a judgment was rendered in favor of granting the lawsuit.
18. These lawsuits include a lawsuit that has been estimated in hundreds of millions of shekels, a lawsuit that has been estimated in tens of millions of shekels, and a lawsuit in which we serve as formal defendants.
19. These lawsuits include a lawsuit in which the movants estimated the claimed damage against Clal Insurance due to the period from March 8, 2020, to April 30, 2020, at NIS 103 million, and noted that the damage will continue to accrue as long as the collection is not terminated.
20. Including a lawsuit in which Clal Insurance was sued for approx. NIS 1,413 million attributed to it and, in addition, NIS 1,550 million attributed jointly to the two companies.
21. Lawsuits in which the plaintiff estimated the claimed amount at more than NIS 2.5 million - the threshold of the subject-matter jurisdiction of the District Court. It is noted that among these motions there is one motion, which was served with respect of a lawsuit which was filed both against Clal Insurance and against Max, see Sections 2.1.2.10 and 3.1.2.5 above and below.
22. The motion was brought in March 2020. According to the plaintiff, the lawsuit ought not to be subject to any statute of limitations. Alternatively, the claim for pecuniary remedies is made for the period starting 7 years before the lawsuit was filed, and until the lawsuit is certified as a class action lawsuit.

The assessments of the Company and of the consolidated companies regarding the assessed risk in the claims being conducted are based on the opinions of their legal counsel and/or on the estimates of the relevant companies, including pertaining to the settlement agreement amounts, which the Company's and consolidated companies' management expect to be paid by them, more likely than not.

It should be stressed that in the professional opinion of the attorneys with respect to the majority of motions to certify in which no provision was made, the attorneys' estimate relates to the chances of the class action certification motion being approved and does not relate to the odds of the claim itself, should it be certified as a class action. This is so, among other things, as the scope and content of the hearing on the claim itself, after it is certified as a class action, will be influenced by the court's ruling to certify the claim as a class action, which usually relates to both the causes of action that have been approved and those that have not; the reliefs that have been approved and those that have not; etc.

Many of the motions to certify lawsuits as class actions have been filed against the Group on various matters related to insurance contracts and the Group's ordinary course of business, for which the Group has allocated insurance reserves.

At this preliminary stage, it is impossible to assess the likelihood that the motions to certify class actions reported in Sections 8(2.1.2) (33), (34), (35), and (36) would be granted.

The provision in the financial statements with respect to the Company and the consolidated companies, excluding the Max Group Companies, as of December 31, 2024, for all the lawsuits and the exposures described in Sections 45(1) and 45(2) above, totals approx. NIS 500 million (approx. NIS 409 million as of December 31, 2023).

These amounts include provisions made in respect of past liabilities in accordance with the legal counsels' assessment, and do not include the assessments' effect on the estimated future cash flow, which are included, as necessary, in the liability adequacy testing.

3. Exposures against the Max Group companies

During the regular course of business, material legal claims were filed against Max,[23] whose filing as class actions has been certified; pending motions for certification of material claims as class actions; material and immaterial class actions which were concluded during the reporting period and until its signing and other material claims.

With respect to Max,[24] the disclosure format is in accordance with the Banking Supervision Department's directives, such that material lawsuits are disclosed. Regarding the provisions in the financial statements, the lawsuits filed against Max are classified into three categories, as follows:[25]

- Probable risk – the probability that the risk will materialize exceeds 70%. Provisions are made in the financial statements for lawsuits in this risk category.
- Reasonably possible risk – the probability that the risk will materialize ranges from 20% to 70%. No provisions were made in the financial statements due to lawsuits in this risk category.

23. It is noted that, in general, in this note, a lawsuit against Max would be classified as material and described according to a qualitative or quantitative assessment carried out by Max. Regarding the quantitative assessment – a lawsuit shall be considered material insofar as the total actual exposure, net of tax and assuming the lawsuit is found to be justified and regardless of the lawsuit's chances or the propriety of the amount specified in it on their merits, may exceed 1% of Max's equity as of the reporting date, as detailed in the equity note in the Company's periodic report. Further to Section 10.3.6 of Chapter A of the Company's Annual Reports for 2023, regarding the guidelines and rules the Company has adopted for examining the nature of a specific event or matter for immediate reporting purposes under Regulation 36 of the Securities Regulations, and further to that stated in Note 8, Section 2, of the Company's financial statements, in connection with the description of contingent liabilities and lawsuits filed against the Company and its subsidiaries, and in light of the fact that since the second quarter of 2023, the Company also fully consolidates Max's statements, which are prepared in accordance with the Banking Supervision Department's reporting directives – the Company wishes to clarify that the disclosure of lawsuits filed against Max in these statements does not necessarily indicate that the lawsuit is material for the purposes of the Company's immediate reports, as detailed above, and therefore, not all such lawsuits and/or development therein are disclosed in an immediate report.
24. With respect to CIMax Group companies other than Max or companies under its control, the provisions of Section 2.4.2 above shall apply with respect to the above in connection with the policy on accounting provisions.
25. The risk assessments are based on the opinions of the legal advisors who handle the lawsuits and/or Max's estimate, including an estimate of the amounts of the expected settlement agreements, that Max's management anticipates will be concluded. In the first stages after the receipt of the claim, in a period of up to 4 quarters, it is not possible to assess the chances of the motions to certify the actions and therefore no provision is made for them.

- Remote risk – the probability that the risk exposures will materialize is less than or equal to 20 percent. No provisions were made in the financial statements due to lawsuits in this risk category.

The financial statements include adequate provisions for lawsuits, in accordance with the management's assessment and based on assessments by Max's external legal counsels, in accordance with the above.

The total exposure, as assessed by Max based on the assigned external counsels' risk assessment, as detailed below, due to lawsuits filed against Max on various issues, each of which exceeds NIS 1 million, and whose possibility of materializing is not remote, is NIS 201 million (hereinafter - the "**Exposure to Non-Remote Lawsuits**").

Note further that in the State of Israel, filing class action lawsuits does not entail paying a fee that derives from the claim amount, and therefore, the claim amounts in non-remote lawsuits may greatly exceed the actual exposure. In the majority of cases, the plaintiffs point out that the amount claimed by them is stated as an estimate alone, and the exact amount shall be decided upon as part of the legal proceeding. Moreover, it is clarified that the claimed amount does not necessarily constitute quantification of the Company's actual exposure amount, as on numerous occasions the plaintiffs refrain from stating the precise amount of the claim or state that the amount exceeds NIS 2.5 million for the claim to be heard under the jurisdiction of the District Court, and that the claimed amount usually relates to the period preceding the date of filing suit and does not include the following period nor does it relates to the exposure to legal expenses, legal fees and compensation for the plaintiff.

Following are details of material proceedings against Max as of the report publication date.

3.1.2 Pending motions to certify material claims as class actions against Max Group companies[26]

1.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	5/2019 District Court - Tel Aviv-Jaffa	Max	The lawsuit concerns the allegation that Max is in breach of the provisions of its agreement with the plaintiff – a company that receives acquiring services from Max (or, alternatively, that Max is implementing its provisions unlawfully), as when a transaction is partially canceled, the acquiring fee refund for the relative share of the canceled transaction is lower than the transaction cancellation fee Max charge.	To refund the cancellation fee the class members were charged in contrast with the provisions of the agreements and/or as a result of unlawful implementation thereof.	According to the Supreme Court's decision - all Max's customers who are merchants whose set of contracts with Max contains identical or similar clauses to those appearing in specific clauses of the acquiring agreement (as defined by the court) and in the cancellation fee rate chart, from whom Max charged a cancellation fee.	In April 2022, the District Court rendered its judgment, in which the motion to certify was denied. In July 2022, the plaintiff appealed the judgment to the Supreme Court. In August 2023, the Supreme Court rendered a judgment in favor of granting the appeal and certified the lawsuit as a class action. Therefore, the case was returned to the District Court of Tel Aviv to hear the class action lawsuit on its merits. The parties conducted mediation in an attempt to conclude the proceeding by way of a compromise, which ultimately failed.	The plaintiff estimates the total claimed amount for all class members at approx. NIS 22 million.

2.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	7/2018 District Court - Tel Aviv-Jaffa	Max and 2 additional companies	The lawsuit concerns the allegation that the defendants enabled the activity of companies engaged in direct marketing of transactions to the elderly for many years, despite knowing that these companies were acting unlawfully and taking advantage of the elderly.	To order the respondents to return all the funds from the elderly population's transactions with the direct marketing businesses (unless it is proven that the transactions were made lawfully), to return the fees they collected as a result of the transactions, to compensate the customers for the non-pecuniary damage they incurred, and to terminate the engagement with the relevant companies.	The respondents' elderly customers and/or their heirs, whom the direct marketing companies charged in respect of products and/or services and/or loyalty program memberships and/or postal charges they had ordered from the marketing companies and/or due to any other charge that they have not duly authorized and/or without being given adequate consideration in the seven years prior to the motion to certify.	In December 2021, the Attorney General submitted his position regarding the proceedings, according to which, under certain circumstances, it is appropriate to impose a mandate on credit-card companies, in their capacity as issuers, to intervene in a transaction executed due to improper pressure on an elderly customer by direct-marketing companies. In August 2022, the District Court rendered a judgment that denied the motion to certify. In November 2022, the plaintiffs filed an appeal against the ruling with the Supreme Court.	The plaintiffs estimate the total claimed amount for all class members at NIS 900 million.

26. Including such motions which were denied and the ruling to deny them was appealed.

3.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	06/23 District Court - Tel Aviv	Max and Max IT Credit (a wholly owned Max subsidiary)	The motion to certify concerns the plaintiff's allegation that the defendants announce the end of the limited-time card fee exemption benefit only in the account statements, but not in a specific notice, which the plaintiff claims is contrary to the Banking Rules (Customer Service) (Full Disclosure and Delivery of Documents), 1992.	To refund of the excessive card fee charged after the benefit expiration date without duly notifying of the benefit's expiration. In addition, mandatory injunctions ordering the defendants to change their conduct and give the customers prior notice of the benefit's expiration, as per the law.	The defendants' customers who were given a limited-time exemption from card fees benefit, and from whom the defendants started charging the card fees without notifying them in a specific notice and/or via text message (not within the monthly statements).	The proceeding is in the stage of the class action certification motion being reviewed. The parties agreed to refer the proceeding to mediation.	According to the plaintiff, the amounts may sum up to tens of millions of shekels, and therefore it estimates the lawsuit amount, at this stage, at over NIS 3 million.

4.	Date and court	Defendants	Key claims and causes of action	Key remedies	Represented class	Status / additional details	Claimed amount
	03/2024 District Court - Tel Aviv	Max and 1 other	The motion to certify involves the claim that Bank Leumi and Max raise the card fees for their customers without a proper update. It is argued that, according to the law, the defendants have the duty to notify them of changes of this type, in an effective manner, in a separate and clear notice and/or in a prominent manner that will allow the notice regarding the increase in card fees (or collection of payments) to be distinguished from other current notices. All of the above is contrary to the duties of good faith and disclosure that apply to the defendants.	Compensation and/or restitution of the difference between the price that the customers originally paid and the amount which was actually charged, without them being duly notified of the increase in card fees. And, in addition, a mandatory order instructing the defendants to actively inform their customers of any increase in the price of the service, as part of a separate and clear notice on the website, including in the application.	Any customer of the defendants, whose express consent was not given or who was not actively informed about the increase of the price of services involving the credit card prior to the increase in the price of the services, in the 7 years preceding the submission of the motion to certify and until the date of certification of the motion as a class action.	The proceeding is in the stage of the class action certification motion being reviewed. The parties agreed to refer the proceeding to mediation.	The plaintiff estimates the amount of the claim at over NIS 2.5 million.

5. Regarding a pending motion to certify a material claim as a class action lawsuit which was brought against the Company and against Max, see Note 45(2.1.2.9) above.

3.1.3 Material class actions, material claims and motions to certify material claims as class actions which were concluded during the reporting period and until the signing of the report against the Company and Max Group companies

1.	*Date and court*	*Defendants*	*Key claims and causes of action*	*Key remedies*	*Represented class*	*Status / additional details*	*Claimed amount*
	6/2016 District Court - Lod-Central	Max and 2 additional companies	The lawsuit concerns the allegation that the defendants are parties to an illegal cartel, in connection with debit cards and prepaid cards, whereby they charge fees at a rate that exceeds the costs associated with the transactions made using these cards, and also that even though the customer is charged immediately or shortly after the transaction date when such cards are used, the acquirer only issues a credit with respect to them later.	To compensate the class for the damage arising from the alleged cartel regarding the total interchange fee paid in debit card transactions, and regarding the timing of transferring funds to merchants for debit card transactions, as well as compensation for the under-use of debit cards due to the two aforementioned cartels.	All merchants and their customers who honor payment cards.	In August 2024, the court approved a settlement agreement approval motion, the main point of which is that the respondents will act to deliver prepaid cards and gift cards, which will be charged at the amount set in the agreement - as a donation.	The plaintiff estimated the total claimed amount for all class members at approx. NIS 7.1 billion.

3.2 Another material lawsuit outside the ordinary course of business brought against the Max Group Companies

In December 2016, Max received a VAT assessment for the billing periods from January 2012 to August 2016 (hereinafter - the "**Assessment**"), which mainly concerned charging Max the full VAT for fees Max received due to transactions between holders of Max-issued credit cards and overseas merchants abroad; the Assessment also concerns the denial of an inputs tax deduction for inputs attributable to its operations in Eilat, according to the VAT authorities. In March 2017, Max filed an objection to the Assessment, and in March 2018, Max received the ruling on the objection and a revised VAT assessment (hereinafter - the "**Revised Assessment**"). In the ruling on the objection, the VAT Directorate (hereinafter - the "**Directorate**") dismissed Max's claims in the objection and even changed its arguments in connection with the fees Max received in respect of transactions between Max-issued credit card holders and overseas merchants. As a result, the charge in the Revised Assessment was adjusted upward to NIS 86 million, plus linkage differences and interest from the date of issuing the Revised Assessment.

In January 2019, Max appealed the ruling on the objection before the Tel Aviv District Court, and at the Directorate's request, the hearing was consolidated with the hearing on appeals by two credit card companies, on similar issues (hereinafter - the "**Consolidated Appeal**"). In the Directorate's response in the Consolidated Appeal, the Directorate held, with respect to the portion of the Assessment charge attributed to Max's operations in Eilat, that in light of Max's claims and the specific circumstances, it intends to reduce the relative portion attributed to the above operations from the Assessment charge, without this having any future ramifications. As a result, the revised total charge in the Assessment is expected to be approx. NIS 83 million, plus linkage differences and interest from the date of issuing the Revised Assessment.

In September 2021, Max received a VAT assessment for the billing periods from September 2016 to June 2020 (hereinafter - the "**Second Assessment**"). The Second Assessment deals with charging the full VAT for the fees whose taxability is discussed in the Consolidated Appeal, as well as additional fees. In January 2022, Max filed an objection to the Second Assessment, and over June-November 2022, the parties negotiated a settlement with respect to the assessments specified above, while the evidentiary hearings were carried out at the same time. In November 2022, the State Attorney announced the end of the settlement negotiations in light of its position that it wishes to have the case decided by the court. The case is at the stage of summations.

In January 2023, the Directorate issued a ruling in which it rejected Max's objection to the Second Assessment and charged Max NIS 180 million due to this period, plus linkage differences and interest from the date the Assessment was issued. In March 2023, Max appealed this ruling to the District Court. In June 2023, the Directorate withdrew the charge due to Max's activity in Eilat, and therefore, this charge under the Assessment was canceled. In July 2023, an arrangement was approved, according to which the court's determinations in the consolidated appeal will also apply to the appeal regarding the second assessment. Max included a provision in its financial statements in respect of the VAT assessments, based, among other matters, on the estimate of its external legal counsel who are providing guidance for the claim, and based on the talks held to formulate the settlement agreement, which did not materialize. The provision includes the period after the periods of the assessments, until December 31, 2024.

NOTE 46 - ADDITIONAL EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

A. Actuarial estimates

1. The interest rate environment and its effect on the discount rates in the insurance subsegments.
   In the reporting period, financial effects applied, including a change in the illiquidity premium in accordance with regulatory requirements, an increase in the risk-free interest rate curve, and an adjustment of assets to liabilities was made that had an impact on the estimated rate of return in the portfolio of assets held against insurance liabilities. For further details, see Notes 42(e)(e1)(d)(1) and 42(e)(e2)(4)(a).
2. A change to the provisions relating to life insurance plans incorporating savings that include "annuity conversion factors taking into account guaranteed life expectancy"; see Note 42(e)(e1)(d)(2).
3. Update of assumptions in the calculation of the liabilities to supplement the annuity reserve, see Note 42(e)(e1)(d)(3).

B. Issuance of bonds by the Company

For details regarding the issuance of bonds by the Company during 2023, see Note 26(c) above.

In February 2024, some of the issuance proceeds were used to effect early repayment of the full amount of the syndicated loan. For further details, see Note 26(a1)(3) above.

C. Issuance of Subordinated Notes by Clal Insurance Capital Raising Ltd. (formerly: Clalbit Finance Ltd.)

In January 2024, approx. NIS 504 million p.v. in Notes (Series J) were exchanged by way of an exchange tender offer in consideration for the issuance of approx. NIS 508 million p.v. in Notes (Series M), by way of expansion of an existing series. The Notes (Series M), which were issued as stated above, were recognized (subject to restrictions) as Tier 2 capital of Clal Insurance, instead of Notes (Series J), which were exchanged and which were recognized as hybrid Tier 2 capital.

The terms of some of the Notes (Series J) vary from the terms of the Notes (Series M), and accordingly they were accounted for as replacement of debt instruments with materially different terms, in accordance with the standard's definition; accordingly, Clal Insurance accrued a loss of approx. NIS 1.6 million. The issuance costs amounted to approx. NIS 1.5 million.

In April 2024, Clal Insurance Capital Raising issued to the public NIS 465 million p.v. in Notes (Series M) by way of expansion of an existing series in consideration for approx. NIS 460 million. The terms and conditions of the additional notes are identical to the terms and conditions of the Notes (Series M) in circulation. The issuance costs amounted to approx. NIS 5.1 million.

On July 31, 2024, Clal Insurance Capital Raising executed early redemption of the outstanding balance of the Notes (Series J), in accordance with their terms and conditions.

For further details, see Note 26(b) above.

D. Rating

The Company

In July 2024, S&P Maalot published a rating report which reiterated the AA- rating with a stable outlook for the Company's bonds.

Clal Insurance and notes issued by Clal Insurance Capital Raising

In July 2024, rating agencies Midroog Ltd. and S&P Maalot published rating reports that affirmed the existing rating of Clal Insurance Ltd. and the subordinated notes issued by Clal Capital Raising. The rating outlook remained stable.

Max

In November 2024, rating agency Midroog Ltd. reiterated Max's rating of Aa3.il, and also left the existing rating of the deferred subordinated notes and non-marketable commercial papers issued by Max. The rating outlook remained stable.

In December 2024, Midroog rating agency reiterating the rating and outlook for the expanded series of CPs (Series 2) by way of an expansion of an existing series.

E. Max's bonds

Subsequent to the reporting date, on January 6, 2025, Max completed a private placement of commercial papers for institutional entities, by way of expanding an existing series totaling approx. NIS 154 million in CPs (Series 2).

For details regarding the issuance of bonds by Max, see Note 26(e) above.

F. Extension of the terms of the Company and Clal Insurance Capital Raising's shelf prospectuses

On July 17, 2024, the term of the Company and Clal Insurance Capital Raising's shelf prospectuses was extended from July 24, 2022 to July 24, 2025 (hereinafter - the "**Shelf Prospectuses**"). The Shelf Prospectuses allow the Company and Clal Insurance Capital Raising, among other things, to issue bonds and options for bonds. Generally, the consideration of bonds, which will be issued by Clal Insurance Capital Raising by virtue of the Shelf Prospectus, shall be deposited with Clal Insurance, which will bear the liability towards bondholders to repay the bonds they hold.

G. Filing a draft initial public offering prospectus by Max

On June 30, 2024, Max filed to the Israel Securities Authority a first draft of an initial public offering (IPO) prospectus, which also constitutes a shelf prospectus, which will allow the issuance of notes, options convertible into bonds and commercial papers and/or the listing of illiquid subordinated notes issued by Max. This is as part of Max's strategy to diversify its sources of financing in order to fund its operating activities.

Max does not undertake to publish the prospectus and/or issue any securities in accordance with the prospectus, to the extent that it is published. The publication of the prospectus and/or the issuance of securities thereunder are subject to Max's full discretion and to the receipt of approvals required by law, including the Israel Securities Authority's permit and the approval of the Tel Aviv Stock Exchange Ltd. Accordingly, there is no certainty that the prospectus will be published and/or that various securities will be issued thereunder.

H. Option plan

For details regarding the Company's option plan and bonuses given during the reporting period and in 2021, see Note 44 above.

I. Approval of the Company's dividend policy and distribution

In September 2024, the Company's Board of Directors approved the dividend distribution policy. In accordance with the approved policy, the Company will distribute an annual dividend at a rate, which will not fall below 50% of the dividend received in that year from the Company's subsidiaries.

On November 28, 2024, the Company's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 60% of the dividends declared and distributed in the Company's subsidiaries. The dividend was paid on December 24, 2024. For further details, see Note 42(c)(e1) above.

J. Dividend distribution policy at Clal Insurance

On November 27, 2024, Clal Insurance's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 45% of Clal Insurance's comprehensive income in 2023, having considered all aspects, including Clal Insurance's compliance with the economic solvency ratios detailed in Note 17(C)(2) above. The dividend was paid on November 28, 2024.

K. Collective agreements in the Group

1. Signing a collective agreement in the Group companies (excluding Max and Hyp)

Subsequent to the reporting date, in March 2025, a new collective agreement was signed between the Group companies (excluding Max and Hyp) and the New Histadrut - General Federation of Labor in Israel (hereinafter - "**Histadrut**") and the Group's Workers' Union, valid from January 1, 2025 to December 31, 2028 (hereinafter - the "**2025 Agreement**")

The 2025 Agreement enshrines into one agreement the past agreements, subject to agreed changes and additions, the main points of which are detailed in Note 25(c)(1) to the Annual Financial Statements.

2. Signing of a collective agreement in Max

In October 2024 a collective agreement was signed between New Histradrut Workers' Union - Histadrut HaMaof - and Max employees' representatives (hereinafter - the "**Agreement**"), which is valid for the period from July 1, 2024 to December 31, 2028.

The agreement consolidated past agreements into a single agreement, subject to agreed changes and additions, the main points of which are detailed in Note 25(c)(2) to the Annual Financial Statements.

L. Appointment of officers

On June 1, 2024, Mr. Tomer David started serving as the Group's Chief Internal Auditor instead of Mr. Eran Shahaf.

On July 1, 2024, Mr. Dror Biran started serving as the Group's Chief Legal Counsel instead of Ms. Hadar Brin Weiss.

On December 31, 2024, Mr. Ron Fainaro, Max's CEO, ended his service in Max. His employment with Max ended on January 31, 2025.

On January 1, 2025, Ms. Sagit Dotan began serving as CEO of Max. Until the appointment date, Ms. Sagit Dotan served as Executive Vice President and Head of Max's Retail Customers Department.

M. Effect of the Iron Swords War

On October 7, 2023, the terrorist organization Hamas launched a murderous attack on communities in southern Israel.

Subsequent to the terrorist attack, the Ministerial Committee on National Security Affairs (the Political-Security Cabinet) decided to take military action, under Section 40 of the Basic Law: The Government, and the IDF declared the Iron Swords War (hereafter - the "War").

During 2024, the War continued and even intensified on other fronts. The War has led to a series of impacts and restrictions, including, among other things, evacuation of hundreds of thousands of people from their homes and temporary closure of many businesses; these measures caused a decrease in economic activity. The Israeli economy continued to operate in a wartime routine this year, with a gradual improvement in most of the economy during 2024, returning almost to normal, except for the areas which suffered directly from the events of October 7 and the north of the country, where some residents are still evacuated from their homes and businesses have not yet resumed normal operations, despite the ceasefire agreement signed at the end of November 2024. On January 19, 2025, a ceasefire agreement entered into force in the Gaza Strip too.

The developments in the last quarter of 2024, and in particular the relative calm on both fronts (the Gaza Strip and the northern front) following the abovementioned ceasefire agreements, constitute a positive development for the Israeli economy, which also led the Bank of Israel to revise upwards its growth forecast. However, these agreements are fragile and at the moment also temporary, and any violation may lead to renewed fighting and increase the level of risk to normal economic activity.

The effect of the War is also evident in the credit rating of the State of Israel, as detailed below:

On October 17, 2023, the Fitch rating agency announced a change in the credit rating outlook to negative.

On October 27, 2023, the S&P rating agency announced that it had revised Israel's credit rating outlook to negative.

On February 9, 2024, the Moody's rating agency announced a downgrading of the State of Israel's debt credit rating from A1 to A2 as well as a negative rating outlook.

On April 18, 2024, rating agency S&P downgraded Israel's sovereign credit rating from AA- to A+, and reiterated the rating outlook at negative.

On April 2, 2024 rating agency Fitch reiterated Israel's credit rating at A+, but changed the rating outlook from stable to negative.

On August 1, 2024, rating agency S&P published an announcement in which it noted that the potential for a wider conflict in the region presents substantial risks for Israel. In accordance with the announcement, a further escalation is not part of the baseline ratings scenario for Israel and may present a risk to the country's current rating.

On August 12, 2024, rating agency Fitch downgraded Israel's credit rating from A+ to A, with a negative rating outlook. The reasons for the rating downgrade arise, among other things, from the continued fighting in Gaza and the increase in the geopolitical risks.

On September 27, 2024, the rating agency Moody's announced a downgrading of the State of Israel's debt credit rating by two notches (in one go) from A2 to Baa1 with a negative outlook.

On October 1, 2024, the rating agency S&P announced the downgrading of the State of Israel's credit rating from A+ to A with a negative outlook, bringing forward by five weeks its scheduled announcement, which was planned to be issued on November 8, 2024. The reasons for the credit rating downgrade outside the normally scheduled rating announcements are, among other things, the escalating conflict between Israel and Hezbollah, which - according to S&P - is highly likely to become intensive and persistent.

Subsequent to the reporting date, in January 2025, the international rating agencies published an update regarding Israel's credit rating stating that the ceasefire that entered into force on January 19, 2025 constitutes a positive development for the Israeli economy. However, the rating agencies note the fragility and complexity of the agreement.

Clal Insurance - In the Reporting Period and as of the approval date of the Annual Financial Statements no material changes occurred in light of the War in its operations and there was no material effect on its financial results.

Max - After a significant decline upon the outbreak of the fighting, as from December 2023 and during 2024 the issuance and acquiring turnovers in Israel increased gradually and even exceeded those of the corresponding period last year. The company's overseas issuance turnovers, which declined during the War, have also started growing gradually, among other things, following foreign airlines recently resuming their flights to Israel.

Pursuant to the directive of the Banking Supervision Department, in the financial statements for the third quarter of 2023, the company increased the provision for credit losses, due to the potential effects of the War on the credit risk of the company's customers and the expected credit losses (as detailed in the 2023 financial statements); however, so far there has been no significant increase in the credit risk of the company's customers. However, there is still a degree of uncertainty regarding the full effects of the War on the Israeli economy and the repayment capacity of the Company's customers. Therefore, since the estimated provision for credit losses is based, among other things, on judgments and assessments, and involves uncertainty at this stage, there is a high probability that future credit losses will vary from the current estimate.

The Group is exposed to declines on the financial markets and to slowdown, as well as to additional risks that may arise from the War. For further details on sensitivity and exposure to risk factors, see also Note 42 to the financial statements.

At this stage, there is significant uncertainty as to the development of the War, its scope and duration. Therefore, at this stage, it is impossible to assess the full effect of the War on the Group.

The Group mobilized to support the national effort through a series of extensive activities, including reliefs for customers, an increased donation budget, and a dedicated support fund established at Clal Insurance to assist policyholders with insurance war damages.

N. Further market developments in the reporting period and thereafter

As of the report date and the report publication date, the Company has a negative fees balance in the collection of variable management fees which until coverage of the loss, will prevent the Company from collecting variable management fees amounting to a pre-tax sum of approx. NIS 0.1 billion.

NOTE 47 - APPLICATION OF IFRS 17 AND IFRS 9 TO 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 standard is expected to trigger material changes in the Company's financial reporting.

The first-time application date set in IFRS 17 is January 1, 2023; however, in accordance with the requirements of the Commissioner, 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. The subsidiary which meets the definition of insurer 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.

In accordance with the Roadmap, under their 2024 annual financial statements, insurance companies are required to disclose - in a dedicated and separate note relating to the implementation of the new standards - statement of financial position line items (pro forma balance sheet) as of January 1, 2024, in accordance with the disclosure format attached to the Roadmap. Furthermore, under the said note insurance companies are required to provide supplemental qualitative disclosure, which will cover, among other things, the topics detailed in the Roadmap. This quantitative and qualitative disclosure is detailed below in this note. In addition, companies are also required to report certain statement of comprehensive income line items (pro forma) for the 6-month period ended June 30, 2024 (hereinafter - "**Operating Results Pro Forma Data**"). However, companies may disclose the Operating Results Pro Forma Data under the Report of the Board of Directors instead of presenting them under the abovementioned note, and the Company opted for this alternative.

In January 2025, the Commissioner published a fifth revision to the Roadmap, which mainly revised items pertaining to expedients in the application of the standard regarding notes to interim financial statements in the first year of application and regarding related reports to the Commissioner.

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 described below are based, among other things, on this contract.

It is emphasized that the information detailed below regarding the accounting policies is correct as of the date of this report and may be subject to changes as first-time application progresses.

A. The Company's preparation for the application of IFRS 17 and IFRS 9

As part of the standards' adoption process, the Company is implementing and integrating IT systems that are necessary for applying the provisions. In addition, the Company is testing and mapping the required controls and the flow of information to the financial statements. Furthermore, as part of the preparations, the Company executed quantitative tests in order to assess the methodologies, the accounting policies, and the implementation of the systems. In accordance with the roadmap published by the Capital Market, Insurance and Savings Authority, the qualitative tests were reported to the Authority in accordance with the time frames set forth.

B. IFRS 17 - Main changes in the accounting policies

Following are the main requirements and accounting policies, which were selected by the Company:

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, which the Company issues;

b) Reinsurance contracts held by the Company; and
c) Investment contracts with discretionary participation features, which the Company issues, provided that it also issues insurance contracts. It is noted that the Company does not issue investment contracts with a discretionary participation feature.
In the opinion of the Company, 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.
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:
d) Investment component
e) A service component in addition to the insurance contract services (hereinafter - the "**Service Component**")
f) 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.
The Company has not identified such components, which it is required to separate from its insurance contracts, and accordingly, it does not expect to separate from the insurance contracts components, which will fall within the scope of another standard.

The measurement model
The standard includes three models for measuring the liability in respect of insurance contracts:

1. General measurement model (GMM)

In accordance with this model, which constitutes 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, plus an explicit risk adjustment (RA) in respect of the non-financial risks. The expected income from 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. If there is an expected loss, a loss component will arise, and it will be recognized immediately. Such liability components are classified into two types of liabilities: Liability for remaining coverage (LRC) and liability for incurred claims (LIC).

In subsequent periods, the contractual service margin will be adjusted in respect of changes in non-financial assumptions related to the future service. If the contractual service margin reached zero as a result of those changes, any change beyond that will be recognized immediately in profit and loss. On the other hand, changes arising from the time value of money and financial risks are recognized immediately under finance expenses in respect of insurance contracts.

In held reinsurance contracts, the contractual service margin may be an asset or a liability and it represents the net expected cost or the net expected income, respectively. If the reinsurance contract exists upon recognition of a loss component in respect of a group of insurance contracts covered by the reinsurer, the Company will recognize immediately an income in respect of the reinsurance contract (loss recovery component) against adjustment of the contractual service margin.

2. 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 with direct participation features are insurance contracts under which the Company promises an investment return to the policyholder based on underlying items. That is to say, the contract includes a significant service associated with investments.

In accordance with the VFS 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 items, 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 is recognized directly in finance expenses in respect of insurance contracts. The contractual service margin is adjusted in respect of changes in non-financial assumptions, as is the case in the GMM model, and 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.

Reinsurance contracts held by the Company do not qualify for measurement using the VFA model, in accordance with the standard's provisions.

The Company expects that insurance contracts it issues which include yield-dependent savings components will be measured under the VFA model.

VFA contract risk mitigation alternative -

Under the management of its business and as part of its regulatory obligations, the Company is required to manage investment portfolios of assets held for yield-dependent insurance policies. Under such portfolios, the Company may actually hold financial assets, whose total amount exceeds the nominal aggregate value of the yield-dependent policies accounted for by the VFA approach, in order to hedge the effects of additional financial exposures arising from those policies, including with regard to the effect of guaranteed annuity conversion factors, all in accordance with the Company's objective and risk mitigation strategy.

The Company intends to put into practice the risk mitigation alternative set in the standard with regard to changes in the cash flows for the performance of a contract arising from changes in the time value of money and financial risks in the relevant insurance liabilities, which are hedged through those assets. Therefore, the aforementioned changes will be recognized in profit or loss under the "Net finance expenses (income) from insurance contracts' concurrently with the income or expenses, which will arise in respect of the abovementioned assets. It is noted that the Company assesses and may periodically assess the amount of excess assets under management be held in practice under the participating portfolio in order to hedge the yield-dependent liabilities, if any.

3. 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. Or on the basis of the expected pattern of release from risk over the coverage period if it differs significantly from 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. This selection is carried out at the level of the insurance contract portfolio.

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 general measurement model. If this amount exceeds the carrying value 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 value 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. The Company does not implement the abovementioned expedient.

The Company may implement the Premium Allocation Approach only if upon inception of the group:

a) The coverage period of each contract in the group is one year or less; or
b) The Company reasonably expects that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not differ materially from the measurement that would result from applying the general measurement model.

The Company expects that P&C insurance contracts and travel insurance contracts will be measured under the PAA mode.

Aggregation level

IFRS 17 requires the aggregation of insurance contract into groups for recognition and measurement purposes. The Company will determine the groups upon initial recognition and will not change the composition of the groups at a later date.

Initially, the Company is required to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Once it identified a portfolio, the Company shall divide it into a minimum of 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.

In accordance with the standard, for contracts to which the Company applies the PPA model, the Company shall assume no contracts in the portfolio are onerous at the initial recognition date, unless facts and circumstances indicate otherwise. 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 Company sells insurance policies which include a number of coverage types, which would have been classified into different insurance contract groups had they been sold as separate insurance contracts. The lowest unit of account in IFRS 17 is the insurance contract, with all insurance coverages included therein; therefore, during the ordinary course of business, the Company will allocate the insurance contract in its entirety to a single group of insurance contracts. This approach is different from the Company's policy under IFRS 4, where under the Company normally recognizes and measures each coverage separately. \

The aggregation level required in accordance with IFRS 17 for life and health insurance is lower compared to IFRS 4 with respect to Liability Adequacy Test (LAT) calculations, and, on the other hand, in some Property and Casualty Insurance Subsegments (such as business insurance), the aggregation level is higher since different coverages sold under the same policy are measured separately under IFRS 4, whereas under IFRS 17 they will be aggregated into 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 the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company's relative share in compulsory motor insurance policies issued through the Pool meets this requirement; therefore, the Company opted to include its relative share in these policies in the same group as the ordinary compulsory motor insurance policies sold by the Company.

Contract boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations (excluding terms and conditions lacking commercial substance) which exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder (single policyholder) or the insurance contracts portfolio.

Cash flows are within the boundary of a reinsurance contract if they arise from substantive rights and obligations, which exist during the reporting period, in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the policyholder.

The Company does not expect material changes to the contract boundary compared to IFRS 4.

Risk adjustment (RA) in respect of non-financial risk

The RA reflects the compensation, which the Company 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. The RA also reflects the following:

The level of compensation for diversification that the Company includes when setting the compensation it claims for bearing that risk; and these results are preferable and inferior so as to reflect the Company's risk aversion.

The Company adjusts the estimated present value of the future cash flows in respect of this amount, which is reflected separately in the Company's total liabilities.

IFRS 17 does not specify the estimation techniques used to determine the risk adjustment for non-financial risk.

The Company is still assessing the manner by which it will apply the determination of the risk adjustment for non-financial risk and the confidence interval which will be taken into account.

The Company expects that the non-financial risk margin will be determined using the Value at Risk (VaR) technique, which reflects the expected loss due to the materialization of risks relevant to the risk features of the various coverages given a one-year horizon and a predetermined confidence interval (statistical confidence level). It is expected that the confidence interval, which will be determined at the Company level, before the effect of benefits for diversification, is 75% except for a long-term care portfolio, for which a 90% rate is expected to be set due to its inherent risk features. It is noted that for property and casualty insurance, the Company applies the "best practice" principles (with certain adjustments) to determine the non-financial risk margin before the effect of segment diversification.

In determining the non-financial risk margin at the portfolio level, the Company takes into account the compensation for diversification between the Company's various portfolios and segments.

For its reinsurance contracts, the Company calculates the non-financial risk margin in the manner detailed above, on a gross (without the effect of reinsurance) and retention (after the effect of reinsurance) basis, and sets the non-financial risk margin transferred to the reinsurer as the amount of the difference between gross and retention as detailed above.

Interest 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, to the extent that the financial risks are not included in the estimates of the cash flows.

The Company determines the real interest rate curves for all groups of insurance contracts using the bottom-up approach, which represents the default approach in accordance with the Professional Issues Circular. 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, the Company 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 Company opted to use the default weights set by the Commissioner in the Professional Issues Circular.

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.

The coverage units and the manner of releasing the contractual service margin (CSM)

The CSM represents the liability in respect of the unrealized gain relating to future services in the GMM and VFA measuring models. 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 the Company in connection with the contracts, which are included in the insurance contracts group, and taking into account the service of investments in insurance contracts which include a savings component. 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.

When a group of insurance contracts includes several types of insurance coverages and/or investment services, the Company weighs the different insurance units on the basis of the expected amount of benefits for the 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.

For the purpose of allocating the contractual service margin to the coverage units, the Company opted to discount the coverage units.

Cash flow for purchase of insurance

Insurance acquisition cash flows are cash flows arising from the costs to sell, underwriting and starting a group of insurance contracts which are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows relating to insurance contracts, which have already been recognized, will be included in the measurement of the insurance contracts as part of the present value of the future cash flows, and will reduce the value of the CSM (in the GMM/VFA model), or the carrying value of the liability in respect of the remaining coverage in the PAA model. This is a change with respect to the policy as per IFRS 4, whereby all insurance acquisition cash flows were recognized and measured as a separate asset in the statement of financial position. It is noted that consequently in the GMM/VFA model the insurance acquisition cash flows will be recognized in the Company's profit or loss in accordance with the timing of the CSM release, instead of the amortization method currently in place, which is based on straight line amortization plus taking into account actual cancellations.

Presentation

Under IFRS 17, the Company will disaggregate the amounts recognized in the statement of 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 the Company's sources of income.

Insurance service results

Total income from insurance contracts for a group of insurance contracts is the consideration for the contracts adjusted to reflect finance effects.

Revenues 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 used to release the CSM. In the PAA model, income from insurance services are recognized over the coverage period based on the passage of time.

Investment components, which were not separated from the insurance contracts, will not be recognized in expenses and income 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 the Company in respect of the service, and its refund does not constitute part of the Company's expenses. The key investment components which were identified are in products which included a savings component, such that the savings components are not included in the Company's revenue and expense cycles.

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 income or finance expenses from insurance.

Under IFRS 17, changes in the carrying value 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 the Company shall make an accounting policy choice between:
including insurance finance income or expenses for the period in profit or loss; or
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 the Company 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 measurement of assets and liabilities.

IFRS 17 does not require to disaggregate the non-financial risk margin between insurance service results and finance income or finance expenses arising from insurance.

The Company opted to split the non-financial risk margin between insurance service results and finance income or finance expenses from insurance.

Transitional provisions

IFRS 17 should be applied retrospectively (hereinafter - "**Full Retrospective Application**"), unless this is impractical.

In applying the Full Retrospective Application, the Company shall identify, recognize and measure each group of insurance contracts as if IFRS 17 had always been applied. Furthermore, the Company shall derecognize any existing balances, which would not exist had IFRS 17 always been applied. Any resulting net difference will be recognized in equity.

The transition date is January 1, 2024, such that upon initial application the Company will restate the comparative figures for 2024.

If Full Retrospective Application for a group of insurance contracts is impractical, the Company may opt to apply one of the following approaches separately for each insurance portfolio:

a) The modified retrospective approach - to achieve the closest outcome to Full Retrospective Application possible using reasonable and supportable information available without undue cost or effort; or
b) The fair value approach - in this approach the Company shall determine the contractual service margin or loss component of the liability for remaining coverage at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date. It is noted that the Professional Issues Circular includes the regulation of various aspects of the calculation of the fair value of the insurance portfolios on transition date, where an insurance company applies the fair value approach.

The Company expects to implement the retrospective application approach for the property and casualty insurance portfolios and travel policies.

The Company is of the opinion that it is impractical to apply IFRS 17 retrospectively to groups of life and health insurance contracts, except for overseas travel, for the following reasons;

a) The effects of Full Retrospective Application cannot be determined since the required information (such as aggregation of contracts into portfolios, setting profitability levels, etc.) has not been collected or is not available without investing excessive costs or efforts, and the application of the new IT and reporting systems to historical data will require unreasonable efforts.
b) 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 the Company, etc.).

The Company intends to apply the modified retrospective approach to the critical illness portfolios and the portfolios of life insurance contracts sold in the 2020-2023 underwriting years; it also intends to apply the fair value approach to all other portfolios.

Reliefs when applying the modified retrospective approach -

The Company has implemented the following permitted adjustments for the purpose of determining the CSM on the initial recognition date:

a) The future cash flows of each group of insurance contracts are estimated on the initial recognition date as the amount of the future cash flows on the Group's transition date, adjusted to reflect the cash flows already known to have occurred between the initial recognition date of the said group and the transition date (including with respect to the cash flows actually incurred in respect of insurance contracts that ceased to exist before the transition date).
b) Risk adjustment for non-financial risk (RA) is determined as of the Group's initial recognition date as the RA amount on the transition date adjusted to reflect the expected release from the risk prior to the transition date. The expected release from risk is determined with respect to the release from risk of similar insurance contracts, which the Company issues on the transition date.

The CSM on the transition date is determined by comparing the coverage units on the initial recognition date and the remaining coverage units on the transition date.

Fair value measurement method -

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 valuation is conducted by an independent external appraiser. Following are the highlights of the methodology and assumptions underlying the valuation:

a) 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, and in respect of the changes in the capital surplus above the market participant's capital target until the portfolio is extinguished;

b) 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;

c) In accordance with the provisions of the Professional Issues Circular, the valuation assumes that the initial economic solvency ratio target required from the market participant will be based on the average of the current capital targets for dividend distribution purposes of the five largest insurance companies in Israel plus a 10% margin, and the final economic solvency ratio target required from the market participant will be based on the average of the future capital targets for dividend distribution purposes of the five largest insurance companies in Israel. Accordingly, the appraisal assumes an initial capital target of 121% in the year following the transition date, which will rise to 135% at the end of 2032 (during which the Transitional Provisions of the Economic Solvency Regime end).

d) The valuation assumes that 40% of the capital requirements will be provided through the raising of Tier 2 capital instruments;

e) 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 Professional Issues Circular's guidance and the assumption that such forecasts reflect those of a market participant;

f) 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 provisions of the Professional Issues Circular, 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%, based mainly on the CAPM model.

C. IFRS 9 - Main changes in the accounting policies

Classification and measurement

Financial assets

In implementing IFRS 9, the Company 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 Company's business model for managing financial assets, and projected cash flow of the financial asset.

A financial asset will be measured at amortized cost if the two following conditions are fulfilled:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms and conditions of the financial asset provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount (hereinafter - the "**Principal and Interest Test**").

A financial asset will be measured at fair value through other comprehensive income if the two following conditions are fulfilled:

a) Equity instruments, which the Company opted to measure at fair value through other comprehensive income; or

b) The debt instrument is held within a business model whose objective is to collect contractual cash flows and to sell financial assets; and

c) The debt instrument fulfills the principal and interest criteria.

A financial asset will be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Notwithstanding the foregoing, on initial recognition date, the Company may designate a financial asset as measured at fair value through profit or loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency, which would have otherwise arisen from the measurement of assets or liabilities or from recognition of gains and losses thereon using different measurement bases.

The application of IFRS 9 will have the following effect on the classification and measurement of the Company's financial assets:

Participating portfolio

The underlying items of insurance contracts, which include participating savings and other insurance contracts, which include profit participation, will be measured at fair value through profit or loss, similarly to the current practice under IAS 39.

The nostro portfolio

- Derivatives will be measured at fair value through profit or loss as is the case in IAS 39.
- It is expected that 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.
- It is expected that investments in liquid equity and debt instruments will be measured at fair value through profit or loss rather than at fair value through capital reserve (available-for-sale financial assets) under IAS 39.
- It is expected that the remaining debt assets will be classified to fair value through profit or loss in order to reduce or prevent an accounting mismatch against liabilities in respect of insurance contracts (by designation to fair value through profit or loss of debt assets held against liabilities in respect of insurance contract), or since they are managed at fair value (classification to fair value through profit or loss for the remaining debt 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 and which meet the Principal and Interest Test, such as debtors' assets.

Financial liabilities

The Company does not expect a material change in the classification and measurement of the financial liabilities, except for the measurement of financial liabilities, the conditions of which did not change materially as part of the replacement of debt instruments.

Financial asset impairment model

At each reporting date, the Company shall test the provision for loss in respect of financial debt instruments that are not measured at fair value through profit or loss should be estimated.

The Company shall differentiate between two situations of recognition of a provision for loss:

a) Debt instruments with no significant impairment in credit quality since the initial recognition date or with a low credit risk - the provision for loss recognized for this debt instrument will take into account current expected credit losses in the 12 months period after the reporting date; or

b) debt instruments with significant deterioration in credit quality since the initial recognition date and their credit risk is not low, the provision for loss recognized will take into account the expected credit losses - over the balance of the useful life of the instrument. The will apply Company the expedient, according to which it shall assume that the credit risk of a debt instrument has not increased significantly since its initial recognition date, if it is determined, at the reporting date, that the instrument has low credit risk, for example - if the instrument has an external "investment grade" rating.

The impairment in respect of debt instruments measured at amortized cost shall be recognized in profit or loss against a provision, whereas the impairment in respect of debt instruments measured at fair value through other comprehensive income shall be recognized against capital reserve, and will not reduce the carrying value of the financial asset in the statement of financial position.

As stated above, due to the fact that in the transition to IFRS 9 most of the Company's financial assets will be classified to fair value through profit or loss, the amount of the provision for credit losses is expected to be immaterial.

D. Quantitative disclosure - pro forma data

Following is the expected effect of the application of IFRS 17 and IFRS 9 on balance sheet line items as of January 1, 2024:

	As of December 31, 2023 as previously reported[27])	Effect of first-time application of IFRS 17 and IFRS 9	Pro forma balance sheet as of the transition date January 1, 2024
	NIS million		
Assets			
Cash and cash equivalents in respect of yield-dependent contracts	4,418	-	4,418
Other cash and cash equivalents	2,548	-	2,548
Financial investments in respect of yield-dependent contracts measured at fair value	84,133	-	84,133
Other financial investments measured at fair value	14,821	26,386	41,207
Other financial investments measured at depreciated cost	24,444	(22,251)	2,193
Receivables and debit balances	1,867	(39)	1,828
Collectible premium	837	(837)	-
Current tax assets	306	-	306
Insurance contract assets (2)	-	1,809	1,809
Reinsurance contract assets (3)	3,805	(1,231)	2,574
Equity-accounted investments	180	-	180
Investment property in respect of yield-dependent contracts	3,839	-	3,839
Investment property - other	1,494	-	1,494
Receivables for credit cards, net	15,092	-	15,092
Other property, plant and equipment	302	-	302
Intangible assets and goodwill	2,205	-	2,205
Costs of obtaining investment management service contracts	706	-	706
Deferred acquisition costs	1,837	(1,837)	-
Deferred tax assets	104	113	218
Right-of-use assets	680	-	680
Total assets	163,617	2,115	165,732
Total assets for yield-dependent contracts	94,012	-	94,012

27 Due to the changes in the structure of the statement of financial position included in the financial statements prepared in accordance with IFRS 17 compared to the current financial statements, which are prepared in accordance with IFRS 4, the balance sheet items of the financial statements as of December 31, 2023, as reported, were classified into the most appropriate balance sheet items in accordance with the revised format, which complies with IFRS 17.

	As of December 31, 2023 as previously reported[28])	Effect of first-time application of IFRS 17 and IFRS 9	Pro forma balance sheet as of the transition date January 1, 2024
	NIS million		
Liabilities			
Loans and credit	12,770	(5)	12,766
Liabilities in respect of derivative instruments	2,929	-	2,929
Payables and credit balances	3,851	(2,116)	1,736
Liability for current taxes	21	-	21
Liabilities in respect of yield-dependent investment contracts	9,975	3,176	13,151
Liabilities in respect of non-yield-dependent investment contracts (1)	2,563	-	2,563
Liabilities in respect of insurance contracts (2)	113,304	2,848	116,152
Labilities in respect of reinsurance contracts	-	68	68
Liabilities for employee benefits, net	93	-	93
Liabilities in respect of deferred taxes	592	(560)	32
Payables for credit card transactions, net	8,091	-	8,091
Lease liabilities	777	-	777
Total liabilities	154,966	3,412	158,377
Equity			
Share capital	167	-	167
Share premium	2,390	-	2,390
Capital reserves	1,005	(853)	152
Retained earnings	5,019	(444)	4,575
Total equity attributable to Company's shareholders	8,581	(1,297)	7,284
Non-controlling interests	71	-	71
Total equity	8,652	(1,297)	7,355
Total current liabilities and equity	163,617	2,115	165,732

(1) This line item also includes liabilities in respect of contracts for the management of guaranteed return provident funds.

(2) Of which: For contractual service margin (CSM) - a total of NIS 4,874 million and NIS 4,266 million for Life Insurance and Savings Segment and Health Insurance Segment, and for the risk adjustment (RA) - a total of NIS 976 million, NIS 1,314 million and NIS 205 million for the Life Insurance and Savings Segment, Health Insurance Segment and Property And Casualty Insurance Segment, respectively. Of the contractual service margin in the Life Insurance and Savings Segment, approx. 51% is attributed to a portfolio of policies, which include a yield-dependent savings component and variable management fees, approx. 12% is attributed to a portfolio of policies, which include a yield-dependent savings component and fixed management fees, approx. 18% is attributed to an insurance portfolio covering death risk, and approx. 17% is attributed to a portfolio of policies, which include a savings component which is not yield-dependent. Of the contractual service margin in the Health Insurance Segment, approx. 40% is attributed to an individual long-term care portfolio, approx. 27% is attributed to an individual medical expenses portfolio and approx. 29% is attributed to a critical illness portfolio.

(3) Of which: For contractual service margin (CSM) - a total of NIS 137 million and NIS 190 million for Life Insurance and Savings Segment and Health Insurance Segment, and for the risk adjustment (RA) - a total of NIS 83 million, NIS 117 million and NIS 91 million for the Life Insurance and Savings Segment, Health Insurance Segment and Property and Casualty Insurance Segment, respectively. Of the contractual service margin in the Life Insurance and Savings Segment, approx. 72% is attributed to a permanent health insurance portfolio and approx. 24% is attributed to an insurance portfolio covering death risk. Of the contractual service margin in the Health Insurance Segment, approx. 64% is attributed to a long-term care portfolio and approx. 29% is attributed to a critical illness portfolio.

28 Due to the changes in the structure of the statement of financial position included in the financial statements prepared in accordance with IFRS 17 compared to the current financial statements, which are prepared in accordance with IFRS 4, the balance sheet items of the financial statements as of December 31, 2023, as reported, were classified into the most appropriate balance sheet items in accordance with the revised format, which complies with IFRS 17.

Appendix A - Breakdown of Other Financial Investments of Consolidated Insurance Companies Registered in Israel

Following are data included in the Consolidated Financial Statements:

	As of December 31, 2024			
In NIS million	Fair value through profit and loss	Available-for-sale	Loans and receivables	Total
Liquid debt assets (1)	**203**	**5,994**	**-**	**6,197**
Illiquid debt assets	**28**	**-**	**25,343**	**25,371**
Shares (2)	**-**	**1,736**	**-**	**1,736**
Other (3)	**644**	**5,309**	**-**	**5,953**
Total other financial investments	**875**	**13,039**	**25,343**	**39,257**

	As of December 31, 2023			
In NIS million	Fair value through profit and loss	Available-for-sale	Loans and receivables	Total
Liquid debt assets (1)	195	6,212	-	6,407
Illiquid debt assets	28	-	24,444	24,472
Shares (2)	-	1,647	-	1,647
Other (3)	926	4,820	-	5,746
Total other financial investments	1,149	12,679	24,444	38,272

1. Liquid debt assets

	As of December 31			
	2024		2023	
In NIS million	Carrying value	Amortized cost [1)]	Carrying value	Amortized cost[1)]
Government bonds				
Presented at fair value through profit or loss:				
Available for sale	**3,351**	**3,426**	3,131	3,247
Total government bonds				
Other debt assets				
Non-convertible				
Presented at fair value through profit or loss:				
Designated as of initial recognition date	**177**	**176**	170	77
Available-for-sale	**2,643**	**2,712**	3,081	3,222
Total other non-convertible debt assets	**2,820**	**2,888**	3,251	3,299
Convertible				
Presented at fair value through profit or loss:				
Designated as of initial recognition date	**26**	**29**	25	29
Total other convertible debt assets	**26**	**29**	25	29
Total liquid debt assets	**6,197**	**6,343**	6,407	6,575
Regular impairments carried to profit and loss (aggregate)	**2**		2	

1) Amortized cost - cost less principal payments, plus (minus) cumulative amortization according to the effective interest method of any difference between the cost and the repayment amount and less amortization for impairment recognized in profit and loss.

2. Shares

In NIS million	As of December 31 2024 Carrying value	2024 Amortized cost	2023 Carrying value	2023 Amortized cost
Liquid				
Presented at fair value through profit or loss:				
Available for sale	**940**	**759**	897	910
Total liquid shares	**940**	**759**	897	910
Illiquid				
Presented at fair value through profit or loss:				
Designated as of initial recognition date				
Available for sale	**796**	**894**	750	833
Total illiquid shares	**796**	**894**	750	833
Total shares	**1,736**	**1,653**	1,647	1,743
Regular impairments carried to profit and loss (aggregate)	303		330	

3. Other financial investments

In NIS million	As of December 31 2024 Carrying value	2024 Amortized cost	2023 Carrying value	2023 Amortized cost
Liquid				
Presented at fair value through profit or loss:				
Designated as of initial recognition date	**376**	**375**	551	521
Available-for-sale	**426**	**372**	365	361
Derivative instruments	**6**	**2**	7	5
Total liquid financial investments	**808**	**749**	923	887
Illiquid				
Presented at fair value through profit or loss:				
Designated as of initial recognition date	**115**	**106**	67	65
Available-for-sale	**4,883**	**3,629**	4,455	3,267
Derivative instruments	**147**	**10**	301	10
Total illiquid financial investments	**5,145**	**3,745**	4,823	3,342
Total other financial investments	**5,953**	**4,494**	5,746	4,229
Regular impairments carried to profit and loss (aggregate)	**122**	**-**	125	-

Appendix B - Max's Interest Income and Expense Rates and Analysis of the Changes in Interest Income and Expenses

Balances - average and interest-bearing

	For the year ended December 31, 2024			For the year ended December 31, 2023			For the year ended December 31, 2022		
	Average outstanding balance (1)	Interest income (expenses)	% of income (expense)	Average outstanding balance (1)	Interest income (expenses)	% of income (expense)	Average outstanding balance (1)	Interest income (expenses)	% of income (expense)
In NIS million			Percentage			Percentage			Percentage
Interest-bearing assets									
Receivables for credit card transactions (2)	**9,673**	**1,050**	**10.85**	9,088	1,006	11.07	7,355	599	8.14
Commercial credit (2)(5)	**3,402**	**204**	**6.00**	3,426	199	5.81	2,994	106	3.54
Total credit	**13,075**	**1,254**	**9.59**	12,514	1,205	9.63	10,349	705	6.81
Deposits with banks	**603**	**22**	**3.65**	603	19	3.15	495	4	0.81
Other assets	**70**	**2**	**2.86**	25	1	4.00	22	-	-
Total interest-bearing assets	**13,748**	**1,278**	**9.30**	13,142	1,225	9.32	10,866	709	6.52
Non-interest-bearing receivables for credit card transactions	**4,739**			4,323			4,226		
Amounts receivable for credit card transactions	**1,130**			1,078			1,039		
Other non-interest-bearing assets (3)	**483**			464			505		
Total assets	**20,100**			19,007			16,636		
Interest bearing liabilities									
Credit from banking corporations	**5,255**	**(427)**	**(8.13)**	5,170	(406) *	(7.85)	4,162	(129) *	(3.10)
Bonds and subordinated notes	**807**	**(47)**	**(5.82)**	607	(36)	(5.93)	218	(10)	(4.59)
Other liabilities	**33**	**(2)**	**(6.06)**	37	-	-	21	-	-
Total interest-bearing assets	**6,095**	**(476)**	**(7.81)**	5,814	(442)	(7.60)	4,401	(139)	(3.16)
Payables for credit card transactions (5)	**11,315**			10,771			10,128		
Other non-interest bearing liabilities	**749**			670			577		
Total liabilities	**18,159**			17,255			15,106		
Total capital resources	**1,941**			1,752			1,530		
Total capital commitments and resources	**20,100**			19,007			16,636		
Interest rate spread			**1.49**			1.72			3.36
Net return on interest-bearing assets (4)	**13,748**	**802**	**5.83**	13,142	783	5.96	10,866	570	5.25

In NIS million	For the year ended December 31, 2024			For the year ended December 31, 2023			For the year ended December 31, 2022		
	Average outstanding balance (1)	Interest income (expenses)	% of income (expense)	Average outstanding balance (1)	Interest income (expenses)	% of income (expense)	Average outstanding balance (1)	Interest income (expenses)	% of income (expense)
			Percentage			Percentage			Percentage
Non-linked NIS									
Total interest-bearing assets	**13,015**	**1,222**	**9.39**	13,000	1,219	9.38	10,671	696	6.52
Total interest-bearing liabilities	**5,663**	**(456)**	**(8.05)**	5,742	(439)	(7.65)	4,255	(130)	(3.06)
Interest rate spread			**1.34**			1.73			3.46
CPI-linked NIS									
Total interest-bearing assets	**664**	**55**	**8.28**	71	5	7.04	127	13	10.24
Total interest-bearing liabilities	**429**	**(20)**	**(4.66)**	71	(3)	(4.23)	143	(9)	(6.29)
Interest rate spread			**3.62**			2.81			3.95
Foreign currency (including foreign-currency linked NIS)									
Total interest-bearing assets	**69**	**1**	**1.45**	71	1	1.41	68	-	-
Total interest-bearing liabilities	**3**	**-**	**-**	1	-	-	3	-	-
Interest rate spread			**1.45**			1.41			-
Total activity									
Total interest-bearing assets	**13,748**	**1,278**	**9.30**	13,142	1,225	9.32	10,866	709	6.52
Total interest-bearing liabilities	**6,095**	**(476)**	**(7.81)**	5,814	(442)	(7.60)	4,401	(139)	(3.16)
Interest rate spread			**1.49**			1.72			3.36

In NIS million	2024 vs. 2023 Increase (decrease) due to change Quantity	Price	Net change	2023 vs. 2022 Increase (decrease) due to change Quantity	Price	Net change
Interest-bearing assets						
Receivables for credit card transactions	**64**	**(20)**	**44**	192	215	407
Commercial credit	**(1)**	**6**	**5**	25	68	93
Total credit	**63**	**(14)**	**49**	217	283	500
Deposits with banks	**-**	**3**	**3**	3	12	15
Other assets	**1**	**-**	**1**	-	1	1
Total interest income (expenses)	**64**	**(11)**	**53**	220	296	516
Interest bearing liabilities						
Credit from banking corporations (6)	**(7)**	**(14)**	**(21)**	(79) *	(198) *	(277)
Bonds and subordinated notes	**(12)**	**1**	**(11)**	(23)	(3)	(26)
Other liabilities	**-**	**(2)**	**(2)**	-	-	-
Total interest income (expenses)	**(19)**	**(15)**	**(34)**	(102)	(201)	(303)
Total interest income, net	**45**	**(26)**	**19**	118	95	213

* Reclassified.

(1) Based on beginning-of-month balances.

(2) Before deducting the average on-balance sheet balance of credit loss provisions. Including non-accruing impaired debts.

(3) Including other non-interest-bearing assets and less credit loss provision.

(4) Net return – net interest income divided by total interest-bearing assets.

(5) Including average balance of early payments to merchants and factoring of credit card vouchers for merchants executed also through a subsidiary, for a total of NIS 2,352 million (December 31, 2023 - NIS 2,497 million, December 31, 2022 - NIS 2,321 million). The average income rate for 2024, 2023 and 2022 net of these balances is, 8.6%, 8.8%, and 6.4%, respectively.

(6) Calculation of the expense rate includes interest expenses in respect of the advanced payments by Bank Leumi and in respect of the sale of debts arising from transactions made with non-banking payment cards issued by Max in accordance with its existing agreements with several banks, whose on-balance sheet balance is offset from the balance of amounts receivable from banks in respect of credit card transactions, net, and from the balance of receivables for credit card transactions. After the deduction of these expenses, the rate of average expense in respect of credit from banking corporations for 2024, 2023 and 2022 is 6.4%, 6.2% and 2.5%, respectively.

Actuary's Statements



Statement of the Health Insurance Actuary - Life Clal Insurance Company Ltd.

Chapter A - Actuary's Statement

Following is an actuarial statement regarding health insurance - Businesses reported in the Company's life insurance:

Section A.1 - The Actuary

I have been asked by Clal Insurance Company to examine the provisions listed in Section A.2 below in health insurance for the Insurer's financial statements (hereinafter - the "**Provisions**") Clal Insurance Company Ltd. as of December 31, 2024, as detailed below.

I am a salaried employee of Clal Insurance Company Ltd. The merger was completed in January 2024. I am neither an interested party in the Insurer nor a family relative of an interested party in the insurer.

Section A.2 - Scope of the Actuarial Opinion

1. Actuarial opinion

A. To calculate the Insurer's provisions, I relied on data provided to me by the Insurer. My requests for information and data were adequately satisfied to enable me to examine the provisions for the purpose of the financial statements. I have examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting year and the data for previous years.

B. Where necessary, my assessment also relied on data received from other reliable sources. I examined the consistency and adequacy of the data and their relevance.

C. The actuarial assumptions I used in my work, as well as the methods for assessing the provisions listed below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Section A.3 below.

D. To calculate the retention, I asked the Insurer's functions charged with reinsurance for information concerning the Insurer's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the provisions.

E. The following matters were also taken into account in my opinion:

1) The provision calculated for ceded business. In this context, "ceded business" as defined in the Supervision of Insurance Business Regulations (Method of Calculation of Reserves for Future Claims in Property and Casualty Insurance), 1984 - the Company has no such business.

2) The provision calculated in respect of joint insurance in which the Company does not serve as an insurer - the Company has no such business.

2. Estimated data for reserves amount

A. Breakdown of provision amounts

Following is a breakdown of provisions reported in the life insurance report at the gross and retention levels (see details in Forms 11A and B attached below in the appendixes to the report).

Description (in NIS thousands)	Life insurance - health Individual insurance business
Gross	
Contingent claims	1,603
IBNR	10,185
Insurance contracts T&C	0
Total - gross	**11,789**
Retention	
Contingent claims	973
IBNR	5,985
Insurance contracts T&C	0
Total - retention	**6,957**

B. Effect of the changes on the provisions

Following is the effect of changes at the gross and net level for:

1. For policies that came into force after the end of the reporting period of the latest annual financial statements - the adjustment amount of the provisions – arising from the difference between the underlying assumptions for the premium and the underlying assumptions for the provision - no such adjustment was required during the reporting period.
2. For policies that came into force before the end of the reporting period of the latest annual financial statements – the adjustment amount of the provisions – arising from changes in assumptions, methods or premiums expected to be collected and from other amendments - no such adjustment was required in the reporting period.

Section A.3 - The Opinion

I hereby state and confirm that for the following critical illness subsegment:

1. I examined the insurer's provisions listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:
   A. The Financial Services Supervision Law (Insurance), 1981 and the regulations promulgated thereunder;
   B. The Insurance Commissioner's directives and guidelines;
   C. Generally Accepted Actuarial Principles.
2. After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my examination.
3. I determined the assumptions and methods used to calculate the provisions, to the best of my professional judgment, and in accordance with the directives and guidance and principles specified above.
4. To the best of my knowledge, the provisions specified in Chapter A.2 above, form an adequate reserve to cover the Insurer's liabilities in respect of health insurance contracts in the abovementioned health insurance subsegments, in effect as of the financial statements date.

Section A.4 - Comments and Clarifications

1. Details about reserve types, interest rates, etc. are included in Note 37 to the Financial Statements.

2. Statistical and actuarial uncertainty

The results presented in this report rely, among other things, on the calculation of contingent claims and IBNR claims based on a statistical model for future claim payments that relies on experience of claims paid in the past, in terms of both the rate of payment and the amounts paid.

These models and working assumptions were developed based on my understanding of the Company's current business environment, and in accordance with my assessment of the development of the Company's future bushiness environment. Therefore, it should be acknowledged that it is highly probable that the future business results will vary from those projected by the actuarial models for calculation of reserves.

3. Exposure to future developments and changes

Changes and developments may occur in the environment in which the Israeli insurance industry operates due to regulatory changes, judicial decisions, technological developments and changes in social and environmental conditions. These factors cannot be predicted and may impact the ultimate cost of the claims and consequently the actuarial assessment of the provisions.

Section A.5 - Material Changes

There were no material changes during the reporting period.

March 17, 2025	Michael Hahn-Markowitz, F.ILA.A	
Date	Name of supervisor actuary	Signature

Actuary's Statement - Property and Casualty Insurance - Clal Insurance Company Ltd.

Chapter A - Actuary's Identity

I have been asked by Clal Insurance Company Ltd. to examine the provisions listed in Chapter B below in property and casualty insurance subsegments for the Insurer's financial statements (hereinafter - the "**Provisions**") Clal Insurance Company Ltd. as of December 31, 2024 as detailed below.

I serve as a Supervising Actuary of P&C insurance as from June 10, 2020. I am a salaried employee of the insurer. I am not an interested party in the insurer. (hereinafter - the "**Insurer**").

Chapter B - Scope of the Actuarial Opinion

1. Scope of the Actuarial Opinion

A. To calculate the Insurer's provisions, I relied on data provided to me by the Insurer. My requests for information and data were adequately satisfied to enable me to examine the provisions for the purpose of the financial statements. I have examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting year and the data for previous years.

B. Where necessary, my assessment also relied on data received from other reliable sources. I examined the consistency and adequacy of the data and their relevance.

C. The actuarial assumptions I used in my work, as well as the methods for assessing the provisions listed in Section 2 below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

D. To calculate the retention, I asked the Insurer's functions charged with reinsurance for information concerning the Insurer's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the provisions.

E. The following matters were also taken into account in my opinion:

1) The provision calculated in respect of the residual insurance arrangement (hereinafter - the "**Pool**") was based on a calculation carried out by the Pool's actuary.

2) The provision calculated in respect of joint insurance in which the Company does not serve as the lead insurer was based on information received from the lead company; this provision is immaterial.

3) A reduction was made in calculating the risk margin alone, in respect of the lack of full correlation among the various subsegments, in accordance with the Commissioner's position for calculation of P&C insurance reserves.

2. Data included in the section on the scope of the actuarial opinion

Below is the estimated reserves amount:

	As of December 31, 2024	
	In NIS thousand	
Contingent claims[1]	Gross	Retention
Non-aggregated subsegments		
Compulsory motor	2,469,136	1,550,522
Third-party liability	777,446	527,718
Professional liability	518,675	161,091
Employers' liability	378,453	373,296
Motor property	335,500	317,159
Product liability	22,563	19,839
Comprehensive home	92,197	15,279
Mortgages	21,377	54
Total non-aggregated subsegments	**4,615,347**	**2,964,958**
Total non-aggregated and aggregated subsegments[2]	**5,339,828**	**3,020,747**
Indirect expenses	117,786	117,786
Difference between the reserve for unexpired risks and the unearned premium net of deferred acquisition costs.		
Compulsory motor	No statement is required	7,145
Motor property	No statement is required	No premium deficiency
Comprehensive home	No statement is required	No premium deficiency
Total insurance liabilities in respect of insurance contracts included in the property and casualty segment calculated in accordance with actuarial assessment	**5,464,362**	**3,145,678**

1. In liability subsections, which are estimated based on an underwriting year and in which premium deficiency need not be declared, the contingent claims also include the premium deficiency component, if any.
2. Aggregated subsegments - property loss (including business and agricultural insurance, diamonds and terror), engineering, all risk, executive liability and other liability insurance.

Chapter C - The Opinion

I hereby declare and confirm that in the following subsegments, as defined in the Notice of the Commissioner of Insurance Business (Insurance Subsegments), 1985:

a) Employers' liability insurance Section 1(a)(7)

b) Insurance pursuant to the Motor Insurance Ordinance [New Version], 1970 - Section 1(a)(8)

c) Motor insurance - property (self and third party) - (Section 1(a)(9))

d) Comprehensive home and business insurance - Section 1(a)(12)

e) Third-party liability insurance - Section 1(a)(14)

f) Property loss insurance - Section 1(a)(15)

g) Agricultural insurance, excluding natural hazards insurance in agriculture (Section 1(a)(17)

h) Engineering insurance - Section 1(a)(18)

i) Product liability insurance - Section1(a)(22)

j) Insurance against other risks – Section 1(a)(25)

1. I examined the insurer's provisions listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:
   A. The Financial Services Supervision Law (Insurance), 1981 and the regulations promulgated thereunder;
   B. Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;
   C. The Commissioner's position on calculation of reserves in property and casualty insurance;
   D. Generally accepted actuarial principles.
2. After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my examination.
3. I determined the assumptions and methods used to calculate the provisions, to the best of my professional judgment, and in accordance with the directives and guidance and principles specified above.
4. The provisions for contingent claims listed in Chapter B in respect of the non-aggregated subsegments - compulsory motor, third party liability (excluding executive liability), employers' liability, professional liability, motor property, product liability, home and mortgage banks - form, to the best of my knowledge and assessment - an adequate reserve for covering the Insurer's liabilities in respect of the contingent claims defined above, for each separately-listed subsegment, in effect as of the financial statements date.
5. To the best of my knowledge, the total amount of the provisions for contingent claims specified in Chapter B form an adequate reserve for covering the Insurer's liabilities in respect of the contingent claims, in all aggregated and non-aggregated subsegments, in effect as of the financial statements date.
6. To the best of my knowledge, the provision for indirect expenses specified in Chapter B, forms an adequate reserve for covering the Insurer's liabilities in respect of indirect expenses to settle the claims, in effect as of the financial statements date.
7. The provisions for premium deficiency specified in Chapter B form - to the best of my knowledge and assessment - an adequate reserve for covering the Insurer's liabilities in respect of the difference between the unexpired risks and the unearned premium (retention), net of deferred acquisition costs (if any) in said subsegments, as of the financial statements date.

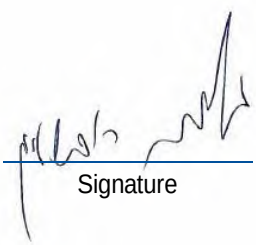
Chapter D - Comments and Clarifications

1. The nominal reserve is based on actuarial assessment based on statistical estimates that include a component of uncertainty. The statistical estimate is based on various assumptions which reflect what we currently know. These assumptions may change in accordance with new information obtained in the future, changes in the constitutional, legal, social and economic environment and events that will take place; these may cause a change in the estimates.
2. In several large claims of a non-statistical nature, the reserve was determined (gross and retention) based on the opinion of the Company's experts and in accordance with the recommendations of their legal counsel. Accordingly, a development in the Company experts' assessment may have an impact on the cost of claims.
3. The Company continues to implement the Commissioner's position regarding the best practice for calculating insurance reserves in property and casualty insurance. The Commissioner's position sets forth, among other things, principles that form the basis of the reserves assessment: professionalism, consistency and prudence.

   As far as the principle of prudence is concerned, it was determined that the meaning of the term prudence is that "the reserve should be adequate to cover the insurer's liabilities". In other words, it is "fairly likely" that the reserve defined in the retention will suffice to cover the insurer's liabilities. In the compulsory motor subsegment and liability subsegments, the test of "fairly likely" shall mean an estimated probability at least 75%. This margin includes random risk (risk of volatility embodied in the model), which is measurable with statistical methods, using accepted actuarial models, and systematic risks (risks not included in the model), which require qualitative assessment methods characterized by considerable discretion.
4. The Company discounts future claims payments in long tail subsegments - compulsory motor, liability and constructor 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.
5. According to the National Insurance Law, 1995, where the National Insurance Institute paid an annuity to a person entitled to an annuity, and at the same time a liability arises to a third-party to pay compensation to that person under the Tort Ordinance or the CRAV Law, the National Insurance Institute may claim compensation from the said third party in respect of annuity it has paid or is required to pay. The Third Party may deduct from the compensation the annuities paid and/or due to be paid by the National Insurance Institute. Over the years, the National Insurance Institute used to file individual subrogation claims with insurers.
6. The Economic Efficiency Law (Legislative Amendments to Achieve the Budgetary Targets for Budget Years 2021 and 2022), 2021 amended the National Insurance Law, such that as from January 2023 the netting mechanism due to claims arising from road accidents was modified to replace the filing of individual subrogation claims by the National Insurance Institute.

   In July 2024, an agreement was signed between Clal Insurance and the National Insurance Institute, which prescribes Clal Insurance's exposure to subrogation claims by the National Insurance Institute in the Compulsory Motor Subsegment in respect of 2016-2022 was essentially extinguished.
7. The actuarial opinion for aggregated subsegments is given based on the total provisions for all the subsegments (aggregated and non-aggregated) as a whole, due to the high level of uncertainty.
8. In the following subsegments: cargo in transit insurance, aircraft insurance including third party liability, marine insurance including third party liability, providing guarantees and ceded business, no actuarial assessment of contingent claims are made because of the nature of coverage and the limited data.

   In addition, the reserve in respect of special medical negligence transactions, which are classified under the professional liability segment, was calculated, in accordance with the insurance policy, for the amount of the claim above the payable liability amount of the medical facility.

March 17, 2025	Galit Robstein F.IL.A.A	
Date	Name of supervisor actuary	Signature

Statement of the Health Insurance Actuary, December 2024 - Clal Insurance Company Ltd.

Chapter A - Actuary's Identity

I have been asked by Clal Insurance Company Ltd. (hereinafter - the "**Insurer**") to examine the provisions listed in Chapter B below in health insurance for the Insurer's financial statements (hereinafter - the "**Provisions**") Clal Insurance Company Ltd. as of December 31, 2024 as detailed below.

I am a salaried employee of the insurer. I am not an interested party in an affiliate of the insurer. I was appointed as Supervising Actuary in September 2023.

Chapter B - Scope of the Actuarial Opinion

1. Actuarial opinion

A. To calculate the Insurer's provisions, I relied on data provided to me by the Insurer. My requests for information and data were adequately satisfied to enable me to examine the provisions for the purpose of the financial statements. I have examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting year and the data for previous years.

B. Where necessary, my assessment also relied on data received from other reliable sources. I examined the consistency and adequacy of the data and their relevance.

C. The actuarial assumptions I used in my work, as well as the methods for assessing the provisions listed below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

D. To calculate the retention, I asked the Insurer's functions charged with reinsurance for information concerning the Insurer's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the provisions.

E. The following matters were also taken into account in my opinion:

1) Provision calculated for ceded business - the provision is recorded according to a calculation made by the ceding insurance company.

2) The provision calculated in respect of joint insurance in which the Company does not serve as lead insurer - the Company does not have any joint insurance in the health segment in which the Company does not serve as lead insurer.

2. Estimated data for reserves amount

A. Following is a breakdown of provision amounts - in NIS thousand

Following is a breakdown of provisions reported in the health insurance report at the gross and retention levels.

(in NIS thousand)	Individual	Collective	Total
Gross			
Contingent claims	390,151	71,606	461,757
Indirect expenses	7,221	2,903	10,124
Insurance contracts T&C	357,922	20,938	378,861
Total - gross	755,294	95,448	850,742
Retention			
Contingent claims	357,340	71,606	428,946
Indirect expenses	7,221	2,903	10,124
Insurance contracts T&C	323,151	20,938	344,089
Total - retention	687,712	95,448	783,160

B. Effect of the changes on the provisions

Following is the effect of changes at the gross and retention level in NIS thousands for:

1) For policies that came into force after the end of the reporting period of the latest annual financial statements - the adjustment amount of the provisions – arising from the difference between the underlying assumptions for the premium and the underlying assumptions for the provision.

Reserve component	Total provisions
Provision for new policies - gross	**1,750**
Provision for new policies - retention	**1,538**

2) For policies that came into force before the end of the reporting period of the latest annual financial statements – the adjustment amount of the provisions – arising from changes in assumptions, methods or premiums expected to be collected and from other amendments - gross and retention.

Reserve component	Total provisions
Amount of adjustments to reserves - gross	**37,681**
Amount of adjustments to reserves - retention	**32,323**

Chapter C - The Opinion

I hereby state and confirm that for the following health insurance subsegments:

- Medical expenses
- Critical illnesses
- Personal accidents
- Travel abroad

1. I examined the insurer's provisions listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:
   A. Financial Services Supervision Law (Insurance), 1981 and regulations promulgated thereunder.
   B. The Insurance Commissioner’s directives and guidelines.
   C. Generally Accepted Actuarial Principles.
2. After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my examination.
3. I determined the assumptions and methods used to calculate the provisions, to the best of my professional judgment, and in accordance with the directives and guidance and principles specified above.
4. To the best of my knowledge, the provisions specified in Chapter B form an adequate reserve to cover the Insurer's liabilities in respect of health insurance contracts in the abovementioned health insurance subsegments, in effect as of the financial statements date.

Chapter D - Comments and Clarifications

1. Comments, clarifications and explanations

A. Details about reserve types, interest rates, etc. are included in Note 37 to the Financial Statements of Clal Insurance.

B. The calculation of reserves arising from the terms and conditions of the contract was based on an actuarial model of future cash flows, based on demographic and economic assumptions and other working assumptions that may change in future and could affect the above estimated reserve.

C. The calculation of provisions for contingent and IBNR claims was based on a statistical forecast model for determining future claim payments based on past experience.

D. The models and assumptions for determining the provisions were developed, in my understanding, based on the current business environment and future developments. The medical expenses subsegment is exposed to future medical inflation as a result of medical and technological developments. Furthermore, the fact that the models are exposed to actuarial and statistical volatility should be recognized and it is reasonable that future results will be different to the provisions determined according to the models.

2. Changes in actuarial assumptions and methods

During the reporting year, the Company revised the basis of the main assumptions used to calculate the provisions in respect of individual health policies. These assumptions are determined annually according to tests, past experience and current relevant studies (for the effect of the revision, see Chapter B, Section 2.B).

3. Material changes in provisions compared to last year

For policies that came into force before the end of the reporting period of the latest annual financial statements – the adjustment amount of the provisions – arising from changes in assumptions, methods or premiums expected to be collected and from other amendments: is an increase of approx. NIS 32 million, as detailed below in Chapter C.

4. Businesses for which it was impossible to conduct an actuarial valuation

A. In the travel insurance and collective subsegments, there is a provision in respect of unearned premium. The calculation is made by the finance department.

B. The data in Chapter B above include provisions in respect of ceded business; such provisions are recorded according to a calculation made by the ceding insurance company.

March 17, 2025	Yehoshua Mezin, F.IL.A.A. F.I.A.	
Date	Name of supervisor actuary	Signature

Actuary's Statement - Long-Term Care Insurance - December 2024 - Clal Insurance Company Ltd.

Chapter A - Actuary's Identity

I have been asked by Clal Insurance Company Ltd. (hereinafter - the "**Insurer**") to examine the provisions listed in Chapter B below in long-term care insurance for the Insurer's financial statements (hereinafter - the "**Provisions**") Clal Insurance Company Ltd. as of December 31, 2024 as detailed below.

I am a salaried employee of the insurer. I am not an interested party in an affiliate of the insurer. I was appointed as Supervising Actuary in September 2023.

Chapter B - Scope of the Actuarial Opinion

1. Actuarial opinion

A. To calculate the Insurer's provisions, I relied on data provided to me by the Insurer. My requests for information and data were adequately satisfied to enable me to examine the provisions for the purpose of the financial statements. I have examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting year and the data for previous years.

B. Where necessary, my assessment also relied on data received from other reliable sources. I examined the consistency and adequacy of the data and their relevance.

C. The actuarial assumptions I used in my work, as well as the methods for assessing the provisions listed below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

D. To calculate the retention, I asked the Insurer's functions charged with reinsurance for information concerning the Insurer's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the provisions.

E. The following matters were also taken into account in my opinion:

1) The provision for ceded business - the Company does not have ceded business in the long-term care segment.

2) The provision calculated in respect of joint insurance in which the Company does not serve as the lead insurer was based on a calculation made by the lead insurers of the joint insurance.

2. Data included in the section on the scope of the actuarial opinion

A. Breakdown of provision amounts:

In Appendices A and B below, the provision amounts are provided in NIS thousand both at the gross level and at the retention level, as follows:

1) Provision for contingent claims (claims that were incurred but not yet fully paid regardless of whether they were approved or not, excluding claims paid in the form of long-term care annuities) and the direct and indirect expenses stemming therefrom (including IBNR reserve).

2) Provision (reserve) stemming from the terms of the life insurance contract, separately, including -

a) Reserve for plan with accrual;

b) Provision required where some of the premium collected in the early years of the contract is designated to provide coverage at a later date, such as: provision in respect of fixed premium, insurability and continuity;

3) Reserve's portion in respect of claims being paid, including claims paid in the form of long-term care annuities.

4) Provision for profit participation.

5) Supplement resulting from liability adequacy test - a provision was not required due to the liability adequacy test.

6) Other - additional provisions according to the Commissioner's directives, such as: provision for Deferred Annuity Contracts (DAC), the supplemental annuity reserve - there was not need for a further provision.

B. Effect of the changes on the provisions:

Following is the effect of changes at the gross and net level for:

1) Policies that came into force after the end of the reporting period of the latest annual financial statements - the adjustment amount of the provisions – arising from the difference between the underlying assumptions for the premium and the underlying assumptions for the provision; no such adjustment was required during the reporting period.

2) For policies that came into force before the end of the reporting period of the latest annual financial statements – the adjustment amount of the provisions – arising from the differences from changes in assumptions, methods or premiums expected to be collected and from other amendments - approx. NIS 2 million in retention arising mainly from an update of a study regarding expenses.

Chapter C - The Opinion

I hereby state and confirm that in the long-term care subsegment:

1. I examined the insurer's provisions listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:
   A. Financial Services Supervision Law (Insurance), 1981 and regulations promulgated thereunder;
   B. The Insurance Commissioner's directives and guidelines;
   C. Generally Accepted Actuarial Principles.
2. After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my examination.
3. I determined the assumptions and methods used to calculate the provisions, to the best of my professional judgment, and in accordance with the directives and guidance and principles specified above.
4. To the best of my knowledge, the provisions specified in Chapter B form an adequate reserve to cover the Insurer's liabilities in respect of long-term care insurance, in effect as of the financial statements date.

Chapter D - Comments and Clarifications

1. Comments, clarifications and explanations

A. Details about reserve types, interest rates, etc. are included in Note 37 to the Financial Statements of Clal Insurance.

B. The long-term care insurance portfolio is exposed to regulatory changes as well as market condition developments, such as revision of the long-term care plans sold by the supplementary health services of the health maintenance organizations. The reserve is based on assumptions of morbidity, mortality and duration of claim payments. These assumptions are subject to unforeseen demographic and economic changes.

2. Businesses for which it was impossible to conduct an actuarial valuation

The data include provisions in respect of joint business in which the Company is not the lead and the actuarial assessment provided by the actuary of the lead company.

March 17, 2025	Yehoshua Mezin, F.IL.A.A. F.I.A.	
Date	Name of supervisor actuary	Signature

Appendix A - Form 12A

Contingent Claims, Reserve and Reserve for Extraordinary Risks - **Gross**
Name of the company: **Clal Insurance Company Ltd.**

			December 31, 2024			
			The gross data are in NIS thousand			
				Long-term care		Other covers [1]
			Total	Individual	Collective	
				5A	5B	6
1	Contingent claims		0	0	0	0
2	Reserve (total of lines 2A1 to 6)		**3,555**	**3,361**	**194**	**0**
2A1	Policies which include a savings component (including appendices) by policy issuance date:	Policies issued until 1990	0	0	0	0
2A2		Policies issued between 1991 and 2003	0	0	0	0
2A3		Policies issued after 2004	0	0	0	0
2A4		**Total (2A1 to 2A3)**	**0**	**0**	**0**	**0**
2B	Policies without a savings component		2,848	2,837	10	0
3	Percentage of reserve for paid claims		707	524	183	0
4	Profit participation		0	0	0	0
5	Supplement resulting from liability adequacy test		0	0	0	0
6	Other		0	0	0	0
7	Extraordinary risk reserve		0	0	0	0
8A	Effect of adjusting provisions for new businesses		0	0	0	0
8B1	Effect of adjusting provisions for existing businesses	Changes in assumptions	-2	-2	-0	0
8B2		Changes in methods	0	0	0	0
8B3		Differences in premium rates	0	0	0	0
8B4		Other changes	0	0	0	0

1) Other coverages, including: disabilities, double indemnity, etc.

Appendix B - Form 12B

Contingent Claims, Reserve and Reserve for Extraordinary Risks - **in retention**
Name of the company: **Clal Insurance Company Ltd.**

			December 31, 2024			
			The gross data are in NIS thousand			
				Long-term care		Other covers [1]
			Total	Individual	Collective	
				5A	5B	6
1	Contingent claims		0	0	0	0
2	Reserve (total of lines 2A1 to 6)		**3,464**	**3,274**	**189**	**0**
2A1	Policies which include a savings component (including appendices) by policy issuance date:	Policies issued until 1990	0	0	0	0
2A2		Policies issued between 1991 and 2003	0	0	0	0
2A3		Policies issued after 2004	0	0	0	0
2A4		**Total (2A1 to 2A3)**	**0**	**0**	**0**	**0**
2B	Policies without a savings component		2,848	2,837	10	0
3	Percentage of reserve for paid claims		616	437	179	0
4	Profit participation		0	0	0	0
5	Supplement resulting from liability adequacy test		0	0	0	0
6	Other		0	0	0	0
7	Extraordinary risk reserve		0	0	0	0
8A	Effect of adjusting provisions for new businesses		0	0	0	0
8B1	Effect of adjusting provisions for existing businesses	Changes in assumptions	-2	-2	-0	0
8B2		Changes in methods	0	0	0	0
8B3		Differences in premium rates	0	0	0	0
8B4		Other changes	0	0	0	0

1) Other coverages, including: disabilities, double indemnity, etc.

Statement of the Health Insurance Actuary - Clal Insurance Company Ltd.

Chapter A - Actuary's Identity

I have been asked by Clal Insurance Company Ltd. to examine the provisions listed in Chapter B below in health insurance subsegments for the Insurer's financial statements (hereinafter - the "**Provisions**") Clal Insurance Company Ltd. as of December 31, 2024 as detailed below.

I serve as a Supervising Actuary of P&C insurance as from June 10, 2020. I am a salaried employee of the insurer. I am not an interested party in the insurer. (hereinafter - the "**Insurer**").

Chapter B - Scope of the Actuarial Opinion

1. Actuarial opinion

A. To calculate the Insurer's provisions, I relied on data provided to me by the Insurer. My requests for information and data were adequately satisfied to enable me to examine the provisions for the purpose of the financial statements.

I have examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting year and the data for previous years.

B. Where necessary, my assessment also relied on data received from other reliable sources. I examined the consistency and adequacy of the data and their relevance.

C. The actuarial assumptions I used in my work, as well as the methods for assessing the provisions listed below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

D. To calculate the retention, I asked the Insurer's functions charged with reinsurance for information concerning the Insurer's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the provisions.

E. The following matters were also taken into account in my opinion:

1) The provision calculated for ceded business - no ceded business.

2) The provision calculated in respect of joint insurance in which the Company does not serve as the lead insurer was based on a calculation made by me.

2. Data included in the section on the scope of the actuarial opinion

Below is the estimated reserves amount:

		As of December 31, 2024 In NIS thousand	
		Gross	Retention
	Contingent claims		
1) a)	Non-aggregated subsegments:		
	Personal accidents[3]	**44,213**	**44,198**
	Total non-aggregated subsegments	**44,213**	**44,198**
1) b)	Total non-aggregated and aggregated subsegments	**44,213**	**44,198**
2)	Indirect expenses	**3,442**	**3,442**
3)	The provision deriving from the terms and conditions of insurance contracts	**None**	
4)	Provision for profit participation	**None**	
	Total insurance liabilities in respect of insurance contracts included in the property and casualty segment calculated in accordance with actuarial assessment	**47,655**	**47,640**

3. Including personal accidents and pupils personal accidents subsegments.

Chapter C - The Opinion

I hereby declare and confirm that in the following health insurance subsegments, as defined in the Notice of the Commissioner of Insurance Business (Insurance Subsegments), 1985:

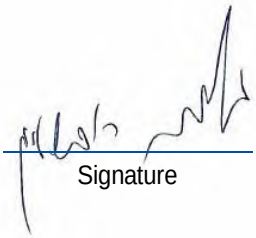
a) Personal accidents insurance, Section 1(a)(5)

1. I examined the insurer's provisions listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:
   A. The Financial Services Supervision Law (Insurance), 1981 and the regulations promulgated thereunder;
   B. Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;
   C. The Commissioner's position on calculation of reserves in property and casualty insurance;
   D. Generally accepted actuarial principles.
2. After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my examination.
3. I determined the assumptions and methods used to calculate the provisions, to the best of my professional judgment, and in accordance with the directives and guidance and principles specified above.

   To the best of my knowledge, the provisions specified in Chapter B form an adequate reserve to cover the Insurer's liabilities in respect of health insurance contracts in the abovementioned health insurance subsegments, in effect as of the financial statements date.

Chapter D - Comments and Clarifications

1. The nominal reserve is based on actuarial assessment based on statistical estimates that include a component of uncertainty. The statistical estimate is based on various assumptions which reflect what we currently know. These assumptions may change in accordance with new information obtained in the future, changes in the constitutional, legal, social and economic environment and events that will take place; these may cause a change in the estimates.
2. The Company discounts future claims payments in the pupils personal accidents subsegment according to the risk-free interest rate curve, while adjusting to the illiquid nature of the insurance liabilities.

March 17, 2025	Galit Robstein F.IL.A.A	
Date	Name of supervisor actuary	Signature

Statement of the Life Insurance Actuary Business - Clal Insurance Company Ltd.

Chapter A - Actuary's Statement

Following is an actuarial statement regarding the Company's life business.

All parts of this statement should be read as a single unit. Special attention is drawn to Part D of the statement regarding comments and clarifications.

Section A.1 - The Actuary

I have been asked by Clal Insurance Company to examine the provisions listed in Section A.2 below in life insurance for the Insurer's financial statements (hereinafter - the "**Provisions**") Clal Insurance Company Ltd. as of December 31, 2024, as detailed below.

I am a salaried employee of Clal Insurance Company Ltd. I was appointed to the position in the listed life insurance subsegments from January 2024. I am neither an interested party in the Insurer nor a family relative of an interested party in the insurer.

Section A.2 - Scope of the Actuarial Opinion

1. Actuarial opinion

A. To calculate the Insurer's provisions, I relied on data provided to me by the Insurer. My requests for information and data were adequately satisfied to enable me to examine the provisions for the purpose of the financial statements. I have examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting year and the data for previous years.

B. Where necessary, my assessment also relied on data received from other reliable sources. I examined the consistency and adequacy of the data and their relevance.

C. The actuarial assumptions I used in my work, as well as the methods for assessing the provisions listed below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section A.3.1 to Chapter C below.

D. To calculate the retention, I asked the Insurer's functions charged with reinsurance for information concerning the Insurer's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the provisions.

E. The following matters were also taken into account in my opinion:

The provision calculated in respect of joint insurance in which the Company does not serve as the lead insurer was based on a calculation made by the actuary of the lead insurers of the joint insurance, including the life insurance portfolio of Hassneh Insurance Company of Israel, which was jointly acquired by the insurer and Migdal Insurance Company Ltd., in respect of policies managed by Migdal Insurance Company.

2. Breakdown of provision amount data

A. Breakdown of provision amounts - gross and net

In Appendices A and B below, the provision amounts are provided in NIS thousand both at the gross level and at the retention level, as follows:

1) Provision for contingent claims (incurred but unpaid claims excluding claims paid in the form of annuities (such as disability and income protection) and the unpaid and unallocated loss adjustment expenses (including IBNR reserve).

2) Provision (reserve) stemming from the terms of the life insurance contract, separately, including -

   a) Reserve for plan with accrual;

   b) Provision required where some of the premium collected in the early years of the contract is designated to provide coverage at a later date, such as: provision in respect of fixed premium, insurability and continuity;

3) Reserve's portion in respect of claims being paid, including claims paid in the form of allowances, such as: permanent health insurance and income protection).

4) Provision for profit participation.

5) Supplement resulting from liability adequacy test - in a liability adequacy test conducted, the total provision as of the reporting date is NIS 0.

6) Other - additional provisions according to the Commissioner's directives, such as the reserve supplement for annuity policies.

B. Effect of the changes or revisions on the provisions

The effect of the below listed changes on the amounts of the provisions (gross and retention), in NIS thousand:

1. For policies that came into force after the end of the reporting period of the latest annual financial statements - the adjustment amount of the provisions – arising from the difference between the underlying assumptions for the premium and the underlying assumptions for the provision - no such adjustment was required during the reporting period.
2. For policies that came into force before the end of the reporting period of the latest annual financial statements – the adjustment amount of the provisions – arising from changes in assumptions, methods or premiums expected to be collected and from other amendments - the provision was reduced by a total of approx. NIS 163 million - gross and retention - arising mostly from adjusting the assumptions to the paid annuity and deferred policies.

Section A.3 - The Opinion

I hereby state and confirm that in the life insurance subsegment:

1. I examined the insurer's provisions listed in Section A.2 above in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:
   A. The Financial Services Supervision Law (Insurance), 1981 and the regulations promulgated thereunder;
   B. Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;
   C. Generally Accepted Actuarial Principles.
2. After reviewing the data mentioned in Section A.2 above, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my examination.
3. I determined the assumptions and methods used to calculate the provisions, to the best of my professional judgment, and in accordance with the directives and guidance and principles specified above.
4. The provisions specified in Section A.2 above form - to the best of my knowledge and assessment - an adequate reserve to cover the Insurer's liabilities in respect of life insurance contracts, in effect as of the financial statements date.

Section A.4 - Comments and Clarifications

1. Comments and clarifications

A. Types of reserves and assumptions

Details about reserve types, interest rates, etc. are included in Note 37 regarding risk management in the financial statements of Clal Insurance.

B. Statistical and actuarial uncertainty

The reserves calculated in respect of the insurance coverages are partly based on assumptions as to mortality and morbidity rates, which reflect the Company's or segment's actual experience or reinsurers' past experience or well-based regulatory assumptions. The calculations and models, including the working assumptions, were developed based on my understanding of the Company's current business environment, and in accordance with my assessment of the development of the Company's bushiness environment and policyholders' future behavior. Therefore, it should be acknowledged that it is highly probable that the future business results will vary from those projected by the actuarial models for calculation of reserves.

C. Exposure to future developments and changes

Changes and developments may occur in the environment in which the Israeli life insurance industry operates due to regulatory changes, judicial decisions, technological developments and changes in social and environmental conditions. These factors cannot be predicted and may impact the ultimate cost of the claims and consequently the actuarial assessment of the provisions.

D. Consistency between data in the appendices and financial statements data

The tables in the following appendixes were prepared in accordance with the Insurance Commissioner's directives, and the composition of the data presented therein is not necessarily consistent with the composition of the data presented in the Company's financial statements and the notes thereto.

2. Material adjustments and changes

A. Liability adequacy testing (LAT)

On March 29 2020, Insurance Circular 2020-1-5, Amendment of the Provisions of the Consolidated Circular regarding Measurement of Liabilities - Liability Adequacy Test (LAT) was published. According to the circular, the LAT shall be calculated while combining all life insurance segment products instead of a calculation for groups of policies as defined by the Commissioner in the past.

This change allows the policies that embody income to be examined together with those that embody a loss. As a result and since there is more embodied income than embodied loss in all policies in the life insurance segment, no provision is required due to the LAT in the life insurance segment.

B. Adjustments in respect of annuity payment reserves

Periodically, the Company examines the working assumptions for calculating the annuity payment reserves according to the directives of the Supervision Department's circular published in March 2013 on calculation of reserves for annuity payments in life insurance policies.

From time to time, the Company conducts studies in which it assesses the rate of policyholders that are expected to exercise their entitlement to receive an annuity when they retire, the mix of annuity tracks selected by the policyholders, according to which the annuity payment period is determined, and other parameters relevant to estimating the provision.

In the reporting period, the Company made several revisions, as follows: the interest rates for discounting annuity payment reserves, retirees' mortality rates in accordance with the "Amendment to the Consolidated Circular regarding Measurement of Liabilities - Update of the Demographic Assumptions for Life Insurance and Pension Funds", the mix of annuity tracks selected by the policyholder, assumptions regarding the retirement age of the policyholders, rates of taking the annuity at any retirement age, and cancellation rates. The overall effect of these revisions led to a decrease in the provision for paid and deferred annuities in the amount of approx. NIS 163 million. The K factor which, as of the report date, the Company left unchanged in respect of guaranteed return policies at 0.0% (0% last year) and left the rate for yield dependent policies at 0.96% (0.96% last year). For further details, see Note 37.E. e1 to the Financial Statements.

The provision in respect of supplementation of annuity reserve is calculated for policies which are in effect (paid and settled), that allow lifetime annuity payouts, and have not yet reached the stage of annuity payout, or whose policyholders have reached retirement age but have not yet started receiving the annuity. The provision amount accumulated in the books of accounts over the years until December 31, 2024, which includes the above revisions, amounted to approx. NIS 3,074 million (compared to approx. NIS 3,030 million last year). The balance of provisions in an estimated amount as at December 31, 2024 of approx. NIS 2,486 million (compared to approx. NIS 2,743 million last year) will be carried throughout the remaining life of the policy until retirement age, according to a geometric formula that considers, among other things, K-factors of the discounted interest rates, as detailed above.

The total cost (arising from lengthening of the life expectancy) of annuity payments in respect of deferred annuity, which are expected to be paid over the years in future, in respect of funds accumulated in policies as of the end of the reporting period, amounts to approx. NIS 5,559 million (compared to approx. NIS 5,771 million last year) in respect of the entire portfolio (including the Company' share of the Hassneh portfolio).

The estimated total cost of the provision for deferred annuity may change due to several factors, which include, among other things, changes in life expectancy and in the rate of policyholders who exercise their entitlement to annuities, change in the reasons of policyholders for opting for the annuity tracks upon retirement, increase in the savings accruals of policyholders due to payment of future premiums and/or an increase in investment revenue, and due to changes in discount rate assumptions, and other assumptions.

March 17, 2025	Michael Hahn-Markowitz, F.ILA.A	
Date	Name of supervisor actuary	Signature

Appendix A - Form 12A

Form 12A: Contingent Claims, Reserve and Reserve for Extraordinary Risks - Gross
Name of the company: Clal Insurance Company Ltd. *As of: December 31, 2024*
(In NIS thousand)

			Total	Savings and mortality risk (classic, traditional)		Pure savings or the savings component in policies (Preferred, Track)		Pure mortality risk or mortality risk component in policy		Permanent health insurance	Other covers 1)
				Guaranteed-return	Participating	Guaranteed-return	Participating	Individual	Collective		
				1A	1B	2A	2B	3A	3B	4	6
1	Contingent claims		199,856	21,423	12,513	16,121	11,560	121,914	8,907	0	7,418
2	Reserve (total of lines 2a 1 to 6)		116,104,094	4,728,360	1,018,586	15,325,088	92,272,330	129,909	61,779	2,515,803	52,238
2A1	Policies which include a savings component (including appendices) by policy issuance date:	Policies issued until 1990	19,141,805	4,600,926	0	14,342,046	192,638	1,119	0	3,681	1,396
2A2		Policies issued between 1991 and 2003	52,567,058	0	1,008,660	0	51,477,453	9,738	0	56,208	14,998
2A3		Policies issued after 2004	38,779,827	823	0	-2	38,648,171	4,623	0	125,723	489
2A4		Total (2A1 to 2A3)	110,488,689	4,601,748	1,008,660	14,342,044	90,318,263	15,480	0	185,612	16,882
2B	Policies without a savings component		315,064	0	0	0	0	102,028	42,796	134,884	35,356
3	Percentage of reserve for paid claims		2,197,142	0	0	0	0	0	2,603	2,194,540	0
4	Profit participation		29,549	0	0	0	0	12,401	16,380	768	0
5	Supplement resulting from liability adequacy test		0	0	0	0	0	0	0	0	0
			0								
6	Other		3,073,650	126,612	9,926	983,045	1,954,067	0	0	0	0
7	Extraordinary risk reserve		0	0	0	0	0	0	0	0	0

(1 Other coverages, including: disabilities, double indemnity, etc.

8A	Effect of adjusting provisions for new businesses		0								
8B1	Effect of adjusting provisions for existing businesses	Changes in assumptions	-163,464	-25,580	-1,133	-105,801	-30,950	0	0	0	0
8B2		Changes in methods	0								
8B3		Differences in premium rates	0								
8B4		Other changes	0	0	0	0	0	0	0	0	0

Appendix B - Form 12B

Form 12B: Contingent Claims, Reserve and Reserve for Extraordinary Risks - Retention
Name of the company: Clal Insurance Company Ltd. *As of: December 31, 2024*
(In NIS thousand)

			Total	Savings and mortality risk (classic, traditional)		Pure savings or the savings component in policies (Preferred, Track)		Pure mortality risk or mortality risk component in policy		Permanent health insurance	Other covers 1)
				Guaranteed-return	Participating	Guaranteed-return	Participating	Individual	Collective		
				1A	1B	2A	2B	3A	3B	4	6
1	Contingent claims		192,825	21,397	12,272	16,121	11,560	117,109	8,458	0	5,907
2	Reserve (total of lines 2a 1 to 6)		115,580,695	4,728,360	1,018,586	15,324,881	92,272,330	118,625	61,588	2,004,087	52,238
2A1	Policies which include a savings component (including appendices) by policy issuance date:	Policies issued until 1990	19,139,193	4,600,926	0	14,341,839	192,638	1,119	0	1,276	1,396
2A2		Policies issued between 1991 and 2003	52,565,455	0	1,008,660	0	51,477,453	9,738	0	54,605	14,998
2A3		Policies issued after 2004	38,773,371	823	0	-2	38,648,171	4,623	0	119,267	489
2A4		Total (2A1 to 2A3)	110,478,018	4,601,748	1,008,660	14,341,836	90,318,263	15,480	0	175,149	16,882
2B	Policies without a savings component		274,358	0	0	0	0	90,744	42,605	105,653	35,356
3	Percentage of reserve for paid claims		1,725,120	0	0	0	0	0	2,603	1,722,518	0
4	Profit participation		29,549	0	0	0	0	12,401	16,380	768	0
5	Supplement resulting from liability adequacy test		0	0	0	0	0	0	0	0	0
6	Other		3,073,650	126,612	9,926	983,045	1,954,067	0	0	0	0
7	Extraordinary risk reserve		0	0	0	0	0	0	0	0	0

(1 Other coverages, including: disabilities, double indemnity, etc.

8A	Effect of adjusting provisions for new businesses		0								
8B1	Effect of adjusting provisions for existing businesses	Changes in assumptions	-163,464	-25,580	-1,133	-105,801	-30,950	0	0	0	0
8B2		Changes in methods	0								
8B3		Differences in premium rates	0								
8B4		Other changes	0	0	0	0	0				

Part D

Additional Details about the Corporation



Company:	Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**")
Company No. at Registrar of Companies:	52-003612-0
Address:	36 Raoul Wallenberg Street, Kiryat Atidim, Tower 8, Tel Aviv 6136902
Email:	YyehudaG@Clal-Ins.co.il
Tel.	+972-3-6388830
Fax:	+972-3-7965678
Balance sheet date:	December 31, 2024
Report publication date:	March 17, 2025

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1. *Information Required in Connection with Material Valuation (Regulation 8B)*

None

2. *Financial Information from the Consolidated Financial Statements Attributable to the Company Itself as of December 31, 2024 (Regulation 9C)*

KPMG
Somekh Chaikin
Millennium Tower KPMG
17 Haarbaa Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

EY
Building a better working world
Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102
Tel. +972-3-6232525
Fax +972-3-5622555
ey.com

To the Shareholders of Clal Insurance Enterprises Holdings Ltd.

Re: Special report of the independent auditors on Separate Financial Information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the Separate Financial Information disclosed in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 of Clal Insurance Enterprises Holdings Ltd. (hereinafter – the "**Company**") as of December 31, 2024 and 2023, and for each of the three years, the last of which ended December 31, 2024; this Separate Financial Information is included in the Company's periodic report. The Separate Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on this Separate Financial Information based on our audit.

We did not audit the Separate Financial Information of investees the assets of which, less the liabilities attributable thereto, net totaled approx. NIS 93 million and approx. NIS 83 million as at December 31, 2024 and 2023, respectively, and the Company's share in the profits of these companies, which totaled approx. NIS 12 million, approx. NIS 10 million and approx. NIS 6 million as of December 31, 2024, 2023 and 2022, respectively. The financial statements of the above companies were audited by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other independent auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel. These standards require that we plan and perform the audit in order to obtain a reasonable degree of assurance that the Separate Financial Information does not contain material misstatement. An audit involves examining, on a sample basis, evidence supporting the amounts and details included in the Separate Financial Information. An audit also involves examining the accounting principles used in preparing the Separate Financial Information and the significant estimates made by the Company's Board of Directors and management, as well as evaluating the overall presentation of financial information. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other independent auditors, the Separate Financial Information has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
March 17, 2025

Somekh Chaikin
Certified Public Accountants

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Joint Independent Auditors

Data on Financial Position

In NIS million	Additional Information	As of December 31 2024	2023
Assets			
Investment in investees	2.5	**9,829**	8,418
Loans and balances of investees	2.5	**1,010**	704
Receivables and debit balances		**1**	-
Other financial investments:			
Liquid debt assets		**9**	906
Shares		**34**	17
Other		**100**	87
Total other financial investments	2.2 (a)	**142**	1,011
Cash and cash equivalents	2.3	**37**	9
Total assets		**11,019**	10,142
Equity			
Share capital	2.7	**167**	167
Share premium	2.7	**2,423**	2,390
Capital reserves		**1,242**	1,005
Retained earnings		**5,618**	5,019
Total equity		**9,450**	8,581
Liabilities			
Payables and credit balances	2.2 (b)	**46**	45
Balances of investees		**2**	1
Financial liabilities	2.7	**1,522**	1,514
Total liabilities		**1,569**	1,561
Total equity and liabilities		**11,019**	10,142

The attached additional information is an integral part of the Company's separate interim financial information.

Approval date of the financial statements:	**Haim Samet**	**Yoram Naveh**	**Eran Czerninski**
March 17, 2025	Chairman of the Board of Directors	CEO	Executive Vice President Finance Division Director

Profit and Loss Data

In NIS million	Additional Information	For the year ended December 31		
		2024	2023	2022
Company's share in the profits of investees, net of tax		**741**	206	89
Investment income, net and finance income				
From investees	2.7	**41**	39	46
Other		**28**	24	10
Total income		**809**	269	145
General and administrative expenses		**12**	16	15
Finance expenses	2.7	**80**	33	-
Total expenses		**91**	49	15
Income before income tax		**718**	220	130
Income tax		**-**	-	9
Income for the period		**718**	220	121

The attached additional information is an integral part of the Company's separate interim financial information.

Comprehensive Income Data

In NIS million	For the year ended December 31 2024	2023	2022
Income for the period	**718**	220	121
Other comprehensive income:			
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss:			
Net change in fair value of financial assets classified as available for sale carried to capital reserve	**-**	-	(3)
Other comprehensive income (loss) in respect of investees	**237**	84	(362)
Other comprehensive income (loss) for the period carried or to be carried to profit and loss, before tax	**237**	84	(365)
Taxes (tax benefit) in respect of other components of 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 of tax	**237**	84	(365)
Items of other comprehensive income not transferred to profit and loss:			
Other comprehensive income for investees not transferred to profit and loss, net of tax	**1**	-	8
Other comprehensive income for the period, not transferred to profit and loss, net of tax	**1**	-	8
Other comprehensive income (loss) for the period	**238**	85	(357)
Total comprehensive income (loss) for the period	**956**	305	(237)

The attached additional information is an integral part of the Company's separate interim financial information.

Cash Flow Data

In NIS million	Additional Information	For the year ended December 31 2024	2023	2022
Cash flows from operating activities				
Income for the period		**718**	220	121
Reconciliations:				
Company's share in the profits (losses) of investees		**(741)**	(206)	(89)
Dividend from investees		**166**	25	13
Interest accrued on deposits with banks		**(2)**	(9)	(8)
Accrued interest and linkage differences in respect of the capital note for the investee		**(30)**	(31)	(36)
Accrued interest and deduction of issuance costs and discount for bonds		**80**	33	-
Loss (income) from other financial investments		**(24)**	(14)	(1)
Income tax		**-**	-	9
		(551)	(203)	(112)
Changes in other items in the data on financial position, net:				
Change in receivables and debit balances		**(1)**	-	-
Change in payables and credit balances		**-**	(5)	3
		(1)	(6)	3
Cash received during the period for:				
Net cash provided by operating activity for transactions with investees		**7**	3	7
Interest received		**2**	9	8
Income tax received (paid)		**-**	(9)	(5)
Net cash provided by operating activities		**175**	15	21
Cash flows provided by investing activities				
Repayment of interest from the capital note to the investee		**23**	23	22
Investment in capital notes of an investee	2.5	**(292)**	(79)	-
Investment in available-for-sale financial assets		**(97)**	(908)	(181)
Proceeds from sale of available-for-sale financial assets		**990**	106	7
Investment in investees	2.5	**(599)**	(1,215)	-
Net cash provided by (used for) investing activities		**25**	(2,072)	(151)
Cash flows provided by financing activities				
Proceeds from issuance of share capital (less issuance expenses)	2.7	**-**	-	492
Proceeds of bond issuance (less issuance expenses)		**-**	1,537	-
Interest paid		**(72)**	-	-
Dividend paid		**(100)**	-	-
Net cash used for financing activities		**(172)**	1,537	492
Increase (decrease) in cash and cash equivalents		**28**	(520)	362
Cash and cash equivalents at the beginning of the period		**9**	529	166
Cash and cash equivalents at the end of the period		**37**	9	529

2.1. General

The following is the financial data from the Company's Consolidated Financial Statements as of December 31, 2024 (hereinafter - the "**Consolidated Statements**"), published in the Periodic Statements (in Chapter C – Financial Statements) and attributable to the Company itself (hereinafter - the "**Separate Financial Information**"), presented pursuant to Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 2010 (hereinafter - the "**Regulation**" and the "**Tenth Addendum**," respectively) regarding the Separate Financial Information of the Company. The Separate Financial Information should be read in conjunction with the Consolidated Financial Statements.

Significant Accounting Policies Implemented in the Separate Financial Information:

The accounting policy rules set forth in the Consolidated Statements were implemented consistently throughout all of the periods presented by the Company in the Separate Financial Information, including the way that the financial data was classified in the Consolidated Financial Statements, *mutatis mutandis*, from the following:

A. **Presentation of the Financial Data**

1. Data on Financial Position

These data, that include information regarding the amounts of the assets and liabilities included in the Consolidated Financial Statements attributable to the Company itself (except in respect of investees) are classified according to types of assets and liabilities. In addition, these data include a net amount is presented, based on the Consolidated Financial Statements, which is attributable to shareholders of the Company itself, of total assets less total liabilities, which present financial information regarding investees (including goodwill) in the consolidated statements of financial position.

2. Data on Comprehensive Income

This data includes information regarding the amounts of the income and expenses included in the Consolidated Financial Statements, separated between profit or loss and other comprehensive income, which are attributable to the Company itself (except in respect of investees) and classified according to types of income and expenses. In addition, data include information regarding the net amount – based on the Consolidated Financial Statements - attributable to shareholders of the Company itself, of total income net of total expenses which reflect the operating results of investees in the Consolidated Financial Statements, including impairment of goodwill, impairment of investment in associate or reversal thereof, and impairment of investment in an equity-accounted investee or reversal thereof.

3. Cash Flow Data

These data include a breakdown of the cash flows included in the Consolidated Financial Statements attributable to the Company itself (excluding investees), taken from the consolidated statement of cash flows, with breakdown according to cash flow from operating activities, investing activities and financing activities, and details of their components. Cash flows for operating activities, investing activities and financing activities for transactions with investees are presented separately, in net figures, under the relevant item based on the nature of the transaction.

B. **Transactions between the Company and investees**

1. Presentation

Intra-group balances and income and expenses arising from intra-group transactions, which were eliminated in the preparation of the Consolidated Financial Statements, were presented separately from the balance in respect of investees and the income in respect of investees, together with similar balances with third parties.

Unrealized gains and losses, arising from transactions between the Company and its investees, were presented as the balance with respect to investees and as the income with respect to investees.

2. Measurement

Transactions between the Company and its consolidated companies were measured in accordance with the recognition and measurement principles set in the relevant IFRSs outlining the accounting treatment applicable to such transactions with third parties.

2.2. Financial Instruments

A. Financial investments

The composition is as follows:

In NIS million	As of December 31 2024	2023
Liquid debt assets		
Government bonds	-	902
Corporate bonds	**9**	4
Total liquid debt assets	**9**	906
Shares (1)		
Liquid	**34**	17
Total shares	**34**	17
Other financial investments (money market funds)	**100**	87
Total financial investments (2)	**142**	1,011

(1) The expected exercise date of the shares has not yet been determined.

(2) During the reporting period, the Company transferred approx. NIS 891 million to CIMax to repay the syndicated loan. For further details, see Section 2.10 below.

B. Payables and credit balances

The composition is as follows: *)

In NIS million	As of December 31 2024	2023
Accrued expenses	**2**	2
Interest payable - in respect of bonds	**43**	43
Other **)	**1**	1
Total	**46**	45

*) Payables are unlinked.

**) Mainly in respect of provision for claims. For further details, see Note 45 to the Consolidated Financial Statements.

2.3. Cash and cash equivalents

Composition of linkage:

In NIS million	Interest as of December 31, 2024 %	As of December 31 2024	2023
NIS, non-linked	4.14-4.19	**24**	9
Linked to the USD	3.85	**13**	-
Total		**37**	9

Most of the cash and cash equivalents are current account balances and short-term deposits at banks. The interest rates on the current account balances are based on the interest rates in respect of daily deposits.

2.4. Income tax

A. For details regarding the tax environment in which the Company operates, see Note 24(a) to the Consolidated Financial Statements.

B. Regarding unrecognized deferred tax liabilities, and carryforward losses and deductions for tax purposes, see Note 24(f) to the Consolidated Financial Statements.

2.5. Investees - Investments, balances, commitments and material transactions

The composition is as follows:

In NIS million	Additional Information	As of December 31 2024	2023
Investments in investees		**9,829**	8,418
Capital note to Clal Insurance	2.8	**519**	502
Capital notes to Clal Finance	2.9	**53**	53
Capital notes to Clal Agencies		**58**	58
Capital notes to CIMax Holdings	2.10	**368**	76
Current balances		**11**	15
Total loans and debit balances of investees		**1,010**	704
Total		**10,838**	9,122

A. As for the list of main investees, see Note 9(a) to the Consolidated Financial Statements.

B. Regarding the Company's commitments to supplement the required equity of its investees, see Note 17(e) in the Consolidated Financial Statements.

C. Expenses of the Company include participation in the proportionate share according to the Group's cost allocation mechanism.

2.6. Rating

In February 2023, S&P Maalot published a rating report that set an AA- rating for the Company and bonds it issued. The rating was confirmed during 2023 for additional series expansions as well as issuance of a new series, which were implemented during the year and was reiterated in July 2024 (see Section 2.7 below). For further details, see Note 26F to the Consolidated Financial Statements.

2.7. Equity and debt issued by the Company

In January 2022, the Company issued approx. NIS 6,411 million shares in the amount of approx. NIS 506 million, at a share price of NIS 78.95. Net of issuance expenses, the net amount received by the Company amounted to approx. NIS 492 million.

In February 2023, the Company issued NIS 249.1 million p.v. in Bonds (Series A) and NIS 150 million p.v. in Bonds (Series B) pursuant to the Company's shelf offering report dated February 9, 2023, published under the Company's shelf prospectus. The issuance expenses amounted to approx. NIS 3 million; net consideration amounted to approx. NIS 397 million. For further details, see Note 26C to the Consolidated Financial Statements.

In March 2023, and as part of the consideration for the Max IT Finance Ltd transaction (hereinafter - "**Max**"), the Company allocated to the Offerees - on the transaction completion date - 4,970,310 ordinary shares of the Company of NIS 1 p.v. each (hereinafter - the "**Allocated Shares**"). The allocated shares constituted - immediately following their allocation - approx. 6.29% of the issued and paid-up share capital of the Company and approx. 6.05% of the issued and paid-up share capital of the Company, fully diluted. For details about Max's acquisition, see Note 46(j) to the Consolidated Financial Statements.

In June 2023, the Company implemented an expansion of NIS 250 million p.v. Bonds (Series A) to qualified investors and in August 2023, it implemented another expansion of NIS 400 million p.v. Bonds (Series A) of the Company.

In December 2023, the Company issued NIS 500 million p.v. in Bonds (Series C) of the Company.

For details regarding the terms of the bonds issued by the Company, see Note 26 to the Consolidated Financial Statements.

For details regarding the purpose of the proceeds of the share issuance, see Note 26 to the Consolidated Financial Statements.

For details regarding the issuance of shares with respect to the exercise of employee stock options, see Note 17(a) to the Consolidated Financial Statements.

2.8. Investment in Tier 1 capital instruments by Clal Insurance

In October 2020, the Company invested in Additional Tier-1 capital instrument issued by Clal Insurance, in an amount of NIS 450 million at an annual interest rate of 4.53% linked to the CPI. The balance of the Tier 1 capital instrument as of December 31, 2024 is approx. NIS 519 million. For further details, see Note 26 to the Consolidated Financial Statements.

2.9. Michlol Finance Ltd. (hereinafter - "Michlol")

In 2023, Clal Finance issued the Company an additional capital note totaling NIS 2.2 million; the capital was used by Clal Finance to invest in Michlol as part of the issuance of rights according to its holding stake in Michlol.

The capital note is unlinked to the Consumer Price Index and does not bear interest. The repayment date of the capital note will be as agreed by the parties, but not before the five years from its date of issue.

2.10. Capital notes to CIMax Holdings Ltd. (hereinafter - "CIMax")

In 2023-2024, the Company issued capital notes to CIMax, which were mainly for the liquidity tier of the syndicated loan.

The capital notes are not linked to the Consumer Price Index and does not bear interest. The repayment date of the capital notes will be as agreed by the parties, but not before the five years from its date of issue.

In February 2024, CIMax repaid the full balance of its syndicated loan, totaling an amount of approx. NIS 891 million, of which approx. NIS 873 million was the loan principal, and the remaining balance being interest in addition to an early repayment penalty and additional fees and commissions pursuant to the provisions of the syndicated loan agreement totaling approx. NIS 18 million.

For further details, see Note 26.A.1(3) to the Consolidated Financial Statements.

2.11. Approval of the Company's dividend policy and distribution

In September 2024, the Company's Board of Directors approved the dividend distribution policy.

In accordance with the approved policy, the Company will distribute an annual dividend at a rate, which will not fall below 50% of the dividend received in that year from the Company's subsidiaries.

This policy should not be viewed as an undertaking by the Company to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of laws applicable to any dividend distribution and to compliance with the financial covenants the Company has undertaken and/or will undertake in the future as to the condition that the distribution shall not adversely affect the Company's cash flows and the Company's need for cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities.

The Company's Board of Director may review the dividend distribution policy from time to time and decide, at any given time, taking into account business considerations and the legal and regulatory provisions applicable to the Company, to change the dividend distribution policy, including the rate of dividend to be distributed.

Further to the above, on November 28, 2024, the Company's Board approved a dividend distribution totaling approx. NIS 100 million, which constitutes approx. 60% of the dividends declared and distributed in the Company's subsidiaries. The dividend was paid on December 24, 2024.

3. Report of Status of Liabilities of the Reporting Company and the Consolidated Companies According to Repayment Dates as of December 31, 2024 (Regulation 9D)

As at December 31, 2024, the Company and its consolidated companies do not have any liabilities pursuant to Regulation 9D

4. *Condensed Statements of Quarterly Comprehensive Income (Regulation 10A)*

Condensed Statements of Quarterly Comprehensive Income (consolidated) for 2024

In NIS million	Q1	Q2	Q3	Q4	Total
Premiums earned, gross	2,660	2,660	2,717	2,677	**10,714**
Premiums earned by reinsurers	457	448	461	437	**1,803**
Premiums earned - retention	2,203	2,213	2,256	2,240	**8,911**
Revenue from credit card transactions	354	381	416	403	**1,554**
Net investment income and finance income	4,551	1,314	4,926	3,842	**14,633**
Revenue from management fees and from portfolio management	321	319	325	336	**1,301**
Revenue from fees and commissions	107	106	113	130	**456**
Total revenue	7,536	4,334	8,036	6,950	**26,856**
Payments and change in liabilities in respect of insurance contracts and investment contracts, gross	6,229	2,651	6,572	4,935	**20,388**
Reinsurers' share in payments and in changes in liabilities in respect of insurance contracts	276	181	372	111	**940**
Payments and change in liabilities in respect of insurance contracts and investment contracts - retention	5,953	2,471	6,200	4,824	**19,447**
Loan loss expenses	41	56	62	57	**216**
Credit card operations	228	232	258	268	**986**
Payments to banks	54	58	61	60	**233**
Fees and commissions, marketing expenses and other purchase expenses	694	713	752	752	**2,912**
General and administrative expenses	272	270	293	321	**1,155**
Impairment of intangible assets	-	-	-	2	**2**
Other expenses	9	12	13	13	**46**
Finance expenses	208	208	216	197	**831**
Total expenses	7,459	4,020	7,854	6,495	**25,829**
Share in results of equity-accounted associates, net	2	1	8	4	**14**
Income before income tax	79	315	189	459	**1,042**
Income tax	37	99	60	121	**317**
Income for the period	42	215	130	337	**724**
Company's shareholders	41	214	128	336	**718**
Minority interests	1	1	2	2	**6**
Income for the period	42	215	130	337	**724**
Earnings per share attributable to the Company's shareholders					
Basic earnings per share (in NIS)	0.51	2.70	1.62	4.24	**9.08**
Diluted earnings per share (in NIS)	0.51	2.70	1.61	4.22	**9.03**
No. of shares used to calculate earnings per share					
Basic	79,036	79,074	79,076	79,211	**79,099**
Diluted	79,204	79,138	79,138	79,620	**79,475**

In NIS million	Q1	Q2	Q3	Q4	Total
Income for the period	42	215	130	337	**724**
Components of other comprehensive income					
Foreign currency translation differences in respect of activities carried to capital reserve	1	3	-	(4)	**(1)**
Net change in fair value of available for sale financial assets, carried to capital reserves	184	(56)	275	209	**611**
Net change in fair value of available for sale financial assets carried to the income statement	14	(58)	(72)	(166)	**(282)**
Impairment loss of available-for-sale financial assets carried to the profit and loss statement	1	21	17	8	**47**
Tax effect	(77)	32	(77)	(16)	**(138)**
Total components of net income line items, subsequently reclassified to profit and loss	123	(59)	144	30	**238**
Actuarial gains (losses) from a defined benefit plan	-	2	-	(1)	**1**
Taxes in respect of components of other comprehensive income line items	-	-	-	-	**-**
Total net income components that will not be subsequently reclassified to profit and loss	-	1	-	-	**1**
Other comprehensive income (loss) for the period, before income tax	123	(58)	144	29	**239**
Other comprehensive income for the period	165	158	274	367	**963**
Attributable to:					
Company's shareholders	164	157	271	365	**956**
Non-controlling interests	2	1	3	2	**7**
Total comprehensive income for the period	165	158	274	367	**963**

5. Use of Proceeds for Securities (Regulation 10C)

On February 13, 2023, the Company issued, as part of the preparations for the completion of the Max acquisition transaction (as detailed in Note 9(a) to the Financial Statements), and in order to create a liquidity and financial flexibility buffer for the Company, two series of bonds, as part of a public offering in accordance with a shelf offering report of the Company of February 9, 2023, which was published pursuant to a shelf prospectus bearing the date July 25, 2022, which was published on July 24, 2022, as detailed below:

NIS 249.1 million p.v. in Bonds (Series A) of the Company bearing an annual interest rate of 4.7%.

NIS 150 million p.v. in convertible Bonds (Series B) of the Company, bearing an annual interest rate of 2.8% and are convertible into the Company's shares, such that each NIS 85 par value of the Bonds (Series B) will be convertible into one ordinary share of the Company, as set out in the deed of trust for the Bonds (Series B).

The principal of the Bonds shall be repayable in one lump sum within 5 years from the issuance date.

The gross proceeds of the issuance in respect of the two series, net of issuance expenses, totaled approx. NIS 397 million.

The proceeds received by the Company in respect of issuance of the bonds were used for payment in respect of the acquisition of WPI's issued and paid up share capital on the transaction completion date.

In June 2023, the Company implemented a private expansion of NIS 250 million p.v. in Bonds (Series A) to qualified investors and in August 2023, it implemented another expansion of NIS 400 million par value Bonds (Series A) of the Company.

In December 2023, the Company issued NIS 500 million p.v. in Bonds (Series C) of the Company.

All proceeds of the above issuance were used, among other things, to create a liquid buffer for the Company's current activity and to supplement payments in respect of the Max transaction and early repayment of the syndicated loan (as stated in Section 2.5.1.6(f) below) taken by CIMax Holdings Ltd. in 2019 from a syndicate of lenders that are institutional entities (hereinafter - the "**Syndicated Loan**") by exercising the early loan repayment option and paying an early redemption penalty that is amortized over life of the loan, all in accordance with the terms and conditions of the Syndicated Loan, as part of the financial organization of the Group's obligations. For details, see Note 26A.1(3) to the Consolidated Financial Statements.

In February 2024, CIMax settled the entire balance of the Syndicated Loan by a payment received from the Company as part of the investment in CIMax. For details, see Note 26A.1(3) to the Consolidated Financial Statements.

6. *Investments in Material Subsidiaries and Affiliates that are Active Companies as of the Date of the Statement of Financial Position (Regulation 11)*

Company	Share class in p.v.	No. of shares	Total par value - NIS	Value in the separate financial statements within its meaning in Regulation 9C in NIS million	Rate of ownership in %		
					In equity	In voting	In right to appoint directors
Clal Insurance Company Ltd. (hereinafter - "**Clal Insurance**")[1]	Ordinary - NIS 1	119,038,221	119,038,221	7,252	99.98	99.98	99.98
CIMax Holdings Ltd.	Ordinary - type A	1,030,101	-	2,337 [5]	100.00	100.00	100.00
	Ordinary	192,702	-				
	Special items	4,000	-				
Clal Agency Holdings (1998) Ltd. (hereinafter - "**Clal Agencies**")[2]	Ordinary - NIS 1	99	99	*181	100.00	100.00	100.00
Clalbit Systems Ltd. (hereinafter - "**Clalbit Systems**")[3]	Ordinary - NIS 1	1,000	1,000	9	100.00	100.00	100.00
Clal Finance Ltd.[4,3]	Ordinary - NIS 1	170,000,000	17,000,000	*53	100.00	100.00	100.00
Subsidiaries and affiliates of Clal Insurance							
Clal Credit Insurance Ltd. (hereinafter - "**Clal Credit**")	Ordinary - NIS 1	8,537,280	8,537,280	300	80.00	80.00	80.00
Clal Pension and Provident Funds Ltd. (hereinafter - "**Clal Pension and Provident Funds**")	Ordinary - NIS 1	129,071	129,071	*754	100.00	100.00	100.00
Clal Insurance Capital Raising[6]	Ordinary - NIS 1	1,000	1,000	-	100.00	100.00	100.00

Company	No. of stock on the TASE	Share class in p.v.	No. of shares	Total par value - NIS	Value in the separate financial statements within its meaning in Regulation 9C in NIS million	Rate of ownership in %			TASE rate at the date of the statement of financial position in NIS per share
						In equity	In voting	In right to appoint directors	
Atudot Pension Fund for Salaried Employees and Self Employed Ltd.		Ordinary - NIS 1	4,000,000	4,000,000	44	50.00	50.00	50.00	
Canaf - Clal Financial Management Ltd. (hereinafter - "**Canaf**")		Ordinary - NIS 1	1,000	1,000	6	100.00	100.00	100.00	
Subsidiaries and affiliates of Clal Finance									
Michlol Finance Ltd. ("**Michlol**")		Ordinary - NIS 1	10,820,392	10,820,392	93	24.9 [9]	24.9	24.9	671
		Earnings per ordinary share	2,546,585	2,546,585	6				

1. Regarding the Company's commitment to supplement Clal Insurance's equity, see Note 17(e)(3) to the financial statements.
2. Including holding of 1 ordinary share through Betach Toren Insurance Agency Ltd.
3. For the acquisition of Michlol shares, Clal Finance issued to the Company in 2020 and 2021 capital notes amounting to NIS 50.6 million and in 2023, capital notes amounting to NIS 2.2 million. The capital notes are valid as determined by the parties and no earlier than 5 years from the loan grant date and does not bear any interest or linkage.
4. In addition, Clal Finance - a subsidiary of the Company - was awarded an option (without consideration) in respect of 2,546,585 Michlol shares in accordance with the terms that were set. Following the issuance and receipt of the option as described above, the Group recorded a gain at an immaterial amount. The option was issued in August 2021, and it is exercisable over a period starting 18 months after the listing date and ending 5 years after that date. It should be clarified, that in any event, according to a permit given to the Company, it will not be allowed to hold more than 24.9% of the issued and paid up share capital of Michlol.
5. Excluding investment in capital notes. For further details, see Section 8 below.
6. Formerly Clalbit Finance Ltd.

Company	No. of stock on the TASE	Share class in p.v.	No. of shares	Total par value - NIS	Value in the separate financial statements within its meaning in Regulation 9C in NIS million	Rate of ownership in %		
						In equity	In voting	In right to appoint directors
Subsidiaries and affiliates of Clal Agencies								
Betach Toren Insurance Agency Ltd. (hereinafter - "**Betach Toren**")[7]		Ordinary - NIS 1	20,339	20,339	43	100.00	100.00	100.00
Tmura Insurance Agency (1987) Ltd. (hereinafter - "**Tmura**")		Management A of NIS 1	587	587	168	-	-	100.00
		Management B of NIS 1	587	587		-	-	100.00
		Ordinary - NIS 1	6,119	6,119	-	100.00	100.00	-
		Preferred - NIS 1	1,954	1,954	-	100.00	-	-
Newcom Pension Insurance Agency (2004) Ltd.[8]		Ordinary - NIS 1	300	300	20	30.00	30.00	30.00
Tmura's Subsidiaries and Affiliated Companies								
Tmura Melea Insurance Agency Ltd.		Ordinary - NIS 0.001	100,000,000	100,000	8	100.00	100.00	100.00
Alternative Capital Ltd. ("**Alternative**")[9]		Ordinary - NIS 0.1	500,000	50,000	(3)	100.00[9]	100.00	100.00
Subsidiaries and affiliates of Betach Toren								
Betach Toren International Underwriters P&C Insurance Agency (2019) Ltd.		Ordinary - NIS 1	3,000	3,000	3	100.00	100.00	100.00

7. Formerly Betach Ltd.
8. At the end of 30 months from the transaction completion date (the transaction was completed in September 2022), Clal Agency Holdings has an option to acquire Newcom shares, such that its holdings will stand at 60% of Newcom's issued share capital; at the end of 48 months from the transaction completion date Clal Agency Holdings has an option to acquire Newcom shares, such that its holdings will stand at 80% of Newcom's issued share capital, and at the end of 60 months from the transaction completion date Clal Agency Holdings has an option to acquire Newcom shares, such that its holdings will stand at 100% of Newcom's issued share capital. Each option is valid for 120 days.
9. In October 2024, Tmura acquired Mr. Dedi Goldenberg's shares in Alternative. As of the report date, Alternative's activity has been discontinued.

Company	No. of stock on the TASE	Share class in p.v.	No. of shares	Total par value - NIS	Value in the separate financial statements within its meaning in Regulation 9C in NIS million	Rate of ownership in %		
						In equity	In voting	In right to appoint directors
Subsidiaries and affiliates of CIMax Holdings								
Max It Finance Ltd.		Ordinary - NIS 0.1	252,292,576	25,229,258	2,434	100.00	100.00	100.00
Milo Brom Holdings Ltd. (hereinafter - "**Milo**")		Ordinary, no par value	100	0	155	100.00	100.00	100.00
Material subsidiaries of Max It Finance Ltd.								
Max It Credit Ltd.		Ordinary - NIS 1	1,000,000	1,000,000	551	100.00	100.00	100.00
Max It Deposits Ltd.		Ordinary - NIS 1	100	100	36	100.00	100.00	100.00
Subsidiaries of Milo Brom Holdings Ltd.								
Hyp Payment Solutions Ltd.		Ordinary - NIS 0.001	445,861	446	171	100.00	100.00	100.00
MAX EVS Ltd. ("**EVS**")[10]		Ordinary - NIS 0.01	14,445	144	(3)	100.100	100.100	100.00

10. In December 2024, Milo acquired from the minority shareholders all their shares in EVS, for a non-material consideration, such that after the acquisition Milo holds 100% of the shares in EVS. In addition, at that time EVS sold its activities and assets to Vimore Network Ltd., for a non-material consideration.

7. Loans and Capital Notes to the Company's Subsidiaries and Related Companies

Loan provider	Loan recipient	Outstanding balance of loans and capital notes (including accrued interest) in NIS million	Interest rate	Type of linkage	Repayment years
Loans from the Company					
The Company	Clal Insurance	486	4.53%	CPI-linked	2069. Early redemption is possible as from October 31, 2030 with the Commissioner's approval.
The Company	Clal Finance	36		The capital note is unlinked	As shall be determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., March 23, 2025)
The Company	Clal Finance	15		The capital note is unlinked	As shall be determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., October 19, 2026)
The Company	Clal Finance	2		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., June 4, 2028)
The Company	CIMax Holdings Ltd.	39		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., June 22, 2028)
The Company	CIMax Holdings Ltd.	18		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., September 20, 2028)
The Company	CIMax Holdings Ltd.	19.4		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., December 24, 2028)
The Company	CIMax Holdings Ltd.	292		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., February 25, 2029)
The Company	Clal Agencies	58		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., May 20, 2026)
Loans from Clal Insurance					
Clal Insurance	Clal Pension and Provident Funds	75		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., June 29, 2028)
Loans from Clal Agencies					
Clal Agencies	Clal Leaders Insurance Agency Ltd.[11]	15	-	The capital note is unlinked	TBD

11. Inactive company

7.1 Loans in the CIMax Group

Loan provider	Loan recipient	Outstanding balance of loans and capital notes (including accrued interest) in NIS million	Interest rate	Type of linkage	Repayment years
Loan in CIMax					
CIMax Holdings Ltd.	Milo Brom Holdings Ltd.	8	10%	The loan was unlinked	As determined by the parties, and no earlier than after 5 years have elapsed from the loan grant date (i.e., March 2024) – the 5 years have elapsed prior to the scheduling of a repayment date.
Loan in Max					
Max It Finance Ltd.	Max It Credit Ltd.	9,679	5.2%	The loan was unlinked	
Max It Finance Ltd.	Hyp Payment Solutions Ltd.	2	P+2.15%	The loan was unlinked	As determined by the parties and no earlier than after 6 years will have elapsed from the loan grant date (i.e., July 2026)
Max It Finance Ltd.	Hyp Payment Solutions Ltd.	1	P+1.35%	The loan was unlinked	As determined by the parties and no earlier than after 1 year will have elapsed from the loan grant date (i.e., April 2025)
Loans in Milo					
Hyp Payment Solutions Ltd.	Milo Brom Holdings Ltd.	10	P+2.15%	The loan was unlinked	As determined by the parties and no earlier than after 6 years will have elapsed from the loan grant date (i.e., July 2025)
Hyp Payment Solutions Ltd.	Milo Brom Holdings Ltd.	1	P+1.35%	The loan was unlinked	As determined by the parties and no earlier than after 1 year will have elapsed from the loan grant date (i.e., April 2025)
Milo Brom Holdings Ltd.	MAX EVS Ltd.	3		The capital note is unlinked	As determined by the parties and no earlier than after 5 years will have elapsed from the loan grant date (i.e., December 2029)

7.2 Changes in loan to subsidiaries and affiliates in the reporting period (Regulation 12)

The Company	Date	Investee	Nature of change	Amounts in NIS million
Loans from the Company				
The Company	February 2024	CIMax Holdings Ltd.	New non-linked capital note	292

8. *Profits and Losses of Material Active Subsidiaries and Active Related Companies and Revenue Therefrom (Direct and Indirect) for the Year Ended on December 31, 2024 (Regulation 13)*

8.1. The Company and subsidiaries

	Profit (loss) for the year		Other comprehensive income (loss) for the year		Total comprehensive income (loss) for the year		Revenue		
	Attributable to the Company's owners	Attributable to non-controlling interests	Attributable to the Company's owners	Attributable to non-controlling interests	Attributable to the Company's owners	Attributable to non-controlling interests	Dividend	Interest	Management fees and directors' fees
	In NIS million								
The Company's directly held subsidiaries and affiliates									
Clal Insurance Company Ltd.	402	6	238	1	640	7	9	-	-
Clal Agency Holdings (1998) Ltd.	33	-	-	-	33	-	23	-	-
Clalbit Systems Ltd.	1	-	-	-	1	-	-	-	-
CIMax Holdings Ltd.	252	-	-	-	252	-	62	-	-
Subsidiaries and affiliates of Clal Insurance									
Clal Credit Insurance Ltd.	26	6	3	1	29	7	-	-	-
Clal Pension and Provident Funds Ltd.	26	-	2	-	29	-	-	-	-
Atudot Pension Fund for Salaried Employees and Self Employed Ltd.	3	-	-	-	3	-	-	-	1
Canaf - Clal Financial Management Ltd.	1	-	-	-	1	-	-	-	-
Subsidiaries and affiliates of Clal Finance									
Michlol Finance Ltd.	12	-	-	-	12	-	-	-	-
Subsidiaries and affiliates of Clal Agencies									
Betach Toren Insurance Agency Ltd.	3	-	-	-	3	-	1	-	-
Tmura Insurance Agency (1987) Ltd.	32	-	-	-	32	-	5	-	-
Newcom Pension Insurance Company (2004) Ltd.	1	-	-	-	1	-	-	-	-
Second tier companies of Clal Agencies									
Tmura Melea Insurance Agency Ltd.	2	-	-	-	2	-	-	-	-
Alternative Capital Ltd.	(1)	-	-	-	(1)	-	-	-	-
Betach Toren International Underwriters P&C Insurance Agency (2019) Ltd.	1	-	-	-	1	-	-	-	-

	Profit (loss) for the year		Other comprehensive income (loss) for the year		Total comprehensive income (loss) for the year		Revenue (expenses)		
	Attributable to the Company's owners	Attributable to non-controlling interests	Attributable to the Company's owners	Attributable to non-controlling interests	Attributable to the Company's owners	Attributable to non-controlling interests	Dividend	Interest	Management fees and directors' fees
	In NIS million								
CIMax's subsidiaries and affiliates									
Max It Finance Ltd.	273	-	2	-	276	-	62	-	(1)
Milo Brom Holdings Ltd.	(3)	-	-	-	(3)	-	-	1	-
Material subsidiaries of Max It Finance Ltd.									
Max It Credit Ltd.	6	-	-	-	6	-	-	465	282
Max It Deposits Ltd.	8	-	-	-	8	-	-	-	6
Subsidiaries of Milo Brom Holdings Ltd.									
Hyp Payment Solutions Ltd.	4	-	-	-	4	-	-	(1)	-
MAX EVS Ltd.	(1)				(1)				

9. List of Companies with Loan Balances Given as of the Date of the Statement of Financial Position (Regulation 14)

N/A.

10. *Trading on the Stock Exchange (Regulation 20)*

A. Securities listed for trading in the reporting year-

In the reporting year, 406,195 ordinary shares of the Company were listed for trading as a result of exercising options granted to officers and employees of the Company and subsidiaries.

B. Trading suspension of securities in the reporting year

In the reporting year, trading of the ordinary shares of the Company was not suspended on the TASE (other than limited volatility interruptions in respect of publication of financial statements and/or other material reports).

11. *Compensation of Interested Parties and Senior Officers (Regulation 21)*

Following is a breakdown of the compensation paid 2024, as recognized in the 2024 financial statements (in NIS thousand):

Each of the five highest paid senior officers in the Company or companies under its control, if the compensation was paid in connection with his/her service in the Company or in companies under its control, and if the compensation was paid to him/her by the Company or companies under its control;

Each of the three senior officers with the highest compensation at the Company, whose compensation was given in relation with its position at the Company itself, and not included in Section 1 above;

Each interested party in the Company who is not included in Sections 1 or 2 above, except a subsidiary of the Company, if the compensation was paid to him/her by the Corporation or by a corporation under its control in connection with services rendered as an employee of the Company or corporation under its control, whether or not employee-employer relations exist, and even if the interested party is not a senior officer.

Recipient of compensation					Compensation for services							Other benefits			
Name	Gender	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salaries [1]	Additional provision	Bonus [2]	Share-based payment	Management fees	Consulting fees	Fee or commission	Other	Interest	Rent	Other	Total
Ron Fainaro [8]	Male	Former CEO of Max	100%		3,617	-	1,869	175	-	-	-	-	-	-	-	5,661
Yoram Naveh [3]	Male	CEO of Clal Insurance and Clal Holdings	100%	0.01	3,314	-	-	-	-	-	-	-	-	-	-	3,314
Keren Shamir Atias [9]	Female	CEO of Tmura	100%	-	1,940	-	1,200	-	-	-	-	-	-	-	-	3,140
Eran Czerninski [4][6]	Male	Finance Division Director of Clal Insurance and Clal Holdings	100%	-	1,982	-	814	307	-	-	-	-	-	-	-	3,103
Moshe Ernst [4] [7]	Male	Head of the Long-term Savings Division	100%	-	1,730	-	675	307	-	-	-	-	-	-	-	2,712
Haim Samet [10]	Male	Chairman of the Board of Clal Insurance and Clal Holdings	80%	-	2,688	-	-	-	-	-	-	-	-	-	-	2,688

It should be clarified that the breakdown of compensation paid in 2024 in the above table is as recognized in the financial statements for 2024 and is not necessarily the same as the calculation made for examining compliance of officers' compensation with the Company's compensation policy, which is attached as an appendix to the periodic report for 2024.

Comments regarding the data in the table:

1. Salary linked to the Consumer Price Index, regarding the Company's officers, in accordance with the definition of linkage to the Consumer Price Index in the Company's compensation policy (see Section 1 to the Compensation Policy) (hereinafter -"**CPI-linked**"), except in relation to the CEO and Chairman of the Board of Director, whose salary was capped in the reporting year, as part of the fixed compensation limit in Section 2(a) to the Compensation for Officers in Financial Corporations Law (Special Approval and Non-Authorization of Expense for Tax Purposes due to Extraordinary Compensation), 2016 (hereinafter in this section - the " **Officer Compensation Law**" and the "**Compensation Limit**"), and is CPI-linked in accordance with the mechanism set therein. The amount specified in the table includes provisions for retirement benefits, including disability insurance, and contributions towards severance pay as required by law in respect of all compensation components (which are not included in the calculation of the compensation limit, which applies to compensation in accordance with Section 2(a) to the Officer Compensation Law. Provisions in respect of termination of employment, annual leave and/or redemption of paid leave, to an employee who stopped serving in his/her role, convalescence pay and other benefits including grossing-up in respect of vehicle and mobile phone expenses. According to the mechanism set in the Officer Salary Law, the wage cost of an employee of a financial corporation that will exceed the Compensation Limit shall not be deductible for tax purposes in accordance with the mechanism set in the Officer Salary Law. It should be noted that according to the Compensation Policy, the Company may bear an additional expense in respect of the excess salary cost, where required, in respect of paid components that exceed that cost. The Compensation Committee and Board of Directors decided that in relation to officers other than the CEO and the Chairman of the Board, for this purpose, their wage cost shall not exceed NIS 3 million.
2. Generally, the data apply to the entire amount of the variable bonus, which is paid in cash, to which the officer is entitled in respect of the reporting year, without taking into consideration the deferred bonus arrangements with respect to the deferred bonus, where required. The actual amount of any variable compensation paid may be lower, such that with regard to officers and key officeholders 50% of the variable compensation is paid in cash, and 50% is deferred, and will be paid CPI-linked, over 3 years, and its payment is conditional upon meeting the targets set in the Compensation Policy accordingly. With regard to key officeholders who were awarded an equity compensation, generally, in the reporting year the Company shall view the portion of the equity compensation that was awarded (according to the value recorded in the financial statements in the reporting year), as a compensation component that was spread and deferred, and release and pay - in cash and without delay - that portion of the annual cash variable compensation, to which that key officeholder is entitled, except for cases where the equity compensation component will not be sufficient, in which case that portion of the variable bonus which is paid in cash will also be spread and deferred. There is no certainty that the amount of the deferred compensation, will, indeed, be paid. It should be noted that to the extent that the total compensation awarded to a key officeholder for a particular year does not exceed the compensation ceiling[13] and does not exceed 40% of the fixed component in that year, the spreading and deferral mechanism stipulated in the Company's Compensation Policy shall not apply. Immediately after the approval of the Financial Statements, deferred bonuses recorded in the financial statements in 2021-2023 and not yet paid will be released. For further details regarding annual bonuses to the Group's officers, see comment 4 below.
3. For details regarding the employment terms of Mr. Yoram Naveh, the Company's CEO, see Note 43(b)(6) to the Company's Financial Statements.
4. As a rule, the employment terms of the Company's officers, as specified in the above table (other than the CEO or the Chairman of the Board, unless stated otherwise) (hereinafter in this section - the "**Officers**"), were set in personal employment agreements, which define the base salary and social and pension benefits as is generally accepted for officers in the Clal Group, including contributions towards pension insurance in respect of the severance pay and retirement benefits component, paid leave and convalescence pay. According to the terms of the employment agreement of the officers, in the event of dismissal or resignation, the party that terminates the engagement, will give the other party a four-month advance notice. As a general rule, in the event of such termination, in addition to the severance pay the officers will be entitled to a one-off bonus equal to 4.5 to 6 monthly salaries (base wage) without social benefits and vehicle, and provided that the termination of the employer-employee relations did not arise from the resignation of the officer over two years from the employment commencement date, all subject to compliance with the terms of the Compensation Policy, and in relation to the transitional provisions, as set in the Commissioner's circular regarding Compensation Policy in Institutional Entities (hereinafter - the "**Compensation Circular**"), if relevant (hereinafter - the "**Retirement Bonus**"). The

[13] As defined in Section 32(17) of the Income Tax Ordinance [New Version].

officers are entitled to payment of severance pay, either upon resignation or upon dismissal, other than under circumstances that do not entitle them with severance pay in accordance with the law. As part of their employment terms, officers are entitled to a vehicle that the Company places at their disposal, and the Company bears the cost of grossing-up the tax that applies to them in respect thereof. Furthermore, the officers are entitled to an annual bonus according to the criteria generally accepted in the Group in connection with executives of similar level, and according to the Company's Compensation Policy (which is published as part of the Company's periodic report), and the maximum cash bonus of the senior officers in connection with the annual earnings (regardless of additional special and discretionary bonuses as detailed below), will not exceed NIS 750 thousand, and their entitlement to that component of the bonus, which is not discretionary, is in accordance with the Company's compliance with the threshold terms for receipt of an annual bonus in accordance with the Compensation Policy and the officers' fulfillment of the targets (relating to their personal performance and/or the performance of the unit they are in charge of and/or the Company's performance, and the targets may be quantitative or qualitative, measurable or discretionary). (hereinafter - the "**Annual Bonus**"). The targets for receipt of the annual bonus shall be set for the officers every year, except in relation to the discretionary component, which is not conditional upon meeting targets and threshold conditions, and its weight - during the reporting year - did not exceed 20% of the annual bonus. In addition, it is also possible to award a discretionary special bonus, in respect of special efforts on behalf of the officer, including as part of the execution of a transaction outside the Company's ordinary course of business, whose amount will not exceed 3 months' base salary (a cost that also includes the discretionary annual bonus portion as stated above). In addition, special bonuses may be granted, whose targets are predetermined, as defined in the Company's Compensation Policy, and which do not exceed 6-months' basic salary (hereinafter - "**Special Bonuses**"). For further details, see the appendix to the Periodic Report. In any event, the senior officers will not be entitled to an annual bonus, including Special Bonuses, whose total amount will exceed NIS 1 million. For further details, see the appendix to the Periodic Report.

The Company purchases officer insurance for the Group's officers and each of the Company officers were granted exemption letters and indemnification letters from the Company.

5. The amount of the share-based payment is based on the valuation of the options at the time they were awarded, and the fair value of each tranche will be spread over the vesting period. For further details regarding the share-based payment, see Note 44 to the Company's Financial Statements.

6. Mr. Eran Czerninski, EVP, has been serving as the Head of the Finance Division since October 2018. His terms of employment were stipulated in a personal employment agreement, which is generally comparable to the employment agreement detailed in subsection 4 above. In 2024, Mr. Eran Czerninski was awarded 43,300 options. For details regarding the officers' option plan approved in 2024, see Note 40(a) to the Financial Statements.

7. Mr. Moshe Ernst, EVP, has been serving as the Head of the Long-term Savings Division and CEO of Clal Pension and Provident Funds since July 2018. Prior to that, he served as an officer in various positions in the Company. His terms of employment were stipulated in a personal employment agreement, which is generally comparable to the employment agreement detailed in subsection 4 above. In 2024, Mr. Ernst was granted 43,300 options. For details regarding the officers' option plan approved in 2024, see Note 40(a) to the Financial Statements.

8. For details regarding the employment terms of Mr. Ron Fainaro, the former CEO of Max It Finance Ltd., a subsidiary of the Company, see Note 43(b)(7) to the Company's Financial Statements. Mr. Fainaro ended his tenure as CEO at the end of 2024. It should be clarified that Max officers are not subject to the Company's compensation policy and the Officer Compensation Law, and they are subject to Max's compensation policy.

9. Since March 2024, Ms. Keren Shamir Atias has served as CEO of Tmura, a Company sub-subsidiary. Her terms of employment were stipulated in a personal employment agreement, which is generally comparable to the employment agreement detailed in subsection 4 above. According to the terms of the employment agreement of Ms. Shamir Atias, in the event of dismissal or resignation, the party that terminates the engagement, will give the other party a 6-month advance notice. To date, Ms. Shamir Atias has not been granted any Company options. Furthermore, Ms. Shamir Atias is entitled to an annual bonus in accordance with the predetermined mechanism and as a function of the consideration's profitability. It should be clarified that Ms. Shamir Atias is not subject to the provisions of the Compensation Policy and the Officer Salary Law; however, in her employment agreement it was determined that in any case her total annual compensation shall not exceed the CPI-linked sum of NIS 3.2 million. In the reporting year, the said amount also included a special bonus.

10. For details regarding the employment terms of Mr. Haim Samet, the Chairman of the Board, see Note 43(b)(4) to the Company's Financial Statements. It should be noted that Mr. Samet serves as the Chairman of the Company and Clal Insurance, the abovementioned sum is the total cost in respect of Mr. Samet's employment, with the Company bearing 20% of his salary and Clal Insurance bearing 80% of the cost of his salary.

A. Compensation policy

For details regarding the Company's equity compensation plans, see Note 44(a) to the Company's Financial Statements; for information about the Company's Compensation Policy, see the "**Compensation Policy**" appendix to Part A to the periodic report. For details regarding the equity compensation plans and compensation policy of Max, see Note 15.2 to the Company's Report on the Corporation's Business.

B. Compensation of directors

The Company's payments to the Company's directors in 2024 and 2023, in respect of their service in the Company's Board of Directors and its various committees (except for payments to the Chairman of the Company's Board of Directors) amounted to approx. NIS 3 million and approx. NIS 3.5 million, respectively. Directors, other than the Chairman of the Board, are paid the maximum amount payable to an expert external director, in accordance with the Company's ranking, all in accordance with the Company's Compensation Policy. The Company participates in 20% of the salary cost of the joint directors, who serve both in the Company and in Clal Insurance, including the Chairman of the Board of Directors, and Clal Insurance bears 80% of the cost. For details regarding the employment terms of Mr. Haim Samet, the Chairman of the Board, see Note 43(b)(4) to the Company's Financial Statements. The aforesaid amounts are after participation by Clal Insurance as stated above.

Ms. Maya Liquornik also serves as Chairperson of the Board of Max, therefore in accordance with the provisions of the law, the compensation she received from Max in the reporting year in respect of her service in Max was limited to the amount set in the regulations regarding an expert director. Ms. Liquornik received a letter of indemnity and exemption, and she is included in the liability insurance policy for company officers, as per the accepted norm at Max. Furthermore, Ms. Liquornik is entitled to payment for expenses that she is required to pay out in respect of her service as the Chairperson of Max, pursuant to the provisions of the law.

12. Controlling Shareholder of the Company (Regulation 21A)

As of the report publication date, the Company does not have a core controlling interest.

On December 8, 2019, the Company received a letter from the Commissioner (hereinafter - the "**Commissioner's Letter**"), under which, among other things, the Commissioner announced that in light of the changes in the holding rates of IDB Development in the Company's securities, as of the date of the Commissioner's Letter, no entity holds, directly or indirectly, means of control of the Company in a way that establishes the obligation to obtain a control permit in the Company pursuant to Section 32(b) to the Financial Services Supervision Law (Insurance), 1981 (hereinafter - the "**Supervision Law**"); therefore, the Company is required to obtain from the Commissioner, a control permit in Clal Insurance. The Outline for Exercising Means of Control and the letters that were received replace the requirement to obtain a control permit.

Further to the above, on October 19, 2020, the Company and Clal Insurance received a letter from the Commissioner with respect to "Update regarding the Outline for Exercising Means of Control in Clal Insurance", which provides, among other things, the Commissioner's reference to the arrangements that will apply to the exercise of the Company's means of control in Clal Insurance, including with respect to the appointment of directors in the Company and Clal Insurance and in the Company, and participation in the Company's General Meeting (hereinafter - the "**Outline for Exercising Means of Control**"). On November 30, 2020 and December 25, 2022, the Commissioner received a clarification letter in connection with the Outline for Exercising Means of Control and said control permit.

On March 27, 2023, the Company received a letter from the Commissioner, which includes, among other things, an update to the insurer license of the institutional entities that are controlled by the Company, and conditions that will apply to the Company in connection with the holding of means of control in Clal Insurance; it was decided that the Outline for Exercising Means of Control in Clal Insurance shall continue to be in effect, and a reference was made to the Company's financial stability and its commitment to Clal Insurance, as a derivative of the Max It Finance Ltd. acquisition transaction.

For further details regarding the Outline for Exercising Means of Control, including the appointment of Company directors, see Note 1 to the Company's Financial Statements.

13. *Transactions with a controlling shareholder (Regulation 22)*

In view of what is stated in Section 12 above, the Company does not have engagements with a controlling shareholder, which are listed in Section 270(4) to the Companies Law, 1999 (hereinafter - the "**Companies Law**"), including engagements not listed in Section 270(4) to the Companies Law, and are not negligible.

Following are details regarding procedures and criteria that were adopted by the Company in connection with transactions and engagements with interested parties, officers and related parties therein (and any controlling shareholders):

A. Related parties procedure

Furthermore, it is noted that the Supervision Law prescribes unique provisions regarding an insurer without a control core, inter alia, in respect of the method of appointment of directors and reporting on the holding of means of control of an insurer with no controlling shareholder. In view of the Company's holdings structure as a company without a control core, and in light of the fact that the provisions of the Supervision Law regarding an insurer without a control core do not apply to it, due to the corporate structure of the large Israeli insurance companies under the said circumstances, and in view, among other things, of the fact that institutional entities in the Group have certain characteristics that are not present in every publicly-traded company, and whose presence justifies a different treatment, including in view of the fact that the institutional entities manage planholders' funds, on March 12 and 26, 2020 the Company's Audit Committee and Board of Directors first approved a procedure regarding the approval procedures of transactions with anyone who is deemed an interested party in a Company (other than a controlling shareholder), directors and other parties, as part of which, procedures were set for the approval of related party transactions and investment therein, and exposure limits were set in connection with related parties. For details regarding the related parties procedure, see Section 10.3.3(a) to the Report on the Corporation's Business.

B. Materiality assessment procedure

For details regarding the procedure for assessing materiality, which was adopted by the Company, in connection with the requirement to submit an immediate report on such transactions by virtue of Regulation 36 to the Periodic Reports Regulations, and for the purpose of classifying transactions as stated in Section 270(1), (4) and (4a) to the Companies Law, see Section 10.3.6(a) to the Report on the Corporation's Business.

It should be noted that the disclosure provided in the Company's financial statements regarding claims filed against Max does not necessarily show the material facts of the claim for an immediate report of the Company, and therefore, not every such claim and/or its development will be reported in an immediate report (for details, see Note 45 to the Consolidated Financial Statements).

C. Negligible transactions and negligibility procedure

The Audit Committee and Company's board of directors adopted guidelines and rules for the classification as a negligible transaction of a transaction between the Company or a consolidated company thereof with an interested party therein as set out in Regulation 41(a3)(a)(1) of the Securities Regulations (Annual Financial Statements), 2010 (hereinafter - the "**Financial Statements Regulations**"). These rules and guidelines also serve to assess the scope of disclosure in the periodic report and prospectus (including in the Shelf Offering reports) regarding a transaction between the Company, a corporation under its control and an affiliate thereof with a controlling shareholder or interested party, or a transaction in which the controlling shareholder or interested party has a vested interest as set out in Regulation 22 to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - "**Periodic Reports Regulations**") (hereinafter - "**Interested Party Transactions**"). It should be noted that the guidelines and rules as stated above are also used to classify transactions in accordance with the provisions of Section 117(2a) to the Companies Law.

As stated above, as of the date of this report the Company does not have a controlling shareholder, and accordingly the criteria are used by the Company mainly for the purpose of classifying transactions with interested parties, who are not controlling shareholders, and as stated in the related parties' procedure, in Section 10.3.3(a) to the Report on the Corporation's Business, and regarding the manner of approval of transactions with officers, or in which officers have a vested interest, in accordance with the procedure for identifying and approving interested party transactions, as detailed in Section D below.

On March 11 and March 17, 2025, the Audit Committee and the Company's Board of Directors, respectively, discussed the above guidelines and rules as described above and the criteria that were set, and as part of this discussion they were presented with the findings of the control unit regarding this matter (in accordance with the procedure as detailed below), and decided to approve them.

During their ordinary course of business, the Company and consolidated companies and affiliates thereof, conduct or may conduct negligible transactions, which are not extraordinary transactions with interested parties as stated above, or with companies in which the interested parties have a vested interest, and with any entity that has or may have undertakings to conduct transactions, including transactions of the type and with the characteristics as detailed below:

1. **Transactions for the purchase of services and/or products and/or investments:**

   (a) Transactions with banking corporations and financial institutions, including deposits and related banking services, credit agreements and credit facilities, agreements for issuance, acquiring and processing of payment cards, payments solutions and financial products; **(b)** transactions for the acquisition of products and services; **(c)** management and services in respect of income-generating real estate properties; **(d)** financial investments as part of a consortium and/or purchase of securities or debt instruments and of securities as part of issuances to the public and/or private offerings to institutional entities and/or private transactions; **(e)** investment in funds and/or acquisition of rights in funds; **(f)** rating agencies' services or issuance and underwriting, distribution and brokerage of securities; **(g)** brokerage services in insurance, pension and provident funds businesses by insurance agencies; **(h)** management and renting of properties; **(i)** acquisition and sale of assets together with interested parties; **(j)** investment/credit management services, including credit rating; **(k)** purchase of financial and/or economic services including economic and business consulting, TASE member services, underwriting and investment banking services; **(l)** computer and software services. **(m)** acquiring and/or subsidizing the acquisition of gift vouchers;

2. **Transactions for the sale of services and/or products**

   (a) The sale of insurance policies that were issued by the insurers in Clal Holdings Group across all insurance subsegments to interested parties of the Company and/or others, where the interested parties have a vested interest in the engagement and/or to employees of such entities, including joint policies for the Company and/or other Clal Group companies (including fidelity insurance, assets, property and liability insurance, executive insurance, professional liability insurance, etc.); **(b)** provision of insurance brokerage services by insurance agencies; **(c)** provision of pension savings management services (provident funds and/or pension funds and/or insurance funds) to corporations and/or their employees, including loans, based on the savings accrued in these products; **(d)** provision of banking, financial and/or economic services, including credit, factoring, financing, mortgages and guarantees, issuing, acquiring and processing of payment cards, and provision of payments solutions and financial products; **(e)** renting out assets.

   It should be noted that the process of approving claims of an immediate party, whereby that party will receive insurance benefits, although constituting an implementation of the terms of the policy, was approved for prudence's sake by the Audit Committee and Board of Directors as part of a separate procedure, in which the approval processes of those claims were approved in advance.

Negligibility assessment procedure - the Company and Clal Insurance

Without derogating from the generality of the above, the quantitative and qualitative assessment will be performed as follows:

1. **Quantitative assessment**

   A. Insurance transaction

   In the absence of special qualitative considerations arising from all the relevant circumstances, such a transaction, which is carried out at fair market value during the ordinary course of business, and which has no material effect on the Company, shall be deemed a negligible transaction if its amount is lower than NIS 15 million. For the avoidance of doubt, it is clarified that the scope of the transaction will be assessed according to the total revenues from the transaction in a calendar year, and in life insurance and long-term savings products the scope of the transaction shall be assessed in accordance with the total management fees paid in respect of the transaction in a calendar year.

   B. Transaction for the purchase of products and/or services

   In the absence of special qualitative considerations arising from all the relevant circumstances, such a transaction, which is carried out at fair market value during the ordinary course of business, and which has no material effect on the Company, shall be deemed a negligible transaction if its amount is lower than NIS 10 million in a calendar year, and it does not involve the receipt of services from the controlling shareholder or his/her relative (management agreement) according to last clause of Section 270(4) to the Companies Law.

C. Transaction for investment in/ purchase or sale of property, plant and equipment (non-current asset) / assumption of a financial liability

In the absence of special qualitative considerations arising from all the relevant circumstances, such a transaction, which is carried out at fair market value during the ordinary course of business, and which has no material effect on the Company, shall be deemed a negligible transaction if all of the criteria listed below are at a rate of less than one-tenth of a percent (0.1%).

It should be noted that the data that will be checked will be based on the latest reviewed or audited consolidated financial statements of the Company published prior to the execution of the transaction.

D. Transaction for investment in/purchase or sale of property, plant and equipment (non-current asset)

Two cumulative tests:

- In a transaction involving nostro and/or participating assets - the total amount of the assets, which are the subject matter of the transaction, out of the said sources, divided by the total assets in the Company's consolidated balance sheet.
- In a transaction involving assets of provident funds and/or pension funds - the total amount of the assets, which are the subject matter of the transaction, out of the said sources, divided by the total planholders' assets in the provident funds and pension funds managed by the Group.
- In a sale transaction involving the nostro assets - the annual gain/loss attributable to the Company's shareholders - post tax (net), in terms of the actual or predicted profit and loss or comprehensive income attributed to the transaction, whichever is stricter, divided by the profit or loss attributable to the Company's shareholders -post tax (net), in terms of the Company's average annual (four quarters) profit and loss or comprehensive income for the past three years, calculated on the basis of the last 12 quarters before the execution of the transaction, in respect of which reviewed or audited financial statements were published. It is clarified that the income/loss in each quarter is calculated at their absolute values.

E. Assumption of financial liability

The amount of the liabilities, which are the subject matter of the transaction, divided by the total assets in the Company's consolidated balance sheet.

Where a transaction pertains to a subsidiary, its effect on the Company should be assessed, whereas in a Company associate, the effect of the transaction should be assessed in relation to the Company's ownership interest in the investee, while implementing the negligibility tests referred to above.

2. Qualitative assessment

The assessment of the qualitative considerations of the interested party transaction may lead to a transaction being defined as a non-negligible transaction even though according to the quantitative assessment as per Section 1 above, it is found to be a negligible transaction. Thus, for example, and for illustration purposes only, a transaction will normally will not be deemed negligible if Company's management perceives it as a very significant event, even if it is not material under the quantitative criteria referred to above, such that in cases where the transaction involves very material chances or risks, the event may impact the Company's compliance with significant regulatory or contractual requirements, or if the transaction involves the entry into a new and significant area of activity, or the exit from an existing and significant area of activity. It should be clarified that in relation to transactions, as part of which all or substantially all of a corporation's activity is transferred (including by way of transferring securities), the criteria set in Regulation 6(b) to the Securities Regulations (Transaction Between a Company and a Controlling Shareholder Thereof), 2001, will be taken into consideration.

Transactions that are interconnected, such that they are effectively part and parcel of the same transaction (for example, centralized negotiations for a group of transactions or repeat, frequent orders from the same supplier) shall be considered a single transaction.

A transaction that is classified as a negligible transaction by an investee shall be deemed a negligible transaction also at the level of the holding company. A transaction of an investee, classified as a non-negligible transaction in an investee may be classified as a negligible transaction according to the relevant criteria at the level of the holding company.

3. A retail transaction which is not extraordinary and very negligible

The execution of "retail" transactions was approved in advance, in which Group companies sell insurance policies to privately-held entities and small businesses, including property and casualty insurance policies, health and life insurance policies, pension and provident funds and related services, which are provided to individuals and small businesses. These transactions are approved if the premium or management fees amount in respect of the transaction, as the case may be, according to the Company's price list, does not exceed NIS 50,000 per year, except where the transactions constitute contributions towards a pension product. In the case of a contribution towards a pension/savings product, a very negligible current transaction is a transaction, for which the management fees are collected according to the Company's price list,[1] provided that if it is a one-off contribution, its amount does not exceed NIS 1.5 million per year. Such an approval is given provided that the said transactions are carried out in accordance with price lists that include prices (premiums, management fees), discounts hierarchy and underwriting terms that were determined in advance and apply to all of the Company's retail commitments (hereinafter - a "**Very Negligible Current Transaction**").

The assessment of the transaction's negligibility shall be carried out in accordance with the relevant criteria from those listed above. The materiality of the transaction will be assessed according to the criteria set in the Company's materiality procedure, which is detailed in Section 10.3.6 to the Report on the Corporation's Business.

In the case of a transaction with an interested party, who is a Company shareholder, negligibility shall be assessed with regard to the Company's activity and results.

In the case of a transaction with an officer in which the controlling shareholder has a vested interest - negligibility shall be assessed with regard to the activity and results of the company that engaged in the transaction.

Each case will be evaluated on its own merits, and a quantitative and qualitative assessment will be conducted regarding the relevant Event, based on the overall information, the data, the facts of the matter and assessments under the overall circumstances of relevance to the Company.

Negligible transaction in Max

During the ordinary course of its business, Max conducted transactions with interested parties in the Company or with interested parties with a vested interest, including transactions with companies whose interested parties are interested parties in them, as well as undertakings to conduct transactions under regular commercial conditions, as part of the provision of services by Max, such as issuing credit cards, loans etc.

In the absence of special qualitative considerations arising from the circumstances, unless indicated otherwise, a transaction will be considered quantitatively negligible if the scope of the transaction does not exceed:

Regarding an indebtedness transaction - a transaction that does not exceed the threshold for an indebtedness transaction set in Proper Conduct of Banking Business Directive 312;

Regarding the remaining transaction - a transaction whose amount does not exceed 0.5% of Max's equity.

D. Procedure for identifying and approving interested party transactions -

The Companies Law stipulates that certain transactions of a company, where the company's officers have a vested interest in those transactions, and transactions of a publicly-traded company with a controlling shareholder (including transactions in which the controlling shareholder has a vested interest (hereinafter jointly - the "**Interested Party Transactions**"), require special approvals, in accordance with the parties to the transaction, its type and terms. It should be noted that according to the interpretation that is normally applied to the Companies Law, a transaction of a privately-held company controlled by the Company, with a controlling shareholder, or in which the controlling shareholder has a vested interest, is generally deemed as a transaction of the Company as a publicly-traded company (even though the publicly-traded company is not a party thereto) and therefore requires approvals in the Company.

1. It should be clarified that in executive insurance or a pension fund or provident fund, the Company's price list will be in accordance with the arrangement in place for Company's employees, including in relation to interested parties.

The Audit Committee adopted a procedure for identifying and approving Interested Party Transactions, which regulates the Company's engagements with controlling shareholders and officers. Below is a breakdown of the main points of the procedure.[2]

Transactions approval processes:

- **Transaction with a controlling shareholder or in which the controlling shareholder has a vested interest:**
  - **Extraordinary transaction** - will be approved according to the provisions of the Companies Law.
  - **A transaction which is not extraordinary or negligible -** will be brought for approval of the Audit Committee for classification of the transaction and for the approval of the transaction itself.
  - **A transaction which is not extraordinary and is negligible** - approved in advance, provided that it will be carried out in accordance with the provisions of the procedure. Such transactions shall be assessed by the officer in charge of the relevant area of activity in the Group (and if he/she has a vested interest in the execution of the transaction - by the officer to whom he/she reports).
- **Transaction with an officer or in which the officer has a vested interest[3]**
  - **An extraordinary transaction** - will be brought for approval by the Audit Committee and Board of Directors.
  - **A transaction which is not an extraordinary or a negligible transaction[4]** - will be brought for approval by the Audit Committee or Board of Directors.
  - **A transaction which is not an extraordinary transaction but is negligible** - According to the Company's Articles of Association, which stipulated that a transaction with an officer, or a transaction in which an officer has a vested interest, shall be approved by another officer, provided that it is not an extraordinary transaction (except for a transaction regarding terms of service and employment). The Company's Board of Directors stipulated that the assessment of the transaction to determine whether it is a negligible transaction shall be conducted by a relevant officer, in accordance with an internal Company procedure regarding identifying and approving Interested Party Transactions, as approved by the Audit Committee and the Board of Directors every year.
- A retail transaction which is not extraordinary and is very negligible - the execution of "retail" transactions involving the Group's products was approved in advance in accordance with price lists (including with respect to external directors), as detailed in Section B above.

Criteria for classification of the transaction

The Companies Law stipulates that an "extraordinary transaction" is a transaction that meets one of the following three criteria:

(a) A transaction that is not part of the Company's ordinary course of business, (b) a transaction that is not at fair market value, (c) a transaction that is likely to have a material effect of the Company's profitability, assets or liabilities.

The relevant officer or organ, as described above, shall assess the assessed transaction and will determine whether it fulfills the three criteria that may make it **an extraordinary transaction**.

- In order to assess whether a transaction is an extraordinary transaction, a transaction will be considered as a transaction in the ordinary course of business of the Company after an assessment of the facts, taking into account the routine general activity of the company that engages in the transaction, such that the type of product or service acquired or the liabilities assumed is in the ordinary course of the Company's business, its area of activity or required for its ongoing activities, or a transaction with characteristics similar to those of transaction types that the company that entered into the engagement previously entered into in the ordinary

2. With regard to transactions with controlling shareholders, the procedure regulates the manner of conducting a tender and alternative procedures, as well as procedures for classifying and approving such transactions, in view of the fact that to date the Company does not have a controlling shareholder, and accordingly these criteria are not relevant to the Company.
3. In investment transactions in the investment segment with an immediate party, the provisions under the law will also apply and therefore, transactions from the funds of planholders or funds of participating policies will be submitted for the approval of the relevant investment committee in addition to or in lieu of approval of the said organs and investment transactions from nostro funds will be submitted for approval of the Audit Committee, in addition to or in lieu of approval of the said organs.
4. For the purpose of a description of this procedure, "**negligible transaction**" - according to the Company's negligible transaction policy, as specified in Section E below.

course of its business, or transactions that companies with similar characteristics to those of the Company normally engage in.

- For the purpose of assessing whether the transaction is extraordinary as stated above, a transaction shall be classified as a material transaction in accordance with a materiality procedure that was adopted by the Company, as detailed in Section 10.3.6 to the Description of the Corporation's Business chapter. A transaction shall be classified as a negligible transaction in accordance with a negligibility procedure that was adopted by the Company, as detailed in Section B above.
- For the purpose of assessing whether a transaction is extraordinary as stated above - the assessment of market conditions shall be carried out based on an external objective indication for the transaction's market conditions, and therefore one should identify transactions, which are similar to those entered into with the controlling shareholder or the officer, and which were conducted with unrelated parties, and compare the transactions. To the extent possible, the comparison will be made against transactions which are similar in terms of the area of activity, the product or service type and the engagement's amount, and which were carried out around the date of the transaction in question, but do not involve a related party, except for special cases and for reasons that will be described. As part of this process, an effort will be made to assess similar transactions that were carried out in the market by parties other than he Company between unrelated parties. Among other things, market conditions may be established based on price lists, opinions or criteria set by the Company regarding a tender or another dedicated procedure. It should be clarified that an Interested Party Transaction, whose terms are more favorable than market conditions (as far as the Company is concerned), shall be deemed a transaction at fair market value.

The Company shall implement controls to assess the appropriateness of transactions' actual classification by management according to the criteria that were set:

- The relevant control units shall implement a periodic control regarding immediate party transactions.
- The Chief Internal Auditor will conduct - every couple of years - an internal audit in connection with the fulfillment of the procedure's provisions.
- Every calendar year, the Audit Committee shall hold a discussion regarding the criteria set in the procedure and will approve them; as part of the discussion it will receive reports regarding the audit report (if conducted during the same year) and material control findings as described above, while discussing the suitability of the criteria and referring to transactions that were conducted and/or classified in accordance with the criteria over the past year.

14. Holdings of Interested Parties and Senior Officers (Regulation 24)

14.1. In the corporation

A. **Shares and other securities held by an interested party in the corporation -**
See here for Immediate Reports from January 7, 2025, January 12, 2025, January 19, 2025 and January 22, 2025 (Ref Nos. 2025-01-002122; 2025-01-002696; 2025-01-003592; 2025-01-004993; 2025-01-006029, respectively).

B. **Holding of Company options by a senior officer** - see Section A above.

C. **Holding of notes of the Company** - as of March 2, 2025

Interested party's name	Company No.	Security name	Stock Exchange security No.	Quantity	% of total bonds outstanding
Phoenix Financial Ltd.	520017450	Clal Insurance - Bonds (Series A)	1193481	92,567,988	10.29
Phoenix Financial Ltd.	520017450	Clal Insurance Convertible Bonds (Series B)	1193499	32,880,987	21.92
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Insurance - Bonds (Series A)	1193481	21,598,930	2.4
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Insurance Convertible Bonds (Series B)	1193499	3,403,234	2.27
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Insurance - Bonds (Series C)	1201391	9,657,214	1.94

14.2. Shares and other securities held by an interested party in an investee whose activity is material to the corporation's activity as of March 2, 2025

Interested party's name	Company No.	Security name	Stock Exchange security No.	Quantity	% of total bonds outstanding
Phoenix Financial Ltd.	520017450	Clal Finance - Bonds (Series I)	1136050	37,778,809	8.92
		Clal Finance - Bonds (Series K)	1160647	242,540,700	14.82
		Clal Finance - Bonds (Series L)	1179928	142,594,067	10.69
		Clal Finance - Bonds (Series M)	1197920	242,411,465	19.04
		Max IT Commercial Security 1-L	1192053	110,000,000	
		Max IT Commercial Security 2-L	1202662	48,000,000	
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Finance - Bonds (Series I)	1136050	6,574,460	1.55
		Clal Finance - Bonds (Series K)	1160647	126,543,423	7.74
		Clal Finance - Bonds (Series L)	1179928	148,913,717	11.17
		Clal Finance - Bonds (Series M)	1197920	133,467,142	10.49
		Max IT Commercial Security 1-L	1192053	45,000,000	

* Regarding the Company's holdings in subsidiaries, see Regulation 11 above.

14.3. Dormant shares

The Company has no dormant shares

15. Registered Capital, Issued Capital and Convertible Securities (Regulation 24A) (as of March 2, 2025)

- **Number of shares included in the corporation's registered capital** - 100,000,000 ordinary shares of NIS 1 p.v.
- **Number of shares included in the corporation's issued share capital** - 79,496,902 ordinary shares of NIS 1 p.v.
- **Number of shares included in the registered capital net of dormant shares** - 79,496,902 ordinary shares of NIS 1 p.v.
- **No. of non-voting shares** - none.
- **In the corporations' issued share capital, there are no shares that do not confer any rights.**
- **Convertible securities of the corporation** - see the immediate report dated March 5, 2025 (Ref. No. 2025-01-014861)

16. Shareholder Register (Regulation 24B)

For details, see the immediate report dated March 5, 2025 (Ref. No. 2025-01-014861).

17. Directors of the company [5](Regulation 26)

Name: **Haim Samet, Chairperson**	ID No. 007249675
Date of birth:	1945
Address for serving court documents:	15 Yitzhak Elhanan St., Tel Aviv: Zip code: 6525015
Citizenship:	Israeli
Membership in board of directors committees:	Chairman of Class Action Committee, Chairman of the Company's Investment Committee, member of the Information Technology Committee
External director:	No
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No, serves as Chairman of the Board of Clal Insurance
Serves as a director since:	2021
Education:	LL.B., The Hebrew University, Jerusalem. Member of the bar
Employment during the last five years and corporations in which he served as a director:	Has served as Director of Clal Insurance since October 2021 and as Chairman since December 2021. Has served since January 2021 as a director at the Company and since February 2021 as Chairman of the Board of Directors. Served as director at Bank Leumi le-Israel B.M., served as senior partner at the law firm of Schnitzer, Gottlieb, Samet & Co., Served as Deputy Chairman and Chairman of the Finance Committee of the Tel Aviv Museum of Art Ltd., member of the Board of Governors and former Chairman of Tel Aviv University's Audit Committee. Director of Tekoa Mushroom Farm Ltd.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise

5. As of the report publication date.

Name: **Hannah Mazal (Mali) Margaliot**	ID No. 024138497
Date of birth:	1969
Address for serving court documents:	36 Tchernichovsky St., Jerusalem
Citizenship:	Israeli
Membership in board of directors committees:	Audit Committee and Investment Committee
External director:	No
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2016
Education:	Actuary (F.IL.A.A), full member of the Israel Association of Actuaries; MBA, majoring in finance and IT systems, from the Hebrew University of Jerusalem; BA in Economics and Communications from the Hebrew University, Actuary's diploma from Magid Institute, Certified Financial Risk Manager by GARP, internationally Chartered Enterprise Risk Actuary (CERA) by CGR.
Employment during the last five years and corporations in which he served as a director:	Served as the Company's interim Chairman of the Board from August 2020 to February 2021, CEO and director at Galil More Financial Products Ltd. (the company was wound up), CEO of Mofet Financial Products Ltd. Served as independent director at Israel Petrochemical Enterprises Ltd. and at Greenergy Renewables Ltd. (formerly Intercolony Investments Ltd.). Director in Michlol Finance Ltd. Since March 2024, she has served as a director at the Environmental Services Company Ltd. (ESC).
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise

Name: **Maya Liquornik**	ID No. 054133632
Date of birth:	1956
Address for serving court documents:	12 Be'eri St, Tel Aviv Zip code: 6468212
Citizenship:	Israeli
Membership in board of directors committees:	Audit Committee
External director:	No, an independent director.
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2021
Education:	LL.B. - Tel Aviv University, MA in History of the Middle East
Employment during the last five years and corporations in which he served as a director:	Chairman of the Board of NTA - Metropolitan Mass Transit System Ltd., served as Senior Partner and director at Meitar, Liquornik, Geva, Leshem, Tal and Co. law firm. Chairman of Keshet - Donor-Advised Fund (Public Benefit Company): Served until March 2023 as a member of the Board of Directors of the Israel Museum, and as an Independent Director at Alony Hetz Properties & Investments Ltd. Served as member of the Committee for Examination of Financial Regulation Structure in Israel. Since March 2023, director of Max and since May 2023, Chairperson of the Board of Max.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Directors with accounting and finance expertise

Name: **Bar Touv Yair**	ID No. 56739246
Date of birth:	1960
Address for serving court documents:	96A HaHashmonaim St., Tel Aviv, Zip code: 6713343
Citizenship:	Israeli, Portuguese and Australian
Membership in board of directors committees:	Chairman of Audit Committee, Compensation Committee, and Information Technology Committee, member of the Balance Sheet Committee
External director:	Yes
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2021
Education:	B.Sc. in Computer Engineering - Ben Gurion University of the Negev, M.Sc. in Computer Engineering - Technion
Employment during the last five years and corporations in which he served as a director:	Served as CEO of cybersecurity company BISEC and VP Business Development, Asia Pacific in CyperProof (a subsidiary of UST Global); serves as External Director in Idomoo Ltd as of August 2021; serves as director in Clal Insurance as of October 2021 Since October 2024 - serves as a director at Hyp Payment Solutions Ltd.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise
Is he defined as having information and cyber security expertise:	Yes (see the aforesaid occupations)

Name: **Shmuel Schwarz**	ID No. 030767032
Date of birth:	1950
Address for serving court documents:	12 Golei Kenya St., Tel Aviv, Zip code: 6971742
Citizenship:	Israeli
Membership in board of directors committees:	Chairman of Balance Sheet Committee, member of the Investment Committee, Audit Committee, Compensation Committee, and Class Actions Committee
External director:	Yes
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2021
Education:	BA in Economics and Accounting, Sociology and Anthropology - Haifa University, MBA - majoring in Finance - Tel Aviv University, Certified Public Accountant
Employment during the last five years and corporations in which he served as a director:	Director of Curriculum Programs and Senior Lecturer in CFO training courses at Bar Ilan University, diploma studies and Senior Lecturer in directors' courses. Business advisor and appraiser for businesses and companies. Member of Professional Council in the Institute of Certified Public Accountants in Israel. Serves as Chairman of the Retiree Affairs Committee of the IIA as of November 2021. Serves as a member of the Audit Committee of the Friends Association of Tel Aviv University since December 2023. Director and member of the Nostro Investment Committee of Clal Insurance since April 2023 Until 2021, served as director of an advanced education fund for engineers in Menora Mivtachim and The Association of Engineers Provident Funds Management, Provident Funds Management Ltd., and Director in S. Shlomo Insurance Ltd.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise

Name: **Moshe (Muki) Abramowitz**	ID No. 007970197
Date of birth:	1944
Address for serving court documents:	18 Yair St., Ramat Gan, Zip code: 5223818
Citizenship:	Israeli
Membership in board of directors committees:	Member of Audit Committee, Balance Sheet Committee, Compensation Committee and Information Technology Committee
External director:	No, an independent director
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2023
Education:	BA in Accounting from The Hebrew University of Jerusalem. Diploma - IT Systems Analyst from Israel Institute of Productivity.
Employment during the last five years and corporations in which he served as a director:	2018-2021 Chairman of Board - Ayalon Insurance Company Ltd. Member of management in the Ramat Gan Museum of Israeli Art, member of the Audit Committee in The Hebrew University of Jerusalem's Board of Governors, Director of Mifalot Society & Culture - Public Benefit Company, Member in the Orna Porat Children's Theater Board of Directors. Director in Clal Insurance as of March 2023.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise

Name: **Aharon Fogel**	ID No. 10176485
Date of birth:	1947
Address for serving court documents:	3 Tarsat Ave., Tel Aviv, Zip code: 6428303
Citizenship:	Israeli
Membership in board of directors committees:	Member of the Company's Investment Committee, and IT Committee
External director:	No
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2023
Education:	BA in Economics and Statistics from The Hebrew University of Jerusalem. MA in Economics from the Hebrew University of Jerusalem (no degree).
Employment during the last five years and corporations in which he served as a director:	As of 2022, Chairman of Rent It (rental housing); 2019-2021 - Chairman of Ayalon Holdings; 2017 to present - Chairman of the Board of Green Onyx; 2016-2019 - director in Direct Insurance Ltd.; 2014-2020 - Chairman of the Board, Zim Integrated Shipping Services Ltd.; served as member of the Board of Directors, Tel Aviv University; 2010-2024 - served as Chairman of the Board, Israel Philharmonic Orchestra. Since 2023, director at Haifa Port. Director in Clal Insurance as of April 2023. During 2023, started serving as Chairman of Beit Berl College and director of Alt Group A.I Feeder Management Ltd.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise

Name: **David Granot**	ID No. 0455333739
Date of birth:	1947
Address for serving court documents:	26 HaShomer St., Raanana, Zip code: 4340905
Citizenship:	Israeli
Membership in board of directors committees:	Member of Balance Sheet Committee, Audit Committee, and IT Committee
External director:	No
Is he an employee of the Corporation, a subsidiary, a related company or of an interested party:	No
Serves as a director since:	2022
Education:	BA in economics from The Hebrew University of Jerusalem. MBA, majoring in Accounting from The Hebrew University of Jerusalem.
Employment during the last five years and corporations in which he served as a director:	As of 2020, Chairman of the Board of MLRN Projects and Trading Ltd.; 2020 to July 2022 - Chairman of the Investment Committee of the provident fund of Meitav Dash Investments Ltd.; Chairman of the Tel Aviv University Investment Committee; 2011-2020 - Director in Alrov Properties & Lodgings Ltd.; 2012-2021 - External director in Tempo Investments Ltd.; 2018-June 2022 - Director at Protalix BioTherapeutics Ltd. Serves as independent director at Ormat Technologies Inc.; Independent director at Bezeq - The Israel Telecommunications Company Ltd. and its privately-held subsidiaries; director at Sonol Israel Ltd. (privately-held company); Director at G.D. Goren Ltd. (privately-held company); Director at Rav Bariach (08) Industries Ltd. Chairman of the Credit Committee, Credito Fund.
Is he a relative of another interested party in the Corporation to the best of his knowledge and to the best of the Corporation's knowledge:	No
Is he defined as a director with accounting and financial expertise or professional qualifications:	Has accounting and financial expertise

18. The Corporation's Senior Officers[6] (Regulation 26A)

Name: **Yoram Naveh**	ID No. 028865301
Date of birth:	1971
Position in the Corporation:	CEO
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	CEO of Clal Insurance, Chairman of Clal Credit Insurance, Chairman of Clal Pension and Provident Funds, Chairman of Clal Capital Raising, and serves as a director in other Company subsidiaries too. Director in Max as of March 27, 2023
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	LL.B and BA in Economics from Haifa University, LL.M and MA in Economics from Erasmus University of Rotterdam
Business experience in the past five years:	Since July 1, 2018, CEO of the Company and Clal Insurance, director and Chairman of the Board in Group companies.
The year in which he began his term of office:	2014

Name: **Tomer David**	ID No. 037147469
Date of birth:	1979
Position in the Corporation:	Chief Internal Auditor
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	Executive VP, Chief Internal Auditor at Clal Insurance and other institutional entities of Clal Holdings Group
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	CPA, MBA, specializing in finance, at the College of Management Academic Studies. BA in Economics and Accounting, The Hebrew University, Jerusalem.
Business experience in the past five years:	Chief Accountant in the Company and Clal Group – responsible for preparing and consolidating the reports, bookkeeping and Controller Department, Director of SOX Compliance, Director and CFO; served as Director and CFO at Clal Capital Raising.
The year in which he began his term of office:	2024

6. As of the report publication date, the year in which the service of the officer began refers to the year in which service began at the Company or subsidiary and not necessarily in the current position or at a company in Clal. Senior officers in the Company and, in accordance with the Company's decision regarding the classification of senior officers in the Company, executive members of Clal Insurance, a Company subsidiary.

Name: **Dror Biran**	ID No. 029408069
Date of birth:	1972
Position in the Corporation:	Chief Legal Counsel and Head of the Legal Counsel and Regulation Department
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	Executive VP, Chief Legal Counsel and Head of the Company's Legal Counsel and Regulation Department and of the institutional entities and companies in the Clal Holdings Group.
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	LLB from Tel Aviv University, BA in Economics from the Faculty of Social Sciences at Tel Aviv University.
Business experience in the past five years:	Legal counsel for the Clal Group Long-term Savings Division.
The year in which he began his term of office:	2024

Name: **Avi Ben Noon**	ID No. 017879156
Date of birth:	1982
Position in the Corporation:	Chief Risk Officer
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	Executive VP, Head of the Risk Management, Auditing and Compliance Department of Clal Insurance and of the institutional entities of the Clal Holdings Group Since October 2024 - serves as a director at Hyp Payment Solutions Ltd.
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	BA in Economics and Business Administration and MBA from the Hebrew University of Jerusalem
Business experience in the past five years:	Head of the Risk Management, Control and Compliance Department at Clal Holdings Group. VP, Head of Rating and Head of Financial Institutions at Midroog since October 2024, serves as a director at Hyp Payment Solutions Ltd.
The year in which he began his term of office:	2020

Name: **Eran Czerninski**	ID No. 57693236
Date of birth:	1962
Position in the Corporation:	Executive VP, Head of Finance Division
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	Head of the Finance Division at Clal Insurance, serves as a director at Clal Capital Raising and other Group subsidiaries. Director at Max as of March 2023.
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	BA in Finance and Accounting from Tel Aviv University, CPA, Member of Professional Committee of the Institute of Certified Public Accountants In Israel.
Business experience in the past five years:	Head of the Finance Division at Clal Insurance. Serves as a director and CEO of Clal Capital Raising, and a director in other Group companies. Director at Max as of March 2023. Served as director of Clal Pension and Provident Funds until July 2023
The year in which he began his term of office:	2018

Name: **Barak Benski**	ID No. 033395286
Date of birth:	1976
Position in the Corporation:	EVP, Investment Manager
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	CEO of Canaf, Head of the Investment Division at Clal Insurance
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	BA in Business Administration from the College of Management Academic Studies, MBA from the College of Management Academic Studies. Investment advice license holder from the Israel Securities Authority.
Business experience in the past five years:	Head of the Investment Division at Clal Insurance and CEO of Canaf, previously served as Executive VP, Head of the Planholders Investment Department at Clal Insurance Company Ltd.
The year in which he began his term of office:	2023

Name: **Sagit Dotan**	ID No. 38564662
Date of birth:	1976
Position in the Corporation:	None
Position held in a subsidiary of the Corporation, in a related party thereof or in an interested party therein:	CEO of Max It Finance Ltd., Director at subsidiaries of Max and of CIMax.
Is he an interested party in the Corporation:	No
Is he a relative of another senior officer or of an interested party in the corporation:	No
Education:	BA in Industrial Engineering and Management and an MBA from Tel Aviv University.
Business experience in the past five years:	VP Private Customers and VP Service Sales and Digital at Max IT Finance Ltd.
The year in which he began his term of office:	2025

19. The Company's Authorized Signatories (Regulation 26B)

The Company does not have independent signatories.

20. The Company's Independent Auditors (Regulation 27)

Kost Forer Gabbay & Kasierer, 144 Menachem Begin Street, Tel Aviv.

Somekh Chaikin: 17 Ha'arba'a St., Tel Aviv.

21. Change in the Memorandum or Articles of Association of the Corporation (Regulation 28)

There were no changes in the Memorandum or Articles of Association during the reporting year.

22. Resolutions and Recommendations of the Board of Directors (Regulation 29)

(a) The Board of Directors' recommendations to the General Meeting and the Board of Directors' resolutions that do not require the approval of the General Meeting regarding:

1. **Payment of dividend or other distribution, or distribution of bonus shares:** On November 28, 2024, the Company's Board of Directors decided to distribute a dividend in the amount of NIS 100,000,000 (for details, see Immediate Reports dated November 28, 2024 (Ref. no. 2024-01-620255) and December 11, 2024 (Ref. no. 2024-01-623441).
2. **Changes in the Corporation's registered or issued capital:** None.
3. **Changes in the Memorandum or Articles of Association**: None.
4. **Redemption of shares:** No.

5. **Early Redemption of a bond:** None.
6. **A transaction that is not in accordance with market conditions between the corporation and an interested party therein:** None.

(b) Resolutions of the general meeting passed not in accordance with management's recommendations: None.

(c) Resolutions of the Extraordinary General Meeting: The Extraordinary and Annual General Meeting of the Company that convened on December 18, 2024, resolved to approve the reappointment of Mr. Shmuel Schwarz as an external director in the Company, for a second 3-year term of office, from December 28, 2024.

23. Company Resolutions (Regulation 29A)

A. Approval of transactions under Section 255 to the Companies Law: None.

B. Transaction under Section 254(a) to the Companies Law which has not been approved: None.

C. Transactions requiring special approval under Section 270(1) of the Companies Law, provided it is an extraordinary transaction: None

D. Exemption from insurance or commitment for indemnification, for an officer effective as of the reporting date:

1. The following is a description of the arrangements applicable to directors' and officers' insurance at the Company:

For a description of the arrangement applicable with regard to directors' and officers' liability insurance at the Company in the years prior to the reporting year, see Note 43(b)8(a) to the Consolidated Financial Statements and Section 13C(1) above.

The Company's Compensation Policy includes a section on exemption, indemnity, and insurance for officers (hereinafter - the "**Arrangements**"). According to the Compensation Policy, the Company may purchase officer liability insurance for the Group's officers, at insurance amounts no higher than USD 400 million; the annual premium cost and the deductible amount in respect of the policy shall be in accordance with prevailing market conditions when drafting the relevant policy, and at an immaterial cost to the Company. In addition, the Company may purchase run-off officer insurance if the control of the Company and/or a subsidiary is transferred.

Pursuant to the aforesaid resolution, the Company entered into an insurance policy issued by an insurer that is not a related party, for the period from December 1, 2023, to November 30, 2024 (hereinafter - the "**2024 Policy**"), and later it entered into an insurance policy issued by an insurer that is not a related party for the period from December 1, 2024, to November 30, 2025 (hereinafter - the "**2025 Policy**"), in which the Company acquired insurance coverage for officers of the Company and its investees (including CIMax Group companies). The overall liability limit of each of the 2024 Policy and 2025 Policy is up to USD 130 million and USD 145 million, respectively, in respect of one claim or cumulatively (coverage over USD 100 million does not apply to past activity).

The following is a description of the arrangements applicable to directors' and officers' indemnity at the Company:

1.1 On October 10, 2002, the general meeting of the Company approved an undertaking to indemnify and officers of the Company and of additional companies in the Group, up to a rate of 25% of the shareholders' equity of Clal Holdings at the date of the indemnity. Accordingly, the Company grants letters of indemnity to officers in the Company and certain subsidiaries.

1.2 On May 3, 2012, the Company's general meeting approved new and amended indemnity letters for officers in the Company and/or in other Group companies (hereinafter - the "**New Indemnity Letter**") in light of Amendment 16 to the Companies Law, and in accordance with the provisions of the Law for More Efficient Enforcement Procedures at the Israel Securities Authority (Legislative Amendments), 2011, and the Law for Increased Enforcement in the Capital Market (Legislative Amendments), 2011.

1.3 On July 28, 2013, the general meeting of shareholders of the Company approved to amend omissions in the definitions of "administrative procedure" and "payment to a party harmed by a breach" in the indemnity letters that were approved by the Company's general meeting on May 3, 2012.

1.4 The provisions of the New Indemnity Letter supersede any prior commitment or agreement (preceding the signing of the New Indemnity Letter), whether written or oral, between the Company and the officer on the matters stated in the New Indemnity Letter, also with reference to events that occurred before the New Indemnity Letter was signed. The aforesaid is subject to the previous indemnity letter granted to the officer,

if any, continuing to apply and remaining in effect with regard to any event that occurred prior to the signing of the New Indemnity Letter (even if the proceeding in respect thereof was filed against the officer after the signing of the New Indemnity Letter), if the terms of the New Indemnity Letter worsen the terms of the indemnity for the officer with respect to such event, subject to all laws.

1.5 From time to time, the Company gives letters of indemnity to Company and/or subsidiaries' directors and/or officers, in accordance with the above decisions.

1.6 Some of the Group's subsidiaries gave indemnity letters to their officers (sometimes in addition to the Company's indemnity letters), such that the indemnity amount therein does not exceed 25% of the shareholders' equity of those companies or NIS 1 million.

1.7 The Company's Compensation Policy includes a section on exemption, indemnity, and insurance for officers. The compensation policy states that the Company shall be permitted to grant letters of indemnity in the format it decides upon and that has been approved and/or will be approved by the general meeting of shareholders of the Company. To the extent that the Company seeks to modify the letters of indemnity, for any reason whatsoever, the Company shall present the revised letters of indemnity to the competent organs for approval in accordance with the provisions of the law.

2. The following is a description of the arrangements applicable to directors' and officers' exemption at the Company:

2.1 On October 9, 2016, the Compensation Committee and board of directors of the Company approved the granting of a release of liability to the Company's officers due to breach of the duty of care towards it, subject to receiving the approvals required to grant the exemption under the law. Such exemption will not apply to a decision or transaction in which the controlling shareholder or any officer in the Company (including an officer other than the one to which the exemption is granted) has a vested interest.

2.2 The Company's compensation policy states that the Company shall be permitted to grant a said exemption.

2.3 According to said resolutions, the Company granted letters of exemption to directors and officers of the Company.

Clal Insurance Enterprises Holdings Ltd.

Haim Samet Chairman of the Board	**Yoram Naveh** CEO

March 17, 2025

Part D2 - Corporate Governance Questionnaire

The Board of Directors' Independence

		Yes	No
1.	Each reporting year, there were at least two external directors in the corporation. In this question, one may answer "yes" if the period in which there were no two external directors serving on the board did not exceed 90 days, as stated in Section 363A.(b)(10) to the Companies Law. However, any answer (yes or no) must include the length of the period (number of days) in which there were less than two external directors serving during the reporting period (including if the tenure was approved retroactively, for each of the different external directors): Director A: **Yair Bar Touv** Director B: **Shmuel Schwarz** The number of External Directors serving at the corporation as of the publication date of this questionnaire: **2**	V	
2.	Rate of[1] Independent Directors[2] serving at the corporation as of the questionnaire's publication date: **4/8**. The rate of Independent Directors prescribed by the corporation's[3] Articles of Association:[4] _____. ☒ N/A (no provision has been made in the Articles of Association).	_____	_____
3.	In the reporting year, the Bank held checks and found that during the reporting period its external directors (and independent directors) fulfilled the provisions of Section 240(b) and (f) to the Companies Law requiring external directors (and independent directors) not to have an interest in the corporation or its controlling shareholder, and the conditions for service as external directors (or independent directors).	V	
4.	None of the directors who served in the corporation during the reporting year are not subordinate to the President and CEO[5], either directly or indirectly (inapplicable to a director who serves as a representative of the employees, if such representation exists in the corporation). If your answer is "No" (i.e., the director reports to the Chief Executive Officer as aforesaid) - please indicate the rate of directors who did not meet the said restriction: _____.	V	
5.	None of the directors who have reported having a vested interest in the approval of a transaction on a meeting's agenda were not present at the discussion or participated in the vote as aforesaid (except for a discussion and/or vote under the circumstances outlined in Section 278(b) to the Companies Law): If your answer is "No" - Was this for the purpose of presenting a specific issue by that director in accordance with the provision of Section 278(a): ☐ Yes ☐ No (please check the appropriate box). It should be noted that the rate of meetings in which such directors were present in a discussion and/or participated in a vote, except for circumstances outlined as aforesaid in Subsection A, was: ___.	V	
6.	The controlling shareholder (including a relative and/or representative thereof) who is not a director or other senior officer in the Corporation was not present in the meetings of the Board of Directors held during the reporting year. **N/A (the Corporation has no controlling shareholder).** If your answer is "No" (i.e., the controlling shareholder and/or relative and/or representative who is not a member of the Board of Directors and/or a senior officer of the Corporation was present in the Board of Directors' meetings as aforesaid: Name: _____. Role in the Corporation (if any): ____. Information on the relation to the controlling shareholder (if the person present was not the controlling shareholder himself): _____. Was this for the purpose of presenting a specific issue: ☐ Yes ☐ No (please check the appropriate box). Rate of attendance in Board meetings[6] during the reporting year for the purpose of presenting a specific issue: ____; otherwise present: ____. ☒ **N/A - the Corporation has no controlling shareholder.**		

1. In this questionnaire, "rate" is a certain number out of the total. For example - 3/8.
2. Including "External Directors" as defined in the Companies Law.
3. Regarding this question - "Articles of Association" including according to a specific legal provision applicable to the corporation (for example, in case of a banking corporation - directives issued by the Banking Supervision Department).
4. Bonds companies are exempt from answering this section.
5. For the purpose of this question - Serving as a director in an investee corporation under the Corporation's control shall not be deemed "subordination"; on the other hand, if a director in the Corporation also serves as an officer (excluding as director) and/or is an employee of an investee corporation under the Corporation's control, they shall be deemed "subordinate" for the purpose of this question.
6. Specify separately for each of the controlling shareholders, relative and/or representative.

The Directors' Competency and Qualifications

			Yes	No
7.	The Corporation's Articles of Association do not contain a provision restricting the possibility of immediately terminating the tenure of all directors of the Corporation who are not External Directors (for this purpose, an ordinary majority does not constitute a restriction).[7] If your answer is "No" (i.e., if there is a restriction as aforesaid), please indicate -		V	
	A.	The period prescribed for a director's tenure by the Articles of Association: ____.		
	B.	The majority required to terminate the tenure of directors by the Articles of Association: _____.		
	C.	The legal quorum required by the general meeting to terminate the directors' appointments according to the Articles of Association: _____.		
	D.	The majority required to change such provisions in the Articles of Association _____.		
8.	The Corporation has established a program for training new directors on the Corporation's business and the rules that apply to the corporation and directors and also established a follow-up program for training serving directors that is tailored, inter alia, to each director's function in the corporation. If your answer is "Yes" - please indicate if the program was active during the reporting year: ☒**Yes**☐ No (please check the appropriate box)		V	
9.	A.	The corporation has set a minimum number of directors on the Board who must have accounting and financial expertise. If your answer is "Yes" - please indicate the minimum number set: **3**	V	
	B.	No. of directors who served in the corporation during the reporting year who have accounting and financial expertise:[8] **8** Has professional qualifications:[9] N/A, since all the directors were classified as having accounting and financial expertise In case of changes in the number of said directors during the reporting year, please provide the lowest number (except within a period of 60 days from the change date) of directors of any type who served during the reporting year.	_____	_____
10.	A.	In each reporting year, the Board of Directors included members of both genders. If your answer is "No" - please indicate the period (number of days) in which the aforesaid was not met: _____. In this question you may answer "Yes" if the period during which the corporation did not have members of both genders serving as directors did not exceed 60 days; however, any answer (Yes/No) must specify the period (number of days) during which the corporation did not have members of both genders serving as directors: ____.	V	
	B.	Number of directors of each gender serving on the Board of Directors as of the publication date of this questionnaire: Male: **6** female: **2**	_____	_____

7. Bonds companies are exempt from answering this section.
8. Following the Board of Directors' assessment, in accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and Director with Professional Qualifications), 2005.
9. See Footnote 8.

Board of Directors Meetings (and Convening of the General Meeting)

<table>
<tr><th colspan="3"></th><th>Yes</th><th>No</th></tr>
<tr><td>11.</td><td>A.</td><td>Number of board meetings held during each quarter in the reporting year:
<table>
<tr><td>First quarter (2024):</td><td>5</td></tr>
<tr><td>Second quarter:</td><td>4</td></tr>
<tr><td>Third quarter:</td><td>3</td></tr>
<tr><td>Fourth quarter:</td><td>7</td></tr>
</table></td><td>_____</td><td>_____</td></tr>
<tr><td></td><td>B.</td><td>Next to each of the names of the directors who served in the Corporation during the reporting year, please indicate the participation rate[10] in board meetings (in this subsection - including meetings of Board of Directors' committees in which he/she is a member, and as indicated below), which took place during the reporting year (during his/her tenure) (the participation rate in meetings includes participation in remote meetings): (Please add lines according to the number of directors).
<table>
<tr><th>Director's name</th><th>Rate of the director's participation in board meetings</th><th>Rate of the director's participation in meetings of the Audit Committee[11]</th><th>Rate of participation in meetings of the Financial Statements Review Committee[12]</th><th>Rate of participation in meetings of the Compensation Committee[13]</th><th>Rate of the director's participation in meetings of additional board committees in which he/she is not a member (please indicate which committee)</th></tr>
<tr><td>Haim Samet</td><td>19/19</td><td>-</td><td>-</td><td>-</td><td>Investment Committee 1/1
Information technology risk 4/4
Class Actions Committee 2/2</td></tr>
<tr><td>Shmuel Schwarz</td><td>19/19</td><td>7/7</td><td>5/5</td><td>5/5</td><td>Class Actions Committee 2/2
Investment Committee 1/1</td></tr>
<tr><td>David Granot</td><td>19/19</td><td></td><td>5/5</td><td>-</td><td>Information technology risk 4/4</td></tr>
<tr><td>Mali Margaliot</td><td>19/19</td><td>7/7</td><td>-</td><td>-</td><td>Investment Committee 1/1</td></tr>
<tr><td>Maya Liquornik</td><td>18/19</td><td>7/7</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Yair Bar Touv</td><td>19/19</td><td>7/7</td><td>5/5</td><td>5/5</td><td>Information technology risk 4/4</td></tr>
<tr><td>Aharon Fogel</td><td>19/19</td><td>-</td><td>-</td><td>-</td><td>Information technology risk 4/4
Class Actions Committee 2/2
Investment Committee 1/1</td></tr>
<tr><td>Muki Abramowitz</td><td>19/19</td><td>7/7</td><td>5/5</td><td>5/5</td><td>Information technology risk 4/4</td></tr>
</table></td><td></td><td></td></tr>
<tr><td>12.</td><td></td><td>During the reporting year, the Board of Directors held at least one discussion about the management of the corporation's business by the chief executive officer and the officers reporting thereto without their presence and allowed them to express their positions.</td><td>V</td><td></td></tr>
</table>

10. See Footnote 1.
11. For a director who is a member of this committee.
12. For a director who is a member of this committee.
13. For a director who is a member of this committee.

Separation between the positions of Chief Executive Officer and Chairman of the Board

			Yes	No
13.	In each reporting year, there was a Chairman of the Board in place in the corporation. The question may be answered "Yes" if the period during which the corporation had no chairman of the board in place did not exceed 60 days, as prescribed by Section 363A.(2) to the Companies Law. However, any answer (Yes or No) must include the length of the period (number of days) in which the corporation did not have a chairman of the board in place as aforesaid: ____.		V	
14.	In each reporting year, there was a Chief Executive Officer in place. The question may be answered "Yes" if the period during which the corporation had no chief executive officer in place did not exceed 90 days, as prescribed by Section 363A.(6) to the Companies Law. However, any answer (Yes or No) must include the length of the period (number of days) in which the corporation did not have a CEO in place as aforesaid: ____.		V	
15.	In a corporation in which the chairman of the board also serves as the corporation's chief executive officer and/or has assumed his/her powers, the dual position has been approved in accordance with the provisions of Section 121(c) to the Companies Law.[14] ☒ **N/A** (insofar as there is no dual position as aforesaid in the corporation).		_____	_____
16.	The Chief Executive Officer <u>is not</u> a relative of the chairman of the Board of Directors. If your answer is "No" (i.e., the Chief Executive Officer is a relative of the Chairman of the Board) -		V	
	A.	Please indicate the nature of the family relationship between the parties: _____.	_____	_____
	B.	The position was approved in accordance with Section 121(c) of the Companies Law:[15] ☐ Yes ☐ No (please check the appropriate box).	_____	_____
17.	A controlling shareholder or his/her relative <u>does not</u> serve as a Chief Executive Officer or senior officer in the corporation, excluding as a director. ☒ **N/A - the Corporation has no controlling shareholder.**		V	

14. In a bonds company - approval in accordance with Section 121(d) to the Companies Law.
15. In a bonds company - approval in accordance with Section 121(d) to the Companies Law.

Audit Committee

			Yes	No
18.	During the reporting year, the following <u>did not serve</u> as a member of the Audit Committee		_____	_____
	A.	The controlling shareholder or his/her relative. ☒ **N/A - the Corporation has no controlling shareholder.**	V	
	B.	Chairman of the Board.	V	
	C.	A director employed by the corporation or by the controlling shareholder in the corporation or by a corporation under its control.	V	
	D.	A director who provides services to the controlling shareholder in the corporation or a corporation under its control, on a regular basis.	V	
	E.	A director whose main source of income is the controlling shareholder. ☒ **N/A - the Corporation has no controlling shareholder.**	V	
19.	A person who may not serve as a member of the Audit Committee, including the controlling shareholder or his/her relative, did not participate, during the reporting year, in meetings of the Audit Committee, other than in accordance with the provisions of Section 115(e) to the Companies Law. **(the Corporation has no controlling shareholder).**		V	
20.	A legal quorum for discussing and reaching decisions in all meetings of the Audit Committee which took place during the reporting year was a majority of the committee members, with most of the participants being independent directors and at least one - an external director. If your answer is "No" - please indicate the rate of meetings in which the above requirement was not met: _____.		V	
21.	During the reporting year, the Audit Committee held at least one meeting in which the Chief Internal Auditor and independent auditor were present but in which officers of the corporation who are not members of the Committee did not participate, on the subject of deficiencies in the corporation's business management.		V	
22.	In all meetings of the Audit Committee in which there was a participant who may not serve as a member of the Committee, his/her participation was approved by the chairman of the Committee and/or he/she was invited by the Committee (as for the Chief Legal Adviser and the corporation's secretary other than a controlling shareholder or his/her relative).		V	
23.	During the reporting year, there were arrangements in place, approved by the Audit Committee, regarding the manner of handling complaints filed by employees in relation to deficiencies in the managing the corporation's business and the protection provided to employees filing complaints as aforesaid.		V	
24.	The Audit Committee (and/or the Financial Statement Review Committee) was convinced that the scope of the independent auditor's work and his/her fees in respect of the financial statements during the reporting year were adequate for the purpose of carrying out the audit and review work in an appropriate manner. **(See comment in the end of the questionnaire).**		V	

The purview of the Financial Statement Review Committee (hereinafter - the "Committee") in its work prior to approving the financial statements

			Yes	No
25.	A.	Please note the length of the period (in days) which the Board of Directors prescribed as a reasonable time for submitting the Committee's recommendations towards discussion by the Board of Directors for approval of the financial statements: **2 days**	_____	_____
	B.	The number of days which elapsed, in effect, from the date of submitting the recommendations to the Board of Directors to the date of discussion of the financial statements towards their approval by the Board: First quarter report (2024): 2 days Second quarter report: 2 days Third quarter report: 2 days Annual report: 3 days	_____	_____
	C.	The number of days which elapsed from the date of submitting the financial statements' draft to the directors to the date of the financial statements' discussion towards their approval by the Board: First quarter report (2024): 7 days Second quarter report: 5 days Third quarter report: 7 days Annual report: 7 days		
26.		The corporation's independent auditor participated in all of the meetings of the Committee and Board of Directors in which the corporation' financial statements relating to the periods included in the reporting year were discussed. If your answer is "No", specify the rate of participation: _____	V	
27.		During the entire reporting year and until the publication of the annual report, the Committee met all of the terms and conditions outlined below:	_____	_____
	A.	It had no less than three members	V	
	B.	All of the terms and conditions outlined in Section 115(b) and (c) to the Companies Law (regarding tenure of the Audit Committee members).	V	
	C.	Chairman of the Committee is an external director.	V	
	D.	All of its members are directors and most of them are independent directors.	V	
	E.	All of its members have the capacity to read and understand financial statements and at least one of the independent directors has accounting and financial expertise.	V	
	F.	The members of the Committee gave a statement prior to their appointment.	V	
	G.	The legal quorum for discussing and reaching decisions by the Committee was a majority of its members, provided that most of the participants were independent directors, including at least one external director.	V	
		If your answer is "No" on one or more of this question's subsections, please indicate what type of report (annual or quarterly) did not meet the said condition and which condition was not met: _____	_____	_____

Compensation Committee

			Yes	No
28.	During the reporting year, the Committee included at least three members, of which the external directors constituted a majority (on the date of discussion by the Committee). ☐ N/A (no discussion was held).		V	
29.	During the reporting year, the terms of tenure and employment of all members of the Compensation Committee met the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000.		V	
30.	During the reporting year, the following did not serve as a member of the Compensation Committee		_____	_____
	A.	The controlling shareholder or his/her relative. ☒ **N/A - the Corporation has no controlling shareholder.**	V	
	B.	Chairman of the Board.	V	
	C.	A director employed by the corporation or by the controlling shareholder in the corporation or by a corporation under its control.	V	
	D.	A director who provides services to the controlling shareholder in the corporation or a corporation under its control, on a regular basis.	V	
	E.	A director whose main source of income is the controlling shareholder. ☒ **N/A - the Corporation has no controlling shareholder.**	V	
31.	During the reporting year, the controlling shareholder or his/her relative did not participate in meetings of the Compensation Committee, unless the chairman of the board determined that one of them was required to participate in order to present a specific topic. **N/A (the Corporation has no controlling shareholder).**		V	
32.	The Compensation Committee and Board of Directors did not exercise their power under Sections 267A(C), 272(c)(3) and 272(c1)(1)(c) to approve a transaction or compensation policy, despite objection by the General Meeting. If your answer is "No", note - The type of transaction approved as aforesaid: _____ The number of times in which their power was used during the reporting year: ____		V	

Internal Auditor

		Yes	No
33.	The corporation's Chief Internal Auditor reports to the organization's Chairman of the Board or Chief Executive Officer.	V	
34.	The Chairman of the Board or Audit Committee have approved the work plan during the reporting year. In addition, specify the audit topics that the Chief Internal Auditor dealt with in the reporting year: **The 2024 work plan of the internal audit function covered the activities of the Company and of the subsidiaries, and in particular material investees of the Company in Israel: Clal Insurance, Clal Credit Insurance, Clal Pension and Provident Funds, and the Group's agencies. These investees did not have an additional internal auditor in the reporting year. It is noted that Max has a separate internal auditor, and so does Atudot Havatika; the activity of each of those internal auditors is not related to the activity of the Group's Internal Audit Department. The internal audit works based on a multi-annual work plan (for a 4-year period), and in accordance with an annual work plan derived from it. Determining the audit topics depends to a large extent on the level of risk embodied in each operating segment being audited and the probability of that risk materializing. Determining the audit topics and their frequency is based, inter alia, on a risk survey conducted by the Internal Audit Unit in 2023 designed to determine the multi-annual work plan for 2024-2027, in which emphasis was placed, inter alia, on the financial scope of the activity, which was proposed to be audited, as well as the exposure to operational, regulatory and other risks inherent in each operation.**	V	
35.	The scope of the Chief Internal Auditor 's position in the corporation during the reporting year (in hours[16]): **approx. 36,600 hours. See comment in the end of the questionnaire.**	____	____
	During the reporting year, a discussion was held (by the audit Committee or board of directors) about the Chief Internal Auditor 's findings.	V	
36.	The Chief Internal Auditor is not an interested party in the corporation, a relative thereof, an independent auditor or anyone on his/her behalf and therefore has no material business relations with the corporation, its controlling shareholder, his/her relative or corporations under their control.	V	

16. Including the no. of working hours dedicated to investees and audits held outside Israel, if any.

Interested party transactions

		Yes	No
37.	The controlling shareholder or his/her relative (including a company under his/her control) is not employed by the corporation or provides it with management services. **N/A, the Company has no controlling shareholder** If your answer is "No" (i.e., the controlling shareholder or his/her relative is employed by the corporation or provides it with management services, please specify - - The number of relatives (including the controlling shareholder) employed by the corporation (including companies under their control and/or through management companies): ____. - Were the employment agreements and/or management services as aforesaid approved by the organs prescribed by law: ☐ Yes ☐ No (please check the appropriate box). ☒**N/A (the Corporation has no controlling shareholder).**	V	
38.	To the best of the corporation's knowledge, the controlling shareholder has no additional businesses in the corporation's line of business (one or more lines) **N/A, the Company does not have a controlling shareholder** If your answer is "No - please indicate whether there is an arrangement in place to separate between the activities of the corporation and its controlling shareholder: ☐ Yes ☐ No (check the appropriate box)☒ **N/A (the corporation has no controlling shareholder).**	V	

Haim Samet Chairman of the Board of Directors	**Shmuel Schwarz** Chairman of the Financial Statements Review Committee	**Yair Bar Touv** Chairman of the Audit Committee

Comments with respect to information included in the answers to the questions:

Question No. 10 - it is noted that the Company's Board of Directors established it would seek gender diversification such that the rate of women on the Board shall be at least 30%.

Question No. 24 - In September 2024, the Audit Committee and in March 2025, shortly before the approval of the periodic report for the reporting year, the Financial Statement Review Committee was convinced that the scope of the independent auditor's work and his/her fees in respect of the financial statements during the reporting year were adequate for the purpose of carrying out the audit and review work in an appropriate manner.

Question No. 35 - The Chief Internal Auditor is employed on a full-time basis. The data include outsourcing hours and does not include audit hours carried out in Atudot Havatika - a sub-subsidiary (50%) and Max - a sub-subsidiary (100%)**,** each of which has a separate, different internal auditor who is not associated with the Group's Internal Audit Department.

Part E

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure

Executives' Statements (SOX)



Annual Report on Effectiveness of Internal Control over Financial Reporting and Disclosure in accordance with Regulation 9B(a)

Management, under the supervision of the Board of Directors of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Corporation**") is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Corporation.

For this matter, the members of management are:

1. Yoram Naveh - CEO of the Company and Clal Insurance;
2. Eran Czerninski - Head of the Finance Division (an officer in Clal Insurance and Clal Holdings);
3. Dror Biran - Legal Counsel (an officer in Clal Insurance and Clal Holdings);
4. Tomer David - Internal Auditor (an officer in Clal Insurance and Clal Holdings);
5. Barak Benski - Head of the Investments Division (an officer in Clal Insurance and Clal Holdings);
6. Avi Ben Noon - Chief Risk Officer (an officer in Clal Insurance and Clal Holdings);

Internal control over financial reporting and disclosure includes controls and procedures existing in the Corporation, which were planned or overseen by the CEO and the most senior financial officer or under their supervision, or by whoever fulfills these functions in practice, under the supervision of the Board of Directors of the Corporation, and were designed to provide reasonable assurance as to the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format laid down in law.

Among other things, internal controls include controls and procedures planned to ensure that all information that the Corporation is required to disclose as aforesaid is collected and transferred to the Corporation's management, including the CEO and the most senior financial officer, or the equivalent acting officers, in order to allow decision making on a timely basis with respect to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the financial statements shall be prevented or detected.

Management, under the supervision of the Board of Directors, performed an examination and assessment of the Corporation's internal control over financial reporting and disclosure and their effectiveness;

The effectiveness of internal control over financial reporting and disclosure conducted by management under the board of directors' supervision, included the following: Entity-level controls, controls on the process for preparing and closing the financial statements, general information technology controls (ITGC), and controls over processes which are highly material to financial reporting and disclosure (these processes are carried out within Clal Insurance Company Ltd., a subsidiary of the corporation, which is an institutional entity to which the following provisions relating to institutional entities apply), and as part of Clalbit Finance Ltd., a subsidiary of the corporation).

Clal Insurance Company Ltd. (hereinafter - "**Clal Insurance**"), a subsidiary of the Corporation, is an institutional entity which is subject to the directives of the Commissioner of the Capital Markets, Insurance and Savings in the Ministry of Finance regarding the assessment of the effectiveness of internal controls over financial reporting.

In relation to internal controls in the said subsidiary, the Corporation implements the following directives: The Institutional Entities Circular 2009-9-10, "Management's Responsibility for Internal Control over Financial Reporting"; Institutional Entities Circular 2010-9-6 on "Management's Responsibility for Internal Control over Financial Reporting - Amendment" and Institutional Entities Circular 2010-9-7 on "Internal Control over Financial Reporting - Statements, Reports and Disclosures".

Max It Finance Ltd., a subsidiary of the Corporation, is a credit card company, which is subject to the directives of the Banking Supervision Department regarding the assessment of the effectiveness of internal control over financial reporting.

With respect to the internal control of the said subsidiary, the Corporation implements the following provisions: Proper Conduct of Banking Business Directive 309.

Based on this assessment, the board of directors and management of the institutional entity have concluded that the institutional entity's internal control over financial reporting as of December 31, 2024 is effective.

Based on this assessment, the board of directors and management of the credit card company have concluded that the institutional entity's internal control over financial reporting as of December 31, 2024 is effective.

Based on the assessment of effectiveness that was performed by management under the supervision of the Board of Directors as detailed above, the Corporation's Board of Directors and management have concluded that the Corporation's internal control over financial reporting and disclosure as of December 31, 2024 is effective.

Report of the Board of Directors and Management on Internal Control over Financial Reporting Clal Insurance Ltd.

Management, under the supervision of the Board of Directors of Clal Insurance Ltd. (hereinafter - the "**Company**"), is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to its Board of Directors and management with regard to the adequate preparation and presentation of financial statements published in accordance with International Financial Reporting Standards (IFRSs) and the directives of the Commissioner of the Capital Market, Insurance and Savings. Regardless of the quality of their planning, any internal control systems have inherent limitations. Therefore, even if these systems are found to be effective, they can only provide reasonable assurance as to the preparation and presentation of financial statements.

Management, under the supervision of the Board of Directors, maintains a comprehensive system of controls aimed at ensuring that transactions are executed in accordance with management's authorizations, that assets are protected, and that accounting records are reliable. Furthermore, management, under the supervision of the Board of Directors, takes measures to ensure that information and communication channels are effective and monitor performance, including the performance of internal control procedures.

The Company's management, under the supervision of the Board of Directors, assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2024, based on criteria set in the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that as of December 31, 2024, the Company's internal controls over financial reporting is effective.

March 17, 2025

Haim Samet	**Yoram Naveh**	**Eran Czerninski**
Chairman of the Board	**CEO**	**Deputy CEO**
		Head of the Finance Division

Report of the Board of Directors and Management regarding the Internal Control over Financial Reporting Max It Finance Ltd.

The Board of Directors and management of Max It Finance Ltd. (hereinafter - the "**Company**") are responsible for the creation and existence of adequate internal control over financial reporting (as defined in the Reporting to the Public Directives regarding the "Report of the Board of Directors"). The Company's internal control system was designed to provide a reasonable degree of assurance to the Company's Board of Directors and management regarding adequate preparation and presentation of financial statements published in accordance with generally accepted accounting principles and the directives and guidance of the Banking Supervision Department. Regardless of the quality of their planning, any internal control systems have inherent limitations. Therefore, even if these systems are found to be effective, they can only provide reasonable assurance as to the preparation and presentation of financial statements.

Management, under the supervision of the Board of Directors, maintains a comprehensive system of controls aimed at ensuring that transactions are executed in accordance with management's authorizations, that assets are protected, and that accounting records are reliable. Furthermore, management, under the supervision of the Board of Directors, takes measures to ensure that information and communication channels are effective and monitor performance, including the performance of internal control procedures.

The Company's management, under the supervision of the Board of Directors, assessed the effectiveness of the Company's internal controls over financial reporting as of December 31 2024, based on criteria set in the internal control model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that as of December 31, 2024, the Company's internal controls over financial reporting is effective.

The effectiveness of the Bank's internal control over financial reporting as of December 31 2024 was audited by the Bank's independent auditors (Somekh Chaikin) as noted in their report, which included an unqualified opinion regarding the effectiveness of the Company's internal control over financial reporting as of December 31, 2024.

March 17, 2025

Maya Liquornik	**Sagit Dotan**	**Sharon Gur**
Chairman of the Board	**CEO**	**CFO**
		Chief Accounting Officer

Certification by Officers
Certification by the CEO

I, Yoram Naveh, hereby declare that:

1. I have reviewed periodic report of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Corporation**") for 2024 (hereinafter – the "**Reports**");
2. To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
3. To my knowledge, the financial statements and other financial information included in the Reports present fairly, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;
4. I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' balance sheet committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation's ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -
   B. Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, state that:
   A. I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), -2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -
   B. I have established controls and procedures or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.
   C. I have evaluated the effectiveness of internal control over financial reporting and disclosure and have presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of the said internal control as of the date of the reports.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Yoram Naveh
CEO

March 17, 2025

Certification by Officers
Certification by the Most Senior Financial Officer

I, Eran Czerninski, hereby declare that:

1. I have reviewed the financial statements and other financial information included in the reports of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Corporation**") for 2024 (hereinafter - the "**Reports**");
2. To my knowledge, the financial statements and financial information do not contain any misrepresentation of a material fact, nor omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
3. To my knowledge, the Financial Statements and other financial information included in the Reports present fairly, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;
4. I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' balance sheet committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
   A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure insofar as it relates to the financial statements and other financial information included in the Reports, that could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information so as to cast doubt on the reliability of financial reporting and the preparation of the financial statements in accordance with law; and -
   B. Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, state that -
   A. I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), -2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -
   B. I have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
   C. My assessment of the effectiveness of internal control over financial reporting and disclosure, insofar as it relates to the financial statements and other financial information included in the Reports as of the Reports' date. My conclusions regarding my aforesaid assessment have been presented to the Board of Directors and management and are included in this report.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Eran Czerninski
Deputy CEO
Head of the Finance Division

March 17, 2025

Statements regarding Controls and Procedures in respect of Disclosure in the Financial Statements of Clal Insurance Company Ltd.
Clal Insurance Company Ltd.
Certification

I, Yoram Naveh, hereby declare that:

1. I have reviewed the annual report of Clal Insurance Company Ltd. (hereinafter - the "**Company**") for the year 2024 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as of the dates and for the periods covered by the report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure(1) and internal control over financial(1) reporting of the Company; and -
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;
   B. We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting. and -
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' balance sheet committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Yoram Naveh
CEO

March 17, 2025

(1) As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".

Clal Insurance Company Ltd.
Certification

I, Eran Czerninski, hereby declare that:

1. I have reviewed the annual report of Clal Insurance Company Ltd. (hereinafter - the "**Company**") for 2024 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the Report present fairly, in all material aspects, the Company's financial position, financial performance and changes in equity and cash flows as of the dates and for the periods covered by the report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure(1) and internal control over financial(1) reporting of the Company; and -
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;
   B. We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting. and -
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' balance sheet committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Eran Czerninski
Deputy CEO
Head of the Finance Division

March 17, 2025

(1) As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".

Max It Finance Ltd.
Certification

I, Sagit Dotan, declare that:

1. I have reviewed the annual report of Max It Finance Ltd. (hereinafter - the "**Company**") for 2024 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the report fairly represent, in all material aspects, the Company's financial position, financial performance, changes in equity and cash flows as at the dates and for the periods presented in the Report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure(1) and internal control over financial(1) reporting of the Company, and:
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated corporations is brought to our attention by others in the Company and these corporations, especially during the preparation of the Report;
   B. We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation, and
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Sagit Dotan
CEO

March 17, 2025

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management.

Max It Finance Ltd.
Certification

I, Sharon Gur, hereby declare that:

1. I have reviewed the annual report of Max It Finance Ltd. (hereinafter - the "**Company**") for 2024 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, or omit a representation of a material fact, that is necessary in order for the representations included in it - under the circumstances in which such representations were included - to be misleading as to the reporting period.
3. To my knowledge, the financial statements and other financial information included in the report fairly represent, in all material aspects, the Company's financial position, financial performance, changes in equity and cash flows as at the dates and for the periods presented in the Report.
4. I and others at the Company signing this certification are responsible for the establishment and implementation of controls and procedures regarding the Company's disclosure(1) and internal control over financial(1) reporting of the Company, and:
   A. We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated corporations is brought to our attention by others in the Company and these corporations, especially during the preparation of the Report;
   B. We have established such internal control over financial reporting or have caused such internal control to be established under our oversight, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements for external purposes have been prepared in accordance with the generally accepted accounting principles and the directives and guidance of the Banking Supervision Department;
   C. We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation, and
   D. The Report discloses any change in the Company's internal control over financial reporting which occurred during the quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and
5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' audit committee, based on our most recent evaluation of the internal control over financial reporting, the following:
   A. All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting that may harm the Company's ability to record, process, summarize and report financial information; and -
   B. Any fraud, whether or not material, involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Sharon Gur
CFO,
Chief Accounting Officer

March 17, 2025

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management.

KPMG
Somekh Chaikin
Millennium Tower KPMG
17 Haarbaa Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

EY
Building a better working world
Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102
Tel. +972-3-6232525
Fax +972-3-5622555
ey.com

Report of the Independent Auditors for the Shareholders of Clal Insurance Enterprises 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 Clal Insurance Enterprises 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 very material for the financial reporting and disclosure of a consolidated company - Clal Insurance Company Ltd. and 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 17, 2025 included an unqualified opinion on these financial statements based on our audit, as well as an emphasis of matter to that which is stated in Note 45 to the consolidated financial statements regarding exposure to contingent liabilities.

Tel Aviv,
March 17, 2025

Somekh Chaikin
Certified Public Accountants

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Joint Independent Auditors

Clal Insurance Enterprises Holdings Ltd. | Raoul Wallenberg St. 36 | Kiryat Atidim, Tower 8, Tel-Aviv, Israel

Tel. +972-3-6387777 | *5454 | Fax. +972-6387676

Clal.co.il