

Periodic Report 2025



IMPORTANT

This document is an unofficial translation for convenience only of the Hebrew original of the December 31, 2025, financial report of Clal Insurance Enterprises Holdings Ltd. that was submitted to the Tel-Aviv Stock Exchange and the Israeli Securities Authority on March 26, 2026.

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

Periodic Report for 2025

March 25, 2026

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Part A

Description of the Corporation's Business



Clal Insurance Enterprises Holdings Ltd.

Periodic Report for 2025

March 25, 2026



**Report on 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.

As explained in Note 2 to the Financial Statements, as from January 1, 2025 Clal Insurance has adopted IFRS 9 and IFRS 17 for the first time (hereinafter - the "**Reporting Standards**"), and the transition date for reporting under the Reporting Standards is January 1, 2024. The effect of the transition to reporting in accordance with the Reporting Standards regarding the Group's financial position and operating results with respect to the financial data of its subsidiary is detailed in Note 37 to the Financial Statements.

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, 2025

This Part A includes a description of the Company's business as of December 31, 2025, and the development of its business in 2025 (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, 2025
The Commissioner -	Commissioner of the Capital Market, Insurance and Savings Authority
The Economic Plan Bill -	The Economic Plan Bill (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2026
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
Privacy Protection Law -	Privacy Protection Law, 1981
2023 Economic Arrangements Law -	The Economic Plan Law (Legislative Amendments for Implementing the Economic Policy for Budget Years 2023 and 2024), 2023
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
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.
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.
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**

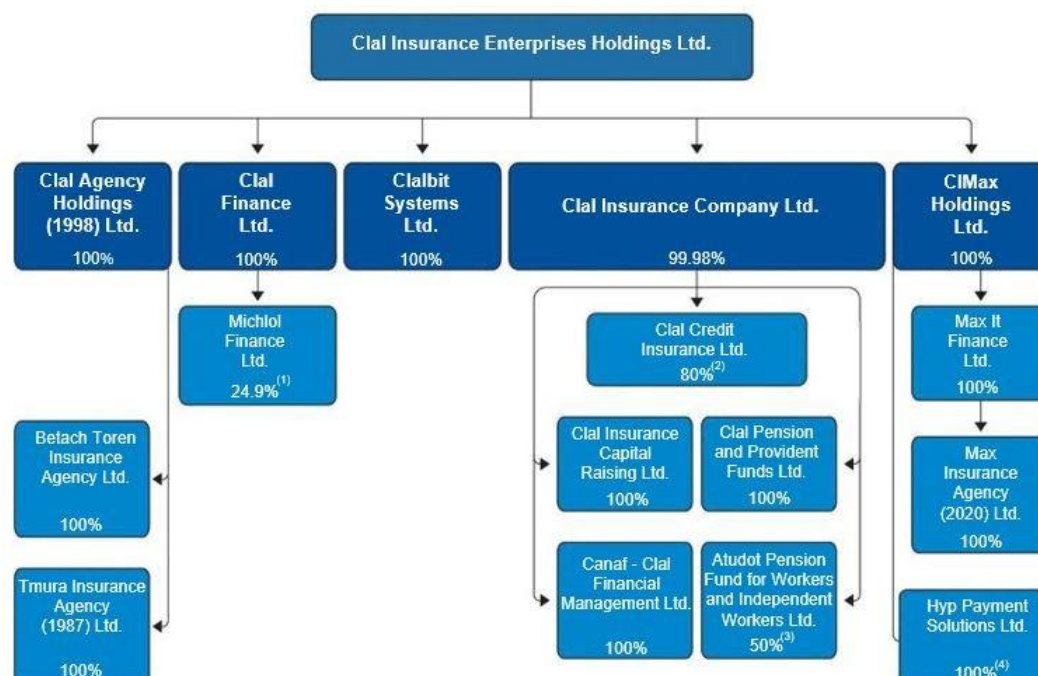
Designated bonds -	CPI-linked government bonds, which the government issued to the insurance companies (Hetz) and to pension funds (Meron and Arad), bearing interest and for a predetermined period.
Executive insurance -	A trade name for a life insurance plan for salaried employees, which is approved as an insurance provident fund.
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 revenues, 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 revenues 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 date¹



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

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) A publicly-traded company controlled by Uriel Paz, Yaron Blank, and Ayelet Russek who jointly hold approx. 39% of its shares. 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.

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 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 their Max shares to WPI. 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**"). For details regarding Hyp's activity, see Section 16.3 below.

On April 24, 2025, Max completed an initial public offering, and as from that date it became a reporting corporation as defined by the Securities Law. For further details, see Section 2.5.1.4 below.

24. 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.

25. 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, 2025, S&P Global Ratings Maalot Ltd. reiterated Clal Insurance's iIAA+ rating with a stable outlook and an iIAA- rating with a stable outlook for the Company and bonds issued thereby. It also reiterated the iIAA- rating with a stable outlook of the notes issued by Clal Insurance Capital Raising.

For further details, see Note 16(f) to the Financial Statements.

For details regarding the rating of Clal Insurance and Clal Insurance Capital Raising, see Note 16(f) to the Financial Statements. For details regarding the rating of Max and the securities issued by Max, see Note 16(f) to the Financial Statements.

For details regarding the issuance of bonds and notes by Clal Insurance Capital Raising and by Max, see Section 2.5.1.4 below.

2.5.1.2. 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, 2024 and June 30, 2025, and are expected to calculate the economic solvency ratio as of December 31, 2025 and publish it upon the publication of the Company's financial statements as of the first quarter of 2026. 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 23(f)(1) to the Company's Financial Statements.

2.5.1.3. 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 23(f)(2) to the Company's Financial Statements.

For details regarding the capital adequacy targets for a prudential payments service provider which were set by the Bank of Israel, and regarding the capital adequacy targets set by Max, see Note 23(f)(2) to the Company's Financial Statements.

2.5.1.4. Equity transactions and issuances

In the reporting year and thereafter, 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:

Publication of shelf prospectuses

On April 9, 2025, the Company published a shelf prospectus that allows it, among other things, to issue ordinary shares, preferred shares, bonds, bonds convertible into ordinary shares, options exercisable into ordinary shares and options exercisable into bonds or into bonds convertible into ordinary shares and commercial papers. On April 9, 2025, Clal Insurance Capital Raising published a Shelf Prospectus, under which it can, among other things, issue bonds, options exercisable into bonds and commercial papers.

Issuance of Company bonds

On June 29, 2025, the Company issued - to investors of the type listed in the First Addendum to the Securities Law - under a private placement by way of a series expansion, a total of NIS 350,000,000 p.v. in Bonds (Series C). The proceeds of the issuance were used for partial early repayment of the Company's Bonds (Series A). For further details, see Note 16(c) to the Financial Statements.

Equity transactions and issuances in Clal Insurance Capital Raising

(a) Issuance of bonds in Clal Insurance Capital Raising

- On April 24, 2025 Clal Insurance Capital Raising issued a total of approx. NIS 500 million p.v. in Bonds (Series N), in accordance with a shelf offering report of Clal Insurance Capital Raising dated April 23, 2025, published by virtue of a shelf prospectus of April 9, 2025. 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 16 and 36(d) to the Financial Statements.
- On October 21, 2025 Clal Insurance Capital Raising issued a total of approx. NIS 594 million p.v. in Bonds (Series O), in accordance with a shelf offering report of Clal Insurance Capital Raising dated October 20, 2025, published by virtue of a shelf prospectus of April 9, 2025. The proceeds of the issuance were deposited with Clal Insurance and are recognized as Additional Tier 1 capital of Clal Insurance, subject to the quantitative regulatory restrictions. For further details, see Note 16 and 36(d) to the Financial Statements.
- On October 23, 2025, Clal Insurance Capital Raising issued to the Company, under a private placement by way of series expansion, a total of approx. NIS 555 million p.v. in Bonds (Series O). The proceeds of the issuance were deposited with Clal Insurance and are recognized as Additional Tier 1 capital of Clal Insurance, subject to the quantitative regulatory restrictions. The proceeds of the issuance were used for the full early repayment of a CPI-linked capital note totaling NIS 450 million, which was issued by Clal Insurance to the Company on October 29, 2020, and which was recognized as Additional Tier 1 capital of Clal Insurance. The issuance was carried out at an economic value identical to that of the capital note, according to an exchange formula set in an economic analysis conducted by an independent external economic consulting firm. For further details, see Note 16 and 36(d) to the Financial Statements.
- On January 22, 2026 Clal Insurance Capital Raising issued a total of approx. NIS 591 million p.v. in Bonds (Series O), by way of series expansion, in accordance with a Shelf Offering Report dated January 20, 2026, published by virtue of a Shelf Prospectus of April 9, 2025. The proceeds of the issuance were deposited with Clal Insurance and are recognized as Additional Tier 1 capital of Clal Insurance, subject to the quantitative regulatory restrictions. For further details, see Note 16 and 36(d) to the Financial Statements.

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

In July 2025, Clal Insurance Capital Raising executed full early repayment of the Bonds (Series I), in accordance with their terms and conditions.

Issuances by Max

From time to time Max executes issuances of commercial papers and takes credit from banking corporations for its operating activities.

In January 2025 Max completed a private placement of commercial papers to institutional entities, by way of approx. NIS 154 million expansion of CPs (Series 2).

On April 7, 2025, Max published a Supplementary Prospectus and a Shelf Prospectus dated April 8, 2025, under which it can issue notes, options convertible into bonds and commercial papers. On April 24, 2025, Max raised from institutional investors and - for the first time, from the public - Commercial Papers (Series 5) totaling approx. NIS 207 million. As from this date, Max became a reporting corporation, as defined by the Securities Law. Max's becoming a reporting corporation constitutes a part of its financing strategy as a growing company, and it allows it to diversify its sources of financing for its operating activities.

On July 10, 2025, Max completed an issuance to institutional entities of subordinated notes with a contractual loss absorption mechanism (Series F) totaling NIS 150 million, and on July 13, 2025, Max completed a public placement of a series of Bonds (Series E), totaling NIS 300 million.

Subsequent to the reporting period, on March 24, 2025, Max completed a tender for subscriptions from qualified investors for the issuance of Commercial Papers (Series 6). The Commercial Securities (Series 6) were offered to the Qualified Investors, in a bid on the annual spread over the Bank of Israel interest. Under the tender, subscriptions were received from qualified investors for the acquisition of approx. 685,500 units totaling NIS 685,500,000, of which Max received subscriptions of qualified investors to acquire 300,000 units, totaling NIS 300,000,000. If implemented, the public placement will be made under a Shelf Offering Report, by way of a uniform offering.

For further details, see Note 16(e) to the Financial Statements.

2.5.2. Regulatory developments 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 which continued to affect 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, 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. Furthermore, a regulation is in place, which affects the structure of the agreement and the interactions between institutional entities, agents, employers, and customers, which affects operational and competitive aspects. All of the applied and proposed changes, the intervention in tariffs and in management fees, selling processes, the operational burden arising from 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.

As a company engaged in the provision of payment services to its customers (such as issuance and acquiring of payment cards), processing of payment cards, and provision of credit, and as a holder of an insurance agency, which is a subsidiary of Max, Max operates in a highly regulated environment and is subject to various regulators, including the Banking Supervision Department, the Capital Market, Insurance and Savings Authority with respect to the insurance agency, the Israel Securities Authority, etc. In this context, it is noted that in recent years there have been regulatory developments aimed at increasing competition in the financial system, through the introduction of new players. These reforms may bring about changes in the competition landscape in the Israeli banking services market, while laying a regulatory infrastructure for expanding the activities of existing players. See below for details regarding significant regulatory developments during the reporting year.

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 6.1.2.4(3) below), expenses in connection with the execution of transactions (see Section 6.1.2.4(1) below) and investment tracks (see Section 6.1.2.4(2) 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.

2.5.3.3. The taskforce for reviewing medium- and short-term investment instruments

In February 2025, the interim report of the review taskforce set up by the Ministry of Finance was published, which concluded that there are significant market gaps and regulatory and taxation arbitrage in the short- and mid-term savings market between various investment instruments - investment provident funds and savings funds, products managed by the Group's institutional entities and mutual funds. The report suggests an outline for narrowing the gaps, which includes three key components – the cancellation of tax arbitrage, a uniform platform for savers and holistic financial brokerage. For further details and the implications of the Interim Report of the Team for the Examination of Short-Term Investment Instruments, see Section 6.1.2.4(5) 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.

As of the report publication date, the circular's provisions did not enter into effect due to the Ministry of Transport's decision of March 2025, according to which it will not publish the professional directives set as a condition for the circular's entering into effect. 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 recent years, the Authority promoted reforms and regulatory changes in the Health Insurance Subsegment. For details regarding the said reforms and changes and their implications, see Section 8.1.2.1(a) below. It is worth noting, among other things, the changes to the structure of the health insurance market, which has included - since October 2023 - five tiers of insurance coverage, with the first tier comprising a basic uniform health insurance policy in all insurance companies (see Section 8.1.2.1 below).

It is also worth noting the provisions of the 2023 Economic Arrangements Law regarding the transfer of policyholders under an Insurance from the First Shekel individual surgery policy, which has been issued from February 2016 and onwards, who are planholders in SHABAN insurance plans as of June 2024, to a policy with Supplementary SHABAN coverage only, instead of the original policy, and regarding the requirement that an insurance company will indemnify an HMO in the event that the planholder is covered by SHABAN plans concurrently with being covered by an Insurance from the First Shekel policy which was taken out or renewed as from October 2023, and a claim was filed under the SHABAN plan for private surgery in Israel where this surgery is covered by the insurance company (see Section 8.1.2.1(a) below).

2.5.6. Regulatory reforms - credit cards sector

2.5.6.1. Increasing retail banking competition in the banking system

In January 2026, the first and second readings of the Economic Plan Bill were passed (under the "Economic Plan Law") including the **Law Memorandum for Promoting Competition in the Banking Sector (Legislative Amendments), 2025**, with the aim of increasing competition in banking services, enable the entry of new players and reduce regulatory barriers. This memorandum proposes to enact the legislative amendments required for the implementation of the recommendations of the Inter-Ministerial Taskforce,² which mainly include setting licensing tiers for banking corporations according to their scope of activities ("micro bank" or "small bank", in addition to a "banking corporation"); changes in the restrictions on holding stakes in banking corporations; granting regulatory expedients for "small" banks and new banks and expansion of the areas of activity banks are permitted to engage in; it is also proposed to extend and amend the infant industry protections set under the Law for Promoting Competition and Minimizing Market Concentration (Legislative Amendments), 2017; for further details and implications, see Sections 9.2.5 and 15.1.24 below.

2. A summary report published in August 2025 by the interministerial taskforce for assessing measures to increase competition in banking services offered to the retail sector in Israel - composed of the Bank of Israel, the Ministry of Finance, the Israel Securities Authority, the Commissioner of the Capital Market, Insurance and Savings and the Competition Commissioner (hereinafter – the **"Interministerial Taskforce"**).

2.5.6.2. Draft for public comment - Supervisor Framework for Small and New Banks

In February 2026, the Banking Supervision Department published a draft for public comments titled Supervisor Framework for Small and New Banks, which was formulated further to the recommendations of the Interministerial Taskforce, in accordance with the principle of proportionality of the Basel Committee on Banking Supervision. The draft defines regulatory tiers according to the banking corporation's size, and each tier is assigned a regulatory framework which is consistent with the bank's size and its importance within the banking system. Furthermore, this draft defines a preparation period for a corporation which was awarded a bank license, to allow it to gradually implement the provisions which apply to it under the regulatory tier it belongs to. The adjustments are reflected in capital, liquidity, corporate governance, risk-management, fairness, customer-bank relations and other provisions, in a manner which maintains stability and the principles of providing fair service to customers.

Furthermore, and under the abovementioned Supervisor Framework for Small and New Banks, in February 2026 the Banking Supervision Department published a draft for public comments regarding amendments to the Reporting to the Public Directives of small and new banks.

For further details, see Section 15.1.25 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 dealing with the segments and Section 9.2 below.

2.5.8. Significant events subsequent to the reporting year

Subsequent to the reporting period, on February 28, 2026, the United States and Israel launched Operation Lion's Roar, which included a combined attack on Iran and various targets of the Iranian regime. For the effect of Operation Lion's Roar and security events preceding it - Operation Rising Lion and the War of Revival (formerly - the "Iron Swords War") - on the Group's activities, see Note 36(K) to the Financial Statements.

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 "**Savings**"). 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).

32. *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, and Other Insurance Subsegment (Liability Insurance Subsegments, and Property and Other Subsegments).³

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%).

33. *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.

34. *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, 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 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.

3. In previous years, the Company included the following subsegments in its P&C Segment: Compulsory motor insurance, motor property insurance, liability insurance, and property and other insurance. In its Financial Statements for 2025 and upon the application of the IFRSs, the Company merged liability insurance and property and other insurance into a single segment.

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

In the past two years and through the report publication date, no investments were made in the Company's equity, except for exercise of options by employees and conversion of convertible bonds issued by the Company to the public. For further details, see Note 23 to the Financial Statements.

4.2. Details of material off-floor transactions⁴ by interested parties in the Company's shares in the last two years

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. Arov, 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 14.24% of the Company's shares. Shalom Shai, who was an interested party in the Company, executed transactions for the sale of the Company's shares, as stated above, such that as of this date, he is not an interested party in the Company.

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. 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 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.

In May 2025, the Company's Board approved a dividend distribution totaling approx. NIS 200 million, which constitutes approx. 64% of the dividends declared and/or distributed in the Company's subsidiaries as of June 30, 2025.

Subsequent to the reporting year, in March 2026, the Company's Board approved a dividend distribution totaling approx. NIS 400 million, which constitutes approx. 61% 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

4. 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.

transitional provisions, at a rate of 110%. In May 2025, Clal Insurance's Board approved a revision to the dividend distribution policy, according to which the minimum economic solvency ratio for distribution, after the distribution, will be 115% (instead of 110%), calculated without taking into account the Transitional Period Provisions, and 135% taking into account Transitional Period Provisions. 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 totaling approx. NIS 100 million, which constitutes approx. 45% of Clal Insurance's comprehensive income in 2023, in accordance with Clal Insurance's distribution policy at that time.

In May 2025, Clal Insurance's Board approved a dividend distribution of NIS 300 million, which constitutes approx. 47% of Clal Insurance's 2024 comprehensive income in accordance with the Annual Financial Statements (approx. 25% of Clal Insurance's comprehensive income after application of IFRS 9 and IFRS 17, as detailed in Note 23(c) to the Financial Statements).

Subsequent to the reporting year, in November 2026, Clal Insurance's Board approved a dividend distribution totaling approx. NIS 600 million, which constitutes approx. 31% of Clal Insurance's comprehensive income in 2025, in accordance with the Annual Financial Statements. For details see Note 23(c) to the Financial Statements.

5.3. Dividend distribution policy and dividend distribution in Max

On June 30, 2024, Max's Board of Directors 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. In March 2026, Max's Board of Directors approved the distribution of a NIS 56 million dividend, which constitutes approx. 30% of Max's net income in 2025.

In addition, under the issuance of the Bonds (Series E) in July 2025, Max undertook, as is generally acceptable, not to distribute dividends under certain circumstances, such as non-compliance with the financial covenants it undertook to comply with, the establishment of grounds for immediate repayment, or breach of any of its material undertakings, all as detailed in the deed of trust.

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 23 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 8 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 23 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, permanent health insurance 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, permanent health 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 open to new planholders: (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.

For details regarding an old pension fund managed by Atudot, see Section 6.1.1.2 below.

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 (such as advanced education funds). In addition, provident funds include savings for the self-employed (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 investment provident funds may be withdrawn in the form of a lump sum or as an annuity eligible for 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:⁵

	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 coverage⁶	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. ⁷
Annuity conversion factor⁸	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 not protected from changes in life expectancy and is determined on 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 fund planholders and/or demographic assumptions prescribed by the Commissioner, such as their health and life expectancy. The actuarial assumptions are reviewed from time to time and affect the benefits of all planholders and recipients of	None

5. 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.

6. **According to the Supervision of Financial Services Regulations (Provident Funds) (Insurance Coverages in Provident Funds), 2012**, one may 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 contributions toward benefits or premiums, as the case may be, for disability, for planholders of pension funds, provident funds and insurance plans.

7. 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.

8. 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 divided by the conversion factor that represents the expected life expectancy (hereinafter - the **"Annuity Conversion Factor"**).

	Life insurance	New comprehensive / supplementary pension funds	Provident funds
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.	annuities in the pension fund, and these change accordingly. 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 6.1.1.2 below. The supplementary funds do not have a return guarantee mechanism.	None ⁹
Management fees¹⁰	A rate of the accrual and contributions; ¹¹ for details regarding the amounts collected in management fees, see Note 5 to the Financial Statements.	Rate of accrual and contributions, ¹² see Section 6.1.2.2 below for details.	
Beneficiaries¹³	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 amount¹⁴	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. ¹⁵

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

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, 2025, the holdings in designated bonds constitutes approx. 72% of total assets held against the 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

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

10. 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.

11. In traditional guaranteed return policies there are no management fees, and Company's revenues arise from the financial margin. In traditional policies, and in "Adif" (Meitav) policies, there are no management fees as a rate of contributions.

12. In advanced education funds there are no management fees as a rate of contributions.

13. 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.

14. 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.

15. Except for an annual cap of NIS 155 thousand for a one-off contribution into guaranteed return funds.

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 application of IFRS 17 and the change included therein with respect to the manner of measuring the accounting liability, the entitlement to acquire designated bonds was adjusted in accordance with the amendment to the Provisions of the Consolidated Circular regarding allocation of designated bonds.

Policies issued since the beginning of the 1990s are mainly yield-dependent insurance policies, 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.¹⁶

- **Pension funds**

Currently, old pension funds¹⁷ and new comprehensive pension funds benefit from a guaranteed return of up to 30% of total assets, and some of the fund's assets are backed by designated bonds bearing real annual interest of 4.86%, and some are backed by a Return Supplementation Mechanism (which is detailed below). However, the rate of guaranteed return with regard to planholders of the new pension funds, who began receiving an old-age pension prior to January 1, 2004, stands at 70% of total assets.

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"**). According to the mechanism for the growth of assets and of current repayment of designated bonds in the pension funds, the management companies will invest funds according to the investment policy in the set track under the mechanism. After 5 years, the return on the assets invested as aforesaid will be compared to the target return (return of 28.54%, linked to the CPI). If the return on the assets is lower than the target return, the state will remit the difference in return to the pension fund. If the return on the assets is higher than the 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. 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 nominal return achieved by the actual fund over 60 months for all its assets for which a return supplement was guaranteed.

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.

Furthermore, with respect to the old balanced pension funds - in respect of the assets invested in the free market and the assets invested in later designated bonds, the State of Israel provides a guaranteed return derived from the difference between the interest on the bonds issued to them and 4% or 4.86%, 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. For details regarding an audit report received by Atudot Havatika with respect to planholders' benefits, including with respect to the safety

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

17. 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.

buffer, see Note 35(2.2.3.2) to the Financial Statements.

Crediting returns in a new comprehensive pension fund

The comprehensive new pension funds are eligible to guaranteed return at a rate of 30% of the total balances accrued in the fund.

Under the **Supervision of Financial Services Regulations (Provident Funds) (Imputation of Yield in a Comprehensive New Pension Fund), 2016** (hereinafter - the "**Yield Imputation Regulations**"), a different allocation of the designated bonds was determined, divided into three groups: annuity recipients, planholders aged fifty or older and young planholders. As of the report date, the imputation of the return is carried out such that for annuity recipients a return at the rate of 60% of total assets of the annuity recipients is imputed in respect of Guaranteed-Return Assets, whereas for planholders, who are not annuity recipients, the return in the fund arising from the balance of investment in guaranteed-return assets is imputed. The temporary order postponing the different allocation to planholders aged 50 and over and to planholders aged 50 or under has been extended through December 31, 2028.

- **Provident funds**

Since the mid-1980s, no designated bonds were issued to the provident funds,¹⁸ 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 permanent health 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.

- **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 permanent health 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 permanent health 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.

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

As of the report publication date the Company does not market new collective permanent health 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 pension 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 traditional pension and 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; (e) the option to designate the accrued savings to an capital track and/or an annuity track within the same policy.

Over the years, 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.

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.

- 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.
- Over the years, executive insurance policies, policies for the self-employed and individual policies were marketed, some with insurance coverages and some without insurance coverages (under the application of IFRSs, savings policies without insurance coverages and without guaranteed annuity conversion factors are included under investment contracts; for details see Note 37 to the Financial Statements).

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 a breakdown of the management fees collected with respect to the various policies, see Notes 5 and 19 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 or 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).
- **Permanent health 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 permanent health 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”**). Currently, it is impossible to purchase permanent health insurance coverage in respect of the salary tier for which contributions are made to the pension fund.
- **Supplementary disability pension (pension fund umbrella)** - permanent health 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 annuity in accordance with the pension fund's bylaws, such as occupational permanent health, 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.
- **Accidental disability insurance** - an insurance plan that guarantees the payment of a lump sum amount in the case of disability caused by an accident.

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, Clal Insurance does not market life insurance coverages under executive insurance policies and under policies providing 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 been almost completely halted (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 generally have the same format.

For details regarding the mergers and changes made to the investment tracks, see Section 6.1.3 below.

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 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	
		Personal provident fund for retirement benefits and severance pay and savings provident fund
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	
	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	
		Advanced education fund
Clal Provident for the Future	General	
	Credit and bonds	
	Shares	
	Credit and bonds with shares (up to 25% shares)	
	Money market (NIS)	
		Investment provident fund ²⁴

19. Set up in February 2025

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 (NIS 81,711 for 2025).

Fund	Investment tracks	Fund type
	Halacha	
	S&P 500 Tracker	
	Flexible index-tracking	
	Share indices-tracking	
	Combined liquid ²⁵	
	Bonds - liquid ²⁶	
	Shares - liquid ²⁷	
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 6.1.2.4(2) 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 2025:

	Assets under management as of December 31, 2025 (NIS million)	Contributions towards benefits in 2025 (in NIS million)	Net accrual in 2025 (in NIS million)	Rate of average management fees out of assets for 2025	Rate of average management fees out of contributions for 2025
Atudot Havatika Pension Fund	13,408	143	(437)	0.27%	3.62%
New pension funds					
Clal Pension	162,994	10,395	6,500	0.14%	1.52%
Clal Supplementary Pension	7,806	807	1,043	0.19%	1.04%
Provident funds for benefits and severance pay and savings provident funds	30,512	441	(1,749)	0.46%	0.04%
Investment provident fund	3,637	778	160	0.60%	
Advanced education fund	29,932	3,338	(337)	0.52%	
Other ²⁸	2,138	2	(110)	0.68%	
Total	250,427	15,904	5,070		

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

25. See Footnote 19 above.

26. See Footnote 19 above.

27. See Footnote 19 above.

28. Including: Central provident funds for severance pay and central provident fund for participation in budgetary pension.

Description of the Corporation's Business

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 million)	Contributions towards benefits in 2024 (in NIS million)	Net accrual in 2024 (in NIS million)	Rate of average management fees out of assets for 2024	Rate of average management fees out of contributions for 2024
Atudot Havatika Pension Fund	12,985	154	(303)	0.27%	3.62%
New pension funds					
Clal Pension	136,135	9,798	5,263	0.15%	1.54%
Clal Supplementary Pension	5,825	666	789	0.23%	0.98%
Provident funds for benefits and severance pay and savings provident funds	28,887	425	(3,426)	0.47%	0.04%
Investment provident fund	3,088	742	(44)	0.64%	
Advanced education fund	26,632	3,463	(1,754)	0.53%	
Other ²⁹	1,988	1	(113)	0.68%	
Total	215,540	15,249	411		

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

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 million)	Contributions towards benefits in 2023 (in NIS million)	Net accrual in 2023 (in NIS million)	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	160	(271)	0.27%	3.59%
New pension funds					
Clal Pension	115,229	9,213	10,416	0.16%	1.59%
Clal Supplementary Pension	4,448	619	819	0.27%	0.91%
Provident funds for benefits and severance pay and savings provident funds	29,459	509	(1,662)	0.47%	0.08%
Investment provident fund	2,734	598	95	0.65%	
Advanced education fund	25,218	3,555	2,387	0.54%	
Other ³⁰	1,907	1	(125)	0.68%	
Total	191,352	14,656	11,658		

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

29. See Footnote 28 above.

30. See Footnote 28 above.

6.1.2.3. Management fees for the various products

- 1) Following are tables describing the maximum management fees in the various key products³¹ 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 ³²	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.
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 revenues 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.

Pension funds³³

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% ³⁴ 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. ³⁵ 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.

31. 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.

32. The "Profile" policies which were sold through 2003 included a different pricing mechanism.

33. 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.

34. In a comprehensive pension fund and a supplementary pension fund, respectively.

35. 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.

Provident funds³⁶

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.³⁷

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 transfer of planholders' investments for third parties, subject to the provisions of **Financial Services Supervision Regulations (Provident Funds) (Direct Expenses Due to Execution of Transactions) 2008**, (hereinafter - the "**Direct Expenses Regulations**"), which set the types of expenses that may be collected from planholders.

For each track or provident fund under its management, the institutional entity sets the cap on management fees to external party for the relevant fiscal year (hereinafter - "**Management Fees to External Party Cap**") and publishes it under its expected investment policy. In any event of deviation from the limit set by the institutional entity for itself, it will bear the payment of the deviation, and the Commissioner may, under special circumstances, allow a deviation from the maximum rate of management fees to external party set by the institutional entity.

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.

2) Directives regarding investment tracks

In July 2024, the **amendment to the "Investment Tracks in Provident Funds" Circular** (hereinafter - the "**Investment Tracks Circular**") went into force, which revised and significantly expanded the offering of specialized investment tracks, that an institutional entity may manage; in addition, restrictions were placed on investment tracks policies in specific tracks.

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;

36. Excluding guaranteed return provident funds, in which management fees are determined according to the bylaws.

37. 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) Actively-managed investment tracks with variable management fees - specialized investment tracks as set out in Section (1), 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.

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.

3) Default funds

In September 2024, the results of the Procedure of Selecting Default Pension 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, for a period of ten years. 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.

Additionally, 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.

In addition, a revision was published regarding annuity provident fund or default advanced education fund, which will be selected by way of tender to be held 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 maintains 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 Transition as Part of the Signing-On Process.³⁸

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

38. 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.

4) Transfer of information in the pension savings segment and the Pension Clearing System

The Central Pension Clearing System allows for information to be transferred 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 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;³⁹ the severance pay balances interface;⁴⁰ the funds transfer interface;⁴¹ the information to employers⁴² and other interfaces.

In November 2025, the Authority published a plan to upgrade the infrastructure for transferring pension information in Israel, which focuses mainly on the publication of a strategic roadmap for the transfer of information and the execution of transactions involving pension savings under which strategic guiding principles were set for the transfer of information and execution of transactions, including reducing the mandatory use of a clearing system, the conversion of the data-transfer infrastructure to API⁴³ technology and expanding and increasing the flexibility of the information and transactions transferred through the clearing system. In addition, the draft sets the key milestones for achieving the principles and objectives derived therefrom and the timetable for their implementation.

At the same time, the Authority published drafts of supplementary regulatory provisions and a new tender for the operation of the Pension Clearing System, which is designed, among other things, to ensure a transition from continuous operation of the existing system to APIs.

At this stage, it is impossible to assess the effects of the plan for upgrading the pension information transfer infrastructure in Israel. However, should the abovementioned provisions be issued as final directives, this will require Clal Insurance and Clal Pension and Provident Funds to make substantial operational preparations.

5) The taskforce for assessing medium and short-term investment instruments

In February 2025, an interim report was published of a taskforce set up by the Ministry of Finance a year earlier to assess the various investment instruments in medium and short-term savings, map the gaps and formulate recommendations regarding an adequate regulatory outline for the abovementioned investment instruments, such that the arbitrage in this market will be reduced. The report states that there is a regulatory and tax arbitrage in the short and medium-term savings instruments, and recommends a solution consisting of three parts:

- A. Revocation 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 contributions for which tax deferral is applicable 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.
Creating a uniform platform, including a user interface to increase accessibility for savers, which will display to the saver all savings and investment instruments they holds. The platform will enable users to execute transactions and provide brokerage and consulting services.
- B. 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.

39. The Holdings and pre-consulting interfaces include 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.

40. 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.

41. 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.

42. 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.

43. Application Programming Interface.

As of the date of this report, the final recommendations of the taskforce for assessing regulatory arbitrage in medium and short-term savings instruments have not yet been published, and in any case no proposal has been published for their implementation.

At this stage, the Company does not know how to assess the effects of the interim report, prior to the publication of the final report and provisions regarding its implementation.

6.1.3. New products

6.1.3.1. New products in the reporting year:

(a) Changes to bylaws of the pension and provident funds:

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 pension funds:

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 June 2025, an amendment to the bylaws of the comprehensive fund Clal Pension and the supplementary pension fund Clal Supplementary Pension entered into effect, which consisted mainly of revisions to the Annuity Conversion Factors for annuity recipients in accordance with the Institutional Entities Circular - Amendment to the Consolidated Circular on Measurement of Liabilities – Revising the Demographic Assumptions in Pension Funds.

In provident funds

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".

(b) 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.

6.1.3.2. New products subsequent to the reporting year:

(a) New products

Subsequent to the reporting year, in February 2026, Clal Pension and Provident Funds, the Accountant General and the National Insurance Institute signed an agreement for the establishment of the Savings for Each Child fund, which is a child long-term investment provident fund for savings, to which the National Insurance Institute makes contributions for each child for whom child benefit is paid, in favor of long-term savings of the child, in accordance with the National Insurance Law. The child's parent may increase the basic savings amount through an additional savings amount out of the child benefit. The purpose of the fund is to enable substantial initial savings for Israeli children, while utilizing the long period from birth to adulthood in order to maximize the returns on the savings. Clal Pension and Provident Funds works with the Capital Market Authority to approve the fund's bylaws.

Most management companies manage Savings for Each Child funds and enrollment to such funds is made according to the parents' choice; with regard to children whose parents did not make a choice – according to a rotation among the existing funds in the market. In March 2025, the Capital Market Authority approved the establishment of the fund.

The Company believes that the opening of such a fund will not have a material effect on its business results.

(b) Changes in life insurance products subsequent to the reporting year:

At the beginning of 2026, the Company launched an individual savings policy under the trade name Clal Safe. The policy is a savings policy, which incorporates life insurance coverage in accordance with the policy's accrual amount, such that the insurance coverage amount decreases as the accrual increases, in accordance with the policyholder's choice.

In January 2025, two new investment tracks were launched in the insurance policies marketed since 2004 onwards - a liquid share track and a liquid bond track.

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

In February 2026, a revision was approved to an amendment to the bylaws of the comprehensive fund Clal Pension and the supplementary pension fund Clal Supplementary Pension, under which a new investment track was added for annuity recipients – an index-tracking track for annuity recipients.

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 permanent health insurance (disability) 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 permanent health insurance (disability) 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 revenues that exceeds half the average wage in Israel and not beyond that wage), according to their revenues (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,⁴⁴ 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

44. For further details, see Section 6.1.1.2 above.

6.1.2.1 above).

The regulatory encouragement trend intensified significantly since 2023 and onwards, 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 executive insurance products alongside a significant increase in transfers from the executive insurance product to the pension product. These processes continued during the reporting year.

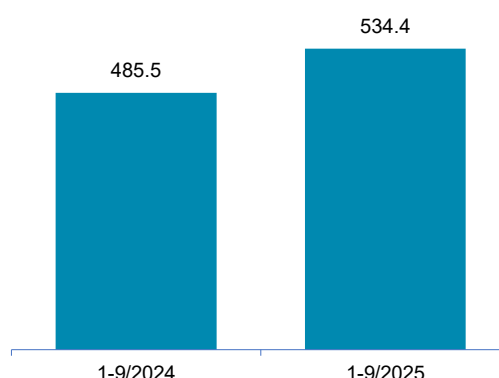
- **Scope of activity:** Assets under management in the life insurance sector in Israel include assets held by insurers to cover their liabilities to the policyholder under life insurance plans which provide a guaranteed return (hereinafter - "**Guaranteed Return Assets**") and assets held by insurers to cover yield-dependent life insurance liabilities (hereinafter - "**Yield-Dependent Assets**").

In accordance with the Commissioner's publications, the yield-dependent assets in the life insurance sector in the Israeli insurance market totaled approx. NIS 534.4 billion as of September 30, 2025, compared to approx. NIS 485.5 billion as of September 30, 2024. The Company does not have data on the volume of guaranteed return assets under management in the Israeli insurance market.

As of December 31, 2025, the assets in the life insurance portfolio under management of Clal Insurance amounted to approx. NIS 128 billion, of which approx. NIS 100 billion are yield-dependent assets (participating policies), compared to approx. NIS 120 billion as of December 31, 2024, of which approx. NIS 95 billion are yield-dependent assets.⁴⁵

Development of yield-dependent assets in a life insurance portfolio for the first nine months of 2024-2025

In NIS billion



The increase in assets under management as of September 30, 2025 compared to December 31, 2024 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).

In the reporting year, the volume of sales of various life insurance policies in the life insurance subsegment has declined, mainly with respect to life insurance policies taken out to cover outstanding mortgage balances. At the same time, there has been no substantial change in the lapse rates of these policies compared to 2024.

For details regarding the changes in premiums and in redemptions in the insurance products, see Sections 6.4.1 and 6.4.2 below and Part B to the Report - Report of the Board of Directors, Section 2.2.1.1.

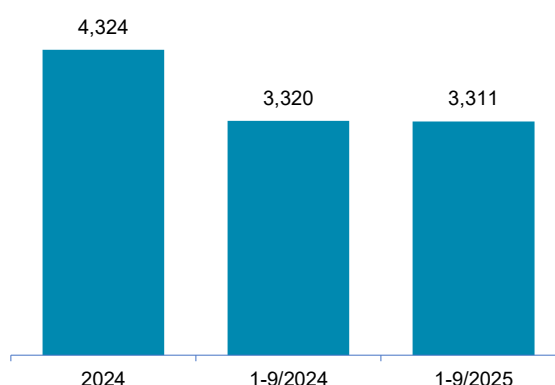
- **Profitability:** Total comprehensive income before tax from life insurance business in the life insurance market in the first nine months of the reporting year amounted to approx. NIS 3,311 million compared to a profit of approx. NIS 3,320 million in the corresponding period last year.

45. The data presented with respect of 2024 are in accordance with IFRSs and may vary from data included in the Company's previous reports, which were presented in accordance with previous IFRSs.

The profitability in life insurance is based, among other things, on the aggregate result of the following components over the policy's life: The financial margin in the guaranteed-return life insurance portfolio, the management fees collected from the accrual and/or the contributions in yield-dependent insurance policies, investment margins, demographic effects, and net of fees and commissions and other expenses; and with regard to insurance coverages - the difference between the collected premium and the coverage of insurance risks and expenses and their actual cost over the policy's life, and demographic effects, net of fees and commissions and other expenses.

Total comprehensive income before tax in life insurance at the market level from 2024 to September 2025

In NIS million⁴⁶



The cumulative results of insurance companies in the Israeli insurance market in the Life Insurance Subsegment in the first nine months of 2025 were affected by an increase in investment revenues due to an increase in returns in most investment tracks in the capital market.

Total management fees, which were collected in the market in the first nine months of 2025 amounted to approx. NIS 4,735 million compared to approx. NIS 2,475 million in the corresponding period last year.

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. Since 2023, there has been a decrease 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.

The Company revises from time to time the liabilities in respect of annuity recipients in accordance with the Commissioner's directives for calculating the liabilities of institutional entities and the Annuity Conversion Factors to annuity recipients in pension savings products.

For financial information regarding the Company's Life Insurance Subsegment, see Note 5 and 19 to the Financial Statements.

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 33 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

- **Demand and supply trend:** In the reporting year, the pension products continued to be the leading pension product marketed in the market further to the trend of preferring pension products over the executive insurance and provident fund products as detailed below. 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.

46. The income in respect of previous periods was calculated in accordance with a different accounting standard and therefore it is impossible to compare it to income data in the reporting year.

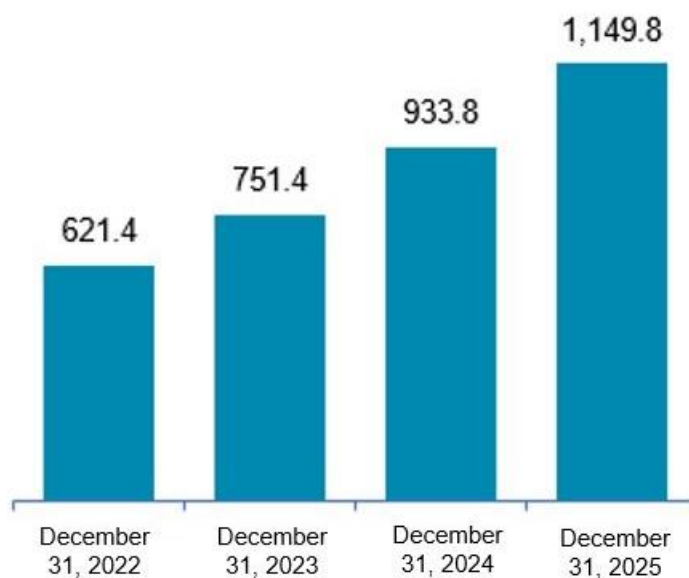
Over the years, the government encouraged saving for pension under the annuity track by, among other things, backing some of the pension funds' investments with a return guarantee mechanism (for details, see Section 6.1.1.2 above); the mandatory pension order, which stipulates that as long as the policyholder 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 6.1.2.4(3) above); 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 exclusive pension product sold compared to executive insurance products, despite certain advantages that the insurance products have over pension products.

- **Scope of activity:** According to the Commissioner's publications, assets accrued in the new and general pension funds in the pension market as of December 31, 2025 reached approx. NIS 1,149.8 billion, compared to approx. NIS 933.8 billion in the corresponding period; i.e. - an increase of approx. 23.1%. 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, 2025 the share of the comprehensive and general pension funds managed by the Group out of the total comprehensive and general pension funds market was approx. 14.9% compared to approx. 15.2% in the corresponding period. The decrease in the market share of the pension assets was mainly due to an increase in outgoing transfers from pension funds managed by the Group.

Net accrual in the comprehensive and general pension funds market in respect of contributions in the reporting year amounted to approx. NIS 80.3 billion compared to approx. NIS 76.8 billion in the corresponding period.

Development of assets in the pension funds market in 2022-2025

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 and the average duration of the pension and provident fund products. 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 higher 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. Furthermore, it is reflected in intense

competition with respect to the rates of fees and commissions, especially the rates of fees and commissions collected upon commencement of annuity payment. For financial information regarding the Company's Pension Funds Subsegment, see Note 5 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.

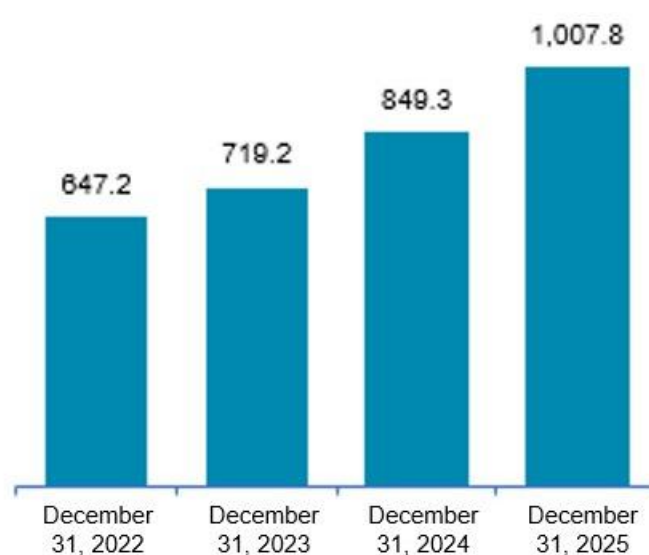
6.1.4.3. Provident funds

- **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, 2025 amounted to approx. NIS 1,007.8 billion, compared to approx. NIS 849.3 billion as of December 31, 2024, an increase of approx. 18.7%. This increase arises mainly from returns on assets under management.

As of December 31, 2025, the assets under management of the provident funds under the management of the Group constitute approx. 6.6% of total assets under management in the provident funds market compared to approx. 7.1% as of December 31, 2024, mostly due to the greater number of outgoing transfers, which arose, among other things, from the Company's return gaps compared with its competitors.

Development of assets in the provident funds market in 2022-2025

In NIS billion



The transfer of planholders and accruals between the provident funds continued in the reporting year, although there was a decrease in the rate of outgoing transfers from investment provident fund products and advanced education funds compared to the previous 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 reporting year there was a decrease in the rate of assets for which redemptions were executed from investment provident fund products and advanced education funds compared to the previous 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. Furthermore, it is reflected in intense competition with respect to the rates of fees and commissions. In the reporting year, the average management fees collected in provident funds did not change materially compared to 2024.
- **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 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*

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. The uniformity between the various products 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 preferable, 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 6.1.2.4(3) above), the existence of return guarantee mechanisms (for details, see Section 6.1.1.2 above).

In the reporting year, the Group is the fifth 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, the decrease in enrollment to executive insurance products continued alongside the continuation of transfers from executive insurance products to pension products, in view of the contribution cap in executive insurance (see Section 6.2.2 below). Consequently, the relative share of the executive insurance product of all of the pension savings products has decreased of the Group and market as a whole.

Other advantages of the pension product arise from insurance coverages' cost when incorporated into a pension fund compared to their cost when incorporated into an executive insurance product, the fact that it is impossible to purchase life insurance coverage under an executive insurance policy, 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.

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 6.1.2.4(3) above), 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). For details, see Section 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, has reinforced the trend whereby pension funds are virtually the single pension product to which planholders enroll.

In recent years, during 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. A high rate of planholders' applications to be transferred to pension funds immediately prior to their retirement date may have a material effect on the Company's business results.

6.1.5.3. Provident Funds Subsegment

In the reporting year, the Group was the eighth 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 provident products managed by Clal Pension and Provident Funds arose from an increase in returns on most 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 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. 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, 2025, the Company's holdings in the field of long-term savings amount to approx. 12.3%.

The area of activity is characterized with significant and extensive 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 6.1.2.4(3) above), the setting up of Pension Clearing System (see Section 6.1.2.4(4) above), the amendment to the Direct Expenses Regulations, and the investment track reform (see Sections 6.1.2.4(1) and 6.1.2.4(2) above).

6.2.2. Cap on contributions to executive insurance

In September 2023 amendments went into effect 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** (hereinafter - the "**Transfer of Funds Regulations**").

Under the abovementioned amendments, it was determined, among other things, that contributions will only be made to new insurance funds for an amount which exceeds 20.5% of twice the average wage in Israel (hereinafter - the "**Monthly Contribution Cap**"), and that funds will only be transferred from a provident fund which is not an insurance fund to a provident fund which is an insurance fund subject to compliance with the condition whereby the transferred amount will be equal to or higher than the Monthly Contribution Cap multiplied by the number of months that elapsed since the first payment was made into the transferor provident fund.⁴⁷

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, including policies with secured life expectancy coefficients sold over the years.

Accordingly, as stated above, the reform led to a substantial increase in executive insurance policies' outgoing transfers. Consequently, there is a mixed effect on the Company's embedded value; the embedded value of policies with a new Annuity Conversion Factor has deteriorated, and - on the other hand - the embedded value of policies with old Annuity Conversion Factors has improved.

47. The restriction does not apply to transfer of funds from an insurance fund which was issued before September 2023.

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, the increased outgoing transfers from executive insurance products continues.

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. Directives regarding marketing and fees and commissions arrangements for the insurance and the pension savings products

Regarding the no-action letters and a bill whose aim is to allow banking corporations to provide pension advice digitally or by telephone, see Section 9.8.1.1(b) and Sections 9.8.2.3 and 9.8.2.4 below; regarding the report of the taskforce for assessment of institutional entities' holdings in insurance agencies, see Section 9.8.2.1 below; regarding the draft amendment to the Agents and Advisors Circular on Power of Appointment to a License Holder, see Section 9.8.2.2 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 resulted in a uniform format of various products, including the bylaws of the pension funds and provident funds and permanent health insurance policies.

For details regarding the consolidation of investment tracks, as part of an amendment to the Investment Tracks Circular, see Section 6.1.2.4(2) above.

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 does not have a material effect on the Company's business results.

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.

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. 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 2023 to 2025, see Section 6.4.5 below.

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, 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 acquired or fund transfers 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 companies' financial statements, as of December 31, 2025, the Group was the third largest group in the life insurance market, the fourth largest group in the pension funds market and eighth largest group in the provident funds market, and in total - the Group is the fifth largest in the pension market based on total assets under management, as defined by the Commissioner.

In the life insurance and permanent health 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. 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 permanent health insurance products, as a supplementary product of executive insurance.

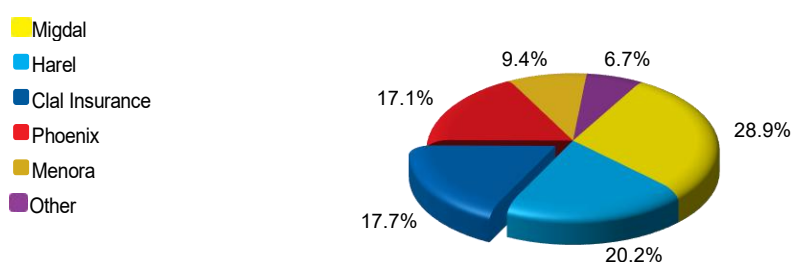
The competition between the area of activity's products and the institutional entities intensified due to the combined effect of regulatory changes introduced in past years, including the setting up of default pension funds (for details, see Section 6.1.2.4(3) above), the trend of consolidating various 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 6.1.2.4(4) 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.**

A. Life insurance

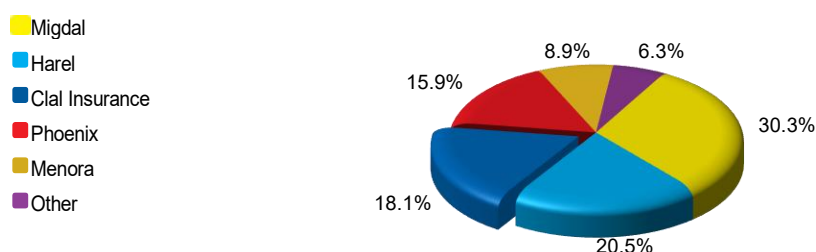
Approx. 91% of the life insurance market, in terms of gross premiums, is controlled by the five largest insurance companies (Clal Insurance, Migdal, Harel, Menora and Phoenix). Clal Insurance competes mainly against those insurers, pension funds and provident funds that provide alternative products, and against financial entities. Clal Insurance also competes - in the field of individual insurance - against other insurance companies, and against financial entities.

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 it suits the customer's needs, by posting a query on the Har Habitua 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.

Breakdown of share of premiums by insurance groups and companies in Israel in the Life Insurance Subsegment as of September 30, 2025



Breakdown of share of premiums by insurance groups and companies in Israel in the Life Insurance Subsegment as of September 30, 2024⁴⁹



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

As stated above, as from 2023 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).

In 2025, the rate of redemptions in financial savings products declined.

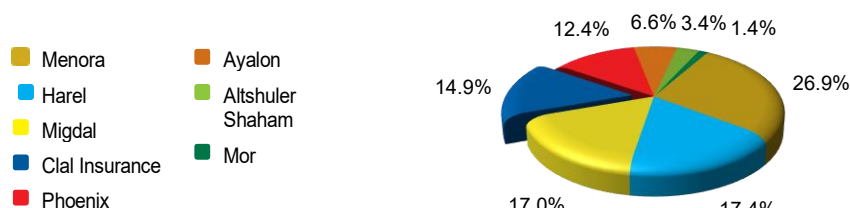
The competition regarding insurance coverages in the life insurance subsegment is among the major insurance companies.

49. The data presented with respect of 2024 are in accordance with IFRSs and may vary from data included in the Company's previous reports, which were presented in accordance with previous IFRSs.

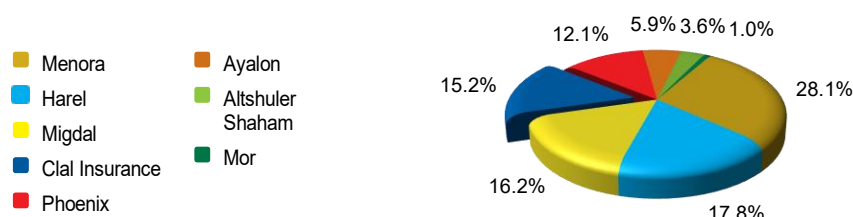
B. Pension funds

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 Phoenix Pension.

Breakdown of the share of assets in the new pension funds by insurance groups and companies in Israel as of December 31, 2025



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



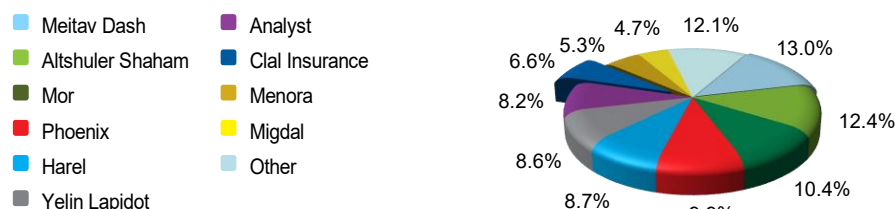
The decrease in the Company's market share arose mainly from incoming transfers less outgoing transfers, which arose, among other things, from the ranking of the Company's returns compared to those of its competitors in previous years.

During the reporting year, the ranking of the Company's returns has improved (and at the end of the year, the Company was the leading entity in a large portion of the tracks), and accordingly, in the second half of the year, there was a decrease in outgoing transfers compared to the first half of the reporting year, and the amounts of incoming transfers increased in the second half of the year compared to its first half. Notwithstanding the above, taking into account the reporting year as a whole, the Company's market share has declined compared to the previous year.

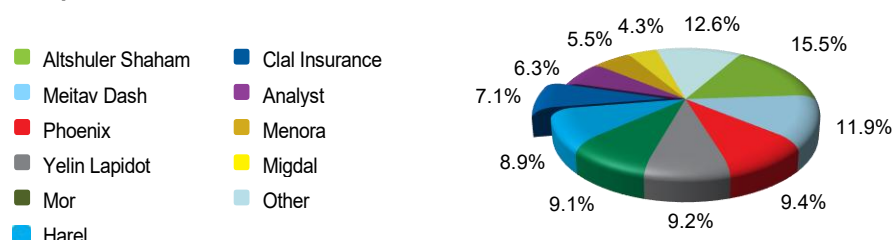
C. Provident funds

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 Meitav-Dash, Altshuler Shaham, More, Phoenix, Harel, Yelin Lapidot, Analyst, Menora and Migdal.

Breakdown of the share of provident fund assets by private entities and insurance companies in Israel as of December 31, 2025



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



In view of the improvement in the Company's returns compared to its competitors in the reporting year (and the Company's being the leading entity in a large portion of the tracks at the end of the year), during the year there was a decrease in the amounts of outgoing transfers from the provident funds managed by the Company, and the amounts of incoming transfers have increased. However, in the reporting year outgoing transfers net of incoming transfers remained negative, and therefore the Company's market share has declined compared to the previous year.

During the reporting year, the rate of fund withdrawals in the provident funds managed by the Company decreased compared to the previous year.

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 sector.
- 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 revenues from which constitutes 10% or more of the total amount of the Company's revenues in the Consolidated Financial Statements.

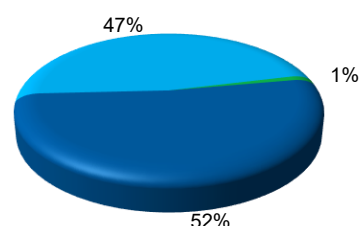
6.4.1. Breakdown of the Company's customers in the Life Insurance Subsegment by premiums in 2025 and 2024

Type of customer	2025		2024 ⁵⁰	
	Gross premiums (in NIS million)	% of total premiums	Gross premiums (in NIS million)	% of total premiums
Salaried employees and planholders	3,102	52%	3,476	60%
Individual policyholders, self-employed				
policyholders and financial savings	2,789	47%	2,286	39%
Collective	80	1%	83	1%
Total	5,971	100%	5,848	100%

50. The data presented in relation to 2024 are in accordance with the reporting standards and may differ from data included in the Company's previous reports, which were presented in accordance with previous accounting standards.

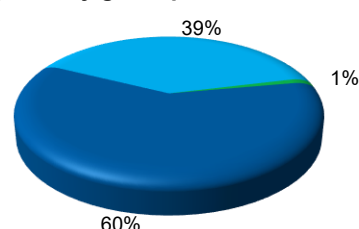
Breakdown of customers in the Life Insurance Subsegment by gross premiums in 2025

- Salaried employees and planholders
- Individual policyholders, self-employed policyholders and financial savings
- Collective



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

- Salaried employees and planholders
- Individual policyholders, self-employed policyholders and financial savings
- Collective



The change in the breakdown of customers between 2024 and the reporting year arises mainly from the increase in outgoing transfers from the executive insurance product to the pension product, alongside a substantial decline in enrollment to life insurance products (which are primarily purchased by salaried employees) - mainly due to the contribution cap in executive insurance (for details see Section 6.2.2 above), on the one hand; and on the other hand - due to an increase in enrollment to the financial savings product, which is an individual savings product (for details see Section 6.3.1.1(a) above).

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 3.9% compared to 4.9% in 2024.⁵¹

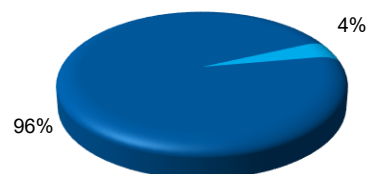
6.4.3. Breakdown of Company's customers in the Pension Funds Subsegment by contributions towards benefits in 2025 and 2024

Type of customer	2025		2024	
	Contributions towards benefits (in NIS million)	% of total revenues	Contributions towards benefits (in NIS million)	% of total revenues
Salaried employees and planholders	10,703	96%	10,011	96%
Policyholders - private individuals and self-employed	499	4%	453	4%
Total	11,202	100%	10,464	100%

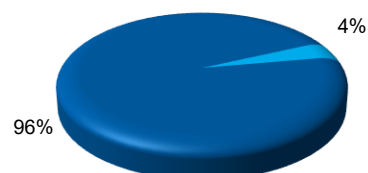
51. The rate of redemptions in the life insurance subsegment reflects the redemptions in respect of all effective savings policies, including investment contracts.

Breakdown of customers in the Pension Funds Subsegment by contributions towards benefits in 2025

- Salaried employees and planholders
- Policyholders - private individuals and self-employed

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

- Salaried employees and planholders
- Policyholders - private individuals and self-employed

**6.4.4. Breakdown of Company's customers in the Provident Funds Subsegment by contributions towards benefits in 2025 and 2024**

2025

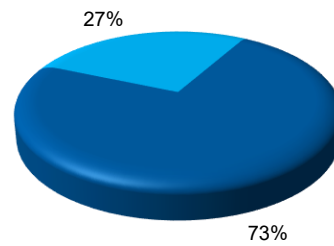
	Contributions towards benefits - provident funds	Contributions towards benefits - central funds	Contributions towards benefits/ contributions into advanced education funds	Investment provident funds	Total contributions towards benefits	% of contributions towards benefits
	(In NIS million)	(In NIS million)	(In NIS million)	(In NIS million)	(In NIS million)	(In NIS million)
Type of customer						
Salaried employee planholders	349	2	2,965	-	3,315	73%
Policyholders - private individuals and self-employed	92	-	373	778	1,243	27%
Total	441	2	3,338	778	4,558	100%

2024

	Contributions towards benefits - provident funds	Contributions towards benefits - central funds	Contributions towards benefits/ contributions into advanced education funds	Investment provident funds	Total contributions towards benefits	% of contributions towards benefits
	(In NIS million)	(In NIS million)	(In NIS million)	(In NIS million)	(In NIS million)	(In NIS million)
Type of customer						
Salaried employee planholders	359	1	3,122	-	3,482	75%
Policyholders - private individuals and self-employed	65	-	342	742	1,149	25%
Total	424	1	3,464	742	4,631	100%

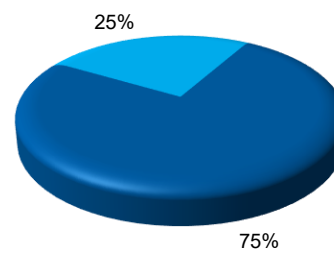
Breakdown of customers in the Provident Funds Subsegment by contributions towards benefits in 2025

- Salaried employees and planholders
- Policyholders - private individuals and self-employed



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

- Salaried employees and planholders
- Policyholders - private individuals and self-employed



6.4.5. Information regarding the transfer of funds from and to the Group's institutional entities in the Long-Term Savings Subsegments from 2023 to 2025:⁵²

2025		The Group's activity			Total
In NIS million	Life Insurance	Provident funds	Pension		
Transfers to the Group from other entities					
Transfers from other insurance companies	167	307	1,720	2,194	
Transfers from pension funds	6	157	9,911	10,074	
Transfers from provident funds	66	2,266	251	2,583	
Total transfers to the Group	240	2,730	11,882	14,852	
Transfers from the Group to other entities					
Transfers to other insurance companies	222	37	27	286	
Transfers to pension funds	2,825	307	12,376	15,508	
Transfers to provident funds	2,116	6,260	716	9,092	
Total transfers from the Group	5,164	6,603	13,119	24,886	
Net transfers	(4,924)	(3,873)	(1,237)	(10,034)	
2024		The Group's activity			Total
In NIS million	Life Insurance	Provident funds	Pension		
Transfers to the Group from other entities					
Transfers from other insurance companies	214	218	1,652	2,084	
Transfers from pension funds	8	109	6,770	6,887	
Transfers from provident funds	62	1,636	194	1,892	
Total transfers to the Group	284	1,964	8,616	10,864	
Transfers from the Group to other entities					
Transfers to other insurance companies	236	58	28	322	
Transfers to pension funds	2,654	202	10,674	13,530	
Transfers to provident funds	1,838	8,538	447	10,823	
Total transfers from the Group	4,728	8,799	11,149	24,676	
Net transfers	(4,444)	(6,835)	(2,533)	(13,812)	
2023		The Group's activity			Total
In NIS million	Life Insurance	Provident funds	Pension		
Transfers to the Group from other entities					
Transfers from other insurance companies	466	417	1,638	2,521	
Transfers from pension funds	121	138	7,008	7,267	
Transfers from provident funds	262	3,931	465	4,658	
Total transfers to the Group	849	4,487	9,111	14,447	
Transfers from the Group to other entities					
Transfers to other insurance companies	281	126	75	482	
Transfers to pension funds	1,822	147	5,630	7,599	
Transfers to provident funds	1,171	4,748	318	6,237	
Total transfers from the Group	3,275	5,022	6,023	14,320	
Net transfers	(2,426)	(535)	3,088	127	

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 reporting year, this trend reversed in the Company's provident products and the rate of outgoing transfers from these products has improved to a material extent (in terms of the accrual amount) and came to a halt with respect to the Company's pension products.

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

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 may be longer, since it is taken into account since 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:⁵³

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.

53. In previous years, the company reviewed, within the scope of P&C insurance, the following industries: compulsory motor insurance, motor property insurance, liability insurance, property insurance, and others. In its Financial Statements for 2025 and with the application of the IFRSs, the Company began to review the liability insurance and property and other insurance as a consolidated segment, see Section 7.1.1.3 below.

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 times 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. 11.85%⁵⁴ in the 2025 underwriting year similarly to the 2024 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 is 8% of the cost of the pure risk⁵⁵ of the insurer's compulsory insurance outside the residual insurance.

In November 2024, an 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. As of the report publication date, the amendment to the Pool tariffs did not have a material effect on the Company's business results.

In August 2025, a revised report for 2024 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 database operator the Authority will publish a further amendment to the Pool tariffs, this is expected to result in an increase in the Pool tariffs and may affect market prices.

The Company's assessments regarding the consequences of the amendment of 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

54. The rate specified above is a temporary rate, which is based on September 2025 data, as published by the "Pool".

55. "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**.

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** 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.

(4) Payment of claims to the National Insurance Institute (hereinafter - the "NII")

In accordance with the **Amendment to the National Insurance Law [Combined Version], 1995**, as from January 1, 2025, insurers are required to transfer to Karnit 10.95% of the insurance premiums as defined in the National Insurance Law, instead of paying subrogation claims to the NII by virtue of the CRAV Law.

For further details, see Section 7.1.1.1(d) below.

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 Operator of the Statistical Database in the Compulsory 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

A database for identifying insurance fraud is operated in the compulsory motor insurance subsegment, which is managed by a third party which is not related 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 according to the calculation mechanism under the CRAV Law (for further details, see Section 7.1.1.1(b)(4) above).

The interest rate for the purpose of discounting national insurance benefits

The discount rate in tort damages (which is used, among other things, to discount insurance benefits paid to policyholders) stood at a fixed rate of 3% for all injured parties by virtue of a judgment on the matter rendered by the Supreme Court.

In December 2025, the **National Insurance Regulations (Capitalization) (Amendment), 2025** were approved, under which the discount rate remained without change at 3%.

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 focuses on the prohibition on insurance companies from basing their decisions of whether to issue an insurance policy to an insurance candidate in motor insurance subsegments based on considerations which are contrary to statutory provisions, including provisions which prohibit discrimination based on geographical location (including underwriting procedures and other requirements).

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).

For details regarding the Authority's letter on motor property rates, see Section 7.1.3 below.

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 appraisers⁵⁶ (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

56. 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.

of an appraiser who was selected by the policyholder from the External Appraisers List, 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.

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 2023-2024 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 was published concerning deductions from 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. The decision is that 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 (hereinafter - the **"Decision regarding Payment of Reduced Insurance Benefits"**).
- 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.

Furthermore, minimum principles and conditions were set whereby the agreement between the insurance company and the Authorized Auto Repair Shop should include, among other things, provisions regarding the price of an hour worked, the cost of spare parts and additional provisions regarding the manner of engagement with the Authorized Auto Repair Shop.

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.

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.

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 appraiser database. 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.

As of the report publication date, the provisions of the Auto Repair Shops and Appraisers Circular did not enter into effect due to the Ministry of Transport's decision of March 2025, according to which it will not publish the professional directives set as a condition for the circular's entering into effect.

In November 2024, the Israel Garage Association 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 (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 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 February 2026, a judgment was rendered, which dismissed the petition.

At this stage, Clal Insurance is unable to anticipate all of the effects of the Motor Property Reform, insofar as provisions enter into effect, which have not yet entered into effect as of the date of this report, which may have opposing effects on claim settlement costs in motor property insurance, in view of the multiple proposed amendments and their cumulative effects, which may be material. Clal Insurance believes that at this stage it is also impossible to predict the effects of canceling the constructive loss mechanism and the expected amendment to the definition of total loss by the Traffic Regulations, 1961 and whether the Ministry of Transport's regulatory framework regarding the cost of spare parts will be promoted.

- **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.

In March 2025, the Ministry of Transport issued a resolution, according to which the price of transport products will not change as stated above until additional measures are taken as detailed in the resolution. 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.

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 "**Acquirer 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 Acquirer Company were awarded an exemption from cartel clearance by the Competition Commissioner through February 2021, which was extended through February 2027 by means of a self-assessment mechanism, according to the **Antitrust Rules (Exemptions for Joint Ventures) (Temporary Order), 2006**.

7.1.1.3. Other (liability, property and other insurance)

Property and casualty insurance comprises liability, property, and other types of insurance.⁵⁷

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 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,

57. In previous years, the Company included the following subsegments in its P&C Segment: Compulsory motor insurance, motor property insurance, liability insurance, and property and other insurance. In its Financial Statements for 2025 and with the application of the IFRSs, the Company began to review the liability insurance and property and other insurance as a consolidated segment, see Section 7.1.1.3 below.

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.

Property and other insurance includes several subsegments as detailed below:

- 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.

- **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 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.

The premium for these policies is normally determined as a percentage 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 with respect to a consequential loss policy also according to the required indemnity period.

In most cases, other property insurance policies are issued for a one-year period. Property insurance policies can be purchased as an independent product or incorporated into other insurance sub-subsegments.

- **Guarantees sub-subsegment**

This sub-subsegment mainly includes guarantee policies in accordance with **the Sale Law (Apartments) (Guaranteeing 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 housing 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 changes 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, Clal Insurance 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.⁵⁸

Clal Insurance's activity in this sub-subsegment is carried out, among other things, through its engagement 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.

- **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 scaled back its activity in this sub-subsegment and as of the date of this report the activity is immaterial.

58. 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.

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 they 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.

7.1.1.4. 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 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.

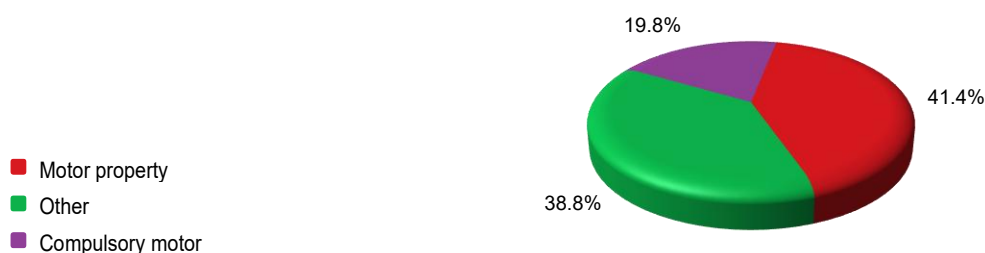
7.1.2. Key markets, trends and changes in demand and supply

In the P&C insurance market, the increase in premium amounts has come to a halt, as a result of increased competition in the market. Concurrently, there were no material changes in the product mix, compared to the corresponding period last year.

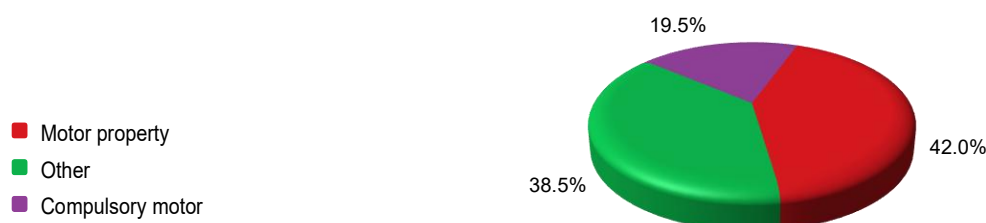
According to the companies' financial statements as of September 30, 2025, gross premiums in the Property and Casualty Insurance Segment in Israel in the first nine months of 2025 was approx. NIS 27 billion, an increase of approx. 2.3% compared to the corresponding period last year.

Following is a breakdown of gross premiums in the Israeli P&C insurance market by P&C insurance subsegments from January to September 2024 and 2025:

Breakdown of gross premiums in the Israeli insurance market by Property and Casualty Insurance Subsegments January to September 2025



Breakdown of gross premiums in the Israeli insurance market by Property and Casualty Insurance Subsegments for January to September 2024

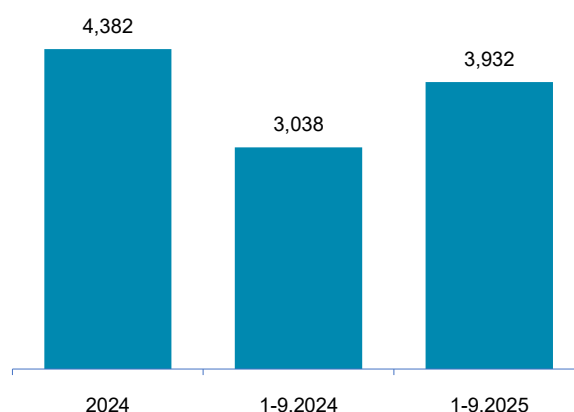


According to the companies' financial statements as of September 30, 2025, the profit in the Property and Casualty Insurance Segment in Israel in the first nine months of 2025 was approx. NIS 3.9 billion, compared with a profit of approx. NIS 3 billion in the corresponding period last year.

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 2024 to September 2025

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 sale of the product by many insurance companies in the market, from the introduction of new market players and even from intervention by regulators. 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 competitive 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 in the subsegment 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. Demand 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 the reporting year, the improvement in profitability in the subsegment continued. However, during the reporting year, the average premium has started to decline and this is expected to erode profitability in the future. 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.

For details regarding the Authority's letter on motor property rates, see Section 7.1.3 above.

C. Other (liability, property and other insurance)

Most Israeli insurance companies operate in the liability insurance subsegment, which is characterized with products with similar characteristics and significant price competition. The demand for these coverages is the 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 policies may be affected by competition, regulatory changes and their implementation, and the quality of underwriting. For further details the subrogation right of the National Insurance Institute, see Section 7.1.1.1(d) above.

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

As to property insurance, the demand for these insurance policies and their profitability is affected, among other things, by the rate of burglaries, fires and water damages to homes and businesses, and by damages due to natural disasters. In addition, the profitability is affected by competition, 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.

D. 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*

In accordance with the companies' financial statements, the Group is the fourth largest group in the P&C insurance segment, the third largest group in the compulsory motor subsegment, the fifth largest group in the motor property subsegment, the fifth largest group in the other (liabilities and property and other) subsegment, and the second largest group in the credit insurance subsegment.

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. For details on this matter, see Section 7.3.1 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 7.3 below.

In November 2025, the Company received a letter from the Authority regarding motor property insurance rates, in which the Authority instructed the Company to submit a full actuarial appendix, including a revised rate. The Authority further noted in its letter that if an actuarial appendix and a revised rate are not approved for the Company by April 30, 2026, it will not be able to continue offering those insurance plans as from that date.

The Company believes that if the revised rates, which will be approved for the Company will be lower than the current rates, this may contribute to the premium reduction and increase the erosion of profitability in the subsegment.

The Company's assessments constitute forward-looking information, based on information in the Company's possession on the report date. Actual results may vary than expected and depend, among other things, on the competitive conditions in the subsegment, the manner of implementation of regulatory provisions, the rates approved for the Company in motor property insurance and the behavior of competitors and license holders.

7.1.4. *New products*

In the reporting year no new material products were marketed.

7.2. *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 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 Company's activity, in addition to those described above in this chapter, see also Section 9.2 below.

7.3. *Competition*

7.3.1. *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. Price changes, entry of new companies into the market, 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:

- **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. For further details regarding the Authority's letter on motor property rates, see Section 7.1.3 above.

- **Transparency -**

Digitally available data - the availability of information by digital means (such as Har Habituach) makes it easier to make comparisons and increases the competition in the market.

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 - mostly 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.

The Group'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.

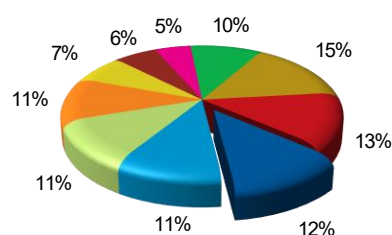
7.3.2. *Competitive conditions in the segment*

Most Israeli insurance companies operate in this segment.

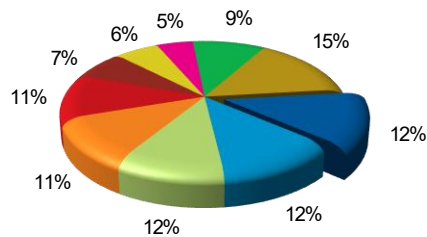
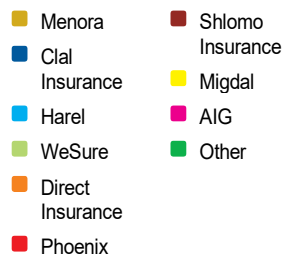
Total gross premiums received in the Property and Casualty Insurance Segment in the Group amounted, as of September 30, 2025 to approx. NIS 3,083 million, and constituted - according to the data as per the financial statements of the insurance companies as of September 30, 2025 - approx. 11.4% of the property and casualty insurance activity in the market, compared to gross premiums of NIS 3,163 million, which constituted approx. 12.0% of the property and casualty insurance activity in the market in the first nine months of 2024.

7.3.2.1. **Compulsory Motor**

Breakdown of premiums in the Compulsory Motor Subsegment by insurance groups and companies as of September 2025

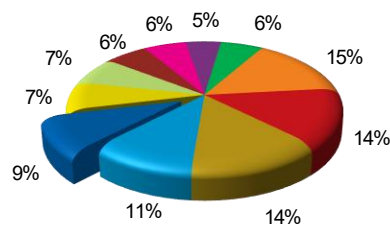


Breakdown of premiums in the Compulsory Motor Subsegment by insurance groups and companies as of September 2024

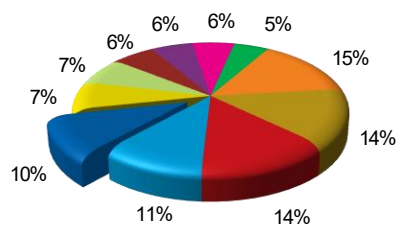


7.3.2.2. Motor Property

Breakdown of premiums in the Motor Property Subsegment by insurance groups and companies as of September 2025

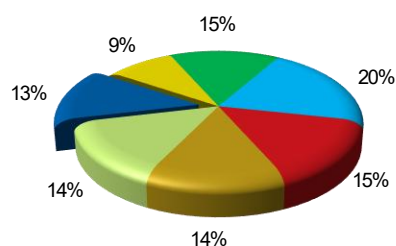
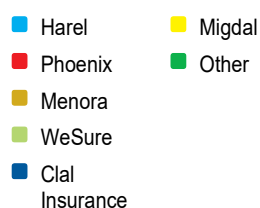


Breakdown of premiums in the Motor Property Subsegment by insurance groups and companies as of September 2024

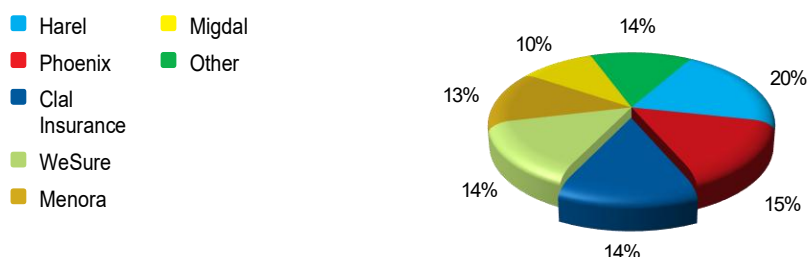


7.3.2.3. Other insurance subsegment

Breakdown of premiums in the Other Insurance Subsegment by insurance groups and companies as of September 2025



Breakdown of premiums in the Other Insurance Subsegment by insurance groups and companies as of September 2024



7.3.2.4. Credit insurance subsegment

The Company believes that its market share in the credit insurance subsegment is approx. 34% and the market share of ICIC and Coface is approx. 53% and approx. 13%, respectively.

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) through agents and/or direct sale 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 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.

7.3.3. 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. In the reporting year, insurance premiums have started to stabilize and even to decrease having increased in the previous year.

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.

7.3.4. 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, 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. For further details regarding the engagement with reinsurers, see Section 9.6 below.

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. Among other things, the Company markets dedicated tracks in the comprehensive insurance policy, such as: Selected Auto Repair Shops Policy (see Section 7.1.1.2 (B2) above), Clal Metrage (a policy priced based on mileage travelled) and Clal Behave (a policy priced based on mileage travelled and driving quality).

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.
- High-quality services to agents and customers.

7.4. Customers

7.4.1. 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. Policyholders of liability insurance and property and other insurance (other than home insurance), credit insurance and foreign trade risks insurance, Sale Law guarantees and policies - are mainly businesses.

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 public entities). Executive insurance, professional liability insurance, and product liability insurance are intended only for the business sector.

The breakdown of gross premiums⁵⁹ (in NIS million) by customer type in the various subsegments of the Property and Casualty Insurance Segment in 2024 and 2025

A. Compulsory Motor Insurance Subsegment

Type of customer	2025		2024	
	Premiums in NIS million	% of total revenues	Premiums in NIS million	% of total revenues
individual policyholders (other than fleets or collectives)	625	79%	615	79%
Vehicle fleets - collective	169	21%	161	21%
Total	794	100%	776	100%

Breakdown of customers in the Compulsory Motor Insurance Subsegment by premiums in 2025



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

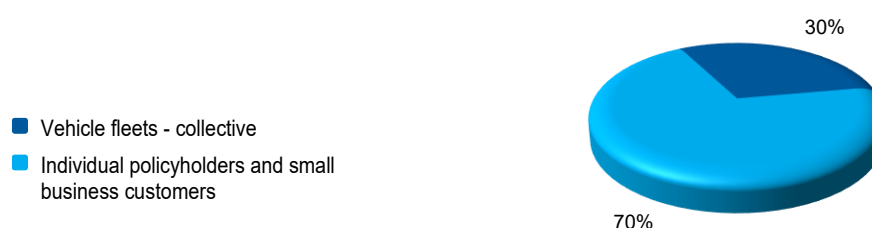


B. Motor property

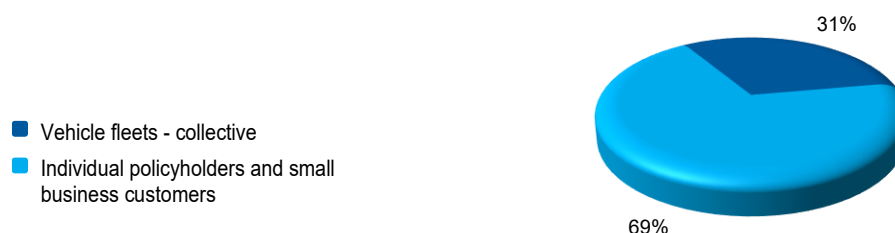
Type of customer	2025		2024	
	Premiums in NIS million	% of total revenues	Premiums in NIS million	% of total revenues
individual policyholders (other than fleets or collectives)	860	70%	905	69%
Vehicle fleets - collective	363	30%	406	31%
Total	1,223	100%	1,311	100%

59. The data regarding premiums do not include credit fees (payment made by policyholders who opts to pay the premium in installments).

Breakdown of customers in the Motor Property Insurance Segment by premiums in 2025



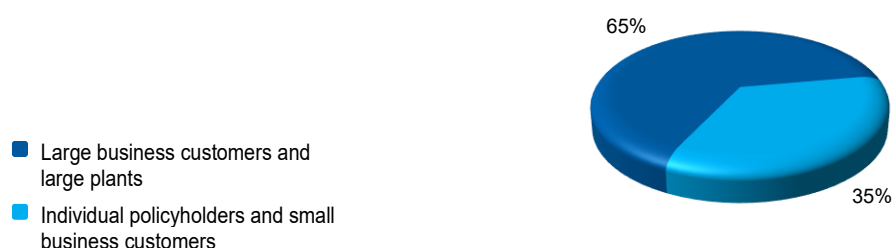
Breakdown of customers in the Motor Property Insurance Segment by premiums in 2024



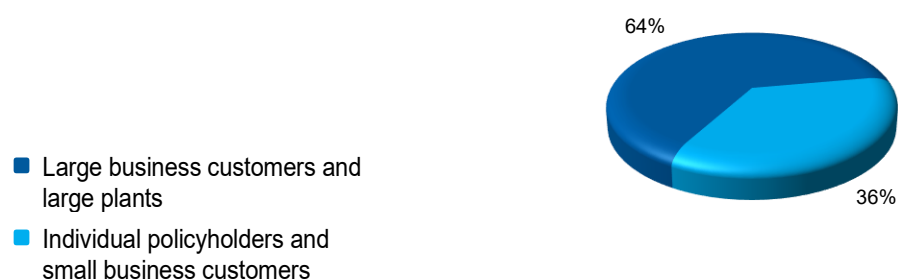
C. Other insurance subsegment (liability, property and other insurance)

Type of customer	2025		2024	
	Premiums in NIS million	% of total revenues	Premiums in NIS million	% of total revenues
Individual policyholders and small business customers	607	35%	616	36%
Large business customers and large plants	1,134	65%	1,110	64%
Total	1,741	100%	1,726	100%

Breakdown of customers in the Other Insurance Subsegment by premiums in 2025



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



D. Credit insurance subsegment

Type of customer	2025		2024	
	Premiums in NIS million	% of total revenues	Premiums in NIS million	% of total revenues
Business policyholders	155	100%	139	100%
Total	155	100%	139	100%

7.4.2. 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 revenues from which in the segment constitute 10% or more of the total amount of the Company's revenues in the Consolidated Financial Statements.
- The rate of individual policyholders, who purchased compulsory motor insurance together with motor property insurance in 2025 out of total customers that purchased compulsory motor insurance in the Group is approx. 72%. The rate of individual policyholders, who purchased compulsory motor insurance together with motor property insurance in 2025 out of total customers that purchased motor property insurance in the Group is approx. 89%.
- Following are data regarding the rate of renewals (customers who renewed a policy whose insurance period ended) in the compulsory motor insurance sub-segments, Motor Property Insurance Subsegment and the home insurance subsegment in 2025, 2024 and 2023 out of total insurance premiums in respect of the policies, whose insurance period ended in these years, respectively.⁶⁰

**The rate of renewals of total insurance
premiums in respect of the policies, whose
insurance period ended in**

Sector	2025	2024	2023
Compulsory motor insurance	74%	77%	63% ⁶¹
Motor property insurance	63%	75%	79%
Home insurance	94%	92%	94%

- Following are data regarding premiums (in NIS million) 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**:⁶²

Number of insurance years (loyalty years)	Premiums in NIS million			% of total revenues		
	2025	2024	2023	2025	2024	2023
First insurance year (no loyalty)	241	254	277	30%	33%	39%
Second insurance year (one loyalty year)	139	208	150	18%	27%	21%
Third insurance year (two loyalty years)	166	96	92	21%	12%	13%
Over three loyalty years	248	218	185	31%	28%	27%
Total	794	776	704	100%	100%	100%

60. The rates presented below are in gross premium terms.

61. In 2023 there is a technical decline, arising from a change in the netting mechanism between the Company and the National Insurance Institute.

62. 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 million) 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 million			% of total revenues		
	2025	2024	2023	2025	2024	2023
First insurance year (no loyalty)	461	542	406	38%	41%	37%
Second insurance year (one loyalty year)	279	257	246	23%	20%	22%
Third insurance year (two loyalty years)	148	168	167	12%	13%	15%
Over three loyalty years	335	344	282	27%	26%	26%
Total	1,223	1,311	1,101	100%	100%	100%

- Following are data regarding premiums (in NIS million) 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 million			% of total revenues		
	2025	2024	2023	2025	2024	2023
First insurance year (no loyalty)	50	55	46	14%	17%	15%
Second insurance year (one loyalty year)	48	39	37	14%	12%	12%
Third insurance year (two loyalty years)	34	33	37	10%	10%	12%
Over three loyalty years	216	203	191	62%	61%	61%
Total	348	330	311	100%	100%	100%

* 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 currently offered by the Company:

- Illnesses and hospitalization insurance.
- Travel 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 of the report publication date, Clal Insurance does not market private long-term care policies and does not enter into new collective long-term care insurance agreements. For further details, see Section 8.1.2.2 below.

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.

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), which are sold as from February 2016 and renewed automatically every two years for all policyholders. 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, under which an insurer may increase the premium in renewable 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.

- **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, which includes 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. This pillar covers 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, 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.

The fact that all insurance companies have a basic uniform health insurance policy focuses the competition on the price, the service, and the manner in which claims are settled. The expansion of the requirement whereby discounts will be given at a fixed rate for a period of at least ten years affects the retention of policyholders in 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.

- **Uniform surgical procedure policy**

- 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**.

- **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.

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 from February 2016 to October 2023, who are planholders in SHABAN plans, to a policy with a Supplementary SHABAN coverage only, unless the policyholder has said he/she does not wish to transfer to a Supplementary SHABAN surgery insurance.

In accordance with the 2023 Economic Arrangements Law, the insurance companies have put in place a single list of physicians which will apply to all insurance plans they market which include surgical procedures coverage, and at least half of the active

physicians in the list will be active physicians included in the physician lists of health maintenance organizations.

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. For further effects of the health reform and the 2023 Economic Arrangements Law, see below in this section.

- **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 Supplementary SHABAN Surgical Procedures in Israel Policy, whose key points are as follows:**

The insurance benefits in policies with SHABAN coverage policies 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.

In December 2025, the Ministry of Health published a report titled In-Depth Review: Surgical Procedures Insurance in Israel – Comparison of Surgeon Lists in SHABAN Plans and in Commercial Insurance Plans (hereinafter - “**Report on Surgical Procedures Insurance**”), according to which there is an average overlap of 76% between the lists of surgeons in both types of coverage; the quantitative advantage in private insurance reflects in some cases only a theoretical supply with regard to the surgical procedures actually offered by the surgeons; from a geographic perspective, the SHABAN plans offer a broader and more accessible distribution in rural areas, while the offering by private insurers is more concentrated at the center of the country. It is argued in the report that “in most cases private surgical procedures insurance, and specifically - First Shekel policies - provide a limited value to policyholders compared to the coverage provided under the SHABAN plans with regard to the actual supply of surgeons”.

As of the report date, the health reform and the 2023 Economic Arrangements Law had no material effect on the Company's results. However, at this 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, the effects

of the report on insurance of surgeries among the public and insurance agents, and the conduct 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.

- (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) **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 the health maintenance organizations, insurance agents and directly through digital platforms.

During the year preceding the reporting year and during the reporting year, 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 regard to one of the health maintenance organizations, and accordingly - during the reporting year - the engagement between the parties was terminated. With respect to the other health maintenance organization, Clal Insurance's bid was selected as the winning bid and it will operate the collective travel insurance for members of that HMO for an additional period.

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 compared to the period preceding the War.

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. Regarding the sale of accidental death and accidental disability coverages which are subject to the Personal Accidents Circular, see Section 7.1.1.4(D) above.

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 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 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, 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 fixed premium long-term care insurance policies, which were linked to the return on the investment portfolio, such that the return affects the amount of the allowance and/or the premium, all in accordance with the conditions set in the policy.

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.

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, the marketing of collective long-term care insurance policies other than through the HMOs is subject to statutory restrictions.

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. Clal Insurance worked with one of the health maintenance organizations in order to regulate the handling of some 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.

From time to time, the Company assesses its liability with respect to claims for past periods and the arrangements in place with the HMO regarding the handling of such claims. However, the Company is unable to predict the long-term effects of the continued settlement of such claims with respect to past periods.

During 2023, the Commissioner carried out procedures to stabilize the funds of policyholders insured under long-term care insurance for members of an HMO in view of an increase in claim settlement costs, due to, among other things, an increase in the incidence of long-term care cases, the total cost of caring for a person with long-term care needs and the longer eligibility period, including by revising the terms of the uniform long-term care insurance policy for members of HMOs, including reducing the monthly insurance benefits payable to a policyholder living at home, extending the exclusion period such that it will not include an insured event which occurred in the first 60 months, and changing the eligibility criteria for a long-term care insured event.

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. See Section 8.1.2.1 above - The Health Reform, Section 8.1.2.1 above - The 2023 Economic Arrangements Law, and Section 8.1.2.1 above - Report on Surgical Procedures Insurance. These moves 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 information the Company has as of the publication date of this report, 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

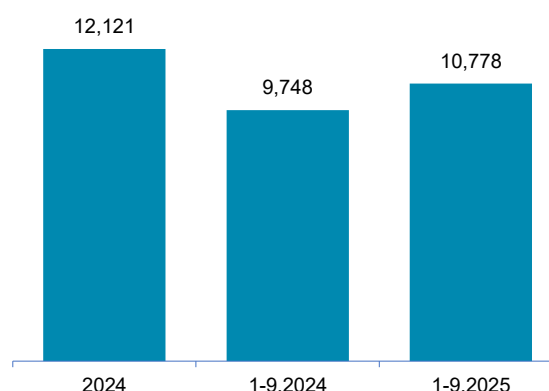
maintenance organizations, the SHABAN arrangements, and customers' preferences over time.

According to the companies' financial statements, the scope of the Illnesses and Hospitalization Subsegment in terms of gross premiums in the first nine months of 2025 was approx. NIS 10.8 billion, compared with approx. NIS 9.7 billion in the corresponding period last year. In the first nine months of 2025, the premiums in the Illnesses and Hospitalization Insurance Subsegment constituted approx. 18.8% of total premiums in the Israeli insurance market, compared with approx. 17.0% in the corresponding period last year.

From January to September 2025, the scope of the Illnesses and Hospitalization Insurance Subsegment in Israel in terms of gross premiums increased by approx. 10.6% compared to the corresponding period last year.

Development of premiums in the Illnesses and Hospitalization Subsegment from 2024 to September 2025

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 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.

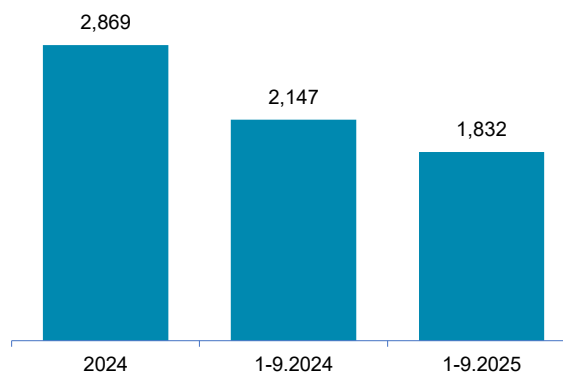
According to the companies' financial statements as of September 30, 2025, the size of the long-term care insurance market in terms of gross premiums in the first nine months of 2025 was approx. NIS 1.8 billion, compared with approx. NIS 2.1 billion in the corresponding period last year. In the first nine months of 2025, the premiums in the Long-Term Care Insurance Segment constituted approx. 3.2% of total premiums in the Israeli insurance market, compared with approx. 3.8% in the corresponding period last year.

From January to September 2025, there was a decrease of approx. 14.7% 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).

Development of premiums in the Long-Term Care Insurance Subsegment from 2024 to September 2025

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 revenues 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 companies' financial statements, which refer to the data of the nine months that ended on September 30, 2025, the Group is the fourth 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.

8.1.5. New products

During 2025, the Company launched a rider under the trade name Bikurofe Extra. The service provider under the rider is Bikurofe Ltd. The rider covers a range of medical services: Online medical consultations with specialists from a range of fields, home visits by physicians, performing laboratory tests at the policyholder's home or workplace, and receiving services at Bikurofe's clinics nationwide.

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 published in the reporting year and thereafter, and a summary of the legal provisions published, and which apply to the Company's activity, 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. In the opinion of the Group, its main competitors in this segment are the Harel group, Phoenix group, Migdal group and Menora group.
- 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.

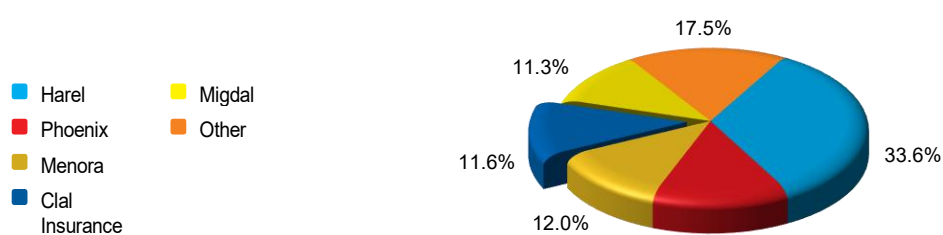
The competition between insurance companies in this segment focuses on the degree of the product's compatibility with the policyholder's needs, the physician list, the settlement of claims and the tariffs.

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 2025, total gross premiums earned by the Group in the Illnesses and Hospitalization Subsegment amounted to approx. NIS 1,253 million, which constituted, according to the companies' financial statements, approx. 11.6% of the activity in this subsegment in the Israeli insurance market. In the corresponding period last year, total gross premiums amounted to approx. NIS 1,156 million, which constituted approx. 11.9% of the activity in this subsegment in Israel.

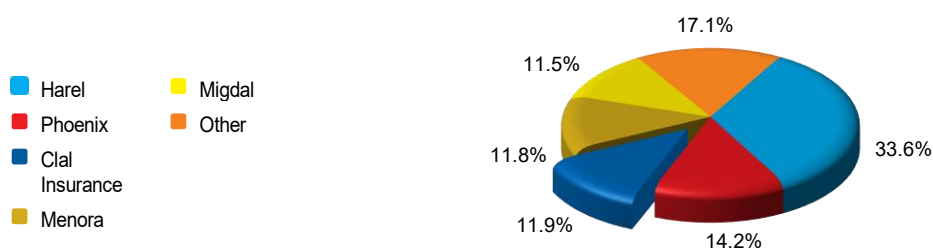
Breakdown of gross premiums in the Illnesses and Hospitalization Subsegment by insurance companies and groups in Israel

As of September 2025



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

As of September 2024

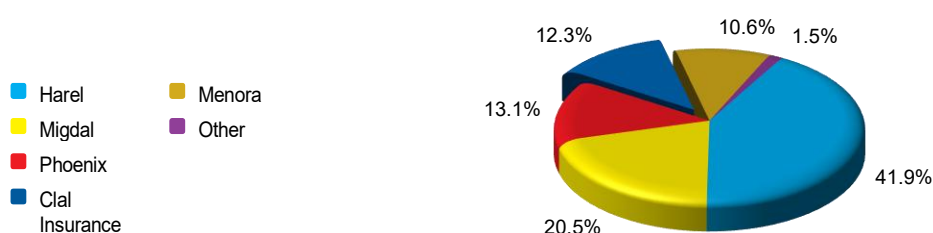


- 8.3.2.2.** In the first nine months of 2025, total gross premiums earned by the Group in the Long-Term Care Subsegment amounted to approx. NIS 226 million, which constituted, according to the companies' financial statements, approx. 12.3% of the activity in this subsegment in the Israeli insurance market. In the corresponding period last year, total gross premiums amounted to approx. NIS 225 million, which constituted approx. 10.5% 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).

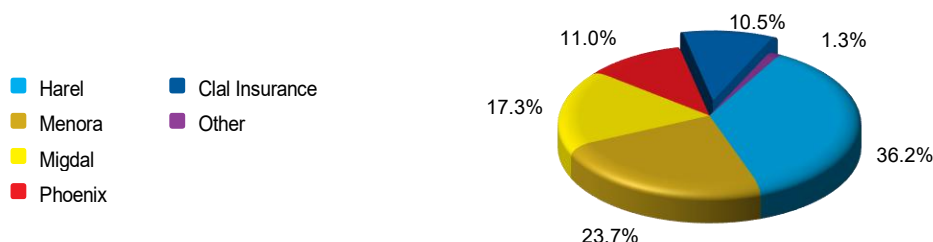
Breakdown of gross premiums in the Long-Term Care Insurance Segment by insurance companies and groups in Israel

From January to September 2025



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

From January to September 2024



8.3.3. Other factors which affect competition in health insurance products

- 8.3.3.1.** As part of the Commissioner's policy in recent years, significant reforms have been promoted with the aim of rate 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.

8.3.4. 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.

8.3.5. *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 sector;
- 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 revenues from which in the segment constitute 10% or more of the total amount of the Group's revenues in the Consolidated Financial Statements.

8.4.1. *Illnesses and hospitalization*⁶³

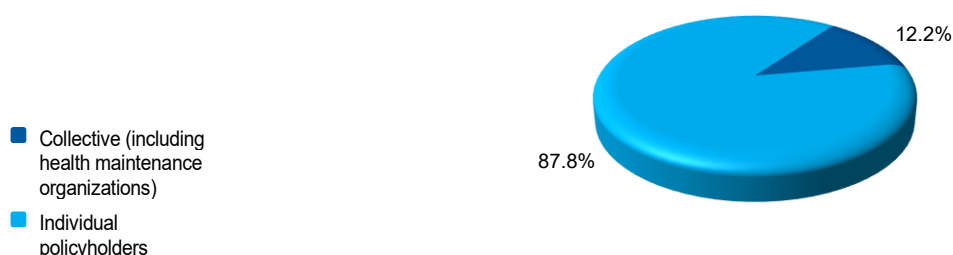
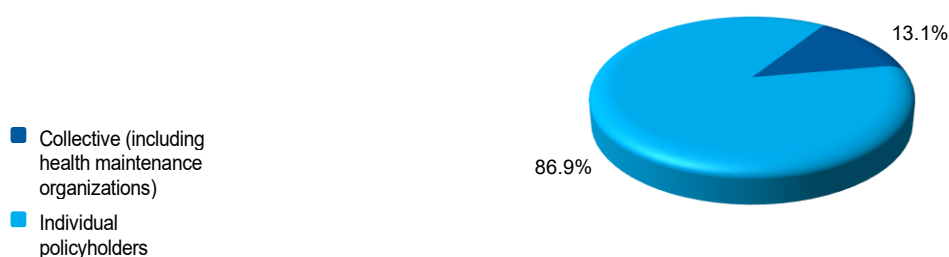
Following is a breakdown of gross premiums (in NIS million) by customer type in the Illnesses and Hospitalization Subsegment in 2024-2025:

Type of customer	Gross premiums for 2025	Rate of total gross premiums in 2025	Gross premiums for 2024	Rate of total gross premiums in 2024
Collective (including health maintenance organizations) ^{64,65}	204	12.2%	203	13.1%
Individual policyholders	1,469	87.8%	1,348	86.9%
Total	1,674	100%	1,551	100%

63. The premium amounts in the Illnesses and Hospitalization Subsegment reflects the insurance premiums paid in respect of all valid policies sold over the years.

64. Including sales of travel insurance with health maintenance organizations.

65. Including follow-on policies for collective policies.

Breakdown of customers in the Illnesses and Hospitalization Subsegment by premiums in 2025**Breakdown of customers in the Illnesses and Hospitalization Subsegment by premiums in 2024**

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. 6.5% in the reporting year, compared with approx. 5.7% in 2024.⁶⁶

8.4.2. Long-term Care⁶⁷

Following is a breakdown of gross premiums (in NIS million) by customer type in the Long-Term Care Insurance Segment in 2024-2025:

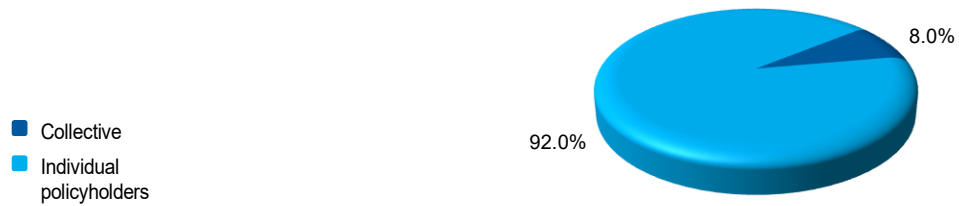
Type of customer	Gross premiums for 2025	Rate of total gross premiums in 2025	Gross premiums for 2024	Rate of total gross premiums in 2024
Collective ⁶⁸	24	8.0%	26	8.4%
Individual policyholders	277	92.0%	279	91.6%
Total	301	100.00%	304	100.00%

66. 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.

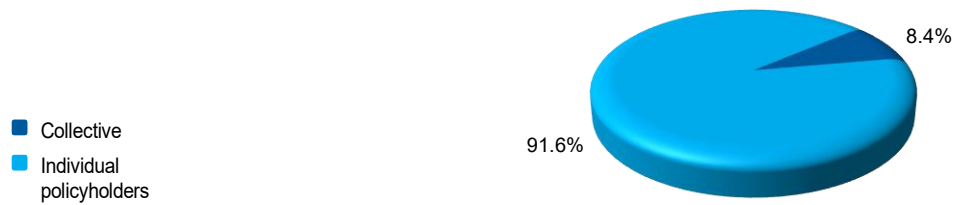
67. The premium amounts in the Long-Term Care Insurance Segment reflects the insurance premiums paid in respect of all valid policies sold over the years.

68. Including follow-on policies for collective policies.

Breakdown of customers in the Long-Term Care Subsegment by premiums in 2025



Breakdown of customers in the Long-Term Care Subsegment by premiums in 2024



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. 2.8% in the reporting year, compared with approx. 2.7% in 2024.⁶⁹

69. See Footnote 66 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 23(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 35(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 35(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 23 and Note 35(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 multi-tiered corporations;⁷⁰ imposition of increased corporate governance rules on pyramid companies, separation of significant non-financial activity from significant financial activity;⁷¹ defining a substantial financial entity, a substantial real corporation and an entity of a business group which includes such entities as a "concentrated entity"; and setting of a mechanism for "an insurer without a controlling shareholder".

In accordance with the provisions of the Market Concentration Law:

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 substantial 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 substantial 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 16 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 details regarding the restrictions placed by the Market Concentration Law regarding investment management, see Section 9.5.4.2 below.

For details regarding the limitations of the Market Concentration Law in competitive aspects in the banking system, see Section 9.2.5 below.

9.2.2. *Corporate governance in public companies with no controlling shareholder*

In April 2025, the Knesset's Constitution, Law and Justice Committee approved, in the second and third readings of the **Companies Law Bill (Amendment No. 38), 2025**, which includes, among other things, the bill includes the following proposed amendments regarding a company without a controlling shareholder: Adding a rebuttable presumption whereby in a company, none of the shareholders of which has a stake of more than 50% of its means of control, a stake of 25% or more of the means of control will be deemed as control therein; the requirement to appoint external directors was replaced by the requirement to appoint a majority of independent directors in the Board and its committees; allowing companies to pay a Chairperson of the Board, who is an independent director, a compensation, which is higher than the compensation cap paid to an external director; regulating a procedure for nomination of candidates for service as directors by an independent Appointment Committee; regulating a procedure for approval of transactions with directors and a procedure for approval of extraordinary transactions with substantial shareholders, who hold 10% or more of a certain type of means of control. It is noted that several changes have been made to the original bill, such as revoking the prohibition on an independent director's affinity to any director.

70. A multi-tiered holding structure is limited to two "tiers" of reportable corporations, except for the exceptions prescribed under the Market Concentration Law.

71. While limiting the holdings of a substantial non-financial corporation - or a controlling shareholder therein - in a substantial financial entity to up to 10%, and limiting the holdings of an institutional entity in a particular class of control means in a substantial non-financial corporation such that they do not exceed 10%.

The law will come into force subject to regulations which will be brought for approval by the Committee, and in any case - transitional provisions will apply to serving directors.

To date, the Company is unable to assess the implications of the bill and the regulations which will be promulgated, to the extent that they are promulgated, and their effects, due to, among other things, the fact that strict provisions apply to the Company by virtue of its status as the controlling shareholder in an insurance company.

For details regarding the status of control of the Company, see Note 1 to the Financial Statements.

9.2.3. **Companies Regulations (Matters Not Constituting an Interest), 2006**

In November 2025, an amendment to the Companies Regulations (Matters Not Constituting an Interest) was published, clarifying what constitutes a “negligible” relationship, which will not be deemed an “interest” impairing a director’s independence. The amendment determines that a “negligible relationship” is one which does not impair the director’s independence on the basis of an open list of considerations regarding this matter (the nature of the relationship, its essence, the date of its formation, its duration and the parties thereto).

Furthermore, the regulations have been amended such that it is now possible to determine that an employment relationship or the service as an officer - by the director or their related parties - are also negligible.

9.2.4. **Amendment 13, Privacy Protection Law**

In August 2025, **Amendment No. 13 to the Privacy Protection Law** entered into effect, 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.

9.2.5. **Increasing retail banking competition in the banking system**

Further to the publication of the Interim Report of the Taskforce for Assessing the Measures to Increase Retail Banking Competition in the Banking System (hereinafter – the “**Interministerial Taskforce**”), which was appointed to examine steps to remove barriers to the entry of additional players into the banking system, in June 2025 the Banking Supervision Department published a draft roadmap under which it is proposed to adopt the recommendation of the Interministerial Taskforce regarding the expansion of the implementation of the supervisory proportionality approach. Further thereto, in February 2026, a draft new Proper Conduct of Banking Business Directive was published, entitled Supervisory Framework for Small and New, under which it is proposed to replace the Proper Conduct of Banking Business Directive entitled New and Newly Established Banking Corporations with a new directive, the highlights of which are the proposal to apply to the banking system a supervisory and regulatory policy that will be proportionate to the scope of the banks’ activities. For this purpose, 3 supervisory tiers were defined (up to NIS 15 billion; between NIS 15 and 50 billion; and above NIS 50 billion). In addition, a preparation period for new banks (up to 3 years) was defined, the purpose of which is to enable a bank to comply with the required regulation in accordance with its size. The proportionality in the regulation will be reflected, among other things, in requirements on capital and liquidity, corporate governance and risk management, credit, investments and securities activity, and the following risks - financial risks, operational risks, technology and cyber risks, and bank–customer relations risks.

Further to the publication of the final report of the Interministerial Taskforce in March 2026, the Knesset Public Projects Committee approved, for second and third readings, the bill to promote competition in the banking system, as part of the Economic Plan Bill (hereinafter – the **"Bill for Promoting Competition in the Banking System"**), under which it is proposed to implement the legislative amendments required for the implementation of the Interministerial Taskforce's recommendations, the principal ones being:

- Setting three licensing levels⁷² - **a micro bank** (with asset value of up to 2.5% of the total asset value of all Israeli banks, unless determined otherwise and no more than 5%), **a small bank** (with asset value of up to 5% of the total asset value of all Israeli banks, which is not controlled by a large bank) and **a large bank** (with asset value higher than 5% of the total asset value of all Israeli banks).
- Raising the mandatory threshold for obtaining a holding permit in a small bank from 5% to 10%.
- Holding companies, which control institutional entities, will be allowed to control a micro bank and at the same time hold a pension insurance agent license and a pension marketing agent license.
- Providing regulatory expedients to small banks and new banks by exempting them from the requirement to provide certain banking services, such as – expedients/exemption from fair disclosure rules for a limited period and requirements arising from the "Switch at a Click" and "Open Banking" reforms, and non-applicability of the Officer Salary Law for 7 years, providing new banks with the option of offsetting losses accrued in their first years of activity from income in later years.
- Expanding the areas of activity in which banks are permitted to engage and vesting in the Banking Supervision Department the power to expand a small bank's permitted areas of activity beyond those set by law.
- Extending and reinforcing the protections and directives applicable to credit card companies which operate the issuance of bank cards as per the Law for Promoting Competition and Minimizing Market Concentration - it is proposed that a bank with a broad scope of activity (a bank whose assets under management do not exceed 20% of total assets under management by all banks in Israel) will not operate more than 40% of the new payment cards it issues through a single operating company (as opposed to the current 52% limit).

At this stage, the implications of the Interministerial Taskforce's report, the draft roadmap, and the Bill for Promoting Competition in the Banking System on the operations of the insurance groups cannot be assessed. However, if they are issued as final directives, such that additional 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.

9.2.6. *Draft of the Privacy Protection Authority's guidance regarding the Applicability of the Privacy Protection Law to Artificial Intelligence Systems*

In April 2025, the Privacy Protection Authority's guidance was published as a draft for public comment, presenting the Authority's interpretation of the provisions of the Privacy Protection Law and the regulations promulgated thereunder for the purpose of exercising its powers regarding databases, which use artificial intelligence systems, including for the purpose of exercising the supervisory powers, powers regarding administrative inquiries, enforcement and imposition of sanctions conferred upon the Authority under Amendment No. 13 to the Privacy Protection Law, which entered into force in August 2025 (hereinafter - the **"Draft Guidance"**). Under the Draft Guidance, the Authority clarified that the Privacy Protection Law applies to artificial intelligence systems, which store or actually process personal information, and clarified the appropriate application of the provisions of the law and its regulations to artificial intelligence systems.

9.2.7. *Draft Regulations – Licensing Fees*

Drafts of the Supervision of Financial Services Regulations (Provident Funds) (Fees), 2025 and the Supervision of Financial Services Regulations (Insurance) (Fees), 2025 were published in June 2025 (hereinafter - the **"Draft Fees Regulations"**). Under the Draft Fees Regulations, it is proposed to change the existing situation, whereby the amount of fees is uniform for each provident fund and for each

72. Which differ from the supervisory tiers.

insurance subsegment, and to prescribe fee amounts, which will be based on the total assets under management.

Insofar as the current version will be the final one, it will lead to a very substantial increase in the amounts of annual fees imposed on the Group's institutional entities.

The Company's assessments regarding the effects of the Draft Fees 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 version of the regulations, if and when they are amended and the manner in which the final version is to be implemented.

9.2.8. *Increasing competition in the guarantee provision market*

In March 2026, the Knesset Economics Committee approved, for second and third readings, an additional part of the Economic Plan Bill for 2026, under which it is proposed to amend various statutory provisions so as to also allow deposits of guarantees issued by non-bank guarantors, including insurers, with the aim of increasing competition in the guarantees market. It is also suggested to task the ministers with the assessment and promotion of similar amendments to secondary legislation within their remit and to determine that such assessment will be carried out in any future regulation.

At this stage, the implications of the amendments regarding non-bank guarantees cannot be assessed. However, should the above suggestions be issued as final directives, such that non-bank entities will be able to issue guarantees, competition in the financial system regarding this issue may increase.

9.2.9. *Credit Data Law*

In January 2026, a bill (as part of the Economic Program for 2026) to amend the provisions of the Credit Data Law in two aspects was approved in its first reading:

1. Improvement of the Central Credit Register – it is proposed to establish provisions regulating the operation of the register, including provisions regarding the correction of defects; to establish provisions expanding the uses of information obtained from the register, in order to enable the development of the credit market in Israel, including expanding the ability of credit bureaus to use non-identified information for the purpose of developing models, expanding the use that credit providers may make of credit reports, and expanding the credit indication mechanism so that it provides a more detailed assessment of the customer's repayment capacity; as well as additional provisions required in light of lessons learned from the operation of the register.
2. Establishing a credit bureau for corporations - it is proposed to amend the provisions of the Credit Data Law such that it will be possible to set up a Central Credit Register for businesses. which will give credit providers access to corporations' data, while adapting the scope of the law's provisions to the type of database and revising those provisions such that they reflect the distinction between this register and the register for private individuals, in terms of information sources, types of credit data, the register's objectives, etc.

In February 2026, the Knesset Committee recommended transferring the chapter addressing the amendment of the provisions of the Credit Data Law to a separate legislative process.

At this stage, the implications of the bill regarding the Credit Data Law cannot be assessed. However, should the above suggestions be issued as final directives, this may require Clal Insurance to make substantial operational preparations.

9.2.10. *The Contracts Law (General Part) (Amendment No. 3), 2025*

In January 2026, an amendment to the Contracts Law (General Part) was published, the principal provision of which is that a business contract will be interpreted according to its wording, as opposed to the interpretation rule previously set forth in the law, which provides that a contract will be interpreted both according to its wording and according to the circumstances of the matter. According to the amendment, business contracts are entered into between parties whose annual turnover exceeds NIS 4 million, or contracts in transactions with a value exceeding NIS 15 million. Another condition to the contract's being a business contract is that both parties relied on legal advice when they prepared the contract. Exceptions to the definition of a "business contract" are ones constituting a standard contract

and contracts to which the state 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.

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,⁷³ 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.
- (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.

73. For details regarding the changes in the return guarantee mechanism in the pension funds, see Section 6.1.1.2 below.

- (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.

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 23 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 revenues and profit to the Group while creating a decentralized business mix based on both the insurance and financial division as well as the acquiring 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 revenues, 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 underwriting and claims handling, including a claim settlement policy;
- The quality of defense against claims with broad implications, including class actions.
- 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 permanent health 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 permanent health 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 revenues from management fees, see Note 5 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. A portion of the assets of the planholders in the comprehensive pension fund managed by Clal Pension and Provident Funds and in Atudot Havatika is backed by a yield guarantee mechanism, as set forth in Section 6.1.1.2 above.

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 33(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 constitutes 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 or policyholders by the Group's institutional entities as of December 31, 2025 (NIS million):^{74,75}

Institutional entity	Nostro	Yield-dependent funds
The Company	864	
Clal Insurance	50,455	105,942
Clal Credit Insurance	465	-
Clal Pension and Provident Funds - pension funds(1)		170,800
Clal Pension and Provident Funds - provident funds(1)	217	66,218(2)
Atudot Havatika(3)	65	13,408
Clal Finance	121	
Total	52,187	356,368

(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 to total assets of the fund and are not consolidated.

74. The Company has available cash balances that mainly serve as a liquidity buffer, debt servicing and operating activities (at an immaterial scope).

75. The data in the table do not include funds under management of Max.

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 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.

In addition, part of the investment activity abroad is carried out via external investment advisors and managers, as well as through cooperation with State Street Global Advisors for the management of two investment tracks under financial savings.

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 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, 2025, 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 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, approve 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%.

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.

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.

9.5.4.3. **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. 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.

For further details regarding expenses in connection with investment management, as well as regarding the restriction on external management fees, see Section 6.1.2.4(1) above.

B. Guiding principles for liquidity management

In October 2025, the Authority published a draft of guiding principles for the management of liquidity risks in exposures to foreign currency-denominated derivatives. The guiding principles include provisions regarding maintenance of a minimum level of foreign currency liquidity in relation to exposure to futures, provisions regarding the replenishment of liquidity balances, as well as arrangements for orderly control and assessment processes within an institutional entity, including supervision and oversight by the investment committee.

C. Change of trading days on the TASE

As of January 4, 2026, the trading days on the TASE were changed to Monday through Friday, with the aim of aligning trading in Israel with those customary in global markets and increasing the accessibility of the local capital market to foreign investors.

D. Investment Track Reform

For details regarding the amendment to the Investment Tracks in Provident Funds Circular, see Section 6.1.2.4(2) above.

E. Changing the mechanism for ensuring stability in pension funds' returns.

For details regarding the mechanism for ensuring the stability of pension savings by supplementing the return to an annual rate of 5.15% plus the CPI, see Section 6.1.1.2 above.

F. 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.

9.5.6. Investments under management

For further details regarding the effect of investment revenues on the Company's profits, see Part B to the Report of the Board of Directors, Section 2.2(b).

9.5.6.1. Breakdown of assets under management at Clal Insurance as of December 31, 2025

	Assets held against yield-dependent insurance liabilities	Nostro - assets held against liabilities in property and casualty, health insurance and equity capital ⁷⁶	Nostro - assets held against liabilities in life and health insurance (long-term care and critical illness)
Cash and cash equivalents	4.03%	6.88%	5.44%
Liquid government bonds	11.81%	15.96%	0.91%
Liquid corporate bonds	13.63%	10.64%	1.08%
Shares and other liquid securities	42.11%	10.61%	2.54%
Designated bonds	0.00%	0.00%	62.89%
Deposits and loans	6.66%	24.48%	16.69%
Other(*)	21.76%	31.43%	10.45%
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, 2025

	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	3.22%	-	-
Liquid government bonds	51.20%	-	-
Liquid corporate bonds	16.32%	-	-
Shares and other liquid securities	23.54%	-	-
Deposits and loans	4.85%	-	-
Other(*)	0.87%	-	-
Total assets	100.00%	-	-

* Mostly including illiquid corporate bonds, investment funds and real estate interests.

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, 2025

	Meitavit Atudot new fund	Meitavit Atudot supplementary fund	Atudot Havatika
Cash and cash equivalents	5.00%	9.46%	3.78%
Liquid government bonds	1.91%	12.05%	18.93%
Liquid corporate bonds	3.93%	17.01%	10.51%
Shares and other liquid securities	40.56%	45.45%	10.51%
Designated bonds	17.86%	0.00%	33.16%
Guaranteed return investment track, net	11.74%	0.00%	0.47%
Deposits and loans	4.86%	4.96%	7.56%
Other(*)	14.14%	11.07%	15.08%
Total assets	100.00%	100.00%	100.00%

* Mostly including illiquid corporate bonds, investment funds and real estate interests.

76. Excluding LTC and critical illness.

9.5.6.4. Breakdown of assets of provident funds managed by Clal Pension and Provident Funds as of December 31, 2025 by fund types

	Retirement benefits provident fund	Advanced education funds	Central provident funds
Cash and cash equivalents	6.18%	8.22%	11.43%
Liquid government bonds	12.69%	10.30%	18.81%
Liquid corporate bonds	15.20%	9.37%	24.94%
Shares and other liquid securities	35.12%	46.74%	35.98%
Deposits and loans	7.10%	9.26%	2.86%
Other investments(*)	23.71%	16.11%	5.98%
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

For details regarding the Company's holding in Max, see Section 2.1 below.

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 time-limited catastrophe event, as defined by the reinsurance contract.

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 to 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.⁷⁷ 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).

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 33(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.

77. Maximum probable loss – the expected loss rate out of the amount insured in respect of an earthquake, for a given probability, as derived from models designated for quantifying earthquake risk.

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 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:

Reinsurer	S&P rating as of the report publication date	Premium recorded in favor of the reinsurer for 2025 (in NIS million)	% of the total premium to reinsurers in the segment in 2025
Swiss Re	AA-	175	14%

9.6.2.3. **Changes in reinsurance arrangements in property and casualty insurance**

During the reporting year, no material changes occurred in the reinsurance arrangements in the property and casualty insurance segment, except for a limited number of reinsurers which included coverage limitations in respect of riots, civil commotion, and strikes (SRCC) in the property reinsurance agreements.

9.6.3. Long-term savings reinsurance

9.6.3.1. The main types of long-term savings reinsurance contracts are as follows⁷⁸

- 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. The scope of protection purchased is based on internal studies conducted by the Company.

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 policy's 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:

Reinsurer	S&P rating as of the report publication date	Premium recorded in favor of the reinsurer for 2025 (in NIS million)	% of the total premium to reinsurers in the segment in 2025
Munich Re	AA-	161	56%
Swiss Re	AA-	106	36%

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 long-term savings.

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

78. It should be noted that, in the general pension fund managed by Clal Pension and Provident Funds, there is a quota share reinsurance arrangement with reinsurer Swiss Re, rated AA- by S&P as of the report publication date. Under the agreement, the reinsurer's share in claim payouts is 80%, while the fund bears the remaining 20% (retention). It is emphasized that the reinsurance is in respect of the insurance risks in the fund, and accordingly, the policyholders of the general fund who are assigned to tracks that include insurance coverages bear the reinsurance cost. The management company does not bear the cost of the insurance. In February 2026, an amendment to the reinsurance agreement in the general fund was executed, the principal change in which was a reduction of the reinsurer's share to 50%. In addition, reinsurance agreements were executed with additional reinsurers such that each will bear 20% of the claim payouts, while the fund bears the remaining 10% (retention).

the premium transferred to the reinsurer. In most cases, such commission is only paid in the first year of the policy.

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:

Reinsurer	S&P rating as of the report publication date	Premium recorded in favor of the reinsurer for 2025 (in NIS million)	% of the total premium to reinsurers in the segment in 2025
Swiss Re	AA-	68	71%
Munich Re	AA-	16	17%

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 limits⁷⁹

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% and 4% 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 limits⁸⁰

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.

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.

79. The restriction applies to the insurance amount accumulated in the reinsurance treaty; cap in a proportional contract - maximum insurance amount for policyholder.

80. See Footnote 79 above.

9.6.5.3. Health insurance coverage limits⁸¹

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 countries, 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. Under the Company's existing reinsurance agreements, sanction clauses are included in most reinsurance contracts in the property and casualty insurance segment (except for certain agreements relating to home insurance and compulsory motor and property insurance), and in some life insurance reinsurance contracts.

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 agreement protecting the Company against catastrophe events for the period subsequent to the reporting date, with respect to coverages in life, health, and long-term care insurance, sanction clauses were included, notwithstanding that no parallel provision exists 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 liability insurance, the Company entered into a proportional reinsurance agreement.
- The proportional reinsurance for new sales of accidental disability coverages and permanent health insurance coverages in non-group policies was discontinued.
- Under the quota share reinsurance agreement with respect to critical illnesses, for new business, a mechanism is included that allows the reinsurer to require an adjustment of the reinsurance premiums upon the occurrence of defined circumstances, even where no corresponding ability exists to adjust the premiums charged to policyholders under the policies covered by the reinsurance arrangement.

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, as well as conditions in the reinsurance market.

81. See Footnote 79 above.

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.

As of December 31, 2025, the amount of property insurance in Israel that includes an earthquake coverage totals approx. NIS 600 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 MPL⁸² 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 12 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 33(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 million) for 2025:

S&P rating group as of the report publication date	Forecast of non-proportional exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of exposure to earthquake	% of total
A and above	1,000	11,768	12,768	95%
BBB- to BBB+	0	734	734	5%
Less than BBB - or unrated	0	2	2	0%
Total	1,000	12,504	13,504	100%

Reinsurers whose exposure to earthquake risk is more than 10% of total exposure to earthquakes (in NIS million) for 2025:

Reinsurer	S&P rating group as of the report publication date	Forecast of non-proportional exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of exposure to earthquake	% of total
Swiss Re	AA-	185	2,034	2,219	16%
Munich Re	AA-	325	1,436	1,761	13%

82. See Footnote 79 above.

Reinsurers' exposure to earthquake (in NIS million) for 2024:

S&P rating group as of the report publication date	Forecast of non-proportional exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of exposure to earthquake	% of total
A- and above	1,000	11,107	12,107	98%
BBB- to BBB+	0	196	196	2%
Less than BBB- or non-rated		3	3	0%
Total	1,000	11,305	12,305	100%

Reinsurers whose exposure to earthquake risk is more than 10% of total exposure to earthquakes (in NIS million) for 2024:

Reinsurer	S&P rating group as of the report publication date	Forecast of non-proportional exposure to earthquake	Forecast of proportional exposure to earthquake	Forecast of exposure to earthquake	% of total
Swiss Re	AA-	200	1,886	2,086	17%
Munich Re	AA-	325	1,518	1,843	15%

Summary of results of reinsurance in property and casualty insurance from 2024 to 2025^{83,84}

	Compulsory Motor Insurance Subsegment	Motor Property Insurance Subsegment	Other	Total
Reinsurance premium in 2025 (in NIS million)				
Earthquake and natural disasters	-	-	352	352
Proportional reinsurance	27	8	552	587
Non-proportional reinsurance	19	1	396	416
Total premium	46	9	1,300	1,355
Reinsurance results	(16)	9	655	648

	Compulsory Motor Insurance Subsegment	Motor Property Insurance Subsegment	Other	Total
Reinsurance premium in 2024 (in NIS million)				
Earthquake and natural disasters	-	-	350	350
Proportional reinsurance	118	12	520	650
Non-proportional reinsurance	11	1	415	426
Total premium	129	12	1,285	1,427
Reinsurance results	58	7	620	685

Explanation of reinsurance results in property and casualty insurance:

- **Compulsory motor portfolio** – the transition from profit to loss of the reinsurers is primarily attributable to a one-off release in respect of the National Insurance Institute agreement recognized last year, as well as a decrease in premiums in the current year compared to last year.
- **Other insurance portfolios** – the increase in the reinsurers' profit in the reporting year is primarily attributable to positive claims development compared to last year.

For further details regarding reinsurance, see Note 33(f)(8) to the Financial Statements.

83. 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.

84. The comparative data are presented with respect to 2024, based on information included in the Financial Statements for 2024 in accordance with the IFRSs. Due to the change in accounting standards, the data do not include comparative figures with respect to prior years.

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.⁸⁵



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, that consolidates the direct sales activity of the risk and property and casualty insurance products;
- (8) Finance Division, that consolidates the financial, 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) Actuarial Department;
- (14) 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.

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.

85. 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. In addition, in Clal Insurance - which constitutes a central business arm of the Group - the heads of the divisions, units, and departments set forth in the chart above also serve as officers. The Chief Internal Auditor is the internal auditor of all Group companies, including the Company, and excluding CIMax group companies.

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 2025 and 2024, in accordance with the organizational structure:

Units	No. of employees - December 31, 2025	No. of employees - December 31, 2024
Headquarters and Key Service Entities ⁸⁶	101	97
Clal IT	545	547
Health Division	43	44
Agents Unit	221	220
Long-term Savings Division	333	324
Property and Casualty Insurance Division	117	123
Claims Department	362	355
Service, Human Resources and Operations Division ⁸⁷	1,328	1,361
Investment Division	136	141
Clal Credit Insurance	55	54
Finance Division ⁸⁸	369	385
Total Company employees⁸⁹	3,610	3,651

Out of the total number of employees comprising the workforce as referred to above, the Group's senior management (heads of divisions, departments and units⁹⁰) 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 15. For further details regarding the terms of employment of the Company's CEO and Chairman, see Note 34(b) 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 Histadrut 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:

- A one-off 5% pay raise paid to employees in 2025. The pay raises to employees in 2026-2028 at an annual rate of 3.5%, and in addition, a pay raise of up to 0.5%, depending on whether the annual profit target agreed upon is met. As a general rule, approximately half of the pay raises are paid as

86. 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 and the Risk Management Department, Control and Compliance.

87. The decrease stems from digital streamlining processes.

88. Including the Actuarial Department.

89. Out of the total number of employees comprising the workforce as of the end of the reporting year, 83 employees are supplier employees compared with 88 supplier employees in the previous year.

90. 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.

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 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 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, 2025, the Group has 228⁹¹ employees to whom the 2025 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 agreement applies - 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 21 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.

In 2024 and 2025, subsequent to the Iron Swords War, 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.

91. Excluding supplier employees.

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 2025 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 the development of soft skills for employees and managers, including the integration of training sessions and workshops aimed at enhancing employees' capabilities in the field of artificial intelligence (AI). 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*

The Company is required to approve, at least once every three years, an officer compensation policy in accordance with the **Companies Law**. Furthermore, the Group's institutional entities are 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 as detailed 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 Compensation 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 Law⁹²) (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 compensation policy, which was in effect for 2023–2025. In November 2025, 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 2026-2028.

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 21(d) to the Financial Statements.

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, that 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. The Company's policy is based, inter alia, on the assumption that the comprehensive compensation awarded to the Company's employees 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, regulatory provisions and policy.

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 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.

92. As of the end of the reporting year, the said amount is approx. NIS 3 million.

It is noted that the Group has officers who are not considered key officers, whose annual bonus is the result of their compliance with personal compensation indicators, which are set annually in advance.

For avoidance of doubt, the compensation policy does not affect the benefits accrued in respect of periods preceding its approval date. 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 attached as an appendix to this section of the Periodic Report and published on the Company's website.

<https://www.clalbit.co.il/aboutclalinsurance/>

Company officers are entitled to release of liability, indemnity and officer insurance. For details, see Part D – Additional Details Regarding the Corporation, Section 19.

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.

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, 321,831 Class A options are held by the Trustee for specific employees, the shares to be issued on the exercise of these options represent approx. 0.19% 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, 1,237,430 Class A options are held by the Trustee for specific employees, the shares to be issued on the exercise of these options represent approx. 0.38% of the Company's equity, assuming maximum exercise.

In addition, in May 2025, an outline was published regarding the allocation of up to 130,000 Class A option warrants (which are awarded in 3 tranches to Group executives and officers) and 470,000 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 2025 Outline, 117,413 Class A options and 446,365 Class B options are held by the Trustee for specific employees, the shares to be issued on the exercise of these options represent approx. 0.26% of the Company's current equity, assuming maximum exercise.

- For further details regarding the Company's equity compensation plans, see Note 31 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.
- For further details regarding the grant of restricted share units to the Company's CEO, see Note 31(a)(2) to the Financial Statements.

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-branches in Jerusalem and 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 through 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 9.8.2.1 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 direct sales activities and retention activities in long-term savings products, as well as the sale of risk products (life and health insurance). Sales activities are carried out by pension license holders for customers of employers who, as a general rule, do not engage with the Group through an insurance agent with respect to 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 4,050 insurance agents,⁹³ compared with approx. 3,700 insurance agents in 2024. 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.⁹⁴

93. Including agents whose sales exceeded NIS 10,000.

94. 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.

- Approx. 14.1% 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 14.4% in 2024.
- Approx. 11.2% 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 12.3% in 2024.
- Approx. 12.8% 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 13.5% in 2024.

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 banks, whereunder the banks will distribute the provident funds and/or advanced education funds and/or pension funds under its management, in accordance with the agreement between the parties. As of the report publication date, the Banks have not yet started providing advice regarding insurance products.

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 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 which 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.

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 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.

Fees and commissions include a fees and commissions refund mechanism in respect of lapses of risk policies, in accordance with the approval of the risk tariffs for the Company.

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

	2025	2024	2023
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 ⁹⁵	11.4%	10.9%	9.3%
The average rate of commission out of new annualized premium in the various products in the Life Insurance Subsegment ⁹⁶	72.6%	70.7% ⁹⁷	51.6%

- **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 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 arising from the transfer of accumulated balances to the pension fund.

Rates of commissions to third parties in the Pension Funds Subsegment

	2025	2024	2023
The rate of commissions paid to the insurance agents in respect of the pension products out of total contributions towards pension products	2.2%	2.1%	2.6%

- **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 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

	2025	2024	2023
The rate of commissions paid to the insurance agents in respect of provident products ⁹⁸	0.3%	0.3%	0.4%

95. 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.

96. The rate of commission out of premium does not include commissions paid in respect of non-recurring contributions.

97. The increase in the average rate of commission out of new annualized premiums compared to 2023 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.

98. The rate of the various types of commissions divided by the average accrual in the reporting year.

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. 1,900 insurance agents, compared with approx. 1,950 in 2024.⁹⁹

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% - similarly to 2024.¹⁰⁰

Approx. 2.1% 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. 3.1% in 2024.

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.

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

	2025	2024	2023
The average rate of fees and commissions of the total gross insurance premium in the Compulsory Motor account	4.8%	5.3%	5.4%
The average rate of fees and commissions of the total gross insurance premium in the Motor Property account	19.2%	18.7%	19.3%
Average rate of fees and commissions out of the total gross insurance premiums in the Other account	10.7%	10.7%	----- ¹⁰¹

99. Including agents whose sales in 2025 exceeded NIS 10,000.

100. The data includes sales which were carried out by Betach Toren Insurance Agency Ltd., which is owned by the Group.

101. Due to a change in the presentation of property and casualty insurance subsegments, the Company does not have comparative data for 2023 with respect to the Other Insurance Subsegment.

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 1,660 insurance agents, compared with 1,600 in 2024.¹⁰² Most of the agents also contracted other insurance companies.

Approx. 2.9% 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. 4.2% in 2024.

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 various organizations and 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.

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.

	2025	2024	2023
The average rate of fees and commissions of the total gross premiums in the segment's various products	29%	30%	27%

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. 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. According to the team, the existing affiliations 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.

102. Including agents whose sales exceeded NIS 10,000.

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.

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.

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.

- 9.8.2.2.** In December 2025, a draft amendment was published to the Agents and Advisors Circular entitled Power of Appointment for a License Holder was published, under which it is proposed to replace the prior circular from July 2018 with a new one. Under the draft, it is proposed, among other things, to shorten the validity period of a protracted power of appointment granted to pension agents and advisors from ten years to two years; the draft also includes additional proposed changes with respect to powers of appointment, including clarifications regarding the obligations of a license holder to provide explanations to the client in connection with the power of appointment and its implications; changes to the wording of the powers of appointment that agents and advisors are required to have their clients execute; enhancement of client privacy protection obligations; limitations on the powers of appointment that pension marketers are permitted to obtain; as well as an expansion of the obligations applicable to institutional entities, including the imposition of a duty on such entities and on the clearing system to conduct controls regarding the proper functioning, validity, and authenticity of the power of appointment.

The Company is not able to assess the implications of the draft on its business outcomes.

- 9.8.2.3.** In June 2025, following Operation Rising Lion, **Non-Enforcement Position - Pension Advice by a Banking Corporation Outside the Bank Branches to Existing Customers in the Pension Advice Segment** was published, pursuant to which the Authority will not take enforcement measures against banking corporations that provide pension advice via digital means or by telephone to existing clients, who meet the conditions set forth in the position, in the pension advice segment, for as long as a special home front situation is in effect or until June 30, 2025, whichever is earlier.
- 9.8.2.4.** Following the reporting year, in March 2026, a similar non-enforcement position was published against the backdrop of an additional military campaign against Iran, Operation Lion's Roar, which will apply until the expiration of the declaration of a special home front situation or until April 15, 2026, whichever is earlier.

9.8.3. *Dependency on distribution channels*

The Company is dependent on the distribution channel through agents and arrangement managers as well as on the direct distribution channel. 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 appraisers, 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 29 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 29 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 14.9 million in respect of the said development and maintenance services, compared with a total of approx. NIS 16.8 million in 2024. 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 2024 and 2025

Company/unit	Location	As of December 31, 2025		As of December 31, 2024	
		Owned area (m ²)	Owned area (m ²)	Owned area (m ²)	Owned area (m ²)
Clal Insurance	Tel Aviv(1)	-	33,497	-	33,390
	Petach Tikva	-	5,415	-	5,678
	Haifa(2)	2,618	-	2,618	-
	Jerusalem	-	1,555	-	1,555
	Beer Sheva	-	1,380	-	1,290
	Herzliya(3)	-	250	-	250
Clal Credit Insurance	Tel Aviv	-	1,013	-	1,014
Clal Pension and Provident Funds	Tel Aviv	-	3,700	-	3,964
	Petach Tikva	-	1,514	-	1,251
	Jerusalem	-	-	-	-
	Beer Sheva	-	878	-	968
Clalbit Systems	Tel Aviv	-	9,254	-	9,096
Total		2,618	58,456	2,618	58,456

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 15(a) to the Financial Statements.

Data of buildings, which are part of Clal Insurance's nostro investment portfolio in sq.m for 2024 and 2025*

Location	Zoning	As of December 31, 2025	As of December 31, 2024
Tel Aviv area	Offices and commerce	45,174 ¹⁰³	46,290
	Offices and a logistics		
South	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
	Offices, commerce and		
USA	multifamily	4,574	4,574
Total		115,585	116,701

* 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 11 to the Financial Statements.

103. The decrease in area in 2025 is attributable to the sale of an asset.

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, that 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 BCM (Business Continuity Management) function, and a business continuity plan, that maps critical processes, which are required for recovery, and a technological disaster recovery function, that 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.¹⁰⁴

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 6.1.2.4(4) 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.

104. 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).

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 13 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.

Digital innovation

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 customer website and the Clal Insurance and Finance 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, the Company continued to expand personalization capabilities on the app and further expanded Clal Quick Pay services in the travel insurance segment, to improve customer experience. The Company integrates AI capabilities across several operational, claims, 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 29 to the Financial Statements. For details regarding the scope of purchases and internal-use software and computers, and the amortization thereof, see Notes 13(a) and 12(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.

Additional systems

As part of the preparations for the implementation of IFRS 17, the Company developed the systems required for the implementation of the standard. The aforementioned preparations were carried out in accordance with the relevant regulatory requirements and involved material costs. For further details, see Note 37 to the Financial Statements. In light of the importance of the system, the Company will continue to expand and enhance it in 2026.

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.
- 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, that 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 Operation Rising Lion, there has been a significant increase in the number and complexity of cyber attacks. Due to the said attempts, the Company tightened its cybersecurity policy, including by way of ongoing review of authorizations and remote connection to the organization's systems, boosted its investments in cybersecurity, and 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 organizational processes.

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.

During the reporting year, the Company carried out actions to implement the provisions of Amendment 13 to the Privacy Protection Law in the group companies' operations, vis-à-vis customers, employees, agents, and suppliers.

For details regarding Amendment 13 to the Privacy Protection Law, see Section 9.2.4 above.

9.11. Seasonality

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.

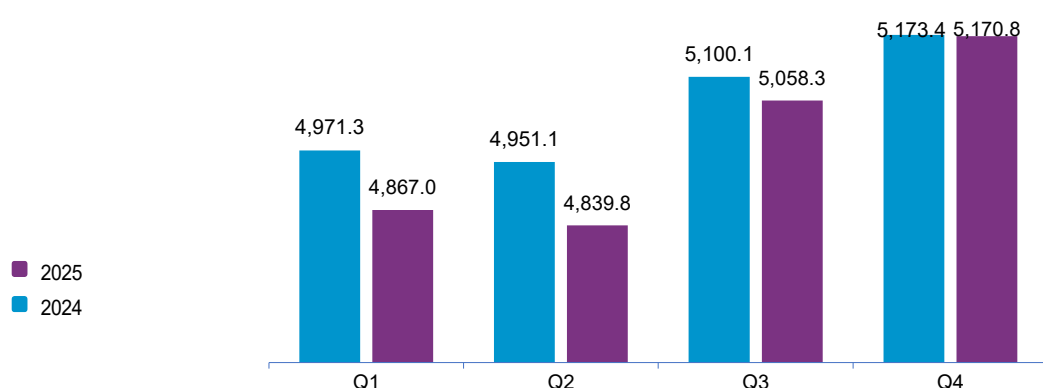
Following is the breakdown of the gross premiums and contributions towards benefits in the long-term savings division in the past two years by quarters (in NIS million):

2025	Q1	Q2	Q3	Q4	Total
Premiums and contributions towards benefits - in NIS million	4,867.0	4,839.8	5,058.3	5,170.8	19,935.9

2024	Q1	Q2	Q3	Q4	Total
Premiums and contributions towards benefits - in NIS million	4,971.3	4,951.1	5,100.1	5,173.4	20,195.9

Breakdown of gross life insurance premiums and contributions towards benefits by quarters in 2024-2025

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 million):¹⁰⁵

2025	Q1	Q2	Q3	Q4	Total
Premiums in NIS million	1,069	1,038	965	841	3,913

2024	Q1	Q2	Q3	Q4	Total
Premiums in NIS million	1,126	1,020	1,008	798	3,952

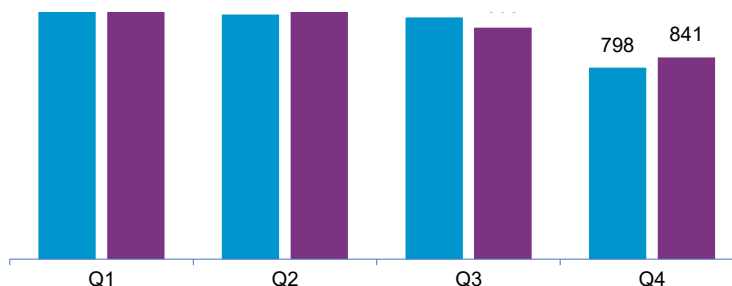
105. The data do not include credit fees.

Breakdown of gross premiums in P&C insurance by quarters in 2024-2025

In NIS million

■ 2025

■ 2024

**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 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 compared to the period preceding the War.

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 13 to the Financial Statements.

9.12.2. Databases

The Group companies maintain databases that include, among other things, data relating to customers, agents, service providers, and employees. The Group's databases are used for its ongoing operations and are essential to the management of its business.

In accordance with the provisions of **Amendment 13 of the Privacy Protection Law**, which entered into force in August 2025, there has been a significant reduction in the obligation to register databases. Accordingly, the Company deleted the registration of all databases in its possession and, where required, provided notice to the Privacy Protection Authority regarding the relevant databases.

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 35 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 35(1.1) to the Financial Statements.

For a detailed summary of the Company's exposure to legal proceedings, see Note 35(2.5) 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 16(f) to the Financial Statements.

9.14.2. *Credit*

For details regarding the subordinated notes, which constitute Tier 2 capital and Tier 1 capital for purposes of Economic Solvency Regime, see Note 16(b) to the Financial Statements. For details regarding limitations on the recognition of notes as Tier 2 capital and Additional Tier 1 capital for economic solvency ratio purposes, see Note 23(f)(1) to the Financial Statements.

For details regarding bonds issued by the Company, see Note 16(c) 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 22 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 33 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 ¹⁰⁶	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		
Gen AI 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.

106. The impact is primarily through the economic solvency ratio. The sensitivity of profit to interest rates moderated significantly, as the CSM component absorbs a substantial portion of the changes in this parameter.

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. It should be noted that following the transition to IFRS 17, the aforementioned increase is immaterial to the Group's ongoing profitability. For details regarding the quantitative effect - as of December 31, 2025 - of the exposure to market risk arising from the management of funds as described above, see Note 33(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 a certain 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 the sensitivity analyses of Clal Insurance's solvency ratio, one of the group's primary exposures is to a decline in the interest rate curve. A non-parallel shift in the slope of the interest rate curve may give rise to additional exposure. This is due, among other things, to the duration of the Company's liabilities being longer than that its interest rate-sensitive assets. In the financial statements, a decline in the interest rate curve is expected to generate a profit for the Company, in light of the structure of its assets and liabilities, with the CSM component expected to absorb a substantial share of the sensitivity to the decline in interest rates. Conversely, an increase in the interest rate curve will have a negative effect on income. Under this scenario, the CSM component will benefit from a positive increase in value.

It should be noted that, over the long term, the Group is exposed to a prolonged low interest rate environment, due to the adverse impact on the potential returns of its investment portfolios. (See Note 33(c) to the Financial Statements).

- B. **Credit spread risk** - the Group is exposed to the risk of loss as a result of the impact of changes in market credit spreads on the value of liquid debt assets, as well as due to the effect on the fair value measurement of the Group's non-liquid debt assets and on the calculation of a portion of the discount rate applied to insurance liabilities.
- 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 cash flow 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, that 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 sensitivity tests relating to market risks, see Part B – Report of the Board of Directors, Section 4.3.

(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 33(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 33(e1) and 20(f) 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 permanent health 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. 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 permanent health 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 33(f)(8) to the Financial Statements. Regarding sanction clauses and coverage of war damage in reinsurance treaties, see Section 9.6.5.2 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, 7.3 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 35(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 23 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 35(2.3.2.2) 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.

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 continuously developments and publications relating to the sanctions regimes, in order to manage the said risk, 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 above.

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.

(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 420 billion as of December 31, 2025, of which approx. NIS 372 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) Gen AI risks

The Group is exposed to potential risks arising from the use, development, or deployment of AI systems, including, among other things, cyber, ethical, operational, regulatory, and strategic risks, which may result in financial loss and/or damage to the Company's reputation. This risk is also considered an emerging risk. As noted, the Company has recently established an AI policy, classified the risks associated with the various models, and is developing a set of controls in accordance with the risk level involved in the use of such systems.

(8) 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.

(9) 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 16(f) to the Financial Statements), and a downgrading of the rating may have an adverse effect on their activities.

(10) 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 Histadrut Workers' Union (hereinafter - the "**Histadrut**"), and the Group's Workers Committee (hereinafter - the "**New Collective Bargaining 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. Pursuant to the agreement for the operation of the provident funds, Bank Leumi is paid annual consideration as a rate of the funds' assets under management, and, as of 2023 - an additional fixed annual fee. In addition, for the operation of the advanced study fund, Bank Leumi is paid a fixed monthly amount. The term of the agreement was set at 5 years, with each party having the right to terminate the agreement upon 12 months' prior notice. As from January 2018, Bank Leumi has been operating all of the provident funds under management of Clal Pension and Provident Funds. In January 2026, 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 until July 2031. 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. In addition, the agreement includes various provisions regarding the parties' rights in connection with the transfer of shares of Clal Credit Insurance to a third party, subject to the terms set forth in the agreement. The agreement renews automatically every 3 years, unless either party provides 6-months' prior notice to the other party, or in the event of termination by either party due to a fundamental breach by the other party. On January 1, 2025, the Agreement was renewed 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 continues to implement the strategy it has outlined, to transform from an insurance and long-term savings group into a financial holdings group with diversified sources of revenues and profit, including in the credit segment (Max). Even in the past year, 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 continues to demonstrate profitable growth and has significantly improved its financial results and its solvency ratio.

Key tasks in the implementation of the business strategy -

- Growth in revenues 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 revenues 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, that will allow the Group to maximize its sales opportunities, as well as streamline operations.
- Integration of AI as a strategic component in business operations: the use of AI to realize business value and potential, while adopting the technology in a responsible and efficient manner and maintaining close monitoring of competitive dynamics and the value proposition in the market.
- 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.

At the beginning of 2026, Max and Clal Insurance, respectively, completed work on a strategic plan, each within its respective area of activity. The Company intends to prepare a group-level strategic plan during 2026.

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 33 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 2025 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

For further details on the external directors serving in the Company, see Part D of the Report – Additional Details Regarding the Corporation, Section 14.

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 14.

10.3. Corporate Governance

10.3.1. Company without a control core

In April 2025, the Knesset Constitution, Law and Justice Committee approved, for a second and third reading, the Companies Bill (Amendment No. 37) (Corporate Governance in Public Companies without a Controlling Shareholder), which proposes 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, 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 adopted, as a group without a control core, 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 5% 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 relative¹⁰⁷, a corporation whose director or candidate for a tenure of director, as stated above, also 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, to the best of the Company's knowledge, an officer who served in the Group in the past 12 months served as an officer therein.

It is hereby clarified that a person will be deemed a related party of the relevant company in which such person serves or is a candidate, by virtue of whom that person has been defined as a "related party."

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.

(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 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

107. 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.

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; "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.

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.

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 (including Alrov), one director was appointed through the recommendation of an external committee, and 2 directors were appointed by a search committee of the Company's board of directors.

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 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 (hereinafter - **"Clal Insurance's External Committee"**).

Accordingly, in September 2021, general meetings of Clal Insurance convened, which passed resolutions to appoint directors in Clal Insurance in accordance with the recommendations of Clal Insurance's External Committee 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 will not be proposed to the Board of Directors of Clal Insurance, in accordance with the offer of that holder or body of holders.

For further details, see Note 1(c) to the Financial Statements.

10.3.6. Reporting procedures

Materiality assessment procedure

The Company has adopted 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 (in this section - the **"Procedure"**). 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;¹⁰⁸ (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;¹⁰⁹ 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; (f) liabilities ratio – the financial liability which is the subject of the Event divided by the Company's total assets in the consolidated balance sheet prior to the Event. (g) Revenue ratio – the expected revenues from the event divided by the total annual revenues (i.e., for four quarters), averaged over the last three years, calculated based on the last 12 quarters for which reviewed or audited financial statements have been published.

In general, in view of the Group's areas of activity and assets under management, the Procedure provides for specific provisions for the purpose of purchasing and selling liquid and illiquid assets, disposal events, including an event whereby illiquid assets become liquid assets or revalued.

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.¹¹⁰

2. The procedure specifies the relevant metrics for examining various types of transactions.
 - In the absence of special qualitative considerations arising from the overall circumstances of the matter, an event will be deemed immaterial if all the relevant metrics calculated for it as set forth above are below 5% on an annual basis; where a relevant metric exceeds 5% on an annual basis, materiality will be assessed in accordance with the circumstances of the case and the statutory provisions.

108. 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.

109. Due to the absence of data reflecting 12 quarters that incorporate the Company's financial data following the implementation of IFRS 17, the Head of the Finance Division determined that, until the publication of the Financial Statements for 2025, the Company will use the materiality thresholds calculated based on the Financial Statements for 2024 as a preliminary test. Starting from the publication date of the Company's Financial Statements for 2025, the materiality thresholds will be calculated based on the quarterly data available in accordance with IFRS 17, initially based on 8 quarters (2024 and 2025), and, upon the publication of additional quarterly reports, the materiality thresholds will be calculated taking into account the results of such quarters. From the date on which the Company publishes financial statements in accordance with IFRS 17 for 12 consecutive quarters, the calculation will again be performed as stated above.

110. See Footnote 109 above.

- The Procedure also details the circumstances under which a loan provision event 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 - an event shall be deemed material in accordance with a staff position issued by the Israel Securities Authority.
- Events not classified under one of the options in the Procedure 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, as detailed in the Procedure.
- With respect to the event involving 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).

(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 - among other things - to one or more of the following aspects:

- It involves significant chances, risks or exposures;
- If it involves entry into a new material operating segment, or departure from a current material operating segment;
- It may have a non-recurring effect on the Company's financial statements;
- 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 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.

(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, as prescribed by the Procedure. (2) Qualitative assessment – examination of the question of whether the filing of the claim or even the threat of filing it¹¹¹ 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.¹¹²

111. 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.

112. 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.

The procedure specifies the cases in which an event relating to an insurance claim and/or an event relating to a financial failure will be deemed material.

(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. Such examination will be conducted at each phase of the process, in accordance with the legal positions of the Israel Securities Authority regarding a criminal investigation or an administrative enforcement proceeding of the Israel Securities Authority.

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 2025 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. In addition, it is noted that, with respect to Hyp, an audit is conducted by an external independent auditor, in accordance with a work plan approved by Hyp's board of directors based on an exposure mapping survey.

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 ¹¹³	24,855		790	25,645
Clal Credit Insurance	830			830
Clal Pension and Provident Funds	9,205		170	9,375
Atudot Havatika		1,470		1,470
Clal Holdings and agencies under the Company's control	750			750
Total	35,640	1,470	960	38,070

The total number of audit hours invested in the Group in 2024 and 2025 (excluding audit hours pertaining to Atudot Havatika and Max) was approx. 36,600 hours.

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.

113. The data includes 100 audit hours conducted in Clal Insurance Capital Raising.

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.

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 Audit Committee of the Company and Clal Insurance held discussions on the Chief Internal Auditor's findings.

Clal Insurance

January 12, 2025, February 13, 2025, March 11, 2025, April 10, 2025, May 15, 2025, June 12, 2025, July 13, 2025, August 12, 2025, September 11, 2025, October 19, 2025, November 10, 2025, December 11, 2025

Clal Holdings

January 14, 2025, March 11, 2025, June 29, 2025, November 6, 2025, December 14, 2025

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. As of this date, the options have not yet been exercised. For further details, see Note 31 to the Financial Statements.
- The Chief Internal Auditor's total compensation in 2025 amounted to approx. NIS 2.19 million.
- On March 15 and 25, 2026, the Audit Committee and the Board of Director examined to see whether the compensation received by the Company's Chief Internal Auditor in 2025, 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 responsible partner: Tal Chai-Zion, CPA.
- **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**

	2025				2024			
	Tax audit services	Auditing-related services	Other services	Total	Tax audit services	Auditing-related services	Other services	Total
The Company	100	-	30	130	111	-	-	111
Clal Insurance and subsidiaries*	8,762	141	982	9,885	10,086	45	1,785	11,916
Subsidiaries (excluding Clal Insurance and its subsidiaries and excluding Max) ¹¹⁴	405	-	-	405	435	-	-	435
Total - companies	9,267	45	1,108	10,420	10,632	45	1,785	12,462

* In the reporting year, the audit services included fees in respect of SOX, and solvency audit. In 2024, the audit services included, in addition to the foregoing, fees for a preliminary IFRS 17 audit.

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 2025, the Group donated a total of approx. NIS 8 million in Israel, and multiplied its donation budget compared to the previous year, pursuant to the defined strategy: support for entities and NGOs 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.

The Company contributes to Bayit Al HaYam (NGO), which operates to make the sea experience accessible to children and adults with special needs, at-risk youth, and trauma victims. As part of the collaboration, two volunteer days were held at the NGO's centers, in Herzliya and Tel Aviv, during which employees accompanied the participants in experiential activities at sea.

This year has been the fifth 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.

In May of this year, the Company initiated a first-of-its-kind project for IDF combat soldiers, From Fighter to Dreamer, in collaboration with the Institute for Mentoring and Leadership and the IDF Casualties Division. As part of the project, managers from the Company will accompany wounded soldiers from the Iron Swords War through a personal mentoring process.

At the beginning of the year, a special event was held during which approx. 1,500 of the Company's employees mobilized for a large-scale volunteer initiative in collaboration with Ruach Tova (NGO), for the benefit of the residents of Ashkelon. The employees worked to improve the appearance of the Shimshon neighborhood in Ashkelon, and to establish community gardens in the Hof Ashkelon Regional Council.

In the lead-up to the High Holidays, the Company sponsored the fundraising days of Pitchon-Lev. 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 eighth 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, the Company took part in a special

114. The fees of the accountants for Max's audit services are detailed in Section 15.15 below.

project, Journey with the Heart, and, over the course of two volunteer days, distributed approx. 15,000 food baskets to families across Israel.

In addition, the Company's employees participated in the annual fundraising broadcast of the Latet organization, which was aired on Keshet 12, and volunteered in donating and packaging food packages, valued at hundreds of thousands of shekels, which were distributed to families in need.

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.

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.

As part of the implementation of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments (hereinafter - the "**New Standards**"), as reported in the Report of the Board of Directors during 2025, the Company acted to reinforce controls, automate processes, and improve data quality. The Company continues to carry out such actions.

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, 2025, 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.

Officers' Statements on the Effectiveness of Internal Control over Financial Reporting and Disclosure, in relation to the relevant processes, in accordance with regulatory requirements 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 model of 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.

Internal controls over financial reporting:

During the fourth quarter ended December 31, 2025, 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.

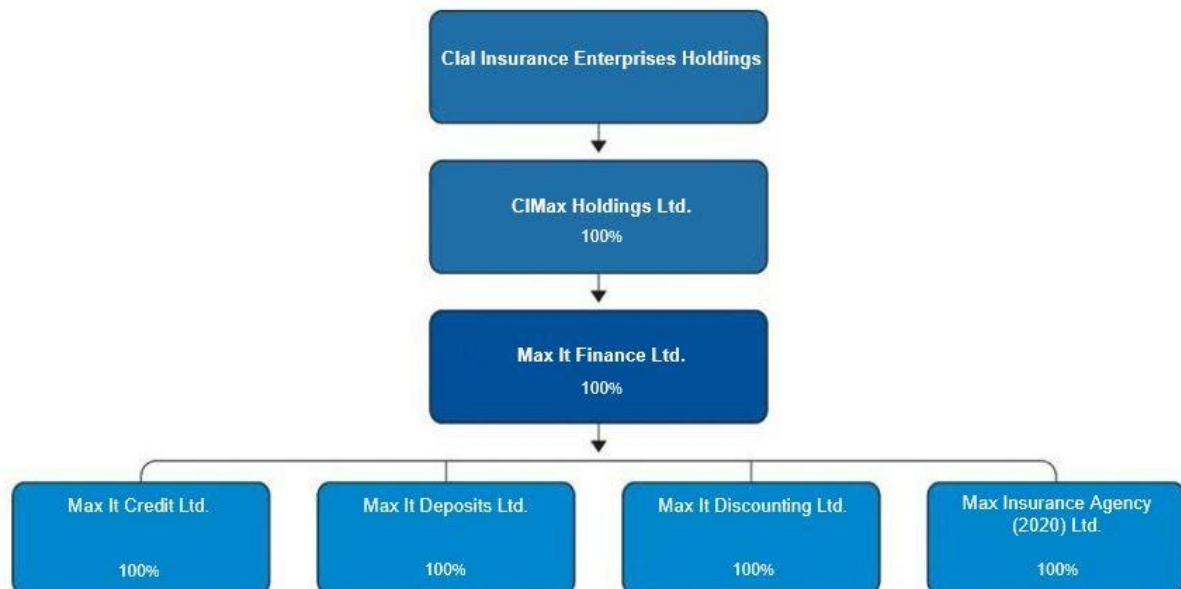
Managers' statements on the effectiveness of internal control over financial reporting and disclosure, in relation to the relevant processes, in accordance with the Banking Commissioner's circulars are attached to the report.

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, 2025:



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.

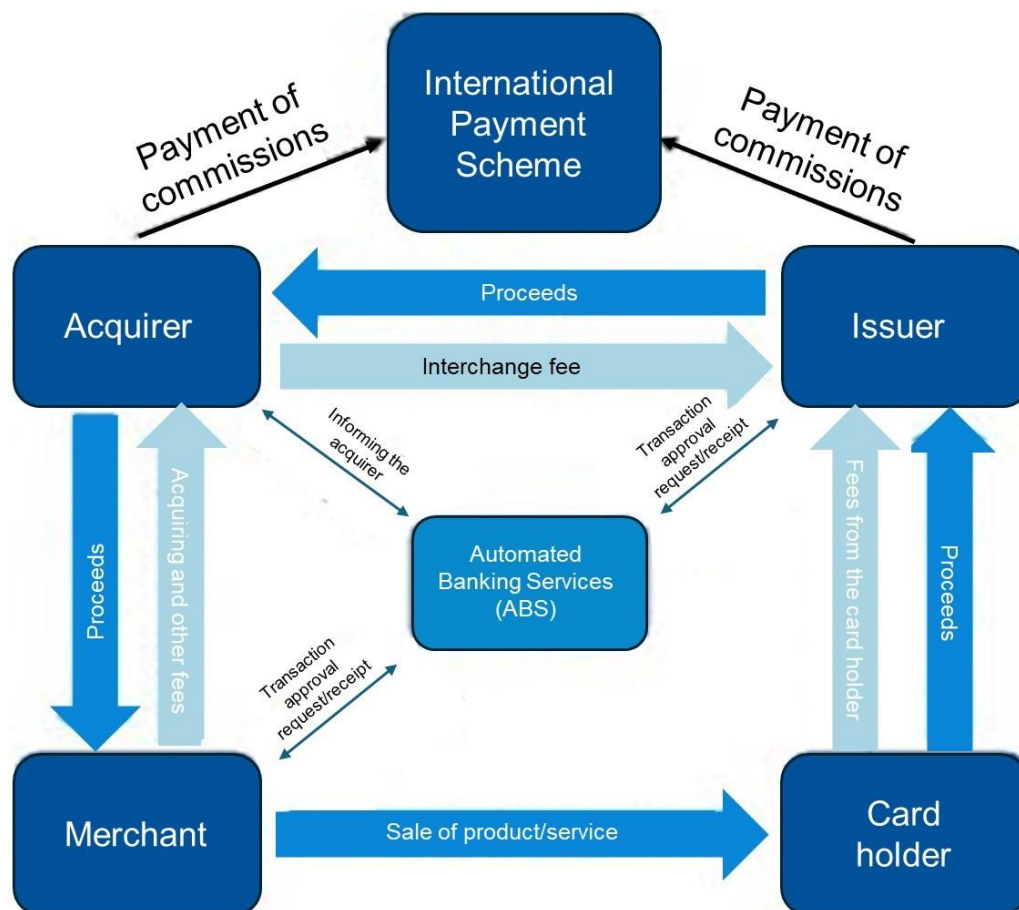
On April 25, 2018, the Israel Competition Authority published its decision to exempt, under certain conditions, the interchange acquiring arrangement between the credit card companies. The exemption applies to any issuer or acquirer joining the arrangement. The exemption has been extended from time to time through December 31, 2028.

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.

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 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**"). 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 that 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, Max acquires the UnionPay brand. Isracard exclusively acquires American Express transactions, CAL exclusively acquires Diners credit transactions. In accordance with the Ministry of Finance's outline of August 1, 2022, Isracard and CAL entered into aggregator agreements with the various acquirers (including with one another), under which the latter are allowed to aggregate debits and credits of merchants in respect of transactions made with credit cards of the American Express and Diners brands, respectively. Under the above, on October 28, 2025, Max entered into an aggregator agreement with Isracard's subsidiary, Premium Express Ltd. - which serves as the acquirer and issuer of the American Express payment cards brand in Israel - under which Max will be allowed to serve as the aggregator of merchants in Israel for the American Express brand; Max is looking into a similar engagement with CAL's subsidiary, Diners Club Ltd. In 2018, two other companies - Tranzilla Ltd. and CardCom Acquiring Ltd. - received an acquiring license from the Bank of Israel. In accordance with the provisions of the Regulation of Engagement in Payment Services and Payment Initiation Law, 2023, Tranzilla Ltd. and CardCom Acquiring Ltd. have recently received a payment company license, and consequently they are regulated by the Israel Securities Authority, alongside other domestic and international actors.

The three companies also offer credit to private individuals and businesses, and in this respect - 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%.
- **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** - a card through which transactions can be executed provided that there is a sufficient balance in the card holder's bank account, and the bank account is debited immediately after the execution of the transaction. Currently, debit cards can only be issued by banks. Approx. 11% of Max's valid cards are of this type.
- **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. 3% 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 15.1.19 below. As from January 1, 2023, the interchange fee in deferred billing transactions stands at 0.5%, and in immediate billing transactions, the interchange fee stands at 0.25%.

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 foreign acquirers and, in addition – 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 foreign acquirer a fee (which is factored into the transaction's NIS -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 revenues 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 - of the scope of transactions made using Max's foreign currency account, 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 revenues

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 include, among other things, 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. The benefits are awarded in various ways (regardless of the card type). For example, 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 2025 compared to 2024, mainly due to a decrease in the amount of write-offs due to a decrease in the amount of the expense in respect of credit loss provision. The decrease in credit loss expenses reflects an improvement in the quality of Max's credit portfolio due to, among other things, a change in the portfolio mix and on the back of the revised macroeconomic forecasts.
- **Operating, marketing and general and administrative expenses** in 2025 include an expense of NIS 170 million in respect of a revision to the provision due to a judgment handed down in August 2025 in an appeal filed by the credit card companies regarding a VAT assessment issued with respect to overseas activity of card holders (for further details, see Note 35(3.2) to the financial statements). In addition to this effect, expenses in 2025 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 commissions to the Global Organizations and costs of 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 and accessibility capabilities, enabling the establishment of technological ventures driven by simplicity and availability. 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.

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 niche closed loop niche technology solutions, increasing the use of transactions through mobile devices as opposed to physical cards.

In addition, technological and regulatory changes, which will support the move to use of the app through direct debiting (A2A) of bank accounts, are likely to hurt the issuing Max's segment revenue. Recently, competition in the foreign exchange arena has been intensifying among most players in the payment market, especially digital banks and domestic and international non-bank companies, which offer various foreign exchange solutions, including digital wallets.

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.
- Infrastructure adaptability and flexibility in a changing technological, competitive, and consumer environment.
- The ability to recruit customers while providing a service experience to Max's customers, striving for constant improvement and innovation.
- Creating value propositions for Max's customers, 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 effective 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 marketing activities on a

range of channels with an emphasis on digital channels.

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; ATM card; purchase cards and other business cards.

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 Histadrut 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.

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.

In addition, 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.

Max'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 Max's risk appetite, the macro-economic situation, and other variables. Therefore, the increase in Max's market share in credit does not necessarily correlate to the increase in the number of card holder customers.

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, foreign currency account management, and information and transaction insurance services. In May 2025, Max launched the Max Travel website - a platform which enables Max customers to enjoy tourism and leisure-related discounts and benefits. In October 2025, Max announced a new financial solution - accruing current account. This is a payment account that allows one to deposit funds and accrue interest. Funds remain available and liquid without penalties or additional fees.

Max invests considerable effort in maintaining customer satisfaction, inter alia by maintaining a high level of service. As part of its service strategy, Max works hard to provide simple, readily accessible and innovative user experience across its various service channels.

Max 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.

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. Or 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 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, unless either party notifies the other party of termination of the engagement by giving a 90-day advance notice. In addition, the parties also have the right to terminate the agreement due to an unremedied fundamental breach by a 30 days' 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 (A2A) 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, Mizrahi Tefahot Bank Ltd., Discount Bank Ltd., Bank Hapoalim Ltd. and the First International Bank Ltd. group 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.

Max provides credit to private customers and business customers as credit facilities for the cards it has issued and also 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. 21% of the Issuing Subsegment's revenues, net of payments to banks in 2025; approx. 23% in 2024; and approx. 23% in 2023.

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 Reform**"), 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. (6) Regulatory arbitrage between the obligations applicable to Max and those applicable to non-bank financing companies. 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.

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 - Max Travel - 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. In October 2025, Max and Isracard Ltd.'s subsidiary - Premium Express Ltd. - entered into an aggregator agreement, under which Max will be allowed to serve as the aggregator of merchants in Israel for the American Express brand. For further information, see Section 15.11.2(b) below.

Based on information Max received from the Bank of Israel, Max's share of the Israeli acquiring market is 20%-25%.

According to this information, the total acquiring turnover in the market has grown by approx. 8% in the first nine months of 2025, and by approx. 11% in 2024, 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.

Operating revenues from credit card transactions increased in 2025 compared to 2024, as a result of the increase in Max's acquiring turnovers.

Max's net interest revenues increased in 2025, mainly because of the increase in business activities, relative to 2024.

Credit loss expenses decreased in 2025 compared to 2024, mainly due to adjustments made to the credit loss provision, such that it is aligned with the current credit risk assessment of Max's business customers in view of the economic activity in Israel and the macroeconomic forecasts.

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 Max.

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 of 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.

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. 80 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 revenues from any merchant that constitutes 10% or more of its revenues 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. Most 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, a mobile-friendly website and app, 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 revenues.

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; (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. In this context, it is noted that on October 28, 2025 the Company and Isracard Ltd.'s subsidiary - Premium Express Ltd. - entered into an aggregator agreement, under which the Company will be allowed to serve as the aggregator of merchants in Israel for the brand.

Part of 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 assessments 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 geopolitical situation, 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.

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 key legislative and regulatory provisions applicable to Max specifically, with an emphasis on those which were modified during the reporting period, and material changes during this period in the regulatory environment applicable to Max. 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), 1981 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). As a reporting corporation, Max is also subject to securities laws.

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, including by virtue of the Banking Supervision Department.

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. Under an amendment to the Banking Law (Licensing) of July 2022 (known as the Nawi Law), the total amount which can be raised through issuance of liquid securities was increased, and the prohibition on provision of non-housing credit secured by a mortgage was lifted. These amendments allow the Company to increase and diversify its non-bank sources of financing, while improving pricing compared to illiquid alternatives.

15.1.2. Holding and control provisions

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. Proper Conduct of Banking Business Directives, Reporting to the Banking Supervision Department Directives, Reporting to the Public Directives, and Banking Supervision Department's letters and circulars

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.

In addition, the Banking Supervision Department periodically publishes letters and circulars that regulate different or additional aspects beyond that which is established in the directives.

15.1.4. Proper Conduct of Banking Business Directive 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 (in May 2026), 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 preparing to implement the directive. At this stage, it is impossible to assess how the directive may affect Max.

15.1.5. Proper Conduct of Banking Business Directive 313 - Restrictions on the Indebtedness of a Borrower and a Group of Borrowers

In January 2025, the Banking Supervision Department published a revision to the directive, which extends - until the earliest of January 1, 2026 or the application date of an alternative directive - the provision 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.

In February 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), in the course of 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 enter into force 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.

A circular dated December 2025 postponed the effective date of the new directive to July 1, 2026 and the abovementioned exclusion period was extended through that date.

15.1.6. Proper Conduct of Banking Business Directive 367 - E-Banking

On December 31, 2025, a revision to Proper Conduct of Banking Business Directive 367 - E-Banking - entered into effect, which addresses fraud incidents faced by the banking system. The amended directive requires a banking corporation to deliver to another banking corporation substantiated information, which can assist in assessing, identifying and preventing fraud in the other banking corporation. At this stage, given the fact that it is not yet clear which information banking corporations will be required to deliver and which information they will be able to receive, including in what manner such information will be delivered/received, how often, etc., Max is unable to assess the implications of the said revision.

15.1.7. Proper Conduct of Banking Business Directive 426 - Provision of a Professional Human Telephone Response

On November 30, 2025, the Banking Supervision Department published an amendment to Proper Conduct of Banking Business Directive 426, Provision of a Professional Human Telephone Response. The amendment prescribes a requirement to provide professional human telephone response to customers where there are concerns of fraud in payment services and the delivery of messages about concerns of misuse in accordance with the Payment Services Law. This service will be provided through a call center, which will be staffed continuously, at all hours of the day and all days of the week, including during out-of-office hours. The date on which the amendment to the directive will enter into effect was set for May 31, 2026. At this stage it is not yet possible to assess the effects of the above on Max.

15.1.8. Proper Conduct of Banking Business Directive 369 – Model Risk Management

On August 21, 2025, a new Proper Conduct of Banking Business Directive, Model Risk Management, was published, pursuant to which 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.

15.1.9. 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.

Proper Conduct of Banking Business Directive No. 368 addresses the implementation of an open banking standard in Israel by banks and credit card companies; the duties applicable to a source of information (a financial entity which allows the consumer to obtain information and access to a customer account, at the customer's request); customer protections and risk management tools in the open environment.

The directive stipulates that a bank and a credit card company constitute such a source of information and are entitled to act as an information consumer (an entity seeking to obtain information from a source of information, at a customer's request).

On December 22, 2025, Financial Information Service Ordinance (Deferral of the Effective Date of the Law regarding Information Set on Acquiring of Payment Card Transactions), 2025, was published. The ordinance postpones the effective date of the requirement to make the information set on acquiring of payment card transactions accessible to June 14, 2026.

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, including enrichment and honing of its value propositions to customers, 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

15.1.10. Payment Services Law and regulations promulgated thereunder

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).

15.1.11. Payment Services Regulations (Exemption from the Provisions of the Law) (Amendment), 2025

On January 14, 2026, the Knesset's Economic Affairs Committee approved the Payment Services Regulations (Exemption from the Provisions of the Law) (Amendment No. 2) (Amendment). The regulations retain the exclusion - which was in place prior to the Amendment - of gift vouchers/cards, which are not designated for a particular payer (unidentified), including digital cards, from certain provisions of the Payment Services Law. Furthermore, the regulations set new consumer provisions to such means of payment and their operation, including requirements pertaining to the validity of certain

means of payment, reminders to be sent and provisions pertaining to the cancellation of a transaction. On March 2, 2026, a draft of these regulations was published, seeking to clarify and update their provisions.

Max works to apply the required modifications to its gift card issuance activity, including with regard to fair disclosure and the manner of presenting customers with the information and informing them of changes as required; it will also work to modify additional operational processes. Max believes that the execution of the abovementioned modifications does not have a material effect on its activity.

15.1.12. Credit Data Law, 2016

Under the Credit Data Law, a Central Credit Register was set up, which is managed by the Bank of Israel; the law also prescribes the reporting requirements of the sources of information, the permitted uses of the data contained within the database, and the conditions for using it. Max is a source of information as defined by law and is therefore required to report to the database and may use the data contained therein. The entering into effect of the Credit Data Law in April 2019 resulted in changes to Max's credit extending process (extending credit or refusing to extend credit, terms of the credit, etc.), and - in Max's opinion - improved the quality of its underwriting information when extending the credit. From time to time, the Supervisor of Credit Data Sharing at the Bank of Israel publishes Supervisor Directives pertaining to the interpretation of the Credit Data Law, which impose requirements on users of credit data, including Max.

15.1.13. 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 ancillary provisions, including the engagement in payment initiation under the open banking. The law, in addition to guidance published thereunder by the Israel Securities Authority, 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.

15.1.14. Prohibition on Money Laundering Law, 2000, and Prohibition of Financing of Terrorism Law, 2005 (hereinafter, jointly - the "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 December 3, 2025, the Banking Supervision Department published a draft for public comment of Proper Conduct of Banking Business Directive 411 - Management of Prohibition on Money Laundering and Prohibition on Financing of Terrorism Risks. The draft includes a revision which enables the application of simplified authentication processes when providing payment services and raising the services limit from NIS 20 thousand to NIS 50 thousand.

On December 30, 2025, the Banking Supervision Department published a new Proper Conduct of Banking Business Directive - Directive No. 412 - Provision of Services to Customers in the Context of Sanctions Regimes. In accordance with the directive, banking corporations are required to assess the risks involved in violating various sanctions lists and accordingly set a policy regarding how the sanctions lists will be used and the provision of services to the parties included therein, under their risk management processes in accordance with Proper Conduct of Banking Business Directive 310. It was also determined that a refusal to provide a service to a customer, including refusal to enter into an agreement or the termination of engagement due to the implementation of such a policy will not be deemed an unreasonable service refusal.

15.1.15. Amendment 13, Privacy Protection Law

Amendment 13 to the Privacy Protection Law entered into effect in August 2025, whose purpose is to modify the privacy protection legislation in Israel such that it is aligned with the modern and generally accepted legislation across the world, and to strengthen and broaden the powers of the Privacy Protection Authority. Max is preparing to implement the amendment's provisions.

For further details, see Section 9.2.4 above.

15.1.16. Publications regarding AI

On December 24, 2025, the Interministerial Taskforce for Assessing the Uses of Artificial Intelligence in the Financial Sector published a final report, which recommends the adoption of a risk-based approach to the regulation of artificial intelligence, with a focus on high-risk systems. The report recommends that the principle be maintained, according to which the responsibility for the operation of these systems will lie with the financial entities which operate the system (including informing and disclosing to the public of the use of such systems), and that the financial entities will be required to explain how such systems operate but will not necessarily be obliged to explain specific decisions made by the artificial intelligence in each and every case (the "black box" problem). In view of the pace of technological development, the taskforce recommends a series of measures and tools regarding decision-making processes pertaining to artificial intelligence. The taskforce also addressed the management of the risks arising from the use of these systems, the controls and oversight applied thereto, effects on stability and competition aspects in the financial system, and an emphasis on the need to prepare for fraud and misinformation risks when using these systems.

On January 19, 2026, the Privacy Protection Authority published a guide for implementing privacy-enhancing technologies in artificial intelligence systems (PETs AI). The document presents privacy-enhancing technologies and their application to the artificial intelligence domains, while explaining the principle of their operation in order to achieve the goals of privacy protection.

Both publications are recommendations only and Max is studying them.

Licenses and license agreements**15.1.17. Licenses from international credit card organizations**

For details, see Section 15.11.2 below.

15.1.18. 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

15.1.19. 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:

- A.** Blocking new players from engaging in interchange acquiring agreements;
- B.** 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.
- C.** 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.
- D.** 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 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.

15.1.20. *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.

15.1.21. *Strum Law*

The Law for Promoting Competition and Minimizing Market Concentration (Legislative Amendments), 2017 was published on January 31, 2017 (further to the recommendations of the Committee on Increasing Competition in Common Banking and Financial Services, the "Strum Committee") (hereinafter - the "**Strum Law**").

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

15.1.22. *Market Concentration Law*

Max is classified as a "substantial 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.

15.1.23. *The interministerial taskforce for assessing measures to increase competition in banking services offered to the retail sector*

In August 2025 an interministerial taskforce composed of the Bank of Israel, the Ministry of Finance, the Israel Securities Authority, the Commissioner of the Capital Market, Insurance and Savings and the Competition Commissioner published a summary report on assessing measures to increase competition in banking services offered to the retail sector in Israel further to an interim report published in March 2025. The taskforce looked into steps to remove barriers to the entry of additional players into the banking system. The taskforce's main recommendations are:

- Setting two licensing levels, while distinguishing between a small bank and a large bank in accordance with their assets under management and three regulatory levels for banks.
- Permitted lines of business - it was proposed that a small bank, whose asset value does not exceed 5% of the total asset value of the banking system, will be able to operate a flexible and lean business model, which allows the unbundling of financial services, including focusing only on deposits and credit activities, and - as stated above - on a specific customer type.
- Controlling stakes and holding stakes - It was proposed that a holding company which controls an institutional entity will also be able to control a bank whose assets under management do not exceed 2.5% of the banking system's assets under management, with an option to raise the threshold to 5% at the approval of the Minister of Finance and the Governor of the Bank of Israel and in consultation with a monitoring taskforce, which will be set up for this purpose. It is further recommended that a bank controlled by a holding company which controls an institutional entity be restricted and not allowed to engage in the provision of advisory, brokerage, or marketing services pertaining to investment, insurance, or savings instruments (without derogating from the powers of the financial regulators and the Israel Competition Authority to assess each application on its merits); however, such banks will be allowed to provide pension advice through digital channels (under an objective model).
- Extending the terms and reinforcing the protections and directives to the credit card companies processing the issuance of bank cards, enacted within Law for Promoting Competition and Minimizing Market Concentration (Legislative Amendments), 2017 (see details below, under the Bill - Increasing the Competition in the Banking Market (Legislative Amendments), 2025).
- It was further recommended that the Officer Compensation in Financial Corporations Law (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016 (hereinafter - the "**Officer Compensation Law**") will not apply to a small bank for a 10-year period from the date of receipt of a bank license.

15.1.24. Bill - Increasing the Competition in the Banking Market (Legislative Amendments), 2025

On March 19, 2026, the Knesset's Committee on Public Projects approved the second and third readings of the Economic Plan Bill under the Budget Law Bill for 2026, 2026 (hereinafter - the "**Economic Arrangements Law**"), which includes several legislative amendments aimed at increasing the competition in the banking market including the Law Memorandum for Promoting Competition in the Banking Sector (Legislative Amendments), 2025 (hereinafter in this section - the "**Bill**" or the "**Proposal**"), comprising several comprehensive legislative amendments in order to increase the competition in banking services, enable the entry of new players and reduce regulatory barriers.

The Bill aims to implement the recommendations of the Interministerial Taskforce for Assessing Measures to Increase Retail Banking Competition in the Banking System. The proposed amendments under the Bill include, among other things:

- Setting licensing tiers for banking corporations based on their scope of activity ("micro bank", or "small bank" in addition to a banking corporation);
- Authorizing the Banking Supervision Department to expand a small bank's permitted areas of activity, beyond those set by law.
- Providing regulatory expedients to "small" and "new" banks such as exemption from the provision of certain banking services subject to a requirement to provide reasons (such as opening a credit-balance current account), temporary exemptions from certain requirements under "Click-to-Switch", exemption from fair disclosure requirements and providing flexibility regarding the collection of fees and commissions, exemption from the requirement to make information accessible in "open banking", etc.
- Revision to restrictions regarding holding stakes in banking corporations - It is proposed that financial holding companies which control an institutional entity will also be allowed to control a micro bank.

Furthermore, the Bill proposes to extend and amend the following infant company protections, which were set under the Law for Promoting Competition and Minimizing Market Concentration (Legislative Amendments), 2017 (hereinafter - the "**Strum Law**"), by further four years commencing approximately one year from the Law's effective date: (a) the requirement of processing payment cards through a

processing company; (b) processing up to 40% of the new payment cards through a processing company (instead of the current 52% requirement). The Minister of Finance may extend the period or change the abovementioned rate.

Furthermore, on March 10, 2026, the Knesset's Economic Affairs Committee approved a second and third readings of an additional part of the Economic Arrangements Law, which focuses on promoting competition in the guarantees market. The Proposal seeks to amend a series of laws which require the provision of a guarantee and allow additional entities to provide a guarantee (including Max), and thereby to increase competition.

It is noted that the Bill was published under the Draft Economic Plan for 2026, and therefore, is subject to additional changes which will be made under the legislation process. At this preliminary stage, it is impossible to assess the Bill's effects on Max, although it may be assumed that if the proposed amendments under the Bill are approved, they may increase competition in the financial and banking system and bring about structural changes in the markets relevant to the Group's activity. The aforesaid constitutes forward-looking information, which is based on Max's assessments and assumptions as of the report publication date. Actual results may vary materially from those assessed, due to, among other things, the manner by which the recommendations will be adopted in legislation.

15.1.25. Draft for public comment - Supervisor Framework for Small and New Banks

On February 8, 2026 the Banking Supervision Department published a draft for public comments titled Supervisor Framework for Small and New Banks, which was formulated further to the recommendations of the Interministerial Taskforce of August 2025, in accordance with the principle of proportionality of the Basel Committee on Banking Supervision.

The draft directive defines regulatory tiers according to the banking corporation's size, and each tier is assigned a regulatory framework which is consistent with the bank's size and its importance within the banking system.

Considering the substantial challenges and resources involved in the establishment of a bank and compliance with the required regulation, the directive defines a preparation period for a corporation which was awarded a bank license, to allow it to gradually implement the provisions which apply to it under the regulatory tier it belongs to. The adjustments as per the directives are designed to balance the need to provide expedients to a small banking corporation in order to allow gradual application of the regulation which applies to a new banking corporation, and the need to maintain the stability of the banking corporation, fairness towards the customer and the provision of adequate services. The adjustments are reflected in capital, liquidity, corporate governance, risk-management, fairness, customer-bank relations and other provisions, in a manner which maintains stability and the principles of providing fair service to customers. A banking corporation, which opts to engage in certain activities such as operating a branch network, provision of housing loans, opening and managing current accounts and activity involving securities and derivatives, will be required to apply the provisions which are relevant to these activities.

Furthermore, and under the abovementioned Supervisor Framework for Small and New Banks, on February 8, 2026 the Banking Supervision Department published a further draft for public comments regarding amendments to the Reporting to the Public Directives of small and new banks, which aims to clarify the reporting requirements, which will apply to a banking corporation under Supervisory Tier 1 and a banking corporation under Preparatory Stage for Supervisory Tier 1.

15.1.26. Revisions and expedients following Operation Rising Lion

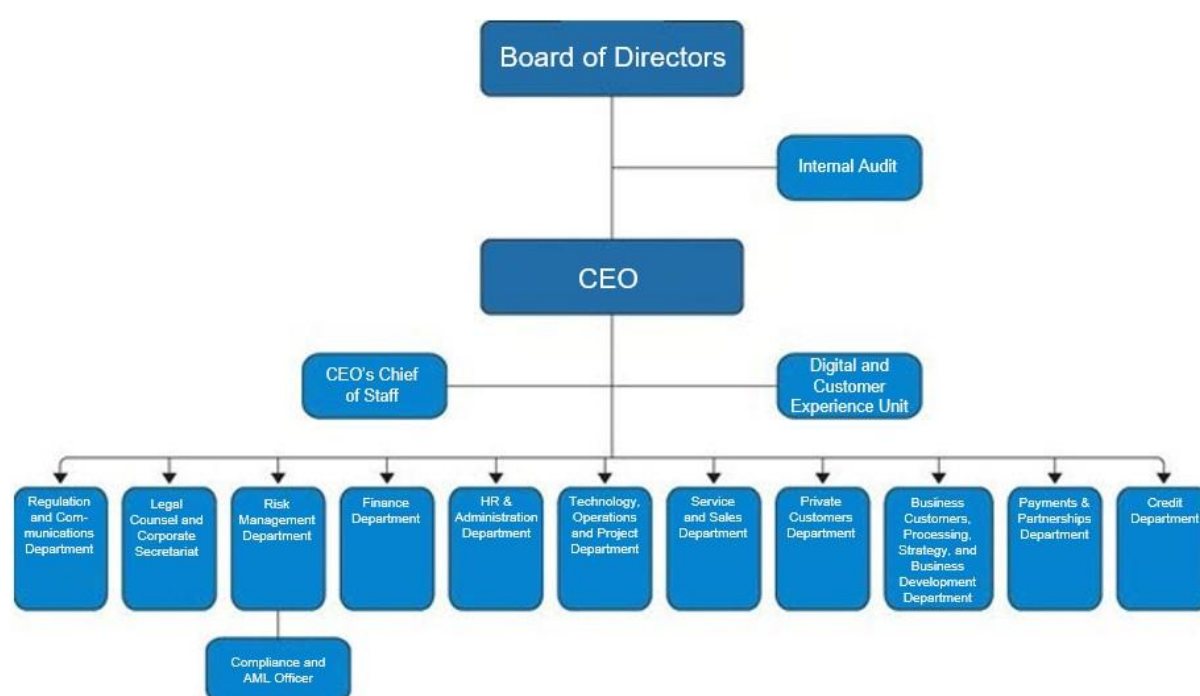
On June 17, 2025, the Banking Supervision Department published a letter outlining key points for the banking system following Operation Rising Lion; this letter lists areas on which the banking system should focus under its activity, including the availability and continuity of banking services; handling, assistance and response to customer inquiries following the operation, with an emphasis on urgent inquiries and inquiries of a humanitarian nature; easing the burden and supporting customers in meeting their obligations; telephone service to customers; cybersecurity aspects, customer fraud and risk management assessment; and Board meetings in which the preparations required for the situation will be discussed.

15.1.27. Revisions and expedients following Operation Lion's Roar

On March 2, 2026, the Banking Supervision Department published a draft for public comment regarding Adjustments to Proper Conduct of Banking Business Directives to Address Operation Lion's Roar (Temporary Order) The draft constitutes an outline of adjustments and expedients similar to previous outlines, and includes, among other things, expedients pertaining to the application of Proper Conduct of Banking Business Directives regarding handling public complaints, consumer credit management and e-banking - in order to support customers in addressing the challenges arising from the current circumstances.

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:

	2025	2024
No. of positions* as of year end	1,576	1,558
Average number of jobs*	1,593	1,501

* 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

In 2025, several changes have been made to Max's organizational structure, of which, the main changes are:

A. As from January 1, 2025, the Private Customers Division was split into two divisions:

- The Service and Sales Division – the division responsible for all of Max's retail customers.
- The Private Customers Division – the division responsible for the broad value proposition to Max customers.

- B. As from January 1, 2025, the Business Development and Operations Department was reassigned to two existing departments: 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. As from January 1, 2025, the Digital and Customer Experience Department shall serve as a lateral unit, directly subordinate to the CEO of Max.
- E. As from June 1, 2025, a Payments and Partnerships Division was set up. This division is charged with collaborations with business partners, including banks (the processing activity), fraud prevention and activity involving the Global Organizations - Visa and Mastercard.

Changes in the composition of Max's Board of Directors

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.

On June 1, 2025, Mr. Tomer Alkobi started serving as Deputy CEO, Head of the Payments and Partnerships Division. Prior to his appointment, Mr. Alkobi served as Max's CRO.

On June 1, 2025, Ms. Sharon Segev Michalson started serving as Max' Deputy CEO, Head of the Risk Management Department and Chief Risk Officer. Prior to her appointment, Ms. Michalson headed the Company's Overall Risk Management Department.

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 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 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,¹¹⁵ 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 will 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.

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,

115. 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.

net of amounts accrued by them during their tenure, due to severance pay contributions.

Employment agreements with the Chairman of Max's Board of Directors

For details see Note 34(b)(5) to the Financial Statements.

Employment agreement with the Max CEO and management

For further details see Notes 34(b)(7) and 21(d) to the Financial Statements.

Collective agreement - Max

For details, see Note 21(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. The refurbishment was completed in the last quarter of 2025 and did not affect its business activity.

Max operates an additional service center in addition to the Max Building call center, in the north of Israel. 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. Due to the facility's location and quality, Max Building North constitutes a part of Max's social commitment to create additional jobs in rural areas and development and promotion opportunities for residents of the northern region of Israel, along with the possibility of expanding recruitment. 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 IT 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.
- **Customer service system** - Max manages several technological modernization projects and upgrades its contact center systems which constitute an infrastructure for its customer service

centers.

- **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 account** – Max allows its customers to use a foreign currency account to purchase foreign currency to use overseas and in E-com transactions.
- **Max Travel website** - Max launched a tourism platform under a joint project with SkyGini for booking of flights, hotels and holiday packages.
- **An accruing current account** – Max has developed and launched a digital product which allows its customers to maintain a payment account into which they can transfer funds and accumulate interest thereon.
- **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. In 2025, the use of genAI technology increased and was expanded to other units in the organization. The activity focuses on building additional capabilities in the customer service, analysis and HQ domains.

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 revenues 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 revenues 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 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 details regarding lawsuits and contingent liabilities of Max, see Note 35(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 contributes to Max's cash inflows. On the other hand, conducts daily netting with the other acquirers (net of the acquiring activity carried out by Max) in accordance with the amounts of vouchers in respect of transactions carried out at the merchants.

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:

- **Financial Risks Management Forum** - 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

- Proper Conduct of Banking Business Directive 470 - Payment Cards.
- Payment Services Law, see Section 15.1.10 above.
- Prohibition on delaying payments from the issuer to the acquirer (switching to daily acquiring) - for details see Section 15.1.19D above.

Publication of a Supplementary Prospectus and a Shelf Prospectus

- Under Max's financing strategy, on April 7, 2025 it published a Supplementary Prospectus and a Shelf Prospectus dated April 8, 2025, under which Max can issue notes, options convertible into bonds and commercial papers. On April 24, 2025, Max raised from institutional investors and - for the first time, from the public - Commercial Papers (Series 5) totaling approx. NIS 207 million. As from this date, Max became a reporting corporation, as defined by the Securities Law. Max's becoming a reporting corporation constitutes a part of its financing strategy as a growing company, and it allows Max to diversify its sources of financing for its operating activities.

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 2025 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 22 to the Financial Statements.

15.10. Risk Review**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. These risks are associated with other risks, such as operational risks, including information security and cybersecurity risk, strategic risk, regulatory risk, compliance and prohibition of money laundering risks, legal risk, reputational risk, model risks and macroeconomic risk inherent 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 technology risk** - The risk of loss as a result of breach of confidentiality, failure in the integrity of an information asset, mismatch or unavailability of an information asset or inability to change the IT Function on a timely manner and at reasonable costs when business and environmental requirements change.
- **Information security and cybersecurity risk** - An information security threat or vulnerabilities and the potential materialization of an information security risk due to a cyber attack. A cybersecurity attack is an incident during which an attack is carried out (even if no actual damage is caused) on Max's digital information assets by, or on behalf of, opponents (whether external or internal to 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 changes in the external environment.
- **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 regulatory or other contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's compliance with its regulatory obligations, or failure to give appropriate guidance due to changes in regulatory provisions, case law, or Max's contractual obligations.
- **Reputational risk** - 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 Max's reputation and good name, and/or lead to a decline in its customer base, and/or result in high legal costs, and/or lower revenues.
- **Model risk** - the potential for negative effects as a result of decisions or actions (including reporting) based on incorrect or misused model outputs.
- **Macroeconomic risk** is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic and geopolitical 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 to assume. The definition of the risk appetite of Max is one of the key tools used by Max's board of directors to oversee 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 consistently with Max's business strategy, liquidity planning, sources of financing and capital planning, and takes into consideration 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.

Key risk management principles

Risk management is performed, among other things, in accordance with Proper Conduct of Banking Business Directive No. 310 - Risk Management and risk-based approach. 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.

- **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. Following are the key risk management principles:
- 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 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 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** - Max's exposure increases when it launches a new activity, implements new business processes or develops new products and systems, and enters into new markets, or when it

makes a material change to one of them, or enters into new markets (hereinafter jointly - “**New Product**”, “**New Products**”). Before launching a new product, 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. 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.

- **Default events** - Max has a regulated process for reporting default events, and a process for drawing conclusions and learning from these events. The collection of data on these events supports, among other things, the process of assessing the exposure to risks. Max uses a dedicated system, which, among other things, coordinates the data on all the default events and the financial damages from these events.
- **Monitoring and control** - Max uses key performance indicators and key risk indicators (KPIs/KRIs) to quantify the exposure to the various risks, monitor trends and changes, and present periodic data to its management and Board of Directors. Deviation thresholds and measurement frequency are determined for each indicators, and if necessary, they are revised in accordance with an assessment of the results of the protection controls.
- **The Code of Ethics** - Max's activity is managed in accordance with the principles set in Max's Code of Ethics, which reflects the core values adopted by Max: Partnership, fairness, customer experience, initiative and excellence.
- **Regulated reporting processes** are carried out under the various risk management committees and relevant forums, in monthly reporting processes to the CEO and in the quarterly reporting processes to the Board of Directors within the risks document, alongside regular reports to the Max's management and incident reports to the relevant parties.
- **Conduct risk** is the risk embodied in Max's overall business activities, such that the conduct of Max, by act or omission, may have an undesirable result for its customers (lack of integrity, fairness, and transparency) and as a result, may lead to the materialization of legal damages, imposition of fines, and/or reputational damage. 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.
- **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 9.00% 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
1.	Overall effect of credit risks	Moderate
	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
	2.1 Interest rate risks	Low
	2.2 Exchange rate risks	Low
3.	Liquidity risk	Low - moderate
4.	Operational risk	Moderate
	4.1 IT risk	Moderate
5.	Information security and cybersecurity risk	Moderate-high
6.	Strategic Risk	Moderate-high
7.	Regulatory risk	Moderate
8.	Compliance Risk	Moderate
9.	Legal Risk	Moderate
10.	Reputational risk	Low - moderate
11.	Model risk	Moderate
12.	Macroeconomic Risk	Moderate

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 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.

In October 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 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 term of the Agreement was 10 years and it included an option to undertake a minimum issuance amount and the commercial terms in respect thereof for the period from February 2025 through the end of its term.

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 between the parties of revenues from fees and commissions and operating costs.
- 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.

In June 2024, Max informed Bank Leumi of the exercise of its option to extend the period of the bank's undertaking to the minimum rate of cards to be issued by Max through January 31, 2029. In February 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.

Max and Bank Leumi have an agreement for advancement of payments, 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 2029. Max bears the finance costs attributed to the agreement, which constitute part of its short-term sources of financing. The parties further stipulated that the agreement shall also apply during the period until January 31, 2031, on the terms to be agreed between the parties shortly before the beginning of this period.

Max's revenues from the issuing agreement with Bank Leumi constitutes approx. 21% of its revenues from the Issuing Subsegment and approx. 18% of Max's total revenues from the Issuing Subsegment (in 2024 - approx. 23% and approx. 20%, respectively).

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 (hereinafter, jointly – the "**Global Organizations**"), by virtue of Max's status under the licenses granted to it.¹¹⁶

116. 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.

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.¹¹⁷

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 "**Global 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 Global Organizations' brands.

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 Max'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 loyalty programs, Max and the companies share the costs payable to the Global 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.

Following is a summary of additional principles from Max's agreements with the International Organizations:

(a) Arrangements with Visa

Max has a Principal Member license awarded by Visa Organization effective as from June 2018, by virtue of an agreement signed in 2017.

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 in February 2011 (hereinafter -

117. 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.

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.

(c) Aggregator agreement with respect to the American Express brand

In October 2025, Max and Isracard Ltd.'s subsidiary - Premium Express Ltd. which serves as the acquirer and issuer of American Express's payment cards in Israel - entered into an aggregator agreement, under which the company will be allowed to serve as the aggregator of merchants in Israel for the American Express brand. The agreement, which includes conditions generally accepted aggregator agreements under the American Express brand, was signed for 12-month period and will be renewed automatically for additional periods of 12 months each, up to a total period of 5 years, unless either party announces its wish to terminate the agreement earlier, in accordance with the agreement's terms. Phoenix is preparing to implement the agreement.

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 and 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.

Max's agreement with the Dream Card VIP loyalty program with Fox (hereinafter, in this paragraph - the “**Fox Agreement**”) stipulates provisions concerning, among other things, sharing of the program's profits, including the minimum amounts payable by Max to Fox throughout the agreement term and the ratio of points accrued to the program members.

In August 2025, Max entered into an addendum to the Fox Agreement, under which it was determined, among other things, that if the Fox Agreement is extended, subject to and in accordance with the mechanisms set therein with respect to the loyalty program's compliance with the targets, it will be extended through July 1, 2036 (instead of July 1, 2033); the addendum also set the payment of a one-off bonus of NIS 25 million plus VAT by Max to Fox, even if the Agreement is not extended and/or will be subject to early termination in accordance with the Agreement's provisions. In this context, it is noted that in Max's opinion the loyalty program is expected to meet

the targets for extending the Agreement term.

The Company's assessment with respect to this matter constitutes forward-looking information as defined by the Securities Law, based on the information available to the Company as of the date of this report, and there is no certainty regarding its materialization.

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 activity of the abovementioned companies is subject, among other things, to the provisions of the competition laws and to restrictions by virtue of directives issued by the Competition Commissioner with regard to their activity (which restricted ABS and MASAV's ability to refuse services to the Group or to change their tariffs), and ABS and MASAV's activities is regulated by the Bank of Israel under the Payment Systems Law, 2008.

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 credit cards issued by Max. In March 2026, the Company signed an agreement with Beeri Printers under which Beeri Printers will provide Max with credit card issuing services. 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, agreement periods, 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

In June 2024, Max signed an extension to an agreement with IBM for the provision of software services and key technological platforms at Max for further 5 years through September 2029.

15.13. Max's business strategy

Max has formulated a strategic plan which will enable it to grow while addressing the many challenges and changes in the financial and credit services domain in general, and in the payments domain 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.

In the third quarter of the year, Max approved a revised multi-year strategic plan. This program develops Max's vision while addressing and making adaptations consistent with the growth rate of its business lines in recent years, with competitive and regulatory external effects and trends, and with changes in the needs of private and business customers.

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. Concurrently, Max is also working to expand the options available to customers with respect to savings and account-management.

Business customers - further development and expansion of financial solutions to businesses, with an emphasis on small businesses, including, among other things, through 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 account, 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.

In May 2025, Max launched the Max Travel website - a platform which enables Max customers to enjoy tourism and leisure-related discounts and benefits. In October 2025, Max announced a new financial solution - accruing current account. This is a payment account that allows one to deposit funds and accrue interest. Funds remain available and liquid without penalties or additional fees.

At the same time, Max will continue to develop its core systems, including with 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 changes and developments as described below:

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.
- The introduction of new players into the field of payment services provision - The Israel Securities Authority announced in July 2025 the award of the first four licenses for the provision of payment services to 4 fintech companies. Among other things, the license allows companies to manage a payment account (a digital wallet) including salary transfers, issue payment cards and various types of means of payment, transfer payments between private customers and merchants, offer acquiring services, etc. 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.

For more information regarding regulatory measures aimed at increasing competition in the banking system, see Section 15.1.24 above.

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 assessments and 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 geopolitical situation, its continuations and ramifications 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 Environment, 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.

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, 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 maintains strict compliance with the statutory provisions, laws and professional standards applicable to it. The Code of Ethics does not replace the provisions of the law nor does it contradict them, but rather adds 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 2025, Max was ranked 18 by BDI among the 100 Best Companies to Work Organizational culture.

Commitment to nurture employees and the work environment

Under Max's social commitment, one of its call centers is located in the northern region of Israel in order to create additional jobs in rural areas and development and promotion opportunities for residents of this region.

In December 2025, Max completed all the work at Max Building in Bnei Brak after the building sustained damage due to blast impact and shrapnel caused by a missile strike near the building in November 2024.

During the reporting year, Max continued to expand career development opportunities for its employees; approx. 79% of the jobs that became available in 2025 were manned by Max's employees. In addition, Max continued to implement the Max Step Up program, which provides Max's employees with information and access to career development and management opportunities within Max.

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 uncertainty and reinforce the mentoring capabilities of the managers. The Max Rise organizational plan was implemented, which focused on strengthening personal, national and organizational resilience; Max also held an organizational learning week dedicated to the skillset of the future work environment.

During 2025, approx. 19,216 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 2025, Max continued to deepen its involvement in the community, focusing on several 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.
- Max continued its activities under its ongoing support for the Education Department of the Eshkol Regional Council.
- 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 NGOs and entities with diverse communities.
- Max decided to take part in the rehabilitation of those wounded in the War, including supporting their integration into the labor market. In 2025, Max commenced the integration of persons who were wounded in the War into its workforce, alongside voluntary activities aimed at supporting the wives of those individuals in collaboration with the Letzydech NGO in order to facilitate their return to the labor market, and a mentoring process by top executives for those we were wounded in the War.

- Over the year, approx. 615 employees volunteered in voluntary activities in the community, totaling approx. 4,450 volunteer hours. To encourage employees and managers to volunteer, and as part of its mission statement, 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 58% of all Max management members are women.

In May 2022, Max's Board adopted for the first time a policy of adequate representation on the Board for both genders, and in November 2025, this policy was revised and approved; the policy aims to achieve diversity in the Board in general and gender diversity in particular, under adequate corporate governance practices. In accordance with the policy, the percentage of women in Max's Board will not fall below 37.5%. On the dates of renewal of the tenure of a director and/or the dates of appointment of a new director, Max will ensure compliance with the minimum target for adequate representation, without prejudice to compliance with statutory provisions and other characteristics which should be taken into consideration and taking into account the candidates on offer at that date. As of the report date, Max's Board consists of eight members, four of whom are women, constituting 50% of all Board members.

Max also has approx. 150 employees from the ultra-Orthodox sector, representing approx. 9.4% of its human resources.

Max pursues the hiring of disabled employees; during the course of the year it provided training to its managers and HR teams for optimal integration of these employees; Max also employs indirectly disabled persons through the Call Yachol dedicated service center, which employs disabled persons.

Environment

Max's management is committed to the principle of sustainability and works to develop the organization in a sustainable manner, while striving to balance out environmental, social and economic considerations, from a long-term and multigenerational perspective.

Max develops and leads environmental activities as an integral part of its management strategy and operates in accordance with an orderly environmental policy, which is focused on reducing and preventing risks and environmental hazards associated with its activity.

Max has been certified under ISO 14001 since 2009 and undergoes a periodic audit each year to ensure compliance with the standard's requirements.

Under its implementation of the standard's provisions, Max invests in increasing environmental awareness among its employees and in deepening their knowledge and commitment to responsible environmental management.

Furthermore, Max monitors emerging regulatory developments in the fields of environment and climate in Israel and globally, which introduce new challenges and risks alongside opportunities.

Furthermore, 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^{118,119}

Following are details regarding the fees of the independent auditor:

	2025	2024
	NIS thousand	NIS thousand
For audit work ⁽¹⁾	1,565	1,543
For audit-related services	235	170
For tax services ⁽²⁾	446	342
For other services	621	720
Total fees of the independent auditor,	2,867	2,775

(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.

118. 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.

119. Including fees paid and accumulated fees.

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

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.

Michlol

Michlol Finance Ltd. 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 2021, Michlol became a publicly-traded company. Clal Finance, a wholly-owned subsidiary of the Company, holds, as of the report date, 24.9% of the shares of Michlol.

In addition, Clal Finance was granted an option, for a period of up to five years from the date of listing of the Company's shares held for trading (i.e., until August 2026), to receive 2,546,585 shares of Michlol, without consideration, in accordance with the conditions. Subsequent to a partial disposal of the option, the remaining shares available for exercise amount to 1,115,585 shares of Michlol.

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.

16.3. Hyp Payment Solutions Ltd. (hereinafter - "Hyp")

Hyp is a wholly owned subsidiary of Milo, which is a wholly owned subsidiary of CIMax.

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 in the payment solutions: Caspit Payment Technologies Ltd., Credit Guard Ltd., Yaad Acquiring and Trust (A.S.) Ltd., and KSYS Ltd.

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, which are used by Max in the execution of its acquiring activity, and to improve its value proposition for its business customers.

In recent years, including the reporting year, there has been a substantive increase in the scope and complexity of cyberattacks on Hyp's operations.

For details regarding a consent decree issued against Hyp by the Israel Competition Authority, see Note 35(2.4) to the Financial Statements.

16.3.1. Data about the human capital in the said activities

16.3.1.1. Workforce

Units	No. of employees - December 31, 2025	No. of employees - December 31, 2024
Clal Agencies ¹²⁰	500	552
Hyp	242	234

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 it, as well as its development into a binding agreement, the Company is unable to assess the impact of the said negotiations.

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 2024 and 2025

Company/unit	Location	As of December 31, 2025		As of December 31, 2024	
		Owned area (m ²)	Owned area (m ²)	Owned area (m ²)	Owned area (m ²)
Agencies under control ¹²¹	Across the country	1,027	4,154	1,027	4,784
Hyp	Yavne	-	1,416	-	1,416
	Bnei Brak	-	1,020	-	720

- Excluding the areas of car parks.
- Credit activities for the financing of construction projects and the provision of mortgages are carried out by employees of the Investments Division, who are part of the Group's employees, as detailed in Section 9.7.2 above.

Clal Insurance Enterprises Holdings Ltd.

Haim Samet

Chairman of the Board

Yoram Naveh

CEO

March 25, 2026

120. Betach Toren Insurance Agencies Ltd. and Tmura Insurance Agency (1987) Ltd.

121. Betach Toren Insurance Agencies Ltd. and Tmura Insurance Agency (1987) Ltd. During the reporting year, the leased area at the Tmura offices in Kiryat Motzkin, which are used for the administration of the Insurance Portfolio of the P.D. Psagot agency acquired by Tmura, was reduced, in accordance with the provisions of the Procurement Procurement Agreement and efficiency processes in the administration of the portfolio.

Compensation Policy



Compensation policy

Clal Insurance Enterprises Holdings Ltd.



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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, entitled, 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 by Institutional Entities Circular No. 2020-1-15, Amendment to the Consolidated Circular Regarding Provisions for Implementation of the Economic Solvency Regime of an Insurance Company Based on Solvency II (October 14, 2020) (hereinafter - the **"Solvency Circular"**).

"Minimum solvency ratio" – the required Solvency Ratio in accordance with the spreading period set by the Capital Market 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 tax gross up due to any of the related benefits and/or social benefits, and so on).

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 may be included in the institutional entities' compensation policy, inter alia, in accordance with the Compensation Circular, and they may 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.

“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 Concerning Compensation and Expenses for an 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, which manage funds for the general public, and while noting the Company’s size, as the Company is included in the Tel Aviv 35 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 support the achievement of 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 monetary 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 may 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 in the same entity. For the Chairman of the Board of Directors' fixed salary ceiling, see Section 6.1.1 below.

B. Officers

- 4.3. The CEO shall be entitled to annual compensation which shall not exceed the Compensation Limit within its meaning in Sections 6.8 and 6.9 below. The Compensation Committee and Board of Directors may determine that, as part of the CEO's compensation, a variable equity component and/or variable monetary component shall be included at a rate to be determined as stated in Sections 9.3 and 9.6.13 below.
- 4.4. The CEO shall be entitled to annual compensation which shall not exceed the Compensation Limit within its meaning in Sections 5.8 and 5.9 below. The Compensation Committee and Board of Directors may determine that, as part of the CEO's compensation, a variable equity component and/or variable monetary component shall be included at a rate to be determined as stated in Sections 9.3 and 9.6.13 below.
- 4.5. The total officer compensation may consist of all or some of these main components:
 - 4.5.1. **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.
 - 4.5.2. **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.
 - 4.5.3. **Variable monetary compensation (bonus)** - this compensation component is determined according to the officer's performance and the Company's results, as detailed in further detail below.
 - 4.5.4. **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 plan 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 support the achievement of 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.

- 4.6. 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.
- 4.7. 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

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. 17.30 (median) and 13.60 (average); officers (average cost, including the CEO), relative to the other, non-executive employees – 9 (median) and 7.2 (average). The data were calculated based on the actual cost of the compensation on average for 12 months (September 2024 to August 2025), 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.

Section 2 of the Officer Compensation Law⁴ and shall not exceed the higher of: (1) two and a half million shekels (NIS 2.5 million) per year⁵ (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 35⁶ (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 pension⁸ 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 change¹⁰ 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 and CEO** - 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.¹¹
- 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 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.

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.

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 according to and subject to the provision of the Officer Compensation Law, which may be updated from time to time, provided that it does not exceed the payment limit.

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 Except for an increase stemming from contributions towards severance pay, as required by law, and benefits, as required by law.

- 6.7. In addition to the basic salary, it would be possible to stipulate, for an officer in a person in charge of control,¹² 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, 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.
- 7.2. For the avoidance of doubt, it is clarified that subject to statutory provisions, the variable compensation payable to an officer in accordance with the Compensation Policy, if any, is not and shall not be considered part of the officer's regular salary for any purpose whatsoever, and shall not constitute a basis for the calculation of and/or entitlement to and/or accrual of any related benefit - without detracting from the generality of the above, neither will it 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 measurable variable component for officers.¹³
- 7.4.1. For the purpose of paying a measurable variable monetary component (bonus) 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 measurable 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. A measurable annual compensation plan that addresses a measurable 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 measurable annual variable component
- 7.5.1. The prerequisites for awarding a measurable annual variable component¹⁴ 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 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 Clal Insurance Capital Raising Ltd. that are recognized as Tier 2 capital or as Hybrid Tier 2 capital in

¹² Person in charge of control, as defined in the Compensation Circular.

¹³ 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.

¹⁴ It is clarified that the discretionary portion of the annual variable component, 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.

accordance with the Solvency Circular (hereinafter - "**Suspending Circumstances**").

- C. Profit Terms - as stated in Section 7.6.18 below.
(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 measurable annual variable component for officers

- 7.6.1. The total measurable 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.¹⁵ 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.
The Compensation Committee and Board of Directors will be entitled to set ceilings for the total measurable variable component and qualitative variable component, 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,¹⁶ 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,¹⁷ 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 monetary 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 measurable variable component goals below and subject to the Variable 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

¹⁵ 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.

¹⁶ 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.

¹⁷ 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.

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 annual measurable variable component to be calculated for all components, according to the relative weight set for each component, will constitute the relevant variable component as a product of the target value.
- 7.6.9. The measurable annual Compensation Plan Targets to be set for each officer for the purpose of paying the 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 of no less than three years and compared to the 4 other major competing insurance groups 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 measurable annual Compensation Plan Targets may be quantitative, measurable 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 measurable 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 measurable 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 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 (hereinafter - the “**Profit Terms**”).
- 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, which 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 measurable 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 may 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 options exercisable share of the Company or of companies under its control (hereinafter - “**equity instrument**”). The Board of Directors may allow an officer to choose between variable monetary 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 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, which 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 component paid as monetary compensation as part of a long-term vision, the variable (non-deferred) monetary compensation 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 cap 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.¹⁸
- 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 monetary payments shall be linked to the CPI. 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 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 compensation¹⁹ 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

¹⁸ 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.

¹⁹ Including retirement bonuses, deferred payments, and/or equity compensation.

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 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 the full compensation to which they are entitled, 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 and/or the entire compensation to which he is entitled. 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 paid 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 release 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,²⁰ 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 at least 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.

16. Arrangements upon termination of employment

- 16.1. Non-competition
 - 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. It should be clarified that, in any case, the retirement bonus, as stated in Section 15 above, and the period of advance notice in which the officer will be discharged as stated in this section, will not exceed 12 months in total.

²⁰ Compensation for retirement bonus exceeding the compensation for termination of employment specified for all of the Company's employees.

17. General provisions, discretion, effectiveness, and liability

- 17.1. The Compensation Policy shall be in effect for 3 years: 2026, 2027, and 2028; 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 the compensation 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 paper and guidelines, and therefore, does not grant any right to the officers and/or any other third party, such that 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**").²¹
- 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.

²¹ 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, 2025 (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 2025 (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 assets and financial assets portfolios, for the financial margin 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.

As explained in Note 2 to the Annual Financial Statements, as from January 1, 2025 Clal Insurance has adopted IFRS 9 and IFRS 17 for the first time (hereinafter - the "**Reporting Standards**"), and the transition date for reporting under the Reporting Standards is January 1, 2024. The effect of the transition to reporting in accordance with the Reporting Standards regarding the Group's financial position and operating results with respect to the financial data of its subsidiary is detailed in Note 37 to these consolidated Interim Financial Statements (hereinafter "**Annual Financial Statements**").

2.1 Significant Events during and Subsequent to the Reporting Period:

A. Approval of the Company's dividend distribution

1. Subsequent to the reporting date, on March 25, 2026, on approval of the Company's financial statements as of December 31, 2025, the Board of Directors approved a dividend distribution according to the Company's policy (see Note 23(c)1 to the Annual Financial Statements), totaling approx. NIS 400 million, which constitutes approx. 61% of the dividends declared and/or distributed in the Company's subsidiaries as of the approval date of the financial statements.
2. In May 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 200 million according to the Company's policy (see Note 23(c)1 to the Annual Financial Statements).

B. Solvency ratio, revision of capital target and dividend distribution in Clal Insurance

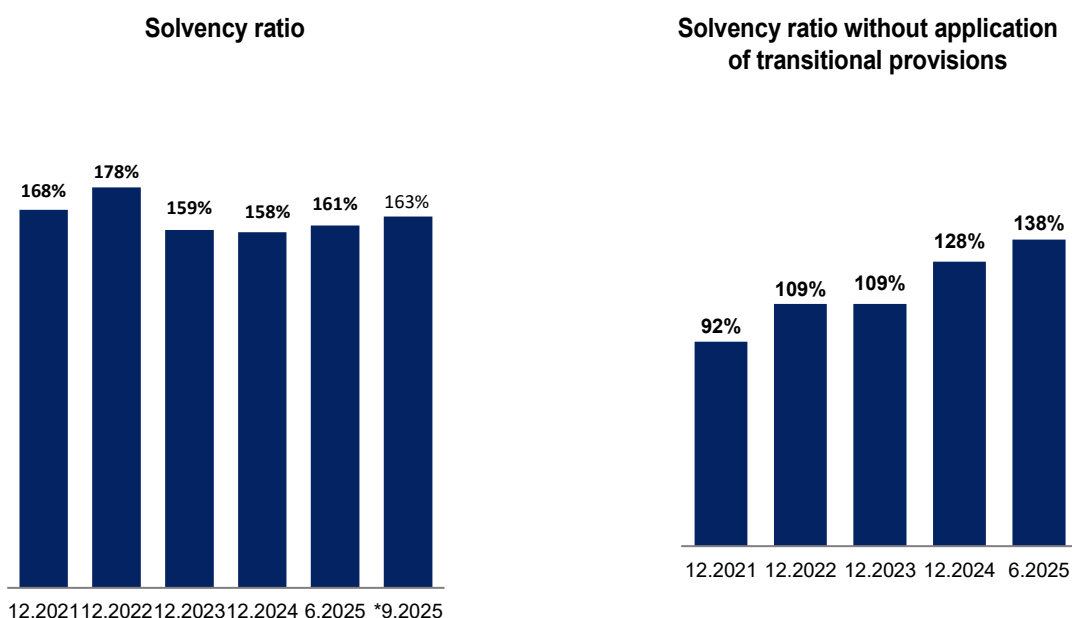
Clal Insurance published an Economic Solvency Ratio Report as of June 30, 2025, whereunder the ratio net of the transitional provisions after the dividend distribution is 138% compared with a ratio of 128% as of December 31, 2024.

Taking into consideration the transitional provisions, the ratio after dividend distribution and revision of the Deduction is 161% as of June 30, 2025, compared to 158% as of December 31, 2024, respectively. For further details, see Section 2.4 and Note 23(f) to the Annual Financial Statements.

On May 2025, Clal Insurance revised the minimum capital target without taking into account the Transitional Provisions, such that subsequent to the dividend distribution the solvency ratio will be at least 115%.

Subsequent to the reporting date, on March 25, 2026, upon approval of the Company's financial statements as of December 31, 2025, the Board of Directors of Clal Insurance approved a dividend distribution, according to the Company's policy (see Note 23(c)2 to the Annual Financial Statements), totaling approx. NIS 600 million, representing approx. 30% of Clal Insurance's comprehensive income for 2025 according to the Annual Financial Statements, after examining all aspects, including Clal Insurance's compliance with the economic solvency ratio targets above.

In May 2025, Clal Insurance's Board approved a dividend distribution - according to Clal Insurance's dividend distribution policy (see Note 23(c)2 to the Annual Financial Statements) of approx. NIS 300 million, which constitutes approx. 47% of Clal Insurance's 2024 comprehensive income in accordance with the Annual Financial Statements (approx. 25% of Clal Insurance's comprehensive income after application of the IFRSs).



* Estimated solvency ratio – the economic solvency ratio to be published by Clal Insurance as of March 31 and September 30 of each year, according to the Company's undertakings under the deed of trust for Notes (Series O), classified as Additional Tier 1 capital (see D below). The calculation of the estimated solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by the Company for the purpose of publishing the estimated ratio are less in scope compared to those executed for the purpose of publishing the Solvency Ratio Report, which is published in accordance with the Commissioner's directives. If, in any given quarter, the solvency ratio falls below 120%, and for as long as the solvency ratio remains below 120%, the Company will publish a full quarterly solvency ratio report by the publication date.

Clal Insurance performs this assessment and publishes this quarterly disclosure in addition to the publication of solvency ratio reports required under the Commissioner's guidelines. The economic solvency ratio is after the effect of the expansion of Notes (Series O) from January 2026 (see D below), and the dividend distribution approved at the approval date of the Annual Financial Statements (see above). The aforesaid estimate regarding the solvency ratio as of September 30, 2025 does not include changes and effects that occurred from September 30, 2025 through the publication date of this report, including the effect of Clal Insurance's business activities, capital market effects, changes in the mix and scope of investments, insurance liabilities, including changes in the risk-free interest rate curve, updates of actuarial estimates, and regulatory changes affecting the business environment (for further details, see Section 2.2 below and Note 20(f) to the Annual Financial Statements), as will be reflected in the solvency ratio as of December 31, 2025, as well as effects subsequent to the reporting date in light of Operation Lion's Roar, as explained below. The assessment is based, among other things, on forecasts and estimates of future events, the materialization of which is uncertain and is not under the Company's control, and which should be considered as "forward-looking information" as the term is defined in Section 32A to the Securities Law, 1968.

C. Capital markets and risk-free interest rate curve during the reporting period and thereafter

The results for the reporting period compared to last year were mainly affected by a significant increase, compared to last year, in equity indices in Israel, which impacted investment revenues from the Nostro portfolio, and by a decline in the risk-free interest rate curve last year. The results for the quarter compared to the corresponding period last year were mainly affected by a decline in the risk-free interest rate curve last year.

For details regarding sensitivity to market risks, see Note 33 to the Annual Financial Statements.

For details regarding the impacts of the above on the results, see Section 2.2 below.

D. Debt raising by Clal Insurance Capital Raising Ltd. a subsidiary of Clal Insurance

In April 2025, Clal Capital Raising issued to the public Bonds (Series N) totaling NIS 500 million in par value, by virtue of a shelf prospectus dated April 9, 2025.

On July 31, 2025, Clal Capital Raising executed early redemption of the outstanding balance of Notes (Series I) totaling approx. NIS 498 million, in accordance with their terms and conditions.

In October 2025, Clal Capital Raising issued to the public approx. NIS 594 million p.v. in Notes (Series O) and approx. NIS 555 million p.v. in Notes (Series O) to the Company in a private placement by way of a series expansion, against the cancellation of a capital note totaling NIS 450 million, linked to the Consumer Price Index, which was issued by Clal Insurance to the Company on October 29, 2020, and which was recognized by Clal Insurance as an Additional Tier 1 capital instrument. The Bonds (Series O), which were issued to the public and under the private placement, constitute a single series for all intents and purposes.

Subsequent to the reporting date, on January 22, 2026, Clal Capital Raising issued to the public approx. NIS 591 million p.v. in Notes (Series O), by way of expansion of an existing series. The proceeds of the offering amounted to approx. NIS 622 million and were recognized as Additional Tier 1 capital of Clal Insurance, subject to restrictions on the maximum rate of Tier 1 capital, in accordance with the provisions of the law.

For further details, see Note 16 to the Annual Financial Statements.

E. Expansion and partial early redemption of bonds issued by the Company

On July 1, 2025, the Company carried out a private placement of Bonds (Series C) of the Company, by way of expanding an existing series. The Company allocated NIS 350 million in par value of Bonds (Series C), in exchange for a total of approx. NIS 358.4 million. The proceeds of the placement were used for partial early redemption of the Company's Bonds (Series A) and on July 13, 2025, the Company redeemed, by way of a partial early redemption, NIS 350 million in par value of Bonds (Series A).

In addition, on March 25, 2026, the Company's Board of Directors approved the review of a public offering of a new series of non-convertible bonds, which will be listed for trading on the Tel Aviv Stock Exchange Ltd., the proceeds (net) of which are intended for early redemption, at the Company's initiative, in whole or in part, of its Bonds (Series A).

F. Debt raising by Max and its becoming a reporting corporation

On January 6, 2025, Max completed a private placement of commercial papers for institutional entities, by way of expanding CPs (Series 2) by approx. NIS 154 million par value.

On April 7, 2025, Max published a supplementary prospectus and a shelf prospectus dated April 8, 2025, and on April 24, 2025, it completed a NIS 207 million raising of Commercial Papers (Series 5) from institutional investors and - for the first time - also from the public par value. As from this date, Max became a reporting corporation, as defined by the Securities Law, 1968. Max's becoming a reporting corporation constitutes a part of its financing strategy as a growing company, and it allows Max to diversify and increase its sources of financing for its operating activities.

On July 10, 2025, Max issued a new private series of Subordinated Notes (Series F) with a contractual loss absorption mechanism, in the total amount of NIS 150 million par value, which are recognized as Tier 2 capital from the date of their issuance. Notes (Series F) are linked to the Consumer Price Index. In addition, on July 13, 2025, Max completed a public offering of Bonds (Series E) totaling NIS 300 million in par value. Bonds (Series E) are linked to the Consumer Price Index. For further details, see Note 16 to the Annual Financial Statements.

G. The War of Revival (Formerly: "The Iron Swords War"), Operation Rising Lion and Operation Lion's Roar

On October 7, 2023, the terrorist organization Hamas launched a murderous attack on communities in southern Israel. Following the terror attack, the Government of Israel declared the War of Revival (formerly - the Iron Swords War) (hereinafter - the "War").

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. 2025 started with ceasefire agreements on the northern front

and the Gaza Strip front, which led to a relative calm. In March 2025, the temporary ceasefire between Israel and Hamas ended and the IDF resumed fighting in the Gaza Strip. This move led to increased tensions at the national and security levels, including, among other things, the resumption of missile attacks on Israel by the Houthis in Yemen. At the early hours of June 13, 2025, Operation Rising Lion (hereinafter - the "**Operation**") - a direct military conflict between Iran and Israel - began. This was a 12-day War, whose objective was to remove the Iranian nuclear threat and reduce strategic threats to Israel's security. The Operation ended on June 24, 2025, when the ceasefire agreed upon by Israel and Iran and brokered by the United States came into effect.

At the end of September 2025, a proposal to end the War was presented by the President of the United States, and on September 9, 2025, a ceasefire agreement was signed under the "20-Point" agreement of the Trump plan. Under the agreement, all living hostages and the bodies of the deceased hostages were returned, a gradual reconstruction of the infrastructures in Gaza commenced and humanitarian aid has increased, and fighting in Gaza has stopped.

The plan is designed to serve as a framework for ending the war between Hamas and Israel, including the demilitarization of Gaza, which will no longer be controlled by Hamas, and a change in the future governance structure in the Gaza Strip.

The consequences of the War and security situation were reflected in the State of Israel's credit rating downgrades by global rating agencies.

In November 2025, the rating agency S&P upgraded Israel's rating outlook from "negative" to "stable" and reiterated its credit rating at A. According to S&P, the stable outlook reflects the military de-escalation following the ceasefire agreement between Israel and Hamas, which reduced the risk of regional war. Subsequent to the reporting date, in January 2026, Moody's updated the rating outlook for the State of Israel from negative to stable while reiterating the current credit rating at Baa1. As of the report publication date, there were no further changes in the State of Israel's credit rating.

It is noted that subsequent to the reporting date, Israel's five-year CDS currently stands at approx. 81 basis points per USD 1 million.

Effect on the financial statements

Clal Insurance - In the reporting period, and as of the approval date of these financial statements no material changes occurred in connection with the effects of the War and Operation Rising Lion on Clal Insurance's financial results.

Clal Insurance 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.

Max - in the Reporting Period, the growth trend in Max's issuance turnovers in Israel and overseas and in its acquiring turnovers continued, exceeding turnovers in the corresponding period last year. During Operation Rising Lion, which lasted 12 days in the second quarter of the year, Max's issuance and acquiring turnovers declined due to a decrease in the volume of activity in the domestic market; the decline also arose from the effect of the closure of Israel's airspace Upon the conclusion of Operation Rising Lion and the reopening of the skies, an improvement was observed in issuance volumes and acquiring volumes in Israel and abroad, which returned to levels similar to those prior to the operation. In total, during the Reporting Period, those turnovers were higher than in the corresponding period last year.

The estimated provision for credit losses is based on judgments and assessments. So far, and during the Reporting Period, there has not been a noticeable increase in the credit risk or actual credit losses of Max's customers due to the War and Operation Rising Lion. However, there is still a certain degree of uncertainty regarding the full effects of the War on the Israeli economy and the repayment capacity of Max's customers. Therefore, since the estimated provision for credit losses is based, among other things, on judgments and assessments, and involves uncertainty, there is still a high probability that future credit losses will vary from the current estimate.

Operation Lion's Roar

Subsequent to the reporting period, on February 28, 2026, the State of Israel and the United States launched a joint military operation in Iran, Operation Lion's Roar (hereinafter - the "**Operation**"), targeting Iran's missile systems and additional targets of the Iranian regime. In response, the Iranian regime began launching missiles and unmanned aerial vehicles toward the State of Israel and toward additional countries in the region. On March 1, the hostilities were also expanded to Lebanon following fire toward the State of Israel by the Hezbollah organization.

With the commencement of the Operation, it was decided to transition all areas of the country from full activity level to essential activity level, which includes a prohibition on educational activities, gatherings, and attendance at workplaces, except for workplaces defined as essential to the economy. In addition, a further reserve mobilization was carried out for the purposes of the Operation.

The Group companies are operating to maintain business continuity and continue at all times to provide full and uninterrupted service to their customers, with the work framework conducted with a reduced employee presence at the Company's offices and the majority of employees working remotely.

As of the date of publication of the report, the Operation is ongoing, and since this is an event beyond the control of the Group companies, and factors such as the continuation and expansion of the Operation to additional fronts, as well as other developments, may affect the Group companies, at this stage the Company is unable to estimate the impact of the Operation on its financial position, its operating results, and its cash flows, if any.

The Company's management continues to monitor developments on an ongoing basis and to assess their potential impact on the Israeli economy, on its business operations, and on its customers.

H. Option plan and allocation of restricted shares to the Company's CEO

For details regarding the Company's option plan and bonuses given during the reporting period and in 2021, see Note 31 to the Annual Financial Statements.

In November 2025, the Company's General Meeting approved - further to the approval of the Company's Compensation Committee and Board of Directors - the allocation of 10,572 restricted share units exercisable into 10,572 ordinary shares of the Company to the Company's CEO (hereinafter - the "**RSUs**"); the RSUs constitute approx. 0.01% of the Company's issued and paid-up share capital (approx. 0.01% fully diluted) (hereinafter - the "**Exercise Shares**"). The RSUs were allocated to the CEO without consideration. The RSUs were awarded free of charge to the Company's CEO and vest gradually over 3 years. As of the report publication date, the CEO holds 1,662 shares of the Company following the vesting of 1,662 restricted share units. For further details, see Note 31 to the Annual Financial Statements.

I. Judgment on VAT assessments issued to Max

Further to Note 35, Section 3.2 to the Annual Financial Statements regarding a judgment pertaining to VAT assessments issued to the credit card companies concerning overseas activity: As of June 30, 2025, Max increased the provision for this proceeding by approx. NIS 170 million before tax and approx. NIS 130 million post tax. The provision for December 31, 2025 includes the assessment periods and the period following the assessment periods and through December 31, 2025, plus interest and linkage differences. It is noted that this provision mostly pertains to the years prior to Max's acquisition.

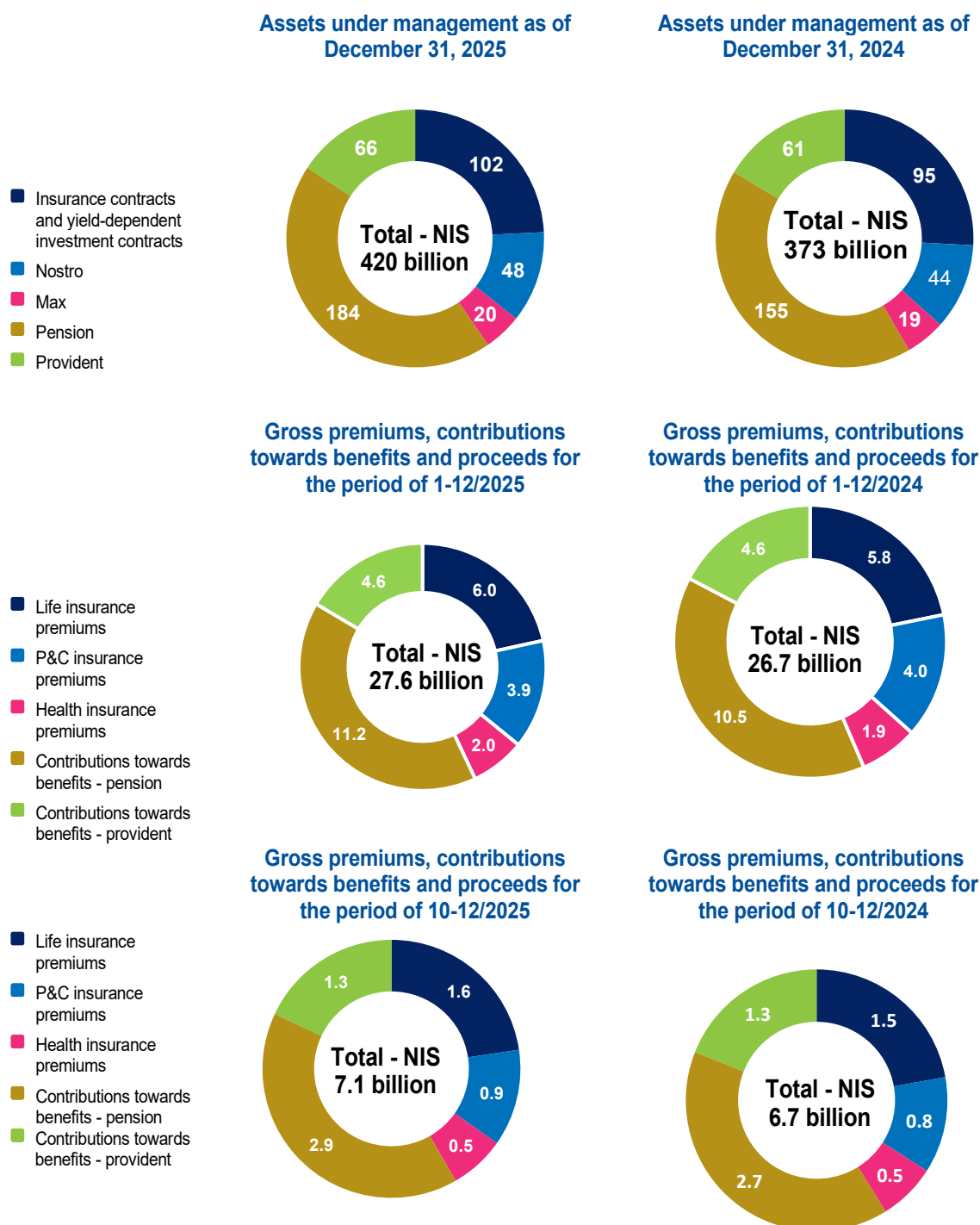
The Company has a right of indemnity from the sellers - in accordance with the acquisition agreement, with respect of the VAT assessment proceeding - totaling up to NIS 30 million, which it will exercise.

Accordingly, the effect of the increase in the provision in respect of the VAT assessment proceeding on the Company's business results totals approx. NIS 140 million before tax and approx. NIS 100 million post tax, net of the expected indemnity amount.

2.2 Financial Information by Area of Activity (for details regarding the operating segments, see Note 5 to the Annual Financial Statements).

In the Reporting Period, Clal Insurance achieved growth in assets under management and sales of most products.

Summary of data from the Group's consolidated Financial Statements



Total assets under management by pension funds and provident funds, excluding guaranteed return tracks, are not included in the Company's Consolidated Financial Statements.

Following are the main changes in comprehensive income compared to prior periods:

The following is a breakdown of key comprehensive income components:

In NIS million	1-12		10-12	
	2025	2024	2025	2024
Life Insurance	488	348	152	104
P&C Insurance	564	495	204	116
Credit Insurance	50	37	22	11
Health Insurance	430	490	53	166
Pension	54	41	10	8
Provident	(1)	2	(4)	(4)
Total Core income - Insurance and Savings	1,586	1,412	438	402
Credit Cards	455	390	112	80
Agencies and Other	59	53	19	17
Non-segmented	189	184	29	43
Core income	2,289	2,039	598	542
Excess financial spread	1,225	249	465	(291)
Adjustments (see Section 2.1(i) above)	(140)	-	-	-
Minority share	(14)	(11)	(4)	(4)
Total other income	1,071	237	462	(295)
Comprehensive income, before tax	3,360	2,276	1,060	247
Taxes	(1,094)	(735)	(325)	(49)
Comprehensive income tax attributable to shareholders, post-tax	2,266	1,540	735	198
Return on equity, annualized, in %*	26.1	21.1	29.2	9.2
Return on equity, net of adjustments, annualized, in %*	27.2	21.1	29.2	9.2
Balance of contractual service margin (CSM) - retention - at the beginning of the period	10,148	8,813	10,321	9,032
Balance of contractual service margin (CSM) - retention - at the end of the period	10,264	10,148	10,264	10,148

*) 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.

Change in the remaining contractual service margin (CSM) in retention for the year
(in NIS millions)

	2025	2024
Balance of contractual service margin (CSM) - retention - at the beginning of the period	10,148	8,813
Release of contractual service margin	(902)	(792)
New business at inception	653	533
Actual vs. expected financial spread, including modified assumptions (see note 20(f) to the Annual Financial Statements)	364	1,594
Balance of contractual service margin (CSM) - retention - at the end of the period	10,264	10,148

Core income - includes underwriting income, other operating expenses, income from savings management (investment contracts, pension and provident), credit cards, agencies and the Group's finance expenses. In addition, the core income in each insurance segment includes an additional annual spread of 2.25% above the risk-free interest rate plus a weighted illiquidity premium with respect to the investment portfolio held against non-yield-dependent insurance liabilities, excluding the Hetz bonds component - according to each segment's proportional share (return assumption) - and nominal risk-free interest plus an annual spread of 2.25% with respect to the investment portfolio held against the capital and financial liabilities of the Company and Clal Insurance (adjusted financial spread). As of the beginning of the current quarter (fourth quarter of 2025), the normalized financial margin was updated to an annual rate of 2.5%, including attribution in respect of the capital of Clal Insurance's subsidiaries. The effect of the update is approx. NIS 25 million for the quarter.

Excess financial spread – includes the financial effects which were not included in the adjusted financial spread, including changes in the risk-free interest rate curve.

Adjustments – Effects outside the Company's ordinary course of business.

A. The Company's results in the reporting period

The post-tax comprehensive income in the Reporting Period amounted to approx. NIS 2,266 million.

The post-tax comprehensive income in the Reporting Period, net of the effect of increasing the provision following a judgment handed down to the credit card companies - as explained in Note 35(3.2) to the Annual Financial Statements - is approx. NIS 2,366 million.

It is noted that this provision mostly pertains to the years prior to Max's acquisition.

In the corresponding period last year, post-tax comprehensive income amounted to approx. NIS 1,540 million.

Core income:

Core income in the Reporting Period amounted to approx. NIS 2,289 million, compared with a core comprehensive income of approx. NIS 2,039 million in the corresponding period last year.

Insurance and savings

Total core income from Insurance and Savings in the Reporting Period amounted to approx. NIS 1,586 million, compared with a core comprehensive income of approx. NIS 1,412 million in the corresponding period last year, as detailed below.

In the Reporting Period, there was an increase in contributions towards benefits provided by the Pension Subsegment and proceeds from investment contracts, such that the total gross premiums, contributions towards benefits and proceeds from investment contracts amounted to approx. NIS 27.6 billion, compared with approx. NIS 26.7 billion in the corresponding period last year - an increase of approx. 3%.

Credit cards

The total comprehensive income from credit cards, net of adjustments in the Reporting Period amounted to approx. NIS 455 million before tax compared to approx. NIS 390 million in the corresponding period last year.

Max's revenues in this period amounted to approx. NIS 2,465 million compared to approx. NIS 2,244 million in the corresponding period last year due to the increase in turnovers in Israel and overseas.

Max's net interest revenues increased and amounted to approx. NIS 847 million compared to approx. NIS 802 million in the corresponding period last year, mostly due to the increase in Max's business credit activity, due to the increase in the consumer and business credit portfolio.

Credit loss expenses amounted to approx. NIS 169 million, compared with an expense of approx. NIS 216 million in the corresponding period last year.

The decrease in credit loss expenses arises both from a decrease in the amount of net write-offs compared to the corresponding period last year and a decrease in credit loss provisions as a result of an improvement in the credit portfolio's quality.

Max's operating expenses totaled NIS 1,009 million, compared to NIS 897 million in the corresponding period last year, mainly due to an increase in expenses affected by the scope of the Company's business activities, such as fees and commissions to Global Organizations.

Investment revenue and the capital markets:

The results in the Reporting Period were affected by higher capital market returns during the period compared to the corresponding period last year - mostly in Israeli shares - which affected the returns achieved by the Company in the Reporting Period compared to last year, and by the increase in insurance liabilities as a result of a decrease in the risk-free interest rate last year, such that an excess financial margin of approx. NIS 1,225 million was recorded, compared to approx. NIS 249 million in the corresponding period last year.

Return on equity

The return on equity in annualized terms during the Reporting Period was a positive 26.1%, compared with 21.1% in the corresponding period last year.

Premiums, contributions towards benefits and assets under management

During the period, there was an increase in revenues from management fees for pension. 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, 2025 totaled approx. NIS 420 billion compared with approx. NIS 373 billion on December 31, 2024 - an increase of approx. 13%.

Out of the total said assets, as of September 31, 2025 approx. NIS 184 billion are assets under management for pension compared to approx. NIS 155 billion on December 31, 2024 - an increase of approx. 19%.

B. Company's results in the quarter

The post-tax comprehensive income in the quarter amounted to approx. NIS 735 million, compared to approx. NIS 198 million in the corresponding quarter last year.

Core income:

Core income in the quarter amounted to approx. NIS 598 million, compared with a total of approx. NIS 542 million in the corresponding quarter last year.

Insurance and savings

Total core income from insurance and savings totaled approx. NIS 438 million in the quarter, compared to an income of approx. NIS 402 million in the corresponding quarter last year, as detailed below.

In the quarter, there was an increase in contributions towards benefits provided by the Pension Subsegment and proceeds from investment contracts, such that the total gross premiums, contributions towards benefits and proceeds from investment contracts amounted to approx. NIS 7.1 billion, compared with approx. NIS 6.7 billion in the corresponding quarter last year - an increase of approx. 6%.

Credit cards

Total income from credit cards in the quarter amounted to approx. NIS 112 million before tax compared to approx. NIS 81 million in the corresponding quarter last year.

Max's revenues in the quarter amounted to approx. NIS 629 million compared to approx. NIS 576 million in the corresponding period last year due to the increase in turnovers in Israel and overseas.

Max's net interest revenues increased and amounted to approx. NIS 216 million compared to approx. NIS 201 million in the corresponding quarter last year, mostly due to the increase in Max's business credit activity, due to the increase in the consumer and business credit portfolio.

Credit loss expenses amounted to approx. NIS 39 million, compared with an expense of approx. NIS 57 million in the corresponding quarter last year.

The decrease in credit loss expenses arises mostly from a decrease in the amount of net write-offs compared to the corresponding quarter last year and a decrease in credit loss provisions as a result of an improvement in the credit portfolio's quality.

Max's operating expenses in the quarter totaled NIS 257 million, compared to NIS 239 million in the corresponding quarter last year, mainly due to an increase in expenses affected by the scope of the Company's business activities, such as fees and commissions to Global Organizations.

Investment revenue and the capital markets:

In the quarter, a profit was recorded due to positive returns in capital markets, compared to a loss in the corresponding quarter last year due to a decline in the risk-free interest rate, which was offset by positive returns in capital markets, such that an excess financial margin of approx. NIS 465 million was recorded, compared to a negative excess financial margin of approx. NIS 291 million in the corresponding quarter last year.

2.2.1 Long-term savings

2.2.1.1. Life Insurance Subsegment including investment contract

	1-12		10-12	
	2025	2024	2025	2024
Income from insurance services and activity	329	195	109	66
Adjusted financial spread	159	152	43	38
Total core income	488	348	152	104
Effect of the change in the interest rate curve on the liabilities and Hetz bonds	(55)	(213)	(45)	(551)
Remaining financial margin	657	417	245	154
Comprehensive income (loss), pre-tax	1,090	552	352	(293)
The redemption rate of the life insurance contracts out of average savings in annualized terms	2.2%	2.1%	1.7%	2.2%

Core income:

The increase in profit for the reporting period and the quarter, compared to the corresponding period and quarter last year, is mainly due to an increase in the release of the contractual service margin from the effect of new business, excess returns, and the cumulative effect of changes in estimates (for additional information, see Note 20(f) to the Annual Financial Statements).

Financial effects:

The increase in comprehensive income for the reporting period and the quarter, compared to the corresponding period and quarter last year, was mainly driven by an increase in investment revenues due to returns in capital markets, and by an increase in insurance liabilities in the corresponding period and quarter last year due to a more substantial decline in the risk-free interest rate.

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):

In NIS million	For the year		10-12	
	2025	2024	2025	2024
Investment income credited to policyholders net of management fees	11,816	9,214	3,273	2,573

Following is a description of the key results in life insurance by portfolio type in accordance with the details provided in Note 5(d) to the Financial Statements:

Life Insurance	2025	2024	Comment
Policies with a non-yield-dependent savings component			
Gross premiums	103	118	The increase in underwriting income is mainly due to the effects of class actions last year and a decrease in the cost of claims compared to the forecasts.
Income from insurance services and activity	80	31	
Policies with a yield-dependent savings component			
Gross premiums	2,919	3,334	The decrease stems from an 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 to the Report on the Corporation's Business).
Income from insurance services and activity	181	46	The increase in underwriting income is mainly due to an increase in the release of the contractual service margin from excess returns and the cumulative effect of changes in estimates.
Policies without a savings component			
Gross premiums	1,154	1,064	The decrease in underwriting income is mainly due to an increase in cost of claims compared to the forecasts.
Income from insurance services and activity	74	119	
Investment contracts			
Premiums	1,794	1,331	The increase in loss from operations is mainly due to an increase in expenses.
Segment loss	(7)	(1)	

2.2.1.2 Additional data regarding life insurance premiums and management fees:

In NIS million	1-12		10-12	
	2025	2024	2025	2024
Variable management fees	707	2	293	2
Fixed management fees	602	597	157	154
Total management fees	1,309	599	450	156
Current premiums	4,040	4,363	988	1,061
One-off premiums	137	153	27	33
Total premiums, gross for insurance contracts	4,177	4,516	1,015	1,094
Current premiums	325	376	78	89
One-off premiums	1,469	955	520	303
Total premiums for investment contracts	1,794	1,331	598	392

Details regarding the rates of return on participating policies

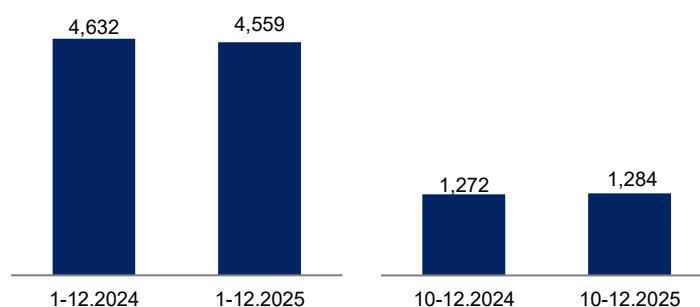
In NIS million	Policies issued in 1992-2003 (Fund J)				Policies issued from 2004 and thereafter (the new Fund J)			
	For the year		10-12		For the year		10-12	
	2025	2024	2025	2024	2025	2024	2025	2024
Real return before payment of management fees	13.85	8.92	4.87	3.53	13.66	8.47	4.91	3.14
Real return after payment of management fees	11.44	8.27	2.11	3.37	12.65	7.48	4.68	2.90
Nominal return before payment of management fees	16.54	12.65	4.00	3.43	16.35	12.19	4.31	3.05
Nominal return after payment of management fees	14.07	11.98	3.50	3.28	15.31	11.16	4.08	2.81

2.2.1.3 Provident Subsegment

In NIS million	For the year		10-12	
	2025	2024	2025	2024
Comprehensive income	4	6	(1)	-
Contributions towards benefits	4,559	4,632	1,284	1,272

Reporting period and quarter – the increase in comprehensive income compared to the corresponding period last year is mainly due to an increase in revenues from management fees, partially offset by an increase in operating expenses, including agent commissions, as well as revenues from the Nostro portfolio of the managing company, due to the positive returns recorded in the current period compared to the corresponding period last year in capital markets.

Contributions towards benefits - provident



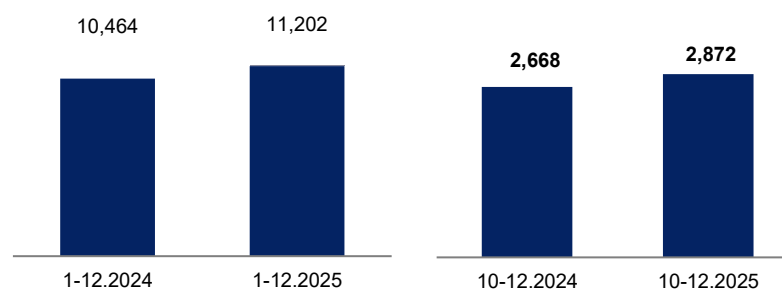
2.2.1.4 Pension Subsegment

In NIS million	For the year		10-12	
	2025	2024	2025	2024
Comprehensive income	65	48	12	11
Contributions towards benefits	11,202	10,464	2,872	2,668

The Reporting Period and Quarter - the increase in comprehensive income in the Reporting Period arises from an increase in revenues from management fees mainly from assets under management, which increased compared to the corresponding period last year, which was partially offset by an increase in operating expenses including commission to agents. In addition, during the Reporting Period, investment revenue from the nostro portfolio was up due to the positive returns recorded in the capital markets in the current period compared to the corresponding period last year.

The increase in contributions towards benefits in the Reporting Period arises mainly from the number of new planholders who signed-on to the fund offset against the number of active planholders who left, and from the increase in the average salary of the fund's active planholders, in respect of which contributions towards benefits are paid.

Contributions towards benefits - pension



2.2.1.5 The rate of outgoing transfers from savings products out of the balances of assets under management has increased in recent periods due to competition levels in the market. For further details regarding the effect of various factors on the markets, see Section 3 below.

2.2.2 Property and Casualty Insurance

	1-12	10-12		
In NIS million	2025	2024	2025	2024
Gross premiums:				
Motor Property	1,230	1,313	236	237
Compulsory Motor Insurance	794	776	154	154
Credit Insurance	155	139	38	35
Remaining portfolios and other	1,768	1,732	437	371
Total premiums, gross	3,948	3,960	865	797
Income (loss) from insurance services and activity:				
Motor Property	143	80	34	15
Compulsory Motor Insurance	(20)	50	4	(33)
Credit Insurance	39	34	10	9
Other portfolios	340	273	141	112
Total income from insurance services and activity	502	437	189	103
Adjusted financial spread	112	95	37	24
Total core income	614	532	226	127
Effect of the change in the interest rate curve on the liabilities	(7)	11	(15)	(17)
Remaining financial margin	(7)	7	35	19
Comprehensive income, before tax	600	550	246	129
CR rate in motor property*	88%	93%	86%	94%

* Calculated in accordance with the ratio between expenses from insurance services net of reinsurance revenues and revenues from insurance services net of reinsurance expenses.

Gross premiums:

During the Reporting Period - the decrease in premiums arises mainly from a decrease in motor property insurance and D&O policies.

The Quarter – the increase in premiums is mainly due to policies in the business and engineering portfolios.

Comprehensive income:

During the Reporting Period - Comprehensive income in the Reporting Period amounted to approx. NIS 600 million, compared with a comprehensive income of approx. NIS 550 million in the corresponding period last year.

Core income totaled approx. NIS 614 million compared to approx. NIS 532 million in the corresponding period last year. In most subsegments, there has been an improvement compared to last year, except in the compulsory motor due to a netting agreement with the National Insurance Institute.

In addition, during the reporting period, insurance liabilities increased due to a decline in the risk-free interest rate curve, compared to an increase last year.

The Quarter - Comprehensive income in the Reporting Quarter amounted to approx. NIS 246 million, compared with a comprehensive income of approx. NIS 129 million in the corresponding quarter last year.

Core income totaled approx. NIS 226 million compared to approx. NIS 127 million in the corresponding period last year. The increase in income is due to underwriting improvement across all subsegments.

In addition, investment revenues increased in the quarter compared to the corresponding period last year.

Motor Property:

Gross premiums – the decrease in premiums in the reporting period compared to the corresponding period last year is mainly due to a decrease in turnovers.

Reporting period and quarter – the higher income from insurance services and activities is due to underwriting improvement, mainly as a result of an improvement in cost of claims, arising, among other things, from the effect of Operation Rising Lion.

Compulsory Motor Insurance:

Reporting period – the change compared to last year is mainly due to a settlement agreement with the National Insurance Institute, which took place last year, and a negative development in claims during the reporting period.

The Quarter – the transition from a loss from insurance services and activities to profit is due to underwriting improvement, mainly from a favorable development in respect of prior years compared to last year.

Credit Insurance:

Reporting period – the higher income from insurance services and activities in the reporting period compared to the corresponding period last year is due to underwriting improvement.

Other portfolios:

Gross premiums – the increase in premiums in the reporting period and the quarter, compared to the corresponding period and quarter last year, is mainly due to policies in the business and engineering portfolios, as well as an increase in Sale Law guarantees; this increase was offset by a decrease in D&O policies.

Reporting period and quarter – the higher income from insurance services and activities is mainly due to favorable development in respect of prior periods in the liability subsegments compared to the corresponding periods last year, as well as an increase in the scope of activity in the Sale Law guarantees subsegment.

2.2.3 Health insurance

	1-12		10-12	
	2025	2024	2025	2024
Gross premiums	1,973	1,856	494	475
Income from insurance services and activity	362	424	34	150
Adjusted financial spread	68	65	19	16
Total Core income - Insurance	430	490	53	166
Effect of the change in the interest rate curve on the liabilities	14	(149)	14	(218)
Remaining financial margin	129	92	7	188
Comprehensive income, before tax	573	432	74	136

Gross premiums:

In the Reporting Period and Quarter - the increase in premiums arises mainly from an increase in the individual insurance activity.

Comprehensive income:**Core income - Insurance:**

Reporting period and quarter – lower income was recorded compared to the corresponding period and quarter last year, mainly due to a decrease in the release of the contractual service margin in light of the cumulative effect of changes in estimates (for additional information, see Note 20(f) to the Annual Financial Statements), as well as the effect of class actions and expenses.

Financial effects:

In the Reporting Period – the balance of the financial margin increased as a result of an increase in investment revenue compared to the corresponding period last year due to capital market returns. Furthermore, during the period, a gain was recognized due to a decrease in insurance liabilities as a result of the increase in the risk-free interest rate, compared to a decrease in the corresponding period last year.

In the quarter – the balance of the financial margin decreased as a result of a decrease in investment revenue compared to the corresponding quarter last year due to capital market returns. Furthermore, in the quarter, a gain was recognized due to a decrease in insurance liabilities as a result of the increase in the risk-free interest rate compared to a decrease in the corresponding quarter last year.

Data regarding main portfolio groups in the health insurance segment:

	1-12	
	2025	2024
Gross premiums:		
Individual long-term care	276	279
Collective Long-Term Care	24	26
Medical expenses and disabilities - individual	646	561
Medical expenses and disabilities - collective	128	117
Other portfolios	899	873
Gross premiums	1,973	1,856
Income (loss) from insurance services and activity:		
Individual long-term care	29	85
Collective Long-Term Care	6	(27)
Medical expenses and disabilities - individual	138	132
Medical expenses and disabilities - collective	(13)	(16)
Other portfolios	201	249
Income from insurance services and activity	362	424

Individual long-term care – the lower income from insurance services and activities is mainly due to a decrease in the release of the contractual service margin in light of the cumulative effect of changes in estimates, and underwriting deterioration in cost of claims and expenses compared to forecasts.

Collective long-term care – the transition from loss to profit from insurance services and activities is mainly due to lower-than-expected cost of claims.

Individual medical expenses and disability – the improvement in higher income from insurance services and activities is mainly due to an increase in the release of the contractual service margin, mainly driven by new business.

Collective medical expenses and disabilities – the decrease in loss from insurance services and activities is due to an improvement in underwriting results.

Other portfolios – lower income from insurance services and activities is mainly due to a decrease in the release of the contractual service margin in light of changes in estimates and higher-than-expected lapses.

Information regarding investment income credited to holders of health insurance policyholders of the participating long-term care type:

In NIS million	1-12	10-12	
	2025	2024	2025 2024
Investment income credited to policyholders	215	143	59 42

2.2.4. Credit cards

	For the year		10-12	
	2025	2024	2025	2024
Total revenues from credit card transactions	1,740	1,554	441	403
Total comprehensive income net of adjustments (see also 2.2(a))	455	390	112	81
Credit card transactions (Max) (see also Section 2.2.4.1)				
Revenue				
Revenues from credit card transactions	1,596	1,428	404	371
Interest revenues, net	847	802	216	201
Other revenue	22	14	9	4
Total revenue	2,465	2,244	629	576
Expenses				
Credit loss expenses	169	216	39	57
Operating expenses	1,009	897	257	239
Selling and marketing expenses (see Section 2.2.5 below)	514	438	144	112
General and administrative expenses (see Section 2.2.5 below)	90	80	21	21
Payments to banks	251	233	61	60
Total expenses	2,033	1,864	522	489
Pretax income	432	380	107	87
Technological activity (Milo)				
Revenues from credit card transactions	144	126	37	32
Pretax income	23	10	5	(6)

Max's results in 2025 were substantially affected by a one-off provision of NIS 170 million before tax (approx. NIS 131 million post tax) due to a judgment handed down to the credit card companies on August 6, 2025 in respect of an appeal filed regarding a VAT assessment of card holders overseas activity, which was included in Max's results for the second quarter of 2025. The above table is net of this one-off effect.

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 revenues from merchants net of fees and commissions to other issuers. The turnover of Max's domestic and foreign activity was up in 2025 and third fourth quarter of 2025 compared to the corresponding periods last year - an increase which led to an increase in Max's revenues from credit card transactions, both on the issuance side and on the acquiring side.

Net interest revenues of Max increased in 2025 and fourth quarter of 2025 compared to the corresponding periods 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 which still persists as to the geopolitical situation.

Credit loss expenses in 2025 totaled approx. NIS 169 million, compared to approx. NIS 216 million in the corresponding period last year. The decrease in credit loss expenses arises both from a decrease in the amount of net write-offs compared to the corresponding period last year and a decrease in credit loss provisions as a result of an improvement in the quality of Max's credit portfolio due to, among other things, a change in the portfolio mix and on the back of the revised macroeconomic forecasts.

Max's **operating expenses** for 2025 and fourth quarter of 2025, net of the one-off effect, increased compared to the corresponding periods last year, mainly due to an increase in expenses affected by the scope of Max's business activities, such as fees and commissions to the Global Organizations.

2.2.4.1 Data by area of activity - Max

	2025	2024	Rate of change
Total revenues	2,465	2,244	10%
Total pre-tax income, net of adjustments	432	380	14%
Of which - issuance activity			
Revenues from credit card transactions	1,317	1,160	11%
Interest revenues	601	572	5%
Other revenues	22	14	57%
Total revenues	1,941	1,747	11%
Operating, marketing and general and administrative expenses	1,334	1,160	15%
Credit loss expenses	171	210	(19%)
Payments to banks	251	233	8%
Total expenses	1,756	1,603	10%
Comprehensive income, before tax	185	144	28%
Of which - acquiring activity			
Revenues from credit card transactions	279	268	4%
Interest revenues	246	230	7%
Total revenues	524	497	5%
Operating, marketing and general and administrative expenses	279	255	9%
Credit loss expenses	(2)	6	(133%)
Total expenses	279	261	6%
Comprehensive income, before tax	247	236	5%

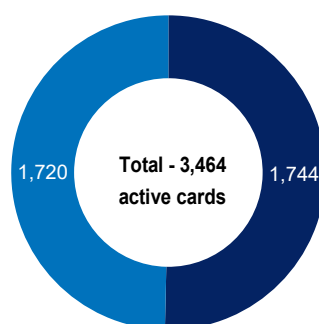
	10-12 2025	2024	Rate of change
Total revenues	629	576	9%
Total pre-tax income	107	87	23%
Of which - issuance activity			
Operating revenues from credit cards	334	303	10%
Interest revenues	152	143	6%
Other revenue	8	4	100%
Total revenue	494	451	10%
Operating, marketing and general and administrative expenses	348	302	15%
Credit loss expenses	42	58	(28%)
Payments to banks	61	60	2%
Total expenses	451	420	7%
Comprehensive income, before tax	43	31	38%
Of which - acquiring activity			
Operating revenues from credit cards	71	68	4%
Interest revenues	64	57	12%
Total revenue	135	125	8%
Operating, marketing and general and administrative expenses	74	69	7%
Credit loss expenses	(3)	-	-
Total expenses	71	69	3%
Comprehensive income, before tax	64	56	14%

2.2.4.2 Quantitative data regarding the credit card transactions

Definitions:

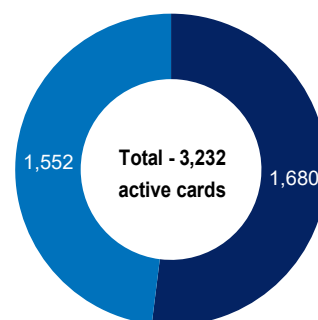
- Valid cards - valid issued cards, excluding blocked cards and prepaid cards.
- Active cards - valid cards with which at least one transaction was carried out during the last quarter.
- Issuance turnover - the turnover from transactions executed with all of the Company's cards, excluding cash withdrawals 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.
- Data in thousands

Breakdown of active cards as of
December 31, 2025



■ Banking
■ Non-banking

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	
	2025	2024	2025	2024
bank cards	85,562	80,382	21,835	20,470
Non-bank cards	68,262	59,388	17,731	15,619
Total	153,824	139,770	39,566	36,089

2.2.4.3 Key credit quality indicators

Main credit quality indicators (in %)	As of December 31	
	2025	2024
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	1.95%	2.24%
Rate of non-accruing receivable balance of receivables for credit card transactions	1.06%	1.13%
Rate of net write-offs of the average balance of receivables for credit card transactions	1.15%	1.43%

2.2.5 Finance expenses in activity not allocated to segments

In NIS million	For the year		10-12	
	2025	2024	2025	2024
Clal Insurance - subordinated notes	200	193	52	42
Clal Holdings - bonds to the public	86	80	20	20
CIMax	-	16	-	-
Other	18	22	5	7
Total	304	311	77	69

Reporting Period - In the Reporting Period, finance expenses amounted to approx. NIS 304 million, compared with approx. NIS 311 million in the corresponding period last year. The decrease arises from an early repayment in full of the syndicated loan at the beginning of 2024. Offset by the issuance of notes, classified as Tier 1 capital, to the public in October 2025.

The Quarter - In the quarter, finance expenses amounted to approx. NIS 77 million, compared with approx. NIS 69 million in the corresponding period last year; the increase derived from the issuance of notes constituting Tier 1 capital to the public in October 2025.

2.3 Capital and Capital Requirements**A. Capital requirements in accordance with the application provisions of the Economic Solvency Regime in Clal Insurance**

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, Application Provisions for Solvency II-Based Provisions of the 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 25, 2025, Clal Insurance approved and published its Economic Solvency Ratio Report as of June 30, 2025, 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 23(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, the Deduction as of June 30, 2025 was revised and stands at NIS 2,012 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, transitional provisions, 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, 2025.

The solvency ratio as of June 30, 2025 does not include the effect of the Company's business activity in the period subsequent to June 30, 2025 and through this report's approval date.

For details regarding additional events during and subsequent to the Reporting Period, see Sections 2.1 and 2.2 above.

The calculation made by the Company as of June 30, 2025 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 2025	As of December 31 2024
In NIS million	Unaudited	Audited
Shareholders equity in respect of SCR	16,043	14,706
Solvency capital requirement (SCR)	10,040	9,624
Surplus	6,003	5,082
Economic solvency ratio (in %)	160%	153%
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	98	500
Deviation from quantitative limitation	-	-
Shareholders equity in respect of SCR	16,141	15,206
Surplus	6,101	5,582
Economic solvency ratio (in %)	*161%	158%

* For an estimate of the solvency ratio as of September 30, 2025, see Section 2.1(b) above.

For details regarding the solvency ratio without applying the transitional provisions 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 2025	As of December 31 2024
In NIS million	Unaudited	Audited
Minimum capital requirement (MCR)	2,510	2,406
Shareholders equity for MCR	11,717	10,975

3. Solvency ratio without applying the transitional provisions

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 transitional provisions 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 transitional provisions.

Solvency ratio without applying the transitional provisions

	As of June 30 2025	As of December 31 2024
	Unaudited	Audited
In NIS million		
Shareholders equity in respect of SCR	14,198	13,284
Solvency capital requirement (SCR)	10,739	10,341
Surplus	3,459	2,943
Economic solvency ratio - in %	132%	128%
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	594	500
Deviation from quantitative limitation	-	(500)
Shareholders equity in respect of SCR	14,792	13,284
Surplus	4,053	2,943
Economic solvency ratio - in %	138%	128%
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 (%)	115%	115%
Capital surplus over target	2,442	1,392

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]. The determination of the best estimate should be based on an estimation of the distribution of the potential best estimates ("**Stochastic Models**"), and in the absence of significant statistical data that will allow the assessment of the distribution probability of the best estimate, the Company used the expected value of each relevant factor ("**Deterministic Models**").

In accordance with an outline issued by the Commissioner in November 2023, the Stochastic Model will not be implemented in the calculation of the solvency ratio without implementing the transitional provisions - over 3 reporting dates - but the Company will disclose its effects in the Economic Solvency Ratio Report.

In the report as of December 31, 2024, the Company completed the stochastic calculation of the best estimate of the asymmetrical insurance liabilities cash flows (including carrying future variable management fees) based on an economic scenario generator,¹ including the implementation of tests and control processes regarding the accuracy, robustness, and market consistency, as is the normal practice in foreign companies that implement stochastic models in the calculation of their 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. In order to create the Stochastic Model, the Company selected economic models that match its asset classes. As part of the process of selecting and calibrating those economic models, the Company was

[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.

[1] As defined in the provisions of Appendix B, Section 5 (Part 2, Appendix 2) to the Provisions of the Economic Solvency Regime.

supported by international consultancy firms. In addition, the independent auditors reviewed the calculation process and the internal control.

5. Revision of the capital target in Clal Insurance and dividend distribution in the Company and in Clal Insurance

For details regarding the revision of the capital target in Clal Insurance and dividend distribution in the Company and in Clal Insurance, 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.

7. Debt raising by Clal Insurance Capital Raising Ltd. a subsidiary of Clal Insurance

In April 2025, Clal Capital Raising issued to the public Bonds (Series N) totaling NIS 500 million in p.v., by virtue of a shelf prospectus dated April 9, 2025.

On July 31, 2025, Clal Capital Raising executed early redemption of the outstanding balance of Notes (Series I), in accordance with their terms and conditions.

In October 2025, Clal Capital Raising issued to the public approx. NIS 594 million p.v. in Notes (Series O) and approx. NIS 555 million p.v. in Notes (Series O) to the Company in a private placement by way of a series expansion, against the cancellation of a capital note totaling NIS 450 million, linked to the Consumer Price Index, which was issued by Clal Insurance to the Company on October 29, 2020, and which was recognized by Clal Insurance as an Additional Tier 1 capital instrument. Bonds (Series O), which were issued to the public and under the private placement, constitute a single series for all intents and purposes.

Subsequent to the reporting date, on January 22, 2026, Clal Capital Raising issued to the public approx. NIS 591 million p.v. in Notes (Series O), by way of expansion of an existing series. The proceeds of the offering amounted to approx. NIS 622 million and were recognized as Additional Tier 1 capital of Clal Insurance, subject to restrictions on the maximum rate of Tier 1 capital, in accordance with the provisions of the law.

For further details, see section 2.1(d) above.

B. Capital requirements and capital adequacy in Max

1. Equity and capital adequacy

Max's reported equity at the end of 2025 amounted to NIS 2,250 million compared to NIS 2,061 million at the end of 2024 - an increase of approx. 9%, which arises from the income for the period. The equity capital as of the end of 2025 includes NIS 26 million in share capital, NIS 376 million in share premiums, a NIS 83 million capital reserve, NIS 7 million in accumulated other comprehensive loss, and NIS 1,772 million in retained earnings.

Common Equity Tier 1 capital amounted to NIS 2,252 million at the end of 2025, compared to NIS 2,066 million at the end of 2024.

Total equity at the end of 2025 amounted to NIS 2,882 million, compared to NIS 2,532 million at the end of 2024.

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, 2025, the CET1 capital ratio amounted to 10.2%, compared to 10% at the end of 2024. Total capital ratio to risk-weighted components as of December 31, 2025, amounted to 13%, compared to 12.3% at the end of 2024.

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 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 did 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. Only in the event of a further downgrade of the State of Israel's rating by S&P by two notches or more, to BBB+ or lower, is a decrease of approx. 0.25% in Max's Common Equity Tier 1 capital ratio expected, according to Max's estimate, based on the data as of December 31, 2025; Max is not aware of any intention for such a downgrade, and in November 2025, S&P decided to reiterate the State of Israel's credit rating at A and revised the outlook from negative to stable. 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 was replaced with a new directive, which adopted 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. According to Max's estimate, the measurement of risk-weighted assets under the amended directive is expected to result in an improvement of approx. 0.3% in the capital ratios.

Max's leverage ratio as of December 31, 2025 is 8.8%, compared to 8.7% at the end of 2024.

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 circulars published in recent years by the Banking Supervision Department amending the directive, 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 last circular, dated September 14, 2025, 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, 2027, provided that the leverage ratio does not fall below that as of December 31, 2026 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 March 10, 2026 Max's Board of Directors approved Max's CET1 capital ratio internal target at 9% instead of 9.25% as was the case through June 2024. The revised internal target is 100 basis points (1 percentage points) higher than the minimum CET 1 capital ratio set by the Banking Supervision Department. Max has a safety buffer, which is higher than 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:

In NIS million	As of December 31 2025		As of December 31 2024	
			Unaudited	
	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Credit risks - standardized approach				
of banking corporations	1,382	159	1,217	140
of corporations	2,074	239	1,747	201
Retail to individuals	12,304	1,415	11,775	1,354
of small businesses	1,603	184	1,419	163
Other assets	938	108	1,048	121
Credit valuation adjustment (CVA)	1	-	1	-
Total credit risk	18,302	2,105	17,207	1,979
Market risk - standardized approach	80	9	55	6
Operational risk - standardized approach	3,704	426	3,347	385
Total risk-weighted assets and capital requirements	22,086	2,540	20,609	2,370
Capital base	2,882		2,532	
Total capital ratio	13.0%		12.3%	
CET1 capital ratio	10.2%		10.0%	

* Calculated in accordance with Proper Conduct of Banking Business Directives Nos. 201-211 entitled Capital Adequacy and Measurement, and Proper Conduct of Banking Business Directive No. 472 "Merchant Acquirers and Acquiring Payment Card Transactions".

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 permitted 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. In addition, the dividend distribution by Max is subject to the

directives of the Banking Supervision Department.

On June 30, 2024, Max's Board of Directors set, for the first time, a dividend distribution policy. According to the approved 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 accordance with its consolidated financial statements. It is clarified that by 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.

Under the issuance of Bonds (Series E) in July 2025, Max undertook, as is generally acceptable, not to distribute dividends under certain circumstances, such as non-compliance with the financial covenants it undertook to comply with, the establishment of grounds for immediate repayment, or breach of any of its material undertakings, all as detailed in the deed of trust.

In 2024, a NIS 62 million dividend was approved and distributed, which constitutes approx. 28% of Max's net income for 2023.

Subsequent to the reporting date, on March 10, 2026, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 56 million, which constitutes approx. 30% of Max's net income for 2025.

6. Debt raising by Max and its becoming a reporting corporation

On January 6, 2025, Max completed a private placement of commercial papers for institutional entities, by way of expanding CPs (Series 2) by approx. NIS 154 million par value.

On April 7, 2025, Max published a supplementary prospectus and a shelf prospectus dated April 8, 2025, and on April 24, 2025, it completed a NIS 207 million raising of Commercial Papers (Series 5) from institutional investors and - for the first time - also from the public par value. As from this date, Max became a reporting corporation, as defined by the Securities Law, 1968. Max's becoming a reporting corporation constitutes a part of its financing strategy as a growing company, and it allows Max to diversify its sources of financing for its operating activities.

On July 10, 2025, Max issued a new private series of Subordinated Notes (Series F) with a contractual loss absorption mechanism, in the total amount of NIS 150 million par value, which are recognized as Tier 2 capital from the date of their issuance. Notes (Series F) are linked to the Consumer Price Index. In addition, on July 13, 2025, Max completed a public offering of Bonds (Series E) totaling NIS 300 million in par value. Bonds (Series E) are linked to the Consumer Price Index. For further details, see Note 16 to the Annual Financial Statements.

2.4. Analysis of Cash Flow Development, Sources of Financing and Liquidity

2.4.1. Cash flow for the Reporting Period

The consolidated cash flows provided by operating activities in the Reporting Period amounted to approx. NIS 2,513 million; most of the amount arises from realization of financial investments by the Insurance Company, offset by paid taxes. The consolidated cash flows used for investing activities totaled approx. NIS 2,347 million in the Reporting Period, mainly from a provision of credit to card holders and merchants. Consolidated cash flows from financing activities totaled approx. NIS 1,202 million during the reporting period and included mainly proceeds from the issuing of notes at a consolidated insurance company. The Group's cash and cash-equivalent balances increased from a total of approx. NIS 7,069 million at the beginning of the Reporting Period to approx. NIS 8,329 million at the end of the Reporting Period.

2.4.2. Company's financing

2.4.2.1 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 3.2.A 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 Supervision Department, including compliance with capital adequacy restrictions under the Basel directives. Dividend distribution is permitted subject to the provisions of the Companies Law, 1999. For details regarding the dividend distribution policy, see 3.2.B.5 above.

For further details regarding the restrictions on dividend distributions in Clal Insurance and Max, see Note 23 to the Annual 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 of the end of the reporting period, Clal Finance holds approx. 22.6% of Michlol Finance Ltd. In addition, Clal Finance has an option to acquire approx. 4% additional shares in Michlol, which was partially exercised in January 2026, such that the ownership stake following the partial exercise is approx. 24.9%, with an option to acquire approx. 2% additional shares. 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 180 million immediately prior to the report's publication date.

This investment is presented among investment in investees based on equity value, and was not included in the financial investments in this section.

As of the reporting date, 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 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):

NIS million	As of December 31, 2025	As of December 31, 2024
Financial assets		
Cash and cash equivalents	67	37
Other financial investments, mainly money market fund and Israeli T-Bills by the Company	241	142
Bonds (Series O) - Clal Capital Raising *)	575	-
Restricted Tier 1 capital instrument of Clal Insurance *)	-	493
Total assets	883	672
Less current maturities		
Current financial liabilities	32	43
Financial assets less current maturities	851	629
Non-current financial liabilities		
Non-current financial liabilities: Bonds issued by the Company - liability component	1,537	1,522
Total liabilities	1,537	1,522
Net financial debt	686	892
Unutilized credit facility**)	250	250

*) Other financial investments include, as of December 31, 2025, an investment in Bonds (Series O) totaling approx. NIS 555 million issued by Clal Insurance's subsidiary, Clal Insurance Capital Raising Ltd. (hereinafter – "Clal Capital Raising"), on October 23, 2025, to the Company in a private placement, and recognized by Clal Insurance as an Additional Tier 1 capital instrument. (The fair value based on TASE value as of December 31, 2025 is NIS 575 million.) The issuance proceeds were used to cancel a NIS 450 million CPI-linked capital note, which was issued to the Company by Clal Insurance on October 29, 2020, and which was recognized as a Restricted Tier 1 capital instrument of Clal Insurance. As of December 31, 2024, the capital note recognized as Restricted Tier 1 capital instrument of Clal Insurance amounted to NIS 519 million (fair value as of December 31, 2024 is approx. NIS 493 million).

There was no material change to the Company's net financial debt due to the abovementioned actions. For further details, see 2.1(d) above.

**) In June 2025, the credit facility was renewed by one year until June 2026, without material changes to its conditions. For further details, see Note 16(i) in the Annual Financial Statements. As of the report date and its approval date, the abovementioned credit facility has not been utilized.

2.4.2.2 The Company's financing characteristics

- 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.
- 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.
- 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).
- 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 23 to the Annual Financial Statements.

2.4.2.3 Dedicated disclosure for the Company's bond holders

A. Data on bonds

Series / issuance date	Bonds (Series A)	Bonds (Series A) (expansion)	Bonds (Series A) (second expansion)	Bonds (Series B) (convertible bonds)	Bonds (Series C)	Bonds (Series C) (expansion)
Issuance date	February 2023	June 2023	August 2023	February 2023	December 2023	July 2025
Par value on issuance date (in NIS)	249,100,000	250,000,000	400,000,000	150,000,000	500,000,000	350,000,000
Par value as of December 31, 2025 (in NIS)	152,131,060	152,680,000	244,289,000	149,989,800	500,000,000	350,000,000
Carrying amount as of December 31, 2025 (in NIS)	Approx. NIS 152 million	Approx. NIS 150 million	Approx. NIS 241 million	Approx. NIS 144 million **)	Approx. NIS 497 million	Approx. NIS 354 million
Market value as of December 31, 2025*)	Approx. NIS 159 million	Approx. NIS 160 million	Approx. NIS 257 million	Approx. NIS 343 million	Approx. NIS 526 million	Approx. NIS 368 million
Interest type	Fixed, non-linked			Fixed, non-linked	Fixed, non-linked	
Nominal interest rate	4.7%			2.8%	5.25%	
Interest payable as of December 31, 2025	Approx. NIS 6 million	Approx. NIS 6 million	Approx. NIS 10 million	Approx. NIS 4 million	Approx. NIS 4 million	Approx. NIS 3 million
Effective interest rate on issuance date	4.9%	5.6%	5.3%	4.9%	5.5%	5.0%
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	
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	

Series / issuance date	Bonds (Series A)	Bonds (Series A) A) (expansion)	Bonds (Series A) (second expansion)	Bonds (Series B) (convertible bonds)	Bonds (Series C)	Bonds (Series C) (expansion)
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, 2025.

**) Of which approx. NIS 13 million represents the equity component presented under equity. As of the publication date of the financial statements, approx. NIS 45 million (p.v.) were converted into shares.

***) 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 and Section 8.1.14 to the Trust Deed (Series C) attached to the shelf offering report dated December 4, 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 June 2025, after the Company's dividend distribution, the conversion ratio has changed such that every NIS 81.93 p.v. of Bonds will be convertible into one ordinary Company share (instead of the previous conversion rate under which every NIS 83.73 p.v. of Bonds were 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 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), The Company 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, *pari passu*. 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%.

In accordance with the deeds of trust, if changes are made to a parameter used to calculate any of the financial covenants detailed in the deeds of trust as a result of changes to generally accepted accounting principles applicable through that date (hereinafter - the "**Old Standards**"), and the effect of the abovementioned changes on the parameter used to calculate the financial covenants is non-negligible (as defined in the deeds of trust) - starting on the first-time application date of the accounting principles, the relevant financial covenant will be proportionally adjusted to the change arising from the application of the accounting principles. The abovementioned revised financial covenant will apply as from the first-time application date of the accounting principles.

As stated in Note 2 to the Company's Annual Financial Statements, as from January 1, 2025, the Group applies IFRS 17 and IFRS 9 for the first time (hereinafter - the "**New Accounting Principles**") in respect of financial statement data of Clal Insurance Company Ltd. - a Company subsidiary. The effect of the transition to reporting on the Group's financial position in accordance with the New Accounting Principles is detailed in Note 37 to the Annual Financial Statements.

In accordance with Note 37 to the Annual Financial Statements, as a result of the first-time application of the New Accounting Principles, the Company's equity as of December 31, 2024 decreased by 7.5% compared to the equity calculated in accordance with the Old Standards (from approx. NIS 9,450 million to approx. NIS 8,742 million), and therefore - as from the first-time application date of the New Accounting Principles - the minimum equity financial covenant set in each of the deeds of trust shall be proportionally adjusted, such that as from the first-time application date of the New Accounting Principles, the minimum equity stated in the deeds of trust shall be deemed replaced by those stated in the following table:

Section in the Deed of Trust	Series	Minimum equity in accordance with the Old Standards	Minimum equity in accordance with the New Accounting Principles
		In NIS billion	In NIS billion
6.3.1 (a)	A and B	3.2	2.96
	C	3.4	3.15
6.2.1	A and B	4.2	3.89
	C	4.4	4.07
6.2.2	A and B	3.7	3.42
	C	3.9	3.61
6.5.1 (a)	A and B	3.7	3.42
	C	3.9	3.61

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, 2025, the net financial debt ratio is approx. 6%, and shareholders' equity amounts to approx. NIS 10.8 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.

E. Expansion and partial early redemption of bonds issued by the Company

On July 1, 2025, the Company carried out a private placement of Bonds (Series C) of the Company, by way of expanding an existing series. The Company allocated NIS 350 million in par value of Bonds (Series C), in exchange for a total of approx. NIS 358.4 million. The proceeds of the issuance were used for partial early redemption of the Company's Bonds (Series A) and on July 13, 2025, the Company redeemed, by way of a partial early redemption, NIS 350 million in par value of Bonds (Series A).

The abovementioned issuance costs of the Bonds (Series C) totaled approx. NIS 1 million.

2.4.3. Max - financing

2.4.3.1 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. 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.

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, 2025 (NIS million):

Lender	Credit type	Amount of liabilities in balance sheet	General characteristics
Banking	Short term	3,102	Utilization of short-term credit out of secured and non-secured credit facilities
	Long term	3,252	Loans from several banks repayable in installments in the next few years
Non-banking	Short term	907	Commercial Papers (Series 1, Series 2, Series 5)
	Long term	703	Bonds (Series E), Subordinated Notes (Series D, Series F)
Total		7,964	

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.

Following are details regarding credit facilities and their utilization:

In NIS million	As of December 31	
	2025	2024
Total binding credit facilities	10,350	10,350
Total non-secured credit facilities	1,450	1,450
Total credit facilities (secured and unsecured)*	11,800	11,800
Total utilization of financial credit from secured facilities	3,102	3,626
Total loans from banks out of facilities	850	874
Total loans from banks not out of facilities	2,402	1,458
Total financial credit utilization	6,354	5,958

* 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, subordinated notes and commercial papers:

In NIS million	As of December 31	
	2025	2024
Bonds	302	-
Subordinated notes	401	250
Commercial papers	907	546
Total	1,610	796

For further details, see Note 16 to the Annual Financial Statements.

2.4.3.2 Details regarding bonds, subordinated notes, and non-marketable commercial papers in circulation as of December 31, 2025:

Series	Commercial Papers (Series 1)	Subordinated Notes (Series D) CoCo (1)	Commercial Papers (Series 2)	Subordinated Notes (Series F) CoCo (1)
Issuance date	December 27, 2022	July 16, 2023	January 4, 2024	July 10, 2025
p.v. on issuance date	NIS 316,200,000	NIS 250,000,000	NIS 230,000,000	NIS 150,000,000
p.v. as of December 31, 2025	NIS 316,200,000	NIS 250,000,000	NIS 383,800,000	NIS 150,000,000
Outstanding principal as of December 31, 2025	NIS 316,200,000	NIS 250,000,000	NIS 383,800,000	NIS 151,167,315
Types and rates of interest	Variable - based on the Bank of Israel Interest plus 0.1%-0.4%	Fixed - 7.33% (2)	Variable - based on the Bank of Israel Interest plus 0.1%-0.4%	Fixed - 3.98% (3)
Principal payment dates	The principal will be repaid in one lump sum on December 26, 2026, unless extended for an additional one-year period, in which case it will be repaid on December 26, 2027.	One installment on October 15, 2033. The Company may, at its discretion, carry out full early redemption between October 16, 2028 and November 16, 2028.	The principal will be repaid in one installment on January 3, 2026, unless it is renewed for further 3 periods through January 2, 2029	One payment on June 30, 2036. The Company may, at its discretion, carry out full early redemption between June 30, 2031 and July 30, 2031.
Interest payment dates	Paid once a year, on December 27, 2023 and December 26 in each of the years 2024 to 2027	Paid once a year, on July 15 in each of the years 2024 to 2033. Final payment will be made on October 15, 2033	Paid once a year, on January 3 in 2025 and January 3 in each of the years 2026 to 2029.	Paid once a year, on June 30 in each of the years 2026 to 2036. Final payment will be made on June 30, 2036
Linkage basis and conditions (principal and interest)	The principal and interest are not linked	The principal and interest are not linked	The principal and interest are not linked	The principal and interest are CPI-linked
Rating	P-1 by Midroog	A1 with a stable outlook by Midroog	P-1 by Midroog	A1 with a stable outlook by Midroog

1. According to Proper Conduct of Banking Business Directive 202, Capital Measurement and Adequacy – Regulatory Capital, Subordinated Notes (Series D) and Subordinated Notes (Series F) are included in Max's Tier 2 capital. The terms of Subordinated Notes (Series D) and Subordinated Notes (Series F) 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, 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), the annual interest of the subordinated notes shall be revised on October 16, 2028 (hereinafter - 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 issuance date (hereinafter - the "interest rate differential"). 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%.

3. If after they are issued the Subordinated Notes (Series F) 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 F) will be reduced by 0.25%, starting on the listing date of the Subordinated Notes (Series F) 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 F) under early redemption in accordance with Section 7 to the deed of trust of the Subordinated Notes (Series F), the annual interest of the subordinated notes shall be revised on June 30, 2031 (hereinafter - 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 issuance date (hereinafter - the "**interest rate differential**"). 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.

2.4.3.3 Following are details regarding bonds and marketable commercial papers in circulation as of December 31, 2025:

Series	Commercial Papers (Series 5)	Bonds (Series E)*
Security name and no.	Max It Commercial 51220466	Max It Bonds (Series E) 1225143
Issuance date	April 24, 2025	July 13, 2025
p.v. on issuance date	NIS 206,800,000	NIS 300,000,000
p.v. as of December 31, 2025	NIS 206,800,000	NIS 300,000,000
Outstanding principal as of December 31, 2025	NIS 206,800,000	NIS 302,334,630
Types and rates of interest	Variable - based on the Bank of Israel Interest plus 0.08%	Fixed - 2.70%. The semi-annual interest rate is 1.35%
Principal payment dates	The interest will be repaid in a single installment on April 23, 2026.	The principal will be repaid in four equal annual payments, on June 30 of 2028 through 2031 (inclusive)
Interest payment dates	The interest will be repaid in a single installment on April 23, 2026.	Payable in twelve semi-annual payments on June 30 and December 31 of each year, from December 31, 2025 through June 30, 2031 (inclusive)
Linkage basis and conditions (principal and interest)	The principal and interest are not linked	The principal and interest are CPI-linked
Rating	P-1 from Midroog, according to a rating report dated November 16, 2025	Aa3 with a stable outlook from Midroog, according to a rating report dated November 16, 2025
Whether the Company complied, at the end of the period and throughout it, with all the conditions under the deed of trust	Yes	Yes
Were conditions fulfilled which constitute grounds for calling the debt for immediate repayment	No	No
Liens	None	None

* Trustee for Bonds (Series E): Reznick Paz Nevo Trustee Company Ltd. Contact details: Address: 14 Yad Harutzim St. Tel-Aviv.

Tel: 03-6389200; Fax: 03-6389222; Contact: Adv. Hagar Shaul; Email: hagar@rpn.co.il

For further details, see Note 16 to the Annual Financial Statements.

2.4.3.4 Following are key data regarding Max's credit balances:

Creditor	Credit type	Linkage basis	Facilities/ loans range	Book balance	Current maturities - loans	Average weighted interest rate (within the range) ⁽¹⁾
As of December 31, 2025						
Banks	Total credit facilities (secured and unsecured) ⁽²⁾	Variable interest	Short term	3,102	-	P-0.5%-P.1.5%
	Loans	Variable interest	Long term	754	269	P-0.3%-P.1.3%
	Loans	CPI-linked fixed interest	Long term	2,498	532	0.75%-3%
Non-banking	Commercial Papers (Series 1)	Variable interest	Short term	316	-	Bank of Israel interest plus 0.1%-0.4%
	Commercial Papers (Series 2)	Variable interest	Short term	384	-	Bank of Israel interest plus 0.1%-0.4%
	Commercial Papers (Series 5)	Variable interest	Short term	207	-	Bank of Israel Interest plus 0.8%
	Bonds (Series E)	CPI-linked fixed interest	Long term	302	-	2.70%
	Subordinated Notes (CoCo) Series D	Fixed interest	Long term	250	-	3.98%
	Subordinated Notes (CoCo) Series F	CPI-linked fixed interest	Long term	151	-	7.33%
As of December 31, 2024						
Banks	Total credit facilities (secured and unsecured) ⁽²⁾	Variable interest	Short term	3,626	-	P-0.5%-P.1.5%
	Loans	Variable interest	Long term	1,015	262	P-0.3%-P.1.3%
	Loans	CPI-linked fixed interest	Long term	1,317	221	0.75%-2.6%
Non-banking	Commercial Papers (Series 1)	Variable interest	Short term	316	-	Bank of Israel + 0.2%-0.5%
	Commercial Papers (Series 2)	Variable interest	Short term	230	-	Bank of Israel + 0.2%-0.5%
	Subordinated Notes (Series D) CoCo	Fixed interest	Long term	250	-	7.33%

1. Except for credit, 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.

2.4.3.5 Significant developments in Max's sources of financing in 2025 and through the report signing date

- A. Max has a secured credit facility agreement of NIS 3,300 million with one of the banks, which was renewed subsequent to the reporting date, in January 2026 and is in effect until January 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. 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 2026, 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"**).

In September 2025, Max obtained from the same bank a loan in the amount of NIS 350 million in a CPI-linked (principal and interest) loan bearing a fixed interest rate ranging between 2% to 3%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in August 2031).

In October 2025, Max obtained from the same bank a loan in the amount of NIS 150 million in an CPI-linked (principal and interest) loan bearing a fixed interest rate ranging between 2% and 3%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in September 2031).

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 2026. 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.

In March 2025, Max and the abovementioned bank entered into an engagement for the provision of NIS 250 million in an index-linked (principal and interest) loan bearing a fixed interest rate ranging between 2% to 3%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in September 2031).

In December 2025, Max and the abovementioned bank entered into an engagement for the provision of NIS 350 million as an additional CPI-linked (principal and interest) loan bearing a fixed interest rate ranging between 2% to 3%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in December 2031).

- C. Max has a secured credit facility of NIS 750 million with one of the banks, which was renewed subsequent to the reporting date, in February 2026 and is in effect until February 2027. 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 2026, 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 in this section - 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 April 2025, 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 2% to 3%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in April 2031).

In June 2025, Max and the abovementioned bank entered into an engagement for the provision of NIS 200 million in an index-linked (principal and interest) loan bearing a fixed interest rate ranging between 2% to 3%. The loan principal and interest thereon are repaid in monthly installments (with the final repayment being made in June 2031).

- D. Max has a secured credit facility agreement with one of the banks totaling NIS 2,400 million, in effect through November 2026, and a facility totaling NIS 500 million in effect through November 2028. (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.

- E. Max has a secured credit facility of NIS 2,100 million with one of the banks, which was renewed subsequent to the reporting date, in January 2026 and is in effect until January 2027. The credit facility will be used to utilize short-term credit.

Max's liabilities to repay the credit utilized in respect of this facility 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 publication 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.

Debt raising through private placements and public offerings

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).

As part of Max's financing strategy, on April 7, 2025, the Company published a supplementary prospectus and a shelf prospectus dated April 8, 2025, and on April 24, 2025, it completed an approx. NIS 207 million raising of Commercial Papers (Series 5) from institutional investors and - for the first time - also from the public. As from this date, the Company became a reporting corporation, as defined by the Securities Law, 1968. Max's becoming a reporting corporation constitutes a part of its financing strategy as a growing company, and it allows the Company to diversify its sources of financing for its operating activities.

On July 10, 2025, Max completed an issuance to institutional entities of subordinated notes with a contractual loss absorption mechanism (Series F) totaling NIS 150 million, and on July 13, 2025, Max completed a public placement of a series of Bonds (Series E), totaling NIS 300 million.

For further details regarding debt raising through private placements and public offerings, see Note 16 to the Annual Financial Statements.

Rights of holders of the notes to call for immediate repayment

For rights to call for immediate repayment of the note holders, including holders of Bonds (Series E) and holders of Commercial Papers (Series 5), see Note 16 to the Annual Financial Statements.

Right of subordinated bonds holders

The terms of Subordinated Notes (Series D and Series F) do not grant the holders of the Subordinated Notes the right to call the subordinated notes for immediate repayment in any case whatsoever, except in the event that Max is appointed a permanent liquidator or is issued a dissolution order by a competent court and the appointment or order as aforesaid has not been revoked within 30 (thirty) days, and subject to prior written approval by the Banking Supervision Department.

Financial covenants

The agreements between the Max Group companies and each of the entities that provide them with credit, including holders of the Company's listed bonds - 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, 2025 is negligible.

2.5 Guidance 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 profitable growth.

Key tasks in the implementation of the business strategy -

- Growth in revenues 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.
- Integration of AI as a strategic component in business operations: the use of AI to realize business value and potential, while adopting the technology in a responsible and efficient manner and maintaining close monitoring of competitive dynamics and the value proposition in the market.
- 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.

In the second half of 2025 and subsequent to the reporting year, in early 2026, Max and Clal Insurance, respectively, completed work on a strategic plan, each within its respective area of activity. The Company intends to prepare a group-level strategic plan during 2026.

In 2024, 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 23 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.

Following the implementation of the strategy and adoption of the IFRSs, the Company set guidance for 2027 in March 2025 (hereinafter – the “**Guidance Setting Date**”), as follows:

- 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

In addition, the Company assumed, at the time the estimates were determined, as follows:

- 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.

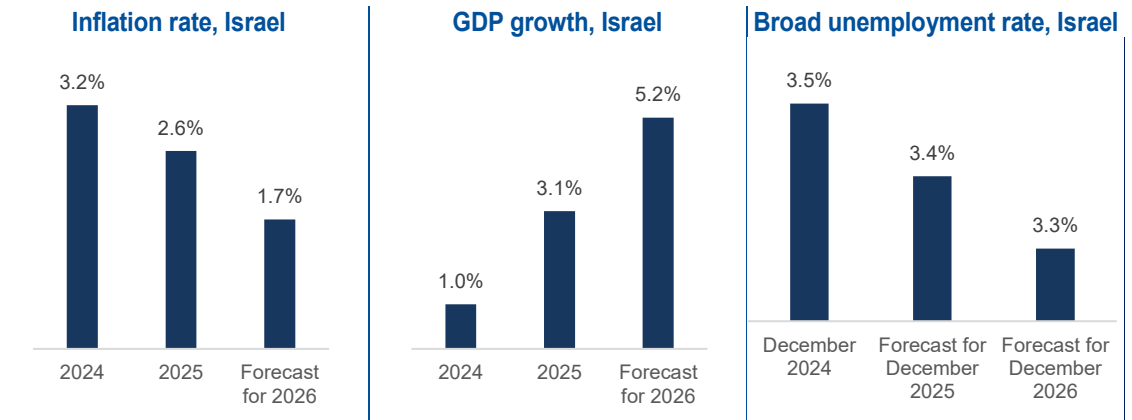
In the Annual Financial Statements for 2024, the Company published guidance for 2027. In the reporting year, the Company achieved results substantially better than the guidance set for 2027 in terms of profitability, return on equity, and dividend distribution, as a result of improvement in core business activities and excess returns in capital markets.

The Group is expected to complete a new strategic plan during the coming year and will set updated guidance accordingly.

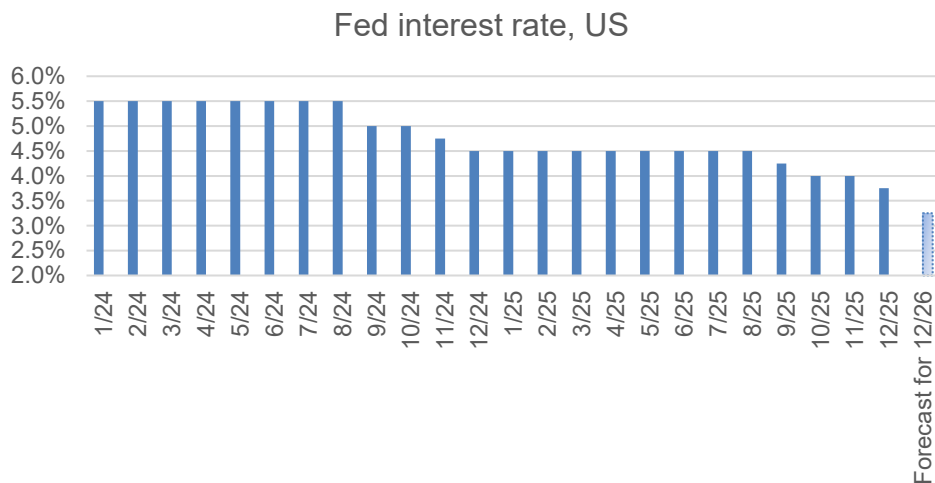
The information regarding the strategic plan as detailed above constitutes forward-looking information, which is based on the Group's assessments, intentions and strategy, as detailed above, which reflect its policy and intentions as of the publication date of this Report, and they are based on current 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 guidance 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 4 below, and in Note 33 to the Annual 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 2026



* The December 2026 data represents the consensus of forecasts according to Bloomberg, July 22, 2026

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 2025, Israel's GDP grew by approx. 3.1% following a growth of approx. 1% in 2024. The Israeli population increased by 1.1% in 2025, such that per capita GDP was up by 2% - after a 0.3% decrease in 2024. According to the macroeconomic forecast of the Bank of Israel's Research Department (January 2026), GDP is expected to grow by 5.2% in 2026, and by 4.3% in 2027. The budget deficit in 2025 amounted to 4.7% of GDP; the debt-to-GDP ratio increased to 68.2% from 67% in 2024. Job market – following the outbreak of the Iron Swords War, the broad unemployment rate was up sharply (a measure that includes, in addition to the unemployed, also temporarily absent individuals for economic reasons, such as those placed on unpaid leave) from 4.2% to 9.7% in October 2023; however, in the period since then, the broad unemployment rate has declined significantly, and as of December 2025 - stands at approx. 3.4%. According to estimates of the Central Bureau of Statistics for December 2025, the average wage per salaried employee position for all employees was NIS 13,919, an increase of 3.4% compared to December 2024; the number of salaried employee positions held by Israeli workers in December 2025 was 4.161 million, an increase of 1.6% compared to December 2024 and an increase of 0.9% compared to November 2025. Housing market – during the year, housing prices increased by 0.4%, while rental prices recorded significant increases, with a 6% increase for new lease agreements and a 2.6% increase for lease renewals. In the mortgage market, an increase was recorded compared to the previous year; in 2025, mortgages totaling approx. NIS 105 billion were taken, compared to NIS 94 billion in 2024. The increase arose mainly from the contractors' financing offers. In 2025, there was no change in Israel's credit rating by any of the rating agencies, while Moody's and S&P revised the rating outlook from "negative" to "stable," citing the economy's strong performance, a reduction in the budget deficit, and easing geopolitical risks. The rating by S&P is A, and the rating by Moody's is BBB+.
Inflation data	In 2025, inflation stood at 2.7%, a decrease compared to 2024 (3.2%).
Exchange rates	During 2025, the shekel appreciated against the currency basket specifically, and in particular against the US dollar, by approx. 12%.
Development in interest rates and returns	2025 was characterized by stability in the interest rate at a level of 4.5%; in November, the Bank of Israel reduced the rate by 0.25% to 4.25%.

Developments in capital markets in Israel and across the world (in terms of local currency)	In %	For the year		Q4	
		2025	2024	2025	2024
Share indices in Israel					
TA 35		51.6	28.4	13.5	12.8
TA 90		46.6	30.9	11.2	19.5
TA 125		51.0	28.6	12.7	14.6
TA Growth		24.0	37.3	2.3	18.2
Bond indices in Israel					
General		6.3	4.9	1.5	2.7
Tel Bond-CPI Linked		6.6	6.4	1.2	1.8
Tel Bond-Shekel		6.5	6.1	2.2	3.9
CPI-Linked Government Bonds		4.7	2.3	0.8	2.0
Government - NIS		6.9	3.0	1.9	3.2
Share indices across the world					
Dow Jones		13.2	12.7	4.1	0.6
NASDAQ		20.3	28.7	3.2	6.6
Nikkei Tokyo		26.2	19.2	12.0	5.3
CAC Paris		10.4	(2.2)	3.2	(3.3)
FTSE London		21.5	5.7	6.2	(0.8)
DAX Frankfurt		23.0	18.8	2.6	3.0
MSCI WORLD		19.9	17.5	4.0	(1.0)
S&P 500		17.1	23.2	3.6	2.4

For details regarding the effects on the financial results, see Section 2 above and Notes 7 and 25 to the Financial Statements.

Criterion	Data for the period
Global economic developments	In 2025, the global economy demonstrated surprising resilience, growing at a rate of nearly 3%, avoiding a recession despite pessimistic forecasts. The year was characterized by a transition from labor-driven growth to technology- and productivity-driven growth, with the AI revolution leading to a surge in investments. At the same time, the war between Russia and Ukraine continued, but became an economic catalyst that prompted governments to increase defense budgets. Inflation continued to moderate globally, enabling central banks to continue along a path of interest rate cuts to support a soft landing. Equity markets showed a positive trajectory with solid gains. United States – inflation in the United States stabilized during 2025 at approx. 2.8%. The Fed continued its path of interest rate cuts to support the economy. The US economy continued to demonstrate exceptional strength and grew at an annual rate of 3% in 2025, well above earlier forecasts. The labor market showed slight cooling, but growth was supported by a surge in labor productivity. The Trump administration took office in January and reshaped the business environment with import tariff policies and a tax relief that provided strong tailwinds. In US equity markets, the AI effect continued to serve as a strong growth engine and had a positive impact on index performance, which recorded impressive double-digit returns. Europe – inflation in Europe continued to moderate during 2025 and stabilized at approx. 2.2%, enabling the European Central Bank to continue its path of interest rate cuts to support economic activity. The Eurozone economy recorded a moderate recovery with growth of 1.4%, but major economies such as Germany continued to face deep structural challenges. Against the backdrop of the Russia–Ukraine war, the continent is undergoing a process of rearmament, with a surge in defense budgets. Despite moderate economic data, equity markets in Europe recorded a record year and demonstrated strong resilience, with double-digit returns. China – China's economy continued its stabilization trend in 2025, with moderate and more controlled growth of nearly 5% on an annual basis. Inflation in the country remained substantially below target, which compelled the government to continue targeted stimulus measures. In the international arena, tensions with the United States continued, and Trump's return turned tariff threats into reality; however, trade agreements signed in October established new rules of the game that prevented a complete decoupling. The positive turnaround this year was recorded in the technology and internet sector, which, after years of heavy regulation, returned to double-digit growth, with companies leading substantial investments aimed at achieving technological independence vis-à-vis the West.

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 regarding the exposure to market risks and their mitigation throughout the Group's activity, see Note 33 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 key 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 33 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 2025 and 2024 (in NIS million):

As of December 31, 2025:

Risk factor - NIS-based interest*	Profit and loss from changes			Fair value of financial instruments exposed to risk factor	Profit and loss from changes		
	2% absolute increase in market factor	10% increase in market factor	5% increase in market factor		5% decrease in market factor	Decrease of 10% in market factor	2% absolute decrease in market factor
Risk factor							
Corporate securities - liquid portfolio	(0.5)	(0.1)	(0.0)	5	1.5	0.1	0.5
Bonds (Series A)	22.7	4.3	2.2	(577)	(2.2)	(4.4)	(24.1)
Convertible Bonds (Series B)**	1.9	0.4	0.2	(377)	(0.2)	(0.4)	(2.1)
Bonds (Series C)	70.7	13.9	7.0	(894)	(7.1)	(14.2)	(79.3)
Bonds (Series O)	(84.4)	(18.4)	(9.3)	575	9.5	19.2	105.1
Total	10.5	0.2	0.0	(1,268)	0.1	(0.3)	(0.2)

* As of December 31, 2025, the Company has no exposure to changes in the indexed interest rate.

** The value of convertible bonds includes the option component.

As of December 31, 2024:

Risk factor - linked interest	Profit and loss from changes			Fair value of financial instruments exposed to risk factor	Profit and loss from changes		
	Maximum increase in relevant market factor	10% increase in market factor	5% increase in market factor		5% decrease in market factor	Decrease of 10% in market factor	Maximum decrease in relevant market factor
Risk 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			Fair value of financial instruments exposed to risk factor	Profit and loss from changes		
	2% absolute increase in market factor	10% increase in market factor	5% increase in market factor		5% decrease in market factor	Decrease of 10% in market factor	2% absolute decrease in market factor
Risk factor							
Bonds (Series A)	(0.7)	(0.2)	(0.1)	9	0.1	0.2	0.8
Convertible Bonds (Series B)	52.5	11.5	5.8	(934)	(5.8)	(11.7)	(56.9)
Bonds (Series C)	8.5	2.0	1.0	(168)	(1.1)	(2.2)	(11.2)
Total	47.6	10.8	5.4	(514)	(5.5)	(11.1)	(54.2)

Key working assumptions:

- 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.
- 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, 2024 and interest rates as of December 31, 2025 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. These risks are associated with other risks, such as operational risks, including information security and cybersecurity risk, strategic risk, regulatory risk, compliance and prohibition of money laundering risks, legal risk, reputational risk, model risks and macroeconomic risk inherent 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.

For additional information regarding the risks, see Pillar 3 - Disclosure of Additional Information regarding 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.

IT risk - The risk of loss as a result of breach of confidentiality, failure in the integrity of an information asset, mismatch or unavailability of an information asset or inability to change the IT Function on a timely manner and at reasonable costs when business and environmental requirements change.

Information security and cybersecurity risk - An information security threat or vulnerabilities and the potential materialization of an information security risk due to a cyber-attack. A cybersecurity attack is an incident during which an attack is carried out (even if no actual damage is caused) on Max's digital information assets by, or on behalf of, opponents (whether external or internal).

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 changes in the external environment.

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 regulatory or other contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's compliance with its regulatory obligations, or failure to give appropriate guidance due to changes in regulatory provisions, case law, or Max's contractual obligations.

Reputational risk - 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 Max's reputation and good name, and/or lead to a decline in its customer base, and/or result in high legal costs, and/or lower revenues.

Model risk - the potential for negative effects as a result of decisions or actions (including reporting) based on incorrect or misused model outputs.

Macroeconomic risk is the risk that the income and capital of Max may be adversely affected by a deterioration in the macroeconomic and geopolitical 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 consistently with Max's business strategy, liquidity planning, sources of financing and capital planning, and takes into consideration the material risks to which Max is exposed. The risk appetite is determined within the limits of the risk tolerance of Max.

Max has an overall 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.

Key risk management principles

Risk management is performed, among other things, in accordance with Proper Conduct of Banking Business Directive No. 310 - Risk Management and risk-based approach. 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.

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.

Following are the key principles:

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 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 systems and enters new markets. Prior to launching a new product, including new activities, significant changes to existing products or activities, and entry into new markets, a mapping and assessment of the inherent risks is performed, and an evaluation is conducted regarding the existence of appropriate tools and the required expertise for monitoring and controlling those 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. 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.

Loss events - Max has a regulated process for reporting 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 risk exposure. Max uses a dedicated system, which, among other things, coordinates all the default events and the financial damages arising from these events.

Monitoring and control - Max uses key performance indicators and key risk indicators (KPIs/KRIs) to quantify the exposure to the various risks, monitor trends and changes, and present periodic data to Max's management and Board of Directors. Deviation thresholds and measurement frequency are determined for each indicator, and if necessary, they are revised in accordance with an assessment of the results of the protection controls.

The Code of Ethics - Max's activity is managed in accordance with the principles set in Max's Code of Ethics, which reflects the core values adopted by Max: Partnership, fairness, customer experience, initiative and excellence.

Conduct risk is the risk embodied in Max's overall business activities, such that the conduct of Max, by act or omission, may have an undesirable result for its customers (lack of 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 its organizational culture, processes, services, and products address customer needs.

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 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 above in the chapter "Max's capital adequacy targets", Max's internal capital targets stand at 9% CET1 capital ratio and 12% total capital ratio.

Credit risk

In accordance with Proper Conduct of Banking Business 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 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.

The credit policy

Max operates according to a credit policy, which is approved by Max's 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 policy stipulates, among other things, the principles for provision of credit, including guidelines for the marketing of credit, the methods of control and the management of the credit risks and restrictions on the provision of credit, in order to manage and mitigate the portfolio's credit risk 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. The unit's 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 Proper Conduct of Banking Business Directive 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 manage the borrower concentration risk, Proper Conduct of Banking Business Directive 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 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.

Credit risk in respect of credit to private individuals

Credit risk to private customers arises mainly from exposure related to credit products that Max offers to retail customers: non-interest-bearing credit (credit card transactions) and interest-bearing credit, which consists of several different products, primarily: unsecured loans ("all-purpose loans"), auto financing loans ("car loans"), and revolving credit. The credit is provided mostly at variable interest rates, and fixed-rate credit is also provided, primarily CPI-linked credit for financing vehicle purchases.

Model-based underwriting

Most of the consumer credit that is advanced by Max, is provided through a model-based underwriting process - which is based on statistical credit scoring models that determine the customers' risk score and include various scoring scales, and an additional score in case of default, in combination with a business constitution.

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 rely on internal and external sources of information that reflect the customer's financial robustness, as well as negative developments in the customer's financial condition.

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 and model risk management policy, 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 underwriting process for private customers is documented and is carried out mainly through a modeled process based on statistical credit scoring models, as described above, combined with business rules, alongside manual underwriting.

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.

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 borrowers' characteristic and macroeconomic developments. The balance of the solo loan portfolio as of December 31, 2025 is approx. NIS 4,860 million with average duration of approx. 1.7-2.5 years, and as of December 31, 2024, the balance stood at approx. NIS 4,536 million with a similar average duration.

Car loans

Car loans to private individuals are advanced 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 4,452 million with average duration of approx. 2.5-3 years, and as of December 31, 2024, the balance stood at approx. NIS 3,305 million with a similar average duration.

Revolving credit

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, 2025, the balance of revolving credit is approx. NIS 2,060 million and as of December 31, 2024, the balance stood at approx. NIS 2,011 million.

Max conducts ongoing and close monitoring of risk indicators and macroeconomic developments, from which it emerges that during 2025 the Israeli economy gradually returned to full activity. However, against the backdrop of escalating geopolitical tensions between the United States and Iran, which create ongoing uncertainty regarding regional stability and the potential ramifications for the Israeli economy. Max continues to carefully manage and monitor credit risk with respect to private customers, from which it emerges that despite the ongoing uncertainty in the domestic and international geopolitical environment, no material deterioration in consumer credit risk is evident.

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 activity is backed by supportive work processes, emphasizing, among other things, provision of full disclosure regarding all credit products at the time of sale.

Max maintains ongoing control processes with regard to the implementation of the policy and the processes set. 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 updated information regarding customers in the credit portfolio through risk indicators, both at the portfolio level and for specific segments, in order to detect changes in the risk profile. If necessary, Max takes action to mitigate the risk through a range of tools in accordance with the risk assessment. 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 rules regarding the maximum credit facility offered to borrowers in accordance with various parameters it has put in place, including with respect to the mix of the risk levels based on internal scoring models and external information.

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		December 31	
	2025	2024	2025	2024
	%		%	
Private individuals:				
Receivables for credit cards	0.35	0.37	0.37	0.42
Credit	1.29	1.87	1.41	1.86

Commercial credit

Credit risk to merchants arises mainly from exposure related to credit products that Max offers to its customers according to 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 payments for merchants in the form of working capital, establishment and other needs.

In 2025 as well, the War intermittently affected the economy, with its impact varying across sectors in line with its intensity. While some sectors achieved growth, the scope of activity of others declined due to the prolonged fighting and uncertainty. In view of the above, Max is mapping the economic sectors in accordance with their sensitivity in line with the various changes over the period and the development of macroeconomic risks. Businesses from hypersensitive sectors are monitored frequently, in order to identify on a timely basis a potential deterioration in their condition, such as a deterioration in cash flow and in their debt repayment capacity to Max.

During 2025, the Israeli economy gradually returned to full activity. However, against the backdrop of escalating geopolitical tensions between the United States and Iran, which are creating ongoing uncertainty regarding regional stability and the potential implications for the Israeli economy, Max continues to carefully manage and monitor business credit risk; this monitoring indicates that, notwithstanding the persistence of uncertainty in the domestic and international geopolitical environment, no material deterioration in business credit risk is evident.

Underwriting commercial credit

This credit is advanced to small and micro merchants and limited liability companies, mostly small- to mid-sized. Max operates based on a tight credit policy that integrates internal restrictions on underwriting and on the management of the credit activity. To date, the vast majority of the credit extended to merchants is advanced to merchants who use Max as their acquirer. In those cases, funds from acquiring may be used to settle the debt, and this mitigates the credit risk and reduces the rate of losses from such credit. The rate of credit loss provisions in respect of this credit, which is based on historical loss rates. Alongside its activity with acquirer customers, Max also operates with non-acquirer customers, offering credit products used in activity with acquirer customers, with an emphasis on products such as short-term credit for financing supplier purchases backed by a policy from an external insurance company, secured

credit, and credit provided as part of the state-guaranteed fund.

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: accruing credit and non-accruing credit.

Analysis of credit quality, troubled credit risk and non-performing assets:

In NIS million	Balance as of December 31, 2025			
	Commercial	Private individuals	Others	Total
Credit risk with credit performance rating (1)				
On-balance-sheet credit risk	1,486	14,969	2,694	19,149
Off-balance sheet credit risk	781	25,204	15,113	41,098
Total credit risk in credit performance rating	2,267	40,173	17,807	60,247
Credit risk not in credit performance rating: (2)				
Non-troubled	13	521	-	534
Troubled accruing	27	441	-	468
Troubled non-accruing	28	159	-	187
Total on-balance sheet credit risk	68	1,121	-	1,189
Off-balance sheet credit risk	2	36	-	38
Total credit risk not in credit performance rating	70	1,157	-	1,227
Of which: Accruing debts, in arrears of 90 days or more	-	-	-	-
Overall credit risk incl. of the public	2,337	41,330	17,807	61,474
Additional information on total non-performing assets:				
Non-accruing debts	28	159	-	187
Assets received in respect of settled loan	-	-	-	-
Total non-performing assets	28	159	-	187

- (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, 2024			
	Commercial	Private individuals	Others	Total
Credit risk with credit performance rating (1)				
On-balance-sheet credit risk	1,314	14,108	2,385	17,807
Off-balance sheet credit risk	685	25,308	13,678	39,671
Total credit risk in credit performance rating	1,999	39,416	16,063	57,478
Credit risk not in credit performance rating:				
Non-troubled	12	453	-	465
Troubled accruing	37	363	-	400
Troubled non-accruing	28	158	-	186
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: Accruing debts, in arrears of 90 days or more	-	-	-	-
Overall credit risk incl. of the public	2,078	40,421	16,063	58,562
Additional information on total non-performing assets:				
Non-accruing debts	28	158	-	186
Assets received in respect of settled loan	-	-	-	-
Total non-performing assets	28	158	-	186

(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.

Comment: 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.

Changes in non-accruing debts for receivables for credit card transactions

In NIS million	For the year ended December 31, 2025		
	Commercial	Private individuals	Total
Balance of outstanding non-accruing debts - first-time consolidation upon the acquisition of Max	28	158	186
Loans classified as non-accruing during the period	28	380	408
Non-accruing debts written-off from the books of accounts	(22)	(217)	(239)
Repaid non-accruing debts	(6)	(162)	(168)
Balance of non-accruing as of the end of the period	28	159	187

In NIS million	For the year ended December 31, 2024		
	Commercial	Private individuals	Total
Balance of outstanding troubled debts under restructuring - first-time consolidation upon the acquisition of Max	27	148	175
Restructurings carried out during the period	34	411	445
Written off restructured debts	(20)	(227)	(247)
Repaid restructured debts	(13)	(174)	(187)
Balance of outstanding troubled debts under restructuring as of the end of the period	28	158	186

Indicators of analysis of credit quality, expenses and credit loss provisions

	As of December 31, 2025		
	Commercial	Private individuals	Total *
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	1.80	0.99	1.06
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	1.80	0.99	1.06
Rate of troubled credit out of receivables for credit card transactions	3.54	3.73	3.71
Rate of credit not in credit performance rating of the balance of receivables for credit card transactions	4.38	6.97	6.74
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	0.54	1.05	1.01
Rate of net write-offs of the average balance of receivables for credit card transactions	1.21	1.15	1.15
Analysis of credit loss provision			
Rate of balance of credit loss provision of the balance of receivables for credit card transactions	3.28	1.82	1.95
Rate of balance of provision for credit losses of the balance of non-accruing receivables for credit card transactions	182.14	184.28	183.96
Rate of the balance of provision for credit losses of outstanding receivables which are non-accruing or in arrears of 90 days or more for credit card transactions	182.14	184.28	183.96
Rate of net write-offs of the balance of provision for credit losses for receivables for credit card transactions	35.29	59.73	56.10

	As of December 31, 2024		
	Commercial	Private individuals	Total *
	%		
Credit quality analysis			
Rate of non-accruing receivable balance of receivables for credit card transactions	2.01	1.05	1.13
Rate of non-accruing or 90 days or more in arrears receivable balance of receivables for credit card transactions	2.01	1.05	1.13
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-accruing receivables for credit card transactions	221.43	194.30	198.39
Rate of the balance of provision for credit losses of outstanding receivables which are non-accruing or in arrears of 90 days or more for credit card transactions	221.43	194.30	198.39
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

(*) The balance of receivables for credit card transactions does not include other accounts receivable.

Credit Exposure to Foreign Financial Institutions

Max has an immaterial exposure involving the Global 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 Global Organizations. In 2025, 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 of 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 and is validated from time to time. 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. These topics are discussed in a Financial Risk Management Forum headed by the CEO.

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 revenues/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.
- Fair value exposure - Max's assets include balances that do not bear interest and fixed interest balances. 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 varies 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.

Basis risk management

The assessment of the exposure to the basis risk is carried out by analyzing the effect of the change in interest rates on the fair value and on net interest revenues. 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

As a rule, Max's policy is to use derivative financial instruments solely for economic hedging purposes.

Following are the fair value data of financial instruments and the effect of changes in interest rates on the fair value:

1. Net book balance, net and fair value of the financial instruments of Max and its consolidated companies, except for non-monetary items:

In NIS million	As of December 31, 2025				
	NIS		Foreign currency *		Total
	Non-linked	CPI-linked	USD	Other	
On-balance sheet balance, net	1,487	57	28	52	1,624
Financial assets	16,585	3,016	113	75	19,789
Financial liabilities	15,136	2,973	85	23	18,217
Net fair value of financial instruments	1,449	43	28	52	1,572

In NIS million	As of December 31, 2024				
	NIS		Foreign currency *		Total
	Non-linked	CPI-linked	USD	Other	
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

* 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:

In NIS million	As of December 31, 2025				
	NIS		Foreign currency *		Total
	Non-linked	CPI-linked	USD	Other	
Concurrent changes					
Simultaneous increase of 1%	5	(3)	-	-	2
Simultaneous decrease of 1%	(5)	3	-	-	(2)
Non-concurrent changes					
Steepening	-	(5)	-	-	(5)
Flattening	1	3	-	-	4
Short-term interest rate increase	3	(1)	-	-	2
Short-term interest rate decrease	(3)	3	-	-	-

In NIS million	As of December 31, 2024				
	NIS		Foreign currency *		Total
	Non-linked	CPI-linked	USD	Other	
Concurrent changes					
Simultaneous 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

* Including foreign-currency linked NIS.

3. Effect of scenarios of interest rate changes on net interest revenues and noninterest finance income:

In NIS million	As of December 31, 2025	
	Interest revenues	Total
Concurrent changes		
Simultaneous increase of 1%	44	44
Simultaneous decrease of 1%	(44)	(44)

In NIS million	As of December 31, 2024	
	Interest revenues	Total
Concurrent changes		
Simultaneous increase of 1%	38	38
Simultaneous decrease of 1%	(38)	(38)

4. Total exposure of Max and its consolidated companies to changes in interest rates:

In NIS million	As of December 31, 2025						
	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 years and up to 5 years	Over 5 years	No repayment term
Financial assets	13,818	1,525	1,704	1,142	1,339	183	78
Financial liabilities	11,674	1,590	1,809	1,562	948	634	-
Exposure to interest rate changes	2,144	(65)	(105)	(420)	391	(451)	78
Further details on exposure to interest rate changes by linkage basis:							
Non-linked NIS	2,115	(71)	(170)	(343)	(23)	(137)	78
CPI-linked NIS	2	6	6	(74)	417	(314)	-
Foreign currency (including linked to foreign currency)	27	-	59	(3)	(3)	-	*

In NIS million	As of December 31, 2025			As of December 31, 2024		
	Total fair value	Internal rate of return	Effective average duration	Total fair value	Internal rate of return	Effective average duration
Financial assets	19,789	8.05	0.44	18,291	8.15	0.28
Financial liabilities	18,217	3.32	0.44	16,739	3.37	0.29
Exposure to interest rate changes	1,572	4.73	-	1,552	4.78	(0.01)
Further details on exposure to interest rate changes by linkage basis:						
Non-linked NIS	1,449	5.41	(0.18)	1,304	5.20	(0.19)
CPI-linked NIS	43	1.36	0.93	193	1.91	1.12
Foreign currency (including linked to foreign currency)	80	(1.14)	(0.05)	55	(2.76)	(0.47)

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 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 Max's management and 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.

CPI risk

The exposure to the CPI risk is reflected in a loss it may be incurred as a result of changes in the consumer price index.

Max has an exposure arising from CPI-linked activities, mainly due to interest-bearing credit linked to the Consumer Price Index.

CPI risk management

Max defined a maximum exposure limit to the CPI after hedging actions. The hedging of the exposure in accordance with Max's policy by, among other things, taking CPI-linked financing sources, while maintaining the limits set and acting in accordance with the decision of Max's management as approved by Max's Board of Directors.

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. - issuance, acquiring and credit activities.
- Cash flow in respect of sources, including: raising and repayment of bonds and loans from banks and the capital market.
- 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, which were approved by Max's 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 sources of financing include: Equity, banking sources, including long-term loans and holding secured credit facilities with several banks, which are utilized in accordance with Max's needs, which change from time to time, and raising liquid and illiquid securities through various financial instruments for various periods, and from Max's core activities - i.e., issuance and acquiring of payment card transactions.

On April 7, 2025, Max was listed as a reporting corporation on the Tel Aviv Stock Exchange and on April 24, 2025, Max raised, for the first time, commercial papers (CPs) from institutional investors and from the public. Max's becoming a reporting corporation allows it to diversify its sources of financing by adding the option of raising funds from the public.

On July 10, 2025, Max completed an issuance of Subordinated Notes (Series F) to institutional investors, and on July 13, 2025, it completed an issuance of Bonds (Series E) to institutional investors and to the public.

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.

Credit rating agency Midroog reiterated Max's issuer rating at Aa3.il (rating outlook: stable), the rating of Bonds issued by Max (Series E) at Aa3.il (rating outlook: stable), and the rating of Max's Subordinated Notes (Series D and F) at A1.il (hyb) (rating outlook: stable). In addition, Midroog reiterated the rating of the Commercial Papers issued by Max at P-1.il.

Max also monitors the effect of the macroeconomic and geopolitical conditions, and if the State of Israel's credit rating will be downgraded again, the supply of sources of financing in the economy may be smaller and Max's exposure to the liquidity risk will increase. Max believes that such deterioration scenarios may affect the cost of the sources available to Max, but it expects that it will still have sufficient sources of financing to maintain its business activities.

These assessments constitute forward-looking information based on Max's assessments and the information available to it on the report publication date. Actual effects may substantively vary from those assessed, due to, among other things, the macroeconomic and geopolitical situation and actual market conditions.

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.

The issuance activity

- Solutions for financial institutions - includes joint credit card issuing and processing with banks, for their customers.
- Private customers – the activity includes the sale and marketing of non-bank credit cards, consumer credit, and other products.

The acquiring activity

The acquiring activity includes acquiring services (ensuring payment against vouchers of transactions carried out with credit cards in consideration of a fee collected from merchants), ancillary services and complementary products, as well as loans, voucher factoring, advancement of payments and guarantees for which interest and fees are collected from merchants.

Max is exposed to fraudulent transactions, both in Israel and abroad, involving the credit cards it issues. Exposure to risks on the issuing side arises, among other things, from the loss or theft of a credit card, use of card details by a party other than the card holder, including in online transactions, and risks arising from fraudulent activity involving social engineering, such as identity theft and various types of phishing schemes. On the acquiring side, risk exposure lies in the risk that a merchant will fail to deliver the goods it committed to provide, which may lead customers to file complaints of "failure to deliver," alongside additional risks such as unauthorized use of credit card details, activity under the guise of prohibited industries, and others.

In recent years, digital transformation processes have accelerated and the adoption of new technologies has become rapid and widespread. On the one hand, these processes enable to develop and improve accessibility of products and services for Max's customers, as well as the advancement and implementation of advanced control measures; on the other hand, they expand the scope of potential risks and increase the inherent risk in this activity.

At Max, a payments risk management department operates, whose role is to identify, detect, prevent, and mitigate fraud risk. To this end, Max uses and invests in advanced technological systems and statistical models of their kind, in order to ensure optimal management of risk exposure and its mitigation.

In addition, operational risks are naturally present in all of Max's processes, and arise, among other things, from actions carried out by Max's employees across the various units, from the use of various technologies and from various 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 Max's 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 which outlines the policy, the risk management work framework, as well as validation and control - as described below. 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 Max's 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 is periodically validated together with the business units. The risk map includes an assessment of inherent risk, an assessment of controls, and an assessment of 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.
- **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.
- **New products** - Max has a policy for approval of new products and a structured process for managing risks in a new product, including new activities, new systems, substantial changes to existing products or activities, and entry into new markets. As part of this process, all relevant units across the organization conduct a process of identifying potential risks and, accordingly, defining effective mitigation and control plans to mitigate risk, prior to the launch of a new product.

For further details regarding the operational risk, see Disclosure of Additional Information about Risks, which was posted on Max's website.

Information technology risk

Information technology risk is the risk of impairment to Max's proper operations, to customer service, and of losses arising from malfunctions or mechanical failures in Max's systems and infrastructure, resulting from inadequate maintenance of Max's systems or those of service providers, as well as from incomplete processes for promoting and implementing technological innovation, innovative products, and projects.

Max is dependent on IT infrastructure systems and for its ongoing operations and for the development of new products.

Max works to ensure full availability of its systems to its customers, maintains its systems and infrastructure, adopts new technologies, and acts to provide a technological infrastructure that enables business operations and the advancement of initiatives.

Max has an Information Technology Policy paper that addresses aspects of information technology, information security and cybersecurity, business continuity, outsourcing, and cloud computing. The policy paper was approved by Max's management and Board of Directors, which is updated and approved periodically.

Max manages information technology risks in accordance with an accepted methodology, risks arising from material information technology processes are addressed as an integral part of Max's overall risk management.

Max conducts ongoing review of technological trends, innovations, and updates, with the aim of supporting its business objectives and enabling the efficient, controlled, and risk-based implementation of information technologies.

Max plans, implements, and maintains an information technology architecture that supports its strategy and business needs, operational streamlining, business continuity, and Max's lines of activity.

Max coordinates, manages, and controls technological failure events, including malfunctions, shutdowns, and infrastructure failures, through investigation, lessons learned, and the implementation of corrective actions.

In May 2026, Proper Conduct of Banking Business Directive 364 (Management of Information Technology Risks, Information Security, and Cyber Defense) will come into effect. Max is preparing for the full implementation of this directive.

Cloud computing risks

Max operates in accordance with Proper Conduct of Banking Business Directive 362. With the aim of enabling the realization of the business benefits of using cloud computing services, Max conducts ongoing assessments of operational risks and regulatory guidelines and operates in accordance with its established cloud policy paper.

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.

The cybersecurity threat landscape is intensifying and is characterized by increasingly sophisticated attacks of various types and by the growing severity of their potential impact. In addition, the cyber threat landscape continues to expand due to technological advancements, the widening of the attack surface resulting from the transition to cloud services, the use of AI capabilities, and the growth of digital banking ("bank in your pocket"). This development enables reliance on and technological support from third-party providers as an integral part of the supply chain, but at the same time introduces inherent risks, including exposure to fraud, data leakage, injection of malicious code, and impairment of business continuity. These changes have caused a significant increase in the cyber threats domain, such as phishing attacks, DDoS attacks, ransomware attacks, VPN attacks (VPNs), AI-based attacks, supply chain attacks, etc, aimed at political gains (by state actors) or financial gain (by criminal elements) for the attackers.

In its capacity as a financial organization, Max is an attractive target for various attackers according to the corresponding threat map. The IT systems, communication networks, and external suppliers, as well as the IT systems which serve Max's customers and employees are a target for cyber-attacks aimed at inflicting damage to Max's services, steal information or impair its database.

Max's business activities rely - 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.

The organizational operating approach and the hybrid work model, which includes remote work, rely on infrastructure that is no longer under Max's exclusive control (such as computers, internet connections, and network equipment); this has significantly expanded the attack surface that companies are required to address and necessitated a shift in the security approach, in a manner that enables continued operational continuity while maintaining an optimal level of protection.

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 cybersecurity 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.

Max has a policy paper on information security and cybersecurity risk management approved by Max's management and Board of Directors, which is updated and approved periodically.

As part of the preparations it makes to address the various cyber threats, Max conducts drills and 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.

Max works to continuously enhance its capabilities for defense against and response to cybersecurity threats, through the implementation of an effective control framework that integrates advanced technologies, organizational processes, procedures, and human factors. The defense framework is based on preserving the confidentiality, integrity, and availability of information, and on preventing the repudiation of actions performed in Max's systems. As part of its policy, Max operates a continuous 24/7 monitoring and control framework using a SIEM system, to enable early detection of attacks, identification of anomalies, analysis of intelligence from internal and external sources, and the generation of an up-to-date cyber threat picture. In addition, Max holds ongoing discussions on technological developments and exceptional events in Israel and globally, and implements lessons learned accordingly.

Max maintains ongoing engagement with the Banking Supervision Department at the Bank of Israel, the Financial Continuity Center at the Ministry of Finance, and the Israel National Cyber Directorate, for the purpose of information sharing, coordination of actions, and enhancing preparedness.

Max is preparing for potential attacks by tightening and strengthening its controls in this field, in addition to using tools to raise awareness among its employees and meeting global standards.

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.

As part of the assessment of strategic risks, the effects of various market trends and the competitive environment on Max's activity are examined. In recent years, and in light of several regulatory developments, the operating environment has become more competitive, richer, and more diverse. Max monitors developments and prepares for 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 and adapting a long-term strategic plan in accordance with developments in Max's areas of activity, which includes a review and assessment of various events in the work environment (regulations, competition, technology, etc.), and assessment of expected changes in each of Max's 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 or risk of a material strategic change in Max's activity 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.

In the financial services segment, and in payments in particular, multiple significant regulators operate, and reforms and regulatory changes are being implemented that may reshape the industry and affect Max's business. These regulatory changes were designed, among other things, to encourage competition in the field by reducing entry barriers and cutting costs for customers, while advancing transparency and consumer fairness, and protecting customers in the context of fair disclosure, etc.

These changes create new business opportunities and promote innovation, while concurrently expanding regulatory gaps between different market participants and leading to a lack of uniformity in market regulation.

Regulatory risk is managed through ongoing monitoring of new regulatory initiatives, their analysis, and the implementation of the required changes by the relevant parties within Max. In parallel, ongoing discussions are held by Max's management regarding regulatory initiatives and their implications. Following Max's registration as a reporting corporation in April 2025, Max is subject to the direct oversight of an additional regulator, the Israel Securities Authority.

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. The lines of business bear responsibility to the issue of compliance, and play an active role in the management and mitigation of Max's exposure to compliance risks.

The compliance function, led by the Chief Compliance Officer, operates bearing in mind the unique challenges Max faces on several levels in order to mitigate compliance risks. This is done while continuously assessing the evolving risk picture and applying a risk-based approach while integrating and implementing the various regulatory provisions.

Max has a policy paper on compliance risk management approved by Max's management and Board of Directors, which is updated and approved periodically.

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.

Max operates routinely and continuously to manage, prevent, and mitigate exposures and risks arising from its activities in the areas of the prohibition on money laundering and financing of terrorism. Max works to adapt its monitoring and control environment in response to increasing risks, taking into account new typologies, regulatory requirements, and supervisory and professional guidance as published from time to time by the relevant authorities, including the Israel Money Laundering and Terror Financing Prohibition Authority at the Ministry of Justice, the Banking Supervision Department, the National Bureau for Counter Terror Financing at the Ministry of Defense, as well as global organizations. In areas where an increase in risk and/or unusual activity is identified, the required actions are taken.

Under these processes and in accordance with regulatory provisions and the requirements of Global Organizations, Max acts to validate and strengthen the dedicated processes associated with the fulfillment of Max's obligations regarding international sanctions.

Max has a policy paper on money laundering and financing of terrorism risk management approved by Max's management and Board of Directors, which is updated and approved periodically.

Max continues to adapt its internal monitoring, control and prevention processes in accordance with the risk management assessment and the potential of evolvement of various risks with an emphasis on countries at increased risk and/or high-risk sectors. Reports are delivered regularly to regulators.

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 regulatory or other contractual obligations. Legal risk is also defined as a deficient legal opinion, including drawing up agreements that do not adequately protect Max's compliance with its regulatory obligations, 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 policy paper on legal risk management approved by Max's management and Board of Directors, which is updated and approved periodically.

In 2025, Max became a reporting corporation and, as a result, is subject to the direct oversight of the Israel Securities Authority with respect to all obligations arising therefrom, including, among other things, public reporting requirements.

Max has a legal risk officer, whose purview involves mitigating Max's 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.

Privacy protection risk

Max's operations involve the collection and processing of personal information, including information of a sensitive nature, as defined in the Privacy Protection Law, 1981 (hereinafter – the **"Privacy Protection Law"**), regarding Max's customers, employees, and suppliers. This activity is subject to stringent and evolving regulation, in Israel and globally, including Amendment 13 to the Privacy Protection Law, which entered into effect in August 2025, the guidelines of the Privacy Protection Authority, and regulatory provisions applicable to financial entities in this context. Non-compliance with regulatory requirements in this area, or operational or organizational failures relating to personal information, may expose Max to administrative enforcement proceedings, substantial financial sanctions, civil claims, and harm to customer trust. Max acts to implement technological, organizational, and legal measures to mitigate this risk.

Reputational risk

Reputational risk is the potential that negative publicity (whether accurate or not), adverse public perception, heightened discourse in the media and on social networks regarding Max's activities, market rumors, or social protest relating to the conduct of Max and its employees, will cause reputational damage to Max and/or the Group. Such harm may result in material damage, including loss of customers, a decline in revenues, exposure to legal claims, and difficulties in recruiting and retaining employees. Reputational risk is an inherent and cross-cutting risk embedded across all areas of Max's operations, including its products, services, internal processes, and business partnerships. The risk may materialize as a result of intentional actions or inadvertent errors.

Max views its reputation as a substantive asset of high importance, focuses on the proactive identification of potential reputational exposures, and avoids activities that may pose a risk of reputational damage. Accordingly, Max maintains ongoing monitoring, tracking, and response processes for events that may affect its reputation, and considers potential reputational risks in every material decision. In this context, reputational risk is examined as an integral part of the processes for the development and approval of new products.

Max has a policy paper on reputational risk management approved by Max's management and Board of Directors, which is updated and approved periodically.

Model risk

Model risk is the potential for negative effects as a result of decisions or actions (including reporting) based on incorrect or misused model outputs. Materialization of this risk may lead to financial loss, flawed business and strategic decision-making, or reputational damage with broad implications, which may arise, among other things, from a mismatch between the model and the business reality, use not in accordance with its intended purpose, as well as errors in the model's calculations and data in its implementation.

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.

Max changes the monitoring level and frequency in accordance with the level of domestic and global uncertainty, in order to mitigate and minimize the model risk.

The principles for model risk management are defined in Max's Model Risk Management Policy, which outlines the general principles required, including the processes of development and validation, the method of use, corporate governance, organizational structure, partners in the process and required actions in the ordinary course of business and at times of crisis.

Max has a policy paper on model risks management approved by Max's management and Board of Directors, which is updated and approved periodically.

Max implements Proper Conduct of Banking Business Directive 369 – "Model Risk Management," as of its effective date in August 2025.

Environmental risk

Environmental risks are financial risks arising from exposure to activities that have the potential to cause environmental harm or to be affected by such harm ("environmental harm" – events or processes such as air pollution, soil contamination, water scarcity, desertification, loss of biodiversity, deforestation, and earthquakes).

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.

Environmental and climate risks may directly and indirectly affect Max's financial stability, business activity, and customers.

This risk may be reflected both in direct adverse effect on Max's activity such as: operational disruptions due to extreme climate events or natural disasters, and indirectly - through exposure to customers, suppliers and business partners operating in industries or regions with a sensitive environmental profile.

Max's management works to encourage environmental awareness and leads activities pertaining to this issue under its corporate social responsibility.

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.

Furthermore, Max is preparing to implement Proper Conduct of Banking Business Directive 345 - Principles for the Effective Management of Climate-Related Financial Risks, the effective date of which is in June 2026.

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, that 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, including the effect on credit risk, market risk and liquidity risk, as well as capital planning.

On April 3, 2025, the President of the United States announced a new tariff plan on goods imported to the United States from various countries. On August 1, 2025, the President of the United States signed an order updating the tariff rate on imports from Israel to 15%, and on February 20, 2026, the United States Supreme Court ruled against this program; in response, the President of the United States announced a new tariff plan. Max continues to assess the plan's effect on its business customers, both direct effects as a result of trade activities with the US and indirect effects of the tariff plan; Max continues to monitor potential developments and effects.

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 Forum, which is chaired by its Enterprise Risk Management Committee, which is chaired by its CEO and the Risk Management Committee of Max's Board of Directors. In these forums, decisions are made in accordance with developments, as required.

**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
Chairman of the Board

Yoram Naveh
CEO

Tel Aviv, March 25, 2026

Part C

Financial Statements



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Somekh Chaikin
Millennium Tower KPMG
17 Haarbua Street, POB 609
Tel Aviv 6100601
+972-3-684-8000



Shape the future
with confidence

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.

Opinion

We have audited the consolidated financial statements of Clal Insurance Enterprises Holdings Ltd. (hereinafter - the "**Company**"), which include the consolidated statements of financial position as of December 31, 2025, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and the notes to the consolidated financial statements, including significant accounting policies.

We did not audit the financial statements of an associate in which the investment is presented in the Company's Consolidated Financial Statements based on the equity method, in which the investment amounted to approx. NIS 108 million as of December 31, 2025, and in which the Company's share in the aforementioned Company's profits amounted to approx. NIS 15 million for the year ended on that date. The financial statements of that company were audited by other independent auditors, whose report was furnished to us, and our opinion, insofar as it relates to amounts included for that company, is based on the report of the other independent auditors.

In our opinion, based on our audit and the report of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2025 and the consolidated results of operations and cash flows for the year then ended and the Securities Regulations (Annual Financial Statements), 2010, which pertain to holding companies of insurers and credit card companies, as described in Note 2.

Basis of the opinion

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. Our responsibilities under those standards are further described in the independent auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company and its consolidated companies in accordance with statutory provisions applicable in Israel regarding independence and avoidance of conflicts of interest of the independent auditor in Israel. We have also fulfilled our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations promulgated thereunder. We believe that the audit evidence we have obtained, including the reports of the other independent auditors is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to that which is stated in Note 35 to the Consolidated Financial Statements regarding the exposure to contingent liabilities. Our opinion does not include any departures from the standard wording with regard to this matter.

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 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.



Somekh Chaikin
Millennium Tower KPMG
17 Haarbav Street, POB 609
Tel Aviv 6100601
+972-3-684-8000



Shape the future
with confidence

Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102

Tel. +972-3-6232525
Fax +972-3-5622555
ey.com

1) First-time adoption of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (see Note 37 to the Consolidated Financial Statements)

Why was the matter determined to be a key audit matter

On January 1, 2025, as part of the first-time adoption of the IFRSs, insurance contracts accordance with IFRS 1 - First-time Adoption of International Financial Reporting Standards (hereinafter - "**IFRS 1**") Clal Insurance Company Ltd. and Clal Credit Insurance Ltd. applied 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, regarding the data in the Consolidated Financial Statements with respect to the financial statements of Clal Insurance Company Ltd. - a consolidated IFRS 9 - Financial Instruments (hereinafter - "**IFRS 9**") was applied for the first time, superseding IAS 39 – Financial Instruments: Recognition and Measurement (hereinafter - "**IAS 39**").

The transition date for the application of the abovementioned standards was set for January 1, 2024. The application was carried out in accordance with the Transitional Provisions set in IFRS 9: IFRS 1 was applied using the full retrospective approach, whereas IFRS 17 was applied using one of the application approaches prescribed therein (full retrospective application, modified retrospective application, or the fair value approach, subject to the standard's provisions).

Under the initial application the Company restated the consolidated statements of financial position as of January 1, 2024 and December 31, 2024, and the consolidated statements of income and comprehensive income for the year ended December 31, 2024.

As required under the provisions of IFRS 1 and the Authority's directives, the Company included qualitative and quantitative disclosures regarding the effects of the adoption of the abovementioned standards on the consolidated financial statements in Note 37 to the consolidated financial statements.

Due to the substantial changes to the Company's accounting policies applied in its consolidated financial statements regarding the accounting treatment used to account for insurance contracts and financial instruments due to the initial application of IFRS 17 and IFRS 9, which require the Company to use new judgments and estimates compared to those required in the application of IFRS 4 and IAS 39, and since IFRS 17 and IFRS 9 have substantial effects on the consolidated financial statements which are of importance to users of the Company's consolidated financial statements, we determined the first-time adoption of IFRS 17 and IFRS 9 to be a key audit matter.

Solution provided to key audit matter

Following are the key audit procedures we applied regarding the assessment of first-time adoption of IFRS 17 and IFRS 9:

- We assessed the design, implementation and effectiveness 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 "Life Linked" Hetz bonds which were applied by the Company for the first time in 2025 for the current year and in respect of comparative figures.
- We assessed whether the judgments exercised by the Company's management in selecting and implementing 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 for the determination and run-off of the CSM, the RA, the fair value of liabilities or assets in respect of insurance contracts as of the transition date, the best estimate of cash flows in respect of insurance contracts and the fair value of designated Hetz bonds in the reporting periods, 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 and an assessment of the significant 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,



Somekh Chaikin
Millennium Tower KPMG
17 Haarbua Street, POB 609
Tel Aviv 6100601
+972-3-684-8000



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Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102

Tel. +972-3-6232525
Fax +972-3-5622555
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the various calculation processes carried out by the Company to measure the various balances relating to the insurance contracts.

- We reviewed the adequacy and completeness of the disclosures added to the Consolidated Financial Statements following the application of the abovementioned standards.

2) Measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured in accordance with IFRS 17 using the GMM and the VFA

Why was the matter determined to be a key audit matter

The consolidated financial statements as of December 31, 2025 include liabilities and assets of material amounts in respect of life and health insurance contracts and reinsurance contracts held in life and health insurance measured in accordance with the provisions of IFRS 17 under the General Measurement Model (hereinafter - the "**GMM**") and the Variable Fee Approach (hereinafter - the "**VFA**") at total assets of approx. NIS 3,644 million, and total liabilities of approx. NIS 122,093 million, respectively, as detailed in Note 20 to the consolidated financial statements.

The insurance liabilities and assets in the life and health insurance segments measured under the GMM and the VFA comprise several components, which include projected fulfillment cash flows and contractual service margin. Each of these components is subject to the risk of material misstatement. The projected fulfillment cash flows are usually the product of an actuarial valuation method and estimates regarding demographic and economic variables which are often subjective and complex. Changes in the risk factors, the incidence or severity of events, and changes in demographic and economic variables may have a material effect on the amount of the abovementioned liabilities and assets.

The reforms and changes in the insurance market in recent years introduce challenges to the measurement of trends and the determination of assumptions regarding future developments, specifically in products with a long coverage period or long-tail claims in life and health insurance.

In calculating the actuarial valuations, the Company relies on the results of studies it performs from time to time. Naturally, these studies are based on past experience and projections as to future developments and are therefore limited with regard to regulatory changes which have not yet been fully reflected in the market and, moreover, potential future changes to the extent that they should be reflected.

Estimates of cash flow forecasts include, among other things, discount rates, mortality and morbidity rates, annuity take-up rates in executive insurance with a guaranteed annuity conversion factor, lapse rate, and a risk adjustment margin for non-financial risk.

The remaining contractual service margin depends on revisions made during this period in respect of factors such as the effects of a new business, interest accrued, revisions to demographic or financial effects, and recognition of profit or loss by coverage units. An error in the estimation of these amounts can result in an error in the remaining contractual service margin.

Due to the inherent uncertainty and complexity of the estimates used to measure liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held using the GMM and the VFA, we have determined that the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured using the GMM and the VFA is a key audit matter.

Key audit procedures implemented to address the key audit matter

The key audit procedures we applied to the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured using the GMM and the VFA are as follows:

- We held meetings and discussions between our and the Company's actuarial departments, which included, among other things, a review of the calculation methodologies and an assessment of the consistency of their application.
- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including reliance on actuarial experts on our behalf.
- We assessed the design, application, and effectiveness of the internal controls pertaining to the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held measured using



Somekh Chaikin
Millennium Tower KPMG
17 Haarbav Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102



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Fax +972-3-5622555
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the GMM the VFA, and conducted procedures to assess the effectiveness of those internal controls, including controls over completeness of the population and accuracy of data, and key controls in the IT environment used for data processing and the flow of information for financial reporting purposes.

- We have assessed, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, material studies and other revised estimates underlying the reserves which were conducted by the Company during the reporting years.
- We assessed, based on a sample and our risk assessment, with the assistance of actuarial experts on our behalf, the reasonableness of certain assumptions underlying the abovementioned assets and liabilities, including the allocation of the coverage units or the discount rates by conducting various reasonableness tests such as assessing the development of the assumptions compared to previous periods and assessing adjustments to market data.
- We conducted, with the assistance of actuarial experts on our behalf, based on a sample and on our risk assessment, reviews of the stochastic model implemented by the Company.
- 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 and assets in respect of life and health insurance contracts and reinsurance contracts held measured using the GMM and the VFA.

3) Measurement of liabilities for incurred claims in insurance contracts and assets in respect of incurred claims in reinsurance contracts held measured using the premium allocation approach (in particular with respect to subsegments with a long-tail claims)

Why was the matter determined to be a key audit matter

The consolidated financial statements as of December 31, 2025 include material liabilities and assets in respect of insurance contracts and reinsurance contracts held in P&C insurance and some of the health insurance products, which are measured under IFRS 17 in accordance with the premium allocation approach (hereinafter - the "PAA"). As detailed in Note 20 to the Consolidated Financial Statements, as of December 31, 2025, these liabilities and assets total approx. NIS 6,902 million and total approx. NIS 2,235 million, respectively.

Under the application of the PAA, the abovementioned liabilities and assets include, among other things, the liability for incurred claims (hereinafter - the "LIC") and an asset for recovery from reinsurers of incurred claims (hereinafter - the "AIC"), which totaled - as of December 31, 2025 - approx. NIS -5,757 million and approx. NIS 1,986 million, respectively.

The LIC liability, and - on the other hand - the AIC asset are measured based on actuarial forecasts affected by financial and non-financial factors such as discount rates, incidence and severity, timing of payment of claims and development patterns, past experience, etc.

In such insurance contracts with a long payment or claim-settlement periods (hereinafter - "long-tail claims") the LIC component may play a significant role in the determination of insurance liabilities. Accordingly, the AIC component under the asset for recovery from reinsurers of incurred claims may also play a significant role, based on the scope of reinsurance.

An error in the LIC component and an error in the AIC component may arise from errors in the variables pertaining to open claims or claims in respect of events, which have occurred but not reported (IBNR).

In subsegments characterized by Long-Tail Claims the inherent uncertainty is higher since a long time elapses from the date of the occurrence of the insured event until the claim's final settlement date.

Due to the inherent uncertainty and complexity of the estimates used to measure the LIC component of the liabilities in respect of life insurance contracts and the AIC component of the assets in respect of reinsurance contracts held, which are measured using the PAA, specifically for Long-Tail Claims, we determined that the measurement of the abovementioned liabilities and assets is a key audit matter.

Key audit procedures implemented to address the key audit matter



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Millennium Tower KPMG
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Fax +972-3-5622555
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The key audit procedures we applied to the measurement of liabilities in respect of the LIC component in insurance contracts and the assets in respect of the AIC component in reinsurance contracts held, measured using the PAA, are as follows:

- We held meetings and discussions between our and the Company's actuarial departments, which included, among other things, a review of the calculation methodologies and an assessment of the consistency of their application.
- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including reliance on actuarial experts on our behalf.
- We assessed the design, application, and effectiveness of the internal controls pertaining to the measurement of the LIC component in insurance contracts and the AIC component in reinsurance contracts held measured using the PAA, and conducted procedures to assess the effectiveness of those internal controls, including controls over completeness of the population and accuracy of data, and key controls in the IT environment used for data processing and the flow of information for financial reporting purposes.
- We conducted, with the assistance of actuarial experts on our behalf, based on a sample and on our risk assessment, a review of the Company's calculations, and of the manner by which financial and non-financial changes were recognized.
- We assessed, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, the reasonableness of the assumptions and estimates underlying the actuarial assessments and their application in the calculation of the reserves - including the reasonableness of the discount rates - by conducting various reasonableness tests such as assessing the development of the assumptions compared to previous periods and assessing adjustments to market data.
- 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 the LIC component in insurance contracts and the AIC component in reinsurance contracts held measured using the PAA.

4) Measurement of the fair value of illiquid investments:

Why was the matter determined to be a key audit matter

As described in Notes 5 and 11 to the Consolidated Financial Statements, the balance of illiquid investments and the balance of the investment property as of December 31, 2025, which are measured at fair value through profit or loss and at fair value, as the case may be, total approx. NIS 67,655 million and approx. NIS 5,471 million, respectively.

Under its application of IFRS 9, the Company measures its investments in equity instruments and all or the vast majority of illiquid debt instruments it holds, including Life Linked bonds of the State of Israel, at fair value through profit or loss.

The fair value of illiquid debt assets, which are measured at fair value is determined by discounting the estimated future cash flows from those assets. The interest rates used to discount the cash flows are set by a company which provides interest rate quotes – Fair Spread Ltd.

The fair value of investments in illiquid shares is based mainly on external appraisals or other indications of fair value such as investment and capital raising rounds, 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 valuations conducted by external appraisers, and include estimates and assumptions such as estimated rent and discount rates.

Determining the fair value of investments in certain derivatives requires specific expertise in complex calculations.

Determining the fair value of the Life Linked bonds of the State of Israel (hereinafter - "**Hetz Bonds**") requires, among other things, the use of actuarial experts and various demographic and financial assumptions.

In some of the illiquid investments, especially those classified to Level 3 of the fair value hierarchy in accordance with



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Millennium Tower KPMG
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Tel Aviv 6100601
+972-3-684-8000



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Menachem Begin Road 144A,
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IFRS 13, such as illiquid shares, investment funds, Hetz bonds, and investment property, the inherent uncertainty in the fair value measurement is not based on observable market inputs but rather on assessments and estimates of a property appraiser, judgment of fund managers, actuaries and other external experts, as well as the Company's assessments.

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.

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

Key audit procedures implemented to address the key audit matter

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

- We assessed the planning and implementation of internal controls relating to the process of determining the fair value of illiquid investments, and conducted procedures to test the effectiveness of those internal controls, including the controls regarding the appropriateness of the data and the assumptions used in appraisals and the reasonableness of the appraisals.
- We have assessed the methodologies applied 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.
- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including assistance from independent appraisers on our behalf, in accordance with the circumstance, on a sample basis and based on our risk assessment, in order to assess the reasonableness of the key underlying estimates and assumptions of appraisals.
- We conducted a sample testing, based on our risk assessment, of the fair value of illiquid investments in the Consolidated Financial Statements compared with the appraisals received by Company from external experts, against the reports of the investment funds, as the case may be.
- We conducted a sample testing, based on our risk assessment, of the database used to receive quotes from Fair Spread Ltd. against loan agreements including by sending balance confirmation requests and perusal of new material illiquid loan agreements.
- Assessment of the effects of the measurement method of the abovementioned liabilities and assets on the fair value of Life Linked bonds.
- We conducted an independent sample testing, based on our risk assessment, of the revaluation of illiquid assets based on the quotes of Fair Spread Ltd.

Furthermore, we assessed the appropriateness of the key disclosures in the Consolidated Financial Statements regarding fair value measurements of investments in illiquid assets.

5) Collective loan loss provision:

Why was the matter determined to be a key audit matter

In accordance with Notes 1 and 8(b) to the Consolidated Financial Statements, the provision for credit losses in respect of balance sheet and off-balance sheet credit to the public in the Company's Consolidated Financial Statements amounts to NIS 364 million as of December 31, 2025, and includes both provision on an individual basis and provision on a collective basis for credit risk.

In the estimation process of the credit loss provision, the Company estimates the expected loss in the credit portfolio. The loss estimation process is based on significant estimates that involve uncertainty, and subjective estimates.

As required, the Company applies the generally accepted accounting principles in the United States pertaining to Current



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Expected Credit Losses (CECL)- (ASC 326). When calculating the collective provision, 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.

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 Company's consolidated financial statements.

The audit of the credit loss provision requires 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.

Solution provided to key audit matter

Following are the main procedures we have executed to address this key matter in our audit:

- Reviewing 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.
- Review of the methodology for determining the credit loss provision and its adjustment to the accounting principles applicable to the Company.
- Sampling of main data used in models for calculating the credit loss provision.
- Examining the reasonableness and adequacy of the provision for credit losses as a whole.

Board of Directors and management's responsibilities for the Consolidated Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the provisions of the Securities Regulations (Annual Financial Statements), 2010, as applicable to insurers' holding companies and credit card companies, as described in Note 2 and for those internal controls deemed necessary by the Board of Directors and management to enable the preparation of Consolidated Financial Statements which are free of material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters pertaining to the going concern assumption unless the Board of Directors and management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Independent auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In conducting our audit - including reliance on other independent auditors - in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient



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and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures which are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and the management.
- Conclude on the appropriateness of the Board and the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubts on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to include in our opinion a departure from the standard wording. Our conclusions are based on the audit evidence obtained through the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the preparation of the Consolidated Financial Statements, including examining whether the accounting principles applied in the financial statements audited by other independent auditors are consistent with those applied by the Company, the reporting principles according to which the financial statements audited by other independent auditors were prepared are consistent with binding laws and guidance applicable to the Company, and that all data required for consolidation are fairly presented in the Consolidated Financial Statements.

We communicate to the Board of Directors and management regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which the independent auditor identifies during the audit.

In addition, we provide the Board and the management with a statement to the effect that we complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters which may reasonably be thought to bear on our independence, and where relevant, safeguards applied to eliminate identifiable threats on our independence.

From the matters which were communicated or should have been communicated to the Board and the management we determined those matters which were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes public disclosure of the matter to external parties.

Linked paragraph

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, 2025, and our report of March 25, 2026 included an unqualified opinion on the effectiveness of these components.



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The engagement partners on the audit resulting in this independent auditors' report are: Shira Lichtenstadt of Somekh Chaikin Certified Public Accountants and Tal Chai-Zion of Kost Forer Gabbay & Kasierer Certified Public Accountants.

Tel Aviv,
March 25, 2026

Somekh Chaikin
Certified Public Accountants

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Joint Independent Auditors

Consolidated Statements of Financial Position

In NIS million	Note	As of December 31		As of January 1
		2025	2024	2024
			Restated	Restated
Assets				
Cash and cash equivalents in respect of yield-dependent contracts	6	4,269	4,451	4,418
Other cash and cash equivalents	6	4,060	2,617	2,548
Financial investments in respect of yield-dependent contracts measured at fair value	7	97,717	88,802	84,133
Other financial investments measured at fair value	7	44,396	41,179	41,062
Other financial investments measured at depreciated cost	7	2,285	2,340	2,337
Receivables for credit card transactions, net	8	19,252	17,855	15,092
Receivables and debit balances	9	624	664	1,826
Current tax assets	22	147	60	306
Insurance contract assets	20	3,276	2,653	2,059
Reinsurance contract assets	20	2,603	2,664	2,533
Investments in equity-accounted investees	10	211	190	180
Investment property in respect of yield-dependent contracts	11	3,956	3,924	3,839
Investment property - other	11	1,515	1,517	1,494
Property, plant and equipment	12	303	310	302
Intangible assets and goodwill	13	2,195	2,212	2,205
Costs of obtaining investment management service contracts	14	793	742	706
Deferred tax assets	22	114	159	218
Right-of-use assets	15	641	669	680
Total assets		188,358	173,008	165,938
Total assets for yield-dependent contracts	7	106,032	97,329	94,012

The attached notes to the consolidated interim financial statements are an integral part thereof. See Note 37 regarding application of IFRS 1, First-time Adoption of International Financial Reporting Standards, initial application of IFRS 17, Insurance Contracts and initial application of IFRS 9, Financial Instruments. Relevant comparative figures have been restated.

Consolidated Statements of Financial Position (cont.)

In NIS million	Note	As of December 31		As of January 1
		2025	2024	2024
			Restated	Restated
Liabilities				
Loans and credit	16	16,567	14,138	13,912
Liabilities for derivative instruments	16	879	528	1,782
Payables and credit balances	17	3,429	1,739	1,700
Payables for credit card transactions	18	9,947	9,707	8,091
Current tax liability	22	19	18	21
Liabilities for yield-dependent investment contracts	19	13,575	12,537	13,151
Liabilities for non-yield-dependent investment contracts	19	2,459	2,522	2,470
Liabilities for insurance contracts	20	128,933	121,718	116,475
Liabilities for reinsurance contracts	20	61	62	68
Liability for employee benefits, net	21	94	89	93
Deferred tax liabilities	22	738	355	36
Lease liabilities	15	744	775	777
Total liabilities		177,445	164,189	158,576
Equity				
Share capital	23	168	167	167
Share premium		2,434	2,423	2,390
Capital reserves		124	138	139
Surplus		8,102	6,014	4,593
Total equity attributable to the Company's shareholders		10,827	8,742	7,289
Non-controlling interests		86	76	73
Total equity		10,913	8,818	7,362
Total liabilities and equity		188,358	173,008	165,938

The attached notes to the consolidated interim financial statements are an integral part thereof. See Note 37 regarding application of IFRS 1, First-time Adoption of International Financial Reporting Standards, initial application of IFRS 17, Insurance Contracts and initial application of IFRS 9, Financial Instruments. Relevant comparative figures have been restated.

March 25, 2026

Approval date of the
financial statements

Haim Samet

Chairman of the Board

Yoram Naveh

CEO

Eran Czerninski

Executive VP
Finance Division Director

Consolidated Statements of Income

In NIS million	Note	For the year ended December 31	
		2025	2024
Revenues from insurance services		8,837	8,391
Expenses from insurance services		(6,852)	(6,566)
Income from insurance services before reinsurance policies held		1,985	1,825
Reinsurance expenses		(1,314)	(1,441)
Reinsurance revenues		627	683
Revenues (expenses), net from reinsurance contracts held		(687)	(758)
Income (loss) from insurance services	24	1,298	1,067
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts		14,167	10,635
Other investment income (losses), net:			
Interest revenues calculated using the effective interest method		186	210
Other investment income (losses), net		3,420	2,787
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity		4	(2)
Total gains (losses) from other investments, net		3,609	2,995
Total investment gains (losses), net		17,776	13,630
Finance expenses (income), net arising from insurance contracts		13,916	11,041
Finance income (expenses), net arising from reinsurance contracts		156	149
Decrease (increase) in liabilities for investment contracts due to the yield component		(1,879)	(1,656)
Income (loss) from investments and financing, net	25	2,137	1,082
Income (loss), net from insurance and investment		3,435	2,149
Investment gains (losses), net and finance income which are not from a consolidated insurance company	26	1,494	1,370
Revenues from credit card transactions	27	1,740	1,554
Revenues from management fees		850	805
Revenues from fees and commissions of insurance agencies		190	180
Credit loss expenses		(169)	(216)
Credit card processing	28	(1,271)	(986)
Payments to banks - Credit Cards Segment		(251)	(233)
Other operating expenses	29	(1,766)	(1,514)
Other revenues (expenses), net	29	(17)	(47)
Other finance expenses	30	(863)	(794)
Share in earnings (losses) of equity-accounted subsidiaries not closely related to the investing activity	10	17	16
Income (loss) before taxes on income		3,389	2,286
Income tax	22	1,104	739
Income (loss) for the period		2,285	1,546
Attributable to:			
Company's shareholders		2,278	1,540
Non-controlling interests		7	6
Income (loss) for the period		2,285	1,546
Earnings (loss) per share attributable to the Company's shareholders:	32		
Basic earnings (loss) per share (in NIS)		28.56	19.47
Diluted earnings (loss) per share (in NIS)		27.47	19.38
No. of shares used to calculate earnings per share (in thousand):			
Basic		79,747	79,099
Diluted		82,899	79,475

The attached notes to the consolidated interim financial statements are an integral part thereof. See Note 37 regarding application of IFRS 1, First-time Adoption of International Financial Reporting Standards, initial application of IFRS 17, Insurance Contracts and initial application of IFRS 9, Financial Instruments. Relevant comparative figures have been restated.

Consolidated Statements of Comprehensive Income

In NIS million	Note	For the year ended December 31	
		2025	2024
Income (loss) for the period		2,285	1,546
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		(12)	(1)
Tax (tax benefit) for items of other comprehensive income carried or to be carried to profit and loss	22(d)	(3)	-
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		(9)	(1)
Items of other comprehensive income not transferred to profit and loss:			
Actuarial gains (losses) from a defined benefit plan		(3)	1
Tax (tax benefit) for items of other comprehensive income not transferred to profit and loss	22(d)	(1)	-
Other comprehensive income (loss) not transferred to profit and loss, net of tax		(2)	1
Other comprehensive income (loss) for the period		(11)	-
Total comprehensive income (loss) for the period		2,273	1,546
Attributable to:			
Company's shareholders		2,266	1,540
Non-controlling interests		7	6
Total comprehensive income (loss) for the period		2,273	1,546

The attached notes to the consolidated interim financial statements are an integral part thereof. See Note 37 regarding application of IFRS 1, First-time Adoption of International Financial Reporting Standards, initial application of IFRS 17, Insurance Contracts and initial application of IFRS 9, Financial Instruments. Relevant comparative figures have been restated.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2025 in NIS million	Attributable to Company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total		
As of January 1, 2025	167	2,423	(2)	180	(40)	6,014	8,742	76	8,818
Income for the period	-	-	-	-	-	2,278	2,278	7	2,285
Other comprehensive income (loss) items:									-
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	(12)	-	-	-	(12)	-	(12)
Actuarial losses from a defined benefit plan	-	-	-	-	-	(3)	(3)	-	(3)
Tax benefit (tax) for comprehensive income (loss) items	-	-	3	-	-	1	3	-	3
Other comprehensive income (loss) for the period, net of tax	-	-	(9)	-	-	(2)	(11)	-	(11)
Total comprehensive income (loss) for the period	-	-	(9)	-	-	2,275	2,266	7	2,273
Transactions with shareholders carried directly to equity:									-
Exercise and expiry of options for employees	1	11	-	-	-	(11)	-	-	-
Share-based payments	-	-	-	-	-	23	23	-	23
Dividend to non-controlling interests	-	-	-	-	-	-	-	(3)	(3)
Dividends to Company shareholders	-	-	-	-	-	(200)	(200)	-	(200)
Acquisition of non-controlling interests	-	-	-	-	(5)	-	(5)	5	-
As of December 31, 2025	168	2,434	(12)	180	(45)	8,102	10,827	86	10,913

The attached notes to the consolidated financial statements are an integral part thereof.

For the year ended December 31, 2024 in NIS million	Attributable to Company's shareholders							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Other capital reserves	Capital reserve from transactions with non-controlling interests	Retained earnings	Total		
As of January 1, 2024	167	2,390	(2)	180	(39)	4,593	7,289	73	7,362
Income for the period	-	-	-	-	-	1,540	1,540	6	1,546
Other comprehensive income (loss) items:									
Foreign currency translation differences in respect of foreign operations carried to capital reserve	-	-	(1)	-	-	-	(1)	-	(1)
Actuarial losses from a defined benefit plan	-	-	-	-	-	1	1	-	1
Tax benefit (tax) for comprehensive income (loss) items	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the period, net of tax	-	-	(1)	-	-	1	-	-	-
Total comprehensive income for the period	-	-	(1)	-	-	1,541	1,540	6	1,546
Transactions with shareholders carried directly to equity:									
Exercise and expiry of options for 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)	180	(40)	6,014	8,742	76	8,818

The attached notes to the consolidated interim financial statements are an integral part thereof. See Note 37 regarding application of IFRS 1, First-time Adoption of International Financial Reporting Standards, initial application of IFRS 17, Insurance Contracts and initial application of IFRS 9, Financial Instruments. Relevant comparative figures have been restated.

Consolidated Statements of Cash Flow

In NIS million	Appendix	For the year ended December 31	
		2025	2024
		Unaudited	
Cash flows from operating activities			
Before income tax	(a)	3,272	1,716
Income tax received (paid)		(759)	(115)
Net cash provided by operating activities		2,513	1,601
Cash flows provided by investing activities			
Credit provided to card holders and merchants, net		(1,910)	(1,545)
Proceeds from the disposal of an investment in financial assets by companies other than insurance and finance companies		56	990
Investment in financial assets by companies other than insurance and finance companies		(90)	(97)
Dividend received from equity-accounted investees		1	1
Investments in shares and loans in investees		(1)	(3)
Investment in property, plant, and equipment		(63)	(65)
Investment in intangible assets		(340)	(358)
Net cash used for investing activities		(2,347)	(1,078)
Cash flows provided by financing activities			
Credit from banking corporations, net		384	(81)
Proceeds from the issue of subordinated notes and bonds (see Note 16)		2,264	1,017
Costs of issuing and exchanging subordinated notes and bonds (See Note 16)		(14)	(7)
Repayment of subordinated notes (See Note 16)		(854)	(817)
Repayment of lease liability		(105)	(88)
Interest paid on bonds, subordinated notes, and credit from banking corporations		(270)	(244)
Dividend paid		(203)	(102)
Net cash provided by financing activities		1,202	(323)
Effect of exchange rate fluctuations on balance of cash and cash equivalents		(107)	(98)
Net increase in cash and cash equivalents		1,261	103
Cash and cash equivalents as of the beginning of the period	(b)	7,069	6,966
Cash and cash equivalents at the end of the period	(c)	8,329	7,069

The attached notes to the consolidated financial statements are an integral part thereof

In NIS million	For the year ended December 31	
	2025	2024
	Unaudited	
(a) Cash flows from operating activities before income tax ^{1) 2)}		
Income for the period	2,285	1,546
Items not involving cash flows:		
The Company's share in losses (profits) of equity-accounted investees	(21)	(14)
Change in liabilities in respect of non-yield-dependent investment contracts	(63)	52
Change in liabilities in respect of yield-dependent investment contracts	1,038	(614)
Change in costs of obtaining investment management service contracts	(51)	(38)
Depreciation of property, plant, and equipment and right-of-use asset	154	131
Amortization of intangible assets	361	362
Credit loss expenses	169	216
Amortization of excess cost for credit card receivables	(27)	(63)
Impairment of intangible assets	-	2
Loss (income) from a right-of-use asset	-	1
Interest and linkage differentials accrued for subordinated notes and a lease liability	348	314
Accrued interest and revaluation of liabilities to banking and other corporations	614	549
Interest paid in Max	(506)	(456)
Change in fair value of investment property in respect of yield-dependent contracts	1	(6)
Changes in fair value of other investment property	(6)	8
Share-based payment transactions	23	13
Losses (gains), net on financial investments and derivatives for yield-dependent contracts measured at fair value	(12,366)	(9,064)
Losses (gains), net on other financial investments and derivatives measured at fair value	(2,309)	(1,290)
Losses (gains), net on other financial investments measured at amortized cost	(45)	(76)
Income tax	1,104	739
Financial investments, derivatives and investment property in respect of insurance contracts and yield-dependent investment contracts:		
Acquisition of investment property	(64)	(79)
Proceeds from sale of investment property	32	-
Acquisitions of financial investments and derivatives, net	4,269	4,070
Financial investments, derivatives and other investment property:		
Acquisition of investment property	(27)	(31)
Proceeds from sale of investment property	19	-
Proceeds from sales (acquisitions), net of financial investments and derivatives	(562)	(459)

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.

In NIS million	For the year ended December 31	
	2025	2024
	Unaudited	
(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	(67)	(25)
Receivables for credit card transactions, net	370	(1,371)
Receivables and debit balances	44	1,167
Reinsurance contract assets, net	61	(137)
Payables and credit balances	1,663	10
Payables for credit card transactions	240	1,616
Liabilities for insurance contracts, net	6,592	4,645
Liabilities for employee benefits, net	2	(3)
Total cash Flows from operating activities before income tax	3,272	1,716
(b) Cash and cash equivalents at the beginning of the period:		
Cash and cash equivalents in respect of yield-dependent contracts	4,451	4,418
Other cash and cash equivalents	2,617	2,548
Balance of cash and cash equivalents at the beginning of the period	7,069	6,966
(c) Cash and cash equivalents at end of the period:		
Cash and cash equivalents in respect of yield-dependent contracts	4,269	4,451
Other cash and cash equivalents	4,060	2,617
Balance of cash and cash equivalents as of the end of the period	8,329	7,069
(d) Cash flows for interest and dividend received, included in operating activity:		
Interest received	1,936	2,096
Dividend received	767	720
Included in investing activity by Max:		
Interest received	1,359	1,252
(e) Transactions not involving cash flows:		
Payables - purchase of insurance portfolios	4	14
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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, 2025 (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 payment cards, providing payments solutions and financial products, including credit to private and business customers.

The Company does not have a core control core.

On December 8, 2019, the Company received a letter from the Commissioner, according to which, as of the date of the letter, there is no entity 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 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 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 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.

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 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 -

To the best of the Company's knowledge, as of December 31, 2025, Mr. Akirov holds approx. 14.34% of the Company's shares.

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 immediate reports of Alrov Properties & Lodgings Ltd. (hereinafter - **"Alrov"**), discussions are held in recent years 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"**).

On May 27, 2025, Alrov reported it had received a notice from the Commissioner of his intention to reject the reapplication for a control permit over the Company, filed by Alrov on December 24, 2023, subject to allowing Alrov's to make its claims on the subject before the Commissioner. Alrov also reported that it is studying the Commissioner's position, which it deems is not correct, and will consider its actions in accordance with the law, but on June 18, 2025, it reported that it had withdrawn the application.

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. As a result, certain Company shareholders were required to obtain a permit if they hold more than 5% of the Company's share capital. In its financial statements, Alrov reported that it had applied for a permit to hold the means of control in the acquirer from the Governor of the Bank of Israel. 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

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.¹ 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 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.

1. 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

The Commissioner 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,² 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.

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 Appointment Committee³, 2 ordinary directors recommended by the Appointment Committee, and 5 directors, who also serve as Company directors.

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 Appointment Committee.

2. 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.

3. A committee for the appointment of directors in the Company and in Clal Insurance headed by a retired judge established in accordance with the Commissioner's directives.

D. Implications

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 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 corporate structure of the large insurance companies in Israel, 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.

In this context, see details regarding the Companies Bill concerning a company in which there is no controlling shareholder, including with respect to the appointment of directors in companies without a control core, in Section C above.

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.
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 2020-1-15
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

The Company	- Clal Insurance Enterprises Holdings Ltd. 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.
Designated/ Hetz bonds	- CPI-linked government bonds, which the government issued to the insurance companies, and which back guaranteed return policies.
Gross premiums	- Premiums including fees and credit fees.
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.
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.
Non-accruing 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.

The Company	- Clal Insurance Enterprises Holdings Ltd.
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 earnings 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	- 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 acquiring 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.

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**") associated with insurers' holding companies and credit card companies.

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.

As detailed in Note 3 below, in accordance with requirements set by the Commissioner, the initial application date of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments was postponed to January 1, 2025 (instead of the initial application date which was set by the standard - January 1, 2023). Consequently, during the periods between January 1, 2023 and December 31, 2024, the Group continued to apply IFRS 4, Insurance Contracts, and IAS 39, Financial Instruments (issued in 2017), to the data in the Group's consolidated financial statements with respect to Clal Insurance, as aforesaid.

Furthermore, on March 27, 2023, the Company completed the acquisition of CIMax Holdings Ltd. (hereinafter - "**CIMax**"), which consolidates in its financial statements the credit card company Max It Finance Ltd. (hereinafter - "**Max**"). 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 below. These directives basically adopt the US GAAP for Banks.

In light of the above, as of January 1, 2023, the consolidated financial statements of the Company have been drawn up in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 1970. In accordance with these provisions, those financial statements data that relate to Clal Insurance, which meets the definition of insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010 were prepared in accordance with the requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981.

As from January 1, 2025, the date on which the Postponement Period prescribed by the Commissioner ended, the Group has been applying IFRS 17 and IFRS 9 for the first time to financial statement data relating to the subsidiary as stated above, and as a consequence it resumed full application of IFRS, except for Max.

The effect of the transition to reporting in accordance with IFRS 17 and IFRS 9 on the Group's financial position and its operating results and cash flows with respect to the financial data relating to Clal Insurance is specified in Note 37 below.

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					
2025	2.6	2.4	(1.3)	(12.5)	(6.2)
2024	3.2	3.4	(5.4)	0.6	(1.0)

	EUR representative exchange rate	USD representative exchange rate	GBP representative exchange rate
As of December 31, 2025	3.746	3.190	4.290
As of December 31, 2024	3.796	3.647	4.574

C. Measurement basis

The financial statements were prepared in accordance with the historical cost, excluding the following main assets and liabilities:

- Liabilities and assets for reinsurance contracts.
- Financial instruments and derivatives measured at fair value through profit and loss.
- 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 structure of the Group's statement of financial position

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

The preparation of financial statements in accordance with IFRS, 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, revenues 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, acquiring and credit, 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 for insurance contracts

Estimate	Key assumptions	Potential consequences
Classification of insurance and reinsurance contracts	The Company exercises judgment in analyzing the classification of insurance and reinsurance contracts for the purpose of determining whether they are insurance contracts, investment contracts or contracts that fall within the scope of other financial reporting standards, in accordance with the definitions of IFRS 17.	Classification and measurement.
Determining actuarial assumptions	Lapses, mortality, longevity, morbidity and expenses.	Changes in the measurement of liabilities in respect of certain insurance contracts as well as reinsurance contract assets.
Determining the coverage units	An estimate of the scope of coverage provided by a group of contracts, taking into account the expected quantity of the benefits and the duration of the coverage period.	Impact on the contractual service margin (CSM) release rate for revenues from insurance services.
Determination of the discount rates and the return assumptions for insurance contract fulfilment cash flows (FCF).	The Company uses the bottom-up approach, which combines the risk-free interest rate curve and the illiquidity premium, using a methodology determined by the Commissioner. In assuming the yield for a policy portfolio which includes a yield-dependent savings component and variable management fees, the Company uses a stochastic model to assess the asymmetry value inherent in the management fee mechanism, using a large number of possible economic scenarios for market variables. This model is market consistent, calibrated on average to the regular risk-free interest rate curve. Volatility assumptions are determined taking into the accounts inputs of implied volatility in listed market instruments, if available, or are otherwise based on best estimates.	Changes in the measurement of liabilities in respect of certain insurance and investment contracts as well as reinsurance contract assets. Furthermore – changes in the amounts of finance expenses from insurance contracts and finance income from reinsurance contracts.
In determining the risk adjustment for non-financial risk, the Company is required to exercise significant judgment, including in assessing the diversification benefit, determining the appropriate confidence level and how to carry out the allocation between the portfolios and groups of insurance contracts.		Effect on the scope of the risk adjustment component in respect of non-financial risk and in accordance with the amount of liability in respect of covered insurance contracts or reinsurance contract assets.
The assessment of whether a contract or a group of contracts is onerous is based on expectations at initial recognition, while calculating expected cash flows based on probabilities and/or based on indicators determined by the Company indicating the existence of an onerous contract, while exercising judgment in determining the amount of details required for the information to be reasonable and supportable information to make the decision.		Classification of insurance contracts into profitability groups that may later lead to recognition or non-recognition of loss from the group of contracts.

For information regarding sensitivity analysis pertaining to changes in actuarial assumptions, and significant assumptions and estimates in insurance contracts listed in the table above, see Note 33(e).

With respect to contracts in the Life and Health Segments, excluding travel, issued in the periods prior to the IFRS 17 transition date, the Company has determined that the full retrospective application approach was impractical, due to information limitations and unreasonable costs – and has applied the alternative transitional approaches permitted under IFRS 17 – for more information, see Note 37 below.

- 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 report publication date. 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 35.

- 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. In Group companies, except for Max, changes in the estimates used to measure the recoverable amount may change the recognition of impairment loss.

For further information, see Notes 3(j)(2) and 13(b).

- d) **Determining the recoverability of costs of obtaining investment management service contracts** - The recoverability of costs of obtaining investment management service contracts is reviewed at least once a year using work assumptions regarding lapse rates, transfers and withdrawals, operating expenses, return on assets and management fees based on past experience and relevant studies, as detailed in Note 14. If these assumptions are not realized, an impairment loss of expenses may be necessary to obtain capitalized asset management contracts.
- e) **Deferred tax assets** - Deferred tax assets for the Group, other than for Max, 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 22.
- f) **Impairment of financial assets**
Financial assets at amortized cost - provision for doubtful accounts and credit losses for illiquid debt assets, including in respect of loans and receivables, including 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 Note 3(j)(1) and Note 33(g).

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 11, Investment Property, including for yield-dependent contracts
- Note 7, Financial Investments and Derivative Instruments
- Note 16, Loans and Credit
- Note 31, Share-Based Payment
- Note 37, Fair Value of Insurance Liabilities on 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.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Subject to Note 2(a), 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. Subsequent changes in the fair value of the contingent consideration classified as a recognized financial liability in the Income Statement.

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 33(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 revenues 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 it 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.

Assets and liabilities for foreign operations, including goodwill and fair value adjustments arising on acquisition, were translated into NIS at exchange rates in effect on reporting date. Revenues and expenses of foreign operations were translated into NIS at exchange rates in effect on transaction dates. Foreign exchange differences are recognized in other comprehensive income and are presented in equity in the foreign operations translation reserve (hereinafter - "translation reserve").

C. Segment reporting

For details regarding the financial reporting by segments, see Note 5.

D. Insurance contracts

Classification of contracts

The Company identifies insurance contracts as contracts in which the Company accepts a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder (or the beneficiary to the contract) for a specified uncertain future event (the insured event) which adversely affects the policyholder and the amount or timing of which is uncertain.

The Company determines whether an insurance contract contains a significant insurance risk if the insured event could cause the Company to pay the policyholder additional amounts that are significant in any single scenario with any commercial substance even if the occurrence of the insured event is highly unlikely, or even if the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. In making this assessment, the Company takes into account all of its actual substantive rights and obligations, whether arising from a contract, law or regulation. In addition to the significant insurance risk, some insurance contracts also transfer financial risk to the Company, such as a guaranteed rate of return.

The Company accounts for Sale Law guarantee contracts as an insurance contract and "reverse mortgage" loans as financial instruments.

The Company does not issue reinsurance contracts nor does it issue investment contracts with discretionary participation features. Some of the contracts entered into by the Company have the legal form of an insurance contract but do not transfer a significant insurance risk (savings policies without insurance coverage). These contracts are classified as financial liabilities and referred to as 'investment contracts'.

Reinsurance contracts held

In addition, the Company enters into insurance risk transfer agreements, with the appropriate premiums, with one or more reinsurers. In the event that the reinsurers are unable to fulfill their obligations, the Company remains liable to its policyholders for the reinsured portion. These types of contracts are defined as reinsurance contracts held. The purpose of the reinsurance contracts held is to mitigate the Company's significant insurance risk in respect of the underlying insurance contracts.

Separating components from insurance contracts and reinsurance contracts

An insurance contract may contain one or more components, which would be within the scope of another standard if they were separate contracts. The Company has not identified components (such as: investment components, service components and embedded derivatives), which it is required to separate from its insurance contracts.

Level of aggregation of insurance contracts

At initial recognition, the Company determines the level of the aggregation of insurance contracts issued by it by dividing the businesses into portfolios of insurance contracts and will not change the composition of the groups thereafter. A portfolio of insurance contracts includes groups of contracts with similar risks that are managed together. The Company has defined the portfolios of the insurance contracts issued based on its main product lines and subject to the Commissioner's guidance, as set out in the Professional Issues Circular. Following is the list of insurance contracts portfolios defined by the Company, by operating segment:

A. P&C Insurance

1. Business insurance: Property loss and comprehensive business insurance including liability and other riders, including employer liability insurance, product liability insurance and third-party insurance sold as a separate policy;
2. Comprehensive home insurance, including liability and other riders, including home insurance sold with respect to mortgage;
3. Compulsory motor, including policies sold through the Pool;
4. Motor property, including third party coverage only and other riders;
5. Professional liability insurance, including for board members and officers;
6. Aircraft, cargo in transit, including liability riders;
7. Engineering insurance, including liability riders;
8. Credit insurance measured using the Premium Allocation Approach;
9. Guarantees including a Sale Law guarantees.

B. Health Insurance

1. Individual long-term care;
2. Collective long-term care;
3. Medical expenses and disabilities - individual;
4. Medical expenses and disabilities - collective, including dental;
5. Critical illness;
6. Travel abroad;
7. Personal accidents.

C. Life Insurance

1. Policies with a non-yield-dependent savings component;
2. Policies that include a yield-dependent savings component and include variable management fees;
3. Policies that include a yield-dependent savings component only include fixed management fees;
4. Annuity policies, including:
 - a) Immediate annuity policies issued after January 1, 2025;
 - b) Policies that include a savings component with a guaranteed annuity conversion factor issued to policyholders over the early retirement age (aged 60 and older), which were issued after January 1, 2025; and
 - c) Policies that include a yield-dependent savings component which do not include a guaranteed annuity conversion factor as of January 1, 2025, in the period following the annuity takeup date, if applicable after January 1, 2025.
5. Policies without a savings component - life insurance coverage;
6. Policies without a savings component - Permanent health insurance coverage.

The insurance contract portfolios are then split into groups of contracts issued within an annual period (by calendar year) and profitability groups, as follows:

- A group of contracts, which are onerous at initial recognition;
- a group of the remaining contracts in the portfolio.

In addition, insurance contracts measured according to IFRS 17 using various measurement models, as explained below, (the General Measurement Model (**the GMM Model**), the Variable Fee Approach (**the VFA Model**) and the Premium Allocation Approach (**the PAA Model**)) will not be included in the same group of insurance contracts.

An insurance contract is onerous at initial recognition if the fulfilment cash flows allocated to the contract determined on a probability-weighted basis are a net outflow. The Company's assessment of whether contracts are onerous is based on reasonable and supportable information.

In determining the groups of contracts, the Company chose to include in that group contracts where the practical ability of the Company to set prices or levels of benefits for a policy with different features is specifically limited by law or regulation. Accordingly, the Company opted to include the Company's relative share in compulsory motor insurance policies issued through the Pool in the same group as the ordinary compulsory motor insurance policies issued by the Company.

The Company determines the level of aggregation of reinsurance contracts held by dividing them into portfolios based on its main product lines, as similar as possible to the level of aggregation of insurance contracts issued by it. Some of the reinsurance contracts acquired provide coverage for underlying insurance contracts that are included in various insurance contract groups. However, the legal form of these contracts, as a single contract, reflects the nature of the Company's contractual rights and obligations, given that the various coverages of the contract expire at the same time and are not sold separately. As a result, the acquired reinsurance contract is not separated into separate insurance components relating to different basic groups. Reinsurance contract portfolios are then split into groups of contracts issued within an annual period (by calendar year).

Initial recognition

The Company recognizes a group of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due or, if there is no repayment date, when the first payment is received from the policyholder; or
- For a group of onerous contracts, when the group becomes onerous if facts and circumstances indicate the existence of such a group.

A group of reinsurance contracts held will be recognized on the following dates:

- Reinsurance contracts entered into by the Company which provide proportionate coverage: the later of the beginning of the coverage period of the group of reinsurance contracts held and the initial recognition date of any underlying insurance contract;
- Other reinsurance contracts entered into by the Company: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Company recognizes a group of onerous contracts of underlying insurance contracts at an earlier date, and the inception date of the relevant reinsurance contract is made prior to that earlier date, the group of reinsurance contracts is recognized at that earlier date; and
- Reinsurance contracts acquired by the Company: The acquisition date.

Contract boundary

In measuring a group of insurance contracts and reinsurance contracts, the Company includes all future cash flows included within the contract boundary. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations (disregarding terms and conditions with no commercial substance) that exist during the reporting period in which the Company can compel the policyholder to pay the premiums (or in which it has an obligation to pay the reinsurer) or in which the Company as a substantive obligation to provide the policyholder with services (or to receive services from the reinsurer). A substantive obligation to provide insurance services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts, which contains the contract and, as a result, can set a price or level of benefits that fully reflects the portfolio's risk; and
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For reinsurance contracts held, a substantive obligation to receive services ends when the reinsurer has a practical ability to reassess the risk transferred to it, and as a result can set a price or level of benefits that fully reflect those risks, or when the reinsurer has a substantive right to terminate the contract. Reinsurance contract boundaries include both cash flows in respect of underlying insurance contracts which have already been issued and cash flows for underlying contracts which the Company expects to issue (and deliver to the reinsurer) in the contract period, if the Company and the reinsurer do not have the right to cancel or reprice the obligation to deliver these expected futures.

For insurance contracts with renewal periods, the Company assesses whether the premiums and related cash flows that arise from the renewed contract are within the boundary of the original contract. The pricing of renewals is determined by the Company after it has examined the risks of a policyholder's coverages and, based on the pricing of new contracts with equivalent risks, terms and conditions as of the renewal date. The Company reassesses the contract boundary of each group of insurance contracts at the end of each reporting period.

Liabilities or assets relating to expected premiums or expected claims outside the boundary of the insurance contract are not recognized - such amounts relate to future insurance contracts.

As a rule, the Company has determined the policies' contract boundaries in accordance with the insurance period specified in the insurance contract. In certain cases, where in accordance with the terms of the policy there is a practical possibility to re-evaluate the risks, the Company has examined and determined as follows:

1. Individual health insurance policies issued from 2016 onwards – although these are health insurance policies that are updated every two years, it cannot be stated that there is a practical ability to re-evaluate the risks of the case (there is no reexamination of a medical condition and qualification period, and in addition, an update of the rate at the time of renewal is subject to the approval of the Commissioner) and accordingly to determine a new price that fully reflects those risks. Therefore, the policies' contract boundaries were determined in accordance with the insurance period specified in the insurance contract.
2. Life insurance policies, which include a savings component without a guaranteed annuity conversion factor at the policy issuance date - these policies usually confer insurability on the annuity (hereinafter - "**annuity option**"). The Annuity Option is not included in the contract boundary, since the Company has the practical ability to reassess the contract's risks and to set an annuity conversion factor, which reflects those risks.

Measurement on initial recognition

IFRS 17 provides three measurement methods for insurance contracts:

- The General Measurement Model (hereinafter - the "**GMM Model**");
- The Variable Fee Approach (hereinafter - the "**VFA Model**");
- The Premium Allocation Approach (hereinafter - the "**PAA Model**").

1. The General Measurement Model (GMM)

The Company applies the GMM Model to all life and health insurance portfolios, except for life insurance policy portfolios that include a yield-dependent savings component, which are measured in accordance with the VFA Model and a travel policy portfolio measured in accordance with the PAA model.

Measurement at initial recognition

At initial recognition, the Company measures an insurance contract group as the total amount of fulfilment cash flows of a contract plus the contractual service margin (hereinafter - "**CSM**") (if any).

Fulfilment cash flows (hereinafter - "**FCF**")

Fulfilment cash flows include a probability-weighted estimate - the probabilities of future cash flows, discounted to reflect the time value of money and financial risks, plus risk adjustment for non-financial risk (hereinafter - "**RA**" or "**risk adjustment**").

The Company estimates future cash flows within the contract boundary by taking into account evidence of past events, current conditions and forecasts of future conditions in order to reflect market variables and non-market variables which affect the cash flow estimate. The estimated cash flows is based on the expected, probability-weighted value, which reflects the average of the full range of possible outcomes except for the estimate of asymmetrical insurance liability flows (including imputation of future variable management fees) based on a stochastic model, and includes explicit risk adjustment for non-financial risk. The risk adjustment for non-financial risk represents the compensation which the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk when fulfilling the insurance contracts.

The assumptions and estimates are reviewed in each reporting period to ensure they present fairly past conditions, and reflect current and future conditions.

When estimating the fulfilment cash flows for a contract, the Company includes all cash flows directly relating to the fulfilment of insurance contracts within the contract boundary, including:

- Premiums, including premium adjustments and instalment premiums, from a policyholder;
- Claim payments and benefits to or on behalf of a policyholder, including claims incurred but not enough reported (IBNER), claims incurred but not reported (IBNR), and any future claims relating to periods within the scope of the contract;
- Payments to (or on behalf of) a policyholder resulting from derivatives, for example - options and guarantees embedded in the contract, to the extent that those options and guarantees are not separated from the insurance contract (for example, the effect of the "deficit" in policies which include a yield dependent savings component and variable management fees, calculated by using the a stochastic model);
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the insurance contract belongs, using a methodical and logical allocation basis.
- Transaction-based taxes (such as payments to the National Insurance Institute and Karnit) that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis (if any).
- Potential cash inflows from recoveries (such as salvage and subrogation) on future claims covered by existing insurance contracts and, to the extent that they do not qualify for recognition as separate assets, potential cash inflows from recoveries on past claims;
- Other fixed and variable expenses, including an allocation of fixed and variable overheads (such as the costs of accounting, human resources, IT, building depreciation, rent, and maintenance and utilities) directly attributable to fulfilling insurance contracts, using a reasonable and consistent basis;
- Costs the Company will incur in making investment transactions and providing investment return services to holders of life insurance policyholders which include savings components, yield-dependent permanent health insurance and long-term care policies with a fixed premium.

- In accordance with the provisions of the Professional Issues Circular, the Company recognizes policy loans as a separate financial asset, rather than as part of the fulfilment cash flows of a contract within the boundary of the insurance contracts.

Contractual service margin (CSM)

The contractual service margin (CSM) for a group of insurance contracts represents the unearned profit the entity will recognize as it provides insurance contract services for these contracts in the future.

At initial recognition, the measurement of the contractual service margin or loss component is comprised on the following components:

- Fulfilment cash flows of a contract at initial recognition, including adjustment to reflect the time value of money and risk adjustment (RA) component for non-financial risk;
- Any cash flows received or paid on the same date (such as, immediately received premium);
- Derecognition of an asset for insurance acquisition cash flows; and,
- Derecognition of any other asset or liability previously recognized, in respect of cash flows relating to the group of insurance contracts.

If at initial recognition, the total amount of these components is a net inflow, the group of insurance contracts does not constitute an onerous group, and a contractual service margin measured as an amount equal to and inverse to the sum of those components is recognized, such that no profit is generated at initial recognition.

On the other hand, the total amount of these components is a net outflow, the group of insurance contracts constitutes an onerous group, and an immediate loss measured as a sum equal to and inverse to the sum of those components is recognized.

Discount and return rates

Estimates of future fulfilment cash flows of insurance contracts are adjusted to reflect the time value of money and the financial risks related to those cash flows (if the financial risks are not included in the cash flow estimates).

The Company measures the time value of money using discount rates that are consistent with observable current market prices and which reflect the liquidity features of the insurance contracts. These discount rates exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (for example, credit risk).

The Company applies the bottom-up approach for determining discount rates and return assumptions (if any), which is the default approach in accordance with the Professional Issues Circular published by the Commissioner. In this approach, the discount rate is obtained by adding the illiquidity premium (which reflects the liability's illiquidity) to the risk-free interest rate curve. The risk-free interest rate curve is based on yields to maturity of liquid bonds of the Israeli government. The last liquid point is the 25th year. Beyond this point, the Company sets the risk-free interest rate curves by way of extrapolation - in accordance with the Smith-Wilson method - up to the ultimate forward rate, which is 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, according to their weights with respect to the full illiquidity premium. The Company opted to use the default weights set by the Commissioner in the Professional Issues Circular.

Following are the interest rates, including the illiquidity premium with the appropriate weights, divided into main time bands, used by the Company to determine the discount rates and the return in measuring the insurance contracts and reinsurance contracts (the aggregation of portfolios is done in accordance with the illiquidity premium weights applied):

	As of December 31, 2025							
	Unaudited							
	1 year	3 years	5 years	10 years	15 years	25 years	40 years	60 years
	(%)							
Policies with a non-yield-dependent savings component and annuity policies (weighted at 100%)	2.43	2.09	2.08	2.16	2.25	2.43	2.60	2.71
Policies that include a yield-dependent savings component which include variable management fees, individual long-term care, compulsory motor and liability (weighted at 80%)	2.36	2.02	2.01	2.09	2.18	2.37	2.53	2.64
Policies that include a yield-dependent savings component which only include fixed management fees (weighted at 60%)	2.29	1.95	1.94	2.03	2.12	2.30	2.47	2.57
Remaining insurance portfolios (weighted at 50%)	2.26	1.92	1.91	1.99	2.08	2.26	2.43	2.54

	As of December 31, 2024							
	Unaudited							
	1 year	3 years	5 years	10 years	15 years	25 years	40 years	60 years
	(%)							
Policies with a non-yield-dependent savings component and annuity policies (weighted at 100%)	2.12	2.18	2.25	2.38	2.42	2.47	2.60	2.73
Policies that include a yield-dependent savings component which include variable management fees, individual long-term care, compulsory motor and liability (weighted at 80%)	2.03	2.10	2.16	2.29	2.34	2.38	2.52	2.65
Policies that include a yield-dependent savings component which only include fixed management fees (weighted at 60%)	1.95	2.01	2.07	2.21	2.25	2.30	2.43	2.56
Remaining insurance portfolios (weighted at 50%)	1.90	1.97	2.03	2.17	2.21	2.25	2.39	2.52

	December 31, 2025	December 31, 2024
In %	Unaudited	
Illiquidity premium rate	0.34	0.43

Risk adjustment (RA) in respect of non-financial risk

Risk adjustment - 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 for fulfilling the insurance contracts. The assumptions regarding non-financial risks mainly include mortality, longevity, morbidity, lapse risk, and expense risk.

The purpose of the risk adjustment is to reflect the level of diversification benefit that the Company includes in setting the compensation it claims for bearing that risk as well as the Company's risk aversion level.

The non-financial risk margin is 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 (similarly to the economic solvency regime) and a confidence interval (statistical confidence level) in accordance with the Commissioner's guidance. It is expected that the confidence interval, which was determined at the Company level, after the effect of the diversification benefits, is 75% except for a long-term care portfolio, for which a 90% rate was set due to its inherent risk features.

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 diversification benefit between the Company's various portfolios and segments.

For reinsurance contracts held, 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.

Insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts which were issued or are expected to be issued (including future insurance contracts or renewals of existing insurance contracts which are outside the contract boundary) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company methodically attributes the insurance acquisition cash flows that are directly attributable to groups of insurance contracts within the portfolio.

Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting period is the sum total of the liability for remaining coverage and liability for incurred claims.

- The liability for remaining coverage (LRC) comprises the fulfilment cash flows related to future service allocated to the group at that date and the remaining contractual service margin of the group at that date.
- The liability for incurred claims (LIC), comprising the fulfilment cash flows related to past service, including cash flows related to known claims which have yet to be paid (payable claims), claims incurred but not enough reported (IBNER) and claims incurred but not reported (IBNR).

Fulfilment cash flows for insurance contracts groups are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

Subsequent measurement of CSM under the GMM model

For a group of insurance contracts, the carrying amount of the contractual service margin (CSM) of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting year, adjusted for:

- Effect of any new contracts added to the group during the Reporting Period;
- Interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at nominal discount rates which were locked at initial recognition;
- The changes in fulfilment cash flows relating to future service (as detailed below), measured using real discount rates locked in at initial recognition, excluding cases in which:
 - The increase in the fulfilment cash flows (paid, net) exceeds the carrying amount of the contractual service margin, giving rise to a loss, which is immediately recognized in profit or loss against a loss component; or
 - The decrease in the fulfilment cash flows was allocated to the loss component of the liability for remaining coverage applying against recognition of an immediate profit (reversal of a loss previously recognized) in profit or loss.
- The amount recognized as insurance revenues during the Reporting Period due to the transfer of insurance contract services in the period (current amortization), determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The changes in the fulfilment cash flows relating to future service that adjust the contractual service margin include the following:

- Experience adjustments arising from premiums received in the period and that relate to future service, and related cash flows relating to future service;
- Changes in estimates of the present value of the future cash flows in the liability for remaining coverage that do not arise from a financial risk or changes in financial risk;
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. This adjustment is calculated by comparing the actual investment component paid, to the expected payment plus insurance finance income or expenses relating to this expected payment before it became payable;
- Changes in the risk adjustment for non-financial risk that relate to future service.

Changes in fulfilment cash flows relating to current services or recognized past service in the income statement as part of the insurance services expenses. Changes relating to the effects of the time value of money and financial risks are recognized as 'net finance expenses (income) arising from insurance contracts'.

When measuring the fulfilment cash flows, changes relating to future services are measured using current discount rates, but the CSM is adjusted to reflect these changes using the discount rates set in the initial recognition. The implementation of the two different interest rates generates a profit or loss, which is recognized under insurance finance income or expenses.

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.

The Company applies the VFA Model to all life insurance policy portfolios that include a yield-dependent savings component in that they have direct participation features that provide the policyholder with a substantial share of the fair value returns on a clearly identified asset portfolio (underlying items).

Reinsurance contracts held by the Company do not qualify for measurement using the VFA model, in accordance with the standard's provisions.

Initial recognition

The Company recognizes an insurance contract according to the Variable Fee Approach (VFA) if at initial recognition, it meets all of the following conditions (cumulatively):

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- The Company expects a substantial proportion of any change in the amounts paid to the policyholder to vary with the change in fair value of the underlying items.

The conditions for classifying insurance contracts to the VFA model is carried out at initial recognition, and no reassessment is carried out thereafter (except in cases of a material contract modification that results in the derecognition of the original contract).

Measurement on initial recognition

At initial recognition, the liability for insurance contracts in the VFA model is measured according to the principles of the GMM Model.

Subsequent measurement

For a group of insurance contracts measured according to the VFA Model, the carrying amount of the contractual service margin (CSM) of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting year, adjusted for:

- Effect of any new contracts added to the group during the Reporting Period;
- The change in the amount of the Company's share in the fair value of the underlying items, unless the decrease in the amount of the Company's share in the fair value of the underlying items exceeds the carrying value of the contractual service margin resulting in a loss, or, where applicable, the amount is first charged to the reversal of the loss component, excluding the effect of the application of the 'mitigating risk' alternative;
- Changes in the fulfilment cash flows relating to future service, unless such increases make the contract onerous or, where applicable, the amount is first credited to the reversal of the loss component, excluding the effect of the application of the 'mitigating risk' alternative;
- The amount recognized as insurance revenues during the Reporting Period due to the transfer of insurance contract services in the period (current amortization), determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

Risk mitigation

Under the management of its business and the Commissioner's guidance, 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 and effects of the stochastic model for assessing variable management fees since its approval in 2025, all in accordance with the Company's objective and risk mitigation strategy.

The Company opted to apply the risk mitigation alternative to changes in the fulfilment cash flows 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 revenues 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

The Company applies the PAA Model to all P&C insurance contracts and travel insurance contracts. The Premium Allocation Approach constitutes an optional approach for measuring the liability for the remaining coverage (LRC) in relation to the general model, insofar as the contracts have a coverage period of one year or less or the Company expects that such simplification will not lead to a measurement of the liability for remaining coverage that is materially different than the general model.

The conditions for classifying insurance contracts to the PAA model is carried out at the initial recognition date, and no reassessment is carried out thereafter (except in cases of a material contract modification that results in the derecognition of the original contract).

Measurement on initial recognition

At initial recognition, the liability for the remaining coverage (LRC) is measured as the sum of the premiums received at initial recognition, less cash flows for any insurance acquisition cash flows (unless recognized as an immediate expense), plus or net of any amount resulting from the derecognition at that date of an insurance acquisition cash flows asset plus or minus any other asset or liability previously recognized in respect of cash flows relating to a group of contracts.

The Company chose to recognize the insurance acquisition cash flows incurred as an adjustment for the liability for the remaining coverage rather than as an immediate expense, except in respect of the portfolios included in Clal Credit Insurance.

The Company chose not to adjust the carrying amount of the liability for the remaining coverage in order to reflect the time value of money and the effect of the financial risk if, upon initial recognition, the Company expects that the period between the provision of any part of the services and the repayment date of the related premium does not exceed one year or if the period exceeds one year, but the insurance contracts do not have a significant financing component.

Subsequent measurement

At the end of each reporting period, the Company measures the liability for the remaining coverage for contracts measured in accordance with the Premium Allocation Approach as the carrying value of the liability for the remaining coverage at the beginning of the period, adjusted for the following:

- Plus premiums received during the period;
- Net of insurance acquisition cash flows incurred during the period which were not recognized as an immediate expense;
- Plus any amounts relating to the derecognition of insurance acquisition cash flows recognized as an expense in the reporting period;

- Minus the amount recognized as insurance revenues in respect of services provided during the period; and
- Minus any investment component which was paid or carried to a liability for incurred claims.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts accounted for under the Premium Allocation Approach is onerous, the Company recognizes an immediate loss in the statement of income against an increase in the liability for the remaining coverage as the amount of the difference between the carrying amount of the liability for the remaining coverage in accordance with the principles of the PAA

Model and the fulfilment cash flows relating to the remaining coverage of the group, in applying the principles of the GMM model.

The liability for incurred claims is calculated in accordance with the same principles as those used in the GMM model. With regard to future cash flows in the framework of incurred claims that are expected to be paid or received within a year or less from the date on which the claims were incurred, the Company chose to adjust these cash flows for the time value of money and for the effect of the financial risk.

Reinsurance contracts held

General Measurement Model (GMM)

The accounting policy used to measure a group of insurance contracts under the General Measurement Model (GMM) applies to the measurement of a group of reinsurance contracts held measured according to the GMM model, using the following adjustments:

At each reporting date, the carrying amount of a group of reinsurance contracts held is the amount of the remaining coverage component and incurred claims component. The remaining coverage component includes the remaining fulfilment cash flows relating to services received under the reinsurance contracts held in future periods as well as the remaining contractual service margin.

In measuring the estimates of the present value of the future cash flows for a group of reinsurance contracts held, the Company makes use of assumptions consistent with those used to measure the present value of the future cash flows for the group (or groups) of the underlying insurance contracts.

The risk adjustment for non-financial risk represents the amount of risk that the Company transfers to the reinsurer.

At initial recognition, the contractual service margin of a group of reinsurance contracts held reflects a net cost (asset) or net income (liability) in reinsurance acquisition. The contractual service margin is recognized at initial recognition in an amount equal and inverse to the total fulfilment cash flows, net of the amount derecognized on that date of any asset or any liability previously recognized in respect of cash flows relating to a group of reinsurance contracts held, plus or minus any cash flows arising on that date as well as any revenue recognized in profit or loss due to a loss recognized with respect to onerous underlying insurance contracts recognized on that date.

The Company adjusts the carrying value of the contractual service margin of a group of reinsurance contracts held to reflect changes in the fulfilment cash flows, in accordance with the same principles as issued insurance contracts, except when the underlying insurance contracts are onerous and the changes in the fulfilment cash flows for the underlying insurance contracts are recognized in profit or loss by adjusting the loss component. In this case, the corresponding changes in the reinsurance contracts held are also recognized in the profit or loss (by adjusting the loss recovery component).

Deposits held by the Company under the reinsurance contracts held, constitute part of the carrying value of the assets for reinsurance contracts held.

Premium allocation approach

Subject to the conditions for applying the PAA Model (as detailed above), the Company applies the PAA Model for all reinsurance contracts held for which the relating underlying insurance contracts are also measured according to the PAA Model, as well as for catastrophe reinsurance contracts in the Life and Health Segments.

Onerous underlying insurance contracts

The Company adjusts the contractual service margin of a group of reinsurance contracts held measured in accordance with the GMM Model or the carrying value of the asset for the remaining coverage of a group of reinsurance contracts held measured in accordance with the PAA Model, and as a result - recognizes revenue, with the entity recognizing a loss on initial recognition of an onerous group of underlying insurance contracts or when adding onerous underlying insurance contracts to the group, if the Company has entered into the relating reinsurance contract held before or at the same time as the onerous underlying insurance contracts are recognized.

The amount of the adjustment to the contractual service margin or carrying value of the asset for the remaining coverage is determined by multiplying the loss recognized in respect of the underlying insurance contracts by the rate of recovery in respect of the underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. The amount of the adjustment shall not exceed the portion of the carrying value of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

The loss recovery component is created or adjusted for a group of reinsurance contracts held to reflect the adjustment to the contractual service margin or the carrying value of the asset for the remaining coverage, as applicable. The loss recovery component determines the amounts presented in subsequent periods in the statement of income as the reversal of losses from reinsurance contracts held and as a result - they are excluded from the allocation of premiums paid to the reinsurer under reinsurance expenses.

The coverage units and the manner of releasing the contractual service margin (CSM)

The contractual service margin (CSM) is a component of a group of insurance contracts measured under the GMM Model and the VFA Model representing the expected unearned profit that the Company will recognize when it provides insurance contract services under these contracts. Insurance contract services provided by the Company include insurance coverages, return on investment services for certain GMM contracts, and an investment-related service in VFA contracts.

An amount from the contractual service margin of a group of insurance contracts is recognized in the statement of income as revenues from insurance services over the coverage period by allocating the remaining contractual service margin at the end of the reporting period (prior to the release to profit or loss) in a format that reflects the insurance contract services provided by the Company in connection with those contracts. 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. The number of coverage units in a group is the quantity of insurance contract 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.

The following are the coverage units used to release the contractual service margin of the main portfolios:

Type of coverage	Coverage units
Non-yield-dependent savings component (guaranteed)	- Accrual and annuities
Yield-dependent savings component (participating)	- Accrual and annuities
Life insurance	- Insurance amount (amount at risk)
Permanent health insurance	- Insurance amount (monthly compensation amount multiplied by duration)
Individual and collective long-term care	- Insurance amount (monthly compensation amount multiplied by duration)
Medical expenses - private individual	- No. of coverages
Medical expenses - collective	- No. of coverages
Critical illnesses	- Insurance amount (amount at risk)
Personal accidents	- Insurance amount (amount at risk)

Coverage units are adjusted for survivability effect.

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, according to the proportion transferred to the reinsurer, 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, while using locked-in interest or current interest, as the case may be. Coverage units are updated on each reporting date.

Measurement in interim and annual periods

The Company chose to handle accounting estimates cumulatively in accordance with the integral approach in which an interim period is part of the reporting year (hereinafter - the "**cumulative approach**").

Presentation

The Company presents separately in the statement of financial position the balances of insurance contract portfolios which constitute assets, and the balances of insurance contract portfolios which constitute liabilities, portfolios of reinsurance contracts which constitute assets and portfolios of reinsurance contracts held which constitute liabilities. In addition, the Company presents separately in the income statement revenues from insurance services, expenses from insurance services, reinsurance expenses, reinsurance revenues, finance income or finance expenses arising from insurance contracts and finance expenses or finance income arising from reinsurance contracts.

Insurance service results

The Company's revenues from insurance services describe the provision of insurance services in a period that reflects the consideration that the Company expects to be entitled to in exchange for those services. The consideration recognized as revenues from insurance services constitutes the amount of premiums paid to the Company, adjusted for the effect of financing and net of any non-distinct investment components.

Non-distinct investment components which were not separated from existing insurance contracts - mainly in life insurance policies which include a savings component - represent the amounts that the Company will reimburse the policyholder under any scenario, regardless of whether an insured event had occurred, i.e., most of the payments for private individuals' contributions towards pension other than in the insured period, rather than amounts received in return for the provision of the insurance services, and therefore these amounts are not included either in the revenues from insurance services for the consideration received for the services provided nor in the expenses from the insurance services for the claims and expenses paid.

Revenues from insurance services from contracts measured in accordance with the GMM and VFA Model are calculated on the basis of the amount of all changes in the liability for the remaining coverage relating to the services provided during the period for which the Company expects to receive consideration, plus an allocation of the premium amount relating to the recovery of insurance acquisition cash flows for the reporting period. The Company has chosen to carry out the allocation of insurance acquisition cash flows in accordance with the same coverage units used to release the contractual service margin.

Revenues from insurance services from contracts measured in accordance with the PAA Model, including allocation of the amount of premiums relating to the recovery of insurance acquisition cash flows, are recognized based on the passage of time.

Insurance service expenses arising from insurance contracts are generally recognized in profit or loss as incurred and do not include repayments of investment components. Expenses from insurance services include:

- (a) Claims and expenses of other insurance services incurred;
- (b) Losses and reversal of losses for groups of onerous insurance contracts
- (c) Adjustment for liabilities for incurred claims (LIC);
- (d) Amortization of insurance acquisition cash flows;

Finance income or finance expenses from insurance contracts

Finance income or expenses from insurance consist of the change in the carrying value of the group of insurance contracts arising from:

- The effect of the time value of money and changes therein;
- The effect of financial risk and changes therein.

These effects also include the changes in the fair value of underlying items (FVUIs) relating to insurance contracts measured in accordance with the VFA Model as well as the effects of applying the 'risk mitigation' alternative.

The Company has chosen to recognize all financing revenues or expenses from insurance contracts in profit or loss.

The Company has chosen to split the change in risk adjustment for non-financial risk (RA) between the results of insurance services and finance income or finance expenses from insurance.

Net revenue or expense from reinsurance contracts held

The Company presents separately in the consolidated statements of income the amounts that are expected to be recovered from the reinsurers, and the allocation of reinsurance premiums paid. The Company considers reinsurance cash flows dependent on claims for the underlying contracts as part of the claims expected to be recovered under a reinsurance contract held, excluding investment components and fees and commissions from the allocation of reinsurance premiums presented in the consolidated income statements. Amounts relating to recovery of losses related to reinsurance for onerous underlying contracts are included as amounts recoverable from the reinsurer.

Amendment and derecognition of insurance contracts

Modification of an insurance contract

When the terms and conditions of the insurance contracts are amended, the Company examines whether the amendment is substantial enough to lead to the derecognition of the original contract and recognition of the modified contract as a new contract. Exercising a right included in the terms and conditions of the original contract does not constitute a modification. If the contract modification does not lead to derecognition and recognition of a new contract, the effect of the amendment is treated as an change in the estimated fulfilment cash flows, recognized as an experience adjustment of the original contract.

Derecognition of an insurance contract

The Company derecognizes an insurance contract when it is settled, i.e. when the obligations specified in the insurance contract expire, are repaid or terminated, or when a material contract modification is made.

When an insurance contract, which is not measured in accordance with the Premium Allocation Approach is derecognized from a group of insurance contracts:

- The fulfilment cash flows allocated to the Group are adjusted in order to cancel those relating to the rights and obligations derecognized from the Group.
- The Group's contractual service margin is adjusted for the change in fulfilment cash flows, unless the change is allocated to a loss component; and
- The number of coverage units for the expected remaining insurance contract services is adjusted to reflect the coverage units which were derecognized from the group.

If a contract is derecognized because it has been transferred to a third party, the contractual service margin of the group from which the contract is derecognized is adjusted for the difference between the change in fulfilment cash flows of the insurance contract group as a result of the contract being derecognized and the premium charged by a third party. If the said difference amount is greater than the remaining contractual service margin, it will be recognized as an immediate loss in the Statement of Income.

If a contract is derecognized due to a material contract modification, the contractual service margin of the group from which the contract is derecognized is adjusted for the difference between the change in the fulfilment cash flows of the contract of the insurance contract group as a result of the contract being derecognized and a theoretical premium that the Company would have charged if it had entered into a contract with terms equivalent to the new contract at the contract modification date, less any additional premium charged for the amendment. If the said difference amount is greater than the remaining contractual service margin, it will be recognized as an immediate loss in the Statement of Income.

When an insurance contract measured according to the Premium Allocation Approach is derecognized, adjustments to the fulfilment cash flows in order to cancel those relating to the rights and obligations derecognized from the group and the treatment of the effect of the derecognition results in the following amounts being immediately recognized in the income statement:

- If the contract is settled, the entire net difference between the portion derecognized from the liability for the remaining coverage relating to the original contract and any additional cash flows arising from the settlement of the contract; and
- If the contract is transferred to a third party, the entire difference between the portion derecognized from the obligation for the remaining coverage relating to the original contract and the premium charged by a third party.

For additional information regarding significant assumptions and estimates in insurance contracts, see Note 20(f) below.

E. Asset management contracts

Asset management contracts include investment contracts that constitute contracts with no significant insurance risk transfer. Yield-dependent investment contracts are treated as financial liabilities at fair value through profit or loss.

In yield-dependent investment contracts, the benefits payable to the beneficiary are dependent on or linked to the yield on certain investments of the Company, net of management fees. In non-yield-dependent investment contracts, the benefits to which the beneficiary is entitled do not depend on profit or loss from the investments made by the company.

(1) Revenue recognition

Revenues from management fees in respect of asset management contracts (investment contracts, pension funds and provident funds) are calculated as a fixed rate from accrual and are recognized as revenues on accrual basis. Management fees from contributions, which are calculated as a fixed percentage of planholders' contributions, are recognized as revenue when the contribution is made.

Proceeds from investment contracts are not included under the revenues from management fees line item; rather, they are carried directly to liabilities in respect of yield-dependent investment contracts or to liabilities in respect of non-yield-dependent investment contracts. Redemptions and maturities with respect to these contracts are not recognized in profit and loss but rather deducted directly from the liability.

In its income statement, the Company recognizes for these contracts a decrease (increase) in liabilities in respect of investment contracts due to the return component, revenues from management fees and other operating expenses.

(2) Costs of obtaining investment management service contracts

Costs of obtaining investment management service contracts include fees and commissions to agents and purchasing supervisors and general and administrative expenses pertaining to the acquisition of new contracts, and are recognized as an asset unless the Group does not expect to recover these costs. The asset is amortized at equal annual rates over the expected contract period.

The recoverability of the costs of obtaining investment management service contracts is assessed by the Company's actuary when there are indications of impairment of the asset, using assumptions regarding lapse rates, mortality and other variables as stated in Note 2 regarding the key considerations, estimates and assumptions used in the preparation of the Financial Statements. If there is no recoverability under these assumptions, the Group may need to accelerate the amortization or even write-off the asset.

In addition, every year, the Company's actuary validates the estimated period for receiving revenues from management fees for asset management in order to determine the amortization period of the asset for costs of obtaining investment management service contracts recorded in respect thereof.

F. 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.

G. Financial instruments**(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 debt instruments, such as loans and receivables and deposits, as they are incurred. Other financial assets are initially recognized at the date on which the Group becomes party to the contractual provisions of the instrument, i.e., at the date on which the Group undertook to purchase or sell the asset. A financial asset is initially measured at fair value. In financial assets measured at fair value, transaction costs that are directly attributable to the acquisition or issue are not attributed to the financial asset and recognized in profit and loss.

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 have been substantively transferred.

If the Group is essentially left with the risks and rewards of ownership of the financial asset, the Group continues to recognize the financial asset.

Classification of financial assets into groups and the accounting treatment of each group

At initial recognition, financial assets are classified to one of the following measurement categories: Amortized cost or fair value through profit and loss; financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the reporting period subsequent to the business model change.

A financial asset is measured at amortized cost if it meets both of the following two conditions cumulatively and is not designated for measurement at fair value through profit and loss:

- 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"**).

Classification and measurement

All financial assets that are not classified for measurement at amortized cost as described above, as well as financial assets designated at fair value through profit and loss, are measured at fair value through profit and loss. At initial recognition, the Group designates financial assets at fair value through profit and loss when such designation reverses or significantly reduces the accounting mismatch.

The Group designated to a category of fair value through profit or loss all financial assets except for non-yield-dependent investment contracts. In this context, credit facilities provided by the Group (which constitute the Group's obligations to provide loans) relating to the aforementioned financial asset portfolios are also measured at fair value through profit or loss.

The Group has other accounts receivable balances (which essentially do not constitute investment assets) held within a business model aimed at collecting contractual cash flows. The contractual cash flows in respect of such financial assets include only principal and interest payments that reflect consideration for the time value of money and the credit risk. Accordingly, such financial assets are measured at amortized cost.

Subsequent measurement and gains and lossesFinancial assets at fair value through profit and loss

In subsequent periods, such assets are measured at fair value. Net gains and losses, including interest revenues or dividends, are recognized in profit and loss.

Financial assets at amortized cost

These assets are measured in subsequent periods at amortized cost using the effective interest method net of impairment losses. Interest revenues, profits or losses on exchange rate differences and impairment are recognized in profit and loss. Any profit or loss from derecognition is also recognized in profit and loss.

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 processing the transaction, a card holder debit is created on the Company balance, if it is the issuing company, or a debit of another issuing company, against a payment obligation to the business. If the business does not receive acquiring services from Max, a payment obligation is created for the Company to pay another acquirer.

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.

(2) Financial liabilities measured at amortized cost

Non-derivative financial liabilities include: Overdrafts from banks, loans and credit from banking corporations and other lenders, bonds and subordinated notes, finance lease liabilities, trade payables and other payables.

Initial recognition

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.

Subsequent measurement

Financial liabilities (excluding financial liabilities designated at fair value through profit and loss) are initially recognized at fair value net of any attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are designated at fair value through profit and loss, if the Group manages these liabilities and their performance is assessed based on their fair value, depending on how the Group has documented their risk management, if the designation is designed to prevent an accounting mismatch or if it is a hybrid financial instrument that includes an embedded derivative.

Derecognition of financial liabilities

Financial liabilities are derecognized when the contractual obligation of the Group expires or when it is discharged or canceled.

Changes in terms of debt instruments

An exchange of debt instruments having substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. In addition, a significant amendment of the terms of an existing financial liability, or an exchange of debt instruments having substantially different terms between an existing borrower and lender, are accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability at fair value.

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 income or 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, among other things, whether changes took place in connection with various economic parameters embodied in the exchanged debt instruments. Therefore, as a rule, exchanges of linked debt instruments with non-linked instruments are considered as exchanges with substantially different terms even if they do not meet the quantitative test performed above.

When exchanging debt instruments with capital instruments, equity instruments issued when extinguishing and derecognizing the liability, in whole or in part, are considered part of the "consideration paid" for the purpose of calculating profit or loss from the derecognition of the financial liability.

The equity instruments are initially measured at fair value, unless the value cannot be reliably measured - in the latter case, the issued instruments are measured according to the fair value of the derecognized liability. Any difference between the amortized cost of the financial liability and the initial measurement of the equity instruments is recognized in the income statement under the finance income or expenses.

Non-substantial modification in terms of a debt instrument, except for Max

In an immaterial modification of terms (or exchange) of a debt instrument, the new cash flows are discounted using the original effective interest rate, and the difference between the present value of the new financial liability and the present value of the original financial liability is recognized in profit and loss.

(3) Non-derivative financial liabilities measured at fair value

At initial recognition, the Group designates at fair value through profit and loss financial liabilities, such as securities lending and repurchase transactions. Subsequent to initial recognition, changes in fair value are charged to profit or loss.

(4) 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 non-monetary hybrid 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.

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 insofar as the asset meets the definition of an intangible asset, and in particular insofar as the Group controls the asset. Insofar as the Company does not recognize an intangible asset, it examines whether the services received are distinct from the cloud computing service. Insofar as the services the Company receives are distinct from the cloud computing services or are provided by a third party provider other than the cloud computing provider, the Group, apart from Max, recognizes the expense on provision of the implementation services. Insofar as these are not distinct services, the implementation costs are recognized as an expense at the rate of consumption of the cloud computing services.

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
Insurance customer 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.

Amortization of computer software is charged to other expenses and revenue according to their specific nature, in accordance with the purpose of the relevant computer software.

Impairment losses are carried to the impairment of intangible assets line item.

I. 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 revenues (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.

J. Impairment**(1) Non-derivative financial assets****A. Group companies excluding 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.

Impairment in respect of debt instruments measured at amortized cost shall be recognized in profit or loss against a provision for impairment.

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.

B. Non-accruing 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 estimates include assessments that reflect, among other things, conditions of uncertainty and naturally these can vary 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 be 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 collective 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 8, Credit Risk, Receivables for Credit Card Transactions and Credit Loss Provision below.

C. Provision for credit default following the Max's acquisition

The credit portfolio which was consolidated as part of the Max's acquisition (hereinafter - the "**Credit Portfolio upon Acquisition**"), was recorded according to the 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.

The credit portfolio upon acquisition was 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 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 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 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 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.

(2) Non-financial assets or insurance

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 costs of obtaining investment management service contracts, 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.

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.

K. Leases

The accounting policy applied to leases, excluding Max, is as follows:

(1) Determination of whether an arrangement includes a lease

At the lease inception date, the Group determines whether the arrangement constitutes or contains a lease, while examining whether the arrangement transfers a right to control the use of an identifiable asset for a period in return for payment. When assessing whether an arrangement transfers the right to control the use of an identifiable asset, the Group examines whether throughout the lease period it has the following two rights:

- (a) The right to essentially obtain all the economic benefits associated with the use of the identifiable asset; and
- (b) The right to direct the use of the identifiable asset.

For lease contracts that include non-lease components, such as services or maintenance, which are connected to a lease component, the Group elected to account for the lease component as a single lease component without separating the components.

(2) Leased assets and lease liabilities

Contracts that confer on the Group the right to control the use of an asset in respect of a lease for a period of time in exchange for a consideration are accounted for as leases. Upon initial recognition, the Group recognizes a liability in the amount of the present value of the future lease payments (such payments do not include certain variable lease payments), and at the same time, the Group recognizes a right-of-use asset in the amount of the lease liability, adjusted for the lease payments - prepaid or accrued - plus direct costs incurred in the lease. Excluding transactions for periods of up to 12 months and transactions in which the underlying asset is of low value, in which the Company opted to recognize the lease payments as an expense in profit or loss on a straight line basis over the lease term.

Since the interest rate inherent in the Group's leases is not easily determinable, the Group used nominal capitalization rates to measure the liability in respect of lease according to the interest rate curve used for loans in the Clal Insurance Ltd. rating group, relevant to the various leases. After the initial recognition, the right-of-use asset is accounted for in accordance with the cost model, and amortized over the term of the lease or the asset's useful life, the earlier of the two. The Group chose to implement the relief and use a uniform capitalization rate for a lease case with similar characteristics.

In transactions where the employee is entitled to a company car as part of his/her terms of employment, the Company accounts for these transactions as employee benefits in accordance with the provisions of IAS 19, rather than as a sublease.

(3) Lease term

The lease period is determined as the period in which the lease is non-terminable, together with periods covered by an option to extend or cancel the lease if it is reasonably certain that the lessee will or will not exercise the option, respectively.

(4) Variable lease payments

Variable lease payments that are dependent on the CPI or exchange rate are initially measured by using the CPI or exchange rate as of the lease inception date, and included in the measurement of the lease liability. When there is a change in the cash flow from future lease fees due to change in the CPI or the exchange rate, the liability balance is updated against the right-of-use asset.

Other variable lease payments that are not included in measurement of the liability are recognized in profit and loss at the date the payment terms are fulfilled.

(5) Amortization of right-of-use asset

Subsequent to the lease commencement date, the right-of-use asset is measured using the cost method, less accumulated depreciation and accrued impairment losses adjusted for re-measurement of the lease liability. The amortization is calculated on the straight line basis over the useful life or the contractual lease period, whichever is earlier, as follows:

- Communication sites 6-15 years
- Buildings 7-20 years
- Vehicles 3 years

Where there are indications of impairment, the Company assesses impairment of the right of use asset in accordance with IAS 36.

(6) Revaluation of a lease liability

At the time of the occurrence of a significant event or significant change in the circumstances controlled by the Group which affected the decision whether the Group would reasonably exercise an option, which had not been previously included in determining the lease term, or would not exercise an option that had been previously included in determining the lease term, the Group re-measures the lease liability in accordance with the updated lease payments using an updated discount rate. The change in the book value of the liability is recognized against the right-of-use asset, or recognized in profit and loss if the book value of the right-of-use asset is fully depreciated.

(7) Lease modifications

When a lease modification is made which does not decrease the scope of the lease and is not accounted for as a separate lease transaction, the Company remeasures the balance of the lease liability in accordance with the modified lease terms according to the revised discount rate on the modification date and carries the total change in the lease liability to the right-of-use asset.

When a lease modification is made which decreases the scope of the lease, the Company recognizes any gain or loss arising from the partial or full derecognition of the right-of-use asset and the lease liability. Subsequently, the Company remeasures the balance of the lease liability in accordance with the modified lease terms according to the revised discount rate on the modification date and carries the total change in the lease liability to the right-of-use asset.

L. 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.

M. 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 35 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 35 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 the report date.

N. Revenue recognition

(1) Following is the Group Companies' revenue recognition policies, excluding Max:

A. Revenues from insurance services and revenues from reinsurance contracts held, including finance income and expenses from insurance contracts and reinsurance contracts held – see Section D above.

B. Investment income (losses)

Investment income (losses), net, mainly include: gains (losses) from changes in the fair value of financial assets and financial liabilities measured at fair value through profit or loss, and from the sale and/or impairment (provision for current expected credit losses) of financial assets at amortized cost, gains (losses) from foreign currency and linkage differences in respect of financial instruments, interest revenues, revenues from dividends, changes in the fair value of investment property and rental income of investment property as well as share in earnings (losses) of equity-accounted investees.

- Interest revenues are recognized as accrued according to the effective interest method. As a rule, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset. However, for purchased or originated credit-impaired financial assets, or financial assets which subsequent to the date of initial recognition have become impaired due to credit risk, interest revenues are calculated by applying the effective interest rate to the amortized cost of the financial asset.
- Revenues from dividend is recognized when the Group becomes entitled to receive dividends. If the dividend is in respect of liquid shares, the Group recognizes the dividend revenues on the ex-dividend date.
- Gains and losses from exchange rate differences, from changes in the fair value of investments and from the realization of reported investments as they are incurred, net. Changes in the fair value of financial assets measured at fair value through profit or loss include dividend revenues and interest.
- Rental income from investment property is recognized 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.

C. Revenues from management fees for asset management – see Section E above.

D. Fees and commissions from insurance agencies

- Revenues from property and casualty insurance fees and commissions is recognized as incurred by the consolidated insurance agencies.
- Revenues from life and health insurance fees and commissions in the consolidated insurance companies are recognized on the basis of the date 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) Following is Max's revenue recognition policy:

Revenues and expenses are stated on accrual basis, except as described below:

- A. Finance income and operating fees for debt collection 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 revenues in the income statement, but rather deferred and recognized as interest revenues 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-bank 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 revenues from credit card transactions line item in its financial statements the entire interchange fee revenues from bank card transactions (in respect of transactions carried out in Israel and 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 revenues from other service fees (other than card fees) collected by Max from bank card customers, and revenues 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's revenues from non-bank card activity such as the interchange fee, various service fees and interest from the credit advanced to these customers are recognized in the relevant revenues 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.

O. Finance expenses

Other finance expenses mainly include interest expenses for loans received and for promissory notes issued by the Group, changes in the time value in respect of provisions not pertaining to insurance contracts and in respect of deferred consideration, as well as changes in the fair value of contingent consideration as part of a business combination.

Borrowing costs in respect of loans received and promissory notes issued by the Group are recognized in the income statement using the effective interest method.

P. 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 of Max and its consolidated companies, which are financial institutions for Value Added Tax purposes, includes profit tax levied on revenues under the Value Added Tax Law. Value added tax levied on wages in financial institutions is included in the income statement under Salaries and related expenses section.

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 taxesGroup 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.

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 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 a 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.

Q. 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.

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:

Standard / interpretation / ASU	Topic	Effective date and Transitional Provisions	Expected main effects
IFRS 18, Presentation and Disclosure in Financial Statements	This standard supersedes IAS 1 - <i>Presentation of Financial Statements</i> (hereinafter - "IAS 1"). The purpose of the standard is to improve the structure and content of the financial statements, especially of the income statement. The standard includes new disclosure and presentation requirements, and requirements which have been retained from IAS 1 with slight changes in wording. As part of the new disclosure requirements, companies will be required to present two interim subtotals in the income statement: operating income and profit before financing and tax. Furthermore, for most companies, the results of the income statement will be classified into three categories: operating income, investment revenues and finance income. In addition to the changes in the structure of the income statements, the standard also includes a requirement to provide a separate disclosure in the financial statements regarding the use of management-defined performance measures (hereinafter - "Non-GAAP Measures"). In addition, under the amendment, specific guidance was added for the aggregation and disaggregation of items in the financial statements and notes. The standard will encourage companies to avoid classifying items as 'other' (for example, other expenses), and such classification will lead to further disclosure requirements.	The standard will be initially applied for annual periods commencing on January 1, 2027, with the possible of earlier application.	The Company is studying the effects of the amendment on the consolidated financial statements with no intention of earlier application.

B. Disclosure of US GAAP and new directives issued by the Banking Supervision Department in the period preceding their application by credit card company Max

ASU	Topic	Effective date and transitional provisions	Expected main effects
ASU 2025-06 - Internal-Use Software	On September 18, 2025, the Financial Accounting Standards Board (FASB) published ASU 2025-06 - Accounting for Internal-Use Software which fall within the scope of ASC 350-40 (hereinafter - the "ASU"). The ASU removes references to software development stages currently in place in ASC 350-40, so as to make the ASU guidance neutral to different development methods. The ASU stipulates that incurred Internal-Use Software costs should be capitalized when the following two conditions are fulfilled: • Management authorized and committed to funding the computer software project; and • It is probable that the project will be completed and the software will be used to perform the function intended (the recognition threshold clarified in the ASU is the "probable-to-complete" recognition threshold). Furthermore, it was emphasized that the disclosure requirements of ASC 360-10 will apply to capitalized Internal-Use Software costs.	The provisions of the ASU will apply to all US-based publicly-traded entities as from annual and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. Under the ASU, the new guidance may be applied using one of three transition methods: prospectively, retrospectively, or via a modified prospective transition method.	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 (riders), 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, permanent health, and health insurance sold as riders to life insurance policies, etc. 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 workers' 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 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 revenues 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 factoring, 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.

7. Allocation of investment revenues and general and administrative expenses among Clal Insurance operating segments

A. Investment revenues are attributed according to the ratio of liabilities and capital relative to each segment.

B. General and administrative expenses that are not directly attributed to the segment are allocated to the various segments in accordance with the relevant allocation keys for each type of expense, while taking into account the development of expenses in relation to the growth of the businesses, including attribution to insurance contracts.

B. Reporting operating segments

In NIS million	Long-Term Savings									
	Provident funds		Pension		Investment contracts		Life Insurance		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenues from insurance services	-	-	-	-	-	-	2,927	2,656	2,927	2,656
Expenses from insurance services	-	-	-	-	-	-	(2,544)	(2,409)	(2,544)	(2,409)
Income from insurance services before reinsurance contracts held	-	-	-	-	-	-	384	246	384	246
Reinsurance expenses	-	-	-	-	-	-	(178)	(230)	(178)	(230)
Reinsurance revenues	-	-	-	-	-	-	170	183	170	183
Revenues/expenses, net from reinsurance contracts held	-	-	-	-	-	-	(8)	(47)	(8)	(47)
Income (loss) from insurance services	-	-	-	-	-	-	375	199	375	199
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	-	-	-	-	1,689	1,438	12,263	9,054	13,952	10,492
Gains (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	186	210	-	-	-	-	-	-	186	210
Other investment income (losses), net	16	13	12	5	-	-	1,811	1,592	1,840	1,610
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	-	-	3	1	-	-	(1)	(1)	1	(1)
Total gains (losses) from other investments, net	202	223	15	5	-	-	1,810	1,591	2,027	1,820
Total investment gains (losses), net	202	223	15	5	1,689	1,438	14,073	10,645	15,979	12,312
Finance expenses (income), net arising from insurance contracts	-	-	-	-	-	-	13,311	10,289	13,311	10,289
Finance income (expenses), net arising from reinsurance contracts	-	-	-	-	-	-	6	-	6	-
Decrease (increase) in liabilities for investment contracts due to the yield component	(191)	(218)	-	-	(1,689)	(1,438)	-	-	(1,879)	(1,656)
Income (loss) from investments and financing, net	12	5	15	5	-	-	768	356	795	367
Income (loss), net from insurance and investment, net	12	5	15	5	-	-	1,144	556	1,170	566
Revenues from credit card transactions	-	-	-	-	-	-	-	-	-	-
Revenues from management fees	308	299	440	402	101	103	-	-	848	804
Revenues from fees and commissions of insurance agencies	-	-	-	-	-	-	-	-	-	-
Credit loss expenses	-	-	-	-	-	-	-	-	-	-
Credit card processing	-	-	-	-	-	-	-	-	-	-
Payments to banks	-	-	-	-	-	-	-	-	-	-
Other operating expenses	(310)	(294)	(385)	(356)	(108)	(104)	(40)	(3)	(843)	(758)
Other revenues (expenses), net	(5)	(6)	(5)	(5)	-	-	-	-	(10)	(11)
Other finance expenses	-	-	-	-	-	-	-	-	-	-
Share in earnings (losses) of equity-accounted subsidiaries not closely related to the investing activity	-	-	-	-	-	-	-	-	-	-
Income (loss) before tax	4	4	65	46	(7)	(1)	1,104	552	1,166	602
Other comprehensive income (loss)	-	-	-	-	-	-	(8)	-	(8)	-
Comprehensive income (loss) before taxes	4	4	65	46	(7)	(1)	1,096	552	1,158	602

In NIS million	Health Insurance		P&C Insurance		Credit cards		Other Operating Segments	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenues from insurance services	2,052	1,959	3,858	3,777	-	-	-	-
Expenses from insurance services	(1,640)	(1,510)	(2,668)	(2,645)	-	-	-	-
Income from insurance services before reinsurance contracts held	411	450	1,190	1,132	-	-	-	-
Reinsurance expenses	(65)	(62)	(1,071)	(1,148)	-	-	-	-
Reinsurance revenues	34	37	423	463	-	-	-	-
Revenues/expenses, net from reinsurance contracts held	(31)	(26)	(648)	(685)	-	-	-	-
Income (loss) from insurance services	380	424	542	447	-	-	-	-
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	215	142	-	-	-	-	-	-
Gains (losses) from other investments, net:								
Interest revenues calculated using the effective interest method	-	-	-	-	-	-	-	-
Other investment income (losses), net	290	314	267	270	-	-	-	-
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	-	-	(1)	(2)	-	-	-	-
Total gains (losses) from other investments, net	290	314	266	269	-	-	-	-
Total investment gains (losses), net	505	456	266	269	-	-	-	-
Finance expenses (income), net arising from insurance contracts	332	480	274	272	-	-	-	-
Finance income (expenses), net arising from reinsurance contracts	40	33	110	116	-	-	-	-
Decrease (increase) in liabilities for investment contracts due to the yield component	-	-	-	-	-	-	-	-
Income (loss) from investments and financing, net	212	8	102	113	-	-	-	-
Income (loss), net from insurance and investment	593	432	644	560	-	-	-	-
Investment income, net and finance income which are not from a consolidated insurance company	-	-	-	-	1,397	1,278	1	1
Revenues from credit card transactions	-	-	-	-	1,740	1,554	-	-
Revenues from management fees	-	-	-	-	-	-	-	-
Revenues from fees and commissions of insurance agencies	-	-	-	-	27	21	243	245
Credit loss expenses	-	-	-	-	(169)	(216)	-	-
Credit card processing	-	-	-	-	(1,271)	(986)	-	-
Payments to banks	-	-	-	-	(251)	(233)	-	-
Other operating expenses	(19)	-	(40)	(10)	(631)	(547)	(189)	(193)
Other revenues (expenses), net	-	-	-	-	30	-	(10)	(9)
Other finance expenses	-	-	(1)	-	(557)	(485)	(1)	(2)
Share in earnings (losses) of equity-accounted subsidiaries not closely related to the investing activity	-	-	-	-	1	4	16	12
Income (loss) before tax	574	432	603	550	316	390	60	53
Other comprehensive income (loss)	(1)	-	(4)	-	(1)	-	-	-
Comprehensive income (loss) before taxes	573	432	600	550	315	390	60	53

In NIS million	Not attributed to operating segments		Adjustments and offsets		Total	
	2025	2024	2025	2024	2025	2024
Revenues from insurance services	-	-	-	(1)	8,837	8,391
Expenses from insurance services	-	-	-	-	(6,852)	(6,566)
Income from insurance services before reinsurance contracts held	-	-	-	(1)	1,985	1,825
Reinsurance expenses	-	-	-	-	(1,314)	(1,441)
Reinsurance revenues	-	-	-	-	627	683
Revenues/expenses, net from reinsurance contracts held	-	-	-	-	(687)	(758)
Income (loss) from insurance services	-	-	-	(1)	1,298	1,067
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	-	-	-	-	14,167	10,635
Gains (losses) from other investments, net:						
Interest revenues calculated using the effective interest method	-	-	-	-	186	210
Other investment income (losses), net	1,023	593	-	-	3,420	2,787
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	3	-	-	-	4	(2)
Total gains (losses) from other investments, net	1,026	593	-	-	3,609	2,995
Total investment gains (losses), net	1,026	593	-	-	17,776	13,630
Finance expenses (income), net arising from insurance contracts	-	-	(2)	(1)	13,916	11,041
Finance income (expenses), net arising from reinsurance contracts	-	-	-	-	156	149
Decrease (increase) in liabilities for investment contracts due to the yield component	-	-	-	-	(1,879)	(1,656)
Income (loss) from investments and financing, net	1,026	593	2	1	2,137	1,082
Income (loss), net from insurance and investment	1,026	593	2	(1)	3,435	2,149
Investment income, net and finance income which are not from a consolidated insurance company	67	27	28	64	1,494	1,370
Revenues from credit card transactions	-	-	-	-	1,740	1,554
Revenues from management fees	-	-	1	-	850	805
Revenues from fees and commissions of insurance agencies	-	-	(80)	(86)	190	180
Credit loss expenses	-	-	-	-	(169)	(216)
Credit card processing	-	-	-	-	(1,271)	(986)
Payments to banks	-	-	-	-	(251)	(233)
Other operating expenses	(120)	(92)	76	86	(1,766)	(1,514)
Other revenues (expenses), net	-	(1)	(27)	(24)	(17)	(47)
Other finance expenses	(304)	(311)	-	5	(863)	(794)
Share in earnings (losses) of equity-accounted subsidiaries not closely related to the investing activity	-	-	-	-	17	16
Income (loss) before tax	670	216	-	44	3,389	2,286
Other comprehensive income (loss)	(2)	-	-	-	(15)	-
Comprehensive income (loss) before taxes	667	216	-	44	3,374	2,286

C. Operating segments reporting as of December 31

In NIS million	Long-Term Savings		Health Insurance		P&C Insurance		Credit cards		Other		Not allocated to segments		Adjustments and offsets		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Assets:																
Cash and cash equivalents in respect of yield-dependent contracts	4,269	4,451	-	-	-	-	-	-	-	-	-	-	-	-	4,269	4,451
Other cash and cash equivalents	1,638	625	204	82	252	498	770	620	27	47	1,169	746	-	-	4,060	2,617
Financial investments in respect of yield-dependent contracts measured at fair value	96,233	87,533	1,484	1,268	-	-	-	-	-	-	-	-	-	-	97,717	88,802
Other financial investments measured at fair value	25,874	24,747	2,885	3,518	4,635	3,947	3	2	10	7	11,018	8,986	(29)	(28)	44,396	41,179
Other financial investments measured at depreciated cost	2,285	2,340	-	-	-	-	-	-	-	-	-	-	-	-	2,285	2,340
Receivables for credit card transactions, net	-	-	-	-	-	-	19,276	17,905	-	-	-	-	(24)	(50)	19,252	17,855
Insurance contract assets	1,025	777	2,251	1,876	-	-	-	-	-	-	-	-	-	-	3,276	2,653
Reinsurance contract assets	25	27	343	334	2,235	2,303	-	-	-	-	-	-	-	-	2,603	2,664
Investments in equity-accounted investees	40	37	-	-	(5)	(5)	13	12	134	119	29	27	-	-	211	190
Investment property in respect of yield-dependent contracts	3,956	3,924	-	-	-	-	-	-	-	-	-	-	-	-	3,956	3,924
Investment property - other	1,264	1,263	14	14	155	168	-	-	-	-	82	72	-	-	1,515	1,517
Costs of obtaining investment management service contracts	787	737	-	-	-	-	-	-	6	5	-	-	-	-	793	742
Other assets	569	1,146	5	83	1,062	554	891	870	280	255	672	593	546	573	4,024	4,074
Total Assets	137,965	127,607	7,185	7,176	8,334	7,465	20,953	19,409	457	433	12,970	10,423	493	495	188,358	173,008
Total assets for yield-dependent contracts	104,519	96,062	1,513	1,267	-	-	-	-	-	-	-	-	-	-	-106,032	97,329
Liabilities:																
Loans and credit	1,419	1,032	-	-	-	-	7,997	6,801	-	-	7,180	6,332	(29)	(28)	16,567	14,138
Liabilities for derivative instruments	875	512	-	-	1	11	-	-	-	-	3	5	-	-	879	528
Payables for credit card transactions	-	-	-	-	-	-	9,947	9,707	-	-	-	-	-	-	9,947	9,707
Liabilities for yield-dependent investment contracts	13,575	12,547	-	-	-	-	-	-	-	-	-	-	-	(10)	13,575	12,537
Liabilities for non-yield-dependent investment contracts	2,459	2,522	-	-	-	-	-	-	-	-	-	-	-	-	2,459	2,522
Liabilities for insurance contracts	115,224	108,663	6,880	6,395	6,852	6,670	-	-	-	-	-	-	(23)	(10)	128,933	121,718
Liabilities for reinsurance contracts	5	5	56	56	-	-	-	-	-	-	-	-	-	-	61	62
Other liabilities	2,219	582	124	130	316	272	694	801	191	207	1,679	1,179	(198)	(194)	5,024	2,977
Total liabilities	135,776	125,864	7,059	6,582	7,169	6,953	18,638	17,309	191	207	8,862	7,516	(250)	(242)	177,445	164,189

D. Additional information regarding investment contracts and insurance contracts included in the Life Insurance Subsegment

Additional information regarding investment contracts

In NIS million	For the year ended December 31	
	2025	2024
Proceeds from investment contracts*	1,794	1,331
Annualized proceeds for investment contracts - new business	34	38
*Of which: One-off proceeds for investment contracts	1,469	955

Additional information regarding insurance contracts

Details of the results by main portfolio groups

In NIS million	Policies with a non-yield-dependent savings component		Policies with a yield-dependent savings component		Policies without a savings component		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenues from insurance services	550	495	1,069	940	1,309	1,220	2,927	2,656
Expenses from insurance services ¹⁾	(467)	(465)	(876)	(877)	(1,200)	(1,067)	(2,544)	(2,409)
Income from insurance services before reinsurance contracts held	83	31	192	63	109	153	384	246
Reinsurance expenses	(2)	(3)	(79)	(97)	(96)	(130)	(178)	(230)
Reinsurance revenues	2	3	89	83	79	97	170	183
Revenues (expenses), net from reinsurance contracts held	(1)	-	10	(14)	(17)	(33)	(8)	(47)
Income (loss) from insurance services	82	31	202	49	92	120	375	199
Total investment gains (losses), net	1,615	1,523	12,340	9,041	118	81	14,073	10,645
Finance expenses (income), net arising from reinsurance contracts	1,593	1,450	11,714	8,813	3	26	13,311	10,289
Finance income (expenses), net arising from reinsurance contracts	-	-	5	(1)	1	1	6	-
Income (loss) from investments and financing, net	22	73	631	227	116	56	768	356
Income (loss), net from insurance and investment	104	104	832	276	208	176	1,144	556
Other operating expenses	(2)	-	(20)	(3)	(17)	(1)	(40)	(3)
Income (loss) before tax	101	104	812	273	190	175	1,104	552
Other comprehensive income (loss)	(2)	-	(4)	-	(2)	-	(8)	-
Total comprehensive income before income tax	100	104	808	273	189	175	1,096	552
¹⁾ Of which								
Claims and expenses of other insurance service incurred	482	468	829	792	1,046	1,016	2,357	2,276
Changes relating to past service - adjustment for liabilities for incurred claims	(15)	(4)	38	75	25	(47)	48	24

Details of assets and liabilities by main portfolio groups

In NIS million	Policies with a non-yield-dependent savings component		Policies with a yield-dependent savings component		Policies without a savings component		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Liabilities, net for insurance contracts according the remaining coverage and incurred claims:								
Liabilities, net for remaining coverage, excluding loss component and contractual service margin	26,623	26,305	86,029	79,792	(1,580)	(1,215)	111,072	104,882
Loss component (LC)	-	-	12	8	11	1	23	9
Liabilities, net for incurred claims (LIC)	20	28	1,454	1,403	1,387	1,248	2,860	2,679
Total ¹⁾	26,643	26,333	87,494	81,203	(182)	34	113,956	107,569
Balances of accounts receivable and payable, net ²⁾							221	307
Total liabilities, net for insurance contracts							114,177	107,876
Liabilities, net for insurance contracts, by measurement components:								
Best estimates (BE) of the present value of the future cash flows.	25,790	25,417	82,834	76,708	(1,563)	(1,095)	107,061	101,031
Risk adjustment (RA) for non-financial risk	181	169	646	619	186	149	1,013	937
Contractual service margin (CSM)	672	746	4,015	3,876	1,195	980	5,882	5,602
Total ¹⁾	26,643	26,333	87,494	81,203	(182)	34	113,956	107,569
Balances of accounts receivable and payable, net ²⁾							221	307
Total liabilities, net for insurance contracts							114,177	107,876
¹⁾ Of which: Insurance contract assets	-	-	-	-	(1,025)	(777)	(1,025)	(777)
²⁾ Balances of accounts receivable and payable, net								
Premiums collectible							(88)	(117)
Prepaid premium							5	6
Policyholders and payables for claims							306	409
Other							(3)	9
Total balances of accounts receivable and payable, net							221	307
Assets, net for reinsurance contracts	5	5	349	283	301	206	655	494
Balances of accounts receivable and payable, net							(635)	(472)
Total net balances for reinsurance							20	22

Additional information

In NIS million	Policies with a non-yield-dependent savings component		Policies with a yield-dependent savings component		Policies without a savings component		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Gross premiums for insurance contracts net of reimbursement of premiums	103	118	2,919	3,334	1,154	1,064	4,177	4,516
Of which: Savings component	69	109	2,702	3,032	-	-	2,771	3,141
Variable management fees	-	-	707	2	-	-	707	2
Fixed management fees	-	-	506	500	-	-	506	500
Annualized premium for insurance contracts - new business	-	-	7	8	140	144	147	152
One-off premium for insurance contracts	-	-	137	153	-	-	137	153
Acquisition expenses for insurance contracts	-	-	1	16	219	212	220	228

E. Additional information regarding insurance contracts included in the Health Insurance Subsegment

Details of the results by main portfolio groups

In NIS million	Long-term care				Health Insurance - other						Total	
	Private individuals		Collective		Medical expenses and disabilities - individual		Medical expenses and disabilities - collective		Other (a)			
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenues from insurance services	296	303	43	37	643	586	129	116	940	917	2,052	1,959
Expenses from insurance services 1)	(251)	(219)	(36)	(64)	(492)	(454)	(140)	(132)	(720)	(641)	(1,640)	(1,510)
Income from insurance services before reinsurance contracts held	44	84	7	(27)	151	132	(10)	(16)	220	276	411	450
Reinsurance expenses	(35)	(34)	-	-	(16)	-	-	-	(14)	(28)	(65)	(62)
Reinsurance revenues	23	35	-	-	9	1	-	-	2	1	34	37
Revenues (expenses), net from reinsurance contracts held	(13)	1	-	-	(7)	1	-	-	(12)	(27)	(31)	(26)
Income (loss) from insurance services	32	85	7	(27)	144	132	(10)	(16)	209	249	380	424
Total investment gains (losses), net	479	434	16	14	-	-	4	2	6	5	505	456
Finance expenses (income), net arising from reinsurance contracts	502	484	9	15	(45)	(4)	2	5	(135)	(19)	332	480
Finance income (expenses), net arising from reinsurance contracts	43	34	1	-	(2)	(2)	-	-	(2)	-	40	33
Income (loss) from investments and financing, net	20	(16)	8	(1)	43	3	2	(2)	139	24	212	8
Income (loss), net from insurance and investment	51	69	15	(28)	187	135	(8)	(18)	348	273	593	432
Other operating expenses	(2)	-	(1)	-	(6)	-	(3)	-	(7)	-	(19)	-
Income (loss) before tax	49	69	14	(28)	181	135	(11)	(18)	340	273	574	432
Other comprehensive income (loss)	(1)	-	-	-	-	-	-	-	-	-	(1)	-
Total comprehensive income before income tax	49	69	14	(28)	181	135	(11)	(18)	340	273	573	432
1) Of which												
Claims and expenses of other insurance service incurred	(217)	(212)	(31)	(65)	(453)	(442)	(123)	(124)	(518)	(510)	(1,342)	(1,352)
Changes relating to past service - adjustment for liabilities for incurred claims	(35)	1	-	(7)	(22)	(3)	(18)	(3)	(65)	(9)	(140)	(22)

Details of assets and liabilities by main portfolio groups

	Long-term care				Health Insurance - other							
	Private individuals		Collective		Medical expenses and disabilities - individual		Medical expenses and disabilities - collective		Other (a)		Total	
In NIS million	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Liabilities, net for insurance contracts according to the remaining coverage and incurred claims:												
Liabilities, net for remaining coverage, excluding loss component and contractual service margin	5,955	5,520	-	19	(739)	(610)	(9)	3	(1,921)	(1,639)	3,285	3,293
Loss component (LC)	-	-	5	-	1	-	-	4	10	4	16	9
Liabilities, net for incurred claims (LIC)	597	519	135	177	154	142	45	38	303	285	1,235	1,160
Liabilities, net for insurance contracts 1)	6,551	6,039	140	196	(584)	(467)	36	46	(1,608)	(1,351)	4,535	4,462
Balances of accounts receivable and payable, net 2)											93	57
Total liabilities, net for insurance contracts											4,628	4,519
											-	-
Liabilities, net for insurance contracts, by measurement components:											-	-
Contracts not measured according to the PAA model:												
Best estimates (BE) of the present value of the future cash flows.	4,379	3,491	138	178	(2,436)	(2,024)	(10)	46	(3,805)	(3,573)	(1,734)	(1,883)
Risk adjustment (RA) for non-financial risk	803	865	1	2	309	247	5	-	349	310	1,467	1,424
Contractual service margin (CSM)	1,369	1,684	-	15	1,543	1,310	41	-	1,788	1,854	4,742	4,863
Contracts not measured according to the PAA model	6,551	6,039	140	196	(584)	(467)	36	46	(1,667)	(1,409)	4,476	4,404
Balances of accounts receivable and payable, net 2)											102	68
Total contracts not measured according to the PAA model											4,578	4,472
Contracts measured according to the PAA model									59	58	58	58
Balances of accounts receivable and payable, net 2)											(9)	(11)
Total liabilities, net for insurance contracts											4,628	4,519
1) Of which: Insurance contract assets	-	-	-	-	(584)	(467)	-	-	(1,667)	(1,409)	(2,251)	(1,876)
2) Balances of accounts receivable and payable, net												
Premiums collectible											(85)	(86)
Prepaid premium											3	4
Payables for claims											158	127
Other											17	12
Total balances of accounts receivable and payable, net											93	57
Assets, net for reinsurance contracts	442	419	-	-	(37)	(39)	-	-	(10)	(11)	395	370
Balances of accounts receivable and payable, net											(108)	(93)
Total net balances for reinsurance											287	277

Additional information

In NIS million	Long-term care				Health Insurance - other							
	Private individuals		Collective		Medical expenses and disabilities - individual		Medical expenses and disabilities - collective		Other ^(a)		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Gross premiums for insurance contracts net of reimbursement of premiums	276	279	24	26	646	561	128	117	899	873	1,973	1,856
Annualized premium for insurance contracts - new business	-	-	-	-	51	55	-	-	108	106	158	161
Acquisition expenses for insurance contracts	-	4	-	-	92	106	9	12	217	241	319	362

(a) Other health including critical illness, travel, and personal accidents.

(b) The Company holds reinsurance contracts and investments whose results are attributed to more than one column in the tables above according to the Company's internal allocation models. Investment revenues is allocated according to liability ratios, and reinsurance contract results are allocated according to the attribution of secondary coverage to the covered gross portfolios.

F. Additional information regarding insurance contracts included in the property and casualty subsegment

Details of the results by main portfolio groups

	Compulsory motor	Motor property		Other(*)		Total		
In NIS million	2025	2024	2025	2024	2025	2024	2025	2024
Revenues from insurance services	789	763	1,266	1,251	1,803	1,763	3,858	3,777
Expenses from insurance services ¹⁾	(815)	(652)	(1,105)	(1,161)	(748)	(832)	(2,668)	(2,645)
Income from insurance services before reinsurance contracts held	(26)	110	161	90	1,055	932	1,190	1,132
Reinsurance expenses	(75)	(134)	(10)	(26)	(986)	(989)	(1,071)	(1,148)
Reinsurance revenues	91	75	-	19	331	369	423	463
Revenues (expenses), net from reinsurance contracts held	16	(58)	(9)	(7)	(655)	(620)	(648)	(685)
Income (loss) from insurance services	(10)	52	152	83	401	311	542	447
Total investment gains (losses), net	94	95	25	29	147	145	266	269
Finance expenses (income), net arising from insurance contracts	127	124	14	16	133	132	274	272
Finance income (expenses), net arising from reinsurance contracts	39	47	1	1	71	68	110	116
Income (loss) from investments and financing, net	6	18	11	14	85	81	102	113
Income (loss), net from insurance and investment	(4)	70	163	98	485	392	644	560
Other operating expenses	(10)	(2)	(9)	(3)	(21)	(6)	(40)	(10)
Other revenues (expenses), net	-	-	-	-	-	-	-	-
Other finance expenses	-	-	-	-	(1)	-	(1)	-
Income (loss) before tax	(14)	68	153	95	464	386	603	550
Other comprehensive income (loss)	(1)	-	-	-	(2)	-	(4)	-
Total comprehensive income before income tax	(15)	68	153	95	462	386	600	550
Of which ¹⁾								
Claims and expenses of other insurance service incurred	803	753	829	878	737	972	2,369	2,604
Changes relating to past service - adjustment for liabilities for incurred claims	(97)	(204)	(16)	-	(286)	(425)	(399)	(629)

Details of assets and liabilities by main portfolio groups

	Compulsory motor		Motor property		Other(*)		Total	
In NIS million	2025	2024	2025	2024	2025	2024	2025	2024
Liabilities, net for insurance contracts:								
Liabilities, net for remaining coverage (LRC):								
Liabilities, net for remaining coverage, excluding loss component	275	271	404	430	963	857	1,642	1,558
Loss component (LC)	19	9	-	-	-	-	19	9
Total liabilities, net for remaining coverage	295	280	404	430	963	857	1,661	1,567
Liabilities, net for incurred claims (LIC):								
Best estimates (BE) of the present value of future cash flows for contracts according to the PAA model	2,609	2,427	331	337	2,601	2,597	5,541	5,361
Risk adjustment (RA) for non-financial risk for contracts according to the PPA model	86	81	11	10	117	108	214	200
Total liabilities, net for incurred claims (LIC)	2,695	2,508	341	347	2,718	2,705	5,755	5,561
Total	2,990	2,788	745	778	3,681	3,562	7,416	7,128
Balances of accounts receivable and payable, net ¹⁾							(564)	(459)
Total liabilities, net for insurance contracts							6,852	6,670
1) Balances of accounts receivable and payable, net								
Premiums collectible							(682)	(586)
Payables for claims							16	6
Prepaid premium							91	89
Other							12	33
Total balances of accounts receivable and payable, net							(564)	(459)
Assets, net for reinsurance contracts	808	950	11	20	2,206	2,035	3,025	3,005
Balances of accounts receivable and payable, net							(790)	(702)
Total net balances for reinsurance							2,235	2,303

Additional information

In NIS million	Compulsory motor		Motor property		Other(*)		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Gross premiums net of reimbursement of premiums ^(a)	794	776	1,230	1,314	1,923	1,870	3,948	3,960
Acquisition expenses for insurance contracts	99	102	283	302	311	268	693	672

(*) Other property and casualty insurance includes the other P&C insurance subsegments, which are not compulsory motor and motor property insurance, and it consists mainly of the results of insurance groups of businesses, contractors, apartments, guarantees and credit insurance, for which the activity constitutes 93% of the total revenues from insurance services in these subsegments; last year - 91%.

(a) Gross premiums net of premium refunds are calculated on a billing-date basis.

(b) The Company holds reinsurance contracts and investments, whose results are attributed to more than one column in the tables above according to the Company's internal allocation models. Investment revenues is allocated according to liability ratios, and reinsurance contract results are allocated according to the attribution of secondary coverage to the covered gross portfolios.

G. Yield-dependent liabilities

A. Manner of calculating yield-dependent liabilities

In accordance with the Investment Regulations and the Commissioner's Directives, the amount of yield-dependent liabilities for determining the scope of assets to be held against these liabilities, shall be determined as follows:

The amount of liabilities for insurance contracts and investment contracts under the contractual terms of which the payments are fully or partially linked to the performance of an identifiable portfolio or portfolios managed by the insurance company (hereinafter - the "**Benchmark Portfolio**"). This amount will be calculated on each reporting date according to the higher of the following:

1. Accumulated amount which will be calculated as the total of the following amounts:

- (a) Regarding life insurance contracts which include a yield-dependent savings component and yield-dependent investment contracts - the accumulated savings amount as of the reporting date;
- (b) Regarding yield-dependent paid annuities, including claims in respect of events, which have occurred but not reported (IBNR) - the discounted amount of the expected cash flows on the reporting date in respect of paid annuities offset against future management fees directly derived from the amount of the annuities, and excluding indirect expenses or other non-yield-dependent components. This amount is calculated using the rates of return, discount rates and demographic assumptions used to measure liabilities for insurance contracts in these financial statements;

For the purpose of calculating the abovementioned amount, a paid annuity will be considered as yield-dependent from the date on which it is contingent - under the policy's terms and conditions - on the profits of the portfolio (or the portfolios) to which it was linked, i.e. - as from the date on which a change in the yield of the Benchmark Portfolio would have resulted in an immediate change in the policyholders' rights;

- (c) Regarding "mixed" or other life insurance contracts which are not paid annuities, and which include a bonus-malus mechanism or another mechanism for participating in investment income - the redemption values as of the reporting date, reflecting the effect of such mechanism, or other adjusted values as of the date on which a change in the yield of the Benchmark Portfolio would have resulted in an immediate change in the policyholders' rights.

2. Economic amount

The economic value is calculated in order to adequately and reliably reflect the Company's performance assessment and risk management policies for determining the amount of the asset portfolios backing the yield-dependent insurance contracts and investment contracts.

The Company determined the economic value based on internal calculations such that the economic value reflects, according to the Company's position, the scope of assets required for hedging the economic volatility of the participating portfolio and maintaining financial stability in accordance with the portfolio's characteristics and the Company's risk management policy.

B. Composition of yield-dependent liabilities

In NIS million	As of December 31, 2025
Liabilities for yield-dependent insurance contracts	88,141
Liabilities for yield-dependent investment contracts	13,575
Total liabilities for insurance contracts and yield-dependent investment contracts (*)	101,716
Other yield-dependent liabilities	3,825
Total yield-dependent liabilities	105,541
Total assets for yield-dependent contracts	106,032

(*) The liability in respect of investment contracts and yield-dependent insurance contracts is calculated as the greater of the accrued amount and the economic value, as detailed in Section A above.

NOTE 6 - CASH AND CASH EQUIVALENTS**A. Cash and cash equivalents in respect of yield-dependent contracts****1. Composition**

NIS million	As of December 31	
	2025	2024
Cash and deposits available for immediate withdrawal	2,336	2,305
Short term deposits	1,933	2,146
Cash and cash equivalents	4,269	4,451

2. Further details

As of financial reporting date, the cash with banking corporations bear current interest of approx. 4.13%-3.90% based on interest rates applicable to daily deposits with banks (as of December 31, 2024 - approx. 4.36%-4.14%).

Other deposits with banking corporations are for periods ranging between one week and three months. The deposits bear interest of approx. 4.45%-4.11% (as of December 31, 2024 - approx. 4.36%-4.40%).

B. Other cash and cash equivalents**1. Composition**

NIS million	2025		2024	
Cash and deposits available for immediate withdrawal	1,407		1,702	
Short term deposits	2,653		916	
Cash and cash equivalents	4,060		2,617	

2. Further details

As of financial reporting date, the cash with banking corporations bear current interest of approx. 4.13%-3.67% based on interest rates applicable to daily deposits with banks (as of December 31, 2024 - approx. 4.36%-3.9%).

Other deposits with banking corporations are for periods ranging between one week and three months. The deposits bear interest of approx. 4.48%-3.89% (as of December 31, 2024 - approx. 4.07%-4.48%).

C. For further details regarding the Group's exposure to interest rate risk, market risk and regarding sensitivity analysis, see Note 33(c)(1)-(2).

NOTE 7 - FINANCIAL INVESTMENTS AND DERIVATIVE INSTRUMENTS**A. Financial investments held against yield-dependent contracts - breakdown of financial investments by asset type**

In NIS million	Balance as of December 31, 2025	Balance as of December 31, 2024
<u>Debt instruments:</u>		
<u>Illiquid debt instruments:</u>		
Deposits with banks and financial institutions	548	124
Illiquid corporate bonds	633	704
Loans (including investees)	6,506	6,791
Total illiquid debt instruments	7,687	7,619
<u>Liquid debt instruments:</u>		
Government bonds	12,516	10,526
Liquid corporate bonds	14,442	15,385
Total liquid debt instruments	26,958	25,911
Total debt instruments	34,645	33,530
<u>Equity instruments:</u>		
<u>Illiquid equity instruments:</u>		
Illiquid shares	2,460	2,288
<u>Liquid equity instruments:</u>		
Liquid shares	22,291	17,986
Total equity instruments	24,751	20,274
<u>Other investments:</u>		
Other investments ⁽¹⁾	35,136	33,954
Derivative instruments ⁽²⁾	3,185	1,044
Total other financial investments	38,321	34,998
Total financial investments	97,717	88,802
Financial liabilities presented at fair value through profit or loss:	1,419	1,032
Liabilities for derivative instruments ⁽²⁾	860	428

1) Other investments mainly include investments in ETNs, participation certificates in mutual funds, investment funds, and structured products.

2) Derivative instruments mainly comprise futures and options.

B. Other financial investments (not in respect of yield-dependent contracts)**Breakdown of financial investments by asset type**

In NIS million	As of December 31, 2025		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	568	20	588
Treasury deposits	-	2,169	2,169
Designated bonds	19,755	-	19,755
Illiquid corporate bonds	231	22	253
Loans (including investees)	9,359	73	9,432
Total illiquid debt instruments	29,913	2,285	32,198
<u>Liquid debt instruments:</u>			
Government bonds	3,662		3,662
Liquid corporate bonds	2,484		2,484
Total liquid debt instruments	6,146		6,146
Total debt instruments	36,059	2,285	38,344
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	781	-	781
<u>Liquid equity instruments:</u>			
Liquid shares	1,306	-	1,306
Total equity instruments	2,087	-	2,087
Other investments:			
Other investments ⁽¹⁾	5,908	-	5,908
Derivative instruments ⁽²⁾	342	-	342
Total other financial investments	6,250	-	6,250
Total financial investments	44,396	2,285	46,681
Financial liabilities presented at fair value through profit or loss:	427	-	427
Liabilities for derivative instruments ⁽²⁾	18	-	18

1) Other investments mainly include investments in ETNs, participation certificates in mutual funds, investment funds, and structured products.

2) Derivative instruments mainly comprise futures and options.

In NIS million	As of December 31, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	402	20	422
Treasury deposits	-	2,226	2,226
Designated bonds	18,680	-	18,680
Illiquid corporate bonds	257	29	286
Loans (including investees)	7,803	65	7,868
Total illiquid debt instruments	27,142	2,340	29,482
<u>Liquid debt instruments:</u>			
Government bonds	3,351	-	3,351
Liquid corporate bonds	2,855	-	2,855
Total liquid debt instruments	6,206	-	6,206
Total debt instruments	33,348	2,340	35,688
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	801	-	801
<u>Liquid equity instruments:</u>			
Liquid shares	975	-	975
Total equity instruments	1,776	-	1,776
Other investments:			
Other investments ⁽¹⁾	5,901	-	5,901
Derivative instruments ⁽²⁾	154	-	154
Total other financial investments	6,055	-	6,055
Total financial investments	41,179	2,340	43,519
Financial liabilities presented at fair value through profit or loss:	203	-	203
Liabilities for derivative instruments ⁽²⁾	100	-	100

1) Other investments mainly include investments in ETFs, participation certificates in mutual funds, investment funds, and structured products.

2) Derivative instruments mainly comprise futures and options.

C. Financial instruments held against yield-dependent contracts**C.1. Fair value of financial instruments by level**

In NIS million	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Illiquid debt instruments	-	7,665	22	7,687
Liquid debt instruments	23,499	3,459	-	26,958
Capital instruments	22,000	291	2,460	24,751
Other financial investments	18,905	4,973	14,443	38,321
Total financial assets	64,404	16,388	16,925	97,717
Of which for investments in derivatives	130	3,041	13	3,184

During the period there were no material transfers between Level 1 and Level 2

In NIS million	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial investments:				
Illiquid debt instruments	-	7,601	18	7,619
Liquid debt instruments	21,751	4,160	-	25,911
Capital instruments	17,471	515	2,288	20,274
Other financial investments	17,646	2,869	14,483	34,998
Total financial assets	56,868	15,145	16,789	88,802
Of which for investments in derivatives	101	934	9	1,044

During the period there were no material transfers between Level 1 and Level 2

C.2. Level 3 financial instruments measured at fair value held against yield-dependent contracts

In NIS million	As of December 31, 2025			
	Illiquid debt instruments	Equity instruments	Other investments	Total
Balance as of January 1, 2025	18	2,288	14,483	16,789
Total income (losses) recognized:				
In profit and loss ¹⁾	2	(20)	(388)	(406)
Purchases	2	297	2,428	2,727
Sales	-	(47)	(2,055)	(2,102)
Interest and dividend received	-	(58)	(25)	(83)
Balance as of December 31, 2025	22	2,460	14,443	16,925
Total gains (losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2025	2	(16)	(387)	(401)

1. Recognized under investment income (losses), net from assets held against insurance contracts and yield-dependent investment contracts

In NIS million	As of December 31, 2024			
	Financial assets			Total financial assets
	Illiquid debt instruments	Equity instruments	Other investments	
Balance as of January 1, 2024	29	1,968	12,539	14,536
Total realized gains (losses)				
In profit and loss ¹⁾	6	(123)	792	675
Purchases	-	509	2,762	3,271
Sales	-	(56)	(1,591)	(1,647)
Redemptions	(24)	-	-	(24)
Interest and dividend received	(3)	(10)	(9)	(22)
Debt-to-equity swap	10	-	(10)	-
Balance as of December 31, 2024	18	2,288	14,483	16,789
Total income (losses) for the period included in profit and loss in respect of financial assets held as of December 31, 2024	-	(123)	812	689

1. Recognized under investment income (losses), net from assets held against insurance contracts and yield-dependent investment contracts

D. Other financial instruments not held against yield-dependent contracts**D.1. Fair value of financial instruments by level**

In NIS million	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	5,835	4,323	10,158
Designated bonds	-	-	19,755	19,755
Liquid debt instruments	6,122	24	-	6,146
Capital instruments	1,276	30	781	2,087
Other investments	1,137	358	4,755	6,250
Total financial assets	8,535	6,247	29,614	44,396
Of which for investments in derivatives	4	330	5	339

During the period there were no material transfers between Level 1 and Level 2

In NIS million	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	5,299	3,163	8,462
Designated bonds	-	-	18,680	18,680
Liquid debt instruments	6,079	127	-	6,206
Capital instruments	930	45	801	1,776
Other investments	905	146	5,004	6,055
Total financial assets	7,914	5,617	27,648	41,179
Of which: Investments in derivatives	4	146	4	154

During the period there were no material transfers between Level 1 and Level 2

D.2. Level 3 financial instruments measured at fair value held against non-yield-dependent contracts

In NIS million	As of December 31, 2025				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Equity instruments	Other investments	Total
Balance as of January 1, 2025	3,163	18,680	801	5,004	27,648
Total income (losses) recognized:					
In profit and loss ¹⁾	454	1,179	(7)	(123)	1,503
Purchases	1,102	1,867	48	566	3,583
Sales	-	-	(18)	(686)	(704)
Redemptions	(297)	(1,217)	-	-	(1,514)
Interest and dividend received	(99)	(754)	(43)	(6)	(902)
Balance as of December 31, 2025	4,323	19,755	781	4,755	29,614
Total gains (losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2025	454	1,130	(5)	(137)	1,442

1. Recognized under Investment income (losses), net

In NIS million	As of December 31, 2024				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Equity instruments	Other investments	Total
Balance as of January 1, 2024	2,179	18,539	757	4,528	26,003
Total income (losses) recognized:					
In profit and loss ¹⁾	314	1,075	(8)	189	1,570
Purchases	998	1,388	85	812	3,283
Sales	-	-	(26)	(525)	(551)
Redemptions	(253)	(1,573)	-	-	(1,826)
Interest and dividend received	(75)	(749)	(7)	-	(831)
Balance as of December 31, 2024	3,163	18,680	801	5,004	27,648
Total gains (losses) for the period included in profit or loss for assets and liabilities held as of December 31, 2024	314	1,075	(8)	196	1,577

1. Recognized under Investment income (losses), net

D.3. Financial instruments measured at fair value for disclosure purposes only

	As of December 31, 2025	
	Carrying value	Fair value
In NIS million	Level 2	
<u>Financial assets:</u>		
Other financial investments measured at depreciated cost:		
<u>Illiquid debt instruments:</u>		
Deposits with banks and financial institutions	20	20
Treasury deposits	2,169	2,665
Illiquid corporate bonds	22	23
Loans (including investees)	73	72
Total illiquid debt instruments	2,285	2,780
Total financial assets	2,285	2,780

In NIS million	As of December 31, 2024	
	Carrying value	Fair value
	Level 2	
<u>Financial assets:</u>		
Other financial investments measured at depreciated cost:		
<u>Illiquid debt instruments:</u>		
Deposits with banks and financial institutions	20	20
Treasury deposits	2,226	2,704
Illiquid corporate bonds	29	30
Loans (including investees)	65	64
Total illiquid debt instruments	2,340	2,818
Total financial assets	2,340	2,818

D.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.

On March 2, 2025, the Capital Markets, Insurance and Savings Authority announced that it had chosen Ness Fair Value Ltd. as the supplier for revaluation of the illiquid debt assets of the institutional entities, in lieu of Fair Spread Ltd., which has served as the revaluation supplier since 2011. The revaluation for the end of 2025 is based on the fair value set by Fair Spread Ltd. As of January 2026, the revaluations are based on the fair value set by Ness Fair Value Ltd. In essence, the revaluation methodology of Ness Fair Value Ltd. takes into account, in the predetermined order of priority, the scope of the existing data on the issuer, in order to select the individual revaluation model. Thus, and depending on the scope of the data observed, data such as the debt instrument issuer's share price; the margins on the issuer's liquid bonds; the issuer's accounting balance sheet details or the credit rating of the issued instrument, are taken into account in order to determine the current bid-ask spread, depending on the relevant revaluation group. In light of the methodology, there may be an ensuing update of the classifications between fair value levels.

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 2) 1)

In %	As of December 31	
	2025	2024
AA and above	2.2	2.1
A	5.5	5.3
BBB	7.7	6.4
Less than BBB	3.2	3.3
Non-rated	4.7	5.8

- 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, e.g.: Rating 'A' includes A- to A+.
- 2) All debt assets rated abroad were rated by well-recognized foreign rating agencies. Each rating includes all ranges, e.g.: Rating 'A' includes A- to A+.

E. Additional information regarding the fair value of financial instruments

The different fair value levels were defined 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.

Valuation techniques

The fair value of investments traded actively in regulated financial markets is determined based on market prices as of the reporting date.

With respect to investments for which there is no active market. Fair value is determined using valuation techniques. Such techniques include using transactions which were recently made at fair market value, reference to the current market value of another instrument which is substantially the same, discounted cash flows, or other valuation methods.

Illiquid debt assets (excluding designated bonds)

The fair value of illiquid debt assets, which are measured at fair value through profit and loss, and the fair value of illiquid financial debt assets, for which fair value information is provided solely for disclosure purposes, is determined by discounting the estimated future cash flows from those assets.

The discount rates are based primarily on yields on government bonds and spreads 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.

Designated bonds

Designated Hetz bonds (hereinafter – “**Hetz Bonds**”) are illiquid and non-transferable bonds, which are issued (and repaid) by virtue of a series of agreements signed between the insurance companies and the State of Israel, and allocated at a certain rate of the insurance liabilities for insurance contracts, which include a guaranteed return savings component for the policyholder.

The Company calculates the fair value in accordance with the indirect approach, according to which the fair value calculation is based on the amortized cost of Hetz Bonds plus the excess value arising from the difference between the nominal interest on Hetz Bonds and the risk-free interest rate curve plus the illiquidity premium used in the financial statements. The estimated cash flows of Hetz Bonds are based on expected cash flows in respect of insurance liabilities and therefore include assumptions regarding non-observable inputs, such as cancellation rate, annuity takeup rate, retirement age, etc.

Investment in illiquid shares

The fair value of shares for which there is no quoted market price, is determined by the discounted cash flow model. The valuation requires the Company to make certain assumptions regarding non-observable inputs included in the model.

Other investments

Composed mainly of investments in ETNs, participation certificates in mutual funds, investment funds and structured products, whose fair value is based on NAV (Net Asset Value), which is mostly provided by independent third parties (mainly investment managers).

The following tables provide qualitative and quantitative information regarding significant non-observable data used in level 3 fair value measurements:

Financial instruments held against yield-dependent contracts

Financial instrument	Valuation technique	December 31, 2025			December 31, 2024		Sensitivity of fair value to change in inputs	Interactions between significant non-observable inputs and fair other non-observable inputs
		Significant non-observable inputs	Fair value (in NIS million)	Range (weighted average)	Fair value (in NIS million)	Range (weighted average)		
Capital instruments	Discounted cash flows	Growth rate	2,460		2,288		A significant increase in the growth rate will lead to a significant increase in fair value	There were no significant interactions between the non-observable inputs
		Discount rate					A significant increase in the discount rate will lead to a significant decrease in fair value	
Other investments	Discounted cash flows	Net asset value (NAV) reports	14,267		14,474		N/A	N/A

Financial instruments held against non-yield-dependent liabilities

Financial instrument	Valuation technique	December 31, 2025			December 31, 2024		Sensitivity of fair value to change in inputs	Interactions between significant non-observable inputs and fair other non-observable inputs
		Significant non-observable inputs	Fair value (in NIS million)	Range (weighted average)	Fair value (in NIS million)	Range (weighted average)		
Hetz bonds	Discounted cash flows	Discount rate	19,755	2.06%-2.67%	18,860	2.12%-2.73%		There were no significant interactions between the non-observable inputs
		Actuarial assumptions		Based on an actuarial model		Based on an actuarial model		
Reverse mortgage	Discounted cash flows	Discount rate	4,323	3.23%-5.64%	3,163	2.93%-6.74%	A significant increase in the discount rate will lead to a significant decrease in fair value	There were no significant interactions between the non-observable inputs
		Early redemptions					A significant increase in redemptions will lead to a significant decrease in fair value	
Capital instruments	Discounted cash flows	Growth rate	775		795		A significant increase in the growth rate will lead to a significant increase in fair value	There were no significant interactions between the non-observable inputs
		Discount rate					A significant increase in the discount rate will lead to a significant decrease in fair value	
Other investments	Discounted cash flows	Net asset value (NAV) reports	4,675		5,102		N/A	N/A

F. Receivables for credit card transactions - for Max

	December 31, 2025				
	On- balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million		Unaudited			
Receivables for credit card transactions	19,115	-	-	19,028	19,028

	December 31, 2024				
	On- balance sheet balances	Fair value			
		Level 1	Level 2	Level 3	Total
In NIS million	Unaudited				
Receivables for credit card transactions	17,751	-	-	17,675	17,675

NOTE 8 - CREDIT RISK, RECEIVABLES FOR CREDIT CARD TRANSACTIONS AND CREDIT LOSS PROVISION**A. Receivables for credit card transactions**

In NIS million	As of December 31	
	2025	2024
Credit risk without bank guarantees:		
Private individuals: ⁽¹⁾		
Of which: Receivables for credit card transactions ⁽²⁾	3,999	4,606
Of which: Credit cards ⁽²⁾⁽³⁾	12,069	10,431
Private individuals - total	16,068	15,037
Commercial:		
Of which: Receivables for credit card transactions ⁽²⁾	356	313
Of which: Credit cards ⁽²⁾⁽³⁾	1,193	1,069
Commercial - total	1,549	1,382
Total credit risk without bank guarantees	17,617	16,419
Credit risk guaranteed by banks and others:		
International credit card companies and organizations	391	294
Revenues receivable	64	53
Other	239	209
Total receivables for credit card transactions	18,311	16,975
Credit loss provision	(348)	(373)
Total receivables for credit card transactions	17,963	16,602
Receivables for credit cards guaranteed by banks	1,289	1,253
Receivables for credit card transactions, net	19,252	17,855

(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 does not include debts from non-bank payment cards issued by the Company, which were sold to several banks under transactions constituting a full and complete sale. In 2025, Max increased the scope of such transactions and the balance is shown subsequent to a factoring transaction. For details, see Section 8.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 4,535 million (December 31, 2024 - NIS 3,359 million).

B. Debts* and off-balance-sheet credit instruments

1. Change in outstanding credit loss provision

In NIS million	As of December 31, 2025					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial		Other ⁽²⁾	Total
	Receivables for credit cards	Credit ⁽¹⁾	Receivables for credit cards	Credit ⁽¹⁾		
Balance of credit loss provision as of December 31, 2024	22	296	4	60	6	388
Credit loss expenses	15	146	2	6	-	169
Charge-offs	(18)	(199)	(2)	(20)	-	(239)
Collection of debts written off in previous years	2	40	-	4	-	46
Charge-offs, net	(16)	(159)	(2)	(16)	-	(193)
Balance of credit loss provision as of December 31, 2025 ⁽³⁾	21	283	4	50	6	364
⁽³⁾ Of which:						
For off-balance sheet credit instruments	11	-	3	-	2	16
For deposits with banks and amounts receivable from banks	-	-	-	-	2	2

In NIS million	As of December 31, 2024					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial		Other ⁽²⁾	Total
	Receivables for credit cards	Credit ⁽¹⁾	Receivables for credit cards	Credit ⁽¹⁾		
Unaudited						
Balance of credit loss provision as of December 31, 2023	24	295	4	60	6	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	6	388
⁽³⁾ Of which:						
For off-balance sheet credit instruments	11	-	2	-	2	15
For deposits with banks and amounts receivable from banks	-	-	-	-	2	2

*) 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, revenue receivable, and other accounts receivables.

2. Additional information on calculating the credit loss provision for debts and for the debts for which it was calculated

In NIS million	As of December 31, 2025					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals		Commercial		Other ⁽²⁾	Total
	Receivables for credit cards	Credit ⁽¹⁾	Receivables for credit cards	Credit ⁽¹⁾		
Recorded outstanding debt:						
Examined on a specific basis	1	66	67	699	-	833
Examined on a collective basis	3,998	12,003	289	494	2,753	19,537
Total debts	3,999	12,069	356	1,193	2,753	20,370
Of which:						
Non-accruing debts	17	142	3	25	-	187
Other troubled debts	8	433	1	26	-	468
Total troubled debts	25	575	4	51	-	655
Credit loss provision in respect of debts:						
Examined on a specific basis	-	1	-	24	-	25
Examined on a collective basis	10	282	1	26	4	323
Total loan loss provision	10	283	1	50	4	348
Of which: For non-accruing debts	3	56	1	16	-	76
Of which: For other troubled debts	-	39	-	5	-	44

(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, revenue receivable, and other accounts receivables.

In NIS million	As of December 31, 2024					
	Credit loss provision					
	Credit risk without bank guarantees					
	Private individuals			Commercial		
	Receivables for credit cards	Credit ⁽¹⁾	Receivables for credit cards	Credit ⁽¹⁾	Other ⁽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-accruing 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 loan loss provision	11	296	2	60	4	373
Of which: For non-accruing 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, revenue receivable, and other accounts receivables.

3. Credit quality by credit granting year

	As of December 31, 2025						Recorded outstanding debt of renewed loans	Total
	Recorded debt balance of fixed term credit							
In NIS million	2025	2024	2023	2022	2021	Previous		
<u>Private individuals</u>								
Receivables for credit cards:								
Non-troubled credit	3,867	86	18	3	-	-	-	3,974
Troubled accruing credit	7	1	-	-	-	-	-	8
Non-accruing credit	15	2	-	-	-	-	-	17
Total receivables for credit cards	3,889	89	18	3	-	-	-	3,999
Charge-offs during the reporting period	(11)	(7)	-	-	-	-	-	(18)
Credit:								
Non-troubled credit	4,803	2,702	1,093	681	240	23	1,952	11,494
Troubled accruing credit	53	83	82	71	25	3	116	433
Non-accruing credit	61	22	12	5	1	1	40	142
Total credit	4,917	2,807	1,187	757	266	27	2,108	12,069
Charge-offs during the reporting period	(6)	(46)	(47)	(31)	(11)	(2)	(56)	(199)
Total private individuals	8,806	2,896	1,205	760	266	27	2,108	16,068
<u>Commercial</u>								
Receivables for credit cards:								
Non-troubled credit	346	4	2	-	-	-	-	352
Troubled accruing credit	1	-	-	-	-	-	-	1
Non-accruing credit	3	-	-	-	-	-	-	3
Total receivables for credit cards	350	4	2	-	-	-	-	356
Charge-offs during the reporting period	(1)	(1)	-	-	-	-	-	(2)
Credit:								
Non-troubled credit	677	204	132	34	9	-	87	1,143
Troubled accruing credit	8	5	6	2	-	-	5	26
Non-accruing credit	7	8	7	-	-	-	2	24
Total credit	692	217	145	36	9	-	94	1,193
Charge-offs during the reporting period	(2)	(4)	(7)	(2)	-	-	(3)	(18)
Commercial - total	1,042	221	147	36	9	-	94	1,549
Total debts	9,848	3,117	1,352	796	275	27	2,202	17,617

As of December 31, 2025, there is no outstanding debt for renewed loans converted to fixed loans.

	As of December 31, 2024						Recorded outstanding debt of renewed loans	Total
	Recorded debt balance of fixed term credit							
In NIS million	2024	2023	2022	2021	2020	Previous		
<u>Private individuals</u>								
Receivables for credit cards:								
Non-troubled credit	4,482	79	25	1	-	-	-	4,587
Troubled accruing credit	4	1	1	-	-	-	-	6
Non-accruing 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 accruing credit	36	77	93	39	10	1	101	357
Non-accruing 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
<u>Commercial</u>								
Receivables for credit cards:								
Non-troubled credit	297	5	1	-	1	-	-	304
Troubled accruing credit	1	1	-	-	-	-	-	2
Non-accruing 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	-	77	1,013
Troubled accruing credit	17	8	3	3	1	-	3	35
Non-accruing credit	9	12	1	-	-	-	3	25
Total credit	624	244	83	30	9	-	83	1,073
Charge-offs during the reporting period	(1)	(6)	(3)	(2)	-	-	(6)	(18)
Commercial - total	925	250	84	30	10	-	83	1,382
Total debts	9,973	2,212	1,396	552	121	15	2,149	16,419

C. Debts ⁽¹⁾**1. Credit quality and delinquency**

In NIS million	As of December 31, 2025			
	Troubled ⁽²⁾			Total
	Performing*	Accruing	Non-accruing	
Private individuals				
Receivables for credit cards	3,974	8	17	3,999
Credit ⁽³⁾	11,494	433	142	12,069
Commercial				
Receivables for credit cards	352	1	3	356
Credit ⁽³⁾	1,142	26	25	1,193
Other accounts receivables ⁽⁴⁾	2,753	-	-	2,753
Total debts	19,715	468	187	20,370

In NIS million	As of December 31, 2024			
	Troubled ⁽²⁾			Total
	Performing*	Accruing	Non-accruing	
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	18,261	400	186	18,848

*) Of which: debts with a credit rating as of the report date corresponding with the credit rating for new credit in accordance with the Max in the amount of NIS 19,149 million (December 31, 2024 - NIS 17,807 million).

(1) Receivables for credit card transactions, deposits with banks, and other debts.

(2) Accruing and non-accruing debts.

(3) Including credit secured by vehicle totaling NIS 4,535 million (December 31, 2024 - NIS 3,359 million).

(4) Amounts receivable from banks, deposits with banks, global credit card companies and organizations, revenue receivable, and other accounts receivables.

2. Additional information on non-accruing debts

(a) Non-accruing debts and provision

In NIS million	As of December 31, 2025			
	Outstanding debts			
	Outstanding non-accruing debts for which there is a provision ⁽¹⁾	Outstanding provision	Total outstanding non-accruing debts ⁽¹⁾	Outstanding contractual principal for non-accruing debts
Private individuals				
Receivables for credit cards	17	3	17	17
Credit	142	56	142	142
Commercial				
Receivables for credit cards	3	1	3	3
Credit	25	16	25	25
Total debts	187	76	187	187

In NIS million	As of December 31, 2024			
	Outstanding debts			
	Outstanding non-accruing debts for which there is a provision ⁽¹⁾	Outstanding provision	Total outstanding non-accruing debts ⁽¹⁾	Outstanding contractual principal for non-accruing 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

(1) Recorded outstanding debt

1. Information regarding debts of distressed borrowers who underwent a change in terms and conditions

(a) The credit quality and extent of arrears of debts of borrowers with financial difficulties who underwent modification of terms

In NIS million	As of December 31, 2025	
	Recorded outstanding debt	
	Troubled, non-accruing interest revenues	Total
Private individuals		
Receivables for credit cards	7	7
Credit	58	58
Commercial		
Credit	10	10
Total debts	75	75

In NIS million	As of December 31, 2024	
	Recorded outstanding debt	
	Troubled, non-accruing interest revenues	Total
	Unaudited	
Private individuals		
Receivables for credit cards	5	5
Credit	54	54
Commercial		
Credit	10	10
Total debts	69	69

- (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

In NIS million	For the year ended December 31, 2025		
	Recorded outstanding debt		
	Troubled non-accruing	Total	Charge-offs
Private individuals			
Receivables for credit cards	3	3	-
Credit	41	41	17
Commercial			
Credit	3	3	-
Total debts	47	47	17

In NIS million	For the year ended December 31, 2024		
	Recorded outstanding debt		
	Troubled non-accruing	Total	Charge-offs
Private individuals			
Receivables for credit cards	3	3	-
Credit	43	43	16
Commercial			
Credit	10	10	-
Total debts	56	56	16

(c) Debts of borrowers with financial difficulties who underwent a change in terms and conditions during the reporting year

In NIS million	Debts of distressed borrowers, whose terms and conditions changed during the year ended December 31, 2025					
	Total		Type of change			
	Recorded outstanding debt	% of total	Waiver of interest	Extension of period	Extension of period and waiver of interest	Period extension and deferral of payments
	In NIS million	%In NIS million				
Private individuals						
Receivables for credit cards	3	0.1	-	3	-	-
Credit	41	0.3	3	27	11	-
Commercial						
Credit	3	0.3	-	2	1	-
Total debts	47	0.2	3	32	12	-

	Financial effects of changes to terms and conditions during the year ended December 31, 2025			Debts of distressed borrowers who defaulted following changes of terms during the year ended December 31, 2025 (1)				
	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	-	32	-	-	-	-	-	-
Credit	2.6	33	-	4	-	3	1	-
Commercial								
Receivables for credit cards	-	-	-	-	-	-	-	-
Credit	2.4	28	-	5	-	5	-	-
Total debts	2.6	33	-	9	-	8	1	-

(1) Debts that defaulted during the Reporting Period after they underwent a change in terms and conditions of debts of financially distressed borrowers during the 12 months prior to the date on which they defaulted.

Debts of distressed borrowers, whose terms and conditions changed during the year ended December 31, 2024						
In NIS million	Total		Type of change			
	Recorded outstanding debt	% of total	Waiver of interest	Extension of period	Extension of period and waiver of interest	Period extension and deferral of payments
	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 ⁽¹⁾			
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

(1) Debts that defaulted during the Reporting Period after they underwent a change in terms and conditions of debts of financially distressed borrowers during the 12 months prior to the date on which they defaulted.

D. Credit acquisition and sale during the year

During 2025, Max acquired, through a subsidiary, Max It Discounting Ltd., credit card vouchers totaling approx. NIS 1,271 million (in 2024 - approx. NIS 993 million).

During 2022, Max 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-bank payment cards issued by the Company.

During 2024-2025, Max signed a similar agreement with two other banks.

In 2024-2025, monthly transactions were carried out totaling between NIS 1,000 million and 1,200 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)

Maximum credit (in NIS thousand)	As of December 31, 2025		
	No. of borrowers ⁽²⁾	Receivables for credit card transactions	
		Total	Off-balance- sheet credit risk ^{(1) (3)}
		NIS million	
Borrower's outstanding balance is up to 5	192,717	131	534
Borrower's outstanding balance is over 5 and up to 10	398,904	444	3,194
Borrower's outstanding balance is over 10 and up to 15	193,329	539	1,927
Borrower's outstanding balance is over 15 and up to 20	187,553	737	2,634
Borrower's outstanding balance is over 20 and up to 30	235,832	1,505	4,303
Borrower's outstanding balance is over 30 and up to 40	138,987	1,397	3,368
Borrower's outstanding balance is over 40 and up to 80	217,328	4,250	7,053
Borrower's outstanding balance is over 80 and up to 150	66,573	4,315	2,219
Borrower's outstanding balance is over 150 and up to 300	18,271	2,902	447
Borrower's outstanding balance is over 300 and up to 600	2,072	616	124
Borrower's outstanding balance is over 600 and up to 1,200	235	150	36
Borrower's outstanding balance - from over 1,200 to 2,000	81	122	15
Borrower's outstanding balance - from over 2,000 to 4,000	42	100	18
Borrower's outstanding balance - from over 4,000 to 8,000	24	128	-
Borrower's outstanding balance - from over 8,000 to 20,000	25	268	24
Borrower's outstanding balance - from over 20,000 to 40,000	3	89	-
Borrower's outstanding balance - from over 40,000 to 200,000	1	128	-
Borrower's outstanding balance - from over 200,000 to 400,000	1	214	-
Total	1,651,978	18,035	25,896
Receivables and other receivables		269	-
Total	1,651,978	18,304	25,896

(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 receivables 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).

Maximum credit (in NIS thousand)	As of December 31, 2024		
	No. of borrowers ⁽²⁾	Receivables for credit card transactions	
		Total	Off-balance- sheet credit risk ^{(1), (3)}
		NIS million	
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 - from over 1,200 to 2,000	72	108	14
Borrower's outstanding balance - from over 2,000 to 4,000	44	113	15
Borrower's outstanding balance - from over 4,000 to 8,000	17	89	8
Borrower's outstanding balance - from over 8,000 to 20,000	23	269	14
Borrower's outstanding balance - from over 20,000 to 40,000	1	24	-
Borrower's outstanding balance - from over 40,000 to 200,000	2	277	-
Borrower's outstanding balance - from over 200,000 to 400,000	-	-	-
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).

NOTE 9 - RECEIVABLES AND DEBIT BALANCES**A. Composition**

NIS million	As of December 31	
	2025	2024
Prepaid expenses	123	135
Collateral in respect of the securities	35	136
Receivables for purchase of securities	142	135
Advances on account of fees and commissions to insurance agents	25	34
Insurance companies and insurance brokers	92	69
Trade receivables and revenues receivable	130	122
Subrogation and salvage recoveries	12	3
Inventories	9	9
Collectible premiums in respect of an investment contract	7	9
Indemnity in respect of VAT assessment proceeding	30	-
Other	30	23
Total	636	675
Less provision for doubtful debts (see B below)	(11)	(11)
Total receivables and debit balances	624	664

Regarding the Group's exposure to credit risks and market risks, see Note 33 below.

Regarding receivables and debit balances constituting related parties and interested parties, see Note 34 below.

B. Following is the change in provision for doubtful debts:

NIS million	As of December 31	
	2025	2024
Balance as of January 1	11	11
Change in provision during the period - stated in profit and loss	-	-
Total provision for doubtful debts	11	11

NOTE 10 - INVESTMENTS IN INVESTEEES**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	Loans and capital notes
2025					
Clal Insurance Company Ltd. (hereinafter - "Clal Insurance")	1)	Israel	99.98	8,194	555
CIMax Holdings	2)	Israel	100.00	2,534	378
Clal Agency Holdings (1998) Ltd. (hereinafter - "Clal Agencies")		Israel	100.00	205	58
Clalbit Systems Ltd.		Israel	100.00	9	-
Clal Finance Ltd.	3)	Israel	100.00	69	53
2024					
Clal Insurance Company Ltd. (hereinafter - "Clal Insurance")	1)	Israel	99.98	6,544	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

- Notes issued for Tier 1 capital purposes - In October 2025, Clal Insurance Capital Raising Ltd. - a subsidiary of Clal Insurance - issued to the Company approx. NIS 555 million p.v. in Notes (Series O) under a private placement by way of a series expansion, against the cancellation of a capital note totaling NIS 450 million, linked to the Consumer Price Index, which was issued by Clal Insurance to the Company on October 29, 2020, and which was recognized by Clal Insurance as an Additional Tier 1 capital instrument.
- In 2025 and 2024, CIMax Holdings issued capital notes to the Company in an amount of NIS 10 million and NIS 292 million, respectively.
- Subsequent to the reporting period, in January 2026, Clal Finance issued to the Company an additional capital note totaling approx. NIS 11 million.

B. Movement in investment in investees accounted for by the equity method, each of which is independently immaterial

In NIS million	2025	2024
Balance as of January 1	190	180
Investment in the period	1	(2)
Share in earnings of equity-accounted investees	21	14
Group's share in other comprehensive income of equity-accounted companies	1	(1)
Dividend received	(1)	(1)
Balance as of December 31	211	190

NOTE 11 - INVESTMENT PROPERTY, INCLUDING FOR YIELD-DEPENDENT CONTRACTS

A. Composition and movement

In NIS million	Investment property							
	Yield-dependent contracts							
	Office space in Israel ²⁾		Logistics and commercial centers in Israel ²⁾		Office space - abroad		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Balance as of January 1	2,312	2,251	1,241	1,204	371	384	3,924	3,839
Additions								
Purchases, net additions to existing assets	22	36	30	21	-	-	52	57
Capitalized costs and expenses	10	15	1	8	-	-	12	22
Total additions	33	50	31	29	-	-	64	79
Derecognitions								
Realized	-	-	(32)	-	-	-	(32)	-
Total derecognitions	-	-	(32)	-	-	-	(32)	-
Translation differences	-	-	-	-	(39)	-	(39)	-
Changes in fair value in respect of real estate properties yet undisposed of	15	11	44	8	(21)	(13)	38	6
Changes in fair value ¹⁾	15	11	44	8	(60)	(13)	(1)	6
Balance as of December 31	2,360	2,312	1,285	1,241	310	371	3,956	3,924
Details regarding the discount rates used to determine the fair value	5.5%-10%	5.5%-10%	6%-10%	6%-10%	5.62%-12.52%	5.32%-9.46%		

1) Gains from changes in fair value are recognized in the investment gains (losses), net of assets held against insurance contracts and yield-dependent investment contracts line item.

2) Includes an advance for investment property.

In NIS million	Other							
	Office space in Israel ²⁾		Logistics and commercial centers in Israel ²⁾		Office space - abroad		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Balance as of January 1	989	973	358	345	170	175	1,517	1,494
Additions	-	-	-	-	-	-	-	-
Purchases, net additions to existing assets	9	13	15	11	-	-	24	25
Capitalized costs and expenses	4	5	-	2	-	-	4	7
Total additions	12	18	15	13	-	-	27	31
Derecognitions								
Realized	-	-	(19)	-	-	-	(19)	-
Total derecognitions	-	-	(19)	-	-	-	(19)	-
Translation differences	-	-	-	-	(17)	-	(17)	-
Changes in fair value in respect of real estate disposed of	-	-	-	-	-	-	-	-
Changes in fair value in respect of real estate properties yet undisposed of ¹⁾	6	(3)	10	(1)	(9)	(5)	6	(8)
Changes in fair value	6	(3)	10	(1)	(26)	(5)	(11)	(8)
Balance as of December 31	1,007	989	364	358	144	170	1,515	1,517
Details regarding the discount rates used to determine the fair value	5.5%-10%	5.5%-10%	6%-10%	6%-10%	5.62%-12.52%	5.32%-9.46%		

1) Income from changes in fair value are recognized in the line item other investment income (losses), net.

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 revenues 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 5.5% to 12.52%)	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

In NIS million	Increase (decrease) in the fair value as of December 31	
	2025	2024
0.5% increase	(265)	(262)
Decrease of 0.5%	307	303

Investment property in respect of non-yield-dependent contracts

In NIS million	Increase (decrease) in profit and loss before tax for the year ended December 31	
	2025	2024
0.5% increase	(101)	(99)
Decrease of 0.5%	116	115

C. The amounts recognized in the statement of income (except for the changes in the fair value and exchange rate differences)

In NIS million	For the year ended December 31	
	2025	2024
Rental income from investment property	306	313
Direct operating expenses arising from investment property generating rental income during the period	(24)	(14)
	282	299

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

In NIS million	As of December 31	
	2025	2024
Owned	3,235	3,335
Capitalized lease:		
Up to 15 years	161	128
15-50 years	1,665	1,622
Over 50 years	410	355
Total	5,471	5,441

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 15.

F. As of December 31, 2025, the balance of the Group's liability in respect of further investments in investment property amounted to approx. NIS 565 million, of which approx. NIS 398 million out of participating policies' funds. (and last year - approx. NIS 652 million, of which approx. NIS 457 million out of participating policies' funds).

NOTE 12 - PROPERTY, PLANT & EQUIPMENT**A. Composition of and change**

In NIS million	Land and office buildings	Computers and servers	Vehicles	Office furniture and equipment	Leasehold improvements	Total
Cost						
Balance as of January 1, 2024	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
Purchases	-	53	-	2	7	63
Derecognition of assets which were fully depreciated	-	(16)	-	-	-	(16)
Balance as of December 31, 2025	66	853	3	117	401	1,439
Depreciation and impairment losses						
Balance as of January 1, 2024	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
Depreciation per year	-	51	-	4	15	70
Derecognition of assets which were fully depreciated	-	(16)	-	-	-	(16)
Balance as of December 31, 2025	58	742	1	89	245	1,135
Carrying value, net						
Balance as of January 1, 2024	9	97	1	31	163	302
Balance as of December 31, 2024	8	109	1	29	163	310
Balance as of December 31, 2025	8	112	1	27	155	303

B. For further details regarding leased property, plant, and equipment, see Note 15 below.

NOTE 13 - INTANGIBLE ASSETS ²⁾

A. Composition and movement

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, 2024	1,077	461	82	715	4,974	7,309
Purchases and internal-use software ^{1) 3)}	-	-	-	30	342	372
Acquisitions as part of business combinations	66	(47)	1	-	(20)	-
Balance as of December 31, 2024	1,142	414	83	745	5,295	7,679
Purchases and internal-use software ^{1) 3)}	-	-	-	8	336	344
Balance as of December 31, 2025	1,142	414	83	753	5,632	8,023
Amortization and impairment losses						
Balance as of January 1, 2024	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
Amortization for the year	-	22	7	10	322	361
Balance as of December 31, 2025	298	317	29	684	4,501	5,829
Carrying value, net						
Balance as of January 1, 2024	779	185	68	50	1,124	2,205
Balance as of December 31, 2024	844	119	61	71	1,117	2,212
Balance as of December 31, 2025	844	97	54	69	1,131	2,195

1) Additions in respect of computer software include additions in respect of internal-use software totaling approx. NIS 211 million and approx. NIS 190 million in the years ended December 31, 2025 and 2024, 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, 2025, 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 5 million.

Tmura signed agreements to purchase several insurance portfolios over the years; as of December 31, 2025, 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 10 million.

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	2025	2024	2025	2024	2025	2024	2025	2024
Provident activity 1)	-	-	9	11	-	-	125	125
Pension activity 2)	-	-	-	-	-	-	135	135
P&C insurance activity - Clal Credit	-	-	-	-	-	-	2	2
Credit cards 4)	-	-	88	107	54	61	498	498
Insurance agencies 3)	69	71	-	-	-	-	85	85
Total	69	71	97	119	54	61	844	844

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, 2025, was based, among other things, on the calculations of the embedded value (EV) for the provident funds activity conducted by the Company in 2025 and 2024. 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, 2025 and 2024, 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	
	2025	2024
Valuation methodology	DCF	DCF
WACC operating discount rate before tax	12.4%	12.3%
WACC operating discount rate after tax	10%	10%
Effective marginal tax rate	34.75%	34.75%
Weighted rate of return on assets under management	3.7%-4.2%	3.9%-4%

2. Pension fund management activity

For the purpose of preparing the financial statements as of December 31, 2025 and 2024, 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 (DCF) 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, 2025 and 2024.

The following key assumptions and parameters were used in the calculation of the recoverable amount:

	As of December 31	
	2025	2024
Valuation methodology	DCF	DCF
WACC operating discount rate before tax	13.3%	12.6%
WACC operating discount rate after tax	9.65%	9.4%
Effective marginal tax rate	34.75%	34.75%
Weighted return on available assets (excluding designated bonds and guaranteed-return track) - planholders' assets	5.7%	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, 2025 and 2024, 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, 2025 and 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(j)(2).

NOTE 14 - COSTS OF OBTAINING INVESTMENT MANAGEMENT SERVICE CONTRACTS**A. Composition**

In NIS million	As of December 31	
	2025	2024
Investment contracts	67	54
Pension and provident funds	720	683
Total in Long-Term Savings Segment (b)	787	737
Other	6	5
Total	793	742

B. Movement in costs of obtaining investment management service contracts in the Long-Term Savings Segment

In NIS million	Long-term savings		
	Investment contracts	Pension and provident funds	Total
Balance as of January 1, 2024	40	660	701
Additions	28	140	168
Current amortization	(14)	(118)	(132)
Balance as of December 31, 2024	54	683	737
Additions	24	165	189
Current amortization	(12)	(128)	(139)
Balance as of December 31, 2025	67	720	787

NOTE 15 - 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, 2024	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
Additions to right-of-use assets due to new leases in the period	4	-	41	45
Revisions to right-of-use assets for CPI linkages	13	1	2	16
Derecognitions	(3)	-	(33)	(36)
Balance as of December 31, 2025	821	22	120	963
Accumulated depreciation				
Balance as of January 1, 2024	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
Depreciation for the period	43	1	40	84
Derecognitions from right-of-use assets	(3)	-	(28)	(31)
Balance as of December 31, 2025	258	9	55	322
Balance of amortized cost as of December 31, 2024	589	13	67	669
Balance of amortized cost as of December 31, 2025	563	13	65	641

2. Disclosures regarding lease liability

In NIS million	Buildings	Sites	Vehicles	Total
Liability				
Balance as of January 1, 2024	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)
Balance as of December 31, 2024	692	16	67	775
Additions to lease liability in respect of new leases in the period	4	-	41	45
Revisions to the lease liability for CPI linkages	13	1	2	16
Finance expenses	17	-	1	18
Payment of lease liability	(64)	(2)	(39)	(105)
Derecognitions of lease liability	-	-	(5)	(5)
As of December 31, 2025	662	15	67	744

3. Maturity analysis of lease liability

In NIS million	As of December 31	
	2025	2024
Up to one year	87	85
Over one year and up to two years	69	70
Over two years and up to 3 years	54	52
Over 3 years and up to 4 years	48	45
Over 4 years and up to 5 years	50	47
Over 5 years	435	476
Total	744	775

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. 37 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:

In NIS million	As of December 31	
	2025	2024
Up to one year	296	288
From one year to five years	974	994
More than five years	2,378	2,252
Total	3,648	3,533
Of which the minimum lease payments receivable related to properties in which the Company is a lessor under a finance lease	1,054	1,071

For further details regarding the agreements for the lease of investment property, see Note 11 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	
	2025	2024
	NIS million	
Expenses for operating leases	23	26
Variable lease expenses	2	1
Total	25	27

NOTE 16 - LOANS AND CREDIT

A.1. Composition of fair value

In NIS million	Additional Information	As of December 31			
		Carrying value		Fair value ²⁾	
		2025	2024	2025	2024
Financial liabilities presented at amortized cost					
Bonds (Series A) - Liquid bonds		564	920	577	934
Bonds (Series B) - Liquid convertible bonds - Par value component		147	144	343	155
Bonds (Series C) - Liquid bonds		858	500	894	514
The Company's bonds - total	C	1,570	1,565	1,814	1,602
Subsidiaries:					
Loans in CIMax and its subsidiaries, excluding Max		6	12	6	12
Liquid subordinated notes in Clal Insurance	B	5,276	4,661	5,302	4,398
Credit from banking corporations in Max	D	6,383	5,993	6,389	5,995
Bonds and subordinated notes at Max	E	1,619	788	1,633	799
Total liabilities presented at amortized cost		14,854	13,019	15,144	12,806
Less interest payable		132	115	132	115
Total financial liabilities presented at amortized cost net of interest payable		14,721	12,903	15,012	12,691
Liabilities measured at fair value through profit and loss					
Futures		865	429	865	429
Interest rate, foreign exchange and stock swaps		5	82	5	82
Stock options		-	2	-	2
Options on indices		8	15	8	15
Liabilities for REPO		1,846	1,235	1,846	1,235
Total liabilities measured at fair value through profit and loss ¹⁾		2,724	1,763	2,724	1,763
Total financial liabilities		17,445	14,666	17,736	14,453
¹⁾ Of which in respect of yield-dependent liabilities		2,278	1,460	2,278	1,460

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 33(d).

A.2. Movement in the liabilities arising from financing activities

In NIS million	Subordinated notes - Clal Insurance	Bond - the Company	Notes / bonds - Max	Total net of interest payable	Interest payable in respect of subordinated notes	Total	
Balance as of January 1, 2024	4,587	1,514		573	6,675	99	6,773
Changes arising from cash flows and financing activities							
Replacement of notes	(462)	-		(35)	(497)	4	(492)
Proceeds from the issue of subordinated notes	456	-		230	686	4	690
Issuance costs	(7)	-		-	(7)	-	(7)
Interest paid	-	-		-	-	(235)	(235)
Total cash provided by financing activities	(12)	-		195	183	(227)	(44)
Effect of changes in the CPI	16	-		-	16	-	16
Changes in effective interest rate	17	7		-	25	244	268
Balance as of December 31, 2024	4,608	1,522		768	6,898	115	7,014
Changes arising from cash flows and financing activities							
Proceeds from the issue of subordinated notes	1,094	355		811	2,261	3	2,264
Replacement of notes	(498)	(350)		-	(848)	(6)	(854)
Issuance costs	(13)	(1)		-	(14)	-	(14)
Interest paid	-	-		-	-	(230)	(230)
Total cash provided by financing activities	583	4		811	1,399	(233)	1,166
Effect of changes in the CPI	9	-		-	9	-	9
Changes in effective interest rate	15	11		-	27	250	277
Balance as of December 31, 2025	5,216	1,537		1,579	8,332	132	8,465

B. Subordinated notes - composition as of December 31 ^{a)}

	Additional Information	Type of capital	Linkage terms	Interest type	Annual interest rate		Liquid / illiquid	Level of fair value hierarchy	Early redemption date ^{b)}	Original amount issued	Carrying value		Fair value	
					Effective	Nominal					2025	2024	2025	2024
					%						In NIS million			
Notes (Series I)	(1)	Hybrid Tier 2	CPI-linked	Fixed	2.51-3.85	2.48	Liquid	1	July 2025	423	-	492	-	493
Notes (Series K)	(1)	Tier 2 Capital	Non-linked	Fixed	2.42-2.79	2.64	Liquid	1	March 2027	1,636	1,650	1,650	1,547	1,483
Notes (Series L)	(1)	Tier 2 Capital	Non-linked	Fixed	2.66-5.01	2.50	Liquid	1	March 2030	1,334	1,257	1,246	1,215	1,127
Notes (Series M)	(1)	Tier 2 Capital	Non-linked	Fixed	5.53-6.01	5.31	Liquid	1	July 2032	1,273	1,275	1,272	1,383	1,295
Notes (Series N)	(1)	Tier 2 Capital	Non-linked	Fixed	5.73	5.51	Liquid	1	September 2034	500	501	-	542	-
Notes (Series O)	(1)	Tier 1 Capital	Non-linked	Fixed	5.33	5.12	Liquid	1	October 2036	594	593	-	615	-
Total notes										5,761	5,276	4,661	5,302	4,398

a) The issuer of all notes is Clal Insurance Capital Raising Ltd. (hereinafter - "Clal Capital Raising").

b) For further details, see Section 1(g)(1) below.

1. A. Notes (Series I) were issued in July 2015, and the series was expanded in December 2016. The interest on the notes was paid annually in two semi-annual installments on January 31 and July 31 of each calendar year between 2016 and 2025. The notes were repaid in full by early repayment on July 31, 2025, in accordance with their terms.
- B. Notes (Series K) were issued in September 2019, and the series was expanded in December 2019.
The principal is repaid in a single payment on March 31, 2033, subject to an early redemption right, as detailed in Section G(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.
- C. Notes (Series L) were issued in August 2021, and the series was expanded in December 2021 and in September 2022. The principal is repaid in a single payment on March 31, 2035, subject to an early redemption right, as detailed in Section G(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.
- D. Notes (Series M) were issued in July 2023, and the series was expanded in January 2024 and in April 2024. The principal is repaid in a single payment on July 31, 2037, subject to an early redemption right, as detailed in Section G(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.
- E. Notes (Series N) were issued in April 2025. The principal is repaid in a single payment on September 30, 2039, subject to an early redemption right, as detailed in Section G(1) below. The interest payable on the notes is paid annually in two semi-annual installments starting on September 30, 2025, and on March 31 and September 30 of each calendar year between 2026 and 2039.
- F. Notes (Series O) were issued in October 2025. The principal is repaid in a single payment on October 31, 2075, subject to an early redemption right, as detailed in Section G(1) below. The interest on the notes is paid annually in two semi-annual installments on April 30 and October 31 of each calendar year between 2026 and 2075.

Under the issuance, Clal Capital Raising raised a total of approx. NIS 594 million p.v. from the public and a total of approx. NIS 555 million p.v. from the Company in a private placement by way of series expansion. The issuance proceeds were used to cancel a NIS 450 million CPI-linked capital note, which was issued to the Company by Clal Insurance on October 29, 2020, and which was recognized as an additional Tier 1 capital instrument by Clal Insurance. The private issuance has the same economic value as the capital note, calculated in accordance with a detailed substitution formula detailed in an economic study conducted by an independent external economic consulting firm. Accordingly, the Company recorded a gain of approx. NIS 24 million, and - on the other hand - Clal Insurance recorded a loss at the same amount under the replacement of the Tier 1 capital instruments. Notes (Series O), which were issued to the public under a private placement, constitute a single series for all intents and purposes.

Subsequent to the reporting date, on January 22, 2026, Clal Capital Raising issued to the public approx. NIS 591 million p.v. in Notes (Series O), by way of expansion of an existing series. The proceeds of the offering amounted to approx. NIS 622 million and were recognized as additional Tier 1 capital of Clal Insurance, subject to restrictions on the maximum rate of Tier 1 capital, in accordance with the provisions of the law.

The proceeds from the abovementioned issuance of notes was deposited by Clal Insurance with deferred deposits under repayment and interest terms identical to those of the notes. Pursuant to the agreement with Clal Capital Raising, Clal Insurance bore all issuance expenses.

The proceeds of the issuance of the Notes (Series K, L, M and N) were recognized as Tier 2 capital in Clal Insurance, and the proceeds of the issuance of the Notes (Series O) was recognized as Additional Tier 1 capital in Clal Insurance, all subject to the restrictions set in the Commissioner's Directives regarding the eligible capital restrictions.

G. Additional terms and conditions of the notes

1. Right to early redemption

- A. Clal Capital Raising 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**");

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.

Series N - on September 30, 2034.

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 value; c. the value based on a discount rate equal to the yield on government bond plus interest of 0.8%.

With respect to Series O

The first date on which Clal Capital Raising will be allowed to execute full or partial early redemption of the Notes shall be October 31, 2036 (hereinafter - the **"First Early Redemption Date"**); subsequent to this date and subject to the Commissioner's approval, Clal Capital Raising will be allowed to execute full or partial early redemption of the Notes on the First Interest Payment date occurring after five years have elapsed since the First Early Redemption Date, and subsequently - every five years on the next Interest Payment Date.

- B. If the right to early redemption of all of the Notes (Series K, L, M and N) 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 K - 1.69%;

Series L - 1.52%;

Series M - 1.87%;

Series N - 1.34%;

With respect to Series O

If this right to carry out full or partial early redemption of the notes is not exercised through October 31, 2036, the interest payable will change and its rate will be calculated in accordance with the following: As from October 31, 2036, and every five years since that date (any such date shall be referred to hereinafter - the **"Interest Change Date"**), the notes shall bear interest equal to the market yield of five-year government bonds on that Interest Change Date, plus an interest spread. Interest spread - is the spread on non-linked 10-year government bonds set in a tender, and its rate is 1.15607%. That is to say - the Base Interest will change in accordance with the yield of five-year government bonds on each Interest Change Date, whereas the interest spread will not change and will remain constant.

- C. The Minimum Amount for execution of early redemption regarding Series K, L, M, N and O is NIS 1 million p.v. In addition, no early redemption of part of the principal shall be made if the outstanding principal balance that remains after early redemption is lower than NIS 3.2 million. The conditions for early redemption are:
- (1) With regard to Series K, L, M and N, 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.
 - (2) With respect to Series O - early redemption will be allowed subject to the Commissioner's advance approval and at the terms set by them.
 - (3) Furthermore, with respect to all series, early redemption may also be executed if at the same time Clal Insurance and/or through Clal Capital Raising will issue a capital instrument of identical or better quality;

2. Deferral of principal and/or interest payments under suspending circumstances in respect of Notes (Series K, L, M and N)

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:

- (1) 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:

- (2) 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.
- (3) 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 for suspending circumstances or to perform timely repayment of obligations with higher precedence than the notes, provided that the advance approval of the Commissioner has been received.
- (4) 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).
- (5) Principal and/or interest amounts deferred as stated above will accrue interest as from the deferral date and through the date of actual payment at the nominal interest rate under the terms of the notes on the deferral date.

3. Cancellation of interest payment and/or deferral of principal payment in respect of Notes (Series O)

- A. Clal Insurance may cancel an interest payment and defer a principal payment without prejudice to its right to make other payments of higher priority (hereinafter - "**Suspending Circumstances**"), under the following circumstances at the very least:

- (1) Regarding revoking interest payments only, in accordance with the latest financial statements published by Clal Insurance prior to the payment date, Clal Insurance does not have distributable profits, as defined by the Companies Law, 1999 (hereinafter - the "**Companies Law**");

With respect of cancellation of interest payments and/or deferral of principal payment:

- (2) In accordance with the latest financial statements published prior to the payment date, Clal Insurance's equity is lower than the SCR (solvency capital requirement);
- (3) Clal Insurance's Board ordered that interest not be paid or principal payments be deferred if it saw a real, imminent concern regarding Clal Insurance's ability to comply with the SCR, or to repay on time liabilities with higher priority than that of the instrument, provided that the Commissioner's advance approval thereto has been obtained;
- (4) The Commissioner ordered that interest not be paid or principal payments be deferred, if it realized that the solvency ratio was adversely affected or that there is a real imminent concern regarding Clal Insurance's ability to comply with the SCR.

- B. The instrument's principal which was not repaid on time due to suspending circumstances as stated above:

- (1) Will not accrue interest on arrears of any kind whatsoever and interest payments will be canceled.
- (2) Will be paid when the delaying circumstances cease, in accordance with the resolution of Clal Insurance's Board of Directors and after obtaining the Commissioner's advance approval.

- C. The instrument's principal shall be written-off, in whole or in part, when any of the following is fulfilled:

- (1) In accordance with the next most recent financial statements published, Clal Insurance's own funds are lower than the SCR, and Clal Insurance did not supplement its capital as of the publication date of the most recent financial statements.

- (2) In accordance with the latest published financial statements, Clal Insurance's solvency ratio is lower than 75%; and Clal Insurance did not supplement its equity as of the publication date of the financial statements.
- (3) In the auditor's opinion or review report attached to the latest published financial statements prior to the payment date, the independent auditor of Financial Report has added an emphasis of matter regarding the notes describing significant doubts as to Clal Insurance's ability to continue as a going concern.

G. In accordance to an amendment to the agreement between Clal Capital Raising and Clal Insurance of August 2019 (hereinafter - the "Agreement Amendment"):

- 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.

In accordance with the amendment to the agreement with Clal Insurance of September 2025 (hereinafter - the "**Second Amendment to the Agreement**"):

The deposits, which will be deposited with Clal Insurance out of the proceeds of the issuance of subordinated notes and/or options to such subordinated notes (including from the exercise of such options), which will be issued subsequent to the date of the Second Amendment to the Agreement, and which will be deemed Additional Tier 1 capital of Clal Insurance, and Clal Insurance's undertaking to comply with the terms of the abovementioned subordinated notes will have the following status:

- Equal status to that of subordinated notes constituting Additional Tier 1 capital instrument of Clal Insurance, which will be issued by Clal Insurance and/or Clal Capital Raising.
 - Subordinated to all of Clal Insurance's other liabilities to its creditors.
 - Senior only to ordinary shareholders of Clal Insurance and ordinary shareholders of Clal Capital Raising.
- The balance of the notes is presented net of issuance expenses of approx. NIS 35 million, which are amortized using the effective interest method.
 - Repayment dates

Following are the contractual repayment dates of the subordinated notes*):

In NIS million	December 31	
	2025	2024
First year	-	489
Second year	-	-
Third year	-	-
Fourth year	-	-
Fifth year and onwards	5,337	4,238
	5,337	4,727
Less balance of deferred issuance expenses, discount balance, plus premium balance	(121)	(119)
Plus interest payable	60	53
Total	5,276	4,661

*) Assuming early redemption, see Section B(1)(g)(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.

On July 1, 2025, the Company carried out a private placement of Bonds (Series C), by way of expanding an existing series. The Company allocated NIS 350 million in par value of Bonds (Series C), in exchange for a total of approx. NIS 358.4 million. The issuance expenses amounted to approx. NIS 1 million; the annual effective interest rate is 4.9%, and net proceeds of the issuance amounted to approx. NIS 357.4 million.

The proceeds of the issuance were used for partial early redemption of the Company's Bonds (Series A) and on July 13, 2025, the Company redeemed, by way of a partial early redemption, NIS 350 million in par value of Bonds (Series A).

Following are the details of the bonds:

	Additional Information	Type of bonds	Linkage terms	Interest type	Annual interest rate		Liquid / illiquid	Level of fair value hierarchy	Early redemption date	Original amount issued	Carrying value		Fair value	
					Effective	Nominal					2025	2024	2025	2024
					%						In NIS million			
Bonds (Series A) - corporate bonds		(1)Straight	Non-linked	Fixed	4.89-5.64	4.7	Liquid	1	February 28	899	564	920	577	934
Bonds (Series B) - convertible bonds		Convertible (1)bonds	Non-linked	Fixed	4.91	2.8	Liquid	1	February 28	150	147	144	343	155
Bonds (Series C) - corporate bonds		(1)Straight	Non-linked	Fixed	5.48	5.25	Liquid	1	Repayment in 3 installments in November 2029-2031	850	858	500	894	514
Total notes										1,899	1,570	1,565	1,814	1,602

(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:

In NIS million	December 31	
	2025	2024
First year	-	-
Second year	-	-
Third year	699	-
Fourth year	280	1,049
Fifth year and onwards	570	500
	1,549	1,549
Less balance of deferred issuance expenses, discount balance, plus premium balance	(12)	(28)
Plus interest payable	32	43
Total	1,570	1,565

D. Credit from banking corporations in Max

In NIS million	December 31, 2025		Balance as of December 31, 2024	
	Average annual interest rate			
	For transactions in the past month			
	Balance as of	%	NIS million	
Credit in current loan accounts	4.6	4.6	616	31
Other loans	3.7	4.5	5,767	5,962
Total credit from banking corporations			6,383	5,993

E. Additional information regarding bonds and subordinated notes in Max

	Type of capital	Linkage terms	Interest type	Liquid / illiquid	Annual interest rate		Level of fair value hierarchy	Internal rate of return	Average duration	Early redemption date	Original amount issued	Carrying value		Fair value	
					Effective	Nominal						2025	2024	2025	2024
					%	%						In NIS million			
CoCo Note (Series D)	Tier 2 Capital	Non-linked	Fixed	Illiquid	7.33%	7.33%	2	5.64%	2.55	Oct 2028	223	231	231	241	241
Bonds (Series E)	Tier 2 Capital	Linked	Fixed	Liquid	2.70%	2.70%	1	2.31%	3.81	Jun 2031	300	302	-	305	-
CoCo Note (Series F)	Tier 2 Capital	Linked	Fixed	Illiquid	3.98%	3.98%	2	3.56%	4.96	Jun 2031	150	154	-	156	-
Commercial Paper (Series 1)		Non-linked	Variable	Illiquid	5.25%	5.25%	2	4.40%	0.02	The holders and the Company have the right to notify the other party in writing of their wish to repay it with a 7 business days' notice.	316	316	316	316	316
Commercial Paper (Series 2)		Non-linked	Variable	Illiquid	4.80%	4.80%	2	4.50%	0.02	The holders and the Company have the right to notify the other party in writing of their wish to repay it with a 7 business days' notice.	384	402	241	402	241
Commercial Paper (Series 5)		Non-linked	Variable	Liquid	4.33%	4.33%	1	4.42%	0.31	Apr 2026	207	213	-	213	-
Total notes											1,580	1,619	788	1,633	799

1. Further details regarding bonds, subordinated notes and commercial papers

Bonds

Bonds (Series E) - On July 13, 2025, Max completed a public placement of Bonds (Series E) totaling NIS 300 million p.v. in accordance with a Shelf Offering Report published by Max on July 9, 2025 (hereinafter in this section - the "**Shelf Offering Report**") by virtue of a Supplementary Prospectus and a Shelf Prospectus dated April 8, 2025 (hereinafter - the "**Shelf Prospectus**"). The total net proceeds (after issuance expenses) received by Max in respect of the Bonds (Series E) allocated according to the Shelf Offering Report totaled approx. NIS 298 million. The Bonds (Series E) are linked (principal and interest) to the Consumer Price Index published on June 15, 2025, in respect of May 2025. The principal of Bond (Series E) will be repayable in four equal annual installments, payable on June 30 of each of the years 2028 through 2031. The Bonds (Series E) bear annual interest of 2.7% (the semi-annual interest is 1.35%), payable in twelve semi-annual installments payable on June 30 and December 31 of each year from December 31, 2025 through June 30, 2031.

Subordinated notes

Subordinated Notes (Series D) - On July 16, 2023, Max issued a new series of Subordinated Notes 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 bear fixed annual interest at a rate of 7.33%, and are repayable in one lump sum 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 set out 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 were issued to qualified investors in a private placement and were listed on the TACT-Institutional system of the Tel Aviv Stock Exchange. The subordinated notes 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.

The subordinated notes do not grant the holders of the Subordinated Notes the right to call the subordinated notes for immediate repayment in any case whatsoever, except in the event that the Company is appointed a permanent liquidator or is issued a dissolution order by a competent court and the appointment or order as aforesaid has not been revoked within 30 days, and subject to prior written approval by the Banking Supervision Department.

Subordinated Notes (Series F) - On July 10, 2025, Max issued a new series of Subordinated Notes with a contractual loss absorption mechanism, in the total amount of NIS 150 million par value, which are recognized as Tier 2 capital from the date of their issuance. The subordinated notes are linked to the Consumer Price Index, bear fixed annual interest of 3.98% and are repayable in one installment on June 30, 2036, with an early redemption option available to Max between June 30, 2031 and July 30, 2031, under 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 June 30, 2031, such that its annual rate will be equal to the benchmark interest rate on the date of the interest rate change, plus the margin above the benchmark interest rate at the issuance date, all in accordance with the definitions set out in the deed of trust. The subordinated notes were issued to qualified investors in a private placement and were listed on the TACT-Institutional system of the Tel Aviv Stock Exchange. The subordinated notes 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.

The subordinated notes do not grant the holders of the Subordinated Notes the right to call the subordinated notes for immediate repayment in any case whatsoever, except in the event that the Company is appointed a permanent liquidator or is issued a dissolution order by a competent court and the appointment or order as aforesaid has not been revoked within 30 days, and subject to prior written approval by the Banking Supervision Department.

On February 6, 2026, Max was notified of the termination of the voluntary market making services of a Israel Brokerage and Investments IBI Ltd. on April 30, 2026. In view of this notice, as from the above date there will be no market maker for the Company's Subordinated Notes (Series F) in the TACT Institutional System on the Tel Aviv Stock Exchange Ltd.

Commercial papers

- CPs (Series 1) - On December 27, 2022, Max completed a NIS 316 million private placement of Commercial Papers (CPs) to institutional entities at an interest rate of 0.1%-0.4% 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. During the reporting period, the CP was renewed by an additional one-year period.
- CPs (Series 2) - On January 4, 2024, the Company completed a NIS 230 million private placement of Commercial Papers (CPs) to institutional entities at an interest rate of 0.1%-0.4% 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. During the reporting period, the CP was renewed by an additional one-year period.

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).

- CPs (Series 5) - On April 24, 2025, Max completed a public placement of Commercial Papers (CPs) totaling approx. NIS 207 million, at an interest rate of 0.08% above the Bank of Israel Interest, according to a supplementary notice published by Max on April 22, 2025, by virtue of the Shelf Prospectus. CPs (Series 5) were issued for a period of one year with no renewal option and are traded on the Tel Aviv Stock Exchange Ltd. On April 23, 2026, Max will repay the full principal and interest amounts in respect of the CPs (Series 5).

Max's undertakings under the terms of Bonds (Series E)

According to the terms of Bonds (Series E), Max assumed, among other things, undertakings, the main ones begin:

- (1) Series expansion: Max may, from time to time, without obtaining approval from the Trustee or the holders of the bonds, expand the series of bonds and issue additional Bonds (Series E) (hereinafter - the **"Additional Bonds"**), at any price and at any manner Max deems right, including at a discount or premium rate (or with no discount or premium), which vary from those used (if any) in other placements of Bonds (Series E), provided that all of the following conditions are met: (1) The expansion of the series of Bonds (Series E) will not result in a downgrading of the rating of the Bonds (Series E) immediately prior to the expansion date, and a written approval to that effect will be obtained in advance from the rating agency (in the event that there will be more than one rating agency, which will assign a rating to the bonds, the rating will be set according to the highest rating assigned by the rating agencies); (2) As of the expansion date, there are no grounds for the acceleration of the bonds, and no such grounds will arise due to the expansion, without taking into account the remediation and waiting periods, if any; (3) on the series' expansion date, Max meets its undertaking to comply with the covenants as stated in Section 5.8 to the deed of trust for the Bonds (Series E) as attached to the Shelf Offering Report (hereinafter - the **"Deed of Trust"**) (if it applies on the series' expansion date); (4) The expansion of the series of Bonds shall not impair Max's ability to repay the Bonds. (5) Max complies with all its material undertakings under the Deed of Trust and the mere expansion of the series does not impair the Company's fulfillment of those undertakings.
- (2) Compliance with financial covenants: In its capacity as an acquirer whose receivables balance as per its latest annual financial statements exceeds NIS 2 billion, various capital measurement and adequacy requirements apply to Max, by virtue of the Banking Supervision Department's Directives (hereinafter - the **"Banking Capital Adequacy Requirements"** and the **"Banking Supervision Department's Directives"**, respectively). If, for any reason, Max ceases to be subject to the banking capital adequacy requirements (as they may be from time to time) and no other alternative regulatory requirements regarding the measurement and adequacy of capital by virtue of being an 'acquirer' and/or a 'credit card company' shall apply thereto (hereinafter - the **"Alternative Capital Adequacy Requirements"** and the **"Expiration Date of the Capital Adequacy Requirements"**, as applicable), while the bonds have not yet been fully repaid, Max undertakes that its own capital according to its consolidated financial statements shall not fall below a total of NIS 1.25 billion (hereinafter - the **"Minimum Own Capital"**) during a period of two consecutive quarters, until the final and full repayment of the bonds. Max undertakes that as long as the bonds are not fully repaid it will comply with the following financial covenants in accordance with its consolidated financial statements (hereinafter - the **"Financial Covenants"**):

- (a) CET1 capital ratio, which will not fall below the minimum CET1 capital ratio which shall apply to Max by virtue of the Banking Capital Adequacy Requirements in accordance with the Banking Supervision Department's Directives or other regulatory directives applicable to Max;
- (b) Minimum equity amount. If, for any reason, Max ceases to be subject to the banking capital adequacy requirements (as they may be from time to time) in accordance with the directives of the Banking Supervision Department, and no other alternative regulatory requirements regarding the measurement and adequacy of capital by virtue of being an 'acquirer' and/or a 'credit card company' shall apply thereto, while the Bonds (Series E) have not yet been fully repaid, Max undertakes that its own capital (including minority interests, if any) according to its consolidated financial statements shall not fall below a total of NIS 1.25 billion during a period of two consecutive quarters, until the final and full repayment of the Bonds (Series E).
- (3) Undertaking to maintain a rating over the term of the notes: Max undertakes to ensure that until immediately after the full, final and accurate settlement of the debt under the terms of the Bonds (Series E), and the fulfillment of all the other Company undertakings towards the Bond Holders, and to the extent that this is under its control, the Bonds (Series E) will be under rating monitoring by a rating agency.
- (4) Dividend distribution restriction: Max undertakes that it will not make a distribution (as this term is defined by the Companies Law, 1999) under the following circumstances: (1) If at the time of the distribution resolution it does not comply with the financial covenants, which Max undertook to comply with vis a vis the holders (according to such covenants which will apply to Max on the distribution date); (2) If there are grounds for acceleration under the provisions of the Deed of Trust, regardless of the remediation and waiting periods; and (3) Max violates any of its material undertakings towards the Bond Holders under the Deed of Trust. Within 3 business days of the distribution resolution and prior to the actual execution of the distribution, Max will provide the Trustee with a confirmation, signed by the senior financial officer at Max, regarding Max's compliance with the terms of the distribution as of the date of the latest financial statements. As from the issuance date of the Bonds (Series E) and through the financial statements' approval date, the conditions stated in subsections 1) to (3) above have not been met, and accordingly they do not apply to Max.
- (5) Interest adjustment mechanism: Changes in the interest rate payable on the bonds due to the occurrence of the following events: (1) A change in the rating of the bonds – additional interest or interest of 0.5% in respect of a downgrading of the bonds' rating by two notches from the base rating (Aa3.il) (for the downgrading period), and an additional interest of 0.25% for any additional rating downgrade (for the downgrading period), up to (only) five notches below the base rating – i.e., the increase in the interest rate above the nominal interest, will be up to a maximum of 1.25%; (2) Interest on arrears (for failure to make timely payments) – additional interest of 3.5% (for the breach period).
- (6) Grounds for immediate repayment: In accordance with the provisions of Section 7 to the Deed of Trust, the Trustee and/or the Bond Holders may accelerate the outstanding balance, in whole or in part and/or exercise collateral (if provided) and the Trustee will be required to do so if the General Meeting of the Bond Holders passed a resolution to that effect.
- (7) Cross default / cross acceleration grounds: If a series of Max bonds or any other series of debt securities thereof has been accelerated without a remediation period or if any debt or financial liabilities or cumulative debts or financial liabilities of Max or a consolidated company thereof in a total exceeding NIS 450 million has been accelerated and if such acceleration has not been cancelled within 30 days.

As from the issuance date of the Bonds (Series E) and through the financial statements' approval date, Max fulfilled all its undertakings in accordance with the Deed of Trust and complied with all the conditions pertaining to the Bonds (Series E).

Max's undertakings under the terms of Commercial Papers (Series 5)

Under the terms of the Commercial Papers (Series 5), Max assumed, among other things, undertakings, the key of which are as follows:

- (1) Series expansion: Max reserves the right, subject to obtaining the TASE's approval for listing and subject to the provisions of any law, without a requirement to obtain the approval of the Commercial Papers' holders, to expand at any time the series of Commercial Papers (Series 5), and to offer (whether under a private placement or under a prospectus, in accordance with a Shelf Offering Report or in any other way) at its discretion, additional Commercial Papers (Series 5), at any price and in any manner Max will deem right (hereinafter - the **"Additional Commercial Papers"**), provided that all of the following conditions are fulfilled: (a) None of the grounds for acceleration listed in Section 18 to the terms and conditions of the Commercial Papers (Series 5)

attached to the Shelf Prospectus is fulfilled on the issuance date of the Additional Commercial Securities; (b) Following the issuance of the Additional Commercial Papers, the rating of the Commercial Papers (Series 5) will not fall below their rating immediately prior to the issuance of the Additional Commercial Papers, in accordance with the approval of the rating agency.

- (2) Early redemption: Max may not effect early redemption of the Commercial Papers (Series 5), whether in whole or in part.
- (3) Minimum equity amount. In its capacity as an acquirer whose receivables balance as per its latest annual financial statements exceeds NIS 2 billion, various capital measurement and adequacy requirements apply to Max as of the Commercial Papers' issuance date by virtue of the Banking Supervision Department's Directives (hereinafter - the **"Banking Capital Adequacy Requirements"**). If, for any reason, Max ceases to be subject to the banking capital adequacy requirements (as they may be from time to time) and no other alternative regulatory requirements regarding the measurement and adequacy of capital by virtue of being an 'acquirer' and/or a 'credit card company' and/or a prudential payments service provider shall apply thereto (hereinafter - the **"Alternative Capital Adequacy Requirements"** and the **"Expiration Date of the Capital Adequacy Requirements"**, as applicable), while the Commercial Papers (Series 5) have not yet been fully repaid, Max undertakes that its own capital according to its consolidated financial statements shall not fall below a total of NIS 700 million (hereinafter - the **"Minimum Own Capital"**) during a period of two consecutive quarters, until the final and full repayment of the Commercial Papers.

In addition, Max undertakes that through the earlier of the date of full and final repayment of the Commercial Papers (Series 5) or through the Expiration Date of the Capital Adequacy Requirements, Max will not deviate from the capital ratios which will apply to it under the Banking Capital Adequacy Requirements (or under the Alternative Capital Adequacy Requirements, as applicable), as they will be from time to time (including taking into account temporary provisions and/or binding regulatory provisions of a similar nature, including with respect to the rate, calculation method and measurement dates), all according to Max's consolidated financial statements (hereinafter - the **"Capital Ratios"**).

- (4) Distribution restriction. As of the issuance date of the Commercial Papers (Series 5), a buyback and/or a dividend distribution and/or any other distribution as defined by the Companies Law is subject, among other things, to the provisions or approval of the Banking Supervision Department. Max undertakes that it will not execute a distribution (as this term is defined by the Companies Law, if one of the following takes place: (1) If on the distribution decision date it does not comply with the capital ratios which will apply to it on that date according to the banking capital adequacy requirements (or according to the alternative capital adequacy requirements, as the case may be), or does not comply with the minimum equity requirement which Max assumed toward the holders (if such a covenant applies to Max on the distribution date); (2) If for any reason Max ceases to be subject to the provisions of the Banking Supervision Department (or the provisions of another regulator as determined by law), if Max's equity according to its latest published Consolidated Financial Statements, reviewed or audited, net of the distribution amount, falls below NIS 700 million.
- (5) Summoning a Meeting of Holders: Upon the occurrence of the grounds, conditions and/or circumstances detailed in Section 18.1 to the terms and conditions of the Commercial Papers (Series 5) attached to the Shelf Prospectus, each of the holders of Commercial Securities holdings at least five percent (5%) of the par value of the Commercial Papers in circulation may convene a Meeting of Holders of Commercial Securities, whose agenda will include a resolution regarding acceleration of the amount payable to the holders under the Commercial Papers' terms and conditions.
- (6) Non-recourse cause: If any creditor or several creditors of Max acting together accelerated one of the following: (a) another series of Commercial Papers issued by Max to the public; (b) any other debt and/or undertaking of Max (other than forfeiture of guarantees and acceleration of a non-recourse loan in an aggregate amount higher than NIS 250 million; (c) forfeiture of guarantees and acceleration of any other debt and/or undertaking of Max and/or a non-recourse loan in an aggregate amount higher than NIS 350 million, provided that the acceleration as per Subsection (b) and (c) above has not been cancelled within 30 days.

As from the issuance date of the Commercial Papers (Series 5) and through the financial statements' approval date, Max fulfilled all its undertakings and complied with all the conditions pertaining to the Commercial Papers (Series 5).

Following are the contractual repayment dates of the bonds

In NIS million	December 31	
	2025	2024
First year	907	546
Second year	-	-
Third year	325	-
Fourth year	48	223
Fifth year and onwards	300	-
	1,580	769
Less balance of deferred issuance expenses, discount balance, plus premium balance	-	-
Plus interest payable	39	19
Total	1,619	788

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 2025 ²⁾	July 2025 ²⁾
		Debt rating - additional Tier 2 capital	(AA-) Stable		
		Debt rating - notes - Additional Tier 1 capital	(A+) Stable	October 2025 ⁴⁾	October 2025 ⁴⁾
Midroog	Clal Insurance	(IFS) ¹⁾	Aa1 Stable	August 3 ³⁾	August 2025 ³⁾
		Debt rating - additional Tier 2 capital	Aa3 Stable		
		Debt rating - notes - Additional Tier 1 capital	A1 Stable	October 2025 ⁴⁾	October 2025 ⁴⁾
Maalot	Clal Holdings	Issuer ratings	(AA-) Stable	July 2025 ²⁾	July 2025 ²⁾
		Rating of the bonds	(AA-) Stable	July 2025 ²⁾	July 2025 ²⁾
Midroog	Max It Finance	Issuer ratings	Aa3 Stable	November 2025 ⁵⁾	November 2025 ⁵⁾
		Subordinated Notes – illiquid with a contractual loss absorption mechanism (CoCo)	A1 Stable		
		(Series D and Series F)			
		Bonds (Series E) - liquid	Aa3 Stable		
		Commercial Papers – liquid (Max It CPs Series 5)	P-1 -		
		Commercial Papers – illiquid (Max It CPs (Series 1) and CPs (Series 2))	P-1 -		
International rating agency	Clal Credit Insurance	(IFSR)	Baa1 Negative	October 2024 ⁶⁾	October 2024 ⁶⁾
Moody's					

- 1) Insurer Financial Strength Rating (IFSR).
- 2) In July 2025, Maalot reiterated the ratings and outlook presented in the above table.
- 3) In August 2025, Midroog reiterated the ratings and outlook presented in the above table.
- 4) In October 2025, Maalot and Midroog announced the rating of the notes - Additional Tier 1 capital.
- 5) In November 2025, Midroog announced the rating of the bonds, subordinated notes and commercial papers.
- 6) Following the downgrading of Israel's sovereign rating from 2A with a negative outlook to Baa1 with a negative outlook (which was reverted to "stable" in January 2026) in October 2024 the international rating company Moody's announced the downgrading of Clal Credit Insurance's insurance financial strength rating from A3 (IFSR) with a stable outlook to Baa1 (IFSR) with a negative outlook. In July 2025, the subsidiary - Clal Credit Insurance - decided to discontinue the international rating by the rating agency Moody's.
- 7) Subsequent to the reporting date, in January 2026, the rating agencies Maalot and Midroog announced the assignment of an A+ and A1 rating with a stable outlook (respectively), to notes - Additional Tier 1 capital (Series O) - totaling up to NIS 600 million p.v. issued by Clal Capital Raising.

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 7(e) above).

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, (for further details, see Note 7(e) above).

	As of December 31, 2025		
	Level 1	Level 2	Total
In NIS million	Unaudited		
Derivatives	8	870	878
Repo liability	-	1,846	1,846
Total financial liabilities	8	2,716	2,724

	As of December 31, 2024		
	Level 1	Level 2	Total
In NIS million	Unaudited		
Derivatives	17	511	528
Repo liability	-	1,235	1,235
Total financial liabilities	17	1,746	1,763

H. Shelf prospectus in the Company and in Clal Capital Raising

On April 8, 2025, the Company and Clal Capital Raising published shelf prospectuses. Shelf prospectuses dated April 9, 2025 (hereinafter - the "**Shelf Prospectuses**"). The shelf prospectus allows the Company, 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. Generally, the consideration for bonds issued by Clal Capital Raising by virtue of the Shelf Prospectus, will be deposited with Clal Insurance and recognized as Tier 2 capital and/or Additional Tier 1 capital (subject to restrictions on the maximum rate of Tier 2 capital and/or Additional Tier 1 capital, in accordance with the provisions of the law), and Clal Insurance will be liable to the holders of the bonds for their repayment.

I. Credit facilities

1. The Company

In June 2025, 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 2026. 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

Insofar as credit will be extended out of the credit facility, it will be subject to acceleration conditions, including cross default mechanism; as of the report date and the report approval date, the Company did not utilize the abovementioned credit facility.

2. Max

Following are details regarding credit facilities and their utilization:

In NIS million	As of December 31	
	2025	2024
Total binding credit facilities	10,350	10,350
Total non-secured credit facilities	1,450	1,450
Total credit facilities (secured and unsecured)*	11,800	11,800
Total utilization of financial credit from secured facilities	3,102	3,626
Total loans from banks out of facilities	850	874
Total loans from banks not out of facilities	2,402	1,458
Total financial credit utilization	6,354	5,958

* Max's credit facilities are renewed each year for a period ranging from one to three years.

J. Financial liabilities with respect to Max by level

		December 31, 2025				
		On-balance sheet balances	Fair value			Total
			Level 1	Level 2	Level 3	
In NIS million		Unaudited				
Financial liabilities						
Credit from banking corporations	6,383	-	6,389	-	6,389	
Payables for credit card transactions	9,911	-	-	9,856	9,856	
Bonds and subordinated notes	1,619	518	1,115	-	1,633	
Other financial liabilities	311	-	1	310	311	
Total financial liabilities	18,224	518	7,505	10,166	18,189	

		December 31, 2024			
In NIS million	On-balance sheet balances	Fair value			Total
		Level 1	Level 2	Level 3	
Unaudited					
Financial liabilities					
Credit from banking corporations	5,993	-	5,995	-	5,995
Payables for credit card transactions	9,678	-	-	9,622	9,622
Bonds and subordinated notes	788	-	799	-	799
Other financial liabilities	296	-	-	296	296
Total financial liabilities	16,755	-	6,794	9,918	16,712

K. Contractual restrictions and financial covenants - in Max

The agreements between Max and each of the entities that provide them with credit, including holders of Max's listed bonds - 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.

Off-balance-sheet financial instruments and derivatives

NIS million	As of December 31	
	2025	2024
Unutilized credit card credit facilities		
Credit risk for Max	25,892	25,911
The credit risk for banks	15,113	13,678
Credit risk for others	4	4
Total unutilized credit card credit facilities	41,009	39,593
Credit loss provision	(14)	(13)
Total unutilized credit card credit facilities, net	40,995	39,580
Guarantees and other commitments:		
Exposure in respect of guarantees to merchants	127	111
Total guarantees and other commitments	127	111
Credit loss provision	(2)	(2)
Total guarantees and other commitments, net	125	109

Derivatives activity - Scope and repayment dates

In 2025, Max and Israeli banking corporations entered into currency option transactions at a par value of USD 22 million and EUR 7 million for repayment in March 2027. Some of the transactions are stated in the balance sheet at a positive fair value of approx. NIS 4 million and some are stated in the balance sheet at a negative fair value lower than NIS 1 million.

NOTE 17 - PAYABLES AND CREDIT BALANCES**A. Composition**

In NIS million	As of December 31	
	2025	2024
Employees and other liabilities in respect of compensation and salaries	542	429
Accrued expenses	189	186
Trade payables	118	129
Government institutions and authorities	38	38
Total insurance companies and insurance brokers	63	39
Insurance agents	456	460
Interest payable in respect of subordinated notes	133	115
Deferred revenues from customers	9	12
Payables for collateral for illiquid futures	1,728	-
Payables for purchase of securities	-	37
Credit loss provision in respect of off-balance sheet balance	16	15
Other accounts payables	137	279
Total payables and credit balances	3,429	1,739

NOTE 18 - PAYABLES FOR CREDIT CARD TRANSACTIONS

In NIS million	As of December 31	
	2025	2024
	Audited	
Merchants ⁽¹⁾	8,357	8,421
Liabilities for deposits ⁽²⁾	268	209
Credit card companies	1,113	888
Prepaid revenues	36	29
Benefit plan for card holders ⁽³⁾	88	90
Others ⁽⁴⁾	85	70
Total payables for credit card transactions	9,947	9,707

(1) Net of balances in respect of factoring of credit card vouchers for merchants totaling NIS 1,781 million (December 31, 2024 - NIS 1,708 million) and in respect of advanced payments to merchants totaling NIS 280 million (December 31, 2024 - NIS 244 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 19 - LIABILITIES IN RESPECT OF INVESTMENT CONTRACTS

		Life Insurance Yield-dependent investment contracts	Long-term savings Non-yield-dependent investment contracts (*)	Total
	Comments	In NIS million		
Balance as of January 1, 2024		13,151	2,470	15,621
Changes recognized in the income statement:				
Increase (decrease) due to the yield component	Note 25	1,438	218	1,656
Net of management fees for investment contracts		(103)	-	(103)
Other changes:				
Transfers to insurance contracts		(41)	-	(41)
Cash flow:				
Proceeds		1,331	1	1,332
Payments		(3,239)	(167)	(3,406)
Balance as of December 31, 2024		12,537	2,522	15,059
Changes recognized in the income statement:				
Increase (decrease) due to the yield component	Note 25	1,689	191	1,879
Net of management fees for investment contracts		(101)	-	(101)
Other changes:				-
Transfers to insurance contracts		(51)	-	(51)
Cash flow:				-
Proceeds		1,794	1	1,795
Payments		(2,293)	(254)	(2,547)
Balance as of December 31, 2025		13,575	2,459	16,034

* A contract for the management of a guaranteed return provident fund

Determining fair value: Investment contracts can be redeemed by the holder at any time. Accordingly, the fair value of these liabilities cannot be lower than the amount payable upon request, which is the cash surrender value in accordance with the value of the assets held against these liabilities under the Commissioner's Directives. In view of the above, the Company estimates that the fair value of liabilities in respect of investment contracts is classified as Level 2 within the fair value hierarchy.

NOTE 20 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS

A. Composition of balances for insurance contracts and reinsurance contracts

	As of December 31, 2025			
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Total
	In NIS million			
Insurance contracts				
Total liabilities in respect of insurance contracts	115,224	6,880	6,852	128,956
Assets for insurance acquisition cash flows	-	-	-	-
Total liabilities for insurance contracts	115,224	6,880	6,852	128,956
Less amounts deposited to the Company as part of a defined benefit plan for the Group's employees	(23)	-	-	(23)
Total liabilities for insurance contracts	115,202	6,880	6,852	128,933
Insurance contract assets				
Insurance contract assets	1,025	2,251	-	3,276
Assets for insurance acquisition cash flows	-	-	-	-
Total insurance contract assets	1,025	2,251	-	3,276
Reinsurance contracts				
Reinsurance contract assets	25	343	2,235	2,603
Liabilities for reinsurance contracts	(5)	(56)	-	(61)
Total reinsurance contract assets	20	287	2,235	2,542

	As of December 31, 2024			
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Total
	In NIS million			
Insurance contracts				
Total liabilities in respect of insurance contracts	108,663	6,395	6,670	121,728
Assets for insurance acquisition cash flows	-	-	-	-
Total liabilities for insurance contracts	108,663	6,395	6,670	121,728
Less amounts deposited to the Company as part of a defined benefit plan for the Group's employees	(10)	-	-	(10)
Total liabilities for insurance contracts	108,653	6,395	6,670	121,718
Insurance contract assets				
Insurance contract assets	777	1,876	-	2,653
Assets for insurance acquisition cash flows	-	-	-	-
Total insurance contract assets	777	1,876	-	2,653
Reinsurance contracts				
Reinsurance contract assets	27	334	2,303	2,664
Liabilities for reinsurance contracts	(5)	(56)	-	(62)
Total reinsurance contract assets	22	277	2,303	2,602

B. Assets and liabilities for insurance contracts and reinsurance contracts included in the Life Insurance and Long-Term Savings Segment

1. Movement in insurance contracts and reinsurance contracts

(a) Insurance contracts - gross

(1) Analysis according to the remaining coverage and incurred claims

In NIS million	Note	Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component	Contracts not under the PAA model	Total
Balance of assets as of January 1, 2025		(1,428)		1 650	(777)
Balance of liabilities as of January 1, 2025		106,198		8 2,447	108,653
Balance, net as of January 1, 2025		104,770		9 3,097	107,876
Changes in the income statement and other comprehensive income:					
Revenues from insurance services:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		(479)	-	-	(479)
Contracts to which the fair value approach was applied under the Transitional Provisions		(2,113)	-	-	(2,113)
Other contracts		(335)	-	-	(335)
Total revenues from insurance services	Note 24	(2,927)	-	-	(2,927)
Expenses from insurance services:					
Claims and other insurance service expenses incurred		-	(3)	2,360	2,357
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	48	48
Losses (reversal of losses) for groups of onerous insurance contracts		-	17	-	17
Amortization of insurance acquisition cash flows		122	-	-	122
Total expenses from insurance services		122	14	2,408	2,544
Investment component		(8,013)	-	8,013	-
Total income from insurance services	Note 24	(10,818)	14	10,421	(383)
Finance expenses, net of insurance contracts	Note 25	13,015	-	296	13,311
Total changes in the income statement and other comprehensive income		2,197	14	10,717	12,928
Cash flow:					
Premiums and management fees received net of repayment of premiums		4,214	-	-	4,214
Claims and other insurance service expenses paid, including investment components		-	-	(10,535)	(10,535)
Insurance acquisition cash flows		(220)	-	-	(220)
Total cash flows		3,994	-	(10,535)	(6,541)
Other adjustments*		30	-	(115)	(86)
Balance, net, as of December 31, 2025:					
Balance of assets as of December 31, 2025		(1,753)	11	717	(1,025)
Balance of liabilities as of December 31, 2025		112,743	12	2,447	115,202
Balance, net, as of December 31, 2025		110,990	23	3,164	114,177

In NIS million	Note	Liabilities for remaining coverage		Liabilities for incurred claims	Total
		Excluding loss component	Loss component	Contracts not under the PAA model	
Balance of assets as of January 1, 2024		(1,152)	-	644	(508)
Balance of liabilities as of January 1, 2024		101,628	-	2,301	103,929
Balance, net as of January 1, 2024		100,476	-	2,946	103,421
Changes in the income statement and other comprehensive income:					
Revenues from insurance services:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		(541)	-	-	(541)
Contracts to which the fair value approach was applied under the Transitional Provisions		(1,984)	-	-	(1,984)
Other contracts		(130)	-	-	(130)
Total revenues from insurance services	Note 24	(2,656)	-	-	(2,656)
Expenses from insurance services:					
Claims and other insurance service expenses incurred		-	(4)	2,280	2,276
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	24	24
Losses (reversal of losses) for groups of onerous insurance contracts		-	12	-	12
Amortization of insurance acquisition cash flows		97	-	-	97
Total expenses from insurance services		97	9	2,304	2,409
Investment component		(7,469)	-	7,469	-
Total income from insurance services	Note 24	(10,027)	9	9,772	(246)
Finance expenses, net of insurance contracts	Note 25	9,990	-	299	10,289
Total changes in the income statement and other comprehensive income		(37)	9	10,071	10,043
Cash flow:					
Premiums and management fees received net of repayment of premiums		4,516	-	-	4,516
Claims and other insurance service expenses paid, including investment components		-	-	(10,027)	(10,027)
Insurance acquisition cash flows		(228)	-	-	(228)
Total cash flows		4,288	-	(10,027)	(5,739)
Other adjustments*		43	-	108	151
Balance, net, as of December 31, 2024:					
Balance of assets as of December 31, 2024		(1,428)	1	650	(777)
Balance of liabilities as of December 31, 2024		106,198	8	2,447	108,653
Balance, net, as of December 31, 2024		104,770	9	3,097	107,876

(2) Analysis according to measurement components – contracts that are not measured according to the PAA model

		Contractual service margin (CSM) (see Note d(a) regarding expected allocation in the next periods)						
In NIS million	Note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
Balance of assets as of January 1, 2025		(1,637)	94	508	89	170	766	(777)
Balance of liabilities as of January 1, 2025		102,974	843	-	4,825	11	4,836	108,653
Balance, net as of January 1, 2025		101,337	937	508	4,914	180	5,602	107,876
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
Contractual service margin (CSM) amount recognized in profit or loss for services provided	Note 24	-	-	(95)	(333)	(71)	(499)	(499)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(52)	-	-	-	-	(52)
Experience adjustments		102	-	-	-	-	-	102
Changes relating to future services:								
Contracts first recognized during the period	Section 2a below	(264)	17	-	-	273	273	26
Changes in estimates adjusting the contractual service margin		(530)	92	5	392	41	438	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		(8)	-	-	-	-	-	(8)
Changes relating to past service:								
Adjustments to liabilities for incurred claims		52	(4)	-	-	-	-	48
Total income from insurance services	Note 24	(648)	53	(90)	59	243	212	(383)
Finance expenses, net of insurance contracts	Note 25	13,221	23	11	42	14	67	13,311
Total changes in the income statement and other comprehensive income		12,573	76	(79)	101	257	279	12,928
Cash flow:								
Premiums received net of repayment of premiums		4,214	-	-	-	-	-	4,214
Claims and other insurance service expenses paid, including investment components		(10,535)	-	-	-	-	-	(10,535)
Insurance acquisition cash flows		(220)	-	-	-	-	-	(220)
Total cash flows		(6,541)	-	-	-	-	-	(6,541)
Other adjustments*		(86)	-	-	-	-	-	(86)
Balance, net, as of December 31, 2025:								
Balance of assets as of December 31, 2025		(2,020)	105	429	93	368	890	(1,025)
Balance of liabilities as of December 31, 2025		109,303	908	-	4,921	70	4,991	115,202
Balance, net, as of December 31, 2025		107,283	1,013	429	5,014	438	5,882	114,177

		Contractual service margin (CSM) (see Note d(a) regarding expected allocation in the next periods)						3-144
		Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
In NIS million	Note							
Balance of assets as of January 1, 2024		(1,470)	93	716	154	-	870	(508)
Balance of liabilities as of January 1, 2024		99,041	884	-	4,005	-	4,005	103,929
Balance, net as of January 1, 2024		97,571	976	716	4,159	-	4,874	103,421
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
Contractual service margin (CSM) amount recognized in profit or loss for services provided	Note 24	-	-	(119)	(222)	(25)	(366)	(366)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(49)	-	-	-	-	(49)
Experience adjustments		133	-	-	-	-	-	133
Changes relating to future services:								
Contracts first recognized during the period	Section 2a below	(216)	13	-	-	236	236	32
Changes in estimates adjusting the contractual service margin		(767)	(18)	(103)	924	(37)	784	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		(20)	-	-	-	-	-	(20)
Changes relating to past service:								
Adjustments to liabilities for incurred claims		28	(4)	-	-	-	-	24
Total income from insurance services	Note 24	(841)	(58)	(222)	702	173	654	(246)
Finance expenses, net of insurance contracts	Note 25	10,196	19	15	52	7	74	10,289
Total changes in the income statement and other comprehensive income		9,355	(40)	(208)	755	180	728	10,043
Cash flow:								
Premiums received net of repayment of premiums		4,516	-	-	-	-	-	4,516
Claims and other insurance service expenses paid, including investment components		(10,027)	-	-	-	-	-	(10,027)
Insurance acquisition cash flows		(228)	-	-	-	-	-	(228)
Total cash flows		(5,739)	-	-	-	-	-	(5,739)
Other adjustments*		151	-	-	-	-	-	151
Balance, net, as of December 31, 2024:								
Balance of assets as of December 31, 2024		(1,637)	94	508	89	170	766	(777)
Balance of liabilities as of December 31, 2024		102,974	843	-	4,825	11	4,836	108,653
Balance, net, as of December 31, 2024		101,337	937	508	4,914	180	5,602	107,876

(b) Reinsurance contracts

(1) Analysis according to the remaining coverage and incurred claims

In NIS million	Note	Assets for remaining coverage		Assets for incurred claims	Total
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	
Balance of assets as of January 1, 2025		(79)	-	106	27
Balance of liabilities as of January 1, 2025		(9)	-	4	(5)
Balance, net as of January 1, 2025		(88)	-	110	22
Changes in the income statement and other comprehensive income:					
Reinsurance expenses:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		-	-	-	-
Contracts to which the fair value approach was applied under the Transitional Provisions		(157)	-	-	(157)
Other contracts		(21)	-	-	(21)
Total reinsurance expenses	Note 24	(178)	-	-	(178)
Reinsurance revenues:					
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		-	-	167	167
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	2	2
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts		-	1	-	1
Total reinsurance revenues	Note 24	-	1	169	170
Investment component		(81)	-	81	-
Total revenues (expenses), net for reinsurance contracts held	Note 24	(259)	1	250	(8)
Finance income, net from reinsurance contracts	Note 25	(1)	-	8	6
Total changes in the income statement and other comprehensive income		(260)	1	258	(2)
Cash flow:					
Premiums paid, net of fees independent of claims		281	-	-	281
Amounts received		-	-	(150)	(150)
Total cash flows		281	-	(150)	131
Other adjustments*		(47)	-	(84)	(131)
Balance, net, as of December 31, 2025:					
Balance of assets as of December 31, 2025		(106)	1	131	25
Balance of liabilities as of December 31, 2025		(9)	-	3	(5)
Balance, net, as of December 31, 2025		(115)	1	134	20

In NIS million	Note	Assets for remaining coverage		Assets for incurred claims	Total
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	
Balance of assets as of January 1, 2024		(9)	-	60	51
Balance of liabilities as of January 1, 2024		(10)	-	-	(9)
Balance, net as of January 1, 2024		(18)	-	60	42
Changes in the income statement and other comprehensive income:					
Reinsurance expenses:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		-	-	-	-
Contracts to which the fair value approach was applied under the Transitional Provisions		(220)	-	-	(220)
Other contracts		(10)	-	-	(10)
Total reinsurance expenses	Note 24	(230)	-	-	(230)
Reinsurance revenues:					
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		-	-	146	145
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	37	37
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts		-	-	-	-
Total reinsurance revenues	Note 24	-	-	183	183
Investment component		(102)	-	102	-
Total revenues (expenses), net for reinsurance contracts held	Note 24	(332)	-	285	(47)
Finance income, net from reinsurance contracts	Note 25	(1)	-	1	-
Total changes in the income statement and other comprehensive income		(333)	-	286	(47)
Cash flow:					
Premiums paid, net of fees independent of claims		315	-	-	315
Amounts received		-	-	(157)	(157)
Total cash flows		315	-	(157)	157
Other adjustments*		(51)	-	(79)	(130)
Balance, net, as of December 31, 2024:					
Balance of assets as of December 31, 2024		(79)	-	106	27
Balance of liabilities as of December 31, 2024		(9)	-	4	(5)
Balance, net, as of December 31, 2024		(88)	-	110	22

(2) Analysis according to measurement components – contracts that are not measured according to the PAA model

In NIS million		Contractual service margin (CSM) (see Section d(b) regarding expected allocation in the next periods)						
		Comments	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin
								Total
Balance of assets as of January 1, 2025			(160)	72	-	109	7	115
Balance of liabilities as of January 1, 2025			(10)	1	-	4	-	4
Balance, net as of January 1, 2025			(170)	73	-	113	7	119
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
The contractual service margin (CSM) amount recognized in profit or loss for services received	Note 24		-	-	-	(20)	(4)	(24)
Change in risk adjustment (RA) for non-financial risk resulting from past risks			-	(7)	-	-	-	(7)
Experience adjustments			23	-	-	-	-	23
Changes relating to future services:								
Contracts first recognized during the period	Section 2b below		(11)	4	-	-	8	8
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin			-	-	-	-	-	-
Changes in estimates adjusting the contractual service margin			(79)	16	-	54	9	64
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates			-	-	-	-	-	-
Changes relating to past service:								
Adjustments to liabilities for incurred claims			-	2	-	-	-	-
Total revenues (expenses), net for reinsurance contracts held	Note 24		(67)	15	-	34	13	48
Finance income, net from reinsurance contracts	Note 25		(2)	4	-	3	1	4
Total changes in the income statement and other comprehensive income			(69)	19	-	37	14	52
Cash flow:								
Premiums paid, net of fees independent of claims			277	-	-	-	-	-
Amounts received			(150)	-	-	-	-	-
Total cash flows			127	-	-	-	-	-
Other adjustments*			(131)	-	-	-	-	-
Balance, net, as of December 31, 2025:								
Balance of assets as of December 31, 2025			(233)	91	-	146	21	167
Balance of liabilities as of December 31, 2025			(10)	1	-	4	-	4
Balance, net, as of December 31, 2025			(243)	92	-	150	21	171

In NIS million	Comments	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contractual service margin (CSM) (see Section d(b) regarding expected allocation in the next periods)				
				Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
Balance of assets as of January 1, 2024		(164)	82	-	133	-	133	51
Balance of liabilities as of January 1, 2024		(14)	1	-	4	-	4	(9)
Balance, net as of January 1, 2024		(178)	83	-	137	-	137	42
Changes in the income statement and other comprehensive income:								-
Changes relating to current services:								-
The contractual service margin (CSM) amount recognized in profit or loss for services received	Note 24	-	-	-	(16)	(2)	(18)	(18)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(8)	-	-	-	-	(8)
Experience adjustments		(55)	-	-	-	-	-	(55)
Changes relating to future services:		-	-	-	-	-	-	-
Contracts first recognized during the period	Section 2b below	(13)	4	-	-	8	8	-
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin		-	-	-	-	-	-	-
Changes in estimates adjusting the contractual service margin		24	(10)	-	(14)	-	(14)	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		-	-	-	-	-	-	-
Changes relating to past service:								
Adjustments to liabilities for incurred claims		37	-	-	-	-	-	37
Effect of changes in risk of non-performance by reinsurers		-	-	-	-	-	-	-
Total revenues (expenses), net for reinsurance contracts held	Note 24	(7)	(14)	-	(30)	7	(23)	(44)
Finance income, net from reinsurance contracts	Note 25	(10)	4	-	6	-	6	-
Total changes in the income statement and other comprehensive income		(17)	(10)	-	(24)	7	(17)	(44)
Cash flow:								
Premiums paid, net of fees independent of claims		311	-	-	-	-	-	311
Amounts received		(157)	-	-	-	-	-	(157)
Total cash flows		153	-	-	-	-	-	153
Other adjustments*		(130)	-	-	-	-	-	(130)
Balance, net, as of December 31, 2024:								
Balance of assets as of December 31, 2024		(160)	72	-	109	7	115	27
Balance of liabilities as of December 31, 2024		(10)	1	-	4	-	4	(5)
Balance, net, as of December 31, 2024		(170)	73	-	113	7	119	22

* Other adjustments include changes in receivables and payables included in the insurance contracts and reinsurance contracts liabilities, and which were included in this line item in accordance with the manner of presentation and the Group's policy. An insurance contract boundary includes, among other things, under other adjustments - changes in the period of balances of other receivables and payables which are stated in liabilities for insurance contracts (such as premiums collectible and payables for claims). A reinsurance contract boundary includes, among other things, under other adjustments - changes in balances of other receivables and payables with reinsurers, which are stated in assets for reinsurance contracts (such as balances payables and deposits of reinsurers).

2. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model)

A. Insurance contracts - gross

	Contracts issued for the first time during the period (see Section D(a) regarding expected allocation in subsequent periods)		
	Profitable contracts	Onerous contracts	Total
For the year ended December 31, 2025			
Claims and other insurance service expenses payable	1,439	335	1,774
Insurance acquisition cash flows	174	46	220
Estimates of the present value of the negative future cash flows	1,613	381	1,994
Estimates of the present value of the positive future cash flows	(1,901)	(357)	(2,258)
Risk adjustment (RA) for non-financial risk	15	2	17
Contractual service margin (CSM)	273	-	273
Losses recognized at initial recognition of insurance contracts	-	26	26

	Contracts issued for the first time during the period (see Section D(a) regarding expected allocation in subsequent periods)		
	Profitable contracts	Onerous contracts	Total
For the year ended December 31, 2024			
Claims and other insurance service expenses payable	1,249	313	1,562
Insurance acquisition cash flows	171	34	206
Estimates of the present value of the negative future cash flows	1,421	348	1,768
Estimates of the present value of the positive future cash flows	(1,667)	(317)	(1,984)
Risk adjustment (RA) for non-financial risk	11	2	13
Contractual service margin (CSM)	236	-	236
Losses recognized at initial recognition of insurance contracts	-	32	32

B. Reinsurance contracts held

	Contracts issued for the first time during the period (see Section D(b) regarding expected allocation in subsequent periods)	
	Contracts recognized with a loss recovery	
For the year ended December 31, 2025	component	Total
Estimates of the present value of the positive future cash flows	(63)	(63)
Estimates of the present value of the negative future cash flows	74	74
Risk adjustment (RA) for non-financial risk	(4)	(4)
Gain recognized at initial recognition in reinsurance contracts held	1	1
Contractual service margin (CSM)	8	8

	Contracts issued for the first time during the period (see Section D(b) regarding expected allocation in subsequent periods)	
	Contracts recognized with a loss recovery	
For the year ended December 31, 2024	component	Total
Estimates of the present value of the positive future cash flows	(59)	(59)
Estimates of the present value of the negative future cash flows	71	71
Risk adjustment (RA) for non-financial risk	(4)	(4)
Gain recognized at initial recognition in reinsurance contracts held	-	-
Contractual service margin (CSM)	8	8

C. Assets and liabilities for insurance contracts and reinsurance contracts included in the Health Insurance Segment

1. Movement in insurance contracts and reinsurance contracts

(a) Insurance contracts - gross

(1) Analysis according to the remaining coverage and incurred claims

In NIS million	Note	Liabilities for remaining coverage		Liabilities for incurred claims			Total
		Excluding loss component	Loss component	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	
Balance of assets as of January 1, 2025		(2,254)	4	374	-	-	(1,876)
Balance of liabilities as of January 1, 2025		5,465	4	871	55	-	6,395
Balance, net as of January 1, 2025		3,211	9	1,245	55	-	4,519
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		(341)					(341)
Contracts to which the fair value approach was applied under the Transitional Provisions		(1,320)					(1,320)
Other contracts		(391)					(391)
Total revenues from insurance services	Note 24	(2,052)	-	-	-	-	(2,052)
Expenses from insurance services:							
Claims and other insurance service expenses incurred			(3)	1,300	45	-	1,342
Changes relating to past service - adjustment for liabilities for incurred claims				93	47	-	140
Losses (reversal of losses) for groups of onerous insurance contracts			9				9
Amortization of insurance acquisition cash flows		149					149
Total expenses from insurance services		149	7	1,392	92	-	1,640
Investment component		-		-	-	-	-
Total income from insurance services	Note 24	(1,903)	7	1,392	92	-	(411)
Finance expenses, net of insurance contracts	Note 25	240	-	90	1	-	332
Total changes in the income statement and other comprehensive income		(1,662)	7	1,483	93	-	(79)
Cash flow:							
Premiums received net of repayment of premiums		1,973					1,973
Claims and other insurance service expenses paid, including investment components		-		(1,411)	(91)	-	(1,502)
Insurance acquisition cash flows		(319)					(319)
Total cash flows		1,654	-	(1,411)	(91)	-	152
Other adjustments*		1	-	36	(1)	-	36
Balance, net, as of December 31, 2025:							
Balance of assets as of December 31, 2025		(2,664)	11	402	-	-	(2,251)
Balance of liabilities as of December 31, 2025		5,868	5	950	57	-	6,880
Balance, net, as of December 31, 2025		3,204	16	1,352	57	-	4,628

In NIS million	Note	Liabilities for remaining coverage		Liabilities for incurred claims			
		Excluding loss component	Loss component	Contracts not under the PAA model	Contracts under the PAA model		
					Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Total
Balance of assets as of January 1, 2024		(1,896)	-	349	-	-	(1,548)
Balance of liabilities as of January 1, 2024		5,076	-	812	60	5	5,953
Balance, net as of January 1, 2024		3,179	-	1,161	60	5	4,406
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		(401)	-	-	-	-	(401)
Contracts to which the fair value approach was applied under the Transitional Provisions		(1,331)	-	-	-	-	(1,331)
Other contracts		(229)	-	1	-	-	(227)
Total revenues from insurance services	Note 24	(1,961)	-	1	-	-	(1,959)
Expenses from insurance services:							
Claims and other insurance service expenses incurred		-	-	1,263	90	(1)	1,352
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	29	(2)	(5)	22
Losses (reversal of losses) for groups of onerous insurance contracts		-	9	-	-	-	9
Amortization of insurance acquisition cash flows		127	-	-	-	-	127
Total expenses from insurance services		127	9	1,292	87	(5)	1,510
Investment component		-	-	-	-	-	-
Total income from insurance services	Note 24	(1,834)	9	1,293	87	(5)	(450)
Finance expenses, net of insurance contracts	Note 25	386	-	91	3	-	480
Total changes in the income statement and other comprehensive income		(1,448)	9	1,384	90	(5)	31
Cash flow:							
Premiums received net of repayment of premiums		1,856	-	-	-	-	1,856
Claims and other insurance service expenses paid, including investment components		-	-	(1,327)	(96)	-	(1,424)
Insurance acquisition cash flows		(362)	-	-	-	-	(362)
Total cash flows		1,492	-	(1,327)	(96)	-	69
Other adjustments*		(13)	-	27	-	-	14
Balance, net, as of December 31, 2024:							
Balance of assets as of December 31, 2024		(2,254)	4	374	-	-	(1,876)
Balance of liabilities as of December 31, 2024		5,465	4	871	55	-	6,395
Balance, net, as of December 31, 2024		3,211	9	1,245	55	-	4,519

(2) Analysis according to measurement components – contracts that are not measured according to the PAA model

In NIS million	Note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contractual service margin (CSM) (see Note d(a) regarding expected allocation in the next periods)				Total contractual service margin	Total
				Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts			
Balance of assets as of January 1, 2025		(5,597)	557	1,009	1,845	309		3,164	(1,876)
Balance of liabilities as of January 1, 2025		3,782	867	-	1,699	-		1,699	6,348
Balance, net as of January 1, 2025		(1,815)	1,424	1,009	3,543	310		4,863	4,472
Changes in the income statement and other comprehensive income:									
Changes relating to current services:									
The contractual service margin (CSM) amount recognized in profit or loss for services provided	Note 24	-	-	(106)	(263)	(73)		(443)	(443)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(50)	-	-	-		-	(50)
Experience adjustments		10	-	-	-	-		-	10
Changes relating to future services:									
		-	-	-	-	-		-	-
Contracts first recognized during the period	Section 2A below	(457)	59	-	-	404		404	7
Changes in estimates adjusting the contractual service margin		344	(81)	(84)	(152)	(27)		(263)	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		2	-	-	-	-		-	2
Changes relating to past service:									
		-	-	-	-	-		-	-
Adjustments to liabilities for incurred claims		41	16	-	-	-		-	57
Total income from insurance services	Note 24	(59)	(56)	(190)	(415)	304		(301)	(416)
Finance expenses, net of insurance contracts	Note 25	51	99	20	138	23		180	331
Total changes in the income statement and other comprehensive income		(8)	43	(170)	(277)	327		(121)	(85)
Cash flow:									
Premiums and management fees received net of repayment of premiums		1,849	-	-	-	-		-	1,849
Claims and other insurance service expenses paid, including investment components		(1,411)	-	-	-	-		-	(1,411)
Insurance acquisition cash flows		(281)	-	-	-	-		-	(281)
Total cash flows		157	-	-	-	-		-	157
Other adjustments*		34	-	-	-	-		-	34
Balance, net, as of December 31, 2025:									
Balance of assets as of December 31, 2025		(6,241)	658	839	1,856	636		3,331	(2,251)
Balance of liabilities as of December 31, 2025		4,610	809	-	1,410	1		1,411	6,830
Balance, net, as of December 31, 2025		(1,631)	1,467	839	3,266	637		4,742	4,578

In NIS million	Note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contractual service margin (CSM) (see Note d(a) regarding expected allocation in the next periods)				Total
				Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	
Balance of assets as of January 1, 2024		(4,583)	484	927	1,624	-	2,551	(1,548)
Balance of liabilities as of January 1, 2024		3,354	825	-	1,715	-	1,715	5,895
Balance, net as of January 1, 2024		(1,228)	1,309	927	3,339	-	4,266	4,347
Changes in the income statement and other comprehensive income:								
Changes relating to current services:								
The contractual service margin (CSM) amount recognized in profit or loss for services provided	Note 24	-	-	(135)	(294)	(32)	(461)	(461)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(51)	-	-	-	-	(51)
Experience adjustments		26	-	-	-	-	-	26
Changes relating to future services:								
Contracts first recognized during the period	Section 2a below	(361)	54			316	316	9
Changes in estimates adjusting the contractual service margin		(590)	27	201	347	15	562	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		-	-	-	-	-	-	-
Changes relating to past service:								
Adjustments to liabilities for incurred claims		30	(1)	-	-	-	-	29
Total income from insurance services	Note 24	(895)	30	65	53	299	417	(448)
Finance expenses, net of insurance contracts	Note 25	213	85	17	151	10	179	477
Total changes in the income statement and other comprehensive income		(682)	115	82	204	310	597	29
Cash flow:								
Premiums received net of repayment of premiums		1,729	-	-	-	-	-	1,729
Claims and other insurance service expenses paid, including investment components		(1,327)	-	-	-	-	-	(1,327)
Insurance acquisition cash flows		(320)	-	-	-	-	-	(320)
Total cash flows		82	-	-	-	-	-	82
Other adjustments*		14	-	-	-	-	-	14
Balance, net, as of December 31, 2024:								
Balance of assets as of December 31, 2024		(5,597)	557	1,009	1,845	309	3,164	(1,876)
Balance of liabilities as of December 31, 2024		3,782	867	-	1,699	-	1,699	6,348
Balance, net, as of December 31, 2024		(1,815)	1,424	1,009	3,543	310	4,863	4,472

(b) Reinsurance contracts

(1) Analysis according to the remaining coverage and incurred claims

In NIS million	Note	Assets for remaining coverage		Assets for incurred claims	Total
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	
Balance of assets as of January 1, 2025		217	-	117	334
Balance of liabilities as of January 1, 2025		(67)	-	10	(56)
Balance, net as of January 1, 2025		151	-	127	277
Changes in the income statement and other comprehensive income:					
Reinsurance expenses:					
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		-	-	-	-
Contracts to which the fair value approach was applied under the Transitional Provisions		(54)	-	-	(54)
Other contracts		(12)	-	-	(12)
Total reinsurance expenses	Note 24	(65)	-	-	(65)
Reinsurance revenues:					
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		-	-	49	49
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	(16)	(16)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts		-	1	-	1
Total reinsurance revenues	Note 24	-	1	33	34
Investment component		(37)	-	37	-
Total revenues (expenses), net for reinsurance contracts held	Note 24	(103)	1	70	(31)
Finance income, net from reinsurance contracts	Note 25	32	-	7	40
Total changes in the income statement and other comprehensive income		(70)	1	78	9
Cash flow:					
Premiums paid, net of fees independent of claims		90	-	-	90
Amounts received		-	-	(77)	(77)
Total cash flows		90	-	(77)	13
Other adjustments*		(10)	-	(3)	(12)
Balance, net, as of December 31, 2025:					
Balance of assets as of December 31, 2025		227	1	115	343
Balance of liabilities as of December 31, 2025		(66)	-	10	(56)
Balance, net, as of December 31, 2025		161	1	125	287

In NIS million	Note	Assets for remaining coverage		Assets for incurred claims	Total
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	
Balance of assets as of January 1, 2024		286	-	31	317
Balance of liabilities as of January 1, 2024		(68)	-	10	(58)
Balance, net as of January 1, 2024		218	-	41	258
Changes in the income statement and other comprehensive income:					
Reinsurance expenses:					
Contracts to which the fair value approach was applied under the Transitional Provisions		(188)	-	-	(188)
Other contracts		(6)	-	-	(6)
Total reinsurance expenses		(195)	-	-	(195)
Reinsurance revenues:	Note 24	-	-	-	-
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		-	-	162	162
Changes relating to past service - adjustment for assets for incurred claims		-	-	7	7
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts		-	-	-	0
Total reinsurance revenues		-	-	169	169
Investment component	Note 24	-	-	-	-
Total revenues (expenses), net for reinsurance contracts held		(195)	-	169	(26)
Finance income, net from reinsurance contracts	Note 25	28	-	5	33
Total changes in the income statement and other comprehensive income		(166)	-	173	7
Cash flow:					
Premiums paid, net of fees independent of claims		101	-	-	101
Amounts received		-	-	(81)	(81)
Total cash flows		101	-	(81)	20
Other adjustments*		(2)	-	(6)	(8)
Balance, net, as of December 31, 2024:					
Balance of assets as of December 31, 2024		217	-	117	334
Balance of liabilities as of December 31, 2024		(67)	-	10	(56)
Balance, net, as of December 31, 2024		151	-	127	277

(2) Analysis according to measurement components – contracts that are not measured according to the PAA model

		Contractual service margin (CSM) (see Section d(b) regarding expected allocation in the next periods)					
In NIS million	Comments	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
Balance of assets as of January 1, 2025		(13)	142	193	12	205	334
Balance of liabilities as of January 1, 2025		(52)	2	(7)	-	(7)	(56)
Balance, net as of January 1, 2025		(64)	144	186	12	197	277
Changes in the income statement and other comprehensive income:							
Changes relating to current services:							
The contractual service margin (CSM) amount recognized in profit or loss for services received	Note 24	-	-	(14)	(2)	(16)	(16)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(3)	-	-	-	(3)
Experience adjustments		5	-	-	-	-	5
Changes relating to future services:							
Contracts first recognized during the period	Section 2(b) below	(19)	3	-	17	17	1
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin		1	1	-	(1)	(1)	-
Changes in estimates adjusting the contractual service margin		48	(34)	(12)	(2)	(14)	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		-	-	-	-	-	-
Changes relating to past service:							
Adjustments to liabilities for incurred claims		(18)	2	-	-	-	(16)
Total revenues (expenses), net for reinsurance contracts held	Note 24	17	(31)	(26)	11	(15)	(30)
Finance income, net from reinsurance contracts	Note 25	21	10	7	1	8	40
Total changes in the income statement and other comprehensive income		38	(21)	(19)	12	(7)	10
Cash flow:							
Premiums paid, net of fees independent of claims		89	-	-	-	-	89
Amounts received		(77)	-	-	-	-	(77)
Total cash flows		12	-	-	-	-	12
Other adjustments*		(12)	-	-	-	-	(12)
Balance, net, as of December 31, 2025:							
Balance of assets as of December 31, 2025		29	113	177	23	200	343
Balance of liabilities as of December 31, 2025		(56)	10	(10)	-	(10)	(56)
Balance, net, as of December 31, 2025		(27)	123	167	23	190	287

		Contractual service margin (CSM) (see Section d(b) regarding expected allocation in the next periods)					
In NIS million	Comments	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the fair value approach was applied under the Transitional Provisions	Other contracts	Total contractual service margin	Total
Balance of assets as of January 1, 2024		23	116	178	-	178	317
Balance of liabilities as of January 1, 2024		(71)	1	12	-	12	(58)
Balance, net as of January 1, 2024		(49)	117	190	-	190	258
Changes in the income statement and other comprehensive income:							
Changes relating to current services:							
The contractual service margin (CSM) amount recognized in profit or loss for services received	Note 24	-	-	(17)	(1)	(18)	(18)
Change in risk adjustment (RA) for non-financial risk resulting from past risks		-	(3)	-	-	-	(3)
Experience adjustments		(10)	-	-	-	-	(10)
Changes relating to future services:							
Contracts first recognized during the period	Section 2(b) below	(12)	4	-	8	8	-
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin		-	-	-	-	-	-
Changes in estimates adjusting the contractual service margin		(24)	15	4	5	8	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates		-	-	-	-	-	-
Changes relating to past service:							
Adjustments to liabilities for incurred claims		7	-	-	-	-	7
Total revenues (expenses), net for reinsurance contracts held	Note 24	(38)	16	(13)	11	(2)	(24)
Finance income, net from reinsurance contracts	Note 25	12	12	9	-	9	33
Total changes in the income statement and other comprehensive income		(26)	28	(4)	12	7	9
Cash flow:							
Premiums paid, net of fees independent of claims		100	-	-	-	-	100
Amounts received		(81)	-	-	-	-	(81)
Total cash flows		18	-	-	-	-	18
Other adjustments*		(8)	-	-	-	-	(8)
Balance, net, as of December 31, 2024:							
Balance of assets as of December 31, 2024		(13)	142	193	12	205	334
Balance of liabilities as of December 31, 2024		(52)	2	(7)	(0)	(7)	(56)
Balance, net, as of December 31, 2024		(64)	144	186	12	197	277

* Other adjustments include changes in receivables and payables included in the insurance contracts and reinsurance contracts liabilities, and which were included in this line item in accordance with the manner of presentation and the Group's policy.

An insurance contract boundary includes, among other things, under other adjustments - changes in the period of balances of other receivables and payables which are stated in liabilities for insurance contracts (such as premiums collectible and payables for claims).

A reinsurance contract boundary includes, among other things, under other adjustments - changes in balances of other receivables and payables with reinsurers, which are stated in assets for reinsurance contracts (such as balances payables and deposits of reinsurers).

2. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model)

A. Insurance contracts - gross

For the year ended December 31, 2025	Contracts issued for the first time during the period (see Section D(a) regarding expected allocation in subsequent periods)		
	Profitable contracts	Onerous contracts	Total
Claims and other insurance service expenses payable	1,177	81	1,259
Insurance acquisition cash flows	260	29	289
Estimates of the present value of the negative future cash flows	1,438	110	1,548
Estimates of the present value of the positive future cash flows	(1,898)	(106)	(2,004)
Risk adjustment (RA) for non-financial risk	56	3	59
Contractual service margin (CSM)	404	-	404
Losses recognized at initial recognition of insurance contracts	-	7	7

For the year ended December 31, 2024	Contracts issued for the first time during the period (see Section D(a) regarding expected allocation in subsequent periods)		
	Profitable contracts	Onerous contracts	Total
Claims and other insurance service expenses payable	1,091	152	1,243
Insurance acquisition cash flows	252	38	290
Estimates of the present value of the negative future cash flows	1,343	190	1,533
Estimates of the present value of the positive future cash flows	(1,709)	(186)	(1,894)
Risk adjustment (RA) for non-financial risk	49	5	54
Contractual service margin (CSM)	316	-	316
Losses recognized at initial recognition of insurance contracts	-	9	9

B. Reinsurance contracts

For the year ended December 31, 2025	Contracts issued for the first time during the period (see Section D(b) regarding expected allocation in subsequent periods)	
	Contracts recognized with a loss recovery component	Total
Estimates of the present value of the positive future cash flows	(87)	(87)
Estimates of the present value of the negative future cash flows	106	106
Risk adjustment (RA) for non-financial risk	(3)	(3)
Gain recognized at initial recognition in reinsurance contracts held	1	1
Contractual service margin (CSM)	17	17

For the year ended December 31, 2024	Contracts issued for the first time during the period (see Section D(b) regarding expected allocation in subsequent periods)	
	Contracts recognized with a loss recovery component	Total
Estimates of the present value of the positive future cash flows	(91)	(91)
Estimates of the present value of the negative future cash flows	104	104
Risk adjustment (RA) for non-financial risk	(4)	(4)
Gain recognized at initial recognition in reinsurance contracts held	-	-
Contractual service margin (CSM)	8	8

D. Details regarding the recognition dates of profit or loss of the contractual service margin (for contracts not measured according to the PAA model)

(a) Insurance contracts - gross

	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total - carrying value as of December 31, 2025
As of December 31, 2025									
Life Insurance and Long-Term Savings	469	416	376	344	319	1,313	952	1,693	5,882
Health Insurance	421	373	330	296	270	1,056	701	1,295	4,742
Total	890	789	706	640	588	2,369	1,653	2,988	10,624

	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total - carrying value as of December 31, 2024
As of December 31, 2024									
Life Insurance and Long-Term Savings	347	309	281	259	243	1,050	875	2,239	5,602
Health Insurance	425	376	338	306	279	1,087	717	1,334	4,863
Total	772	685	618	565	522	2,138	1,592	3,572	10,465

(b) Reinsurance contracts

	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total - carrying value as of December 31, 2025
As of December 31, 2025									
Life Insurance and Long-Term Savings	46	18	15	13	11	36	18	14	171
Health Insurance	16	14	13	11	10	41	27	57	190
Total	62	32	28	24	21	77	46	72	361

	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total - carrying value as of December 31, 2024
As of December 31, 2024									
Life Insurance and Long-Term Savings	15	36	10	8	7	23	11	9	119
Health Insurance	17	15	13	12	11	42	28	59	197
Total	31	51	23	20	18	66	39	68	316

The amounts presented reflect the CSM expected to be recognized in profit or loss considering the CSM balance as of the statement of financial position date only, and the expected coverage units. These amounts do not take into account future expected changes in CSM, including:

- 1) Interest accrued on the CSM in accordance with the interest rate curve at initial recognition of the GMM model.
- 2) An increase in CSM due to the expected change in the Company's share in the fair value of the underlying items in the VFA model.
- 3) CSM to be recognized for new contracts.

E. Assets and liabilities for insurance contracts and reinsurance contracts included in the Property and Casualty Segment

(a) Reinsurance contracts

1. Insurance contracts - analysis according to remaining coverage and incurred claims

In NIS million	Note	Liabilities for remaining coverage		Liabilities for incurred claims			Total
		Excluding loss component	Loss component	Contracts not under the PAA model	Contracts under the PAA model		
					Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	
Balance of assets as of January 1, 2025		-	-	-	-	-	
Balance of liabilities as of January 1, 2025		1,142	9	-	5,318	200	6,670
Balance, net as of January 1, 2025		1,142	9	-	5,318	200	6,670
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions							
Contracts to which the fair value approach was applied under the Transitional Provisions							
Other contracts		(3,858)	-	-	-	-	(3,858)
Total revenues from insurance services	Note 24	(3,858)	-	-	-	-	(3,858)
Expenses from insurance services:							
Claims and other insurance service expenses incurred		-	-	-	2,311	58	2,369
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	-	(345)	(54)	(399)
Losses (reversal of losses) for groups of onerous insurance contracts		-	10	-	-	-	10
Amortization of insurance acquisition cash flows		689	-	-	-	-	689
Total expenses from insurance services	Note 24	689	10	-	1,965	4	2,668
Investment component		-	-	-	-	-	-
Total income from insurance services	Note 24	(3,169)	10	-	1,965	4	(1,190)
Finance expenses, net of insurance contracts	Note 25	-	-	-	265	10	274
Total changes in the income statement and other comprehensive income		(3,169)	10	-	2,230	14	(915)
Cash flow:							
Premiums received net of repayment of premiums		3,948	-	-	-	-	3,948
Claims and other insurance service expenses paid, including investment components		-	-	-	(2,050)	-	(2,050)
Insurance acquisition cash flows		(693)	-	-	-	-	(693)
Total cash flows		3,255	-	-	(2,050)	-	1,205
Other adjustments (*)		(94)	-	-	(13)	-	(107)
Balance, net, as of December 31, 2025:							
Balance of assets as of December 31, 2025		-	-	-	-	-	-
Balance of liabilities as of December 31, 2025		1,133	19	-	5,486	214	6,852
Balance, net, as of December 31, 2025		1,133	19	-	5,486	214	6,852

In NIS million	Note	Liabilities for remaining coverage		Liabilities for incurred claims			Total
		Excluding loss component	Loss component	Contracts not under the PAA model	Contracts under the PAA model		
					Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	
Balance of assets as of January 1, 2024		-	-	-	-	-	-
Balance of liabilities as of January 1, 2024		928	13	-	5,444	208	6,593
Balance, net as of January 1, 2024		928	13	-	5,444	208	6,593
Changes in the income statement and other comprehensive income:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions							
Contracts to which the fair value approach was applied under the Transitional Provisions							
Other contracts		(3,777)	-	-	-	-	(3,777)
Total revenues from insurance services	Note 24	(3,777)	-	-	-	-	(3,777)
Expenses from insurance services:							
Claims and other insurance service expenses incurred		-	-	-	2,540	64	2,604
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	-	(547)	(81)	(629)
Losses (reversal of losses) for groups of onerous insurance contracts		-	(4)	-	-	-	(4)
Amortization of insurance acquisition cash flows		674	-	-	-	-	674
Total expenses from insurance services	Note 24	674	(4)	-	1,992	(17)	2,645
Investment component		-	-	-	-	-	-
Total income from insurance services	Note 24	(3,103)	(4)	-	1,992	(17)	(1,132)
Finance expenses, net of insurance contracts	Note 25	-	-	-	262	10	272
Total changes in the income statement and other comprehensive income		(3,103)	(4)	-	2,254	(8)	(860)
Cash flow:							
Premiums received net of repayment of premiums		3,960	-	-	-	-	3,960
Claims and other insurance service expenses paid, including investment components		-	-	-	(2,330)	-	(2,330)
Insurance acquisition cash flows		(686)	-	-	-	-	(686)
Total cash flows		3,274	-	-	(2,330)	-	944
Other adjustments (*)		43	-	-	(50)	-	(7)
Balance, net, as of December 31, 2024:							
Balance of assets as of December 31, 2024		-	-	-	-	-	-
Balance of liabilities as of December 31, 2024		1,142	9	-	5,318	200	6,670
Balance, net, as of December 31, 2024		1,142	9	-	5,318	200	6,670

2. Reinsurance contracts held - analysis according to remaining coverage and incurred claims

In NIS million	Note	Assets for remaining coverage		Assets for incurred claims			Total
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	Contracts under the PAA model		
					Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	
Balance of assets as of January 1, 2025		328	2	-	1,888	85	2,303
Balance of liabilities as of January 1, 2025		-	-	-	-	-	-
Balance, net as of January 1, 2025		328	2	-	1,888	85	2,303
Changes in the income statement and other comprehensive income:							
Reinsurance expenses:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		-	-	-	-	-	-
Contracts to which the fair value approach was applied under the Transitional Provisions		-	-	-	-	-	-
Other contracts		(1,071)	-	-	-	-	(1,071)
Total reinsurance expenses	Note 24	(1,071)	-	-	-	-	(1,071)
Reinsurance revenues:							
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		-	-	-	495	19	514
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	-	(74)	(17)	(91)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts		-	(1)	-	-	-	(1)
Total reinsurance revenues	Note 24	-	(1)	-	421	2	423
Investment component		(5)			5		-
Total revenues (expenses), net for reinsurance contracts held	Note 24	(1,076)	(1)	-	426	2	(648)
Finance income, net from reinsurance contracts	Note 25	-	-	-	106	4	110
Total changes in the income statement and other comprehensive income		(1,076)	(1)	-	532	6	(538)
Cash flow:							
Premiums paid, net of fees independent of claims		1,131	-	-	-	-	1,131
Amounts received		-	-	-	(555)	-	(555)
Total cash flows		1,131	-	-	(555)	-	576
Other adjustments (*)		(135)	-	-	28	-	(106)
Balance, net, as of December 31, 2025:							
Balance of assets as of December 31, 2025		248	1	-	1,894	92	2,235
Balance of liabilities as of December 31, 2025		-	-	-	-	-	-
Balance, net, as of December 31, 2025		248	1	-	1,894	92	2,235

		Assets for remaining coverage		Assets for incurred claims			
					Contracts under the PAA model		
		Excluding loss recovery component	Loss recovery component	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Total
In NIS million	Note						
Balance of assets as of January 1, 2024		128	2	-	1,942	93	2,165
Balance of liabilities as of January 1, 2024		-	-	-	-	-	-
Balance, net as of January 1, 2024		128	2	-	1,942	93	2,165
Changes in the income statement and other comprehensive income:							
Reinsurance expenses:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions		-	-	-	-	-	-
Contracts to which the fair value approach was applied under the Transitional Provisions		-	-	-			
Other contracts		(1,148)	-	-	-	-	(1,148)
Total reinsurance expenses	Note 24	(1,148)	-	-	-	-	(1,148)
Reinsurance revenues:							
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred		-	-	-	769	28	797
Changes relating to past service - adjustment for liabilities for incurred claims		-	-	-	(293)	(40)	(333)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts		-	-	-	-	-	-
Total reinsurance revenues	Note 24	-	-	-	475	(12)	463
Investment component		(8)	-	-	8	-	-
Total revenues (expenses), net for reinsurance contracts held	Note 24	(1,157)	-	-	484	(12)	(685)
Finance income, net from reinsurance contracts	Note 25	-	-	-	112	4	116
Total changes in the income statement and other comprehensive income		(1,157)	-	-	596	(8)	(569)
Cash flow:							
Premiums paid, net of fees independent of claims		1,206	-	-	-	-	1,206
Amounts received		-	-	-	(777)	-	(777)
Total cash flows		1,206	-	-	(777)	-	430
Other adjustments (*)		150	-	-	127	-	277
Balance, net, as of December 31, 2024:							
Balance of assets as of December 31, 2024		328	2	-	1,888	85	2,303
Balance of liabilities as of December 31, 2024		-	-	-	-	-	-
Balance, net, as of December 31, 2024		328	2	-	1,888	85	2,303

* Other adjustments include changes in receivables and payables included in the insurance contracts and reinsurance contracts liabilities, and which were included in this line item in accordance with the manner of presentation and the Group's policy.

An insurance contract boundary includes, among other things, under other adjustments - changes in the period of balances of other receivables and payables which are stated in liabilities for insurance contracts (such as premiums collectible and payables for claims).

A reinsurance contract boundary includes, among other things, under other adjustments - changes in balances of other receivables and payables with reinsurers, which are stated in assets for reinsurance contracts (such as balances payables and deposits of reinsurers).

F. Effects of changes in models and actuarial estimates

This note lists the key methods, assumptions and significant estimates taken into account in the financial statements as of the reporting date, which pertain to insurance contracts and reinsurance contracts; a material change in those methods, estimates and assumptions may change the value of the assets and liabilities in the financial statements. All assumptions and estimates set forth in this disclosure refer to both reinsurance contracts issued and held, unless stated otherwise.

1. Fulfillment cash flows (FCF)

Fulfillment cash flows (FCF) consist of estimates of future cash flows such as premiums, claims and expenses adjusted to reflect the time value of money and the financial risks pertaining to the future cash flows, to the extent that the financial risks are not included in the best estimates of the future cash flows (BE), and of the risk adjustment for non-financial risk (RA).

When estimating the cash flows, the Company takes into account current expectations of future events, which may affect these cash flows, except for current expectations of future changes in legislation, which are taken into account only after the change in legislation has been effectively finalized. The Company develops cash flow scenarios which reflect these future events, and estimates of the probability of each scenario.

For information regarding the method of estimating future cash flows and the types of cash flows included therein, see Note 3(D) regarding material accounting policies.

Estimated future cash flows (BE)

Key assumptions by coverages and portfolios

The Company measures the insurance contracts and reinsurance contracts liabilities and assets according to insurance portfolios with a breakdown into profitability groups and underwriting years. In many cases, insurance contract portfolios incorporate several insurance coverages. Most of the underlying estimates and assumptions are determined at the level of insurance coverages and rather than at the level of insurance portfolios.

Following is a list of insurance coverages for which disclosure has been made of one or more of the assumptions detailed in this disclosure, and the relevant insurance and reinsurance portfolios in which such coverages are included (for a list of the Company's current insurance portfolios, see Note 3(D) regarding material accounting policies).

Life Insurance:

<u>Associated insurance portfolio(s)</u>	<u>Insurance coverage</u>
Policies with a non-yield-dependent savings component	Guaranteed-return savings, guaranteed-return savings with variable management fees, guaranteed-return savings with fixed management fees, death benefit, permanent health insurance, critical illness, accidental disability
Policies that include a yield-dependent savings component and include variable management fees	Guaranteed-return savings with variable management fees, death benefit, permanent health insurance, critical illness, accidental disability
Policies that include a yield-dependent savings component and include fixed management fees	Guaranteed-return savings with fixed management fees, death benefit, permanent health insurance, critical illness, accidental disability
Annuity policies	Guaranteed-return savings with fixed management fees, death benefit, permanent health insurance
Policies without a savings component - life insurance coverage;	Death benefit, mortgage life insurance, permanent health insurance, critical illness, accidental disability
Policies without a savings component - permanent health insurance coverage	Permanent health insurance, death benefit, guaranteed-return savings with fixed management fees, critical illness, accidental disability

Health Insurance:

<u>Associated insurance portfolio(s)</u>	<u>Insurance coverage</u>
Individual LTC	Guaranteed-return and participating long-term care insurance, critical illness, cancer, personal accidents, permanent health insurance, riders, surgical procedures and ambulatory insurance, medications, transplants
Long-term care - collective	LTC
Critical illnesses	Critical illness, cancer, personal accidents, permanent health insurance, riders, surgical procedures and ambulatory insurance, medications, transplants, guaranteed-return and participating long-term care insurance
Medical expenses - private individual	Surgical procedures and ambulatory insurance, medications, transplants, critical illness, cancer, personal accidents, permanent health insurance, riders and guaranteed-return and participating long-term care insurance
Medical expenses - collective	Surgical procedures and ambulatory insurance, medications, transplants, critical illness, cancer, riders and guaranteed-return long-term care insurance
Personal accidents - private individuals	Personal accidents, critical illness, cancer, permanent health insurance, riders, surgical procedures and ambulatory insurance, medications, transplants, and guaranteed-return long-term care insurance
Travel abroad	Travel abroad

P&C Insurance:

<u>Associated insurance portfolio(s)</u>	<u>Insurance coverage</u>
Compulsory motor	Coverage for bodily injury due to road accidents
Motor property	Coverage for property damage due to road accidents
Business insurance	Coverage for a range of risks such as fire, theft, naturally occurring damage, earthquake, employers' liability, third-party liability, professional liability and product liability
Professional liability	Professional liability coverage for various sectors (medical malpractice, professional liability for paramedical professions, professional liability for banks, and executive liability)
Comprehensive home	Coverage for a range of risks such as fire, theft, naturally occurring damage, earthquake, employers' liability and third-party liability
Engineering insurance	Coverage for a range of risks such as fire, theft, naturally occurring damage, earthquake, employers' liability and third-party liability
Aircrafts, vessels and cargo in transit	Coverage for aircrafts, vessels and cargo in transit
Guarantees including a Sale Law guarantees	Coverage for breach of undertaking
Credit Insurance	Insolvency coverage

The following assumptions were used to measure the future cash flows.

For information regarding analyses of sensitivity to the assumptions detailed below, see Note 33(C) - Risk management - sensitivity analyses with respect to underwriting and market Risks.

2. Following is a summary of the key assumptions used to measure the projected cash flows for the Life and Health Insurance Segments:

In calculating the liability for long-term products, an actuarial model was used which calculates future cash flows based on data regarding the details of the policies/coverages effective as of that calculation date, and up-to-date demographic, operational, and financial working assumptions as of the calculation date.

Following are the key assumptions used by the Company to measure the expected future cash flows with respect to insurance contracts and reinsurance contracts.

The Company bases its assumptions and estimates on the parameters available at the time of preparing the financial statements. The estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in assumptions and estimates are recognized in the period in which the change was made.

All assumptions and estimates set forth in this disclosure refer to both reinsurance contracts issued and held, unless stated otherwise. Generally, estimates of reinsurance contracts held are consistent with estimates of the related underlying insurance contracts issued.

Lapses (redemptions, settlements, and reductions)

The lapse rate pertains to discontinuance of insurance policy payments, which may arise from termination of policies due to discontinuance of premium payments, or from redemptions/transfers, settlements and reductions at the request of the policyholders. The lapse rate assumption affects the estimation of insurance liabilities in respect of, among other things, all insurance portfolios in the Life Insurance Segment, and in respect of all long-term insurance contracts in the Health Insurance Segment.

The assumptions regarding the lapse rates are based on the Company's past experience in line with sale trends and relevant characteristics, and are reviewed through ongoing studies.

Mortality and longevity

The mortality assumption pertains to the occurrence of deaths and decrease in mortality rates (mortality improvements) from one year to another. These assumptions constitute key assumptions in the measurement of insurance contracts in the Life Insurance Segment and in respect of some of the insurance contracts in the Health Insurance Segment (in particular long-term care insurance).

For active policyholders (before retirement age/commencement of annuity payment): Mortality rates are usually based on the Company's past experience based on standard mortality tables, where past experience is insufficient.

For recipients of annuities (pensioners): The liability for annuities is calculated in accordance with up-to-date mortality tables, which also include future improvements in mortality published by the Capital Market, Insurance and Savings Authority.

The mortality rates used to calculate the insurance liabilities in respect of long-term care insurance, both for active policyholders (before they require long-term care) and for policyholders requiring long-term care (part of the termination rate), are usually based on the Company's past experience based on reinsurers' studies or standard mortality tables, where past experience is insufficient.

Morbidity

Morbidity rates pertain to the incidence (damage rate) and the cost of claim in claims due to morbidity or disability in health insurance (such as long-term care, medical expenses, surgical procedures and critical illness), from permanent health insurance and accidental disability insurance. In the long-term care and permanent health insurance subsegments, the costs of morbidity claims are also affected by the duration of the allowance payment period and the survival and rehabilitation rates (i.e., the period during which long-term care and permanent health insurance claims are paid).

These rates were determined on the basis of the Company's past experience taking into consideration reinsurers' studies when past experience is insufficient

The higher the assumption regarding the morbidity rate and/or the duration of the allowance payment period, the greater the insurance liability in respect of morbidity in critical illness, permanent health insurance, long-term care, surgical procedures, and accidental disability insurance.

In certain products (such as surgical procedures insurance), a medical inflation assumption is also taken into account. The medical inflation assumption reflects the expectations of a future increase in the costs of medical services, including hospitalization costs, medical treatments, medications and related services. The medical inflation assumption is determined as an addition on top of the overall inflation rate (the Consumer Price Index).

Annuity assumptions

The annuity assumptions pertain to the probability of a decision to retire, the annuity take-up rates and the mix of annuity tracks, and they are determined based on the Company's experience, which is updated from time to time, as follows:

The probability of the decision to retire is determined when there are sufficient data, while distinguishing between policies which include a yield-dependent savings component and policies which include a non-yield-dependent savings component, with a breakdown by age, by gender, due to the relationship between retirement ages and the annuity take-up rates, such that as the higher the age the lower the annuity take-up rate.

Annuity take-up rates are determined by gender, retirement age, the designation of funds contributed towards retirement with respect to tax consequences, product generations and in accordance with the insurance plans (individual/executive).

The assumption regarding the mix of annuity tracks is determined with a breakdown by gender, and between policies which include a yield-dependent savings component and those which include a non-yield-dependent component.

When data pertaining to a specific category is insufficient, the probability of retirement/annuity take-up rate is determined based on the parameters set in the guidance published by the Capital Market, Insurance and Savings Authority.

Pay raises

The real pay rise assumption reflects the expectations of a future increase in the payroll costs of the Company's policyholders in excess of the change in the Consumer Price Index, and is determined mainly on the basis of the Company's past experience, and expectations as to economic and sectoral developments.

Expenses

The expenses assumption is based on the Company's structured expenses model, which was determined based on internal analyses and the Company's past experience, and includes the exercise of professional judgment.

The expenses model is based on the actual rate of expenses paid during the reporting period adjusted to the Consumer Price Index (which constitutes a financial assumption), pay raises expectations - adjusted for the addition of fixed margins in accordance with service agreements or known contracts with external suppliers.

The Company regularly conducts analyses of expenses history and periodic reviews to revise assumptions, including assessment of changes in work processes, allocation models and agreements with suppliers. The assumptions are revised periodically to reflect the current cost structure and future expectations.

3. Following are principles for calculating the actuarial assessment in property and casualty insurance

Liability/asset for remaining coverage measured in accordance with the Premium Allocation Approach (PAA)

For a group of non-onerous insurance contracts, a liability or asset for the remaining coverage is generally equal to the amount of premiums received less the amount recognized as insurance revenues and less the insurance acquisition cash flows incurred in the period and not yet recognized as an expense in the period. The liability or asset for the remaining coverage is not based on an actuarial model and is calculated in a manner which is not contingent on assumptions and estimates.

Regarding the manner in which the liability or asset for the remaining coverage is calculated, including where the group of insurance contracts is onerous, see Note 3 - material accounting policies.

Liability/ asset for incurred claims

In accordance with the Commissioner's Directives, the liabilities or assets for incurred claims are calculated by an actuary, using generally accepted 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 payouts include direct and indirect claim settlement expenses, net of subrogation and deductibles (see Section 2 above regarding expenses assumption).

The use of actuarial methods based on the development of claims is particularly appropriate when there is concrete and satisfactory information on claim payouts and/or individual assessments to estimate the total expected cost of claims. When the information available in the actual claim history is insufficient, the actuary, at times, uses a calculation which weights a known estimate (in the Company and/or industry) such as LR and the claims' actual development. Greater weight can be estimated based on experience as time goes on and more information about the claims accumulates.

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.

In sizable non-statistical claims, the liability or asset is determined based on an opinion of the Company's experts, and in accordance with the recommendations of their legal counsels.

The share of reinsurers in the liabilities is estimated taking into account the type of agreement (proportional or non-proportional) and the actual claims history, and the premium paid to reinsurers.

Assessment of liabilities in respect of incurred claims for the Company's share in the residual insurance (hereinafter - the "Pool"), was based on a calculation made by the Pool.

The main assumptions underlying the actuarial assessment:

The claims development tail was determined in accordance with the characteristics of each subsegment and the actuarial judgment.

The models are based on data as of the report date adjusted to reflect expectations regarding future developments and trends.

Discount rate - see Section 4 below regarding discount rates and return assumptions.

The risk adjustment for non-financial risk added to the best estimate of the future cash flows (BE) (see Section (5) below regarding the risk adjustment for non-financial risk).

Details of actuarial methods in the main property and casualty insurance subsegments

For the purpose of performing a best estimate (BE) of the estimated future cash flows in respect of claims, the following actuarial models were used, as applicable, in combination with various assumptions and in accordance with the characteristics of each subsegment and the maturity level of the claims data:

The claim development method (chain ladder / link ratio)

This method is based on the development of the historical claims data, development of the claims amount (claim payments plus specific assessments of the Claims Department), development of the cost of claims, and/or development of the number of claims. The expected development of existing and future claims is estimated through development factors calculated based on past experience. The use of this method is appropriate mainly after a sufficient period has elapsed since the date of the event or the policy's underwriting, when sufficiently reliable historical information of statistical significance is available to estimate the total expected claims. In this analysis a tail development supplementation is taken into account for periods in which no actual data are available.

Bornhuetter-Ferguson (BF) method

This method combines an a priori estimate of the total expected claims and another estimate based on actual claims history. The a priori estimate is based, among other things, on premiums and the expected loss ratio to assess the total claims and - in accordance with the subsegment's characteristics and the availability of data - may also rely on assumptions regarding severity and expected number of claims. The second estimate uses the development of claims by applying statistical methods (such as the chain ladder method). The final estimate is obtained as a weighting of the two estimates, with the weight assigned to the actual claims history increasing with the passage of time and the accumulation of additional information. The method is applied primarily for periods, in respect of which there are insufficient data, for a new business, or for subsegments with limited claims history.

The averages method / the embedded claim model

Sometimes, mainly in recent damage or underwriting periods or in cases where the claims history in recent periods is insufficient, the historical averages method is used. Under this method, the cost of claims is determined based on the average cost of a claim in previous periods, multiplied by the forecast number of claims (which is derived, as the case may be, from a statistical analysis of the development of the number of claims and/or based on exposure data), or alternatively - based on a calculation of claim cost per policy in previous periods multiplied by the number of policies in the relevant period. Sometimes the embedded claim model is used, which is based on a calculation of the severity of an average claim (for pending or settled claims) and its integration with the forecast number of claims, usually as a complementary solution in recent damage periods.

Additional methods and dedicated models

In claims involving ongoing damage and very long-tail claims (such as occupational diseases in employers' liability insurance), the provision may also be determined on the basis of an estimated expected future cost for each year of exposure/year of damage, due to the long period between the start of the exposure to the risk factors and the date on which the damage was formed and the claim was reported.

Implementation of the models in the main insurance subsegmentsCompulsory Motor and Liability Subsegments

The liabilities are calculated using the chain ladder or link ratio method based on development models of claim payouts and the development of payments and pending claims. For periods in respect of which there are insufficient data - the BF method and/or the averages method is used, as the case may be. In respect of old pending claims and/or sizable claims, the Claims Division's specific assessments are used. The provision in respect of the Company's share in the residual insurance arrangement (hereinafter - the "Pool"), if any, is based on the Pool's data.

Motor property, Property and Other Insurance Subsegments

The liabilities are calculated mainly based on payment development models and/or development of payments and pending claims (using the chain ladder or link ratio method); in periods in respect of which there are insufficient data a complementary use is made of the averages method and/or the (BF) method. In respect of old pending claims and/or sizable claims, the Claims Division's specific assessments are used. In most cases, claims for these policies are investigated as of the date of the insured event.

Reinsurance, subrogation and claim settlement expenses

The calculations are performed on a gross basis, and the reinsurers' share is calculated in accordance with the terms of the agreements. In facultative contracts, the share is determined by participation rates, and in non-facultative contracts (such as XOL), known sizable claims, past experience, and reinsurance premiums are taken into account. Subrogation, deductibles and salvage recoveries are taken into account, and an appropriate provision is included for indirect claim settlement expenses.

Subsegments in which no actuarial valuation has been performed

In subsegments which cover naturally occurring damage, terrorism damage, cybersecurity, contractor insurance, aircraft and marine insurance in which statistically significant data is not available, pending claims are included based on specific assessments for each claim, in accordance with an opinion of the Company's legal counsels and experts, plus IBNR/IBNER in accordance with the Company's experience, as applicable. In addition, in the Sales Law and other guarantees subsegment, the risk assessment is calculated based on credit risk assessment models which weigh the probability of default (PD), the loss given default rate (LGD) and the project's expected life. This assessment is carried out with the support of an external risk management expert.

4. Discount rates and return assumptions

The discount rate assumption of the future cash flows and the assumed return of insurance contract portfolios in which the policy's cash flow depends on the return on the underlying assets, are determined using the risk-free interest rate curve plus the illiquidity premium as of the reporting date, which is determined by the Commissioner and reflects the characteristics of the cash flows and the insurance contracts' liquidity characteristics.

For information regarding the discount rates and assumed return, including quantitative information regarding interest rates, see Note 3(d) - material accounting policies.

5. Risk adjustment (RA) for non-financial risk

Risk adjustment in respect of non-financial risk is determined by using the following methods:

P&C Segment

Implementation of the Commissioner's position regarding best practice - Best Practice for Calculating Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes - with the adjustments for risk diversification at the Company level and inclusion of indirect claim settlement expenses.

Application of the principles of the Best Practice for Calculating Insurance Reserves in Property and Casualty Insurance included in the Commissioner's position of January 2015 (hereinafter - the "**Practice**"). Among other things, the Practice includes the following stipulations:

1. Prudence means "an adequate reserve to cover the insurer's undertakings", such that it is fairly likely that the reserve which was set will suffice to cover the insurer's undertakings. That is to say, it is required to add a confidence interval determined by the Company (as detailed below). However, to the extent that there are limitations to the statistical analysis, the actuary will exercise discretion and may use acceptable actuarial methods.
2. Selecting a discount rate, which is based on a risk-free interest rate curve - for further details, see Section (b) above

The calculation of the interval is derived from covariance rates of the statistical-random risk-weighted components and systemic risks (internal risks such as model and data risk, and external risks such as macroeconomic, legal, and regulatory risks), assuming an average distribution between a normal distribution and a log-normal distribution. The covariance rates of the random risks were determined using a stochastic model and the covariance rates of the systemic risks were determined in accordance with scenarios (some scenarios can be quantified and some are determined in accordance with a score set in accordance with the actuary's judgment).

The risk adjustment is a margin which is expected to cover at the set confidence interval level the cost of unforeseen events which may occur until the claim payouts run-off time horizon.

The Company reflects a risk diversification benefit at the P&C Segment level by using correlations according to the best practice method determined according to an actuarial judgment. Furthermore, the Company reflects a risk diversification benefit at the Company level as described below.

Life and health segments

Application of the Value at Risk (VaR) technique according to which the Company estimates the distribution of the expected present value of the future cash flows from the insurance contracts at each reporting date and calculates the risk adjustment as a difference between the amount at the confidence interval level set by the Company (as detailed below) and the expected value (the BE).

The Amount at the confidence interval level set for the risk adjustment is calculated according to the VaR technique based on Solvency II's solvency capital requirement (SCR) scenarios applied only to the relevant risks using the Solvency II's correlation matrix to reflect the risk diversification benefit. The SCR scenarios are correlated from a confidence interval level of 99.5% in Solvency II to the confidence interval level set for the risk adjustment, assuming a normal distribution.

The risks included in the risk adjustment calculation are: In the Life Insurance Segment: Mortality; morbidity (permanent health insurance); longevity; lapses (including discharges); annuity takeup rate; expenses; operational risk.

In the Health Insurance Segment: Mortality; morbidity (permanent health insurance and medical expenses); longevity; lapses (including discharges); expenses; operational risk.

The risk adjustment is a margin which is expected to cover at the set confidence interval level the cost of unforeseen events which may occur in the forthcoming year, including the effect of those events over the entire contract life

(one-year time horizon).

The Company reflects a diversification benefit for the Life and Health Insurance Segments by using the Solvency II correlation matrices of life insurance risks and health insurance risks, respectively.

Company level

The Company takes into account the diversification benefit at the Company level (including all of the Company's insurance segments - life, health and P&C) by using Solvency II's inter-segment correlation matrix.

The Company allocates the risk adjustment set at the Company level to the operating segments (after taking into account the risk diversification between the segments) to the various insurance contract group according to proportionate allocation. The Company allocates the risk adjustment to groups which comprise the operating segments based on the Euler method.

Reinsurance contracts held

The risk adjustment for reinsurance contracts held was calculated as the difference between the gross risk adjustment, which was calculated for the issued insurance contracts and the (retention) risk adjustment (net of reinsurance), using the techniques detailed above.

The confidence interval levels set for each reporting segment are as follows:

	Issued insurance contracts	Reinsurance contracts held
Life Insurance Segment	75%	75%
Health Insurance Segment, excluding individual long-term care	75%	75%
Individual long-term care	90%	90%
P&C Segment	75%	75%
Company level	75%	75%

6. Effect of changes in models and key assumptions

In 2025 and 2024, the Company changed some of the estimates and assumptions it used to calculate the carrying value of the insurance contracts and reinsurance contracts. These changes affected the income and the contractual service margin (CSM), as detailed below:

2025				
	Effect on income (*)		Effect on the remaining contractual service margin (CSM)	Description of the change
	Income (loss) from insurance services	Income (loss) from investments and financing, net		
Change in lapses estimate	-	-	(271)	Revised lapse assumptions study including, among other things, the continued effect of the Economic Arrangements Law
Revised expense model	-	-	164	Reved internal study of the Company in view of the development of expenses with respect to the growth of businesses, including allocation of expenses to insurance contracts
Revised morbidity study	-	-	(77)	Revised study regarding the incidence and severity of personal accidents claims and accidental disability in view of the experience accumulated
Revised mortality study	-	-	(196)	Revised study regarding active long-term care policyholders' in view of the experience accumulated
Revised annuity studies	-	-	66	Update of ongoing study of savings policies in respect of the annuity takeup rate, pension track choices and retirement age
Effect of Hetz bonds study in respect of the above	-	(57)	-	
Effects of change in the discount interest rate curve and estimated return	-	(48)	(225)	
Total	-	(105)	(538)	

2024				
	Effect on income (*)		Effect on the remaining contractual service margin (CSM)	Description of the change
	Income (loss) from insurance services	Income (loss) from investments and financing, net		
Change in lapses estimate	-	-	(421)	Revised lapse assumptions study including, among other things, in view of the Economic Arrangements Law
Revised expense model	-	-	10	Revised internal study of the Company
Revised morbidity study	-	-	245	Revised study regarding the incidence and severity of medical expenses and illnesses claims in view of the experience accumulated
Revised mortality study	-	-	(737)	Mainly update of an ongoing study pertaining primarily to active and discharged policyholders in life insurance policies and pensioners in view of the publication of mortality tables by the Commissioner
Revised annuity study	-	-	456	Update of ongoing study of savings policies in respect of the annuity takeup rate, pension track choices and retirement age
Effect of Hetz bonds study in respect of the above	-	(4)	-	
Effects of change in the discount interest rate curve and estimated return	-	(136)	1	
Initial application of a stochastic model	-	-	1,615	Switching to a stochastic estimate in respect of asymmetric cash flows
Total	-	(140)	1,169	

(*) The effect on income in the period includes the amounts recognized following changes to profit or loss, such as onerous contracts groups, a study which affects the liability for incurred claims (LIC) and the effects arising therefrom with respect to the fair value of designated bonds. Regarding the effects of studies carried to CSM, the current effect arising from the change in the current CSM reduction in the period as a result of the study and the effects of discounting differences between locked-in interest and current interest are not included in the effect on profit or loss in the above tables.

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.

7. Release of the contractual service margin

The contractual service margin of a group of insurance contracts is recognized in profit or loss in order to reflect the insurance contract services provided during the period. For information regarding the coverage units and the manner of release of the contractual service margin (CSM) to the statement of income, see Note 3(d) - material accounting policies.

For information regarding the recognition dates of the contractual service margin to the statement of income, see Section D - Details regarding the recognition dates of profit or loss of the contractual service margin (for contracts not measured according to the PAA model) above.

NOTE 21 - 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 34.

For details regarding share-based payments, see Note 31.

A. Composition

In NIS million	Details	As of December 31	
		2025	2024
Group companies excluding Max			
Present value of funded obligations		103	95
Present value of unfunded obligations		24	22
Total present value of obligations	B1(b)	127	117
Fair value of plan assets	B1(b)	74	68
Liability recognized for defined benefit plan in Group Companies, excluding Max.		54	49
Liability recognized for other long-term benefits in Group Companies, excluding Max	B3	15	13
Liability for short-term benefits, excluding Max *)		416	312
Max			
Liability recognized for defined benefit plan - Max		26	27
Liability for short-term benefits - Max *)		125	117
Total employee benefits		636	518
Presented under the following line items:			
Payables and credit balances		542	429
Liabilities for employee benefits, net		94	89

*) The liabilities for short-term benefits include liabilities in respect of salaries, holiday, retirement benefits and annual bonuses to employees.

For information regarding amounts deposited with Clal Insurance as part of a defined benefit plan for Group employees, see Notes 19 and 20.

For details regarding the collective agreements, including their effects on severance pay for employees, see Section C 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	
	2025	2024
Central severance pay funds	1%	1%
Executive insurance	35%	35%
Provident funds and pension funds	64%	64%
	100%	100%

B. Change in liabilities (assets), net for defined benefit plans and their components

In NIS million	Obligation in respect of defined benefit plan		Fair value of plan assets		Total liability (asset), net recognized for defined benefit plan	
	2025	2024	2025	2024	2025	2024
Balance as of January 1	117	119	(68)	(66)	49	53
Expense/revenue imputed to profit and loss 1)						
Current service cost	9	9	-	-	9	9
Cost of past services	-	(2)	-	-	-	(2)
Interest costs/revenues	7	7	(4)	(3)	3	3
Discharges	-	(1)	-	1	-	-
Total expense/revenue charged to profit and loss	16	13	(4)	(3)	12	11
Recognized in other comprehensive income:						
Actuarial losses (gains) arising from changes in the financial assumptions 2)	4	-	(1)	-	3	-
Other actuarial losses (gains)	3	1	-	-	3	1
Actual return, less interest revenues	-	-	(3)	(2)	(3)	(2)
Total recognized in other comprehensive income (loss)	6	1	(4)	(2)	3	(1)
Additional movements						
Benefits paid	(12)	(16)	7	9	(5)	(7)
Contributions by the Group	-	-	(6)	(7)	(6)	(7)
Total additional movements	(12)	(16)	2	2	(10)	(14)
Balance as of December 31	127	117	(74)	(68)	54	49

1) The expenses are included in other expenses and revenues classified by type in the statement of income, see Note 29.

2) Such as discount rate.

C. Actuarial assumptions and sensitivity analysis

The key actuarial assumptions as of the end of the reporting period:

In %	2025	2024
Average real discount rate for December 31 (according to weighted average)	2.86	3.19
Rate of future nominal pay raises	3.00-4.00	2.54-4.00

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:

In NIS million	As of December 31			
	Increase by one percent		Decrease by one percent	
	2025	2024	2025	2024
Rate of future salary costs	4	3	(3)	(3)
Discount rate	(3)	(2)	4	3

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

The Company's estimate of the expected contributions in 2026 into a funded defined benefit plan, for plan assets is NIS 6 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 7.4 years (2024 - 7.1 years).

E. Actual return

In NIS million	For the year ended December 31	
	2025	2024
Actual return on plan assets	7	5

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 benefits in Israel.

In NIS million	For the year ended December 31	
	2025	2024
Amount recognized as an expense in respect of defined contribution plans	124	121

3. Liability for other long-term benefits

In NIS million	As of December 31	
	2025	2024
Liability for sick leave	4	5
Liability for long service award	11	9
Total liability recognized for other long-term benefits	15	13

C. Collective agreements of 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 Histadrut 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 was paid to employees. The pay raises to employees in 2026-2028 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 are 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. In view of the Company's results in the reporting year, a one-off payment of NIS 40 million (in terms of cost) will also be paid as an addition to the welfare budget.
- 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, 2025, the Group, excluding Max and Hyp, has approx. 717 ⁽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

On October 8, 2024, Max signed a new collective bargaining agreement with the New Histadrut Workers' Union and the representatives of Max's employees, which consolidated into a single agreement the previous agreements, which expired on June 30, 2024. The term of the agreement is from July 1, 2024 to December 31, 2028.

The agreement applies to most Max employees, other than positions predefined as excluded from the collective agreement. The agreement defines the working conditions at Max and includes an organizational chapter and an economic chapter.

The organizational chapter defines organizational processes 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.

The economic chapter defines the payment of pay raises to employees at varying rates set in accordance with compliance with the business objectives set in the agreement and the term of the agreement - 3.65% in the first year and up to 3.4% for each additional year, setting a minimum wage and revising hourly rates in accordance with the minimum wage in Israel; the chapter also sets related benefits to certain groups and welfare budgets as detailed in the agreement.

[1] Excluding supplier employees.

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.

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, 2025 amounts to NIS 26 million (as of December 31, 2024 - NIS 27 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, 2024 - NIS 7 million).
3. Leave reserve - Max employees are entitled to annual leave according to the employment agreements and subject to the provisions of the law. As of December 31, 2025, the balance of the provision for unutilized paid leave, calculated based on the last salary plus relating payments totals NIS 23 million (as of December 31, 2024 - NIS 23 million).

NOTE 22 - 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 revenues of financial institutions is composed of corporate income tax and profit tax.

The revenues 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 agreements, which are revised and renewed from time to time and address tax issues which are specific to the insurance sector (hereinafter – the "Tax Agreement").

On February 21, 2024, a sectoral tax agreement for 2020-2022 was signed revising the previous agreements, which addressed the reserve for special risks in life insurance. The sectoral agreement for 2006 stipulated that the reversal of the reserve for special risks in life insurance and its reclassification as equity against a capital requirement in respect thereof was tax exempted under the enactment of a temporary order. It was further stipulated that if the capital requirement is canceled or reduced, the parties will discuss the tax consequences arising therefrom, if any. Under the Tax Agreement signed in 2024, it was agreed that a revenue in respect a decrease in the New Capital Regulations will be recorded in the 2020 tax return compared to the old capital requirement - at the rate of 0.01% of the amount at risk. It was also agreed that 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.

On February 9, 2026, the sectoral Tax Agreement was extended to the 2023-2024 tax years (hereinafter - the "Previous Agreement").

Further to Notes 2 and 3 above, as from January 1, 2025, the Company has applied financial reporting standards IFRS 17 and IFRS 9 for the first time (hereinafter - the "New Standards"). The application of these IFRSs required a reassessment of the Tax Agreement in order to adapt it to the new financial reporting basis.

Consequently, on February 9, 2026, a sectoral tax agreement was signed for the 2025 tax year (hereinafter - the "2025 Tax Agreement"), which revises the previous sectoral agreements and addresses the effect of the application of the New Standards.

In accordance with the principles of the 2025 Tax Agreement, and in view of the application of the New Standards, some of the provisions of the Previous Agreements remained in effect, some were revoked, and additional provisions and guidance were added, all as detailed below. As of the financial statements publication date, and in accordance with the principles of the 2025 Tax Agreement, the provisions of the agreement apply to the 2025 tax year.

The following topics included in the Previous Agreements will continue to apply in 2025:

- **Acquisition of life insurance portfolios** - The acquisition cost of life insurance portfolios will be deducted as a taxable expense over a three-year period in accordance with the provisions of the law. The company acquiring a life insurance portfolio will carry out the deduction in accordance with the rate set in the regulations.
- **Attribution of expenses to preferred revenues** - to tax-exempt revenue and/or revenue subject to a lower tax rate earned by insurance companies (hereinafter - "preferred revenue"), which will result with some of the preferred revenue becoming taxable at the full tax rate in accordance with the attribution rate. The attribution rate set in the sector agreement depends on the source of funds generating the preferred revenue.
- **Special risks reserve in life insurance** – as described above.
- **Participating policies appendix** – Ensuring that revenues in participating life insurance policies correspond to expenses in those policies to avoid the application of a different treatment to the insurance reserves on the one hand and the investment revenues on the other in the life insurance business report.
- **Deferred acquisition expenses (DAC)** - Acquisition expenses of pension and provident contracts (as defined in the agreement) as from the underwriting year 2015, shall be deductible for tax purposes in equal shares over ten years or in accordance with their allocation in the books of accounts, as decided by the Company. The expense in respect of pension and provident contracts cannot be brought forward.

- **Taxation of liquid and illiquid securities** - revenues and/or expenses from securities will be reported for tax purposes as incurred, except for the following exceptions:
 - 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.
 - Revenues and/or expenses in respect of various types of derivatives shall be reported on an accrual basis.
 - Revenues and/or expenses in respect of Hetz bonds will be reported at fair value.

In addition, the provisions regarding **expenses incurred in the acquisition of life insurance contracts** and the expenses incurred in the acquisition of critical illness and hospitalization insurance contracts included in the Previous Tax Agreements will no longer apply in 2025.

According to the previous tax agreements, 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 were deductible for tax purposes in the cancellation year. Deferred acquisition costs relating to critical illnesses and hospitalization insurance were amortized over a six-year period, in accordance with their amortization period as per the books of accounts.

Following are the new provisions which will apply to the 2025 tax year:

- **Losses (reversal of losses) recognized in respect of groups of onerous insurance contracts measured in accordance with the GMM model** - in accordance with the sectoral taxation agreement for 2025, a loss accrued in a group of insurance contracts, both upon initial recognition and in subsequent periods (as defined in IFRS 17) will be recognized for tax purposes on a gradual basis: In the first year in three equal annual amounts, in the second year in two equal annual amounts, and at the end of the third year – if the group remains onerous – the entire accrued loss and the current loss will be recognized, and as from that date the loss shall be recognized for tax purposes on a current basis. When a group becomes cumulatively profitable, the balance of the loss which has not yet been deducted as an expense for tax purposes will be allowed for tax purposes, and as from that date the positive CSM will also be released to the income statement. Where a loss is incurred due to an unusual event, the parties shall discuss the manner of its recognition.

- **Transition date adjustments -**

The standard will be applicable for tax purposes as from January 1, 2025 (hereinafter – the **“transition date for tax purposes”**).

As a consequence of the initial application of IFRS 17 and IFRS 9 (excluding the accounting treatment applied to Hetz bonds), various differences have arisen which increased / decreased the Company's retained earnings balance as of the transition date for tax purposes.

For tax purposes, the changes in retained earnings will reflect adjustments arising from a mismatch between the amortization pattern of DAC for accounting purposes and DAC for tax purposes, adjustments arising from a mismatch between the amortization pattern of the Zillmer adjustment for accounting purposes and Zillmer adjustment for tax purposes, and adjustments arising from specific tax agreements.

The change in retained earnings together with the adjustments for tax purposes will be referred to hereinafter – the **“change in retained earnings for tax purposes”**.

As of the transition date for tax purposes, the change in the Group's retained earnings for tax purposes, in accordance with above, is a decrease of approx. NIS 1,125 million in retained earnings.

The expense arising from the decrease in retained earnings for tax purposes will be recognized for tax purposes every year up to an amount equal to the amount released as profit to the income statement on that year from the accounting CSM balance arising from the groups as of the transition date for tax purposes (hereinafter – the **“Maximum Amortization”**), and no less than 1/15 of the amount of the loss as of the transition date (hereinafter – **“Minimum Amortization”**). Insofar as an amortization amount was selected which is lower than the Maximum Amortization, the difference will remain under the decrease in retained earnings and will be amortized in accordance with the mechanism described above.

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, 2026.

After examining Clal Group's eligibility to Safe Harbors in 2025, the Company believes current taxes for the year ended December 31, 2025 will not be affected, since the Group is expected to enter into safe harbor protection; 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 was approved to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "**Ordinance**"), which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the profit generated.

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.

C. Components of income tax expenses (revenues)

In NIS million	For the year ended December 31	
	2025	2024
Current tax expenses (revenues)		
In respect of the current period	684	306
Adjustments in respect of prior years, net	(11)	46
Total current tax expenses	674	352
Deferred taxes expenses (revenues)		
Creation and reversal of temporary differences	427	444
Adjustments in respect of prior years, net	3	(46)
Adjustment of deferred tax balances following a change in a tax rate	-	(12)
Total deferred tax expenses	431	387
Total income taxes	1,104	739

D. Components of income tax in respect of the other comprehensive income component

In NIS million	For the year ended December 31	
	2025	2024
Foreign currency translation differences in respect of foreign operations	(3)	-
Actuarial gains (losses) from a defined benefit plan	(1)	-
Total tax expenses (tax benefit) for other comprehensive income components	(3)	-

E. Adjustments between theoretical tax on pre-tax income and tax expenses

In NIS million	For the year ended December 31	
	2025	2024
Profit before income tax	3,389	2,286
Main tax rates of the Company	34.75%	34.19%
Tax (tax saving) calculated at the Group's primary tax rate	1,177	782
Addition to (savings on) tax liability for:		
Adjustment with respect to a lower tax rate in investees that are not insurance companies	(44)	(49)
Neutralized tax calculated in respect of the Company's share in income of equity-accounted investees	(11)	(8)
Differences in measuring assets and liabilities for tax purposes and for the purposes of adjusted statements	(2)	11
Difference in respect of the tax rate used to calculate the deferred taxes	(1)	1
Rental income that is exempt from profit tax	(4)	(5)
Tax-exempt revenues	(23)	(9)
Non-deductible expenses	16	7
Non-deductible expenses for share-based payment (see Note 31)	2	8
Utilization of losses and benefits from previous years for which deferred taxes were not recorded	(1)	(2)
Losses and benefits for tax purposes from the period for which no deferred taxes were recorded	1	14
Taxes for previous years	(7)	-
Update of deferred tax balances due to changes in tax rates	-	(12)
Total income taxes (tax benefit)	1,104	739

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	Costs of obtaining investment management service contracts	Deductions and carryforward losses for tax purposes	Employee benefits	Loss from initial application of IFRS 17 (*)	Credit losses	Other ¹⁾	Total
Balance of deferred tax asset (liability) as of January 1, 2024	(233)	(11)	(129)	(279)	(84)	19	62	671	143	24	183
Changes carried to profit and loss	19	5	(5)	(148)	3	(14)	3	(284)	(15)	50	(387)
Changes carried to other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Classification of current taxes into deferred taxes	-	-	-	-	-	-	-	-	7	-	7
Balance of deferred tax asset (liability) as of December 31, 2024	(214)	(6)	(135)	(427)	(81)	5	64	387	135	74	(197)
Changes recognized in retained earnings from initial application of IFRS (*)	-	-	-	(74)	69	-	-	4	-	-	-
Changes carried to profit and loss	15	4	(9)	(100)	3	(4)	11	(288)	(22)	(41)	(431)
Changes carried to other comprehensive income	-	-	3	-	-	-	1	-	-	-	3
Classification of current taxes into deferred taxes	-	-	-	-	-	-	-	-	-	-	-
Balance of deferred tax asset (liability) as of December 31, 2025	(199)	(2)	(140)	(601)	(8)	1	76	103	113	33	(624)

* For further details, see Section A above.

1) Stems mainly from provision for doubtful debts.

In NIS million	As of December 31	
	2025	2024
Deferred tax assets	114	159
Liability in respect of deferred taxes	(738)	(355)
Total	(624)	(197)

2. Deferred tax assets which were not recognized

Deferred tax assets which were not recognized are in respect of the following items:

In NIS million	As of December 31	
	2025	2024
Losses for tax purposes	58	58
Capital losses and real difference from liquid securities	679	690
Total	737	749

According to 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

The Company and Clal Insurance have final tax assessments through the 2021 tax year.

The other Group companies' tax returns through tax year 2020 are deemed final assessments according to the provisions of Section 145 to the Income Tax Ordinance.

NOTE 23 - EQUITY AND RESERVES**A. Share capital**

	Ordinary shares *)	
	2025	2024
	In thousands of shares of NIS 1 p.v.	
Issued and paid-up share capital as of January 1	79,437	79,031
Issuance of shares **)	1	-
Exercise of options for employees ***)	609	406
Issued and paid up share capital as of December 31	80,047	79,437
Authorized capital	100,000	100,000

*) The shares are listed on the Tel Aviv Stock Exchange (TASE). The 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 D below.

***) For further details, see Note 31 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, as shall be from time to time, including future investments.

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.

Accordingly, 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.

Further to the above, on May 28, 2025, upon approval of the Company's financial statements as of March 31, 2025, the Company's Board approved a dividend distribution totaling approx. NIS 200 million, which constitutes approx. 64% of the dividends declared and/or distributed by the Company's subsidiaries in 2025. The dividend was paid on June 25, 2025.

Subsequent to the reporting date, on March 25, 2026, on approval of the Company's financial statements as of December 31, 2025, the Board of Directors approved a dividend distribution, totaling approx. NIS 400 million, which constitutes approx. 61% of the dividends declared and/or distributed in the Company's subsidiaries as of the approval date of the approval date of the financial statements.

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.

On May 28, 2025, Clal Insurance revised the minimum capital target for dividend distribution, such that subsequent to the dividend distribution, the solvency ratio will be at least 115% compared to 110%, without taking into account the Transitional Provisions.

This revision was made further to the Capital Management Policy approved in June 2021, according to which the target range for the economic solvency ratio of Clal Insurance will be 150%-170%. 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.

This policy should not be construed 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, as shall be from time to time, including future investments.

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.

Accordingly, 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.

Subsequent to the above, on May 28, 2025, with the approval of Clal Insurance's financial statements as of March 31, 2025, Clal Insurance's Board approved a dividend distribution of approx. NIS 300 million, which constitutes approx. 47% of Clal Insurance's 2024 comprehensive income in accordance with the Annual Financial Statements (approx. 25% of Clal Insurance's comprehensive income after application of IFRS 9 and IFRS 17, as detailed in Note 37 above), having examined all aspects, including Clal Insurance's compliance with the economic solvency ratio targets detailed above. The dividend was paid on May 29, 2025.

Subsequent to the reporting date, on March 25, 2026, upon the approval of Clal Insurance's financial statements as of December 31, 2025, Clal Insurance's Board approved a dividend distribution of approx. NIS 600 million, which constitutes approx. 30% of Clal Insurance's 2025 comprehensive income in accordance with the Annual Financial Statements having examined all aspects, including Clal Insurance's compliance with the economic solvency ratio targets detailed below.

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.

On June 30, 2024, Max's Board of Directors set, for the first time, a dividend distribution policy. According to the approved 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 accordance with its consolidated financial statements. It is clarified that 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.

Under the issuance of the Bonds (Series E) in July 2025, Max undertook not to distribute dividends under certain circumstances, such as non-compliance with the financial covenants it undertook to comply with, the establishment of grounds for immediate repayment, or breach of any of its material undertakings, all as detailed in the deed of trust.

Subsequent to the reporting date, on March 10, 2026, Max's Board of Directors approved the distribution of a dividend in the amount of NIS 56 million, which constitutes approx. 30% of Max's net income for 2025.

D. Allocation of restricted shares to the Company's CEO

On November 6, 2025, the Company's General Meeting approved - further to the approval of the Company's Compensation Committee and Board of Directors - the allocation of 10,572 restricted share units exercisable into 10,572 ordinary shares of the Company to the Company's CEO (hereinafter - the "**RSUs**"); the RSUs constitute approx. 0.01% of the Company's issued and paid-up share capital (approx. 0.01% fully diluted) (hereinafter - the "**Exercise Shares**"). The RSUs were allocated to the CEO without consideration. On December 21, 2025, 881 restricted shares were exercised into ordinary shares. For further details, see Note 31 below.

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 2(b) and 3 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, 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 which 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 25, 2025, Clal Insurance approved and published its Economic Solvency Ratio Report as of June 30, 2025.

The calculation carried out by the Company as of June 30, 2025 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, 2025, published on November 25, 2025, Clal Insurance has excess capital over the capital requirement, both including and excluding the Transitional Provisions (the Provisions for the Transitional Provisions).

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 2.3 to the Report of the Board of Directors.

(c) Further 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 NIS million	As of December 31	
	2025	2024
2. Capital for capital ratio calculation purposes		
Common Equity Tier 1 capital	2,252	2,066
Tier 2 capital	630	466
Total overall capital	2,882	2,532
2. Balance of risk-weighted assets:		
Credit risk - standardized approach	18,302	17,207
Market risks - standardized approach	80	55
Operational risk - standardized approach	3,704	3,347
Total balance of risk-weighted assets	22,086	20,609
3. Ratio of capital to risk-weighted assets:		
	In %	
Ratio of CET1 capital to risk-weighted components	10.2	10.0
Ratio of total capital to risk-weighted components	13.0	12.3
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 came into effect 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 March 10, 2026 Max's Board of Directors approved Max's CET1 capital ratio internal target at 9% instead of 9.25% as was the case through June 2024. The revised internal target is 100 basis points (1 percentage points) higher than the minimum CET 1 capital ratio set by the Banking Supervision Department, as stated above. 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%.

C. Capital components for the calculation of capital ratio in Max

In NIS million	As of December 31	
	2025	2024
1. Common Equity Tier 1 capital		
Equity	2,250	2,061
Net of goodwill	(*)	(*)
Total Common Equity Tier 1 capital	2,249	2,061
<u>Regulatory adjustments:</u>		
Adjustments for current expected credit losses - CET1 capital**)	3	5
Total CET1 capital, after regulatory capital deductions	2,252	2,066
2. Tier 2 capital		
Tier 2 capital: Instruments	400	250
Tier 2 capital: Provisions	230	216
Total Tier 2 capital	630	466
Total overall capital	2,882	2,532

*) An amount lower than NIS 1 million.

**) The effect of the adjustments in respect of current expected credit losses on the CET1 capital ratio as of December 31, 2025 is 0.01% (as of December 31 - 0.05%).

D. Effect of adjustments for current expected credit losses on the CET1 capital ratio in Max

In %	As of December 31	
	2025	2024
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	10.2	10.0
Effect of adjustments for current expected credit losses	(*)	(*)
Ratio of CET1 capital to risk-weighted components	10.2	10.0

*) An amount lower than NIS 1 million.

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 circulars published in recent years by the Banking Supervision Department amending the directive, the leverage ratio shall not fall below 4.5% on a consolidated basis. According to the last circular, dated September 14, 2025, 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, 2027, provided that the leverage ratio does not fall below that as of December 31, 2026 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:

In NIS million	As of December 31	
	2025	2024
Consolidated data:		
Tier 1 capital	2,252	2,066
Total exposures	25,486	23,825
In %		
Leverage ratio	8.8	8.7
Minimum total leverage ratio set by the Banking Supervision Department *	4.5	4.5

* In accordance with the Temporary Order as stated above.

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 24 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE

In NIS million	For the year ended December 31, 2025			
	Life Insurance	Health Insurance	P&C Insurance	Total
Revenues from insurance services				
Contracts to which the Premium Allocation Approach (PAA) was not applied:				
Amounts relating to changes in liability for remaining coverage (LRC):				
Contractual service margin (CSM) amount recognized in profit or loss for services provided	499	443	-	941
Change in risk adjustment (RA) for non-financial risk resulting from past risks	50	48	-	99
Claims and other expected insurance service expenses incurred	2,275	1,330	-	3,606
Experience adjustments arising from premiums received	(19)	(6)	-	(25)
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	122	110	-	232
Total contracts to which the Premium Allocation Approach (PAA) was not applied	2,927	1,926	-	4,853
Contracts to which the Premium Allocation Approach (PAA) was applied	-	126	3,858	3,984
Total revenues from insurance services	2,927	2,052	3,858	8,837
Expenses from insurance services				
Claims and other insurance service expenses incurred	2,357	1,396	2,369	6,121
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	48	86	(399)	(265)
Losses (reversal of losses) for groups of onerous insurance contracts	17	9	10	36
Amortization of insurance acquisition cash flows	122	149	689	960
Total expenses from insurance services	2,544	1,640	2,668	6,852
Income from insurance services before reinsurance contracts held	384	411	1,190	1,985
Revenues (expenses), net for reinsurance contracts held				
Reinsurance expenses:				
Contracts to which the Premium Allocation Approach (PAA) was not applied:				
Amounts relating to changes in assets for remaining coverage (ARC):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	24	16	-	40
Change in risk adjustment (RA) for non-financial risk resulting from past risks	5	4	-	9
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	158	50	-	208
Experience adjustments arising from premiums paid	(13)	(6)	-	(18)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	174	64	-	238
Contracts to which the Premium Allocation Approach (PAA) was applied	4	1	1,071	1,076
Total reinsurance expenses	178	65	1,071	1,314
Reinsurance revenues:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	167	49	514	730
Changes relating to past service - adjustment for assets for incurred claims	2	(16)	(91)	(105)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	1	1	(1)	1
Total reinsurance revenues	170	34	423	627
Total revenues (expenses) for reinsurance contracts held	(8)	(31)	(648)	(687)
Income (loss) from insurance services	375	380	542	1,298

In NIS million	For the year ended December 31, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
Revenues from insurance services				
Contracts to which the Premium Allocation Approach (PAA) was not applied:				
Amounts relating to changes in liability for remaining coverage (LRC):				
Contractual service margin (CSM) amount recognized in profit or loss for services provided	366	461	-	827
Change in risk adjustment (RA) for non-financial risk resulting from past risks	49	46	-	95
Claims and other expected insurance service expenses incurred	2,164	1,223	-	3,387
Experience adjustments arising from premiums	(21)	18	-	(3)
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	97	86	-	183
Total contracts to which the Premium Allocation Approach (PAA) was not applied	2,656	1,835	-	4,491
Contracts to which the Premium Allocation Approach (PAA) was applied	-	124	3,777	3,901
Total revenues from insurance services	2,656	1,959	3,777	8,391
Expenses from insurance services				
Claims and other insurance service expenses incurred	2,276	1,352	2,604	6,231
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	24	22	(629)	(583)
Losses (reversal of losses) for groups of onerous insurance contracts	12	9	(4)	18
Amortization of insurance acquisition cash flows	97	127	674	898
Impairment loss (reversal of impairment loss) from net impairment of assets for insurance acquisition cash flows	-	-	-	-
Other	-	-	-	-
Total expenses from insurance services	2,409	1,510	2,645	6,566
Income from insurance services before reinsurance contracts held	246	450	1,132	1,825
Revenues (expenses), net for reinsurance contracts held				
Reinsurance expenses:				
Contracts to which the Premium Allocation Approach (PAA) was not applied:				
Amounts relating to changes in assets for remaining coverage (ARC):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	18	18	-	36
Change in risk adjustment (RA) for non-financial risk resulting from past risks	13	4	-	17
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	145	25	-	170
Experience adjustments arising from premiums paid	50	14	-	64
Total contracts to which the Premium Allocation Approach (PAA) was not applied	226	61	-	287
Contracts to which the Premium Allocation Approach (PAA) was applied	4	1	1,148	1,153
Total reinsurance expenses	230	62	1,148	1,441
Reinsurance revenues:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	145	30	797	972
Changes relating to past service - adjustment for assets for incurred claims	38	7	(333)	(289)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	-	-	-	-
Total reinsurance revenues	183	37	463	683
Total revenues (expenses) for reinsurance contracts held	(47)	(26)	(685)	(758)
Income (loss) from insurance services	199	424	447	1,067

NOTE 25 - INCOME (LOSS) FROM INVESTMENTS AND FINANCING, NET**A. Income (loss) from investments and financing, net, by operating segments**

In NIS million	For the year ended December 31, 2025				
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Other	Total
Investment gains (losses), net:					
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	13,952	215	-	-	14,167
Gains (losses) from other investments, net:					
Interest revenues calculated using the effective interest method	186	-	-	-	186
Net losses from impairment of financial assets	-	-	-	-	-
Other investment income (losses), net	1,840	290	267	1,023	3,420
Share in gains (losses) of equity-accounted investees closely related to the investing activity	1	-	(1)	3	4
Total gains (losses) from other investments, net	2,027	290	266	1,026	3,609
Total investment gains (losses), net recognized in the statement of income	15,979	505	266	1,026	17,776
Investment gains (losses), net recognized in other comprehensive income	(8)	(1)	(4)	(2)	(14)
Total investment gains (losses), net	15,971	504	263	1,024	17,762
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	11,475	-	-	(2)	11,473
Effects of the risk mitigation option for VFA contracts	71	-	-	-	71
Interest accrued	589	204	131	-	924
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	1,183	125	143	-	1,451
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(6)	4	-	-	(2)
Total finance expenses, net arising from insurance contracts recognized in profit or loss	13,311	332	274	(2)	13,916
Finance income, net arising from reinsurance contracts:					
Interest accrued	(22)	7	51	-	37
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	25	33	59	-	117
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	3	-	-	-	2
Effect of changes in risk of non-performance by reinsurers	-	-	-	-	-
Total finance income, net arising from reinsurance contracts recognized in the Statement of Income	6	40	110	-	156
Decrease (increase) in liabilities for investment contracts due to the yield component	(1,879)				(1,879)
Total income (loss) from investments and financing, net *	787	212	99	1,026	2,123
* Represented by:					
Amounts recognized in profit or loss	795	212	102	1,028	2,137
Amounts recognized in other comprehensive income	(8)	(1)	(4)	(2)	(14)

	For the year ended December 31, 2024				
	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Other	Total
In NIS million					
Investment gains (losses), net:					
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	10,492	142	-	-	10,635
Gains (losses) from other investments, net:	-	-	-	-	-
Interest revenues calculated using the effective interest method	210	-	-	-	210
Net losses from impairment of financial assets	-	-	-	-	-
Other investment income (losses), net	1,610	314	270	593	2,787
Share in gains (losses) of equity-accounted investees closely related to the investing activity	(1)	-	(2)	-	(2)
Total gains (losses) from other investments, net	1,820	314	269	593	2,995
Total investment gains (losses), net recognized in the statement of income	12,312	456	269	593	13,630
Investment gains (losses), net recognized in other comprehensive income	-	-	-	(1)	(1)
Total investment gains (losses), net	12,312	456	269	592	13,630
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	8,444	-	-	-	8,444
Effects of the risk mitigation option for VFA contracts	211	-	-	-	211
Interest accrued	601	215	101	-	918
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	1,045	216	171	-	1,432
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(12)	49	-	-	36
Total finance expenses, net arising from insurance contracts recognized in profit or loss	10,289	480	272	-	11,041
Finance income, net arising from reinsurance contracts:					
Interest accrued	(17)	8	44	-	34
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	18	24	72	-	114
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(1)	1	-	-	-
Effect of changes in risk of non-performance by reinsurers	-	-	-	-	-
Total finance income, net arising from reinsurance contracts recognized in the Statement of Income	-	33	116	-	149
Decrease (increase) in liabilities for investment contracts due to the yield component	(1,656)	-	-	-	(1,656)
Total income (loss) from investments and financing, net *	367	8	113	592	1,081
* Represented by:					
Amounts recognized in profit or loss	367	8	113	593	1,082
Amounts recognized in other comprehensive income	-	-	-	(1)	(1)

B. Information on investment income items by type of asset

In NIS million	For the year ended December 31, 2025	
	Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	Other investment income (losses), net
B.1. Interest revenues is calculated using the effective interest method and linkage differences (1)		
Treasury deposits	-	180
Corporate bonds	-	2
Loans (including investees)	-	4
Total	-	186
B.2. Other investment income (losses), net		
Net gains (losses) for changes in fair value of investments in financial instruments: (4), (5)		
Cash and cash equivalents	(354)	31
Deposits with banks and financial institutions	1	15
Government bonds	790	211
Corporate bonds	870	196
Designated bonds	-	1,179
Loans (including investees)	303	753
Other debt instruments	(229)	(16)
Shares	7,249	400
Investments in other equity instruments	1,167	(45)
Derivative instruments	4,166	634
Other	-	(19)
Total	13,963	3,339
Other:		
Revenues from investment property:		
Revaluation of investment property, including capital gains (losses)	(1)	6
Rental income from investment property	221	82
Net of: Direct operating expenses	(16)	(7)
Total revenues from investment property	204	81
Total	204	81
Total other investment income (losses), net	14,167	3,420
B3. Other gains (losses), net:		
Impairment losses (reversal of impairment losses) for financial assets		
Share in gains (losses) of equity-accounted investees closely related to the investing activity	-	4
Total	-	4
Total investment income (losses), net recognized in profit or loss	14,167	3,609

A. Information on investment income items by type of asset

In NIS million	For the year ended December 31, 2024	
	Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	Other investment income (losses), net
B.1. Interest revenues is calculated using the effective interest method and linkage differences		
Treasury deposits	-	205
Corporate bonds	-	1
Loans (including investees)	-	4
Total	-	210
B.2. Other investment income (losses), net		
Net gains (losses) for changes in fair value of investments in financial instruments:		
Cash and cash equivalents	100	64
Deposits with banks and financial institutions	8	19
Government bonds	272	116
Corporate bonds	1,212	222
Designated bonds	-	1,075
Loans (including investees)	574	696
Other debt instruments	332	46
Shares	4,418	293
Investments in other equity instruments	2,362	259
Derivative instruments	1,135	(58)
Other	-	(21)
Total	10,413	2,712
Other:		
Revenues from investment property:		
Revaluation of investment property, including capital gains (losses)	6	(8)
Rental income from investment property	225	87
Net of: Direct operating expenses	(9)	(4)
Total revenues from investment property	222	75
Net gains (losses) for exchange rate differences on investments in debt instruments not measured at fair value through profit or loss and other assets (**)		
Total	222	75
Total other investment income (losses), net	10,635	2,787
B3. Other gains (losses), net:		
Impairment losses (reversal of impairment losses) for financial assets		
Share in gains (losses) of equity-accounted investees closely related to the investing activity		
	-	(2)
Total	-	(2)
Total investment income (losses), net recognized in profit or loss	10,635	2,995

NOTE 26 - INCOME (LOSS) FROM INVESTMENTS, NET AND FINANCE INCOME NOT FROM CONSOLIDATED INSURANCE COMPANIES

In NIS million	For the year ended December 31	
	2025	2024
Gains (losses) on financial assets at fair value through profit and loss		
Net change in the fair value of financial instruments required to be measured at fair value through profit and loss	66	26
Total gains (losses) on financial assets measured at fair value through profit and loss	66	26
Gains (losses) on financial assets and financial liabilities measured at amortized cost		
Interest revenues from cash and cash equivalents	4	3
Total gains (losses) from financial assets and financial liabilities measured at amortized cost	4	3
Interest revenues - Max		
From credit to private individuals	1,151	1,051
From commercial credit	216	203
From deposits with banks	27	22
From other assets	3	2
Total interest revenues from Max	1,397	1,278
Amortization of excess loan cost at Max	27	63
Total net investment revenues (loss) and finance income not from consolidated insurance companies	1,494	1,370

NOTE 27 - REVENUES FROM CREDIT CARD TRANSACTIONS

In NIS million	For the year ended December 31	
	2025	2024
	Audited	
Revenues from merchants		
Merchants fees and commissions	871	809
Other revenues	201	179
Total revenues from merchants - gross	1,072	988
Net of fees and commissions to other issuers	(414)	(380)
Total revenues from merchants - net	658	608
Revenues from credit card holders		
Issuer fees and commissions ⁽¹⁾	634	566
Service fees and commissions ⁽²⁾	237	208
Fees and commissions from cross-border transactions ⁽³⁾	211	172
Total revenues for credit card holders	1,082	946
Total revenues from credit card transactions	1,740	1,554

(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 the 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 cross-border transaction fees include foreign exchange fee in respect of transactions involving overseas merchants (with card present and card not present).

NOTE 28 - PROCESSING EXPENSES FOR CREDIT CARDS

In NIS million	For the year ended December 31	
	2025	2024
	Audited	
Salaries and related expenses	326	315
Data processing and computer maintenance	48	38
Payments to the Global Organizations	176	134
Depreciation and amortization	128	132
Communication	8	8
Mailings	43	41
Damages from credit card misuse	9	3
Rent and building maintenance	43	40
Card issuance and printing production	38	31
Processing fees and commissions ⁽¹⁾	69	58
Vehicle maintenance	7	6
Other ⁽²⁾	376	180
Credit card operations	1,271	986

(1) Of which: Fees to Automated Banking Services (ABS) and MASAV in 2025 and 2024 totaling NIS 45 million NIS 39 million, respectively.

(2) Expenses in 2025 include a one-off material expense totaling approx. NIS 170 million and a provision for VAT assessment proceeding – see also Note 35 Section 3.2 below.

NOTE 29 - OTHER EXPENSES AND INCOME CLASSIFIED BY TYPE

In NIS million	Comments	For the year ended December 31	
		2025	2024
Operating expenses:			
Cost of claims		4,354	4,184
Losses (reversal of losses) for groups of onerous insurance contracts		36	18
Purchase fees for agents		844	867
Salaries and related expenses ⁽¹⁾		1,666	1,501
Other fees and commissions		854	823
Depreciation and amortization ⁽²⁾		268	254
Office maintenance and communications		79	78
Leases		73	65
Marketing and advertising		414	363
Legal and professional advice		81	73
Operating expenses for provident funds in banks		13	12
Other		296	292
Less indirect claims settlement expenses classified under the claims cost item		(38)	(38)
Total operating expenses		8,939	8,493
Other revenues (expenses), net:			
Amortization of intangible assets	13	(39)	(36)
Clearing fees		(7)	(9)
Other		30	(2)
Total other revenues (expenses), net		(17)	(47)
Total		8,956	8,540
Amounts attributable to insurance acquisition cash flows arising during the period.	20	(1,232)	(1,276)
Amortization of insurance acquisition cash flows	20	960	898
Movement in costs of obtaining investment management service contracts	14	(50)	(36)
Total adjustments for insurance acquisition cash flows and costs of obtaining investment management service contracts		(322)	(414)
Total expenses (revenues), net *		8,635	8,126
* Represented by:			
Expenses from insurance services		6,852	6,566
Other operating expenses		1,766	1,514
Other revenues (expenses), net		(17)	(47)
Total expenses (revenues), net		8,635	8,126

1) Salaries and related expenses include share-based payment; for further details, see Note 31, for further details regarding provisions in respect of employee benefits, including bonuses for achieving targets and consequences of collective agreement, see Notes 21(c) and 21(d).

2) Most of the amount stems from automation expenses other than depreciation and amortization.

NOTE 30 - FINANCE EXPENSES

In NIS million	For the year ended December 31	
	2025	2024
Interest expenses and linkage differences in respect of subordinated notes	200	192
Liabilities to banks - Max	479	427
Interest expenses and linkage differences in respect of subordinated notes - Max	69	47
Interest expenses in respect of bonds in the Company	86	80
Interest expenses in respect of a loan from others in CIMax ³⁾	-	11
Exchange rate differences, net in respect of liabilities ¹⁾	6	5
Lease finance expenses ²⁾	18	22
Fees and commissions and other finance expenses	5	9
Total finance expenses	863	794

1) Regarding exchange rate differences in respect of financial investments, see Note 7.

2) For further details, see Note 15 above.

3) Under the financing of Max's acquisition from Bank Leumi, in 2019 CIMax took a loan from a syndication of institutional lenders (hereinafter - the "**Syndication Loan**"); in February 2024, CIMax repaid the full balance of the Syndication Loan.

NOTE 31 - 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 options 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 detailed in Note 21 above, 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 capital taxation 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 21 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 and 2022, options were allocated, which - as of the date of the financial statements - have all been exercised and/or expired.

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.

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, including Clal Insurance. 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 Outline 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 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.

On May 8, 2025, the Company's board of directors resolved to publish an outline for the allocation of up to 130,000 Class A options and 470,000 Class B option 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. In June 2025, after receiving all the required permits and approvals, the options offered in accordance with the outline were allocated. The shares underlying the exercise of these options will represent approx. 0.27% of the Company's 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. 30.08 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 15 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 two years from the vesting/ holding 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 standards.

2. Allocation of restricted share units to the Company's CEO

In September 2025, the Compensation Committee and Board of Directors approved, and in November 2025 the General Meeting approved, a revision to the CEO's terms of employment, pursuant to which the Compensation Committee and Board of Directors will be authorized to determine that, the total annual compensation to which the CEO is entitled will include a variable equity component, including in the form of options and/or restricted share units (of the Company or a company under its control), at a value which will not exceed 25% of the CEO's total annual compensation. If the Compensation Committee and Board of Directors decide that some of the compensation to the CEO will be paid by way of a variable equity compensation as stated above, the CEO will be entitled to choose whether the provisions and social deductions to which he is entitled will be made out the full amount of the compensation to which he is entitled (including in respect of the equity compensation) or in respect of the fixed compensation amount (which does not include the equity compensation).

At that date, the competent organs approved the award - to the CEO - of 10,572 restricted share units, exercisable into 10,572 Company shares, which constitute approx. 0.01% of the Company's issued and paid-up share capital. The units were awarded to the Company's CEO without consideration. The RSUs were awarded in accordance with the Company's 2021 Equity Compensation Plan as amended in September 2025 by an adjustment regarding an allocation of RSUs. The RSUs will vest over a 3-year period divided into twelve (12) equal vesting tranches. The first tranche shall vest at the end of three (3) months from the date of the Board's approval of the allocation of the RSUs (hereinafter - the **"Vesting Period"** and the **"Allocation Date"**). The second tranche shall vest at the end of six (6) months from the Allocation Date, the third tranche at the end of nine (9) months from the Allocation Date, and so on and so forth, such that each of the following tranches shall vest at the end of each period of additional three (3) months from the Allocation Date, until the abovementioned Vesting Period is completed. It is clarified that in accordance with the Company's Compensation Policy, the CEO will be required to hold the RSUs and/or the Exercise Shares for a period of at least two years from the allocation date.

Each tranche of RSUs will vest provided that the CEO will be a Group employee on each of the vesting dates, and subject to meeting all the additional conditions set in the Company's Equity Compensation Plan, which will be assessed on the vesting date.

The Company's Equity Compensation Plan includes adjustments to the RSUs.

As of the report publication date, the CEO holds 1,762 shares of the Company following the vesting of 1,762 restricted share units.

The fair value of the securities allocated to the CEO as of the allocation approval date is approx. NIS 2 million, in accordance with an external valuation of the RSUs. The "Finnerty" model was used to calculate the Discount for Lack of Marketability (DLOM).

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, 2024	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)
Exercised during 2024		57.77	(2,093,110)
Total options in circulation as of December 31, 2024	2.60	60.81	2,934,113
Allocated during 2025		95.49	573,175
Forfeited in 2025		61.24	(153,543)
Exercised during 2025		57.32	(1,230,706)
Total options in circulation as of December 31, 2025	2.17	68.66	2,123,039
Of which options in circulation as of December 31, 2025			
2023 Outline	2.60	53.67	321,831
2024 Outline	1.82	60.34	1,237,430
2025 Outline	2.70	95.49	563,778
Total exercisable options:			
As of the end of 2024		59.08	850,881
As of the end of 2025		-	-

*) 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, 2025, is NIS 55.78- NIS 95.49 (2024 - NIS 53.87- NIS 77.09; 2023 - NIS 55.13- NIS 78.35).

Under the theoretical maximum assumption of exercising all of the option warrants from the 2023 Outline, 2024 Outline and 2025 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 2023 Outline, 2024 Outline, and 2025 Outline, the option warrants in circulation would confer upon their recipients, as of December 31, 2025, 2024, and 2023, approx. 0.93%, approx. 1.44%, and approx. 2.38%, 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 2023 Outline, 2024 Outline and 2025 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:

	2023 Outline ¹⁾ Option A	2024 Outline ¹⁾ Option A	2025 Outline ¹⁾ Option A	2025 Outline ¹⁾ Option B
No. of option warrants granted net of forfeitures until the balance sheet date	1,047,382	1,237,430	117,413	446,365
Weighted average of the exercise price (in NIS)	52.78	59.11	98.00	98.00
Weighted average of the exercise money at allotment date (in NIS)	58.08	64.30	98.00	98.00
Weighted average of expected volatility ²⁾	38.47%	32.65%	32.83%	34.30%
Average duration of option warrants (in years) ³⁾	4.30	3.33	4.33	3.00
Weighted average of the risk-free interest rate ⁴⁾	3.78%	4.25%	4.02%	3.98%
Ceiling price	114	86	157	157
Fair value on award date of total option warrants allocated by the Company (in NIS million) ⁵⁾	18	17	4	11

- 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 7(d)(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	2023 Outline - Option A	2024 Outline - Option A	2024 Outline - Option A	2024 Outline - Option B	Total
In 2024	5	9	-	-	14
In 2025	5	6	1	11	23

NOTE 32 - 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	
	2025	2024
Profit (loss) attributable to the holders of ordinary shares	2,278	1,540

B. Weighted average number of ordinary shares (basic)

In thousand	For the year ended December 31	
	2025	2024
	Shares of NIS 1 p.v.	
Balance as of January 1	79,437	79,031
Effect of shares issued in the year 1)	-	-
Effect of options exercised for shares	310	68
Weighted average of the number of ordinary shares used to calculate basic earnings (loss) per share	79,747	79,099

C. Weighted average of the number of ordinary shares (diluted)²⁾

In thousand	For the year ended December 31	
	2025	2024
	Shares of NIS 1 p.v.	
Weighted average of the number of ordinary shares used to calculate basic earnings per share	79,747	79,099
Effect of shares issued in the year 1)	1	-
Effect of stock options	3,151	376
Weighted average number of ordinary shares used in calculation of diluted earnings (loss) per share	82,899	79,475

1) For further details regarding the issuance of restricted shares to the CEO, see Note 31 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 33 - RISK MANAGEMENT

A. General

The Group's activities expose it to the following key risks: Market risks, liquidity risks, insurance risks, credit risks and operational risks.

This note provides information on the Group's exposure to these risks (except for Max, where the risks are detailed in the Report of the Board of Directors in accordance with the Banking Supervision Department's directives), 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 key 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 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 23(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 to 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 the 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 23(f)), 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 23(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.

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, the 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 the Investment Division (hereinafter - "**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 debts. 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, cybersecurity 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 is 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 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 Chief Risk Officer, 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 a chief risk officer, 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, cybersecurity 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 23(f)).

With regard to legal requirements and capital management policy, see Note 23(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.

The Company has policies under which the insurance benefits (long-term care and permanent health insurance) or their savings component to which the beneficiary is entitled are contingent upon the returns generated by certain Clal Insurance investments, net of management fees, the highlights of which are detailed below:

- 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.
- In policies issued in 2004 and thereafter - fixed management fees.

As a general rule, with regard to these components, 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.

1. Sensitivity analyses relating to market risks

Following is a sensitivity analysis with respect to the effect of changes in the variables specified below on profit or loss (post-tax), on equity (post-tax), and on the contractual service margin.

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. The sensitivity analysis, which reflects only direct effects and no secondary effects. The sensitivity analyses are based on the carrying value, rather than on economic value.

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, 2025

In NIS million	Interest rate ⁽²⁾		Investments in equity instruments ⁽³⁾ - increase /decrease	
	+0.5%	-0.5%	+10%	-10%
Remaining exposure - asset (liability), net	(47,728)	(47,728)	6,473	6,473
Profit and loss (after tax) and equity - gross ⁽¹⁾	(66)	65	530	(530)
Profit and loss (after tax) and equity - retention ⁽¹⁾	(82)	83	530	(530)
Contractual service margin, gross	422	(410)	620	(462)
Contractual service margin - retention	422	(410)	620	(462)

- 1) The effect on income in the period includes the amounts recognized following changes to profit or loss, such as onerous contracts groups, a study which affects the liability for incurred claims (LIC) and the effects arising therefrom with respect to the fair value of designated bonds and does not include the current effect arising from the change in the reduction of the contractual service margin as a result of the change.
- 2) The interest rate sensitivity analysis reflects the impact of a corresponding change along the entire curve.
- 3) Investments in instruments with no fixed cash flows, or alternatively, where the Company has no information about this cash flow (in accordance with the definitions in IFRS 7, do not include investments in equity-accounted investees).

2. 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 arising from the financial instrument or insurance contract. Instruments bearing variable interest rates expose the Company to cash flow interest rate risk, whereas instruments bearing fixed interest rates expose the Company to fair value risk. 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(g).

With respect to insurance liabilities - for insurance liabilities that are yield-dependent as explained above, there is no direct exposure to interest rates. With respect to savings policies with a guaranteed return, there is partial backing through the Bank of Israel's issuing of designated bonds (Hetz) 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, 2025, the Company's other insurance liabilities constitute approx. 12% of total insurance liabilities.

D1. Market risks

CPI risks and foreign currency risks

A. Breakdown of assets and liabilities by linkage bases

As of December 31, 2025	NIS		Foreign currency				Non-monetary items in foreign currency or linked thereto measured at fair value	Other non-monetary items	Liability for yield-dependent contracts	Total
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency - USD - or linked thereto ¹⁾	In foreign currency - EUR - or linked thereto ¹⁾	In foreign currency - GBP - or linked thereto ¹⁾	In foreign currency - other - or linked thereto ¹⁾				
In NIS million										
Other cash and cash equivalents	2,564	3	1,427	44	15	7	-	-	-	4,060
Other financial investments measured at fair value	5,651	30,796	400	34	49	-	5,317	2,149	-	44,396
Other financial investments measured at depreciated cost	20	2,263	2	-	-	-	-	-	-	2,285
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	-	4,269	4,269
Financial investments for yield-dependent contracts	-	-	-	-	-	-	-	-	97,717	97,717
Insurance contract assets	-	3,276	-	-	-	-	-	-	-	3,276
Reinsurance contract assets	-	1,892	-	-	-	-	-	678	33	2,603
Total financial and insurance assets	8,235	38,230	1,829	78	64	7	5,317	2,827	102,019	158,606
Financial and insurance liabilities										
Loans and credit	11,765	3,383	-	-	-	-	-	-	1,419	16,567
Liabilities for derivative instruments	2	-	9	5	3	-	-	-	860	879
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	-	13,575	13,575
Liabilities for non-yield-dependent investment contracts	-	2,459	-	-	-	-	-	-	-	2,459
Total liabilities for insurance contracts	-	38,994	59	-	-	-	-	1,739	88,141	128,941
Liabilities for reinsurance contracts	-	61	-	-	-	-	-	-	-	61
Total financial and insurance liabilities	11,767	44,897	68	5	3	-	-	1,739	103,995	162,474
Total on-balance sheet exposure, net	(3,532)	(6,667)	1,760	73	61	7	5,317	1,088	(1,976)	(3,868)
Exposure to underlying assets through derivatives in delta terms	4,848	-	(4,455)	(434)	(369)	-	416	(6)	-	-
Total exposure, net, in delta terms	1,316	(6,667)	(2,695)	(361)	(308)	7	5,734	1,082	(1,976)	(3,868)

- 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) The amount of yield-dependent liabilities for insurance contracts was calculated as described in Note 5(g) regarding yield-dependent liabilities. The other liabilities in respect of insurance contracts and reinsurance contracts that are measured in accordance with VFA and GMM measurement models mainly reflect CPI-linked cash flows.
- 3) Out of liabilities for insurance contracts and reinsurance assets measured according to the PAA measurement model, the amounts attributed to liabilities and assets for the remaining coverage (excluding the loss component, loss recovery component and balances of other receivables and payables) are classified as non-monetary items. The remaining components are classified into the currency in which they are denominated.

As of December 31, 2024	NIS		Foreign currency				Non-monetary items in foreign currency or linked thereto measured at fair value	Other non-monetary items	Liability for yield-dependent contracts	Total
	In NIS - non-linked	In NIS - CPI-linked	In foreign currency - USD - or linked thereto ¹⁾	In foreign currency - EUR - or linked thereto ¹⁾	In foreign currency - GBP - or linked thereto ¹⁾	In foreign currency - other - or linked thereto ¹⁾				
In NIS million										
Financial and insurance assets:										
Other cash and cash equivalents	2,187	-	356	20	47	7	-	-	-	2,617
Other financial investments measured at fair value	4,101	29,235	650	41	53	-	5,297	1,802	-	41,179
Other financial investments measured at depreciated cost	21	2,317	1	1	-	-	-	-	-	2,340
Cash and cash equivalents in respect of yield-dependent contracts	-	-	-	-	-	-	-	-	4,451	4,451
Financial investments for yield-dependent contracts	-	-	-	-	-	-	-	-	88,802	88,802
Insurance contract assets	-	2,653	-	-	-	-	-	-	-	2,653
Reinsurance contract assets	-	1,865	-	-	-	-	-	651	148	2,664
Total financial and insurance assets	6,309	36,070	1,007	62	100	7	5,297	2,453	93,401	144,706
Financial and insurance liabilities										
Loans and credit	11,099	2,007	-	-	-	-	-	-	1,032	14,138
Liabilities for derivative instruments	15	-	85	-	-	-	-	-	428	528
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	-	12,537	12,537
Liabilities for non-yield-dependent investment contracts	-	2,522	-	-	-	-	-	-	-	2,522
Total liabilities for insurance contracts	-	36,584	58	-	-	-	-	1,688	83,388	121,718
Liabilities for reinsurance contracts	-	62	-	-	-	-	-	-	-	62
Total financial and insurance liabilities	11,114	41,175	142	-	-	-	-	1,688	97,385	151,505
Total on-balance sheet exposure, net	(4,805)	(5,105)	865	62	100	7	5,297	765	(3,984)	(6,799)
Exposure to underlying assets through derivatives in delta terms	5,308	-	(4,965)	(431)	(368)	12	450	(6)	-	-
Total exposure, net, in delta terms	503	(5,105)	(4,100)	(369)	(268)	20	5,747	759	(3,984)	(6,799)

- 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 The amount of yield-dependent liabilities for insurance contracts was calculated as described in Note 5(g) regarding yield-dependent liabilities. The other liabilities in respect of insurance contracts and reinsurance contracts that are measured in accordance with VFA and GMM measurement models mainly reflect CPI-linked cash flows.
- 3 Out of liabilities for insurance contracts and reinsurance assets measured according to the PAA measurement model, the amounts attributed to liabilities and assets for the remaining coverage (excluding the loss component, loss recovery component and balances of other receivables and payables) are classified as non-monetary items. The remaining components are classified into the currency in which they are denominated.

B. Share price risk

Breakdown of exposure to economic sectors for investments in equity instruments (excluding investments held against yield-dependent contracts)

As of December 31, 2025

As of December 31, 2025	In Israel			Overseas			
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares Index	Illiquid	Traded on stock exchanges around the world	Illiquid	Total	% of total
In NIS million							
<u>Economic sector</u>							
Biomed	33	-	92	83	-	208	10%
Technology	166	1	87	98	105	457	22%
Banks	267	89	-	-	-	356	17%
Insurance	75	2	7	-	-	84	4%
Financial Services	-	-	-	4	-	4	0%
Trade and products	61	12	10	59	-	142	7%
Real estate and construction	114	30	175	-	175	494	24%
Manufacturing	59	18	-	-	-	77	4%
Investment and holdings	9	3	-	-	-	12	1%
Energy and oil and gas exploration	94	1	33	27	22	177	8%
Other	-	-	71	-	5	76	4%
Total	878	156	475	271	307	2,087	100%

As of December 31, 2024

In NIS million	In Israel			Overseas			
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares Index	Illiquid	Traded on stock exchanges around the world	Illiquid	Total	% of total
In NIS million							
<u>Economic sector</u>							
Biomed	2	-	82	60	-	144	8%
Technology	111	3	132	75	94	415	23%
Banks	249	34	-	1	-	284	16%
Insurance	38	-	-	-	-	38	2%
Trade and products	58	18	-	18	-	94	5%
Real estate and construction	134	17	168	-	181	500	28%
Manufacturing	51	10	-	-	-	61	3%
Investment and holdings	6	-	-	-	-	6	0%
Energy and oil and gas exploration	69	2	22	23	-	116	7%
Other	-	-	63	-	55	118	7%
Total	718	84	467	177	330	1,776	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 portion of Clal Insurance's insurance liabilities and investment contract 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, 2025 and 2024, total liabilities under these contracts amounted to approx. NIS 102 billion and approx. NIS 95.9 billion, respectively.
- B. Approx. 56% of the remaining liabilities in respect of insurance contracts are backed by designated bonds (Hetz) issued by the Bank of Israel. Clal Insurance is entitled to sell these bonds when the said policies are redeemed.
- C. In respect of approx. 88% of the non-yield-dependent investment contract liabilities to planholders of 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, 2025 and 2024, 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. These assets amounted to approx. NIS 15 billion.

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.

The tables below summarize the estimated repayment dates of the Company's uncapped insurance liabilities, investment contract, and financial liabilities. Since these amounts are not capitalized, there is no adjustment between them and the balance of insurance and financial liabilities as per the statement of financial position.

- A. The estimated repayment dates for insurance liabilities are included in the tables as follows:

The Company did not include in the analysis of the repayment dates below liabilities/assets for remaining coverage in respect of insurance contracts and reinsurance contracts measured using the premium allocation approach (PAA).

The repayment dates of all insurance contracts and reinsurance contracts have been included based on an estimated timing of the undiscounted net cash balances, which represent the best estimates of the future cash flows.

- B. 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.

2. A. Maturity analysis of (undiscounted) amounts for insurance contracts

Liabilities in the Life Insurance and Long-Term Savings Segment*)

In NIS million	Estimates of present value of the future cash flows	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	Total
As of December 31, 2025							
Total liabilities for insurance contracts	109,301	7,243	22,913	24,775	25,132	71,903	151,966
Insurance contract assets	(2,019)	10	(311)	(551)	(554)	(1,400)	(2,806)
Liabilities, net for insurance contracts	107,282	7,253	22,602	24,224	24,579	70,503	149,160
Reinsurance contract assets	233	728	40	(225)	(240)	(238)	65
Liabilities for reinsurance contracts	10	0	4	4	2	1	11
Assets, net for reinsurance contracts	243	728	44	(221)	(238)	(238)	76
Total liabilities and assets, net	107,525	7,981	22,647	24,003	24,341	70,265	149,236
As of December 31, 2024							
Total liabilities for insurance contracts	101,337	5,389	18,896	23,247	24,167	74,096	145,796
Insurance contract assets	-	-	-	-	-	-	-
Liabilities, net for insurance contracts	101,337	5,389	18,896	23,247	24,167	74,096	145,796
Reinsurance contract assets	160	483	(79)	(119)	(105)	(103)	77
Liabilities for reinsurance contracts	10	(0)	5	4	2	1	11
Assets, net for reinsurance contracts	169	483	(75)	(115)	(103)	(102)	88
Total liabilities and assets, net	101,507	5,872	18,821	23,133	24,064	73,994	145,884

*) Excluding liabilities for yield-dependent investment contracts.

Health Segment liabilities

In NIS million	Estimates of present value of the future cash flows	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	Total
As of December 31, 2025							
Total liabilities for insurance contracts	4,656	132	35	269	715	9,342	10,493
Insurance contract assets	(6,241)	(332)	(1,203)	(1,387)	(1,377)	(4,781)	(9,079)
Liabilities, net for insurance contracts	(1,585)	(200)	(1,168)	(1,118)	(662)	4,561	1,414
Reinsurance contract assets	(29)	104	(14)	(11)	(28)	(242)	(191)
Liabilities for reinsurance contracts	56	1	5	9	10	74	99
Assets, net for reinsurance contracts	27	105	(10)	(2)	(18)	(168)	(93)
Total liabilities and assets, net	(1,558)	(95)	(1,178)	(1,119)	(680)	4,393	1,321
As of December 31, 2024							
Total liabilities for insurance contracts	3,830	86	(21)	112	534	8,358	9,069
Insurance contract assets	(5,597)	(295)	(1,196)	(1,326)	(1,243)	(3,936)	(7,996)
Liabilities, net for insurance contracts	(1,767)	(208)	(1,217)	(1,214)	(709)	4,422	1,073
Reinsurance contract assets	13	86	(11)	0	(14)	(173)	(112)
Liabilities for reinsurance contracts	52	(0)	6	9	(9)	(67)	(62)
Assets, net for reinsurance contracts	64	86	(6)	9	(23)	(240)	(174)
Total liabilities and assets, net	(1,703)	(122)	(1,223)	(1,205)	(732)	4,182	900

Liabilities for property and casualty insurance contracts

In NIS million	Estimates of present value of the future cash flows	Up to one year	Over one year and up to 5 years	Over 5 years	Total
As of December 31, 2025					
Total liabilities for insurance contracts	5,486	1,744	3,038	1,036	5,819
Reinsurance contract assets	(1,894)	(421)	(1,239)	(359)	(2,019)
Total liabilities and assets, net	3,592	1,323	1,799	677	3,799
As of December 31, 2024					
Total liabilities for insurance contracts	5,318	1,661	2,936	1,063	5,661
Reinsurance contract assets	(1,888)	(367)	(1,247)	(412)	(2,027)
Total liabilities and assets, net	3,430	1,294	1,689	651	3,634

2. B. On-demand amounts of liabilities for insurance contracts

In NIS million	2025		2024	
	Carrying value	On-demand amounts	Carrying value	On-demand amounts
Policies with a non-yield-dependent savings component	26,643	7,584	26,333	7,936
Policies with a yield-dependent savings component	87,494	87,820	81,203	82,469
Total	114,137	95,405	107,536	90,585

The carrying value is the balance of the liability in the Financial Statements in respect of the relevant insurance contracts group composed of the present value of the fulfilment cash flows (BE + RA) and the contractual service margin (CSM), net of receivables and payables.

The on-demand amount is the amount available for immediate withdrawal in respect of these policies.

3. 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	Total
As of December 31, 2025						
Liabilities for investment contracts	2,459	2,459	-	-	-	2,459
Liabilities for yield-dependent investment contracts	13,575	13,575	-	-	-	13,575
Liquid subordinated notes in Clal Insurance	5,276	60	1,636	3,580	-	5,276
The Company's bonds	1,570	20	1,260	289	-	1,570
Liabilities for derivative instruments	879	869	10	-	-	879
Lease liability	550	71	180	214	85	550
Total	24,309	17,054	3,086	4,083	85	24,309

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	Total
As of December 31, 2024						
Liabilities for non-yield-dependent investment contracts	2,522	2,522	-	-	-	2,522
Liabilities for yield-dependent investment contracts	12,537	12,537	-	-	-	12,537
Subordinated notes	4,661	423	-	4,238	-	4,661
The Company's bonds	1,565	16	1,049	500	-	1,565
Liabilities for derivative instruments	528	446	82	-	-	528
Lease liability	578	69	177	208	125	578
Total	22,391	16,013	1,308	4,946	125	22,391

On-demand amounts of a financial liability

The table below lists the liabilities repayable upon request. These liabilities were classified as repayable within up to one year in the above repayment dates analysis table, which represents the earliest time band presented, although their actual repayment dates may be in later years.

In NIS million as of December 31	2025	2024
Liabilities for non-yield-dependent investment contracts	2,459	2,522
Liabilities for yield-dependent investment contracts	13,575	12,537
Subordinated notes	60	423
The Company's bonds	20	16
Liabilities for derivative instruments	869	446
Lease liability	71	69
Total	17,054	16,013

E. Insurance risks

Among other things, insurance risks include:

Underwriting and pricing 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, increase in lapses, changes in life expectancy or in average claim costs and/or the prevalence of claims as a result of various factors.

The Company is also exposed to changes in the expected costs of providing services under the insurance contract.

Risks in measuring insurance liabilities: 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.

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 amount of the gross maximum exposure to the earthquake risk, which is covered under reinsurance contracts for the property and home insurance subsegments, is approx. NIS 208 billion. The weighted average of the event limit in these reinsurance contracts is approx. 2.57% in property contracts and home insurance contracts.

The Company acquires protection against the remaining cumulative risk after mitigating the risk through specific reinsurance contracts for a catastrophe event, including the amounts arising from the Company's right to increase the scope of coverage, for approx. NIS 1,100 million, reflecting an MPL equal to 2.05% of the Company's cumulative retention from all other reinsurance agreements.

For data regarding the various insurance products in respect of which the insurer accrues an exposure to insurance risk, see the details in Notes 5 and 20.

E1. Insurance risk in life and health insurance contracts

Hereinafter is a description of the various insurance products and the insurance risks associated therewith.

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. Policies with a savings component

There is an identified savings component in "Adif" and "Investment Tracks" type insurance plans, 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 (for guaranteed return contracts).

In addition, 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.

With respect to a material portion of these savings, there is a guaranteed annuity conversion factor. Accordingly, the Company is exposed to the probability of withdrawal of the annuity upon retirement (exercising the entitlement to annuity), in accordance with the expected annuity tracks to be selected by policyholders, and according to the expected life expectancy.

With respect to the portion of the savings for which there is no guaranteed annuity conversion factor, the Company is exposed primarily to lapses.

In respect of an insurance rider in a permanent health insurance policy, morbidity risk is partially mitigated through reinsurers.

B. Life insurance plans without a savings component for death coverage

The Company is exposed primarily to mortality and lapses for these policies.

The Company has reinsurance agreements that mitigate risk in the event of high-value death claims.

In respect of an insurance rider in a permanent health insurance policy, morbidity risk is partially mitigated through reinsurers.

C. Long-term care insurance plans, medical expenses, critical illnesses and personal accidents

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 insurance plan includes insurance coverage for critical illnesses, under which the policyholder is entitled to receive a compensation at an amount which was determined when he/she signed-on to the insurance.

There are also insurance coverages for purchasing medications which are not included in the national Healthcare Services Basket and 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 accident and long-term care coverages were previously sold by the Company as standalone policies.

The Company is exposed primarily to morbidity rates. In medical policies, the Company is also exposed to medical inflation. In long-term care policies, due to the existence of a fixed premium, the Company is also exposed to life expectancy.

With respect to a portion of the long-term care policies, there is partial reinsurance coverage.

D. Life and health insurance sensitivity analyses

In NIS million Increase/ decrease	Morbidity rate		Mortality rate	
	+5%	-5%	+5%	+5%
Remaining exposure - liability (asset), net	(2,413)	(2,413)	103,443	103,443
Profit and loss (after tax) and equity - gross ⁽¹⁾	(18)	4	(38)	24
Profit and loss (after tax) and equity - retention ⁽¹⁾	(17)	3	(39)	25
Contractual service margin, gross	(900)	931	632	(673)
Contractual service margin - retention	(780)	810	600	(637)

- 1) The effect on income in the period includes the amounts recognized following changes to profit or loss, such as onerous contracts groups, a study which affects the liability for incurred claims (LIC) and the effects arising therefrom with respect to the fair value of designated bonds and does not include the current effect arising from the change in the reduction of the contractual service margin as a result of the change.

E2. Insurance risk in property and casualty insurance contracts

The Group underwrites property and casualty insurance contracts, mainly in the compulsory motor insurance, home insurance, business insurance and guarantees 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.

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 key risks covered by property policies are fire, explosion, burglary, earthquake and naturally occurring damage. 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.

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.

Guarantee insurance 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 changes 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.

F. Credit risk - 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, 2025

In NIS million	Total premiums paid to reinsurers for 2025	Net receivable (payable) balances	Fulfilment cash flow (FCF) of reinsurance contracts				Total reinsurance assets	Deposits by reinsurers	Net of the amount of letters of credit received from reinsurers	Total exposure, net ²⁾	Debts in arrears of the reinsurer	
			In life insurance	In health insurance	In P&C insurance	Between six months and one year					Over one year	
Rating group AA and above												
Munich Reinsurance Co. AG	302	(105)	247	162	146	555	292	-	159	-	-	
Swiss Reinsurance Co.	349	(100)	203	(53)	305	455	313	4	38	-	-	
Other	559	(101)	30	95	1,159	1,284	168	-	1,015	2	1	
Total	1,210	(305)	480	203	1,611	2,294	773	4	1,211	2	1	
A	474	(44)	4	2	1,310	1,316	387	-	885	1	-	
BBB	43	(10)	-	-	28	28	12	-	6	-	-	
Less than BBB - or non-rated	15	(2)	-	-	77	77	-	-	75	-	-	
Total	1,741	(361)	484	205	3,025	3,715	1,173	4	2,177	3	1	

Comments:

- (1) The amounts in the note include the fulfilment cash flows of reinsurance contracts composed of the estimates of the present value of the future cash flows (BE), the risk adjustment for non-financial risk (RA). For contracts measured in accordance with the PAA model, the amount of assets for remaining coverage (ARC) was also included.
- (2) Total exposure to reinsurers is as follows: Estimates of the present value of the future cash flows of reinsurance contracts net of the amount of letters of credit received from the reinsurers as guarantee for their undertakings. The deposits from reinsurers are recognized under reinsurance contract assets.
- (3) 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 Rules Regulations.
- (4) Total exposure of the reinsurers to an earthquake event with a maximum potential loss (MPL) ranging from 1.9% to 2.8% is, as of December 31, 2025, approx. NIS 13,504 million, of which the share of the most significant reinsurer in this exposure is approx. NIS 2,219 million.
- (5) 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 2025.
- (6) For non-rated companies, balances in respect of contingent claims through brokers up to and including 2003 are excluded.
- (7) The data include balances of companies in Israel that are not rated, totaling NIS 1 million.

G. Credit risk

Exposure to credit risk

Breakdown of assets by rating

Financial assets by rating in Israel and abroad

Financial assets in Israel – by type of assets

As of December 31, 2025						
	For yield-dependent contracts			Other		
	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost Assets for which credit losses are expected for 12 months	Total	Of which: Internally rated financial assets
In NIS million						
Locally rated group ⁽¹⁾						
Government bonds: ⁽²⁾						
AA and above	12,448	-	23,417	2,169	25,586	-
Total government bonds	12,448	-	23,417	2,169	25,586	-
Amortized cost	-	-	-	2,169	2,169	-
Carrying value (fair value or amortized cost)	12,448	-	23,417	2,169	25,586	-
Corporate bonds ⁽³⁾						
AA and above	8,847	-	2,155	16	2,172	-
BBB to AA	2,648	-	530	6	536	-
Non-rated	605	-	30	-	30	-
Total corporate bonds	12,100	-	2,715	22	2,738	-
Amortized cost	-	-	-	22	22	-
Carrying value (fair value or amortized cost)	12,100	-	2,715	22	2,738	-
Other debt instruments ⁽⁴⁾						
AA and above	3,372	415	1,668	34	1,703	137
BBB to AA	1,758	85	1,464	44	1,507	52
Less than BBB	27	-	13	-	13	-
Non-rated	1,775	-	6,761	16	6,777	-
Total other debt instruments	6,932	500	9,906	93	9,999	189
Amortized cost	-	-	-	93	93	-
Carrying value (fair value or amortized cost)	6,932	500	9,906	93	9,999	189
Other financial assets: ⁽⁵⁾						
AA and above	5,213	-	2,866	49	2,915	-
BBB to AA	243	-	267	1	267	-
Non-rated	892	-	245	12	257	-
Total other financial assets	6,349	-	3,377	62	3,439	-
Amortized cost	-	-	-	62	62	-
Carrying value (fair value or amortized cost)	6,349	-	3,377	62	3,439	-
Total carrying value of financial assets in Israel	37,829	500	39,415	2,347	41,762	189

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

2. Marketable and non-marketable government bonds, including designated bonds and treasury deposits.

3. Liquid and illiquid corporate bonds

4. Loans, including loans to associates and other illiquid and liquid debt instruments.

5. Cash and cash equivalents, deposits with banks, receivables and debit balances and other financial investments for which the Company has a credit risk.

As of December 31, 2024						
For yield-dependent contracts				Other		
	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost	Total	Of which: Internally rated financial assets
				Assets for which credit losses are expected for 12 months		
In NIS million						
Locally rated group ⁽¹⁾						
Government bonds: ⁽²⁾						
AA and above	9,947	-	22,031	2,226	24,257	-
Total government bonds	9,947	-	22,031	2,226	24,257	-
Amortized cost	-	-	-	2,226	2,226	-
Carrying value (fair value or amortized cost)	9,947	-	22,031	2,226	24,257	-
Corporate bonds: ⁽³⁾						
AA and above	9,023	-	2,340	29	2,369	-
BBB to AA	2,979	-	617	-	617	-
Non-rated	578	-	55	-	55	-
Total corporate bonds	12,580	-	3,012	29	3,041	-
Amortized cost	-	-	-	29	29	-
Carrying value (fair value or amortized cost)	12,580	-	3,012	29	3,041	-
Other debt instruments: ⁽⁴⁾						
AA and above	3,210	532	3,024	34	3,058	166
BBB to AA	1,545	76	1,302	34	1,336	45
Less than BBB	31	-	14	-	14	-
Non-rated	1,884	-	3,799	17	3,816	-
Total other debt instruments	6,670	608	8,140	85	8,225	211
Amortized cost	-	-	-	85	85	-
Carrying value (fair value or amortized cost)	6,670	608	8,140	85	8,225	-
Other financial assets: ⁽⁵⁾						
AA and above	4,355	-	1,545	73	1,619	-
BBB to AA	245	-	300	-	300	-
Non-rated	1,089	-	612	15	627	-
Total other financial assets	5,689	-	2,457	88	2,546	-
Amortized cost	-	-	-	88	88	-
Carrying value (fair value or amortized cost)	5,689	-	2,457	88	2,546	-
Total carrying value of financial assets in Israel	34,886	608	35,640	2,428	38,069	211

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

2. Marketable and non-marketable government bonds, including designated bonds and treasury deposits.

3. Liquid and illiquid corporate bonds

4. Loans, including loans to associates and other illiquid and liquid debt instruments.

5. Cash and cash equivalents, deposits with banks, receivables and debit balances and other financial investments for which the Company has a credit risk.

Financial assets in Israel – by type of collateral

Financial assets in Israel held against yield-dependent contracts

Locally rated group ⁽¹⁾	As of December 31, 2025				
	AA and above	BBB to AA	Less than BBB	Non-rated	Total
	In NIS million				
Mortgages	-	-	-	869	869
Policy loans	-	-	-	1,483	1,483
Loans secured by real estate properties	415	321	-	507	1,243
Loans secured by shares attributable to controlling shareholders	-	37	-	18	55
Other collateral	808	1,399	27	494	2,729
Unsecured	-	-	-	5	5
Total illiquid debt instruments in Israel, for which there is credit risk held against yield-dependent contracts	1,223	1,758	27	3,376	6,384

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

Locally rated group ⁽¹⁾	As of December 31, 2024				
	AA and above	BBB to AA	Less than BBB	Non-rated	Total
	In NIS million				
Mortgages	-	-	-	972	972
Policy loans	-	-	-	1,713	1,713
Loans secured by real estate properties	513	289	-	505	1,307
Loans secured by shares attributable to controlling shareholders	-	39	-	11	50
Other collateral	704	1,217	31	552	2,504
Total illiquid debt instruments in Israel, for which there is credit risk held against yield-dependent contracts	1,217	1,545	31	3,753	6,546

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

Financial assets in Israel – other (not for yield-dependent contracts)

Locally rated group ⁽¹⁾	As of December 31, 2025				
	Maximum exposure				
	AA and above	BBB to AA	Less than BBB	Non-rated	Total
In NIS million					
Mortgages	-	-	-	6,281	6,281
Policy loans	-	-	-	5	5
Loans secured by real estate properties	137	120	-	131	388
Guaranteed by a bank guarantee	232	-	-	-	232
Loans secured by shares attributable to controlling shareholders	-	28	-	9	36
Other collateral - financing and construction	349	937	-	103	1,388
Other collateral	390	423	13	251	1,076
Unsecured	-	-	-	3	3
Total illiquid debt instruments in Israel for which there is credit risk - other	1,108	1,507	13	6,783	9,411

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

Locally rated group ⁽¹⁾	As of December 31, 2024				
	Maximum exposure				
	AA and above	BBB to AA	Less than BBB	Non-rated	Total
	In NIS million				
Mortgages	-	-	-	5,147	5,147
Policy loans	-	-	-	6	6
Loans secured by real estate properties	147	106	-	120	373
Guaranteed by a bank guarantee	207	-	-	-	207
Loans secured by shares attributable to controlling shareholders	-	28	-	-	28
Other collateral - financing and construction	11	752	-	167	930
Other collateral	370	451	14	276	1,111
Unsecured	-	-	-	1	1
Total illiquid debt instruments in Israel for which there is credit risk - other	735	1,337	14	5,717	7,803

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

Credit risks for off-balance-sheet instruments (in Israel) - maximum exposure to credit risk

Off-balance sheet instruments in Israel held against yield-dependent contracts

Locally rated group ⁽¹⁾	As of December 31, 2025					Carrying value
	AA and above	BBB to AA	Less than BBB	Non-rated	Total	
	In NIS million					
Unutilized credit facilities	259	423	-	438	1,120	789
Liabilities for investment in investment funds	-	-	-	1,476	1,476	2,336
Liabilities for investment in illiquid shares	-	-	-	66	66	233
Total credit exposure for off-balance sheet instruments in Israel held against yield-dependent contracts	259	423	-	1,980	2,662	3,358

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Locally rated group ⁽¹⁾	As of December 31, 2024					Carrying value
	AA and above	Less than		Total		
	BBB to AA	BBB	Non-rated			
	In NIS million					
Unutilized credit facilities	281	556	-	468	1,305	603
Liabilities for investment in investment funds	-	-	-	1,307	1,307	2,133
Liabilities for investment in illiquid shares	-	-	-	86	86	267
Total credit exposure for off-balance sheet instruments in Israel held against yield-dependent contracts	281	556	-	1,861	2,698	3,003

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Off-balance sheet instruments in Israel – other (not in respect of yield-dependent contracts)

Locally rated group ⁽¹⁾	As of December 31, 2025					
	Locally rated group (1)					
	AA and above	BBB to AA	Less than BBB	Non-rated	Total	Carrying value
	In NIS million					
Unutilized credit facilities	57	779	-	1,165	2,001	6,965
Liabilities for investment in investment funds	-	-	-	450	450	716
Liabilities for investment in illiquid shares	-	-	-	16	16	61
Total credit exposure for off-balance sheet instruments in Israel held against non-yield-dependent contracts	57	779	-	1,631	2,467	7,742

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Locally rated group ⁽¹⁾	As of December 31, 2024					
	Locally rated group (1)					
	AA and above	BBB to AA	Less than BBB	Non-rated	Total	Carrying value
	In NIS million					
Unutilized credit facilities	58	590	-	903	1,551	5,394
Liabilities for investment in investment funds	-	-	-	516	516	713
Liabilities for investment in illiquid shares	-	-	-	6	6	51
Total credit exposure for off-balance sheet instruments in Israel held against non-yield-dependent contracts	58	590	-	1,425	2,073	6,158

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Financial assets abroad – by type of assets

	As of December 31, 2025			
	For yield- dependent contracts	Other		
	Fair value through profit or loss	Fair value through profit or loss	Assets for which credit losses are expected for 12 months	Total
In NIS million				
Globally rated group ⁽¹⁾				
Government bonds: ⁽²⁾				
BBB	68	-	-	-
Non-rated	-	-	-	-
Total government bonds	68	-	-	-
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	68	-	-	-
Corporate bonds: ⁽³⁾				
A and above	157	-	-	-
BBB	1,430	-	-	-
Less than BBB	1,356	-	-	-
Non-rated	31	-	-	-
Total corporate bonds	2,975	-	-	-
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	2,975	-	-	-
Other debt instruments: ⁽⁴⁾				
Non-rated	122	21	-	21
Total other debt instruments	122	21	-	21
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	122	21	-	21
Other financial assets: ⁽⁵⁾				
A and above	1,757	431	-	431
BBB	394	-	-	-
Less than BBB	-	-	-	-
Non-rated	1,586	35	-	35
Total other financial assets	3,737	466	-	466
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	3,737	466	-	466
Total carrying value of financial assets abroad	6,902	487	-	487

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

2. Marketable and non-marketable government bonds, including designated bonds and treasury deposits.

3. Liquid and illiquid corporate bonds

4. Loans, including loans to associates and other illiquid and liquid debt instruments.

5. Cash and cash equivalents, deposits with banks, receivables and debit balances and other financial investments for which the Company has a credit risk.

Financial assets abroad – by type of assets

	As of December 31, 2024			
	For yield-dependent contracts	Other		
	Fair value through profit or loss	Fair value through profit or loss	Assets for which credit losses are expected for 12 months	Total
	In NIS million			
Globally rated group ⁽¹⁾				
Government bonds: ⁽²⁾				
A and above	357	-	-	-
BBB	222	-	-	-
Non-rated	-	-	-	-
Total government bonds	579	-	-	-
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	579	-	-	-
Corporate bonds: ⁽³⁾				
A and above	227	-	-	-
BBB	1,684	53	-	53
Less than BBB	1,492	42	-	42
Non-rated	106	5	-	5
Total corporate bonds	3,509	100	-	100
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	3,509	100	-	100
Other debt instruments: ⁽⁴⁾				
Non-rated	245	65	-	65
Total other debt instruments	245	65	-	65
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	245	65	-	65
Other financial assets: ⁽⁵⁾				
A and above	2,596	571	-	571
BBB	324	-	-	-
Non-rated	2,002	40	-	40
Total other financial assets	4,922	611	-	611
Amortized cost	-	-	-	-
Carrying value (fair value or amortized cost)	4,922	611	-	611
Total carrying value of financial assets in Israel	9,256	776	-	776

1. Each rating includes all ranges, e.g.: Rating 'A' includes from A- to A+.

2. Marketable and non-marketable government bonds, including designated bonds and treasury deposits.

3. Liquid and illiquid corporate bonds

4. Loans, including loans to associates and other illiquid and liquid debt instruments.

5. Cash and cash equivalents, deposits with banks, receivables and debit balances and other financial investments for which the Company has a credit risk.

Financial assets abroad – by type of collateral**Financial assets abroad held against yield-dependent contracts:**

Globally rated group ⁽¹⁾	As of December 31, 2025				
	Locally rated group ⁽¹⁾				
	A and above	BBB	Less than BBB	Non-rated	Total
	In NIS million				
Loans secured by real estate properties	-	-	-	95	95
Other collateral	-	-	-	27	27
Financial assets abroad held against yield-dependent contracts	-	-	-	122	122

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Globally rated group ⁽¹⁾	As of December 31, 2024				
	Locally rated group ⁽¹⁾				
	A and above	BBB	Less than BBB	Non-rated	Total
	In NIS million				
Loans secured by real estate properties	-	-	-	173	173
Other collateral	-	-	-	72	72
Financial assets abroad held against yield-dependent contracts	-	-	-	245	245

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Financial assets abroad held against non-yield-dependent contracts:

Globally rated group ⁽¹⁾	As of December 31, 2025				
	Locally rated group (1)				
	A and above	BBB	Less than BBB	Non-rated	Total
	In NIS million				
Loans secured by real estate properties	-	-	-	6	6
Other collateral	-	-	-	15	15
Total illiquid debt instruments abroad for which there is credit risk - other	-	-	-	21	21

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Globally rated group ⁽¹⁾	As of December 31, 2024				
	Locally rated group (1)				
	A and above	BBB	Less than BBB	Non-rated	Total
	In NIS million				
Loans secured by real estate properties	-	-	-	34	34
Other collateral	-	-	-	31	31
Total illiquid debt instruments abroad for which there is credit risk - other	-	-	-	65	65

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Credit risks for off-balance-sheet instruments abroad - maximum exposure to credit risk**Off-balance sheet instruments held against yield-dependent contracts**

Globally rated group ⁽¹⁾	As of December 31, 2025					
	Maximum exposure					Carrying value
	A and above	BBB	Less than BBB	Non-rated	Total	
	In NIS million					
Liabilities for investment in investment funds	-	-	-	4,397	4,397	9,912
Liabilities for investment in illiquid shares	-	-	-	238	238	446
Total credit exposure for off-balance sheet instruments abroad held against yield-dependent contracts	-	-	-	4,635	4,635	10,358

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Globally rated group ⁽¹⁾	As of December 31, 2024					
	Maximum exposure					Carrying value
	A and above	BBB	Less than BBB	Non-rated	Total	
	In NIS million					
	Liabilities for investment in investment funds	-	-	-	4,858	4,858
Liabilities for investment in illiquid shares	-	-	-	297	297	446
Total credit exposure for off-balance sheet instruments abroad held against yield-dependent contracts	-	-	-	5,155	5,155	10,107

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Off-balance sheet instruments held against non-yield-dependent contracts

Globally rated group ⁽¹⁾	As of December 31, 2025					
	Maximum exposure					Carrying value
	A and above	BBB	Less than BBB	Non-rated	Total	
	In NIS million					
	Liabilities for investment in investment funds	-	-	-	1,343	1,343
Liabilities for investment in illiquid shares	-	-	-	80	80	37
Total credit exposure for off-balance sheet instruments abroad - other	-	-	-	1,423	1,423	3,140

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Globally rated group ⁽¹⁾	As of December 31, 2024					
	Maximum exposure					Carrying value
	A and above	BBB	Less than BBB	Non-rated	Total	
	In NIS million					
Liabilities for investment in investment funds	-	-	-	1,527	1,527	3,065
Liabilities for investment in illiquid shares	-	-	-	99	99	37
Total credit exposure for off-balance sheet instruments abroad - other	-	-	-	1,626	1,626	3,102

1. *)Each rating includes all ranges, e.g.: 'A' ratings include A- to A+.

Breakdown of exposure to market sectors for investments in liquid and illiquid financial debt assets (excluding investments held against yield-dependent contracts)

In NIS million	As of December 31, 2025		
	On-balance-sheet credit risk	Off-balance sheet credit risk	
	Amount	% of total	
Economic sector			
Technology	1	0%	-
Banks	1,012	3%	-
Insurance	197	1%	358
Trade and products	352	1%	4
Real estate and construction	3,608	9%	1,413
Investment and holdings	41	0%	-
Energy and oil and gas exploration	965	3%	54
Financial instruments	16	0%	1
Private individuals	6,511	17%	170
Other	53	0%	-
Total	12,758	33%	2,001
Government bonds	25,586	67%	-
Total investments in liquid and illiquid financial debt assets	38,344	100%	2,001

In NIS million	As of December 31, 2024		
	On-balance-sheet credit risk	Off-balance sheet credit risk	
	Amount	% of total	
Economic sector			
Technology	1	0%	-
Banks	1,008	3%	-
Insurance	172	0%	564
Trade and products	373	1%	11
Real estate and construction	3,388	9%	917
Manufacturing	10	0%	-
Investment and holdings	15	0%	-
Energy and oil and gas exploration	1,047	3%	58
Financial instruments	29	0%	-
Private individuals	5,328	15%	-
Other	60	0%	-
Total	11,431	32%	1,551
Government bonds	24,257	68%	-
Total investments in liquid and illiquid financial debt assets	35,688	100%	1,551

Details on paid interest and linkage in respect of debt assets

Effective interest rate	As of December 31, 2025									
	Illiquid debt instruments					Liquid debt instruments				
	0%-2%	2%-5%	Over 5%	Total	Weighted average effective interest rate	0%-2%	2%-5%	Over 5%	Total	Weighted average effective interest rate
	In NIS million				In %	In NIS million				In %
Linkage basis										
CPI-linked	532	9,061	19,408	29,001	4.91%	1,664	2,296	57	4,017	2.29%
NIS	793	346	1,943	3,082	6.29%	-	2,056	62	2,118	4.19%
Linked to foreign currency	6	25	84	115	10.43%	-	-	11	11	6.31%

Effective interest rate	As of December 31, 2024									
	Illiquid debt instruments					Liquid debt instruments				
	0%-2%	2%-5%	Over 5%	Total	Weighted average effective interest rate	0%-2%	2%-5%	Over 5%	Total	Weighted average effective interest rate
	In NIS million				In %	In NIS million				In %
Linkage basis										
CPI-linked	172	7,522	19,311	27,006	4.90%	1,652	2,846	1	4,499	2.41%
NIS	26	353	1,918	2,297	6.25%	-	1,271	319	1,590	4.70%
Linked to foreign currency	-	51	128	179	7.34%	-	42	75	117	5.32%

Derivatives (not for yield-dependent contracts)

	As of December 31, 2025			As of December 31, 2024		
	Assets for derivative instruments	Liabilities for derivative instruments	Exposure amount, net of the underlying asset, in delta terms	Assets for derivative instruments	Liabilities for derivative instruments	Exposure amount, net of the underlying asset, in delta terms
	In NIS million			In NIS million		
Share contracts	54	-	410	52	-	444
Foreign currency contracts	286	18	(5,258)	102	100	(5,751)
Interest rate contracts	2	-	1,272	-	-	1,360
Total	342	18	(3,576)	154	100	(3,947)

H. Maximum credit risk

In NIS million as of December 31	2025	2024
Insurance contracts - mainly collectible premium	851	789
Reinsurance contracts - reinsurance contract assets	2,603	2,664
Debt financial assets without assets to back yield-dependent liabilities and receivables	38,483	38,837
Guarantees	6,712	4,390

I. Geographical risks (excluding assets held against yield-dependent contracts)

As of December 31, 2025

In NIS million	Government bonds	Corporate bonds	Shares	ETFs	Mutual funds	Investment property	Reinsurance assets	Other investments	Total balance sheet exposure	Derivatives in delta terms	Total
Israel	25,586	2,737	1,567	215	177	1,371	5	14,497	46,155	(6)	46,149
USA	-	-	304	254	296	87	257	2,690	3,888	416	4,304
UK	-	-	94	7	27	57	385	169	739	-	739
Germany	-	-	-	-	-	-	478	-	478	-	478
Switzerland	-	-	-	-	-	-	87	-	87	-	87
Emerging markets	-	-	-	-	-	-	54	-	54	-	54
Other	-	-	122	140	13	-	590	1,272	2,137	-	2,137
Total	25,586	2,737	2,087	616	513	1,515	1,856	18,628	53,538	410	53,948

As of December 31, 2024

In NIS million	Government bonds	Corporate bonds	Shares	ETFs	Mutual funds	Investment property	Reinsurance assets	Other investments	Total balance sheet exposure	Derivatives in delta terms	Total
Israel	24,257	3,124	1,266	129	177	1,347	-	11,224	41,524	(6)	41,518
USA	-	8	287	212	355	102	-	2,723	3,687	450	4,137
UK	-	9	95	-	6	68	-	413	591	-	591
Germany	-	-	-	-	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-	-	-	-	-
Emerging markets	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	128	7	14	-	-	1,261	1,410	-	1,410
Total	24,257	3,141	1,776	348	552	1,517	-	15,621	47,212	444	47,656

J. Cash flows in accordance with the contractual repayment date - Max ⁽¹⁾

	December 31, 2025							Total assets ⁽²⁾		
	Cash flows in accordance with the contractual repayment date									
	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⁾	744	1	-	1	-	-	746	-	745	3.45
Receivables for credit card transactions, net ⁽⁵⁾	4,181	2,551	4,586	5,614	3,381	920	21,233	78	19,119	7.72
Other financial assets	11	25	19	67	(1)	1	122	105	227	-
Total assets	4,936	2,577	4,605	5,682	3,380	921	22,101	183	20,091	7.66
Credit from banking corporations	3,162	156	564	1,481	927	347	6,637	-	6,383	3.00
Payables for credit card transactions	6,807	1,451	1,373	268	12	-	9,911	-	9,911	-
Bonds and subordinated notes	719	-	250	393	170	232	1,764	-	1,647	4.53
Other financial liabilities	97	72	231	28	29	137	594	-	594	-
Total liabilities	10,785	1,679	2,418	2,170	1,138	716	18,906	-	18,535	2.62
Off-balance sheet items										
Liabilities to provide credit	31,021	9,428	678	9	-	-	41,136	-	-	-
Total cash flows, net (including in NIS and foreign currency)	(36,870)	(8,530)	1,509	3,503	2,242	205	(37,941)	183	1,556	
<u>Of which:</u>										
Total current assets in foreign currency	120	-	64	-	-	-	184	-	184	-
Total liabilities in foreign currency	94	-	4	3	3	-	104	-	104	-
Total cash flows in foreign currency	26	-	60	(3)	(3)	-	80	-	80	

- (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.

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										
Total cash flows, net (including in NIS and foreign currency)	29,415	9,567	719	3	-	-	39,704	-	-	-
Of which:										
Total current assets in foreign currency										
Total liabilities in foreign currency	109	-	-	-	-	-	109	-	109	-
Total cash flows in foreign currency	42	-	4	4	4	-	54	-	54	-

- (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 34 - 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 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 clarification letters in connection with the Outline for Exercising Means of Control.

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 - "**Max**"). For further details, see Note 23 above.

For additional 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 10.

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) include¹⁾:

	For the year ended December 31					
	2025		2024		2023	
	No. of people	NIS million	No. of people	NIS million	No. of people	NIS million
In NIS million						
Short-term employee benefits	17	41	16	40	16	34
Post-employment benefits	16	2	15	2	15	2
Share-based payments 2)	16	4	14	4	14	5
		47		46		40

- 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:

In NIS million	For the year ended December 31			
	2025		2024	
	No. of people	NIS million	No. of people	NIS million
Directors' compensation 1)	8	3	8	3

- 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:

In NIS million	For the year ended December 31	
	2025	2024
For insurance for board members and officers	5	6

4. Chairman of the Board

On February 3, 2021, the board of directors of the Company approved the appointment of Mr. Haim Samet (hereinafter - "**Mr. Samet**" or the "**Chairman of the Board**") as the Company's chairman of the board. The terms of office of the Chairman of the Board 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 to the Consolidated Circular, Part 1, Section 5, Chapter 5, entitled Compensation, dated July 11, 2019) (hereinafter - the "**Compensation Circular**"), all as detailed below.

- A. 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 compensation 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 Compensation**"), 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). Until 2025, the annual consideration was capped at a total of NIS 2.8 million (including as a result of the update of the annual consideration as stated above). The cap was reversed with the approval of the Compensation Committee and Board of Directors in September 2025, respectively, and with the General Meeting's approval in November 2025.

Accordingly, in the reporting year, the Chairman of the Board was entitled to annual compensation totaling approx. NIS 2.8 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.

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.

The main points of the Agreement for the employment of Mr. Naveh (hereinafter - the "**CEO**") are detailed below:

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 year⁴ (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.

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 benefits 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.

Pursuant to the agreement, through 2025, the total compensation, as defined by the Officer Compensation Law,

4 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.

was capped at three and a half million NIS per year (NIS 3.5 million) (hereinafter - the "**Compensation Cap**").

In accordance with the foregoing, the expense in respect of the CEO's compensation based on the total cost of the compensation components for the year, totaled approx. NIS 3.9 million. 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 social and 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 CEO⁵.

In September 2025, the Compensation Committee and Board of Directors approved, and in November 2025 the General Meeting approved, an update to the CEO's terms of employment, pursuant to which the Compensation Committee and Board of Directors will be authorized to determine that, the total annual compensation to which the CEO is entitled will include a variable equity component, including in the form of options and/or restricted share units (of Clal Holdings or a company under its control), at a value that will not exceed 25% of the CEO's total annual compensation. If the Compensation Committee and Board of Directors determine that a portion of the CEO's compensation is in the form of variable equity compensation as stated above, the CEO will be entitled to choose whether the social provisions and deductions to which he is entitled will be made from the full compensation amount to which he is entitled (including the equity compensation) or from the fixed compensation amount (which does not include the equity compensation); in addition, the Compensation Cap was also revoked.

At that time, the competent bodies approved the grant to the CEO of 10,572 restricted share units, exercisable into 10,572 shares of Clal Holdings, representing approx. 0.01% of Clal Holdings' issued and paid-up share capital. The RSUs were awarded free of charge to the Company's CEO and vest gradually over 3 years. As of the report publication date, the CEO holds 1,762 shares of the Company following the vesting of 1,762 restricted share units. For further details, see Note 31 above.

In addition, on July 3, 2018, the CEO privately purchased 3,934 Company shares. On September 22, 2024, he privately purchased 3,478 additional Company shares.

On January 7, 2025, the CEO sold 4,000 shares on the TASE, and on June 30, 2025, the CEO sold his remaining 3,412 shares of the Company.

5 The CEO received a letter of exemption and a letter of indemnity from the Company, like the Company's directors and officers.

During the term of his service, the Company may 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 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 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 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 CEO is committed to a non-compete period of 6 months, which is unpaid for.

The existing insurance, exemption, and indemnity arrangements for Max's directors and officers apply to the CEO.

On May 23, 2023, Max's Board of Directors approved the allocation of options to Max's former CEO and to Max officers (including Max's CEO in her previous role), exercisable into ordinary shares of the Company, in accordance with the outline published by the Company.

On May 23, 2025, Max's Board of Directors approved, Max's CEO, the allocation of additional options exercisable into the Company's ordinary shares, in accordance with the outline published by the Company (for further details, see Note 31 above).

The employment of the former CEO of Max, Mr. Ron Fainaro, ended on January 31, 2025. On termination of his work, Max's former CEO received, according to his employment agreement, severance pay at a rate of 250%, net of the amounts accrued by the CEO in respect of his period of employment due to the contributions with respect to the severance pay component. Furthermore, the former CEO was entitled to an adjustment period in accordance with the circumstances set forth in the agreement. In addition, the former CEO is committed to a non-compete period of 6 months, which is unpaid for.

8. Exemption from insurance or indemnification undertaking for officers effective as of the end of the reporting period

A. The following is a description of the arrangement applicable with regard to directors' and officers' liability insurance at the Company:

- (1) Beginning December 1, 2014, the Company has 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 in recent years - the CIMax group. Clal Insurance is not the insurer in the aforesaid policies. 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 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, Clal Holdings entered into an insurance policy issued by an insurer which is not a related party, for the period from December 1, 2024, to November 30, 2025, and later from December 1, 2025, to November 30, 2025 (hereinafter - the "**2025 and 2026 Policies**"), in which Clal Holdings acquired insurance coverage for officers of Clal Holdings and its investees, including the CIMax Group. The overall liability limit of each of the 2025 and 2026 Policies is up to USD 145 million in respect of one claim or cumulatively (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, for the first time, 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) Over the years, the Company's audit committee and board of directors approved the granting of letters of indemnity to officers of certain companies in the Group, which are similar in essence to the letters of indemnity approved as stated above.
- (3) On May 3, 2012, in light of Legislative Amendments, 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.
- (4) In November 2025, the General Meeting of the Company's shareholders approved an update to the Company's indemnity letters, in light of regulatory changes in recent years and new legislation in the Company's principal areas of activity that permit the granting of indemnity to officers. The types of events for which indemnity may be granted were also updated, in light of legislative changes and the Group's activities. All of the foregoing in light of accepted practice in the financial system, current trends, and prevailing market practice.

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.

- (5) 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

In NIS million	2025		2024	
	Interested party and other related parties	Investees	Interested party and other related parties	Investees
Assets:				
Cash and cash equivalents in respect of yield-dependent contracts	-	-	411	-
Other cash and cash equivalents	-	-	61	-
Financial investments in respect of yield-dependent contracts measured at fair value	1,697	12	2,282	13
Other financial investments measured at fair value	159	-	236	-
Receivables and debit balances	2	4	1	4
Liabilities:				
Total liabilities for insurance contracts - collectible premium	23	-	-	-
Payables and credit balances	-	-	28	-
Loans and credit	-	-	88	-

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

In NIS million	2025		2024	
	Interested party and other related parties	Investees	Interested party and other related parties	Investees
Cash flows for insurance contracts:				
Premiums received net of repayment of premiums	33	-	8	-
Paid claims, including investment components	2	-	4	-
Total cash flows from insurance contracts	31	-	3	-
Other transactions recognized in profit and loss				
Investment income (losses), net	1,247	-	470	7
Other operating expenses	9	-	6	-
Total other transactions recognized in the income statement	1,238	-	463	7
Total	1,269	-	467	7

NOTE 35 - 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 claims⁶ 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.⁷

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".

6. 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 taking into account the claim's odds or the amount specified therein on their merits. The Group's said materiality threshold is calculated based on the projected comprehensive loss from the claim, 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. Notwithstanding the foregoing, it is noted that, due to the absence of comprehensive income or comprehensive loss data for 12 quarters calculated in accordance with the reporting standards, during 2026 - the materiality thresholds will be calculated based on quarterly data for which reporting standard data are available, initially for 8 quarters (2024 and 2025), and each quarter - the materiality thresholds will be calculated taking into account the financial statements to be published. From the date on which the Company publishes results in accordance with the reporting standards - for 12 consecutive quarters - the calculation will again be performed based on the most recent 12 quarters, as stated above.

7. See Footnote 16.

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 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 lawsuits⁸ 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.

8. See Footnote 6.

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	5/2013 - District Court - Tel Aviv
Defendants	Clal Insurance and additional insurance companies
Key claims and causes of action	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.
Key remedies	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.
Represented class	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.
Status / further details	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. 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, 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. 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. 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 dismissed the motion for leave to appeal. The proceeding is currently being litigated before the District Court. The parties are conducting a mediation proceeding regarding this lawsuit. In September 2025, the parties informed the court that they were in the midst of drafting a settlement agreement. The court ruled that the parties would submit the settlement agreement by mid-April 2026.
Claimed amount	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.

Date and court	1/2008 - District Court - Tel Aviv
Defendants	Clal Insurance and additional insurance companies
Key claims and causes of action	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.
Key remedies	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.
Represented class	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.
Status / further details	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.
Claimed amount	The amount claimed from Clal Insurance was revised and set at approx. NIS 398.2 million.

3.	Date and court	7/2014 - District Court - Central
	Defendants	Clal Pension and Provident Funds Ltd. as well as against four other pension fund management companies.
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	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. In January 2026, the parties submitted to the court a settlement agreement approval motion. As part of the settlement agreement, a mechanism was established for the payment of compensation to the class members, with differentiation based on the date on which they began receiving a retirement pension. Furthermore, under the settlement agreement, it was agreed to pay a compensation to the representative plaintiff and legal fees to his attorneys.
	Claimed amount	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	9/2015 - District Court - Central
	Defendants	Clal Insurance and three other insurance companies
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	In April 2020, the court partially certified the lawsuit as a class action lawsuit against Clal Insurance and three other insurance companies. 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. In January 2026, the parties submitted a settlement agreement approval motion, the principal terms of which include partial compensation to potential class members in accordance with a mechanism detailed in the settlement agreement, and payment of a reward to the lead plaintiff and legal fees to his counsel.
	Claimed amount	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	10/2016 - District Court - Central
	Defendants	Clal Insurance
	Key claims and causes of action	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 ").
	Key remedies	Refund of the amounts by which the class members were overcharged.
	Represented class	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.
	Status / further details	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. In May 2025, the parties submitted a settlement agreement approval motion, in which mechanisms were set for granting or completing a discount to the relevant past and present policyholders, at rates agreed between the parties. Furthermore, under the settlement agreement, it was agreed to pay a compensation to the representative plaintiff and legal fees to his attorneys. The Court ordered to obtain the position of the Attorney General and the Commissioner.
	Claimed amount	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	11/2019 - Regional Labor Court - Tel Aviv
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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 from premiums exceeding the permitted ceiling under the relevant regulations and/or in accordance with the provisions of the policy's provisions.
	Status / further details	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. It is noted that these policies have been marketed since 1999 and up to 2023. 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. In May 2025, the parties submitted a settlement agreement approval motion; the agreement focuses mainly on setting a mechanism for partial restitution of amounts in respect of some of the allegations included in the lawsuit regarding the management fees from the premium collected in the relevant policies during the period beginning 7 years prior to the lawsuit's filing date, and provisions regarding a future discount in the management fees to be collected from the relevant policies, which are still active. Furthermore, the settlement agreement stipulated provisions concerning the issuance of a notice to class members regarding the settlement agreement and payment of compensation and the plaintiff attorneys' legal fees. In July 2025, the court ruled that the Attorney General must submit her position regarding the settlement agreement.
	Claimed amount	NIS 120 million
7.	Date and court	5/2019 - Regional Labor Court - Tel Aviv
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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, in relation to the interest and management fees deduction from the yield to which the policyholders are entitled, are void.
	Represented class	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.
	Status / further details	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 Contract 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 solely on obsolescence. The National Court ordered the regulator to submit its position regarding the questions underlying the proceeding.
	Claimed amount	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 Companies⁹

Date and court	2/2020 District Court - Central
Defendants	Clal Insurance and another insurance company
Key claims and causes of action	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.
Key remedies	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.
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In March 2025, a settlement agreement approval motion was submitted, which focused mainly on the publication of ads regarding the scope of the policy's coverage.
Claimed amount	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.

9. Including such motions which were denied and the ruling to deny them was appealed.

Date and court	3/2020 - Regional Labor Court - Tel Aviv
Defendants	Clal Insurance
Key claims and causes of action	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.
Key remedies	(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 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, etc.).
Represented class	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 monetary reliefs are: (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 insurance policies 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 prescription. Alternatively, the claim for pecuniary remedies is made for the period starting 7 years before the lawsuit was filed, i.e., 2020, until the lawsuit is certified as a class action.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In March 2025, a settlement agreement approval motion submitted; the agreement sets mechanisms for partial restitution of amounts in respect of some of the allegations included in the lawsuit regarding the duration of the collection of premiums for insurance coverage during the Temporary Risk Period and/or the rate of the insurance premium collected during the Temporary Risk Period. Furthermore, a mechanism was set for notifying policyholders who will enter the Automatic Temporary Risk Period, as detailed in the agreement. In addition, a mechanism was set for clarifying facts and reaching a decision through an expert regarding another allegation made in the statement of claim (pertaining to policyholders who were charged double insurance premiums); it was also agreed on payment of compensation and legal fees to the movant and their attorney. In September 2025, the Attorney General's position regarding the settlement agreement was filed. In February 2026, the court issued a decision according to which, subject to certain amendments to the settlement agreement (with respect to future regulation and the scope of res judicata), the settlement will be given the force of a judgment.
Claimed amount	The class action claimed amount was estimated conservatively, according to the plaintiff, at no less than NIS 7 million per year.

3.	Date and court	4/2020 - District Court - Haifa
	Defendants	Clal Insurance and 12 additional insurance companies
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	Any policyholder of 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.
	Status / further details	In August 2025, the District Court's rendered its judgment, in which the motion to certify was denied. In November 2025, an appeal against the ruling was filed with the Supreme Court.
	Claimed amount	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.
4.	Date and court	7/2020 - District Court - Central
	Defendants	Clal Insurance and 4 additional insurance companies
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	Anyone who was a policyholder during the period beginning 7 years before the day of filing the claim and ending on the day of its certification as a class action, by one or more of the defendants, under an insurance policy for disability, long-term care, life, permanent health, personal accidents, health (including critical illness, surgeries in Israel or abroad, transplants in Israel or abroad, medications, ambulatory procedures or any other medical coverage) that contains an exclusion. 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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	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.

5.	Date and court	4/2021 - District Court - Tel Aviv-Jaffa
	Defendants	Clal Insurance and 14 additional companies
	Key claims and causes of action	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.
	Key remedies	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 damages they incurred.
	Represented class	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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
6.	Claimed amount	The plaintiffs estimated the damage to all class members in millions of shekels, in the aggregate.
	Date and court	7/2021 - District Court - Tel Aviv-Jaffa
	Defendants	Clal Insurance and 6 additional companies
	Key claims and causes of action	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.
	Key remedies	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 relief 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.
	Represented class	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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed. The parties are conducting a mediation procedure to conclude the proceeding.
	Claimed amount	The plaintiffs estimated the aggregate damage to all class members in an amount greatly exceeding NIS 2.5 million.

7.	Date and court	10/2021 - District Court - Lod
	Defendants	Clal Insurance and additional company
	Key claims and causes of action	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 under this definition.
	Key remedies	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.
	Represented class	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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	The plaintiffs estimated the total alleged damage to the class members against the two defendants, jointly, at approx. NIS 2.97 billion.
8.	Date and court	07/2022 - District Court - Tel Aviv-Jaffa
	Defendants	Clal Insurance
	Key claims and causes of action	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 allegedly 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.
	Key remedies	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 that 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.
	Represented class	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" that 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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed. The parties are conducting a mediation procedure to conclude the proceeding.
	Claimed amount	The plaintiff estimated that the aggregate damage caused to the class members is over NIS 2.5 million.

9.	Date and court	10/2022 - District Court - Lod
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	The plaintiffs estimated that the aggregate damage caused to the class members exceeds NIS 3 million.
10.	Date and court	11/2022 - Tel Aviv Regional Labor Court
	Defendants	Clal Pension and Provident Funds
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	The proceeding is at the stage of the motion to certify 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.
	Claimed amount	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.

11. court	Date and court	03/2023 - District Court - Tel Aviv
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	In January 2026, a joint motion to withdraw was submitted to the court by the parties, including a notice that Clal Insurance will provide regarding the fee to be paid upon the appointment of a private appraiser. The withdrawal is subject to the court's approval.
	Claimed amount	The plaintiff estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million.
12. court	Date and court	03/2023 - District Court - Tel Aviv-Jaffa
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	The class that the plaintiffs seek to represent is any policyholder of Clal Insurance under the Policies and who did not receive reimbursement for their medical cannabis purchase expenses.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In November 2025, the court determined that the case will be transferred for review and opinion by the regulator.
	Claimed amount	The plaintiffs estimated the total claimed amount for all class members at approx. NIS 13.5 million.

13. court	05/2023 - Tel Aviv-Jaffa Regional Labor Court
Defendants	Clal Pension and Provident Funds
Key claims and causes of action	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.
Key remedies	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 yield 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.
Represented class	The represented class includes planholders of 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.
Status / further details	The proceeding is at the stage of the motion to certify 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. In May 2025, the regulator's position regarding the case was submitted.
Claimed amount	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.
14. court	05/2023 - District Court (Economic Department) - Tel Aviv-Jaffa
Defendants	Clal Holdings, Clal Insurance, Clal Pension and Provident Funds, Clal Sal Menayot Israel, Atudot – Pension Fund for Workers and Independent Workers Ltd. (a subsidiary of Clal Insurance (held at 50%)) (hereinafter - " Atudot "), officers of the Company, and members of investment committees.
Key claims and causes of action	The lawsuit concerns the allegation of damage allegedly 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.
Key remedies	Compensation for pecuniary damage, which the plaintiff claims reflects the damage caused to the class members.
Represented class	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.
Status / further details	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 at the stage of the motion to certify being reviewed.
Claimed amount	The plaintiff estimated the aggregate damage to all class members at approx. NIS 128 million.

Date and 15. court	06/2023 - Regional Court - Haifa
Defendants	Clal Insurance
Key claims and causes of action	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.
Key remedies	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.
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In November 2025, the court sought the regulator's position with regard to the allegations made in the lawsuit.
Claimed amount	The plaintiff conservatively estimated the aggregate damage to all class members in millions of shekels.

16. Date and court	06/2023 - District Court - Tel Aviv-Jaffa
Defendants	Clal Insurance, Clal Pension and Provident Funds and 4 additional companies
Key claims and causes of action	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.
Key remedies	Repayment of the funds deducted as tax out of the "recognized annuity" portion of the annuity to the class members.
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify 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. In November 2025, the parties notified the court of their intention to submit for its approval an agreed settlement agreement.
Claimed amount	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.
17. Date and court	08/2023 - Central District Court - Lod
Defendants	Clal Insurance
Key claims and causes of action	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 disability insurance coverage of the type "loss/impairment of functioning".
Key remedies	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.
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
Claimed amount	The plaintiff estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million.

18. court	Date and	09/2023 - District Court - Tel Aviv
	Defendants	Clal Insurance and 7 additional insurance companies
	Key claims and causes of action	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 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.
	Key remedies	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.
	Represented class	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 an auto repair shop).
	Status / further details	In November 2024, the court ordered a bifurcation of the proceedings by way of filing separate motions for certification; in January 2025, the applicants filed an appeal to the Supreme Court against the said decision. A judgment was handed down in June 2025 according to which the lawsuit against Clal Insurance and another company will continue to be heard before the District Court. The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	The plaintiff estimated the aggregate damage to all class members at approx. NIS 80 million.
19. court	Date and	11/2023 - District Court - Tel Aviv
	Defendants	Clal Insurance and 7 additional insurance companies
	Key claims and causes of action	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).
	Key remedies	The remedies sought are declaratory relief, 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.
	Represented class	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 P&C insurance, who, due to the declaration of a state of emergency and the transition of government institutions, public entities, 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 entities, and dual-purpose entities 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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	The plaintiff estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million. With regard to policyholders called up for reserve duty, it is argued that the estimated damage is in the amount of NIS 10.02 million (with respect to all of the defendants).

20. Date and court	12/2023 - Haifa Regional Labor Court
Defendants	Clal Pension and Provident Funds
Key claims and causes of action	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" that 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 Cap for the pension fund stipulated in the law.
Key remedies	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.
Represented class	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 bylaws which were in effect on collection day, the lower of the two.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. The parties are conducting a mediation procedure on the matter.
Claimed amount	The class action claimed amount was estimated conservatively, according to the plaintiff, at millions of shekels, without specifying an amount.
21. Date and court	01/2024 - District Court - Jerusalem
Defendants	Clal Pension and Provident Funds
Key claims and causes of action	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.
Key remedies	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.
Represented class	The class the plaintiff seeks to represent is all planholders of provident funds and/or advanced education 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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In November 2025, the parties notified the court of their agreement to proceed to mediation in this matter.
Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

22. court	Date and court	01/2024 - Regional Court - Jerusalem
	Defendants	Clal Pension and Provident Funds
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	The class the plaintiff seeks to represent is all planholders of provident funds and/or advanced education funds and/or pension funds and/or any other instrument managed by the respondent (including savings instruments 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.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In February 2026, a decision was issued by the Labor Court allowing the regulator to submit a position regarding the interpretation of the regulations.
	Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.
23. court	Date and court	07/2024 - District Court - Tel Aviv
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	In March 2023, the parties submitted a settlement agreement approval motion; the agreement sets an outline for restitution to parties which Clal Insurance credited - through unredeemed checks - for insurance premiums and/or insurance benefits. In October 2025, the position of the Attorney General and the Commissioner was filed, which included several comments regarding the proposed settlement agreement. In November 2025, the court ordered the parties to examine the amendment of the settlement agreement accordingly.
	Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

24. Date and court	12/2024 - District Court - Central
Defendants	Clal Insurance
Key claims and causes of action	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.
Key remedies	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."
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.
25. Date and court	02/2025 - District Court - Central
Defendants	Clal Insurance
Key claims and causes of action	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 unrelated events, 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.
Key remedies	(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.
Represented class	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 ").
Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

26. Date and court	02/2025 - Tel Aviv Regional Labor Court
Defendants	Clal Pension and Provident Funds Ltd.
Key claims and causes of action	The lawsuit concerns the allegation that the defendant unlawfully charges to 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.
Key remedies	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.
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In November 2025, the parties notified the court that they are conducting discussions between themselves, with the aim of reaching agreements that would obviate the need to continue the legal proceedings.
Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.
27. Date and court	04/2025 - Tel Aviv Regional Labor Court
Defendants	Clal Insurance
Key claims and causes of action	The lawsuit concerns the allegation whereby Clal's collection of management fees from monthly allowances paid to its policyholders is non-transparent, illegal and in breach of the terms of the policy. It was also claimed that the management fee amount increases during the allowance payment period, and that Clal Insurance conceals the amount and refuses to disclose it.
Key remedies	Restitution of the management fees collected unlawfully from class members, plus linkage differences and interest from the collection date through actual payment, and the issuance of a permanent injunction prohibiting Clal Insurance from collecting management fees from allowances it pays to its policyholders, or any other remedy in favor of the public.
Represented class	Anyone who received a monthly allowance from Clal Insurance, from which management fees were deducted, and anyone who is expected to receive such an allowance until the class action certification date, or until a judgment is rendered in the lawsuit or until Clal Insurance stops collecting management fees from allowances it pays, whichever is later.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.
28. Date and court	06/2025 - Haifa Regional Labor Court
Defendants	Clal Insurance
Key claims and causes of action	The lawsuit concerns the allegation that Clal allegedly sets the cost of insurance coverages such that their cumulative rate exceeds the limit of 35% of the contributions towards the retirement benefits component in the policy, by removing the permanent health insurance component from the calculation base where it is paid at the expense of the employer - allegedly in breach of statutory provisions. It was also alleged that Clal misleads class members in its presentation of the rate of insurance coverages' cost out of contributions towards retirement benefits.
Key remedies	(a) Compensate class members for the damage they incurred; (b) hand down a declaratory judgment according to which Clal Insurance acted unlawfully; (c) order Clal Insurance to change the way it conducts itself, including retroactively, regarding with respect to the manner in which data is presented in the Annual Financial Statements.
Represented class	All policyholders in Clal Insurance's provident funds and/or insurance funds (as defined by law), who were charged insurance premiums at a rate, which exceeds the limit set by law and/or in the policies/bylaws of the provident funds/insurance funds, and Clal Insurance policyholders, who were misled due to incorrect presentation of the percentage of insurance premiums out of the total contributions made into the policy.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 3 million.

29. court	Date and court	07/2025 - District Court - Central
	Defendants	Clal Insurance
	Key claims and causes of action	The lawsuit concerns the allegation that Clal charges its customers NIS 10 in "handling fees" due to a bounced payment, without having a contractual right to do so; it is also alleged that Clal charges excess amounts in respect of interest and linkage differences, including interest on arrears.
	Key remedies	Hand down a declaratory judgment according to which Clal Insurance acted unlawfully; order Clal Insurance not to charge handling fees without appropriate regulation; and order payment of compensation to class members with respect to the damage they incurred.
	Represented class	Customers charged by Clal Insurance "handling fees" (or any fee that reflects handling fees), in all insurance subsegments, under circumstances of a bounced payment by credit/other means of payment/ late payment/unsuccessful collection attempts and under other circumstances, or excess amounts in respect of interest and linkage differences, including interest on arrears.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 3 million.
30. court	Date and court	11/2025 - District Court - Tel Aviv-Jaffa
	Defendants	Clal Insurance, Clal Pension and Provident Funds, Clal Credit, Clal Financial Management Ltd., CommBox Communication and Automation Ltd. (hereinafter - " CommBox ")
	Key claims and causes of action	The subject of the claim concerns an allegation that the Group companies established and operate a digital customer service system that includes AI-based services and virtual service representatives, which was presented to customers as a service of the Group companies, but was in fact provided by CommBox without adequate disclosure to customers and without obtaining their informed consent, thereby exposing CommBox to personal and private information of the Group companies' customers. It was further alleged that, in operation of the service, CommBox was granted access to the Group companies' systems, was exposed to personal and private information regarding the Group's customers, collected and stored such information, and even transferred it to third parties and abroad, all as alleged, without sufficient supervision and control by the Group companies.
	Key remedies	(a) to order the defendants to cease their conduct that is the subject of the claim and to ensure disclosure to, and obtain informed consent from, the Company's customers regarding such conduct; (b) to order CommBox to delete all data and personal and private information obtained from the Company's customers and stored by it and/or by anyone on its behalf and/or any other third party to whom the data and information were transferred; (c) to prohibit CommBox from making any use of the data and information until their deletion; (d) to order CommBox to provide a detailed list of all third parties to whom it transferred information regarding the Company's customers; (e) to order the Company and CommBox to provide the plaintiff with detailed accounts regarding the profits derived as a result of their improper conduct; (f) accordingly, to order that the revenues and profits accrued to the defendants as a result of their improper conduct as aforesaid be transferred to the plaintiff and to the class members.
	Represented class	Any customer of the Company who alleges that his or her privacy was violated due to the acts and/or omissions of the respondents, among other things, by CommBox being exposed to personal and private information regarding him or her and/or collecting and storing such information and/or transferring the information to a third party and/or transferring the information abroad.
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
	Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 3 million.

Date and 31. court	02/2026 - Tel Aviv-Jaffa Regional Labor Court
Defendants	Clal Pension and Provident Funds Ltd.
Key claims and causes of action	The subject of the claim concerns an allegation that the pension fund managed by the defendant charges the full monthly premium for the insurance coverage, including for a period preceding the date of joining or renewal of the insurance coverage during the month.
Key remedies	To order the defendants to grant compensation to the class members for damages caused to them due to the collection of insurance coverage costs in the pension fund contrary to law.
Represented class	All persons who were or are members of the pension fund managed by the respondent, a portion of whose pension contributions was allocated toward the purchase of insurance coverage for a period preceding the date on which it was permissible to charge for such coverage.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed.
Claimed amount	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 Companies¹⁰

1.	Date and court	7/2019 - Regional Court - Tel Aviv
	Defendants	"Atudot" - Pension Fund for Workers and Independent Workers Ltd. (a subsidiary of Clal Insurance (held at 50%) (hereinafter - "Atudot")
	Key claims and causes of action	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.
	Key remedies	The plaintiffs seek to compel Atudot to return the excessive direct expenses amounts they were charged.
	Represented class	The planholders in the pension funds who were charged investment management expenses in the seven years before the relevant lawsuit was filed.
	Status / further details	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. In March 2025, a judgment was rendered under which the appeal was stricken out, at the agreement of the parties and further to the Court's recommendation.
	Claimed amount	The class action claimed amount was set at approx. NIS 41 million, based on an assessment.
2.	Date and court	04/2022 - District Court - Tel Aviv-Jaffa
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	In March 2025, a judgment was rendered, which approved an agreed motion for withdrawal of the motion to certify, in which Clal Insurance agreed to add a disclosure to the existing disclosure - prior to the purchase of the policy - regarding the date on which the cancellation would come into effect. It was further agreed to pay the plaintiff and their counsel negligible amounts.
	Claimed amount	The plaintiff estimated the aggregate damage to all class members in many millions of shekels.

10. Not including lawsuits that concluded in the reporting year, but which were reported as having been concluded in the Financial Statements for 2024.

3.	Date and court	12/2022 - District Court - Lod
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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. On March 2025, the court handed down a judgment confirming a withdrawal motion.
	Status / further details	In March 2025, the District Court handed down a judgment in which a motion to withdraw the lawsuit was approved, without a costs order.
	Claimed amount	The plaintiffs estimated that the aggregate damage the class members incurred exceeds NIS 2.5 million.
4.	Date and court	9/2020 - District Court - Haifa
	Defendants	Clal Insurance
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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.
	Status / further details	In May 2025, the Haifa District Court handed down a ruling dismissing the motion to certify.
	Claimed amount	The plaintiff estimated the damage to all class members at NIS 33,575,080 in the seven years prior to filing the lawsuit.

5.	Date and court	01/2023 - Tel Aviv Regional Labor Court
	Defendants	Clal Insurance
	Key claims and causes of action	The lawsuit concerns the allegation that Clal Insurance unlawfully reduced the insurance benefits to which policyholders awarded 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 instructions, 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 coverage were reduced or will be reduced in the future, due to the premium increase as the policyholders grow older.
	Key remedies	Declaratory relief that prohibits Clal Insurance from reducing the insurance benefits for permanent health 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 event the difference to make up the insurance benefits amount.
	Represented class	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.
	Status / further details	In June 2025, the Court approved 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, turning it into a substantive judgment.
	Claimed amount	The plaintiff estimated the aggregate damage to all class members at NIS 18 million in the 3 years preceding the lawsuit filing date.
6.	Date and court	07/2024 - Regional Court - Haifa
	Defendants	Clal Insurance and additional defendants
	Key claims and causes of action	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.
	Key remedies	(a) Declaratory relief whereunder the policy period of permanent health insurance policies purchased by the class 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 "). (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 class members.
	Represented class	(a) Policyholders insured under a permanent health insurance policy, whose coverage period will end earlier than their calendar age, and have not yet experienced an insured event; and (a) Policyholders (past or present) insured under a permanent health insurance policy, who experienced an insured event, but have not been paid insurance benefits through the end of the insurance period set based on their calendar age.
	Status / further details	In June 2025, the court approved an agreed motion for withdrawal of the lawsuit.
	Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

7. Date and court	9/2015 - District Court - Tel Aviv
Defendants	Clal Pension and Provident Funds, as well as four other companies that manage pension funds
Key claims and causes of action	According to the plaintiffs, who are planholders in the pension funds managed by the defendants, the mechanism to compensate 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.
Key remedies	To require the defendants to alter the agent compensation mechanism and to pay the planholders back the excessive management fees they were charged.
Represented class	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.
Status / further details	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. In July 2025, the appeal was dismissed without a costs order, after the class plaintiffs retracted their appeal.
Claimed amount	The plaintiffs estimated the damage to all class members at approx. NIS 2 billion, reflecting approx. NIS 300 million in annual damage since 2008.

8. Date and court	05/2024 - District Court - Tel Aviv
Defendants	Clal Insurance
Key claims and causes of action	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.
Key remedies	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.
Represented class	The class that the plaintiff seeks to represent consists of policyholders who hold an executive insurance policy issued by "Hassneh" and that 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.
Status / further details	In November 2025, the court approved an agreed motion for withdrawal of the lawsuit.
Claimed amount	The plaintiff estimated the aggregate damage to all class members at approx. NIS 900 million.

9.	Date and court	05/2022 - District Court - Central
	Defendants	Clal Insurance
	Key claims and causes of action	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").
	Key remedies	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.
	Represented class	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.
	Status / further details	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. In February 2026, the court approved a settlement agreement, the principal terms of which include a compensation framework for the relevant policyholders in respect of the cost of implants, for past and future periods, at rates agreed between the parties. Furthermore, under the settlement agreement, it was agreed to pay a compensation to the representative plaintiff and legal fees to his attorney.
	Claimed amount	The plaintiff estimated that the aggregate damage caused to the class members is over NIS 2.5 million.
10.	Date and court	06/2024 - District Court - Haifa
	Defendants	Clal Insurance and 7 additional companies
	Key claims and causes of action	The lawsuit concerns the claim that installers of windshields, who operate on behalf of the defendants under the "windshield insurance" rider, do not calibrate the safety systems installed on the vehicle's front windshield when the dismantle the broken windshield 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 windshield is replaced.
	Key remedies	Declaratory relief whereby the calibration of the safety system is included in the policy / rider covering damage to the windshields; 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.
	Represented class	Three classes: A class of consumers who hold or held the riders/windshield insurance of the respondents in the 7 years preceding the filing of the lawsuit and when they had the windshield 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 windshield; a class of consumers who hold or held the riders/windshield insurance of the respondents in the 7 years preceding the filing of the lawsuit and when they had the windshield 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/windshield 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 windshield.
	Status / further details	In February 2026, the court approved an agreed motion for withdrawal of the lawsuit.
	Claimed amount	The claimed amount was estimated by the plaintiff at more than NIS 2.5 million.

Date and court	9/2020 - District Court - Central
Defendants	Clal Insurance and another insurance company
Key claims and causes of action	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%.
Key remedies	The relief the plaintiffs are petitioning for is damages to the class members due to past damages, as well as a declaratory relief and a mandatory injunction ordering the defendants to change their <i>modus operandi</i> .
Represented class	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.
Status / further details	In March 2026, a settlement agreement was submitted to the court, under which 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.
Claimed amount	The plaintiffs estimated that the total damage to all class members with respect to Clal Insurance totals NIS 16.8 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 35 (2.1.1), the pending motions to certify material lawsuits as class actions, described in Note 35 (2.1.2), and the motions to certify material lawsuits as class actions which were dismissed in the reporting period, described in Note 35 (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,¹¹ 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 0 million¹² (compared to 5 lawsuits for approx. NIS 110.5 million as of December 31, 2024).

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, due to 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

11. See Footnote 1 above regarding the materiality threshold.

12. 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.

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 and/or rulings by other regulators.

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 may affect customer rights. 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 was engaged in discussions with the Authority regarding the implementation of the matters set forth in the letter. In November 2025, an additional letter was received from the Commissioner in this matter, reiterating the requirements to carry out the restitution as stated. At this stage there is no certainty regarding the full amount it may be required to refund due to the said letters - 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 35 (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. The report addressed key issues of the pension fund's activity, including: the subject of groups, the fund's regulations, management fees and management expenses, data cleansing, actuarial reporting and withdrawal of money from the fund. The Company was informed that on August 21, 2022, Atudot received the final audit report, which included directives and recommendations for the Board of Directors on a number of topics, among others: to examine the issue of actuarial bubbles and their ramifications (including their purpose, how to handle them, greater congruence between the average duration of the assets and liabilities in each actuarial bubble, etc.; 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 develop a 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. Existing or concluded material lawsuits outside the ordinary course of business or exposure to claims

Further to Note 45, Section 2.1.3(5) to the Company's 2024 Financial Statements regarding a motion to certify a class action filed in May 2011 alleging the collection of sums of money known as the "policy factor" and/or "other management fees" in combined life insurance and savings policies (hereinafter - the "**Policy Factor**") without any contractual basis under the terms of the policy and without the policyholders' consent - which was certified as a class action in November 2016 - and regarding the settlement agreement reached in the lawsuit and approved by the court in August 2024 -

In April 2025, the parties filed with the Court an update regarding implementation and operational issues pertaining to the implementation of the settlement agreement. In September 2025, the court ruled on the motion for clarifications filed by the parties with the court, regarding a notice of updating on applicative and operational issues relating to the implementation of the settlement agreement and a motion for clarification regarding the implementation, in which it was determined, among other things, that: Under the abovementioned ruling, it was determined as follows: (a) with regard to the amounts to be paid subsequent to the reduction date (as defined in the settlement agreement) the Plaintiffs and Attorney General's position was allowed, according to which a return should be added through the actual refund date; (b) with regard to additional coverages purchased under the policy - the Plaintiffs and Attorney General's position was allowed, according to which the policy factor will only be added to the basic policy and should not be added to riders; it was also determined that no pure savings riders would be

added. This decision of the court dated September 21, 2025 has netting effects with respect to the financial implications of implementing the settlement agreement (hereinafter - the **"Decision of September 21, 2025"**).

In October 2025, the plaintiffs filed a motion for instructions regarding the manner in which the Decision of September 21, 2025 is to be interpreted, the implication of which is an additional payment under the settlement agreement. In November 2025, the defendants filed their response to the motion for instructions, as well as a motion for an extension of time to implement the settlement agreement. In January 2026, a hearing was held before the court on the motion for instructions (following receipt of the defendants' response and the response of the Attorney General), and as of that date, no decision had yet been rendered.

2.4 Hyp's agreed ordinance with the Israel Competition Authority

In January 2024, Hyp Payment Solutions Ltd., a sub-subsidiary of the Company (hereinafter - **"Hyp"**), received a data request and an inquiry to examine conduct raising concerns of a violation of the Economic Competition Law, 1988 (hereinafter - the **"Economic Competition Law"**), in connection with the interface of new acquirers with Hyp's systems. In April 2025, Hyp informed the Israel Competition Authority that it agrees to pay a total of NIS 11 million to the State Treasury, under an agreed order, in accordance with Section 50B to the Economic Competition Law. Subject to the approval of the consensual decree by the Competition Court and the payment of the said amount, and bearing in mind that the breach has stopped, it is the position of the Competition Commissioner, that they shall not take no enforcement measures against Hyp or anyone acting on its behalf, in respect of the breach, which - according to the Competition Commissioner's position - was committed by Hyp; the alleged breach entails an alleged refusal by Hyp to provide payment gateway services under reasonable terms to the acquirers of new payment cards, thereby - at the very least - delaying their authentication or discriminating between them and the existing acquirers, during the period between October 1, 2022 and March 31, 2024. It is clarified that the consensual decree or Hyp's signing the decree does not constitute any admission or agreement on behalf of Hyp, or anyone acting on its behalf, that they breached the Economic Competition Law, the Commissioner's decisions or any other law in any way. The consensual decree requires the approval of the Competition Court. In November 2025, the motion to certify the consensual decree was filed to the Competition Court.

2.5 Summary of exposures to lawsuits against the Company and the consolidated companies, not including the Max Group Companies

- 2.5.1** 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,¹³ as on numerous occasions 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.

13. 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 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.

Type of claim	No. of claims	Amount claimed in NIS million
	(Unaudited)	
A. <u>Claims certified as class actions</u>¹⁴		
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 ¹⁵	3	-
B. <u>Pending motions to certify claims as class actions</u>		
1. An amount relating to the Company has been specified ¹⁶	6	622
2. The claim was filed against several parties and no specific amount was attributed to the Company ¹⁷	4	6,267
3. No claimed amount was provided / a potential range was detailed ¹⁸	23	-
4. An annual amount was specified (and accordingly, the total amount depends on the period) ¹⁹	1	7

In addition to that specified in Sections 35(1) and 35(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 13 million as of December 31, 2025 (approx. NIS 39 million as of December 31, 2024). The causes of action within these proceedings are many and varied.

- 2.5.2** Regarding the Companies and the consolidated companies, except the Max Group Companies, in respect of the costs that may arise from the claims and exposures described in Sections 35(1) and 35(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.

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.

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14. Including a lawsuit that had been certified as a class action and in which a judgment was rendered in favor of granting the lawsuit.
15. 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.
16. 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.
17. 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.
18. 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 2.1.2.5 and 3.1.5 above and below.
19. The motion was brought in March 2020. According to the plaintiff, the lawsuit ought not to be subject to any prescription. 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.

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 35(2.1.2) (29), (30), and (31) 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, 2025, for all the lawsuits and the exposures described in Sections 35(1) and 35(2) above, totals approx. NIS 613 million (approx. NIS 500 million as of December 31, 2024).

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,²⁰ 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,²¹ the disclosure format is in accordance with the Banking Supervision Department's instructions, 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:²²

- 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.
- 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.

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20. 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 35, 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.
21. With respect to CMax 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.
22. 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.

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 at an immaterial amount (hereinafter - the **"Exposure to Non-Remote Lawsuits"**)

It is further noted that in the State of Israel, filing a motion to certify a class action does not entail paying a fee that derives from the claimed amount, and therefore, the claimed 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 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 relate 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. Pending motions to certify material claims as class actions against Max Group Companies²³

1. Date and court	5/2019 - District Court - Tel Aviv-Jaffa
Defendants	Max
Key claims and causes of action	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.
Key remedies	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.
Represented class	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.
Status / further details	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.
Claimed amount	The plaintiff estimates the total claimed amount for all class members at approx. NIS 22 million as of the motion to certify stage.

23. Including such motions which were denied and the ruling to deny them was appealed.

2.	Date and court	7/2018 - District Court - Tel Aviv-Jaffa
	Defendants	Max and 2 additional companies
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	The respondents' elderly customers and/or their heirs, whom the direct marketing companies charged in respect of products and/or services and/or club memberships and/or delivery 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.
	Status / further details	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. In February 2026, the appeal was partially accepted, such that the cause of action concerning the duty of disclosure will be remanded to the District Court for adjudication on the merits. With respect to the cause of action concerning the violation of the provisions of the Payment Cards Law, it was decided to remand the hearing on the motion to certify to the District Court.
	Claimed amount	The plaintiffs estimate the total claimed amount for all class members at NIS 900 million.
3.	Date and court	06/23 - District Court - Tel Aviv
	Defendants	Max and Max IT Credit (a wholly owned Max subsidiary)
	Key claims and causes of action	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.
	Key remedies	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.
	Represented class	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).
	Status / further details	The proceeding is at the stage of the motion to certify being reviewed. On July 2025, a motion was filed to approve a settlement agreement. Following the Attorney General's comments on the settlement and an additional hearing held before the court, it was proposed to amend the settlement such that Max will compensate the class by way of payment to its active customers, alongside a contribution to a fund for financing class actions, as well as payment of an award and legal fees to counsel for the plaintiff. The settlement agreement is subject to the court's approval, which will not necessarily be granted.
	Claimed amount	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	03/2024 - District Court - Tel Aviv
Defendants	Max and 1 other
Key claims and causes of action	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 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.
Key remedies	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 injunction 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.
Represented class	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.
Status / further details	The proceeding is at the stage of the motion to certify being reviewed. In September 2025, a settlement agreement approval motion was filed, the key points of which are compensation by way of donations to combat soldiers, and payment of compensation and legal fees to the Plaintiff's counsel. The settlement agreement is subject to the court's approval, which will not necessarily be granted.
Claimed amount	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 35(2.1.2.5) above.

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 set at 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 other 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 receiving the 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 addresses 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.

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 Second Assessment was received. 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.

On August 6, 2025, a judgment was rendered, under which the District Court granted parts of the consolidated appeal and dismissed other parts thereof; the judgment stipulates that the VAT Directorate would issue amended assessments. The main points in the judgment, which concern Max, are as follows: With regard to the underlying

transactions carried out with merchants located overseas - whether they are card-present transactions (transactions in which the card holder is physically present at the merchant's premises) or card-not-present transactions (transactions in which the card holder is not physically present at the merchant's premises) in certain industries, the interchange fee component should be charged zero-rate-VAT, whereas in the case of all other card-not-present transactions with overseas merchants, the interchange fee component will be charged full-rate-VAT. It was further stipulated that this arrangement will also apply to the foreign currency fee component. Max is still studying the effects of the judgment and will consider its steps accordingly. As of this report's publication date, the Supreme Court approved a joint motion by the Appellants and the Directorate to postpone the deadline allowing the filing of an appeal against the judgment.

In September 2025, Max received a VAT assessment for the billing period from July 2020 to March 2025 (hereinafter - the "**Third Assessment**"), at a total of NIS 273 million, including interest and linkage differences until the assessment issue date. The Third Assessment concerns the imposition on Max of full-rate VAT in respect of those fees whose taxability is discussed in the Consolidated Appeal, and an input VAT assessment of an immaterial amount. In January 2026, Max filed an objection to the Third Assessment.

Following the judgment, Max increased the provision in respect of this proceeding as of June 30, 2025 by NIS 170 million before tax. The provision includes the assessment periods and the period following the assessment periods and through June 30, 2025, plus interest and linkage differences.

Furthermore, Max believes that the effects of the judgment on its future earnings are immaterial.

In this context, it is noted that under the agreement for the acquisition of CIMax Holdings Ltd., which holds Max's entire share capital (hereinafter - the "**Acquisition Agreement**"), it was stipulated that WP XII Financial Investment B.V. and other parties, which were the sellers under the Acquisition Agreement, will indemnify the Company by up to NIS 30 million in respect of the VAT assessment proceeding, all in accordance with the conditions and qualifications set out in the Acquisition Agreement. Clal will exercise the abovementioned indemnity.

Accordingly, the effect of the increase in the provision in respect of the VAT assessment proceeding on the Company's business results is expected to be net of the indemnity amount to be received.

NOTE 36 - ADDITIONAL EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD**A. Economic solvency ratio in Clal Insurance**

On November 25, 2025, Clal Insurance approved its Economic Solvency Ratio Report as of June 30, 2025. For further details, see Note 23 above.

B. Issuance of bonds by the Company

On July 1, 2025, the Company carried out a private placement of Bonds (Series C) of the Company, by way of expanding an existing series. The Company allocated NIS 350 million in par value of Bonds (Series C), in exchange for a total of approx. NIS 358.4 million. The proceeds of the issuance were used for partial early redemption of the Company's Bonds (Series A) and on July 13, 2025, the Company redeemed, by way of a partial early redemption, NIS 350 million in par value of Bonds (Series A). For further details, see Note 16(c) above.

C. Debt raising by Clal Insurance Capital Raising Ltd. (hereinafter - "Clal Capital Raising") a subsidiary of Clal Insurance

In April 2025, Clal Capital Raising issued to the public NIS 500 million p.v. in Notes (Series N).

On July 31, 2025, Clal Capital Raising executed early redemption of the outstanding balance of Notes Series I, in accordance with their terms and conditions.

In October 2025, Clal Capital Raising issued to the public approx. NIS 594 million p.v. in Notes (Series O) and approx. NIS 555 million p.v. in Notes (Series O) to the Company in a private placement by way of a series expansion, against the cancellation of a capital note totaling NIS 450 million, linked to the Consumer Price Index, which was issued by Clal Insurance to Clal Holdings on October 29, 2020, and which was recognized by Clal Insurance as an Additional Tier 1 capital instrument. Bonds (Series O), which were issued to the public under a private placement, constitute a single series for all intents and purposes.

Subsequent to the reporting date, on January 22, 2026, Clal Capital Raising issued to the public approx. NIS 591 million p.v. in Notes (Series O), by way of expansion of an existing series. The proceeds of the offering amounted to approx. NIS 622 million and were recognized as additional Tier 1 capital of Clal Insurance, subject to restrictions on the maximum rate of Tier 1 capital, in accordance with the provisions of the law.

For further details, see Note 16(b) above.

D. Rating

For details regarding the rating of the Company, Group companies, and notes they issued, see Note 16(f) above.

E. Max becomes a reporting company

On April 7, 2025, Max published a Supplementary Prospectus and a Shelf Prospectus dated April 8, 2025. As from this date, Max became a reporting corporation, as defined by the Securities Law, 1968. Max's becoming a reporting corporation constitutes a part of its financing strategy as a growing company, and it allows Max to diversify its sources of financing for its operating activities.

For details regarding the issuance of bonds by Max, see Note 16(e) above.

F. Shelf prospectuses

On April 8, 2025, the Company and Clal Insurance Capital Raising Ltd. (hereinafter - "Clal Capital Raising") published shelf prospectuses dated April 9, 2025 (hereinafter - the "**Shelf Prospectuses**"). Among other things, the Shelf Prospectus allows the Company to issue ordinary shares, preferred shares, bonds, bonds convertible into ordinary shares, options exercisable into ordinary shares and options exercisable into bonds or into bonds convertible into ordinary shares and commercial papers. Clal Capital Raising's shelf prospectus allows it, among other things, to issue options which may be exercised into bonds and commercial papers. Generally, the consideration for bonds issued by Clal Capital Raising by virtue of the Shelf Prospectus, will be deposited with Clal Insurance and recognized as Tier 2 capital and/or Additional Tier 1 capital (subject to restrictions on the maximum rate of Tier 2 capital and/or Additional Tier 1 capital, in accordance with the provisions of the law), and Clal Insurance will be liable to the holders of the bonds for their repayment.

G. Option plan and allocation of restricted shares to the Company's CEO

For details regarding the Company's option plan and bonuses given during the reporting period and in 2021, see Note 21 above.

In November 2025, the Company's General Meeting approved - further to the approval of the Company's Compensation Committee and Board of Directors - the allocation of 10,572 restricted share units exercisable into 10,572 ordinary shares of the Company to the Company's CEO (hereinafter - the "**RSUs**"); the RSUs constitute approx. 0.01% of the Company's issued and paid-up share capital (approx. 0.01% fully diluted) (hereinafter - the "**Exercise Shares**"). The RSUs were allocated to the CEO without consideration. The RSUs were awarded free of charge to the Company's CEO and vest gradually over 3 years. As of the report publication date, the CEO holds 1,662 shares of the Company following the vesting of 1,662 restricted share units. For further details, see Note 21 above.

H. Approval of dividend policy and distribution

For details regarding policy approval and distribution of dividends by the Company and the Group Companies, see Note 23(c).

I. The War of Revival (Formerly: "The Iron Swords War"), Operation Rising Lion and Operation Lion's Roar

On October 7, 2023, the terrorist organization Hamas launched a murderous attack on communities in southern Israel. Following the terror attack, the Government of Israel declared the War of Revival (formerly - the Iron Swords War) (hereinafter - the "**War**").

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. 2025 started with ceasefire agreements on the northern front and the Gaza Strip front, which led to a relative calm. In March 2025, the temporary ceasefire between Israel and Hamas ended and the IDF resumed fighting in the Gaza Strip. This move led to increased tensions at the national and security levels, including, among other things, the resumption of missile attacks on Israel by the Houthis in Yemen. At the early hours of June 13, 2025, Operation Rising Lion - a direct military conflict between Iran and Israel - began. This was a 12-day War, whose objective was to remove the Iranian nuclear threat and reduce strategic threats to Israel's security. Operation Rising Lion ended on June 24, 2025, when the ceasefire agreed upon by Israel and Iran and brokered by the United States came into effect.

At the end of September 2025, a proposal to end the War was presented by the President of the United States, and on September 9, 2025, a ceasefire agreement was signed under the "20-Point" agreement of the Trump plan. Under the agreement, all living hostages and the bodies of the deceased hostages were returned, a gradual reconstruction of the infrastructures in Gaza commenced and humanitarian aid has increased, and fighting in Gaza has stopped. The plan is designed to serve as a framework for ending the war between Hamas and Israel, including the demilitarization of Gaza, which will no longer be controlled by Hamas, and a change in the future governance structure in the Gaza Strip.

The consequences of the War and security situation were reflected in the State of Israel's credit rating downgrades by global rating agencies.

In November 2025, the rating agency S&P upgraded Israel's rating outlook from "negative" to "stable" and reiterated its credit rating at A. According to S&P, the stable outlook reflects the military de-escalation following the ceasefire agreement between Israel and Hamas, which reduced the risk of regional war. Subsequent to the reporting date, in January 2026, Moody's updated the rating outlook for the State of Israel from negative to stable while reiterating the current credit rating at Baa1. As of the report publication date, there were no further changes in the State of Israel's credit rating.

Effect on the financial statements

Clal Insurance - In the reporting period, and as of the approval date of these financial statements no material changes occurred in connection with the effects of the War and Operation Rising Lion on Clal Insurance's financial results.

Clal Insurance 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.

Max - in the Reporting Period, the growth trend in Max's issuance turnovers in Israel and overseas and in its acquiring turnovers continued, exceeding turnovers in the corresponding period last year. During Operation Rising Lion, which lasted 12 days in the second quarter of the year, Max's issuance and acquiring turnovers declined due to a decrease

in the volume of activity in the domestic market; the decline also arose from the effect of the closure of Israel's airspace. Upon the conclusion of Operation Rising Lion and the reopening of the skies, an improvement was observed in issuance volumes and acquiring volumes in Israel and abroad, which returned to levels similar to those prior to the operation. In total, during the Reporting Period, those turnovers were higher than in the corresponding period last year.

The estimated provision for credit losses is based on judgments and assessments. So far, and during the Reporting Period, there has not been a noticeable increase in the credit risk or actual credit losses of Max's customers due to the War and Operation Rising Lion. However, there is still a certain degree of uncertainty regarding the full effects of the War on the Israeli economy and the repayment capacity of Max's customers. Therefore, since the estimated provision for credit losses is based, among other things, on judgments and assessments, and involves uncertainty, there is still a high probability that future credit losses will vary from the current estimate.

Operation Lion's Roar

Subsequent to the reporting period, on February 28, 2026, the State of Israel and the United States launched a joint military operation in Iran, Operation Lion's Roar (hereinafter - the "**Operation**"), targeting Iran's missile systems and additional targets of the Iranian regime. In response, the Iranian regime began launching missiles and unmanned aerial vehicles toward the State of Israel and toward additional countries in the region. On March 1, the hostilities were also expanded to Lebanon following fire toward the State of Israel by the Hezbollah organization.

With the commencement of the Operation, it was decided to transition all areas of the country from full activity level to essential activity level, which includes a prohibition on educational activities, gatherings, and attendance at workplaces, except for workplaces defined as essential to the economy. In addition, a further reserve mobilization was carried out for the purposes of the Operation.

The Group companies are operating to maintain business continuity and continue at all times to provide full and uninterrupted service to their customers, with the work framework conducted with a reduced employee presence at the Company's offices and the majority of employees working remotely.

As of the report publication date, the Operation is ongoing, and since this is an event beyond the control of the Group companies, and factors such as the continuation and expansion of the Operation to additional fronts, as well as other developments, may affect the Group companies, at this stage the Company is unable to estimate the impact of the Operation on its financial position, its operating results, and its cash flows, if any.

The Company's management continues to monitor developments on an ongoing basis and to assess their potential impact on the Israeli economy, on its business operations, and on its customers.

NOTE 37 - EFFECT OF FIRST-TIME ADOPTION OF IFRS 17 AND IFRS 9 BY A SUBSIDIARY WHICH MEETS THE DEFINITION OF AN INSURER IN ACCORDANCE WITH SECURITIES REGULATIONS (PREPARATION OF ANNUAL FINANCIAL STATEMENTS), 2010

In accordance with the Commissioner's guidance published in a series of documents, the latest of which was named "Roadmap for the Adoption of IFRS 17 – Insurance Contracts - Fifth Revision" (hereinafter - the "**Roadmap**"), the first-time application date of IFRS 17 and IFRS 9 (hereinafter - the "**New Standards**") for insurance companies in Israel (whose binding application date by the abovementioned companies in accordance with IFRS should have been January 1, 2023) was revised, such that they apply to quarterly and annual periods commencing on January 1, 2025. The transition date for the application of the New Standards is January 1, 2024.

Due to the above, from January 1, 2023 to January 1, 2025, insurance companies in Israel continued to apply the provisions of IFRS 4 – Insurance Contracts and IAS 39 – Financial Instruments: Recognition and Measurement, which they applied through that date, and which were superseded by the New Standards. All other IFRS were applied by the insurance companies in accordance with the dates set therein.

Consequently, throughout the period from January 1, 2023 to January 1, 2025 (hereinafter - the "**Interim Period**"), the Group's Consolidated Financial Statements with respect to a subsidiary, which meets the definition of insurer, did not fully comply with IFRS; rather, they were prepared pursuant to the Financial Services Supervision Law (Insurance), in accordance with the Commissioner's Directives.

In view of the above, in accordance with the provisions of IFRS 1 – First-time Adoption of International Financial Reporting Standards (hereinafter - "**IFRS 1**") and with respect to a subsidiary which meets the definition of an insurer, the Group is effectively deemed a first-time adopter of IFRS, as defined in IFRS 1; accordingly, the Group's 2025 Annual Financial Statements are the first financial statements of the Group compliant with IFRS - with respect to a subsidiary which meets the definition of insurer, as defined in IFRS 1 - which also apply IFRS 1, and the abovementioned transition date for application of the New Standards (January 1, 2024) also constitutes the Group's transition date to IFRS reporting as defined in IFRS 1.

However, since during the Interim Period - except for non-application of the New Standards - the Group continued to apply all other IFRS in accordance with the dates set therein - with respect to a subsidiary which meets the definition of an insurer - the effect of the first-time adoption of IFRS under the application of IFRS 1 to the Group's financial statements focuses on the application of the abovementioned relevant provisions and expedients under IFRS 1 regarding the first-time application of the New Standards. With respect to IFRS other than the New Standards - the Group's accounting policies as applies in these Interim Financial Statements are consistent with those applied under the Group's 2024 Annual Financial Statements.

It is noted that with respect to the Group's financial statements - in connection with a subsidiary which meets the definition of an insurer - the relevant provisions and expedients under IFRS 1 regarding the first-time application of the New Standards, are not materially different from the transitional provisions detailed in the New Standards themselves, and which the Company detailed in this note.

In accordance with the provisions of IFRS 1, following are explanations as to how the transition from reporting in accordance with the Supervision Law in accordance with the Commissioner's Directives to reporting in accordance with IFRS affected the financial position and financial performance reported by the Group, in connection with a subsidiary which meets the definition of insurer.

The said transition did not affect the cash flows reported by the Group.

A. Quantitative breakdowns

The following is a quantitative breakdown of the material adjustments to the Group's capital and comprehensive income due to the initial application of IFRS. 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.

1) Effect on the statement of financial position and capital:

	As of December 31, 2023 as previously reported	Effect of first-time application of IFRS 17 and IFRS 9	Pro forma balance sheet as of the transition date January 1, 2024
Audited	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	26,241	41,062
Other financial investments measured at depreciated cost	24,444	(22,107)	2,337
Receivables and debit balances	1,867	(41)	1,826
Collectible premium	837	(837)	-
Current tax assets	306	-	306
Insurance contract assets (2)	-	2,059	2,059
Reinsurance contract assets (2)	3,805	(1,272)	2,533
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	114	218
Right-of-use assets	680	-	680
Total assets	163,617	2,320	165,938
Total assets for yield-dependent contracts	94,012	-	94,012
Liabilities			
Loans and credit	13,917	(5)	13,912
Liabilities for derivative instruments	1,782	-	1,782
Payables and credit balances	3,851	(2,151)	1,700
Liability for current taxes	21	-	21
Liabilities for yield-dependent investment contracts	9,975	3,176	13,151
Liabilities for non-yield-dependent investment contracts ⁽¹⁾	2,563	(93)	2,470
Liabilities for insurance contracts ⁽²⁾	113,304	3,171	116,475
Liabilities for reinsurance contracts	-	68	68
Liabilities for employee benefits, net	93	-	93
Liabilities for deferred taxes	592	(556)	36
Payables for credit card transactions, net	8,091	-	8,091
Lease liabilities	777	-	777
Total liabilities	154,966	3,610	158,576
Equity			
Share capital	167	-	167
Share premium	2,390	-	2,390
Capital reserves	1,005	(866)	139
Surplus	5,019	(426)	4,593
Total equity attributable to Company's shareholders	8,581	(1,292)	7,289
Non-controlling interests	71	2	73
Total equity	8,652	(1,290)	7,362
Total liabilities and equity	163,617	2,320	165,938

(1) This line item also includes liabilities in respect of contracts for the management of guaranteed return provident funds.

(2) Following are further details:

	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Total
Contractual service margin (CSM)				
Contractual service margin (CSM), gross *	4,874	4,266	-	9,140
Contractual service margin (CSM), reinsurance **	137	190	-	327
Contractual service margin (CSM), net	4,737	4,076	-	8,813
Risk adjustment (RA)				
Risk adjustment (RA), gross	976	1,314	205	2,495
Risk adjustment (RA), reinsurance	83	117	91	291
Risk adjustment (RA), net	893	1,197	114	2,204

* 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.

** 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.

	As of December 31, 2024 as previously reported	Effect of first-time application of IFRS 17 and IFRS 9	Pro forma balance sheet December 2024
Unaudited	NIS million		
Assets			
Cash and cash equivalents in respect of yield-dependent contracts	4,451	-	4,451
Other cash and cash equivalents	2,617	-	2,617
Financial investments in respect of yield-dependent contracts measured at fair value	88,802	-	88,802
Other financial investments measured at fair value	14,010	27,169	41,179
Other financial investments measured at depreciated cost	25,371	(23,031)	2,340
Receivables and debit balances	724	(59)	664
Collectible premium	795	(795)	-
Current tax assets	60	-	60
Insurance contract assets (2)	-	2,653	2,653
Reinsurance contract assets (2)	3,830	(1,166)	2,664
Equity-accounted investments	190	-	190
Investment property in respect of yield-dependent contracts	3,924	-	3,924
Investment property - other	1,517	-	1,517
Receivables for credit cards, net	17,855	-	17,855
Other property, plant and equipment	310	-	310
Intangible assets and goodwill	2,212	-	2,212
Costs of obtaining investment management service contracts	742	-	742
Deferred acquisition costs	1,860	(1,860)	-
Deferred tax assets	159	-	159
Right-of-use assets	669	-	669
Total assets	170,097	2,911	173,008
Total assets for yield-dependent contracts	97,983	(654)	97,329
Liabilities			
Loans and credit	14,143	(5)	14,138
Liabilities for derivative instruments	528	-	528
Payables and credit balances	3,932	(2,192)	1,739
Liability for current taxes	18	-	18
Liabilities for yield-dependent investment contracts	9,127	3,410	12,537
Liabilities for non-yield-dependent investment contracts (1)	2,522	-	2,522
Liabilities for insurance contracts (2)	118,988	2,730	121,718
Liabilities for reinsurance contracts	-	62	62
Liabilities for employee benefits, net	89	-	89
Liabilities for deferred taxes	742	(387)	355
Payables for credit card transactions, net	9,707	-	9,707
Lease liabilities	775	-	775
Total liabilities	160,571	3,617	164,189
Equity			
Share capital	167	-	167
Share premium	2,423	-	2,423
Capital reserves	1,242	(1,104)	138
Surplus	5,618	396	6,014
Total equity attributable to Company's shareholders	9,450	(708)	8,742
Non-controlling interests	75	1	76
Total equity	9,525	(707)	8,818
Total current liabilities and equity	170,097	2,911	173,008

(1) This line item also includes liabilities in respect of contracts for the management of guaranteed return provident funds.

(2) Following are further details:

	Life Insurance and Long-Term Savings	Health Insurance	P&C Insurance	Total
Contractual service margin (CSM)				
Contractual service margin (CSM), gross *	5,602	4,863	-	10,465
Contractual service margin (CSM), reinsurance **	119	198	-	317
Contractual service margin (CSM), net	5,483	4,665	-	10,148
Risk adjustment (RA)				
Risk adjustment (RA), gross	937	1,429	196	2,562
Risk adjustment (RA), reinsurance	73	144	83	300
Risk adjustment (RA), net	864	1,285	113	2,262

* Of the contractual service margin in the Life Insurance and Savings Segment, approx. 68% is attributed to a portfolio of policies, which include a yield-dependent savings component and variable management fees, approx. 14% is attributed to an insurance portfolio covering death risk, and approx. 13% 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. 35% is attributed to an individual long-term care portfolio, approx. 27% is attributed to an individual medical expenses portfolio and approx. 34% is attributed to a critical illness portfolio.

** Of the contractual service margin in the Life Insurance and Savings Segment, approx. 78% is attributed to a permanent health insurance portfolio and approx. 22% is attributed to an insurance portfolio covering death risk. Of the contractual service margin in the Health Insurance Segment, approx. 54% is attributed to the long-term care portfolio and the rest is attributed mainly to the critical illness portfolio.

The main changes in the statement of financial position arise from the following:

- Other financial investments measured at fair value have increased following reclassification of most of the Company's financial assets to fair value through profit or loss, in particular designated bonds, due to the application of IFRS 9 instead of measurement at amortized cost.
- Other financial investments measured at amortized cost decreased following the classification of most of the Company's financial assets to fair value through profit or loss.
- The change in receivables and debit balances and payables and credit balances arises mainly from the classification of balances with policyholders or reinsurers, including deposits with respect to reinsurers, which are included in the fulfillment cash flows under IFRS 17; therefore, they were classified to insurance contract liabilities and reinsurance contract assets, as applicable.
- The remaining collectible premium is included under IFRS 17 in the fulfillment cash flows; therefore, it was classified into insurance contract liabilities.
- Deferred acquisition expenses attributable to long-term policies in the Life and Health Insurance Segments, for which the Company applied the fair value approach or the retrospective application approach in its transition to IFRS 17, were derecognized on the transition date against a decrease in retained earnings. It is noted that deferred acquisition expenses, which are not attributable to contract renewals outside the contract boundary, and to futures, are recognized under insurance contract liabilities against a decrease in the remaining contractual service margin (CSM), rather than as a separate asset. The balance of deferred acquisition expenses presented after the application of IFRS 17 is attributed to investment contracts, pension funds and provident funds only, and presented as costs of obtaining investment management service contracts.
- The change in insurance contract liabilities and reinsurance contract assets arises mainly from the application of the provisions of IFRS 17, which are mainly based on fulfillment cash flows discounted using current assumptions and estimates, and recognition of the contractual service margin (CSM), which represents the unearned profit or reinsurance cost.
- The balance of the capital reserve in respect of available-for-sale financial assets was reclassified to retained earnings on the transition date. Upon application of IFRS 9, available-for-sale financial assets are measured at fair value through profit or loss.

The change in the Group's equity as of **the transition date (January 1, 2024)** following the application of the New Standards arises mainly from the following:

NIS million	(Audited)
Shareholders' equity as of December 31, 2023 - as previously reported	8,652
Revision to the measurement of insurance contract liabilities and reinsurance contract assets in accordance with the provisions of IFRS 17	(4,262)
Derecognition of deferred acquisition cost assets in long-term policies in the Life and Health Insurance Segments	(1,837)
Transition to measurement of financial assets, including designated bonds, from measurement at cost or amortized cost to measurement at fair value	4,134
Other effects	5
Recognition of deferred taxes in respect of the tax effects arising from the abovementioned changes (*)	670
Equity as of January 1, 2024 – in accordance with IFRS	7,362

(*) As to the tax effect, it is noted that the transition date for income tax purposes will be January 1, 2025, and that the full effect of the decrease in equity, after taking into account the 2024 results will be recognized as a loss carried forward or as a current loss in subsequent periods, both for the purpose of corporate income tax, and for the purpose of profit tax, which applies to the insurance companies of the Group, which is a financial institution, in accordance with the timing agreed on with the Israel Tax Authority as part of the sectoral tax agreement for 2025 (see also Note 22(a)2 above). The Company believes that the tax treatment is not expected to have a material effect on the results following the New Standards.

2) Insurance contracts

The Group has applied the transition approaches allowed under IFRS 17 as detailed below:

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 restated 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 opted 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 applied 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 at initial recognition:

- a) The future cash flows of each group of insurance contracts are estimated at initial recognition 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 at initial recognition and the remaining coverage units on the transition date.

Fair value measurement method -

The assessment of the fair value of the reinsurance liabilities and the assets was carried out using the Appraisal Value method (hereinafter - "**AV**"). The valuation was conducted by an 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 run off;
- 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 valuation 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.

3) Application of IFRS 9

The application of IFRS 9 has the following effect on the classification and measurement of the Company's financial assets:

Participating portfolio

Financial assets against yield-dependent liabilities, mostly for profit participation savings and other insurance contracts which include profit participation, are measured at fair value through profit or loss, similarly to the current practice under IAS 39.

Nostro portfolio

- Derivatives are measured at fair value through profit or loss as is the case in IAS 39.
- Investments in debt instruments, which do not meet the Solely Payments of Principal and Interest Test are classified to fair value through profit or loss.
- Investments in liquid equity and debt instruments are measured at fair value through profit or loss rather than at fair value through capital reserve (available-for-sale financial assets) under IAS 39.
- In group subsidiaries which are insurers, the remaining debt assets are classified to fair value through profit or loss in order to reduce or prevent an accounting mismatch against liabilities for 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, which are accounted for at adjusted cost similarly to IAS 39.

The remaining debt assets, mainly those held against liabilities for non-yield-dependent investment contract, will continue to be accounted for at adjusted cost similarly to IAS 39.

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 equity instruments.

The following table presents the original measurement categories in accordance with the provisions of IAS 39 and the new measurement categories in accordance with the provisions of IFRS 9 with respect to the Group's financial assets and financial liabilities as of January 1, 2024, and the effects of the transition to IFRS 9 on the opening balances of retained earnings and other equity components.

In NIS million	Original classification under IAS 39	New classification under IFRS 9	Carrying value under IAS 39	Carrying value under IFRS 9
Financial assets				
Financial assets not held against yield-dependent contracts:				
Other cash and cash equivalents	Loans and receivables	Amortized cost	2,548	2,548
Derivative instruments	Fair value through profit and loss	Fair value through profit and loss	312	312
Investment in liquid debt instruments	Fair value through profit and loss	Fair value through profit and loss	1,101	1,101
Investment in liquid debt instruments	Available-for-sale	Fair value through profit and loss	6,212	6,212
Investment in illiquid debt instruments, excluding designated bonds and treasury deposits	Held-to-maturity investments	Fair value through profit and loss	7,666	7,703
Investment in illiquid debt instruments, excluding designated bonds and treasury deposits	Held-to-maturity investments	Amortized cost	144	144
Treasury deposits	Held-to-maturity investments	Amortized cost	2,193	2,193
Designated bonds	Held-to-maturity investments	Fair value through profit and loss	14,441	18,539
Investment in equity instruments	Available-for-sale	Fair value through profit and loss	1,647	1,647
Investment in equity instruments	Fair value through profit and loss	Fair value through profit and loss	24	24
Other financial investments	Fair value through profit and loss	Fair value through profit and loss	705	705
Other financial investments	Available-for-sale	Fair value through profit and loss	4,820	4,820
Total financial assets not held against yield-dependent contracts			41,813	45,948
Financial assets held against yield-dependent contracts:				
Cash and cash equivalents in respect of yield-dependent contracts	Loans and receivables	Amortized cost	4,418	4,418
Financial investments for yield-dependent contracts	Fair value through profit and loss	Fair value through profit and loss	84,133	84,133
Total financial assets held against yield-dependent contracts:			88,551	88,551
Total financial assets			130,364	134,499
Financial liabilities				
Loans and credit	Amortized cost	Amortized cost	6,091	6,091
Bonds and subordinated notes	Amortized cost	Amortized cost	6,679	6,674
Derivative instruments	Fair value through profit and loss	Fair value through profit and loss	2,929	2,929
Total financial liabilities			15,699	15,694
Reserves and retained earnings				
Capital reserve in respect of available-for-sale assets			866	-
Other capital reserves			139	139
Surplus			5,019	4,593
Total reserves and retained earnings			6,024	4,732
Deferred tax assets (liabilities)			(488)	182

In NIS million	For the year ended December 31, 2024
	Unaudited
Comprehensive income as previously reported	963
Adjustments to comprehensive income under the transition to IFRS:	
Insurance contracts ⁽¹⁾	864
Financial instruments ⁽²⁾	2
Tax effect of the above	(283)
Comprehensive income according to IFRS	1,546

(1) The changes in comprehensive income arising from the application of IFRS 17 include mainly the following:

(a) Variation in the pattern of release of income to long-term policies

The pattern of release of income to long-term policies in the Life and Health Insurance Segments, which are not measured under the PAA model, varies substantially between IFRS 17 and IFRS 4, both with respect to an existing business as of the transition date and with respect to a new business, which was marketed subsequent to the transition date.

Under IFRS 4, the pattern of release in risk products was affected, among other things, by the amount of actual premium and the development of actual claims in each period, and by the amortization of deferred acquisition costs.

Under IFRS 17 and as detailed above, on the transition date the Group recognized the CSM and RA components released to income and loss over the coverage periods relating to the various contract groups. The release rate of these components is mainly affected by the coverage units attributed to each reporting period. Furthermore, the income and loss are affected by the difference between the claims and the expected expenses and those actually incurred.

Moreover – in the savings products the income release pattern under IFRS 4 depended on the actual collection of management fees, which depends, among other things, on the existence of a “uncollected management fees” in the participating portfolio and the accrual amount at each actual point in time. On the other hand, in accordance with IFRS 17, the release pattern takes into account the overall expected profitability of the portfolio, including the development of management fees in the future, which were also taken into account regarding the fair value of the existing business in calculating the CSM as of the transition date.

In addition, under IFRS 17, insurance revenues and insurance service expenses do not include investment components, which are mainly included in savings policies, unlike IFRS 4, although this does not affect the income.

(b) Studies

Under IFRS 4, study and model revisions were recognized, in part, immediately in profit or loss. On the other hand, under IFRS 17 these revisions for insurance contracts, which are not measured in accordance with the PAA model and which relate to a future service, adjust the contractual service margin (until it reaches zero), and their effect is recognized in profit or loss under the release of the contractual service margin as detailed above.

Similarly, under IFRS 4, the entire effect of changes in yield rates affecting the amount of management fees in savings policies was recognized immediately in profit or loss. On the other hand, under IFRS 17, effects of financial assumptions and changes therein, including with respect to the abovementioned effect of the management fees in savings policies, for insurance contracts measured in accordance with the VFA Model, the contractual service margin is adjusted (until it reaches zero), and their effect is recognized in profit or loss as part of the release of the contractual service margin as detailed above. It is emphasized that the change in the insurance contract liability under the VFA Model due to changes in the fair value of the underlying items is recognized in full in finance expenses from insurance contracts, against recognition of investment revenues which back them.

In addition, the measurement of all insurance contracts as discount of future cash flows according to current discount rates under IFRS 17, leads to an increase in sensitivity to interest rate changes reflected in profit or loss.

(2) Financial instruments

The changes in comprehensive income arising from the application of IFRS 9 are mainly due to the measurement of most financial assets, in particular designated life insurance bonds, at fair value through profit or loss, instead of measurement of some of these financial assets at cost or at fair value through other comprehensive income (available-for-sale) under IAS 39.

Appendix 1 - Interest revenue and expense rates of the Company and its consolidated companies and analysis of the changes in Max's interest revenues and expenses

Balances - average and interest-bearing

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Average outstanding balance ⁽¹⁾	Interest revenues (expenses)	% of revenue (expense)	Average outstanding balance ⁽¹⁾	Interest revenues (expenses)	% of revenue (expense)
In NIS million			%			%
<u>Interest-bearing assets</u>						
Receivables for credit card transactions ⁽²⁾	11,203	1,151	10.27	9,673	1,050	10.85
Commercial credit ⁽²⁾⁽⁵⁾	3,535	216	6.11	3,402	204	6.00
Total credit	14,738	1,367	9.28	13,075	1,254	9.59
Deposits with banks	724	27	3.73	603	22	3.65
Other assets	110	2	1.82	70	2	2.86
Total interest-bearing assets	15,572	1,396	8.96	13,748	1,278	9.30
Non-interest-bearing receivables for credit card transactions	4,938			4,739		
Amounts receivable for credit card activity	1,200			1,130		
Other non-interest-bearing assets ⁽³⁾	544			483		
Total assets	22,254			20,100		
<u>Interest bearing liabilities</u>						
Credit from banking corporations ⁽⁶⁾	5,817	(479)	(8.23)	5,255	(427)	(8.13)
Bonds and subordinated notes	1,293	(69)	(5.34)	807	(47)	(5.82)
Other liabilities	13	(1)	(7.69)	33	(2)	(6.06)
Total interest-bearing assets	7,123	(549)	(7.71)	6,095	(476)	(7.81)
Payables for credit card transactions ⁽⁵⁾	12,230			11,315		
Other non-interest bearing liabilities	763			749		
Total liabilities	20,116			18,159		
Total capital resources	2,138			1,941		
Total capital commitments and resources	22,254			20,100		
Interest rate spread			1.25			1.49
Net return on interest-bearing assets ⁽⁴⁾	15,572	847	5.44	13,748	802	5.83

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Average outstanding balance ⁽¹⁾	Interest revenues (expenses)	% of revenue (expense)	Average outstanding balance ⁽¹⁾	Interest revenues (expenses)	% of revenue (expense)
In NIS million						
			%			%
Non-linked NIS						
Total interest-bearing assets	13,169	1,237	9.39	13,015	1,222	9.39
Total interest-bearing liabilities	5,207	(461)	(8.85)	5,663	(456)	(8.05)
Interest rate spread			0.54			1.34
CPI-linked NIS						
Total interest-bearing assets	2,282	157	6.88	664	55	8.28
Total interest-bearing liabilities	1,915	(88)	(4.60)	429	(20)	(4.66)
Interest rate spread			2.28			3.62
Foreign currency (including foreign-currency linked NIS)						
Total interest-bearing assets	121	2	1.65	69	1	1.45
Total interest-bearing liabilities	1	-	-	3	-	-
Interest rate spread			1.65			1.45
Total activity						
Total interest-bearing assets	15,572	1,396	8.96	13,748	1,278	9.30
Total interest-bearing liabilities	7,123	(549)	(7.71)	6,095	(476)	(7.81)
Interest rate spread			1.25			1.49

	2025 vs. 2024			2024 vs. 2023		
	Increase (decrease) due to change			Increase (decrease) due to change		
	Quantity	Price	Net change	Quantity	Price	Net change
In NIS million						
Interest-bearing assets						
Receivables for credit card transactions	157	(56)	101	64	(20)	44
Commercial credit	8	4	12	(1)	6	5
Total credit	165	(52)	113	63	(14)	49
Deposits with banks	5	-	5	-	3	3
Other assets	1	(1)	-	1	-	1
Total interest revenues (expenses)	171	(53)	118	64	(11)	53
Interest bearing liabilities						
Credit from banking corporations	(46)	(6)	(52)	(7)	(14)	(21)
Bonds and subordinated notes	(26)	4	(22)	(12)	1	(11)
Other liabilities	2	(1)	1	-	(2)	(2)
Total interest revenues (expenses)	(70)	(3)	(73)	(19)	(15)	(34)
Total interest revenues, net	101	(56)	45	45	(26)	19

(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 – interest revenues, net 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 2,384 million (September 31, 2024 - NIS 2,352 million). The average income rate for 2025, 2024 net of these balances is, 8.3%, 8.6%, 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 deduction of these expenses, the rate of average expense in respect of credit from banking corporations for 2025, 2024 is 6.5% and 6.4%, respectively.

Actuary's Statements



Actuary's Statement - Property and Casualty Insurance

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

- A. I have been asked by Clal Insurance Company to estimate the present value of the best estimate (hereinafter - "BE") of future cash flows and risk adjustment (hereinafter – "RA"), detailed in Chapter B below with respect to the Property and Casualty Insurance subsegments for Clal Insurance Company's financial statements as of December 31, 2025, as detailed below.
- B. I have been serving as a supervisor actuary at the Insurance Company since June 10, 2020.
- C. I am a salaried employee of Clal Insurance Company Ltd. I am neither an interested party in the Insurer nor a family relative of an interested party in the insurer.

Chapter B - Scope of the Supervisor Actuary's Opinion

A. Actuarial opinion

1. For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.
2. The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.
3. Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.
4. The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Section B 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.

5. To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company'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 BE and RA values.
6. The following aspects were also taken into account in my opinion:
- The BE and RA in respect of retention insurance arrangement (hereinafter - the "Pool") were based on a calculation carried out by the Pool's actuary.
 - The BE and RA calculated in respect of co-insurance in which the Company does not serve as the lead insurer were based on information received from the lead company; this provision is immaterial.

B. Data Accompanying the Actuarial Opinion

Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025	
	NIS thousand	
	P&C insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	5,540,779	2,254,294
RA	213,751	91,669
Total BE+RA for LIC/AIC	5,754,531	2,345,963
Loss component (LC) (loss recovery component - LREC) (PAA)	19,359	1,384
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	5,773,890	2,347,347
	As of December 31, 2024	
	NIS thousand	
	P&C insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	5,360,907	2,273,301
RA	199,750	85,489
Total BE+RA for LIC/AIC	5,560,657	2,358,790
Loss component (LC) (loss recovery component - LREC) (PAA)	9,487	1,979
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	5,570,145	2,360,769

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-

deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

Clarifications:

- The data include non-actuarial subsegments in which system-dependent claims data were taken into account.
- The data include the personal accident subsegment for businesses from previous years.

Chapter C - Opinion of the Supervisor Actuary

A. I hereby state and confirm that regarding the following subsegments:

- Employers' liability insurance - Section 1(a)(7)
- Insurance pursuant to the Motor Insurance Ordinance [New Version], 1970 - Section 1(a)(8)
- Motor insurance - property (self and third party) - Section 1(a)(9)
- Comprehensive home and business insurance - Section 1(a)(12)
- Third-party liability insurance - Section 1(a)(14)
- Loss of property insurance - Section 1(a)(15)
- Engineering insurance - Section 1(a)(18)
- Product liability insurance - Section 1(a)(22)

1. I examined the Insurance Company's BE and RA 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;
- (b) Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;
- (c) Professional standards in the field of actuary;

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 assessment;

3. I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.

4. To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the Insurance Company's liabilities in respect of its undertaking arising from insurance contracts in the abovementioned subsegments, in accordance with their value as of the financial statements date;

Chapter D - Comments and Clarifications

1. Comments and clarifications

A. Application of IFRS 17

This year, for the first time, the Company is applying IFRS 17. Main changes made:

- The economic liability is determined in accordance with the discount value of the policy's cash flow forecast. This liability is calculated at the gross and reinsurance levels depending on the existing reinsurance agreement for the relevant product.
- Making a risk adjustment (RA) to all liabilities, which was calculated based on best practice principles according to the 75%, including adjustment for allocation between segments (life, health, P&C insurance).
- Recognition of the loss component (LC) of a new business, according to the aggregation according to accounting portfolios.
- The standard 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 discounts all liabilities according to the risk-free interest rate curve, while adjusting to the illiquid nature of the liabilities.
- A breakdown into accounting portfolios was made according to the following portfolios:
 - 1) Business insurance: Property loss and comprehensive business insurance including liability and other riders, including employer liability insurance, product liability insurance and third-party insurance sold as a separate policy;
 - 2) Comprehensive home insurance, including liability and other riders, including home insurance sold with respect to mortgage;

- 3) Compulsory motor, including policies sold through the Pool;
- 4) Motor property, including third party coverage only and other riders;
- 5) Professional liability insurance, including for board members and officers;
- 6) Aircraft, cargo in transit, including liability riders;
- 7) Engineering insurance, including liability riders;
- 8) Credit Insurance;
- 9) Naturally occurring damage in agriculture;
- 10) Personal accidents;
- 11) Guarantees including a Sale Law guarantees.

B. Statistical and actuarial uncertainty

- 1) The BE and RA are 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 reinsurance) 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.

The RA risk margin has been applied to all liabilities based on best practice principles and includes a diversification benefit for the Company's various segments (life, health and P&C insurance).

C. Subsegments for which it was impossible to conduct an actuarial assessment

The data included in Chapter B, Section 2 feature diverse sub-subsegments for which no actuarial assessment can be made: cargo in transit insurance, aircraft insurance including third party liability, marine insurance including third party liability, providing guarantees - including Sale Law guarantees, cybersecurity, terrorism and ceded business coverages, etc. In these subsegments or coverages, no actuarial assessment of contingent claims was made due to the nature of the coverage and the lack of sufficient data.

2. Material changes in actuarial assumptions and methods

As part of the running of the various models this year, no material changes were made in actuarial assumptions and methods.

3. Significant changes in BE and RA compared to prior year

There were no significant changes in BE and RA compared to prior year.

March 25, 2026

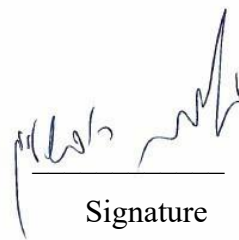
Date

Supervisor Actuary

Title

Galit Robstein F.I.L.A.A.

Actuary's name


Signature

Supervisor Actuary's Statement - Life Insurance

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

- A. I have been asked by Clal Insurance Company to estimate the present value of the best estimate (hereinafter - "BE") of future cash flows and risk adjustment (hereinafter - "RA"), detailed in Chapter B below with respect to the Life Insurance Segment for Clal Insurance Company's financial statements as of December 31, 2025, as detailed below.
- B. I have been serving as a supervisor actuary at the Insurance Company since January 1, 2024.
- C. I am a salaried employee of Clal Insurance Company Ltd. I am neither an interested party in the Insurer nor a family relative of an interested party in the insurer.

Chapter B - Scope of the Supervisor Actuary's Opinion

1. Actuarial opinion

- A. For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I 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. The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.
- C. Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.
- D. The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Section B 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.
- E. To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company'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 BE and RA values.

F. The following aspects were also taken into account in my opinion:

The BE and RA calculated in respect of co-insurance, in which the Company does not serve as the lead insurer, were based on a calculation made by me according informative data provided to me by the co-insurer, including the life insurance portfolio of Hassneh Insurance Company of Israel, which was jointly acquired by the insurer and by Migdal Insurance Company, with respect to the policies administered by Migdal Insurance Company. For the purpose of the calculation, I relied on data provided to me by Migdal's life insurance actuary

2. Data Accompanying the Actuarial Opinion

A. **Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me for the Life Insurance Segment included in the financial statements as of December 31, 2025:**

	As of December 31, 2025	
	NIS thousand	
Liabilities (assets) for incurred claims LIC/AIC	Gross	Reinsurance
BE	2,832,152	-643,425
RA	28,055	-3,984
Total BE+RA for LIC/AIC	2,860,207	-647,409
Liabilities (assets) for remaining coverage (GMM/VFA)	Gross	Reinsurance
LRC/ARC		
BE	104,229,264	251,385
RA	984,898	-88,102
Total BE+RA for LIC/AIC	105,214,162	163,283
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	108,074,369	-484,126

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits.

B. **Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me for the Life Insurance Segment included in the financial statements as of December 31, 2024:**

	As of December 31, 2024	
	NIS thousand	
Liabilities (assets) for incurred claims LIC/AIC	Gross	Reinsurance
BE	2,651,306	-505,382
RA	27,402	-2,722
Total BE+RA for LIC/AIC	2,678,707	-508,104
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC	Gross	Reinsurance
BE	98,379,377	202,439
RA	909,240	-69,778
Total BE+RA for LIC/AIC	99,288,617	132,660
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	101,967,324	-375,444

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits.

Chapter C - Opinion of the Supervisor Actuary

I hereby state and confirm that in the life insurance subsegment:

- 1 . I examined the Insurance Companies' BE and RA 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;
 - B. Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;
 - C. Professional standards in the field of actuary;
- 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 assessment.
- 3 . I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.
- 4 . To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the Insurance

Company's liabilities in respect of its undertaking arising from life insurance contracts, in accordance with their value as of the financial statements date;

Chapter D - Comments and Clarifications

1. Comments and clarifications

A. IFRS 17

This year, for the first time, the Company applied IFRS 17. Main changes made:

- A. The economic liability is determined in accordance with the discount value of the policy's cash flow forecast, taking into account future premiums, future claims (including redemptions, pensions and end-of-period), agent fees, and related policy expenses. This liability is calculated at the net gross and reinsurance levels depending on the existing reinsurance agreement for the relevant product.
- B. Making a risk adjustment (RA) to all liabilities, which was calculated using the VaR method according to the 75%, including adjustment for allocation between segments (life, health, P&C insurance).
- C. Recognition of the loss component (LC) of a new business, according to the aggregation according to accounting portfolios.
- D. The standard 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 discounts all liabilities according to the risk-free interest rate curve, while adjusting to the illiquid nature of the liabilities.
- E. A breakdown into accounting portfolios was made according to the following portfolios:
 - a. Guaranteed return savings policies
 - b. Yield-dependent savings policies with variable management fees
 - c. Yield-dependent savings policies with fixed management fees
 - d. Annuity policies (as from 2025)
 - e. Death benefit policies

f. PHI policies SA

B. Statistical and actuarial uncertainty

The BE and the RA are based on actuarial assumptions that reflect the Company's or the industry's actual claims history or reinsurers' claims history or established regulatory guidelines. The calculations and models, including working assumptions, reflect the Company's current business environment and my assessment of the development of the Company's business 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 final cost of the claims and consequently - the BE and RA values.

2. Material changes in the actuarial assumptions and methods compared to the previous annual actuarial assessment.

This year, actuarial assumptions were revised, based on the actuarial studies carried out. The studies that have been revised are due to the lapse rate, expenses, claims rate in accidental disability coverage and pension studies.

The overall effect of assumption revisions on liabilities is immaterial, and has mostly affected the contractual service margin. However, the assumptions updates had a collateral effect of a decrease in the fair value of Hetz bonds.

A lapse study led to an increase in total liabilities, while studies on annuity takeup rates and expenses decreased the total liabilities. For further details, see the note "Assets and liabilities for insurance contracts and reinsurance contracts".

No significant changes in actuarial work methods were made with respect to the previous annual assessment.

3. Significant changes in BE and RA compared to prior year

During this year, there was an increase in the total liabilities for insurance contracts gross and reinsurance. A substantial part of this increase was in VFA portfolios and was due to financial effects – in particular high yields, inflation and change in the interest rate curve.

It should be noted that these changes are not indicative of associated effects on profit and loss and on the remaining CSM, as only the effect on the BE and RA is presented.

March 25, 2026

Date

Supervisor Actuary

Title

Michael Hahn-Markowitz , F.I.L.A

Actuary's name



Signature

Supervisor Actuary's Statement - Health Insurance

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

- A. I have been asked by Clal Insurance Company to estimate the present value of the best estimate (hereinafter - "BE") of future cash flows and risk adjustment (hereinafter - "RA"), detailed in Section B below with respect to the health insurance and long-term care subsegments for Clal Insurance Company's financial statements as of December 31, 2025, as detailed below.
- B. I have been serving as a supervisor actuary at the Insurance Company since September 30, 2023.
- C. I am a salaried employee of Clal Insurance Company Ltd. I am neither an interested party in the Insurer nor a family relative of an interested party in the insurer.

Chapter B - Scope of the Supervisor Actuary's Opinion

1. Scope of the Actuarial Opinion

- A. For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.
- B. The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.
- C. Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.
- D. The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Section B 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 C below.

E. To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company'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 BE and RA values.

F. The following aspects were also taken into account in my opinion:

The BE and RA calculated in respect of co-insurance, in which the Company does not serve as the lead insurer, was based on a calculation made by the lead insurer of the co-insurance.

2. Data Accompanying the Scope of the Actuarial Opinion

A. Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements (in NIS thousand) as of December 31, 2025:

	As of December 31, 2025	
	NIS thousand	
	Health Insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	1,213,171	(44,603)
RA	21,494	(2,591)
Total BE+RA for LIC/AIC	1,234,665	(47,194)
Liabilities (assets) for remaining coverage (GMM/VFA)		
LRC/ARC		
BE	(2,891,230)	47,787
RA	1,445,694	(120,650)
Total BE+RA for LRC/ARC	(1,445,536)	(72,863)
Loss component (LC)		
(loss recovery component - LREC) (PAA)	0	0
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	(210,871)	(120,057)
	—	—

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-

deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

B. Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements (in NIS thousand) as of December 31, 2024:

	As of December 31, 2024	
	NIS thousand	
	Health Insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	1,158,436	(49,463)
RA	2,048	(0)
Total BE+RA for LIC/AIC	1,160,484	(49,463)
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE	(2,988,228)	99,911
RA	1,421,947	(144,411)
Total BE+RA for LRC/ARC	(1,566,281)	(44,499)
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	(405,797)	(93,962)

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for the PAA model only - liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

Chapter C - Opinion of the Supervisor Actuary

I hereby state and confirm that for the health insurance and long-term care subsegments:

- 1 . I examined the Insurance Companies' BE and RA listed in Section 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;
 - B. Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;
 - C. Professional standards in the field of actuary;
 - D. IFRS provisions.
- 2 . After reviewing the data mentioned in Section B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my assessment.
- 3 . I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.
- 4 . To the best of my knowledge and assessment, the BE and RA components detailed in Section B have been calculated in an appropriate manner to cover the Insurance Company's liabilities in respect of its undertaking arising from insurance contracts in the health insurance and long-term care subsegments, in accordance with their value as of the financial statements date;

Chapter D - Comments and Clarifications

1. Comments and clarifications

A. Application of IFRS 17

This year, for the first time, the Company is applying IFRS 17.

- A. The economic liability is determined in accordance with the discount value of the policy's cash flow forecast, taking into account future premiums, future claims (including long-term care annuities), agent fees, and related policy expenses. This liability is calculated at the gross and reinsurance levels depending on the existing reinsurance agreement for the relevant product and generation.

- B. Making a risk adjustment (RA) to all liabilities, which was calculated using the VaR method according to the 75% and 90% percentile for health and LTC, respectively, including adjustment for allocation between segments (life, health, P&C insurance).
- C. Recognition of the loss component (LC) of a new business, according to the aggregation according to accounting portfolios.
- D. The standard 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 discounts all liabilities according to the risk-free interest rate curve, while adjusting to the illiquid nature of the liabilities.
- E. A breakdown into accounting portfolios was made according to the following portfolios:
 - a. Critical illness policies
 - b. Individual medical expenses policies
 - c. Medical expenses - collective policies
 - d. Personal accidents policies
 - e. Individual LTC policies
 - f. LTC - collective policies
 - g. Travel policies

B. Statistical and actuarial uncertainty

The BE and the RA are based on actuarial assumptions that reflect the Company's or the industry's actual claims history or reinsurers' claims history or regulatory guidelines. The calculations and models, including working assumptions, reflect the Company's current business environment and my assessment of the development of the Company's business 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 and health 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 final cost of the claims and consequently - the BE and RA values.

2. Material changes in actuarial assumptions and methods compared to prior year

This year, the Company revised the assumptions underlying the calculation of liabilities. These assumptions are determined annually according to tests, past experience and current relevant studies.

The Company has revised lapse studies for all products, an active mortality study for LTC, a personal accident morbidity study, and expenses study. Revising these assumptions reduced the contractual service margin by approx. NIS 330 million, mainly due to active mortality study in LTC policies.

For further details, see the Note entitled Assets and Liabilities for Insurance Contracts and Reinsurance Contracts (in Clal Holdings' Financial Statements - Note 20(f), in the Clal Insurance's Financial Statements - Note 18(f)).

Beyond the aforesaid, no significant changes in actuarial work methods were made this year in relation to last year.

3. Significant changes in BE and RA compared to prior year

In accordance with the above, the Company revised the assumptions underlying the calculation of liabilities which increased the total liability.

In addition, new sales led to a decrease in total liabilities.

Financial effects, especially inflation, led to an increase in total liabilities.

March 25, 2026

Date

Supervisor Actuary

Title

Yehoshua Mezin F.I.A. F.I.L.A.A.

Actuary's name



Signature

Part D

Additional Details about the
Corporation and Corporate
Governance Questionnaire



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, 2025

Report publication date:	March 25, 2026

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1. Information Required in Connection with Material Valuation (Regulation 8B)

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2. Financial Information from the Consolidated Financial Statements Attributable to the Company Itself as of December 31, 2025 (Regulation 9C)



Somekh Chaikin
Millennium Tower KPMG
17 Haarbua Street, POB 609
Tel Aviv 6100601
+972-3-684-8000

Kost Forer Gabbay & Kasierer
Menachem Begin Road 144A,
Tel Aviv 6492102



Shape the future
with confidence

Tel. +972-3-6232525
Fax +972-3-5622555
ey.com

To
Shareholders of Clal Insurance Enterprises Holdings Ltd.
Dear Madam/Sir,

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

Opinion

We have audited the separate financial information presented 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, 2025 and for the year then ended (hereinafter - the "**Separate Financial Information**").

We did not audit the Separate Financial Information from the financial statements of an investee company for which the assets less the liabilities attributable thereto, net, totaled approx. NIS 108 million as of December 31, 2025, and the Company's share in the profits of the aforementioned company totaled approx. NIS 15 million for the year then ended. The financial statements of the above company were audited by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for with respect to company, is based on the reports of the other independent auditors.

In our opinion, based on our audit and the report 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.

Basis of the opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel. Our responsibilities under those standards are further described in the independent auditor's responsibilities for the audit of the Separate Financial Information. We are independent of the Company in accordance with statutory provisions applicable in Israel regarding independence and avoidance of conflicts of interest of the independent auditor in Israel. We have also fulfilled our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations promulgated thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Somekh Chaikin is a registered partnership in Israel and a partner firm in the global KPMG network, which is comprised of independent firms affiliated with KPMG International Limited, a privately-owned limited liability British company KPMG International Limited. A member firm of Ernst & Young Global Limited



Responsibilities of the Board of Directors and the management for the Separate Financial Information

The Board of Directors and the management are responsible for the preparation and presentation of the Separate Financial Information in accordance with the provisions of Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970, and for such internal controls as the Board of Directors and the management deem necessary to enable the preparation of Separate Financial Information which is free from material misstatement, whether due to fraud or error.

In preparing the Separate Financial Information, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters pertaining to going concern and applying the going concern basis of accounting to the Separate Financial Information unless the Board of Directors and management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Responsibilities of the independent auditor when the auditing of the Separate Financial Information

Our objectives are to obtain reasonable assurance about whether the Separate Financial Information is free from material misstatement, whether due to fraud or error, and to issue an independent auditor's special report which includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the Separate Financial Information.

In conducting our audit, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures which are appropriate under the circumstances, but not in order to provide an opinion regarding the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and the management.
- Conclude on the appropriateness of the Board and the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubts on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to make an emphasis of matter in our independent auditor's special report to the related disclosures in the Separate Financial Information or, if such disclosures are inadequate, to include in our special report a departure from the standard wording. Our conclusions are based on the audit evidence obtained through the date of our special report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Separate Financial Information, including the disclosures, and whether the Separate Financial Information was prepared, in all material respects, in accordance with the provisions of Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970.

We communicate to the Board of Directors and management regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which the independent auditors identify during the audit.

Tel Aviv,
March 25, 2026

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	As of January 1	
		2025	2024	2024
Assets				
Investment in investees	2.5	11,009	9,121	7,126
Loans and balances of investees	2.5	1,053	1,010	704
Receivables and debit balances		31	1	-
Other financial investments:				
Liquid debt assets		5	9	906
Shares		87	34	17
Other		150	100	87
Total other financial investments	2.2 (a)	241	142	1,011
Cash and cash equivalents	2.3	67	37	9
Total assets		12,402	10,312	8,850
Equity				
Share capital	2.7	168	167	167
Share premium	2.7	2,434	2,423	2,390
Capital reserves		124	138	139
Retained earnings		8,102	6,014	4,593
Total equity		10,827	8,743	7,289
Liabilities				
Payables and credit balances	2.2 (b)	36	46	45
Balances of investees		1	2	1
Financial liabilities	2.7	1,537	1,522	1,514
Total liabilities		1,574	1,569	1,561
Total equity and liabilities		12,402	10,312	8,850

The attached additional information is an integral part of the Company's separate interim financial information.

Approval date of the
financial statements:
March 25, 2026

Haim Samet
Chairman of the
Board of Directors

Yoram Naveh
CEO

Eran Czerninski
Executive Vice President
Finance Division Director

Profit and Loss Data

In NIS million	Additional Information	For the year ended December 31	
		2025	2024
Company's share in the profits (losses) of investees, net of tax		2,217	1,563
Net investment revenues (losses) and finance income:			
From investees	2.7	61	41
Other		68	28
Other revenues		30	-
Total income		2,376	1,632
General and administrative expenses		13	12
Finance expenses	2.7	86	80
Total expenses		99	91
Income (loss) before income tax		2,278	1,540
Income tax expense (tax benefit)		-	-
Income (loss) for the period		2,278	1,540

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	
	2025	2024
Income (loss) for the period	2,278	1,540
Other comprehensive income:		
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, were or will be carried to profit and loss:		
Other comprehensive income (loss) in respect of investees which was transferred or will be transferred to profit and loss, net of tax	(9)	(1)
Other comprehensive income (loss) for the period carried or to be carried to profit and loss, before tax	(9)	(1)
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	(9)	(1)
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	(2)	1
Other comprehensive income for the period, not transferred to profit and loss, net of tax	(2)	1
Other comprehensive income (loss) for the period	(11)	-
Total comprehensive income for the period	2,266	1,540

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	
		2025	2024
Cash flows from operating activities			
Income (loss) for the period		2,278	1,540
Adjustments:			
Company's share in the profits (losses) of investees		(2,217)	(1,563)
Dividend from investees		313	166
Interest accrued on deposits with banks		(4)	(2)
Interest accrued in respect of the capital note for the investee		(30)	(30)
Interest accrued and deduction of issuance costs and discount for bonds		86	80
Loss (profit) from other financial investments		(65)	(24)
Taxes on income		-	-
Total adjustments		(1,917)	(1,373)
Changes in other items in the data on financial position, net:			
Change in receivables and debit balances		(29)	(1)
Change in payables and credit balances		1	-
Total changes in other items in the data on financial position, net		(29)	(1)
Cash received during the period for:			
Net cash provided by operating activity for transactions with investees		20	7
Interest received		4	2
Net cash provided by operating activities		356	175
Cash flows provided by investing activities			
Repayment of capital note and interest on the capital note to the investee		555	23
Investment in the note of an investee		(555)	-
Investment in investees	2.5	(10)	(891)
Investment in available-for-sale financial assets		(90)	(97)
Proceeds from sale of available-for-sale financial assets		56	990
Net cash provided by (used for) investing activities		(45)	25
Cash flows provided by financing activities			
Repayment of bonds		(350)	-
Interest paid on the bonds		(85)	(72)
Proceeds of bond issuance (less issuance expenses)		354	-
Dividend paid		(200)	(100)
Net cash provided by (used for) financing activities		(281)	(172)
Increase (decrease) in cash and cash equivalents		30	28
Cash and cash equivalents as of the beginning of the period		37	9
Cash and cash equivalents at the end of the period		67	37

2.1. General

The following is the financial data from the Company's Consolidated Financial Statements as of December 31, 2025 (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, which 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 revenues and expenses amounts 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 revenues 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 revenues 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 revenues 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	
	2025	2024
Liquid debt assets		
Government bonds	-	-
Corporate bonds	5	9
Total liquid debt assets	5	9
Shares ⁽¹⁾		
Liquid	87	34
Total shares	87	34
Other financial investments (money market funds)	150	100
Total financial investments	241	142

(1) The expected exercise date of the shares has not yet been determined.

B. Payables and credit balances

The composition is as follows: *)

In NIS million	As of December 31	
	2025	2024
Accrued expenses	3	2
Interest payable - in respect of bonds	32	43
Government authorities	-	-
Other	1	1
Total	36	46

*) Payables are unlinked.

2.3. Cash and cash equivalents

Composition of linkage:

In NIS million	Interest as of	As of December 31	
	December 31, 2025	2025	2024
	%		
NIS, non-linked	3.90-3.95	55	24
Linked to the USD	3.15	12	13
Total		67	37

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 22(a) to the Consolidated Financial Statements.
- B. Regarding unrecognized deferred tax liabilities, and carryforward losses and deductions for tax purposes, see Note 22(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	
		2025	2024
Investments in investees		11,009	9,121
Net of treasury shares		-	-
Total investments in investees		11,009	9,121
Loans and capital note - Clal Insurance	2.8	555	519
Capital notes to Clal Finance	2.9	53	53
Capital notes to Clal Agencies		58	58
Capital notes to CIMax Holdings	2.10	378	368
Current balances		8	11
Total loans and debit balances of investees		1,053	1,010
Total		12,062	10,131

A. As for the list of main investees, see Note 10(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 and July 2025 (see Section 2.7 below).

2.7. Equity and debt issued by the Company

On July 1, 2025, the Company carried out a private placement of Bonds (Series C) of the Company, by way of expanding an existing series. The Company allocated NIS 350 million in par value of Bonds (Series C), in exchange for a total of approx. NIS 358.4 million. The proceeds of the issuance were used for partial early redemption of the Company's Bonds (Series A) and on July 13, 2025, the Company redeemed, by way of a partial early redemption, NIS 350 million in par value of Bonds (Series A).

The abovementioned issuance costs of the Bonds (Series C) totaled approx. NIS 1 million.

For details regarding the terms of the bonds issued by the Company, see Note 16 to the Consolidated Financial Statements.

For details regarding the purpose of the proceeds of the share issuance, see Note 16 to the Consolidated Financial Statements.

For details regarding the issuance of shares with respect to the exercise of employee options and exercise of restricted share units, see Note 23(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 (hereinafter - the "**Capital Note**"). For further details, see Note 16 to the Consolidated Financial Statements.

On October 23, 2025, Clal Capital Raising issued to the Company approx. NIS 555 million p.v. in Bonds (Series O) under a private placement. By way of expanding the series against the cancellation of the capital note.

The issuance for the Company has the same economic value as the capital note, calculated in accordance with a detailed substitution formula detailed in an economic study conducted by an independent external economic consulting firm. Accordingly, the Company recorded a gain of approx. NIS 24 million, and - on the other hand - Clal Insurance recorded a loss at the same amount under the replacement of the Tier 1 capital instruments. The notes are measured at fair value.

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.

As of December 2025, Clal Finance and the Company held Michlol shares at a rate of approx. 24.9%, in accordance with the holding permit granted to Clal Finance and the Company. In addition, Clal Finance held non-marketable options which are convertible into Michlol shares until August 22, 2026 – 5 years after Michlol was first listed for trading. Following a capital raising carried out by Michlol in December 2025, the holdings of the Company and Clal Finance in Michlol decreased to 22.65%. Accordingly, in January 2026, Clal Finance exercised some of the said options in accordance with the exercise price prescribed in the agreement, such that its holding increased to 24.9% of Michlol's shares.

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.

In August 2025, the Company issued an additional capital note to CIMax in the amount of NIS 10 million to repay a debt to a CIMax subsidiary.

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.

On May 28, 2025, the Company's Board approved a dividend distribution totaling approx. NIS 200 million, which constitutes approx. 64% of the dividends declared and/or distributed in the Company's subsidiaries. The dividend was paid on June 25, 2025.

On March 25, 2026, the Company's Board approved a dividend distribution totaling approx. NIS 400 million, which constitutes approx. 61% of the dividends declared and/or distributed in the Company's subsidiaries. The dividend will be paid subsequent to the report date.

3. *Report of Status of Liabilities of the Reporting Company and the Consolidated Companies According to Repayment Dates as of December 31, 2025 (Regulation 9D)*

As at December 31, 2025, 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 2025**

In NIS million	Q1	Q2	Q3	Q4	Total
Revenues from insurance services	2,178	2,190	2,218	2,252	8,837
Expenses from insurance services	(1,817)	(1,617)	(1,809)	(1,609)	(6,852)
Income from insurance services before reinsurance contracts held	361	572	409	643	1,985
Reinsurance expenses	(350)	(323)	(324)	(318)	(1,314)
Reinsurance revenues	225	94	207	101	627
Revenues (expenses), net from reinsurance contracts held	(124)	(229)	(117)	(217)	(687)
Income (loss) from insurance services	236	343	292	426	1,298
Investment gains (losses), net from assets held against insurance contracts and yield-dependent investment contracts	151	6,166	3,856	3,994	14,167
Gains (losses) from other investments, net:					
Interest revenues calculated using the effective interest method	40	63	60	23	186
Other investment income (losses), net	96	1,713	701	910	3,420
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(1)	2	-	2	4
Total gains (losses) from other investments, net	135	1,777	762	936	3,609
Total investment gains (losses), net	285	7,944	4,618	4,929	17,776
Finance expenses (income), net arising from insurance contracts	(51)	6,665	3,566	3,736	13,916
Finance income (expenses), net arising from reinsurance contracts	1	72	57	27	156
Decrease (increase) in liabilities for investment contracts due to the yield component	(36)	(767)	(562)	(514)	(1,879)
Income (loss) from investments and financing, net	302	584	546	705	2,137
Income (loss), net from insurance and investment	538	927	838	1,131	3,435
Investment gains (losses), net and finance income which are not from a consolidated insurance company	354	377	397	365	1,494
Revenues from credit card transactions	409	423	467	441	1,740
Revenues from management fees	205	208	215	222	850
Revenues from fees and commissions of insurance agencies	49	45	47	49	190
Credit loss expenses	(46)	(43)	(41)	(39)	(169)
Credit card processing	(255)	(446)	(293)	(277)	(1,271)
Payments to banks	(61)	(61)	(68)	(61)	(251)
Other operating expenses	(388)	(397)	(418)	(562)	(1,766)
Other revenues (expenses), net	(11)	18	(12)	(12)	(17)
Other finance expenses	(194)	(226)	(250)	(193)	(863)
Share in earnings (losses) of equity-accounted subsidiaries not closely related to the investing activity	4	3	4	6	17
Income (loss) before income tax	605	828	886	1,070	3,389
Income tax	197	286	294	327	1,104
Income (loss) for the period	408	543	592	743	2,285
Attributable to:					
Company's shareholders	407	539	592	739	2,278
Non-controlling interests	1	4	-	2	7
Income (loss) for the period	408	543	592	741	2,285
Earnings per share attributable to the Company's shareholders					
Basic earnings (loss) per share (in NIS)	5.12	6.77	7.41	9.23	28.56
Diluted earnings (loss) per share (in NIS)	4.96	6.54	7.12	8.87	27.47
No. of shares used to calculate earnings per share					
Basic	79,494	79,562	79,877	80,046	79,747
Diluted	82,127	82,440	83,183	83,304	82,899

In NIS million	Q1	Q2	Q3	Q4	Total
Income (loss) for the period	408	543	592	741	2,285
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	3	(9)	(2)	(4)	(12)
Foreign currency translation differences in respect of foreign operations stated in profit and loss	-	-	-	-	-
Other comprehensive income (loss) for the period carried or to be carried to profit and loss, before tax	3	(9)	(2)	(4)	(12)
Tax (tax benefit) for items of other comprehensive income carried or to be carried to profit and loss	(1)	2	1	1	3
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	3	(7)	(2)	(3)	(9)
Items of other comprehensive income not transferred to profit and loss:					
Actuarial gains (losses) from a defined benefit plan	-	(1)	-	(1)	(3)
Tax (tax benefit) for items of other comprehensive income not transferred to profit and loss	-	-	-	-	1
Other comprehensive income (loss) not transferred to profit and loss, net of tax	-	(1)	-	(1)	(2)
Other comprehensive income (loss) for the period	2	(8)	(2)	(4)	(11)
Total comprehensive income (loss) for the period	411	535	591	737	2,273
Attributable to:					
Company's shareholders	410	531	590	735	2,266
Non-controlling interests	1	4	-	2	7
Total comprehensive income (loss) for the period	411	535	591	737	2,273

5. Use of Proceeds for Securities (Regulation 10C)

On July 1, 2025, the Company carried out a private placement of Bonds (Series C) of the Company, by way of expanding an existing series. The Company allocated NIS 350 million in par value of Bonds (Series C), in exchange for a total of approx. NIS 358.4 million. The proceeds of the issuance were used for partial early redemption of the Company's Bonds (Series A) and on July 13, 2025, the Company redeemed, by way of a partial early redemption, NIS 350 million in par value of Bonds (Series A).

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 and 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	8,194	99.98	99.98	99.98
	Ordinary - type A	1,030,101	-			100.00	100.00
CIMax Holdings Ltd.	Ordinary	192,702	-	2,534 ⁵	100.00		
	Special items	4,000	-				
Clal Agency Holdings (1998) Ltd. (hereinafter - " Clal Agencies ") ²	Ordinary - NIS 1	99	99	205 ⁵	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.	Ordinary - NIS 0.1	11,046,425.2	110,464,252	69 ⁵	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	331	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	798 ⁵	100.00	100.00	100.00
Clal Insurance Capital Raising Ltd. (hereinafter - " Clal Capital Raising ") ⁶	Ordinary - NIS 1	1,000	1,000	-	100.00	100.00	100.00

Company	Stock serial no. on TASE	Share class and 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	46	50.00	50.00	50.00	
Canaf - Clal Financial Management Ltd. (hereinafter - "Canaf")		Ordinary - NIS 1	1,000	1,000	7	100.00	100.00	100.00	
Subsidiaries and affiliates of Clal Finance									
Michlol Finance Ltd. (hereinafter - "Michlol") ⁴		Ordinary - NIS 1	10,892,392	10,820,392	108	22.6	22.6	22.6	1,543
		Earnings per ordinary share	2,546,585	2,546,585	6				

- Regarding the Company's commitment to supplement Clal Insurance's equity, see Note 23(e)(3) to the financial statements.
- Including holding of 1 ordinary share through Betach Toren Insurance Agency Ltd.
- 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.
- 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. Following a capital raising carried out by Michlol in December 2025, the holdings of the Company and Clal Finance in Michlol decreased to 22.65%. Accordingly, in January 2026, Clal Finance exercised some of the said options in accordance with the exercise price prescribed in the agreement, such that its holding increased to 24.9% of Michlol's shares. The remaining shares available for exercise amount to 1,115,585.
- Excluding investment in capital notes. For further details, see Section 8 below.
- Formerly Clalbit Finance Ltd.

Company	Stock serial no. on TASE	Share class and 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	44	100.00	100.00	100.00
		Management A of NIS 1	587	587	191	-	-	100.00
Tmura Insurance Agency (1987) Ltd. (hereinafter - "Tmura")		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	-	-

Additional Details About the Corporation

Company	Stock serial no. on TASE	Share class and p.v.	No. of shares	Total par value - NIS	Value in the separate financial statements within its meaning in Regulation 9C in NIS million	In equity	In voting	In right to appoint directors
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	100,000	6	100.00	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	2	100.00	100.00	100.00

7. Formerly Betach Ltd.

8. After 48 months from the 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 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. During the reporting year, the acquisition agreement was amended in a manner that extended the exercise period of the Company's options.

Company	Stock serial no. on TASE	Share class and p.v.	No. of shares	Total par value - NIS	Value in the separate financial statements within its meaning in Regulation 9C in NIS million	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	2,620	100.00	100.00	100.00
Milo Brom Holdings Ltd. (hereinafter - "Milo")		Ordinary, no par value	100	0	171	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	568	100.00	100.00	100.00
Max It Deposits Ltd.		Ordinary - NIS 1	100	100	37	100.00	100.00	100.00
Subsidiaries of Milo Brom Holdings Ltd.								
Hyp Payment Solutions Ltd.		Ordinary - NIS 0.001	445,861	446	182	100.00	100.00	100.00

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	561	5.12%	Non-linked	2075. Early redemption is possible as from October 31, 2036 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	CIMax Holdings Ltd.	10		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., August 21, 2030)
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. ¹⁰	15		- The capital note is unlinked	TBD

10. 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.	9	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.
CIMax Holdings Ltd.	Milo Brom Holdings Ltd.	10	-	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., August 2030)
Loan in Max					
Max It Finance Ltd.	Max It Credit Ltd.	11,380	5.0%	The loan was unlinked	
Max It Finance Ltd.	Hyp Payment Solutions Ltd.	1	P+1.9%	The loan was unlinked	Multiple current loans for the purchase of terminals with multiple repayment preferences
Loans in Milo					
Milo Brom Holdings Ltd.	MAX EVS Ltd.	8	-	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	August 2025	CIMax Holdings Ltd.	New non-linked capital note	10

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, 2025 (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.	1960	9	(11)	-	1,950	9	12	-	-
Clal Agency Holdings (1998) Ltd.	34	-	-	-	34	-	10	-	-
Clalbit Systems Ltd.	2	-	-	-	2	-	-	-	-
CIMax Holdings Ltd.	203	-	(1)	-	202	-	-	-	-
Subsidiaries and affiliates of Clal Insurance									
Clal Credit Insurance Ltd.	36	9	-	-	36	9	-	-	-
Clal Pension and Provident Funds Ltd.	33	-	-	-	33	-	-	-	-
Atudot Pension Fund for Salaried Employees and Self Employed Ltd.	3	-	-	-	3	-	-	-	-
Canaf - Clal Financial Management Ltd.	1	-	-	-	1	-	-	-	-
Subsidiaries and affiliates of Clal Finance									
Michlol Finance Ltd.	16	-	-	-	16	-	-	-	-
Subsidiaries and affiliates of Clal Agencies									
Betach Toren Insurance Agency Ltd.	1	-	-	-	1	-	-	-	-
Tmura Insurance Agency (1987) Ltd.	35	-	-	-	35	-	10	-	-
Newcom Pension Insurance Company (2004) Ltd.	1	-	-	-	1	-	-	-	-
Second tier companies of Clal Agencies									
Tmura Melea Insurance Agency Ltd.	3	-	-	-	3	-	-	-	-
Betach Toren International Underwriters P&C Insurance Agency (2019) Ltd.	1	-	-	-	1	-	-	-	-
CIMax's subsidiaries and affiliates									
Max It Finance Ltd.	187	-	-	-	187	-	-	-	-
Milo Brom Holdings Ltd.	11	(2)	(1)	-	10	(2)	-	1	-
Material subsidiaries of Max It Finance Ltd.									
Max It Credit Ltd.	16	-	-	-	16	-	-	527	318
Max It Deposits Ltd.	2	-	-	-	2	-	-	-	23
Subsidiaries of Milo Brom Holdings Ltd.									
Hyp Payment Solutions Ltd.	18	-	(1)	-	17	-	2	(1)	-
MAX EVS Ltd.	(4)	-	-	-	(4)	-	-	-	-

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, 609,837 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, the vesting of RSUs allocated to the CEO and conversion of convertible bonds issued by the Company.

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 2025, as recognized in the 2025 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				Total
Name	Gender	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salaries ^[1]	Additional provision	Bonus ^[2]	Share-based payment ^[5]	Management fees	Consulting fees	Fee or commission	Other	Interest	Rent	Other	
Sagit Dotan ^[7]	Female	CEO of Max	100%		3,457	-	1,359	269	-	-	-	-	-	-	-	5,085
Yoram Naveh ^[3]	Male	CEO of Clal Insurance and Clal Holdings	100%	0.01	3,386	-	-	509	-	-	-	-	-	-	-	3,895
Eran Czerninski ^{[4][6]}	Male	Finance Division Director of Clal Insurance and Clal Holdings	100%	-	2,029	-	943	214	-	-	-	-	-	-	-	3,186
Keren Shamir Atias ^{[4][8]}	Female	CEO of Tmura	100%	-	1,795	-	1,362	-	-	-	-	-	-	-	-	3,157
Haim Samet ^[9]	Male	Chairman of the Board of Clal Insurance and Clal Holdings	80%	-	2,796	-	-	-	-	-	-	-	-	-	-	2,796

It should be clarified that the breakdown of compensation paid in 2025 in the above table is as recognized in the financial statements for 2025 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 2025.

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.
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 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 previous year 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, including restricted share units allocated to him in 2025, see Note 34(b)(6) and Note 31 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 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**"). In any event, the senior officers will not be entitled to an annual bonus for 2025, 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 31 to the 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 31 to the Financial Statements.
7. For details regarding the employment terms of Sagit Dotan, the CEO of Max It Finance Ltd., a subsidiary of the Company, see Note 34(b)(7) to the Company's Financial Statements. 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. Ms. Dotan's social contributions include a one-off contribution in the amount of NIS 1.2 million. Net of this one-off contribution, the total cost of her salary in 2025 is NIS 3.8 million.
8. Since March 2024, Ms. Keren Shamir Atias has served as CEO of Tmura, a Company sub-subsubsidiary. 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.
9. For details regarding the employment terms of Mr. Haim Samet, the Chairman of the Board, see Note 34(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 31(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 2025, 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. 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, including with respect to joint meetings held by both companies. For details regarding the employment terms of Mr. Haim Samet, the Chairman of the Board, see Note 34(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 control core.

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 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, **the Company's Audit Committee and Board of Directors 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.

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 February and March 2026, the Audit Committee and the Company's Board of Directors, 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

Covenants with respect to the execution of "retail" transactions were 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,¹⁴ 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 **"Highly 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 that 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.

The Audit Committee adopted a procedure for identifying and approving Interested Party Transactions, that regulates the Company's engagements with controlling shareholders and officers. **Below is a breakdown of the main points of the procedure.**¹⁵

14. 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.

15 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.

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 interest¹⁶**
 - **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 transaction¹⁷** - 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 highly negligible** - Covenants with respect to 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) An 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 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

16. 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.

17. 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.

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 the 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)**7.1. In the corporation****A. Shares and other securities held by an interested party in the corporation -**

Regard this matter, see the immediate report dated January 8, 2026 (Ref. No. 2026-01-003903) and March 18, 2026 (Ref. No. 2026-01-024108).

B. Holding of Company options by a senior officer - see Section A above.**C. Holding of notes of the Company - as of March 1, 2026**

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	53,796,958	9.8
Phoenix Financial Ltd.	520017450	Clal Insurance Convertible Bonds (Series B)	1193499	35,005,846	31.34
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Insurance - Bonds (Series A)	1193481	15,399,401	2.8
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Insurance Convertible Bonds (Series B)	1193499	429,101	0.04
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Insurance - Bonds (Series C)	1201391	17,259,860	2.03

7.2. Shares and other securities held by an interested party in an investee whose activity is material to the corporation's activity as of March 1, 2026

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 K)	1160647	180,335,490	11.02
		Clal Finance - Bonds (Series L)	1179928	86,152,953	6.45
		Clal Finance - Bonds (Series M)	1197920	235,492,339	18.5
		Clal Finance - Bonds (Series N)	1220524	36,326,501	7.26
		Clal Finance - Bonds (Series O)	1230309	90,875,405	5.22
		Max IT Commercial Security 1-L	1192053	104,050,000	
		Max IT Commercial Security 2-L	1202662	48,000,000	
Harel Insurance Investments and Financial Services Ltd.	520033986	Clal Finance - Bonds (Series K)	1160647	76,244,614	4.65
		Clal Finance - Bonds (Series L)	1179928	106,453,159	7.98
		Clal Finance - Bonds (Series M)	1197920	145,176,884	11.4
		Clal Finance - Bonds (Series N)	1220524	37,232,488	7.44
		Clal Finance - Bonds (Series O)	1230309	64,606,624	3.71
		Max IT Commercial Security 1-L	1192053	45,000,000	

* Regarding the Company's holdings in subsidiaries, see Regulation 11 above.

7.3. Dormant shares

The Company has 1,878 dormant shares created on September 30, 2025 following the share buyback; for further details, see the immediate report dated October 5, 2025 (Ref. No.: 2025-01-073702).

15. Registered Capital, Issued Capital and Convertible Securities (Regulation 24A) (as of March 24, 2026)

- **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** - 80,613,908 ordinary shares of NIS 1 p.v.
- **Number of shares included in the registered capital net of dormant shares** - 80,612,031 ordinary shares of NIS 1 p.v.
- **No. of shares that do not confer voting rights** – 1,878 ordinary shares of NIS 1 p.v.
- **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 25, 2026 (Ref. No. 2026-01-026733)

16. Shareholder Register (Regulation 24B)

For details, see the immediate report dated March 25, 2026 (Ref. No. 2026-01-026733)

17. Directors of the company¹⁸ (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 Actions 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:	Serves 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. and Bank Hapoalim Ltd., 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. and member of the executive committee of the Yiddishpiel Theater.
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. As of the report publication date.

Name: Hannah Mazal (Mali) Margalio	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.I.L.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., CEO of Mofet Financial Products Ltd. Served as independent director at Israel Petrochemical Enterprises Ltd. and at Greenery Renewables Ltd. (formerly Intercolony Investments Ltd.). Director in Michlol Finance Ltd. 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, IT Committee, and Class Actions 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 at Tel Aviv University,
Employment during the last five years and corporations in which he served as a director:	Served Chairman of the Board of NTA - Metropolitan Mass Transit System Ltd. until May 2025, 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. As of February 2026, a Director at the Tel Aviv Museum of Art. As of November 2025, Chairman of the Board of Sollapay Ltd., Director at Maya Liquornik Law Firm Ltd., served as a member of the Board of Directors of the Israel Museum until 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:	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 CyberProof (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 security and cybersecurity 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. A&M financial advisor, 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. A&M financial advisor, business advisor and executor.
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 the Orna Porat Children's Theater's 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, IT Committee and Class Actions Committee
External director:	No
Is he an employee of the Corporation, a subsidiary, No a related company or of an interested party:	
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, No a related company or of an interested party:	
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; serves as an external director at Tempo Investments Ltd.; until 2025, director at Rav Bariach; serves as an independent director at Ormat Technologies Ltd.; independent director at Bezeq, the Israel Telecommunications Company Ltd. and its privately-held subsidiaries; director at Sonol Israel Ltd. (privately-held company); Chairman of the Credit Committee of the Credito Fund. Served until June 2022 as an external director at Protalix.
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 Officers¹⁹ (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

19. 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. 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. Director at Max and other subsidiaries of the Group. Served as director and CEO of Clal Insurance Capital Raising, served as director at 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., Chairman of the Board of subsidiaries of Max as well as Director at Milo and Hyp 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:	Holds a B.Sc 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 during the reporting year.

On November 6, 2025, the General Meeting resolved to approve an amendment to the Defined Terms section with respect to issuing indemnity letters and Regulation 56.1 to the Company's Articles of Association regarding the publication of ads to summon a shareholders' meeting (for further details, see Part B of the Company's immediate report dated October 24, 2025, Ref. No.: 2025-01-079704).

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 May 28, 2025, the Company's Board of Directors decided to distribute a dividend in the amount of NIS 200 million. For further details, please see the Company's immediate report dated May 29, 2025 (Ref. No.: 2025-01-038697).
2. **Changes in the Corporation's authorized or issued capital:** None.
3. **Changes in the Memorandum or Articles of Association:** Yes; see Section 21 above.
4. **Redemption of shares:** No.
5. **Early redemption of a bond:** On July 13, 2025, the Company redeemed, by way of a partial early redemption, a total of NIS 350 million par value in Bonds (Series A)
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:

At the Company's Annual Extraordinary General Meeting, which convened on November 6, 2025, the following resolutions were made:

1. Approval of a revision to the Company's letter of indemnity, and granting it to officers of the Company and its subsidiaries who serve in the Company and/or who will serve in the Company from time to time;
2. Approval of the amendment of the Defined Terms section and Regulation 56.1 to the Company's Articles of Association (see Section 21 above);
3. Approval of the revision to the compensation policy for the Company's officers, which will apply from 2026 to 2028, in accordance with the provisions of Sections 267A and 267B to the Companies Law, 1999;
4. Approval of a revision to the terms of the tenure of Mr. Haim Samet, the Company's Chairman of the Board, in accordance with the provisions of Section 273 to the Companies Law and Section 2 to the Officer Compensation Law from 2025 onwards;
5. Approval of a revision to the terms of the tenure and employment of Mr. Yoram Naveh, the Company's CEO, in accordance with the provisions of Section 272(c1) to the Companies Law and Section 2 to the Officer Compensation Law from 2025 onwards;
6. Approval of private allocation of 10,572 restricted share units to the Company's CEO, convertible into the Company's ordinary shares, in accordance with the provisions of Section 272(c1) to the Companies Law.

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 34(b)8(a) to the Consolidated Financial Statements

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, 2024, to November 30, 2025 (hereinafter - the "**2025 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, 2025, to November 30, 2026 (hereinafter - the "**2026 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 the Policy for 2025 and 2026 is up to USD 145 million 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 Company's general meeting approved, for the first time, a 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.

Over the years, various corporate organs approved the issue of revised letters of indemnity to officers of companies in the Group, which are similar in essence to the letters of indemnity approved as stated above.

- 1.2 On September 9, 2025, September 18, 2025 and November 6, 2025, respectively, the Compensation Committee, Board of Directors and the Meeting approved a revision to the indemnity letters in light of recent regulatory changes and mostly due to new legislation in the Company's main lines of business. In addition, the types of events for which indemnity can be given were adjusted and revised in light of changes in the law and the Group's activity, according to financial system practices and current trends, and the provisions of the indemnity letters were revised according to accepted clauses.
- 1.3 The provisions of the Revised Indemnity Letter supersede any commitment or agreement preceding the issue of the Revised Indemnity Letter, also with respect to events that occurred prior to the issue of the Revised Indemnity Letter. A 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 provision of the New Indemnity Letter (which is revised even if the proceeding in respect thereof was filed against the officer after the signing of the Revised Indemnity Letter), if the terms of the Revised Indemnity Letter worsen the terms of the indemnity for the officer with respect to such event, subject to all laws.

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 25, 2026

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 Independent Directors² serving at the corporation as of the questionnaire's publication date: 4/8. The rate of Independent Directors prescribed by the corporation's³ 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 CEO⁵, 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 meetings⁶ 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 - 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 ____.	V	
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 a minimum number of directors in the Board of Directors who 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)

							Yes	No	
11.	A.	Number of board meetings held during each quarter in the reporting year:							
		First quarter (2025):	3						
		Second quarter:	6						
		Third quarter:	4						
		Fourth quarter:	8						
	B.	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).							
		Director's name	Rate of the director's participation in board meetings	Rate of the director's participation in meetings of the Audit Committee¹¹	Rate of participation in meetings of the Financial Statements Review Committee¹²	Rate of participation in meetings of the Compensation Committee¹³	Rate of the director's participation in meetings of additional board committees in which he/she is not a member (please indicate which committee)		
		Haim Samet	21/21	-	-	-	Investment Committee 2/2 IT Committee 5/5 Class Actions Committee 2/2		
		Shmuel Schwarz	21/21	5/5	5/5	5/5	Class Actions Committee 2/2 Investment Committee 2/2		
		David Granot	21/21	4/4	5/5	-	IT Committee 4/5		
		Mali Margaliot	21/21	5/5	-	-	Investment Committee 2/2		
		Maya Liquornik	20/21	3/5	-	-	IT Committee 2/2 Class Actions Committee 1/1		
		Yair Bar Touv	19/21	5/5	5/5	5/5	IT Committee 5/5		
		Aharon Fogel	21/21	-	-	-	IT Committee 5/5 Class Actions Committee 2/2 Investment Committee 2/2		
		Muki Abramowitz	21/21	5/5	5/5	5/5	IT Committee 5/5		
12.		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.					V		

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 (2025): 2 days		
		Second quarter report: 3 days		
		Third quarter report: 2 days		
		Annual report: 2 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 (2025): 4 days		
		Second quarter report: 10 days		
		Third quarter report: 5 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's 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 2025 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. In addition, it is noted that, with respect to Hyp, an audit is conducted by an external independent auditor, in accordance with a work plan approved by Hyp's board of directors based on an exposure mapping survey. 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. 35,640 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 has no 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 (please 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 December 2025, the Audit Committee and in March 2026, 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 as follows:

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 entitled 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, 2025 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, 2025 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, 2025 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, 2025, 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, 2025, the Company's internal controls over financial reporting is effective.

March 25, 2026

Date

Haim Samet

Chairman of the Board

Yoram Naveh

CEO

Eran Czerninski

Executive VP
Finance Division Director

Report of the Board of Directors and Management on 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, which adopts US GAAP, as detailed in Note 1 to the Company's financial statements. 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, 2025, 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, 2025, 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, 2025 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, 2025.

March 25, 2026

Date

Maya Liquornik

Chairman of the Board

Sagit Dotan

CEO

Sharon Gur

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 2025 (hereinafter – the **"Reports"**);
2. To my knowledge, the Reports do not contain any misrepresentation of a material fact, nor do they omit any representation of a material fact necessary to ensure that the representations included therein shall not be misleading with respect to the reporting period, in light of the circumstances under which such representations were included;
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 which 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 the statutory provisions; and -
 - B. any fraud, whether material or immaterial, involving the CEO, or anyone directly reporting to them, or any other employees who have a significant role in internal controls over financial reporting and disclosure thereof;
5. I, alone or together with others in the corporation:
 - 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 statutory provisions, 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 25, 2026

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 2025 (hereinafter - the **"Reports"**);
2. To my knowledge, the Interim Financial Statements and the other financial information included in the reports do not contain any misrepresentation of a material fact, nor do they omit any representation of a material fact necessary to ensure that the representations included therein shall not be misleading with respect to the reporting period, in light of the circumstances under which such representations were included;
3. To my knowledge, the Interim 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, which 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 the statutory provisions; and -
 - B. any fraud, whether material or immaterial, involving the CEO, or anyone directly reporting to them, or any other employees who have a significant role in internal controls over financial reporting and disclosure thereof;
5. I, alone or together with others in the corporation-
 - 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 statutory provisions, 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
Executive VP
Finance Division Director

March 25, 2026

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 2025 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, nor does it omit any representation of a material fact necessary to ensure that the representations included therein shall not be misleading with respect to the period covered by the Report, in light of the circumstances under which such representations were included.
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 material or immaterial, involving management or other employees who have a significant role in the Company's internal controls 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 25, 2026

(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 2025 (hereinafter - the "**Report**").
2. To my knowledge, the Report does not contain any misrepresentation of a material fact, nor does it omit any representation of a material fact necessary to ensure that the representations included therein shall not be misleading with respect to the period covered by the Report, in light of the circumstances under which such representations were included.
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 material or immaterial, involving management or other employees who have a significant role in the Company's internal controls over financial reporting.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

Eran Czerninski
Executive VP
Finance Division Director

March 25, 2026

(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 2025 (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, which 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, which adopts US GAAP, as detailed in Note 1 to the Company's financial statements.
 - 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 25, 2026

⁽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 2025 (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, which 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, which adopts US GAAP, as detailed in Note 1 to the Company's financial statements.
 - 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 25, 2026

(1) As defined in the Reporting to the Public Directives regarding the Report of the Board of Directors and Management.



Somekh Chaikin
Millennium Tower KPMG
17 Haarbua Street, POB 609
Tel Aviv 6100601
+972-3-684-8000



Shape the future
with confidence

Kost Forer Gabbay & Kasierer Tel. +972-3-6232525
Menachem Begin Road 144A, Fax +972-3-5622555
Tel Aviv 6492102 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, 2025. 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, 2025.

We also audited, in accordance with generally accepted auditing standards in Israel, the Company's financial statements as of December 31, 2025 and for the year then ended, and our report, of March 25, 2026, included an opinion without change to the uniform wording on those Consolidated Financial Statements, based on our audit and the emphasis of matter paragraph regarding Note 35 to the Consolidated Financial Statements with respect to exposure to contingent liabilities.

Tel Aviv,
March 25, 2026

Somekh Chaikin	Kost Forer Gabbay & Kasierer
Certified Public Accountants	Certified Public Accountants
Joint Independent Auditors	

KPMG Somekh Chaikin is a registered partnership in Israel and a partner firm in the global KPMG network, which is comprised of independent firms affiliated with KPMG International Limited, a privately-owned limited liability British company KPMG International Limited

A member firm of Ernst & Young Global Limited

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