



**Harel Insurance Investments and Financial Services Ltd.**

("The Company")

September 19, 2025

To:

The Tel Aviv Stock Exchange Via the MAGNA system

Israel Securities Authority Via the MAGNA system

Dear Sir/Madam,

**Re: Signing of a Binding Agreement - Cooperation with Union Group for the Acquisition of the Entire Holdings of ISRAEL DISCOUNT BANK LTD. in Israel Credit Cards Ltd.**

Further to the Company's immediate reports dated May 7, 2025 (reference number 2025-01-031844) and September 4, 2025 (reference number 2025-01-045672), the Company is pleased to announce that on September 19, 2025, a binding agreement (the "Agreement") was signed between the Company, Union Investments and Development Ltd. ("Union", and together with the Company - the "Purchasers"), and ISRAEL DISCOUNT BANK LTD. ("ISRAEL DISCOUNT BANK LTD." or the "Seller"), for the acquisition of the entire holdings of ISRAEL DISCOUNT BANK LTD. in Israel Credit Cards Ltd. ("CAL"). These holdings constitute approximately 71.83% of the profit rights and approximately 79% of the voting rights in CAL. As previously reported, First International Bank of Israel Ltd. ("FIBI") has the right to join the transaction, and in such a case, the acquisition will be of 100% of the issued share capital of CAL.

Under the Agreement, the Purchasers will acquire the CAL shares by direct purchase from ISRAEL DISCOUNT BANK LTD. The Company will acquire CAL shares that will grant it 10% of the voting rights and approximately 19.99% of the profit rights, and Union will acquire the remaining shares (including the shares held by FIBI, should FIBI join the transaction) and will be the controlling shareholder of CAL.

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The total consideration to be paid by the Purchasers for the shares (on the basis of acquiring 100% of the issued share capital of CAL) is NIS 3,750 million, which will be paid in full upon completion of the transaction (the "Consideration"). In addition, the Agreement stipulates performance-based contingent consideration according to CAL's results in each of the years 2027 and 2028, to be paid by the Purchasers and which may reach up to NIS 125 million for each of those years (on the basis of acquiring 100% of the issued share capital of CAL) and subject to meeting the set targets, so that the total consideration may reach up to NIS 4,000 million.

The allocation of the Consideration payment between the Purchasers, among themselves, will be according to their share in the acquired shares granting profit rights (thus, in the case of a full acquisition, the Company will bear approximately 19.99% of the total consideration, and in the case of an acquisition only from ISRAEL DISCOUNT BANK LTD., the Company will bear approximately 27.83% of the total consideration).

The Company intends to finance its share of the Consideration from its own resources.

**Completion of the transaction is subject to the fulfillment of conditions precedent, including obtaining the approval of the Competition Commissioner for the merger between CAL and Union; obtaining a controlling shareholder permit in CAL from the Bank of Israel for the controlling shareholders of Union, as well as obtaining a holding permit in CAL for the controlling shareholders of the Company; approvals from third parties, including international credit card companies and financing banks.**

**The period for fulfilling the conditions precedent is set at six months from the date of signing the Agreement, with the possibility of three additional extensions of one month each, a fourth extension of forty-five days, and an additional extension of ninety days at the sole discretion of ISRAEL DISCOUNT BANK LTD.**

**According to the understandings between the Company and Union, the Company will be entitled to appoint one director (out of ten) to the board of directors of CAL.**

**There is no certainty that the transaction will actually be completed, including due to non-receipt of regulatory approvals or non-fulfillment of other conditions precedent.**

**For key data regarding CAL, see Appendix "A" to the report.**

Sincerely,

Harel Insurance Investments and Financial Services Ltd.

By: Gilad Shapira, Legal Counsel

2.

Appendix A: Key Data Regarding Israel Credit Cards Ltd. (CAL)

CAL is a private company incorporated in Israel in 1979. CAL is engaged in the operation of credit cards and the development of payment solutions and financial products, and operates in two main business segments: issuance of credit cards (including financing for individuals) and clearing of credit card transactions (including provision of commercial credit). CAL issues and operates credit cards under the Visa, Mastercard, and Diners brands (exclusively), and also clears Isracard cards.

CAL's financial statements are published to the public and are prepared in accordance with the directives of the Supervisor of Banks and his guidelines, which mainly adopt the generally accepted accounting principles in the United States (US GAAP).

Below are key data from CAL's (consolidated) financial statements as published by it (in NIS millions):

Data	For the six months ended June 30, 2025	For the year ended December 31, 2024
Total revenues	1,549	2,936
Net profit attributable to the shareholders of the company	170	300

Data	As of June 30, 2025	As of December 31, 2024
Total assets	21,559	22,089
Total liabilities	18,733	19,433
Equity	2,826	2,656

For more information about CAL's activities and its full financial statements, see:

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- CAL's financial report as of December 31, 2024: <https://www.cal-online.co.il/media/5pyjyryr/100232424.pdf>
- CAL's financial report as of June 30, 2025: <https://www.cal-online.co.il/media/1rfd2sug/100232522.pdf>