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Phoenix Financial Ltd.

Consolidated Interim Financial Statements as of September 30, 2025 (Unaudited)



Avigdor Arikha, Scarlet Scarf on Studio Chair, 1989, Oil on canvas, Phoenix Collection



Nahum Gutman, *White House in an Orchard and a Camel Caravan*, late 1920s,
Oil on canvas, Phoenix Collection

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Joseph Zaritzky, Jerusalem, 1924, Watercolor on paper, Phoenix Collection

Board members

Benjamin Gabbay – Chairman

Dr. Ehud Shapira (Independent Director)

Hanadi Said (External Director)

Inbal Kreis (External Director)

Mishaël Vaknin (External Director)

Rucha Levin (External Director)

Stella Cohen

Prof. Zohar Goshen

Zubin Rossi Teperlova

Part 1

Report of the Board of Directors on the State of the Corporation's Affairs as of September 30, 2025



Sionah Tagger, Rothschild Boulevard with the Water Tower, ca. 1928, Oil on canvas,
Phoenix Collection

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Report of the Board of Directors on the State of the Corporation's Affairs As of September 30, 2025

The Report of the Board of Directors of Phoenix Financial Ltd. (hereinafter - "**Phoenix Financial**" or the "**Company**" or the **Corporation**") as of September 30, 2025, outlines the principal changes in the Company's operations in the period from January through September 2025 (hereinafter - the "**Reporting Period**").

The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. With regard to the Group's Insurance and Retirement activities, the Report was prepared pursuant to the Supervision of Insurance Business Regulations (Reporting), 1998, and in accordance with the directives issued by the Commissioner of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Supervisor**" or the "**Commissioner**"). The report was prepared under the assumption that the reader also has at his/her disposal the Company's financial statements for the first and second quarters of 2025 and the full periodic report for 2024 (hereinafter - the "**Periodic Report**").

The Report of the Board of Directors is an integral part of the quarterly report, and the quarterly report should be read in its entirety, as a single unit (hereinafter - the "**Financial Report**" or the "**Financial Statements**").

1. Group's Structure, its Areas of Activity, and Developments Therein

1.1. The group's structure

As from the third quarter of 2024, the Company has been a company without a control core. For further details, see the on the Report on the Corporation's Business in the Periodic Report.

1.2. Areas of Activity

1.2.1. For convenience purposes, the Group divided its operating results into two key activities: The first - Insurance; and the second - Asset Management.



These activities are divided in the Report into seven reporting segments. The **Insurance Activity** is divided into three segments - Property and Casualty (P&C) Insurance, Health Insurance Life and Savings.¹ The **Asset Management Activity** is divided into four further segments - Retirement, Wealth & Investments,¹ Brokers & Advisors and Financing.

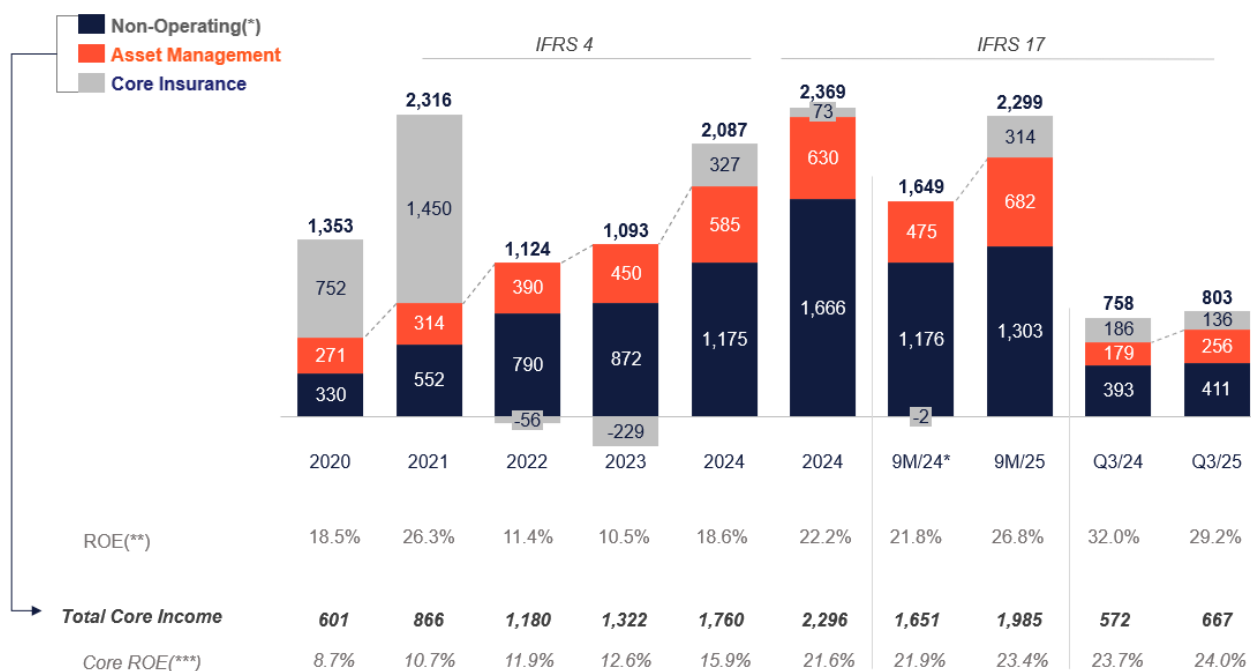
In its **Insurance Activity**, the Company operates through Phoenix Insurance Company Ltd. (hereinafter - "**Phoenix Insurance**");

Under the **Asset Management Activity**, the Company **manages investments** through Phoenix Investment House Ltd., Phoenix Capital Partners Ltd. and Phoenix Advanced Investments Ltd.; in **Retirement** - through Phoenix Pension & Provident Ltd.; in **Brokers & Advisors** - through Phoenix Agencies 1989 Ltd. and the agencies it owns; and in **Financing** - mainly through Gama Management and Clearing Ltd. - a wholly-owned reporting corporation (hereinafter - "**Phoenix Gama**"); for information regarding the Group's areas of activity and its holding structure, see Section 1.3 under the Description of the Corporation's Business in the Periodic Report.

1.2.2. The Company has various sources of operating income of its subsidiaries, as detailed in the sections concerning the various operating segments. Following is a breakdown of the comprehensive income attributable to the shareholders in the reporting period (in NIS million post-tax), separately for core income and non-operating income, following the implementation of IFRS 17 in accordance with the periods described below.

¹ It is noted that in light of the application of the new accounting standard – IFRS 17 - in Phoenix Insurance, as from the first quarter of 2025 the investment policies activity, which is reported as a segment in Phoenix Insurance, was classified in the Company's financial statements into the Wealth & Investments Segment under the Asset Management Activity.

For further details, see Note 3 to the Financial Statements and Section 6 below:



(*) Non-operating effects - income from capital market effects above or below a nominal return (3 months) of risk-free rate (RF) plus 2.25%, effects of the interest rate curve changes and other special effects. (For further details, see Section 6.4.1 below). For further details regarding the breakdown of income in accordance with IFRS 4, see the 2024 Periodic Report.

(**) Return on equity is calculated based on the comprehensive income for the period attributable to the Company's shareholders, adjusted to reflect a one-year period and divided by the average equity for the period.

(***) Core return on equity is calculated based on the core comprehensive income for the period attributable to the Company's shareholders, net of non-operating income, adjusted to reflect a one-year period and divided by the average adjusted equity for the period.

1.3. Developments in the group

General

1.3.1. Application of IFRS 17 and IFRS 9

As from the financial statements for the first quarter of 2025, the Company and Phoenix Insurance apply (to the Phoenix Insurance section) IFRS 17 (hereinafter - the "**Standard**") and IFRS 9 (hereinafter, jointly - the "**Standards**") to their financial statements; for further details regarding the Standards, see Section 5 below.

1.3.2. Interest rates, the capital market and inflation

Changes in the risk-free interest rate curve and capital market affect Phoenix Insurance's assets, liabilities, and results of operations. The Company manages the interest risks by taking an overall look at its asset and liability management.

Interest rates - during the Reporting Period, the Bank of Israel left its interest rate unchanged - 4.5%. In addition, in the reporting period there was an increase in the yield curve and in the illiquidity premium. These changes led to a change in assets and liabilities for insurance contracts; for further details, see Section 6.4 below and Note 2 to the Financial Statements.

The capital market - during the Reporting Period, there were increases in financial markets in Israel and across the world. This increase affects the returns on Nostro assets and planholders' assets as of the report publication date. For details regarding the assessment of the Company's profitability by separating core income and non-operating income, see Section 6.4.1 below.

Inflation - during the reporting period, the (known) Consumer Price Index was up by 3.0% compared to an increase of 3.5% in the corresponding period last year.

In the period subsequent to the report publication date through immediately prior to the Financial Statements' publication date, fluctuations continued in financial markets in Israel and across the world concurrently with an 0.5% increase in the CPI in October. On the other hand, there was a decrease in the risk-free interest rate curve and a decrease in liquidity premium, which may trigger a change in assets and liabilities for insurance contracts. On November 24, 2025, the Bank of Israel announced a 0.25% interest-rate reduction to a rate of 4.25%. For further details, see Section 3.2.1 below.

At this stage, it is impossible to assess future developments in the market and the interest rate curve and their effect on the results of the fourth quarter of 2025, and therefore the above does not constitute an assessment of the Company's results in the fourth quarter of 2025.

For further details regarding the changes in the interest rate and in the interest rate curve, the capital markets and inflation rates, see Section 3 below; for effects on the Company's financial results and sensitivity tests, see Section 5 below. As to the effect of the changes in the yield curve and in capital markets on Phoenix Insurance's solvency ratio, see Section 2.1.6 below, and Section 8 in Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2024.

1.3.3. The Iron Swords War

Subsequent to the report date, on October 9, 2025, an agreement to cease the fighting in Gaza and return the hostages entered into force, to be carried out in stages. After the agreement was signed, Hamas released all living hostages and returned some of the fallen hostages to Israel. The State of Israel released terror-related prisoners, generally halted the fighting in the Gaza Strip and withdrew to agreed borders within the Gaza Strip.

The consequences of the War and security situation were reflected in the State of Israel's credit rating downgrades by rating agencies Moody's, S&P and Fitch during 2024. Subsequent to the report date, in light of the ceasefire agreement, on November 7, 2025, S&P updated the rating outlook of the State of Israel from negative to stable. As of the report publication date, there were no further changes in the State of Israel's credit rating following the end of the War.

At this stage, there is uncertainty as to the full implementation of the ceasefire agreement. Therefore, at this stage it is impossible to assess the probability of the War's resumption and the full scope of its effect, if any, on the Company and its results in the mid-term; however, as of the report publication date, this effect is not expected to be material.

1.3.4. Completion of the relocation to the Phoenix Campus in Rishon LeZion

During September 2025, the relocation of the Company's offices and the employees of Phoenix Insurance and additional subsidiaries from Beit HaVered in Givatayim to the new campus established in the Mitcham HaElef district in Rishon LeZion was completed. For further details, see Note 10 to the Financial Statements.

Insurance Activity

1.3.5. Application of IFRS 17 and IFRS 9

See Section 1.3.1 above and Section 5 below.

1.3.6. Issuance of a debt by Phoenix Capital Raising for Phoenix Insurance

See Section 1.3.13 below.

Asset Management

1.3.7. Share acquisition transaction of Phoenix Agencies

On July 14, 2025, the Company signed an agreement with Yitzhak Oz (hereinafter - "**Oz**"), Chairman of the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), for the purchase of his entire holding stake in Hagoz (2015) Ltd., which has a stake of approx. 17.19% in Phoenix Agencies. The consideration in the transaction included an allotment of the Company's shares and a cash payment totaling approx. NIS 763 million. As of the report publication date, the Company holds approx. 95% of Phoenix Agencies. Mr. Oren Cohen, Chairman of the Board of Oren Mizrach Agency, was appointed CEO of Phoenix Agencies.

For further details, see the Company's immediate reports dated July 14, 2025, July 15, 2025 and August 28, 2025 (Ref. Nos.: 2025-01-052174, 2025-01-052179 and 2025-01-064884) and Section 4 below.

Additional group-level developments

1.3.8. Renewal of shelf prospectuses in the Company and Phoenix Capital Raising

In July 2025, the Israel Securities Authority approved the renewal of the Company's shelf prospectus, through July 7, 2027. For further details, see the immediate report dated July 8, 2025 (Ref. No.: 2025-01-050045). Concurrently, the Israel Securities Authority also approved the renewal of the shelf prospectus of Phoenix Capital Raising, a wholly owned subsidiary of Phoenix Insurance, which is raising debt for Phoenix Insurance until July 7, 2027.

1.3.9. Dividend policy and dividend distribution

1.3.9.1. Distribution of dividend by the Company to its shareholders

On August 24, 2025, concurrently with the approval of the Company's Financial Statements as of June 30, 2025, which are included in these financial statements, the Company's Board of Directors resolved to distribute a dividend, in accordance with the Company's dividend distribution policy, totaling NIS 400 million.

Subsequent to the report date, on November 25, 2025, concurrently with the approval of the Company's Financial Statements as of September 30, 2025, which are included in these financial statements, the Company's Board of Directors resolved to distribute a dividend, in accordance with the Company's dividend distribution policy, totaling NIS 320 million. It is noted that the Company complies with all dividend distribution statutory provisions.

1.3.9.2. Dividend distributions from Phoenix Insurance to the Company

Current quarterly dividend distribution

Subsequent to the report date, on November 25, 2025, concurrently with the approval of Phoenix Insurance's financial statements as of September 30, 2025, and pursuant to Phoenix Insurance's dividend distribution policy, the Board of Directors of Phoenix Insurance resolved to distribute a cash dividend totaling NIS 340 million.

Status of the dividend distribution in kind of December 2024

In December 2024, Phoenix Insurance decided to distribute a dividend in kind of approx. NIS 1.4 billion in assets instead of a cash dividend. As of the report publication date, some of the assets totaling approx. NIS 790 million have been distributed; the following assets have not yet been distributed:

1. Distribution to the Company of the interest of Phoenix Insurance and Hadar Green Company Properties and Investments Ltd. - a wholly-owned company of Phoenix Insurance - in assets known as block 6154, parcels 931 and 932 in Givatayim, as a dividend in kind. As of September 30, 2025, the balance of assets in the Phoenix Insurance's books of accounts is approx. NIS 617 million. The above distribution is

subject to the approval of the Israel Tax Authority and the Givatayim Municipality regarding the asset in block 6154, parcel 931. As of the report publication date, the said approvals have yet to be issued.

2. Distribution to Phoenix Financial of Phoenix Insurance's shares in Phoenix Mortgages (Gold) Ltd. (hereinafter - "**Phoenix Mortgages**"), which constitute approx. 51% of the issued and paid-up share capital of Phoenix Mortgages, as a dividend in kind. As of September 30, 2025, the remaining stake in Phoenix Insurance's books of accounts, including a shareholder loan, is approx. NIS 9 million. The above distribution is subject to receipt - from the Supervisor - of an expanded credit provision license (as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016 by Phoenix Mortgages. As of the report publication date, the said approvals have yet to be issued.

It is noted that, in its said distribution resolution, Phoenix Insurance's Board of Directors decided that insofar as there are material adverse changes in the status of Phoenix Insurance, prior to the actual distribution of any of the assets the distribution will be brought before the Board of Directors of Phoenix Insurance to be reassessed, discussed and resolved on.

The information presented above includes forward-looking information, as defined by the Securities Law, 1968. The Company's assessments regarding the abovementioned materialization in these sections may not materialize, in whole or in part, or may materialize in a materially different manner to that which is expected, due to, among other things, changes in market conditions - including a financial crisis in the markets or the materialization of any of the risks listed in Phoenix Insurance's Report on the Corporation's Business in the Periodic Report or failure to obtain said approvals, as detailed above.

Receipt of a Draft Audit Report from the Capital Market Authority regarding the distribution of a dividend in kind by Phoenix Insurance

On October 30, 2025, Phoenix Insurance received a draft audit report from the Capital Market, Insurance and Savings Authority in connection with the Phoenix Insurance Board of Directors' resolution on the said dividend in kind distribution (hereinafter - the "**Draft Audit Report**" and the "**Authority**", respectively).

It is clarified that the Authority's claims in the Draft Audit Report do not concern Phoenix Insurance's legitimate ability to distribute dividends in kind nor the distribution's legitimacy per se, only the decision-making process. The Authority's main claims in the Draft Audit Report relate, among other things, to the following issues: corporate governance deficiencies, such as the Nostro Investment Committee's lack of involvement in the distribution resolution; the issue of the classification of the dividend distribution in kind as a "transaction"; and conflicts of interest affecting Phoenix Insurance officers holding equity instruments in the Company and in other Phoenix Group subsidiaries pursuant to the compensation plan.

Phoenix Insurance is required to respond to the Draft Audit Report within 45 days, and as of the report publication date, no discussion has yet taken place with the Authority regarding the Draft Audit Report.

The Company believes that Phoenix Insurance acted lawfully in the context of the resolution to distribute the dividend-in-kind, and it believes that after it submits its full response to the Draft Audit Report and holds a substantive dialogue with the Authority, the final report will reflect the fact that the dividend distribution was carried out in accordance with statutory provisions and in favor of Phoenix Insurance.

For further details, see the immediate report dated November 2, 2025 (Ref. No.: 2025-01-082613).

1.3.9.3. Dividend distribution by subsidiaries

As of September 30, 2025, the total dividend in cash and in kind declared and not yet distributed to the Company from the subsidiaries, including the abovementioned dividend from Phoenix Insurance, totals NIS 474 million. For further details, see Section 1.3.9.2 above and 6.7.2 below.

1.3.10. External restrictions on dividend distribution

In the last two years, no external restrictions were placed which affected the Company's ability to distribute dividends, and the Company is unaware of any external restrictions that may affect its ability to distribute dividends in the future, except for the general statutory dividend distribution restrictions applicable by virtue of in the Companies Law, and the restrictions on dividend distribution under the deeds of trust of Bonds (Series 4 to 6). For further details, see Section 10.2 below.

However, there are external restrictions under the Commissioner's Directives applicable to insurance companies, pertaining to the ability of Phoenix Insurance to distribute dividends. It is also noted that in October 2020, Phoenix Insurance's Board of Directors has set a minimum economic solvency ratio target of 135%, taking into account the transitional provisions.

In August 2025, Phoenix Insurance's board of directors approved to increase, as of June 30, 2025, the minimum solvency ratio target without taking into account the Provisions during the Transitional Period by a further 2 percentage points from 121% to 123%.

1.3.11. Share buyback

In January 2025, the Company's Board of Directors approved an additional share buyback plan of the Company's shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**2025 Plan**"). In August and September 2025, the Company's Board of Directors approved the increase of the 2025 Plan by a further cumulative amount of NIS 200 million, such that the 2025 Plan totals NIS 300 million. During the Reporting Period, the Company made acquisitions totaling approx. NIS 188 million.

As of the report publication date, there are approx. 9,318,235 dormant shares constituting 3.5% of the Company's issued and paid up share capital. For further details, see the Company's reports dated August 28, 2025, September 7, 2025, September 8, 2025, September 9, 2025, September 10, 2025, September 11, 2025, September 14, 2025, September 15, 2025, September 16, 2025, September 19, 2025, September 21, 2025 and September 25, 2025 (Ref. Nos.: 2025-01-064813, 2025-01-067506, 2025-01-067806, 2025-01-068166, 2025-01-068615, 2025-01-068882, 2025-01-069259, 2025-01-069659, 2025-01-070000, 2025-01-070392, 2025-01-070831, 2025-01-071484 -i2025-01-072013).

It is noted that during the reporting period, the Company allocated dormant shares (acquired in 2020-2021) to execute the private placement under the Phoenix Agencies transaction described in Section 1.3.7 above.

1.3.12. Option plan and RSUs for employees and officers

In December 2018, the Company adopted an option plan for employees and officers. Pursuant to the option plan, the Company grants, from time to time and without consideration, option warrants (hereinafter - "**Options**") to employees, officers, and service providers of the Company and companies under its control. In June 2024, the Company's Board of Directors approved a revision to the option plan, which allows the Company to allocate restricted share units (RSUs) too.

In July 2025, the Company's Board of Directors approved the allocation of approx. 781 thousand restricted share units (RSUs) to employees of the Company and other companies in the Phoenix group, in order to, among other things, implement the collective agreement. For further details, see the Company's reports dated July 15, 2025, July 1, 2025, and July 31, 2025 (Ref. Nos.: 2025-01-042485, 2025-01-047198 and 2025-01-056979).

1.3.13. Debt raising and redemptions

Phoenix Financial

Issuance of further series of Bonds (Series 5 and 6) by way of series expansion

In July 2025, the Company issued - as part of the expansion of its Bonds (Series 5 and 6), approx. NIS 109,885 thousand p.v. in Bonds (Series 5) of NIS 1 p.v. each, and NIS 420,986 thousand p.v. in Bonds (Series 6) of NIS 1 p.v. each. The terms of the bonds are identical to the terms of the existing bonds. The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The total consideration arising to the Company from the two expansions amounted to approx. NIS 500,000 thousand. For further details, see the immediate reports dated July 15, 2025, July 17, 2025, July 20, 2025, and July 21, 2025 (Ref. Nos.: 2025-01-052557, 2025-01-053028, 2025-15-053077, 2025-15-053162, 2025-01-053451 and 2025-01-053847, respectively).

Partial redemption of Bonds (Series 4)

On July 31, 2025, a partial redemption of the principal of Bonds (Series 4) totaling approx. NIS 100,000 thousand was carried out. For further details, see the immediate report dated July 31, 2025 (Ref. No.: 2025-01-056979).

Phoenix Insurance

In July 2025, Phoenix Capital Raising completed a debt issuance by expanding bond series - Bonds (Series P and Q). Bonds (Series P) totaling NIS 440,819 thousand p.v. and Bonds (Series Q) totaling NIS 137,243 thousand p.v. Total gross consideration arising from the issuances totaled approx. NIS 600,000 thousand. The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The notes were recognized as Tier 2 capital in Phoenix Insurance and were listed for trading on the Tel Aviv Stock Exchange. For further details, see the immediate reports dated July 28, 2025 and July 30, 2025 (Ref. Nos.: 2025-01-055977 and 2025-01-056908, respectively).

In October 2025, Phoenix Capital Raising completed the issuance of a new Tier 1 capital Subordinated Notes (Series R) totaling NIS 500,000 thousand. The subordinated bonds were rated il.Aa3 with a stable outlook by Midroog and ilAA- by Maalot. The subordinated notes were recognized by the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance as an Additional Tier 1 capital instrument of Phoenix Insurance. For further details, see the immediate reports dated October 17, 2025 and October 22, 2025 (Ref. Nos.: 2025-01-076400 and 2025-01-078699, respectively).

Full early redemption of Bonds (Series H) issued by Phoenix Capital Raising

On July 31, 2025 Phoenix Capital Raising executed a full early redemption of Bonds (Series H) totaling approx. NIS 781,000 thousand. In view of the early redemption, the Bonds (Series H) were delisted from trade on the TASE.

Phoenix Investment House

Subsequent to the reporting period, in October 2025, Phoenix Investment House completed a private placement of private commercial papers to institutional entities totaling NIS 50.9 million. This issuance is in addition to the private placement of private commercial papers totaling NIS 110 million which was completed in May 2025, and in total Phoenix Investment House raised approx. NIS 161 million. In May 2025, Maalot S&P set, for the first time, a long-term rating of ilA+ with a stable outlook and a short-term rating of ilA-1 for Phoenix Investment House.

Phoenix Pension & Provident

Subsequent to the report date, in November 2025, Phoenix Pension & Provident completed a private placement of private commercial papers to institutional entities totaling NIS 200 million in par value. Phoenix Pension & Provident was assigned an Aa3.il issuer rating for the first time, with a stable outlook by Midroog Ltd. In addition, Midroog assigned a P-1.il rating for the commercial papers issued by Phoenix Pension & Provident. For further details, see the immediate report dated November 2, 2025 (Ref. No.: 2025-01-082279).

Phoenix Agencies

Subsequent to the report date, in September 2025, Phoenix Agencies completed a private placement of private commercial papers to institutional entities totaling NIS 200 million in par value. In September 2025, Ma'alot set, for the first time, a long-term rating of 'ilAA+' and a short-term rating of '+1-ilA' with a stable outlook for Phoenix Agencies. For further details, see the immediate report dated September 7, 2025 (Ref. No.: 2025-01-067380).

1.3.14. Shareholders' meeting

Extraordinary meetings

In July 2025, an annual general meeting of the Company was held, the agenda of which included presentation and discussion of the Company's 2024 financial statements and Report of the Board of Directors, reappointment of the independent auditor, approval of the reappointment of the director (who is not an external director), Ms. Stella Cohen, for a further term of office, and approval of the appointment of Mr. Mishael Vaknin as an independent director in the Company. For further details, see the immediate reports dated May 29, 2025 and July 3, 2025 (Ref. Nos.: 2025-01-038624 and 2025-01-048544, respectively).

1.3.15. Rating

Israeli rating

For ratings in connection with the bond series expansions, see Section 1.3.13 above.

Maalot

In July 2025, S&P Maalot reiterated the Company's ilAA rating with a stable outlook, and Phoenix Insurance's ilAAA rating with a stable outlook. For further details, see the immediate report dated July 9, 2025 (Ref. No.: 2025-15-050693).

Midroog

On August 24, 2025, Midroog reiterated Phoenix Insurance's Aaa.il rating, with a stable outlook. For further details, see the report dated August 24, 2025 (Ref. No.: 2025-01-062982).

Global rating for Phoenix Insurance

S&P

In July 2025, international credit rating agency S&P Global Ratings (hereinafter - “**S&P**”) reiterated Phoenix Insurance’s ‘A-’ international rating with a stable outlook. For further details, see the immediate report dated July 9, 2025 (Ref. No.: 2025-01-050794).

Moody's

In July 2025, international credit rating agency Moody's reiterated Phoenix Insurance’s existing Baa1 rating with a stable outlook. For further details, see the immediate report dated July 10, 2025 (Ref. No.: 2025-01-051237).

1.3.16. Legal proceedings

For details regarding legal proceedings, see Note 9 to the Financial Statements.

2. Description of the Business Environment

2.1. Implementation of the provisions of the economic solvency regime applicable to Phoenix Insurance Company Ltd.

2.1.1. Provisions regarding the implementation of the Economic Solvency Regime

Phoenix Insurance is subject to the Solvency II-based Economic Solvency Regime in accordance with the provisions of Circular 2020-1-15 of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the “**Commissioner**”) - “Amendment to the Consolidated Circular concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies” (hereinafter - the “**Economic Solvency Regime**”), which was published on October 14, 2020. The Economic Solvency Regime is a regulatory directive that regulates capital requirements and risk management processes among insurance companies. The Economic Solvency Regime sets a standard model for calculating eligible own funds and the regulatory solvency capital requirement, with the aim of bringing insurance companies to hold buffers to absorb losses arising from the materialization of unexpected risks to which they are exposed. The solvency ratio is the ratio between an insurance company’s economic shareholders’ equity recognized for solvency purposes and the capital requirement.

2.1.2. Increasing economic capital according to the Provisions for the Transitional Period

Phoenix Insurance opted for the alternative provided by the Economic Solvency Regime regarding the Provisions for the Transitional Period, whereby the economic capital may be increased by gradually deducting from the insurance reserves until 2032 (hereinafter - the “**Deduction during the Transitional Period**”). This amount matches the expected increase rate in Phoenix Insurance’s capital surplus during the Transitional Period, and reflects, at the very least, the expected run-off of the solvency capital requirements (SCR) and the risk margin of the existing portfolio as of the calculation date. For further details, see Section 3.1.5 below and 2A(2) in the Solvency Ratio Report dated June 30, 2025.

2.1.3. Publication of Economic Solvency Ratio Report

The Economic Solvency Ratio Report as of June 30, 2025, is published at the same time as the Financial Statements as of the end of the third quarter of 2025, and was prepared and presented in accordance with the provisions of Chapter 1, Part 4, Section 5 of the Consolidated Circular, according to Circular 2025-01-03 (hereinafter - the “**Disclosure Provisions**”). In accordance with the Consolidated Circular, the Economic Solvency Ratio Report for the December 31 and June 30 data of each year shall be included in the first

periodic report published after the calculation date. Furthermore, in view of the listing of Additional Tier 1 capital on the main list, and in accordance with Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes an estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by Phoenix Insurance 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 the Company's solvency ratio goes down to 120% or less, it will publish a full Solvency Ratio Report each quarter in a semi-annual format, instead of an estimated ratio.

2.1.4. Economic solvency ratio and minimum capital requirement (MCR) as of June 30, 2025

Following are details regarding the economic solvency ratio as published in the latest economic Solvency Ratio Report. The meaning of the terms in this section is the same as in Appendix B to Chapter 2 in Part 2 of Section 5 of the Consolidated Circular - "Economic Solvency Regime".

Economic solvency ratio:

	As of June 30, 2025	As of December 31, 2024
	Unaudited (1)	Audited (2)
	NIS thousand	
Shareholders equity for SCR	16,389,426	15,155,717
Solvency capital requirement (SCR)	9,191,599	8,634,544
Surplus	7,197,827	6,521,173
Economic solvency ratio (in %)	178%	176%

Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:

Net issuance, capital instruments(3)	303,866	636,752
Shareholders equity for SCR	16,693,292	15,792,469
Surplus	7,501,693	7,157,925
Economic solvency ratio (in %)	182%	183%

- (1) Any reference made in this report to the term "unaudited" refers to a review conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
- (2) Any reference made in this report to the term "audited", shall be construed as an audit held by an independent auditor in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.
- (3) Subsequent to the report date, as of December 31, 2024, Bonds (Series P and Q) totaling approx. NIS 786 million were issued (immediate report of April 17, 2025, Ref. No.: 2025-01-027737). The abovementioned issuance was recognized as Tier 2 capital up to the level of the quantitative limit. Subsequent to the report date, as of June 30, 2025, Bonds (Series P and Q) totaling approx. NIS 578 million were issued (immediate report of July 30, 2025, Ref. No.: 2025-01-056908). The abovementioned issuance was recognized as Tier 2 capital up to the level of the quantitative limit.

Subsequent to the report date as of June 30, 2025, approx. NIS 768 million in Bonds (Series H) were redeemed (immediate report dated July 31, 2025, Ref. No.: 2025-01-057015). The said redemption affected the balance of Tier 2 capital recognition subject to the quantitative restriction.

Subsequent to the report date as of June 30, 2025, approx. NIS 495 million in Bonds (Series R) were issued (immediate report dated October 22, 2025, Ref. No.: 2025-01-078699). The abovementioned issuance was recognized as Additional Tier 1 capital.

- (4) For further details regarding the dividend included in the calculation of the solvency ratio as of June 30, 2025, see Sections 2.1.5.4-2.1.5.5 below.

For details regarding the economic solvency ratio without applying the Provisions for the Transitional Period and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see below.

For explanations about key changes in the capital surplus and in the economic solvency ratio as of June 30, 2025 compared with December 31, 2024, see Section 1A to Phoenix Insurance's Economic Solvency Ratio Report as of June 30, 2025. Following is a link to the Economic Solvency Ratio Report as of June 30, 2025 on Phoenix Insurance's website.

<https://www.fnx.co.il/investors-relations-hebrew/kosherpiraon/>

Minimum capital requirement (MCR)

	As of June 30, 2025	As of December 31, 2024
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR)	2,297,900	2,158,636
Shareholders equity for MCR	12,301,105	11,906,924

2.1.4.1. Restrictions on dividend distribution and solvency ratio without the implementation of the Provisions for the Transitional Period

Dividend

According to the letter published by the Commissioner, in October 2017, (hereinafter - the **"Dividend Distribution 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 Provisions of the Economic Solvency Regime - of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by Phoenix Insurance's Board of Directors. The aforesaid ratio shall be calculated without the relief granted for 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.

Phoenix Insurance's policy is to have a solid capital base to ensure its solvency and ability to meet its liabilities to policyholders, to preserve Phoenix Insurance's ability to continue its business activity such that it is able to provide returns to its shareholders. Phoenix Insurance is subject to capital requirements set by the Commissioner.

Phoenix Insurance's Board of Directors has set a minimum economic solvency ratio target and target range based on Solvency II. The economic solvency ratio target range, within which Phoenix Insurance seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction is 150%-170%.

The minimum economic solvency ratio target, taking into account the Provisions for the Transitional Period, was set at 135%, and the minimum economic solvency ratio target without taking into account the Provisions for the Transitional Period is set to reach a rate of 135% at the end of the Transitional Period according to Phoenix Insurance's capital plan.

On August 24, 2025, Phoenix Insurance's Board of Directors decided to increase the minimum solvency ratio target without taking into account the Provisions during the Transitional Period by further 2 percentage points from 121% to 123%, beginning on June 30, 2025 as part of Phoenix Insurance's preparations for increasing the minimum solvency ratio target by the end of the Transitional Period.

Therefore, as of the calculation date, Phoenix Insurance has capital surplus with respect to the set targets, as described in the table below. It is hereby clarified that the aforesaid does not guarantee that Phoenix Insurance will meet the set capital targets at all times.

2.1.4.2. Solvency ratio without applying the Provisions for the Transitional Period

Following are data as published in the latest economic Solvency Ratio Report published by Phoenix Insurance, about the economic solvency ratio calculated without taking into account the Provisions for the Transitional Period and the solvency ratio target set by Phoenix Insurance's Board of Directors, as required in the letter referred to above. As of June 30, 2025 and December 31, 2024, this ratio is higher than the target set by the Board of Directors.

	As of June 30, 2025	As of December 31, 2024
	Unaudited	Audited
	NIS thousand	
Shareholders equity for SCR	14,768,276	14,162,503
Solvency capital requirement (SCR)	9,699,070	9,153,264
Surplus	5,069,206	5,009,239
Economic solvency ratio (in %)	152%	155%
<u>Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:</u>		
Net issuance, capital instruments*	494,085	-
Shareholders equity for SCR	15,262,361	14,162,503
Surplus	5,563,291	5,009,239
Economic solvency ratio (in %)	157%	155%
<u>Capital surplus after equity transactions with respect to the Board of Directors' target:</u>		
Minimum solvency ratio target without applying the Provisions for the Transitional Period	123%	121%
Excess capital over target	3,332,505	3,087,053

* Subsequent to the report date, as of December 31, 2024, Bonds (Series P and Q) totaling approx. NIS 786 million were issued (immediate report of April 17, 2025, Ref. No.: 2025-01-027737). The abovementioned issuance was recognized as Tier 2 capital.

Subsequent to the report date, as of June 30, 2025, Bonds (Series P and Q) totaling approx. NIS 578 million were issued (immediate report of July 30, 2025, Ref. No.: 2025-01-056908). The abovementioned issuance was recognized as Tier 2 capital.

Subsequent to the report date as of June 30, 2025, approx. NIS 768 million in Bonds (Series H) were redeemed (immediate report dated July 31, 2025, Ref. No.: 2025-01-057015). The said redemption affected the balance of Tier 2 capital recognition subject to the quantitative restriction.

Subsequent to the report date as of June 30, 2025, approx. NIS 495 million in Bonds (Series R) were issued (immediate report dated October 22, 2025, Ref. No.: 2025-01-078699). The abovementioned issuance was recognized as Additional Tier 1 capital.

** For further details regarding the dividend included in the calculation of the solvency ratio as of June 30, 2025, see Sections 2.1.5.4-2.1.5.5 below.

2.1.5. Significant updates in 2025 until the report publication date

2.1.5.1. In December 2024, an in-kind dividend distribution of assets totaling approx. NIS 1.4 billion (economic value of NIS 1.2 billion) was approved. Through the Solvency Ratio Report publication date, the following assets were distributed in practice out of the abovementioned economic value: the loans of Phoenix Mortgages (Gold) Ltd. totaling approx. NIS 574 million, Phoenix Insurance's shares in Bizi Finance Ltd. totaling approx. NIS 19 million, Phoenix Insurance's participation units in Leader Capital Markets & Investments Limited Partnership totaling approx. NIS 6 million and Phoenix Insurance's shares in EL AL Frequent Flyer Ltd. which are recorded at a zero economic value in the economic balance sheet.

Phoenix Insurance's rights in the assets known as Block 6154, Parcels 931 and 932 in Givatayim (hereinafter - "**Beit Havered**") totaling approx. NIS 614 million have not yet been distributed and the carrying amount of the distribution of the Company's stake in Phoenix Mortgages (Gold) Ltd.'s shares is immaterial.

Calculation of the solvency ratio as of June 30, 2025 includes all the distributions which were completed; should the distributions be completed, they will result in approx. 5% decrease in the solvency ratio without applying the Provisions for the Transitional Period. For further details, see Section 1.3.9.2 above.

For further details regarding the said Board of Directors decision, see immediate report of December 31, 2024 (Ref. No. 2024-01-628752) and Section 1.3.8 above.

2.1.5.2. On August 24, 2025, Phoenix Insurance's Board of Directors decided to increase the minimum solvency ratio target without taking into account the Provisions during the Transitional Period by further 2 percentage points from 121% to 123%, beginning on June 30, 2025 as part of Phoenix Insurance's preparations for increasing the minimum solvency ratio target by the end of the Transitional Period.

2.1.5.3. On November 26, 2025, Phoenix's Board decided to distribute a NIS 340 million cash dividend. This dividend distribution is included in the results of the solvency ratio as of June 30, 2025 as stated in Section 2.1.5 above.

2.1.5.4. Phoenix Insurance is preparing for the application of the Stochastic Model to calculate the optimal actuarial estimate of asymmetric insurance liability flows, including future variable management fees in the participating policies portfolio. The Company believes that the application of the Stochastic Model has a positive effect, which is expected to increase the solvency ratio with and without the application of the Provisions for the Transitional Period; at this stage, the Company is unable to quantify the effect on the solvency ratio. It is also noted that the process is subject to an audit of the independent auditors and to the Commissioner's approval.

2.1.6. Sensitivity to changes in the interest rate curves

Changes in the linked risk-free yield curve affect the Company's economic solvency ratio, especially in the mid- to long-terms, affect Phoenix Insurance's economic solvency ratio.

Following is a table summarizes the risk-free linked interest rates ("spot") rates:²

Range/years		December 31, 2024	September 30, 2025	November 19, 2025
Short term	1-3	Between 1.67% and 1.75%	Between 1.96% and 2.05%	Between 2.04% and 1.80%
Mid-term	4-10	Between 1.76% and 1.93%	Between 1.93% and 1.94%	Between 1.78% and 1.75%
Mid-to-long term	11-15	Between 1.95% and 1.97%	Between 1.93% and 1.98%	Between 1.75% and 1.78%
Long term	16-25	Between 1.97% and 2.02%	Between 2.00% and 2.11%	Between 1.82% and 2.03%

Phoenix Insurance estimated the sensitivity of the economic solvency ratio - taking into account the Provisions for the Transitional Period and adjusting the stock scenario in the risk-free interest (both in Israel and abroad) - at a 50 bps decrease, based on the results of the calculation and data of the economic solvency ratio as of December 31, 2024. The estimation resulted in a decrease of approx. 11% in the economic solvency ratio (after applying the Provisions for the Transitional Period).

It is noted that the sensitivity is not necessarily linear; i.e., sensitivity at other rates is not necessarily a simple extrapolation of the sensitivity test presented.

2.1.7. For the results of the sensitivity tests of the economic solvency ratio to various risk factors, see Section 8 to Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2024.

2.2. Arrangements in force

Following are material regulatory directives published during the reporting period and thereafter, and which are not included in the Report on the Corporation's Business for 2024 and the Report of the Board of Directors for the first quarter and second quarter of 2025. For details regarding material regulatory directives published during the reporting period, see Section 4.1.1 to the 2024 Report on the Corporation's Business and Section 2.2 to the Report of the Board of Directors for the first quarter and second quarter of 2025.

2.2.1. In September 2025, the Capital Market Authority published a document concerning **preparations for the change in trading days on the Tel Aviv Stock Exchange**, following the Israel Securities Authority's decision regarding the transition to trading days from Monday through Friday. According to the Commissioner's position, the change in trading days does not require legislative amendments, including to the definition of a business day and to the arrangements applicable to investment management. Sundays

² The risk-free linked interest rate curves were taken from Fair Spread Ltd. To calculate the solvency ratio, the Company takes into account other components in addition to the risk-free interest rate.

will remain business days, while Fridays will be considered trading days only, and not business days for purposes of the regulatory provisions under the responsibility of the Capital Market Authority. As a result, no change will apply to the time periods prescribed by law, including with respect to executing mobility actions, transfers between tracks, and fund redemptions. In addition, according to the document, the change in trading days on the stock exchange requires comprehensive internal preparations by institutional entities in the areas of operations, information systems, liquidity, and human resources, in order to ensure proper and continuous activity and in accordance with the provisions of the law. Institutional entities must formulate an orderly preparedness plan, to be approved by the Board of Directors and the Investment Committee, that will ensure continuous activity and protection of the rights of planholders and policyholders, and that will reference various matters as set forth in the document. Institutional entities must submit the formulated preparedness plan to the Authority, enabling it to monitor and supervise their readiness for the change in trading days and to identify any gaps requiring attention.

2.2.2. In November 2025, the Capital Market Authority published the **updated consolidated circular regarding reports to the Commissioner, including reporting forms adapted to International Financial Reporting Standard (IFRS) 17**. Beginning January 1, 2025, International Financial Reporting Standard No. 17 (IFRS 17) on insurance contracts and International Financial Reporting Standard No. 9 (IFRS 9) on financial instruments have been applied in the financial statements of insurance companies in Israel. The purpose of this circular is to align the reporting requirements ancillary the financial statements of insurance companies with the changes arising from the implementation of the standards.

2.3. Draft laws, regulations and bills

Following are drafts of material regulatory provisions published during the reporting period and thereafter, which are not included in the 2024 Report on the Corporation's Business or in the Report of the Board of Directors for the first quarter and second quarter of 2025. For details regarding additional drafts of material regulatory provisions published during the reporting period, see Section 4.1 to the 2024 Report on the Corporation's Business as well as Section 2.3 of the Report of the Board of Directors for the first quarter and second quarter of 2025.

2.3.1. In September 2025, a **draft bill to amend the Income Tax Ordinance (No. ...) was published. (Revenues of a Provident Fund), 2025**. The draft bill seeks to amend the provisions of the Income Tax Ordinance regarding provident fund investments that entitle the fund to an exemption from tax on its income, and to align them with the Capital Market Authority's investment requirements. The main provisions of the proposed law establish a framework under which, as a rule, the exemption conditions will be expanded as long as provident funds make investments in accordance with the Capital Market Authority's directives, provided that this expansion does not undermine the tax principles underlying the exemption.

2.3.2. In September 2025, a draft of the **Supervision of Financial Services Regulations (Provident Funds) (Attribution of Yield in a Comprehensive New Pension Fund) (Amendment), 2025**, and a draft of the **Supervision of Financial Services Regulations (Provident Funds) (Transfer of Members in a New Comprehensive Fund from the Default Track for People Aged 60 or Older to an Age-Adjusted Track), 2025**, were published. The Supervision of Financial Services Regulations (Provident Funds) (Imputation of Return in a Comprehensive New Pension Fund), 2017 established provisions regarding the method and date of imputation of return to planholders and pensioners in a comprehensive new pension fund, including prescribing a different allocation of the designated bonds according to three age groups: planholders who are 50 years old or less, planholders who are 50 years old or more and pension recipients. Under the regulations, a temporary order was established whereby the differentiated allocation for planholders aged 50 and above and for members aged 50 and below will take effect as of January 1, 2026, and during the period of the temporary order, the allocation of designated bonds to the group of members aged 50 and below and to the group of planholders aged 50 and above will be identical. In addition, under the Economic Efficiency Law (Legislative Amendments to Achieve the Budgetary Targets for the 2021 and 2022 Budget Years), 2021, the designated bonds mechanism for pension funds was replaced with a new mechanism of a guaranteed yield supplement. Under the drafts, it is proposed to adjust the provisions of the regulations and to stipulate that the allocation groups and the allocation rate due to each group must be updated. According to the proposed change, a 40% guaranteed-yield allocation will be provided for members aged 60 or older who save in an age-adjusted track, the general track, the Halacha Track, and specialized investment tracks that will be approved by the Commissioner. To complete the move, it is proposed to stipulate that a member under the age of 60 will not be permitted to join the default track for People Aged 60 or Older, and to further stipulate that the funds of a member under the age of 60 who is currently invested in the default track for People Aged 60 or Older, which is not age-appropriate, will be transferred to the age-adjusted track, in accordance with the format proposed in the draft. In addition, it is proposed to extend by one more year, until December 31, 2026, the temporary order under which the allocation of designated bonds to members aged 50 and below and to members aged 50 or older will be identical.

2.3.3. In September 2025, the interim report of the joint working team of the Israel Securities Authority, the Bank of Israel, and the Budget Department of the Ministry of Finance on **compensation models in public securities activity** was published for public comment. The interim report addresses the following matters: (1) a description of the existing fee model, distinguishing between fees charged directly to investors, fees charged between market participants, and costs charged by financial asset manufacturers; (2) the key problems and challenges in the current model, including difficulty for customers to compare offerings, limited accessibility of investment advisory services, double fees for similar services, and more; (3) the principles on which a change to the existing compensation model will be examined, which include, among other things, creating alignment between the service actually provided and the compensation, establishing a uniform standard for similar products, increasing transparency of pricing models, and more; and (4) a summary table of the proposed framework.

2.3.4. In October 2025, the Capital Market Authority published a draft document concerning **guiding principles for managing liquidity risks in exposures to foreign-currency-denominated derivatives**. In accordance with the provisions of the law, institutional entities are permitted to invest in futures and other derivatives as part of managing the members' funds in the various products. These investments may expose the entities to material risks, specifically liquidity risks, and may have broad systemic ramifications for the foreign currency market and even harm the members' funds. Under the draft, it is proposed to outline a list of guiding principles intended to assist institutional entities in establishing an effective liquidity-management policy with respect to exposures to foreign-currency-denominated derivatives. In accordance with these principles, the entities should conduct orderly control and assessment processes, accompanied by active monitoring by the Investment Committee. In addition, they must maintain a minimum level of foreign-currency liquidity relative to their exposure to futures, in order to ensure compliance with collateral requirements even during periods of sharp volatility or crisis.

2.3.5. In November 2025, the Capital Market Authority published the draft circular on the **Annual Report and Quarterly Report to members and policyholders of an institutional entity – Amendment**. Under the draft, it is proposed, among other things, to regulate the manner that the expected annual cost is presented in the Annual Report to a member or policyholder in accordance with the provisions of the "Expected Annual Cost" circular; to regulate the presentation of the expected pension forecast according to the retirement age or the age at the end of the policy period in insurance-fund products; to add an explanatory line regarding adjustments made to the opening balance in the various savings products; to add a notification balloon for checking the alignment between the insurance amount and the loan amount in life insurance that does not include a savings component; and to regulate the sending of a confirmation for income-tax purposes and for capital-declaration purposes to a member or policyholder who transferred funds from their account to another provident fund during the year.

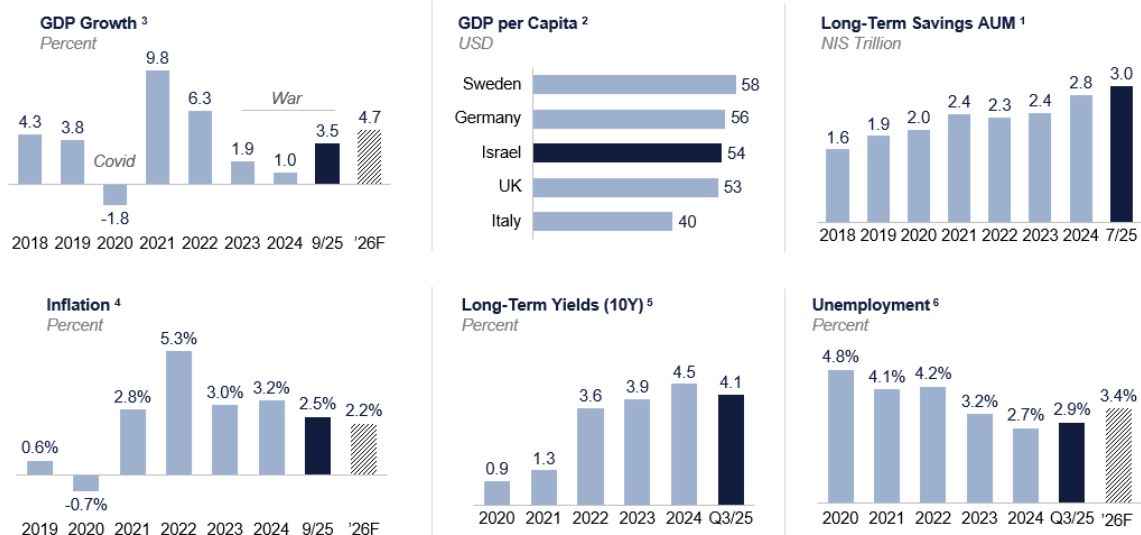
2.3.6. In November 2025, the Capital Market Authority published **a draft clarification regarding the procedure for withdrawing funds from a provident fund**. The purpose of the clarification is to address the growing phenomenon of entities persuading planholders to withdraw pension savings with maximum tax, sometimes unlawfully, while engaging in forgery, impersonation, and charging excessive fees. Accordingly, institutional entities must ensure, among other things, that any request to withdraw funds is submitted by the planholder himself, includes all details required to examine his eligibility, and complies with the provisions of the law. It is proposed to establish that institutional entities will be required to use various means to verify eligibility for the withdrawal of funds, including: verifying the termination of employer–employee relations through an employer report in a designated interface; verifying the authenticity of a tax assessor's approval for a tax exemption through the SHAAM interface; verifying ownership of the bank account through the ADIV interface; verifying an inheritance order or will through the Registrar of Inheritance Affairs interface; and verifying the member's identity and updating details through the contact information already held by the institutional entity.

2.3.7. In November 2025, the Capital Market Authority published **the draft circular on Customer Service for Institutional Entities – Amendment**. The purpose of the amendment is to prevent the improper phenomenon of inducing planholders to withdraw funds from their pension savings, causing irreversible harm to their pension rights, the payment of high tax, and a fee to the party carrying out the withdrawal. Accordingly, it is proposed to establish that any request for an “unlawful withdrawal” will be carried out only after a marketing or retirement consulting process (which includes assessing and matching needs and providing a written rationale), and only by a pension insurance agent who handles the product for the customer, an independent pension adviser, or the institutional entity’s marketer. As part of the explanatory notes, it is clarified that a license holder who receives compensation from the institutional entity will not be permitted to receive an additional fee from the customer for this action.

2.3.8. In November 2025, **the Memorandum of the Promotion of Competition in the Banking Market Law (Legislative Amendments), 2025**, was published, the purpose of which is to pass into law the recommendations of the inter-ministerial team for examining measures to enhance competition in the banking system. The core of the proposed law is the establishment of a gradual banking licensing framework that will enable the entry of new banking players, with the objective of increasing competition in banking services offered to the retail sector. As part of the memorandum, it is proposed to make the legislative amendments required in order to enable the establishment of small banks, establish tailored supervisory mechanisms, reduce legislative barriers, and encourage competition and innovation in the banking market. As part of the memorandum, it is proposed, among other things, to allow parallel control of a small bank and institutional entities, subject to its compliance with an asset limit of up to 2.5% of the total assets in the banking system (which may be increased to up to 5% with the approval of the Minister of Finance and the Governor of the Bank of Israel, and after consultation with the monitoring team to be established under the law); however, it is proposed to prohibit a small bank controlled by a person who controls an institutional entity from engaging in brokerage or marketing with respect to investment and savings products produced under that controller.

3. Developments in the Macroeconomic Environment

3.1. Key macroeconomic data



- (1) Bank of Israel. The data include funds under the management of institutional entities.
- (2) The IMF, in accordance with the USD exchange rate in 2023.
- (3) Israel Central Bureau of Statistics, the Bank of Israel (GDP in accordance with adjusted annual return).
- (4) Bloomberg and the IMF. The data refer to unemployment rates as of the end of the period.
- (5) Bloomberg; returns on bonds are based on returns on 10-year bonds of the government of Israel (not linked to the CPI), as of the last month at the end of the period.
- (6) Annual inflation (last 12 months) taken from Central Bureau of Statistics data, 2025 forecast taken from Bank of Israel data.

3.2. Trends, events and developments in the macroeconomic environment

Following is a summary description of trends, events and developments in the Group's macroeconomic environment, which have or are expected to have an effect on the Group.

3.2.1. Financial markets in Israel

In the third quarter of 2025, the Israeli economy continued to operate under the shadow of the geopolitical tensions, following the expansion of the ground operation in the Gaza Strip (hereinafter - "**Operation Gideon Chariots B**") and the decline in international sentiment towards Israel. Early in the third quarter, the current indicators of the state of the economy reflected a rapid recovery, after the slowing down during Operation Rising Lion at the end of the second quarter of the year. Growth data for the third quarter have yet to be published,

but the credit card spending data are at a higher level than on the eve of Operation Rising Lion. Israel's risk premium, as reflected the CDs price, stabilized at the end of the third quarter at approx. 79 bp, a low level compared to the eve of the Operation, but remained high compared to its level on the eve of the Iron Swords War, when it stood at approx. 60 bp. Labor force survey data for August indicate that the job market remains relatively tight, with an unemployment rate of 2.9% (adjusted for seasonality), alongside 146,000 vacancies. Annual inflation moderated in August from 3.1% to 2.9%, within the price stability band but close to its upper limit. The average of forecasters' inflation projections a year ahead has dropped to 2.2%, the lowest since the beginning of 2022. The Bank of Israel kept the interest rate unchanged at 4.50% in its September rate decision. The Research Department has updated its macroeconomic forecast. According to the forecast, growth in 2025 was revised downward and is expected to stand at 2.5%, while in 2026 it was revised upward to 4.7%. The interest rate forecast remains unchanged one year ahead, standing at 3.75% (3 interest rate reductions of 25 bps). On the fiscal front, the August deficit fell to 4.7%, mainly against the background of a rapid increase on the revenue side, but at the same time - the deficit target for 2025 was up from 4.9% to 5.2%, following an increase of approx. NIS 30 billion due to the expansion of the War in Gaza (following an increase in defense expenses and in debt service expenses).

In the capital market, the local stock indices recorded relatively sharp hikes, mainly towards the end of the third quarter, following Trump's 21-Point Plan – an agreement to end the War and release all hostages. In total, during the period under review, the TA 125 index increased by 7.5%. In the bonds market, yields on government bonds were down during the period under review, with sharper slumps in the short-medium section of the curve, with the 10-year yield decreasing by 1 base point to 4.10%. In the corporate market, the Tel Bond 60 rose by 2.1%. In the foreign currency market - during the period under review, the NIS appreciated by approx. 1.7% against the USD, reaching a level of approx. NIS 3.31 per USD 1 and appreciating by approx. 2.0% against the EUR, reaching a level of NIS 3.89 per EUR 1.

Subsequent to the balance sheet date and through the report publication date

The last quarter of the year opened with positive news, the return of the hostages and the end of the War, in accordance with the plan presented by Trump at the end of September. After the risk premium in the financial markets had already declined substantially and nearly returned to pre-War levels (CDs and bond spreads), the first change also came from the rating agencies. S&P raised Israel's rating outlook from negative to stable, while the credit rating itself remained at A. In its announcement, the Company noted that the ceasefire between Israel and Hamas may lead to a calmer security period and reduce the risk of another broad escalation in Gaza and the region. According to S&P, such calm is expected to ease the pressure currently placed on the economy, the labor market, and the state budget. S&P estimates that Israel will end 2025 with growth of 2.5%, and in 2026 growth is expected to accelerate to 5.0%, compared with a previous forecast of 3.9%. For comparison, the Ministry of Finance projects growth of 5.2%, and the Bank of Israel projects 4.7% (although the Bank assumed the War would end only in the first quarter of 2026). The debt-to-GDP forecast for next year was revised downward, from 70.8% to 69%.

Joining the new reality of the War's end was a Consumer Price Index that surprised to the downside in September with a decrease of 0.6%, and an October index that rose in line with expectations by 0.5%, leaving annual inflation at a pace of 2.5%. Concurrently, the publication of inflation expectations from various sources (Bank of Israel) shows that the average forecast of inflation for the next 12 months stands at 2.0%, the midpoint of the target. In light of all of the recent developments, Bank of Israel reduced the interest rate by 25 basis points to a level of 4.25%, in line with expectations.

The Israeli economy rebounded sharply after the war with Iran, with growth of 12.4% in the third quarter of the year (quarterly change at an annualized rate), following a contraction of 4.3% in the second quarter.

In the capital market, the positive trend continued into the last quarter of the year, with the positive sentiment influenced, among other things, by the positive development on the geopolitical front. In total, during the period under review until the report publication date, the TA 125 Index was up by 5.0%, the yield on 10-year government bonds was up by approx. 17 base points to 3.93%, the Tel Bond 60 Index was up by 1.0%, the NIS appreciated by approx. 1.5% against the USD, reaching a level of NIS 3.26 per USD 1 and appreciated by approx. 3.3% against the EUR, reaching a level of NIS 3.76 per EUR 1.

3.2.2. Capital markets abroad

The third quarter of the year in the US continued to focus on Trump-led tariff issues and global trade tensions. Financial markets continue to focus on AI's growth potential alongside the latest developments in economic data following the US job market's weakness. The jobs increase in August totaled a mere 22,000, with the monthly average of the last three months reaching 29,000. Unemployment rate increased to 4.3%, its highest level since October 2021. In addition, the number of vacancies decreased in August to approx. 7.227 million. As a result, the Fed shifted its focus from inflation to the job market. In its most recent rate decision, the Fed pointed to increasing signs of weakness in the labor market, responding with a 25 basis interest rate reduction to 4.00%-4.25%, with a forecast for 2 additional reductions by the end of the year. GDP data for the third quarter of the year have yet to be published, but according to the Fed's model (GDPNow), growth forecast for the third quarter is approx. 3.9%. In terms of prices, the August CPI rose by 0.4% and the annual rate was up from 2.7% to 2.9%.

In Europe, the ECB kept the interest rate unchanged at 2.0% (deposit interest) for the third consecutive time, with the Eurozone economy showing signs of resilience and the annual inflation remaining at a 2.0% target in August.

During the third quarter of 2025, the stock indices on Wall Street recorded price increases, with the S&P 500 rising by 7.8%. In the US bonds market, the yield on 10-year government bonds decreased by approx. 8 base points to approx. 4.15%. In Europe, the EURO-STOXX 600 index was up by 3.1%. In the third quarter, the EUR devalued by approx. 0.4% against the USD, reaching a level of 1.17.

Subsequent to the balance sheet date and through the report publication date

The last quarter of the year opened with a government shutdown caused by Congress's failure to reach an agreement on a new budget law. One of the significant effects of the shutdown is the delay in publishing economic data, which contributed to uncertainty in the markets.

On the trade front, President Trump met with the President of China, a meeting that Trump described as particularly successful. According to him, the sides reached agreements on a series of material topics, foremost among them a reduction in tariff rates from 57% to 47%.

The Fed cut the interest rate by 25 basis points to a level of 3.75%–4.00%, and concurrently announced that beginning on December 1, it will halt the balance-sheet reduction process (QT), after money-market pressures (a liquidity shortage) were recorded in the days leading up to the decision. Although this is the second consecutive cut, Powell did not provide clear signals of a further rate cut in December, among other things due to disagreements within the committee and the unusual situation created by the government shutdown, which prevents the regular publication of economic data.

At the end of the period under review, the longest government shutdown in US history (43 days) came to an end. According to CBO estimates, the government shutdown is expected to subtract approx. 1.5 percentage points from growth in the last quarter of the year.

The CPI rose by 0.3% in September (vs. an expected 0.4%), and annual inflation accelerated from 2.9% to 3.0%. Core inflation slowed from 3.1% to 3.0%. The employment report for September indicated a monthly addition of 119,000 jobs (expectation: 51,000), alongside a downward revision of 33,000 jobs for the two preceding months. The average monthly rate of job additions over the past three months reached 62,000. The unemployment rate rose from 4.3% to 4.4%, and earnings remained stable at an annual rate of 3.8%. In Europe, the ECB kept the interest rate unchanged at 2.0% for the third consecutive time.

In the USA, as of the end of the reviewed period until the report publication date, the 10-year yield was down by approx. 13 base points to 4.02%, and the S&P 500 was up by 0.2%. In Europe, the EURO-STOXX 600 index has risen by 0.8%, and the EUR has devalued by approx. 1.8% against the USD, reaching a rate of 1.15.

4. Business Guidance and Strategy

The Company's strategy, roadmap and targets constitute forward-looking information, as defined in Section 32A of the Securities Law and are based on the data and information available to the Group as of the report date, its plans as a result thereof, the market situation and the Group's position. The Group's business strategy and targets may change from time to time. In addition, the achievement of the Group's targets and strategy is uncertain and is not under the exclusive control of the Company. The Group's business strategy and targets may not materialize due to, among other things, changes in the Company's priorities, new needs of the Company, market developments, macroeconomic changes, other business opportunities, etc.

4.1 Strategy

The Israeli market benefits from stable, strong long-term trends, including demographic growth, economic growth, higher productivity, wealth accumulation, increased total assets held by the public, and robust demand in the domestic market. These trends lead to accelerated value creation in the financial sector, with the value shifting towards the Insurance Groups and Asset Managers. Phoenix has built infrastructures and capabilities that make it well-positioned to seize market opportunities, including well-established and profitable business platforms, committed management, a leading brand name with a large customer base, competitive advantages (people, investments and technology), an international network of partners and financial resilience. Phoenix's value-creation strategy is based on the Group's capabilities and is built on four value drivers: accelerated growth focused on activities with high multiples and capital efficiency; innovation to create competitive advantages and efficiency; active management of people and the organization, including mergers and acquisitions; and capital and investment management aimed at maximizing performance.

4.2 Strategic roadmap

Phoenix accelerates growth through strong platforms characterized by high margins and multiples, economies of scale and capital efficiency, and implements the strategy in each of its business lines.

4.2.1 Asset Management

In the Asset Management Activity, the Company is working to accelerate growth across all platforms with a high multiple to leverage market opportunities:

In its Wealth & Investment activity, the Company focuses on accelerated growth in Wealth (Wealth Management, Private Markets, ESOP, Investment Policies), unique partnerships, and broad distribution, while leveraging market leadership, economies of scale, digital platforms, and creating unique value propositions that include differentiated products for Qualified Customers, and focusing on streamlining and profitability in Retirement. In addition, the Company is working to accelerate growth in Brokers & Advisors activity,

focused on financial products and synergies, and on accelerating corporate and technology capabilities.

In the Financing Segment, the Company is working to grow data-driven activities and fee-related earnings streams (clearing, acquiring, focused financing solutions).

4.2.2 Insurance

In Insurance Activity, the Company is working to accelerate growth in activities with high multiples and to optimize mix and models by (a) shifting the mix toward activities with high profitability and capital efficiency (as opposed to activities with long-term liabilities), and (b) implementing technology for service and streamlining. In P&C Insurance, the Company is working to accelerate growth and profitability while focusing on competitive advantages that include accurate underwriting and pricing, hybrid distribution (direct and agents), self and digital service, and the automation and digitization of claims management and operations. In Life and Health Insurance, the Company is focused on optimizing and increasing the CSM by streamlining expenses, reducing risk in the current backbook, and smart growth centered on products that are more capital-efficient and lower-risk.

4.3 Cash flow

Focusing on Asset Management and Insurance activities generates growing cash flows characterized by low volatility. The Company's lines of business are well established and efficient and do not require a substantial increase in capital in order to continue growing. Furthermore, the Company maintains high liquidity and low leverage levels. The strong cash flow enables regular quarterly distribution of dividends and share buybacks concurrently with reinvestment in the business for the purpose of accelerating growth and acquisitions.

4.4 Guidance

The Company periodically reviews its plans and objectives in light of market trends and Company's performance. Due to the Company's growth in the first nine months of 2025 compared to 2024, and after surpassing part of the targets for 2027 published in September 2024, as well as operating in a run-rate within the potential additional profit published by the Company in March 2025, Phoenix publishes new medium term income guidance for 2028.

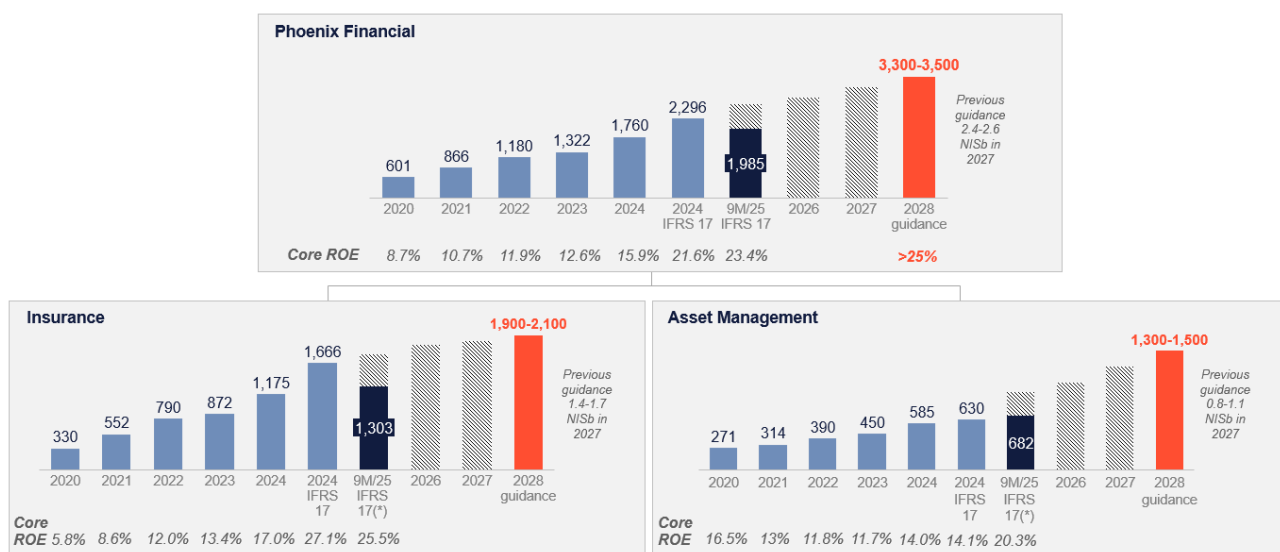
Phoenix provides core income guidance of NIS 3.3-3.5 billion for 2028. Of which, NIS 1.9-2.2 billion is core income from the Insurance Activity and NIS 1.3-1.5 billion from the Asset Management Activity.

In Asset Management, guidance for 2028 include NIS 700-800 billion in Assets under management and adjusted EBITDA of NIS 2.4-2.6 billion. In the Wealth & Investments and Retirement Segments, Phoenix has set guidance of core income and adjusted EBITDA of NIS 650-750 million and NIS 1,300-1,400 million, respectively. In the Brokers & Advisors Segment, core income and adjusted EBITDA of NIS 400-500 million and NIS 800-900 million, respectively. In the Financing Segment - core income and adjusted EBITDA of NIS 250-300 million and NIS 350-400 million, respectively.

In its Insurance Activity, the Company provide guidance of total gross premiums of NIS 6.3-6.7 billion for Property and Casualty Insurance in 2028. In addition, in light of the long-term investment performance (an average 5-year return of 4.0% above the nominal risk-free rate), the Company has updated the investment normalization methodology based on risk-free interest plus a 2.50% spread (instead of 2.25%), with the revision taking effect in the fourth quarter of 2025.

The Company sees potential for additional income beyond current guidance, resulting, among other things, from mergers and acquisitions activity, investment performance, technology implementation, and positive effects of regional developments.

4.4.1



* Investment return and variable management fees above or below 3% non-financial (IFRS 4) / nominal risk-free interest + 2.25% (IFRS 17); beginning in Q4/2025 this will be updated to nominal risk-free interest + 2.5%.

	Previous guidance		Updated guidance
Publication date	9/24	3/25	11/25
Target timeframe	2027		2028
Core Income (NISb)	2.0	2.4-2.6	3.3-3.5
Insurance	1.1-1.3	1.4-1.7	1.9-2.1
Asset Management	0.7-0.9	0.8-1.1	1.3-1.5
ROE	16-18%		>25%
Adjusted EBITDA (NISb)	1.6-1.8		2.4-2.6
Total AUM (NISb)	600-650		700-800
Payouts (Dividend + Buyback)	>50%		>50%

5. First-time application of IFRS 17 and IFRS 9 to the Company's Financial Statements

5.1. First-time application date

The Group's first-time application date of IFRS 17 (hereinafter in this section - "**IFRS 17**" or the "**Standard**") regarding insurance contracts, which superseded IFRS 4 - Insurance Contracts - was January 1, 2025. As stated in Note 2, in light of the postponement of the application of IFRS 17 and IFRS 9, the Group initially adopted IFRS on January 1, 2025, and the transition date to IFRS reporting is January 1, 2024. The effect of the transition to IFRS reporting, including the effect of the application of IFRS 17 on the Group's financial position, operating results is detailed in Note 2 to the Financial Statements.

5.2. The implementation of IFRS 17 (hereinafter - the "Standard") and IFRS 9 (hereinafter - "IFRS 9") (hereinafter - the "New Standards") in the Company's Financial Statements

The New Standards simplify the insurance business by, among other things, creating a separation between the different sources of income of the insurance companies, while separating the income from insurance services from investment income. In addition, the application of IFRS 17 is expected to reduce the volatility of the underwriting financial results following revision of the studies. Furthermore, the Standards will bring about a better alignment of the financial assets held against insurance liabilities and their measurement at fair value through profit and loss. For further details, see Note 2 to the Financial Statements.

The Company is preparing for the application of the Stochastic Model to calculate the optimal actuarial estimate of asymmetric insurance liability flows, including future variable management fees in the participating policies portfolio. The Company believes that the application of the Stochastic Model will have a positive effect, which is expected to increase the contractual service margin (CSM) in the Life Insurance Subsegment. At this stage, the Company is unable to quantify the financial effect. It is also noted that the process is subject to an audit of the independent auditors and to the Commissioner's approval.

5.3. Sensitivity analysis

In accordance with the provisions of IFRS 17, the Company measures a group of insurance contracts as the total of: (a) the fulfillment cash flows (FCF), and (b) the contractual service margin (CSM). The fulfillment cash flows are measured in each Reporting Period using up-to-date estimates, including current discount rates; in the insurance portfolios measured under the GMM model, the effect of the changes to the curve is recognized in profit and loss, and in the participating savings portfolios the effect of those changes is recognized in CSM.

In addition, following the transition to IFRS 17 and IFRS 9, the Company's illiquid debt assets, including Hetz bonds, are measured at fair value through profit and loss (excluding the equity portfolio) such that an increase or decrease in the interest rate curve will affect their carrying amounts.

Following is a summary of the effects of a change in the interest rate curve on the Company's profit or loss under IFRS 17 and IFRS 9:

	Interest rate decrease	Increase in interest
FCF in asset position	+	-
FCF in liability position	-	+
Hetz bonds	+	-
Other debt assets at fair value	+	-

The following is an estimate of sensitivity tests that reflect the change in comprehensive income (loss) as of September 30, 2025 for financial assets, financial liabilities and liabilities/assets for insurance contracts, as a result of a corresponding 1% change in the risk-free interest rate curve, assuming that all other variables remain constant. 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.

Effect of change in the interest rate curve on the comprehensive income after tax or loss/capital:

	As of September 30, 2025 IFRS 17
Effect of 1% increase	
(Post-tax) comprehensive income (loss)	(319,856)
Effect of 1% decrease	
(Post-tax) comprehensive income (loss)	368,281

On the liabilities side, under the transition from IFRS 4 to IFRS 17, sensitivity to interest due to changes in the risk-free interest rate curve decreased as a result of changes in the risk-free interest rate curve, since the sensitivity of liabilities is mostly offset by the sensitivity resulting from insurance assets (insurance products characterized by negative BE) and sensitivity to interest of Hetz bonds accounted for at fair value under IFRS 17. Therefore, most of the interest rate sensitivity arises from the free asset portfolio, which is sensitive to changes in the relevant curves.

Consequently, volatility and accounting sensitivity can be better managed.

The information presented above includes forward-looking information, as defined by the Securities Law, 1968. The Company's assessments regarding the abovementioned materialization in these sections may not materialize, in whole or in part, or may materialize in a materially different manner to that which is expected, due to, among other things, changes in market conditions.

For further details regarding the change of provider for the revaluation of illiquid debt assets for the institutional entities to Ness Fair Value Ltd. by the Capital Market Authority in a comprehensive tender procedure, see Note 5 to the Financial Statements.

6. Board of Directors' Explanations for the State of the Corporation's Business

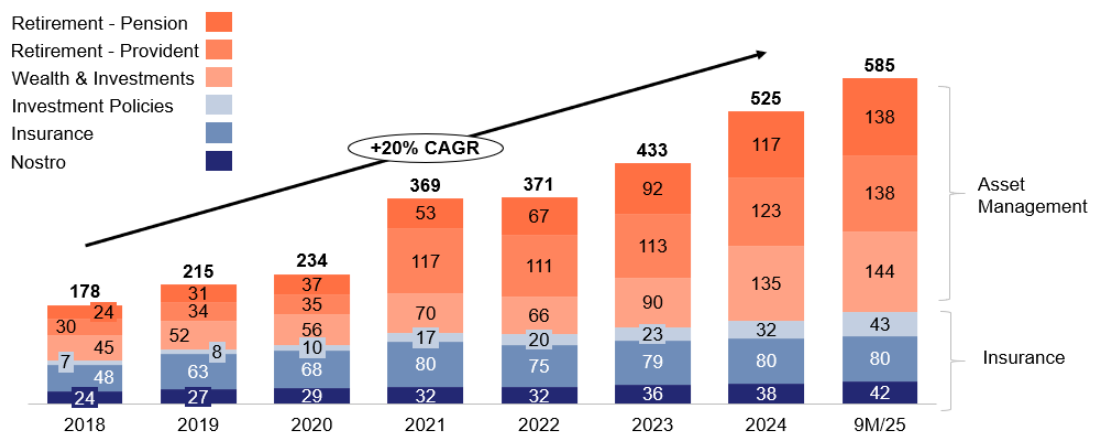
6.1. General

The Group's operations are affected by constant regulatory changes and reforms. In addition, as the controlling shareholder of institutional entities, the Group must also cope with the minimum capital requirements that apply to the activity of the institutional entities, which impose, among other things, restrictions on dividend distribution by the institutional entities.

The Group's operations and results are significantly affected by the capital markets, including, among other things, the interest rate environment that has implications for its insurance liabilities and on the returns embodied in the Group's financial asset portfolios and consequently - on the management fees and financial margins from investments as well.

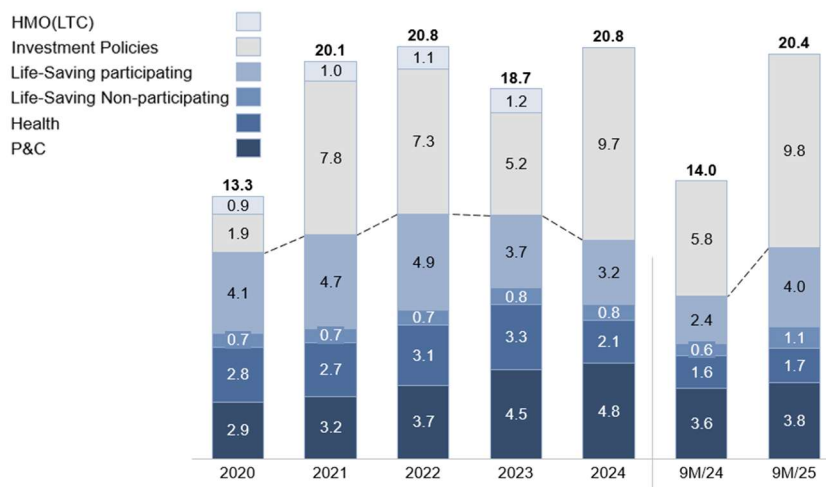
6.2. Assets under management, premiums and proceeds from investment contracts

Assets under management



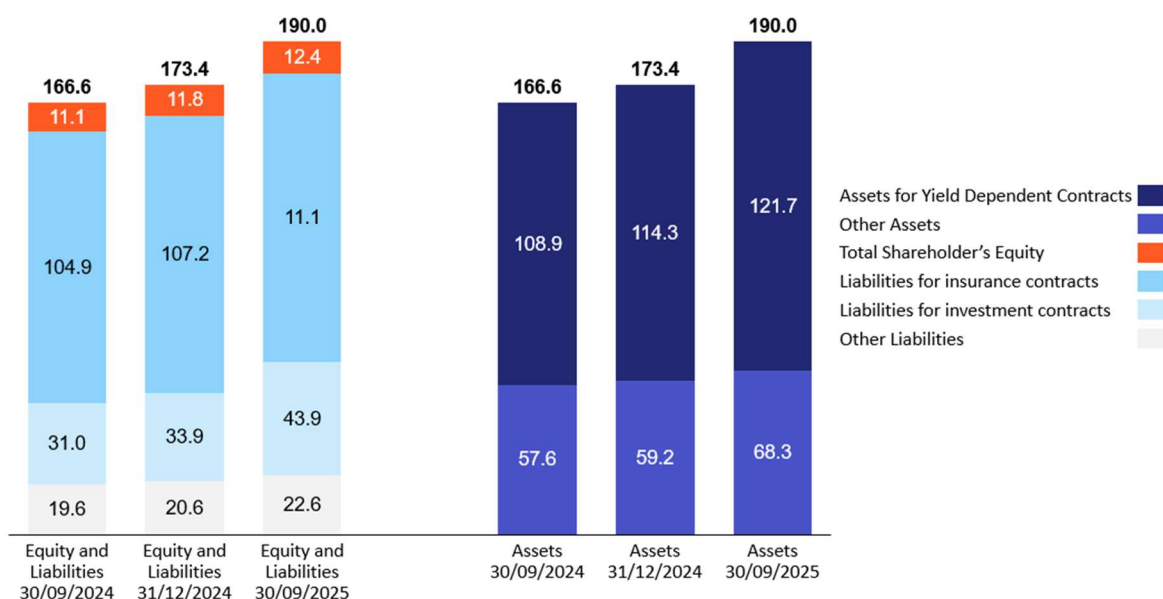
Total assets under management by provident funds, excluding guaranteed return provident fund tracks, pension funds, ETFs, and customers' investment portfolios are not included in the Financial Statements. Proceeds from investment contracts are not included in the premiums line item; rather, they are charged directly to liabilities for insurance contracts and investment contracts.

Premiums, gross and proceeds from investment contracts



6.3. Description of the development of the group's financial position

Following are key data from the consolidated balance sheets (in NIS billion):



Assets:

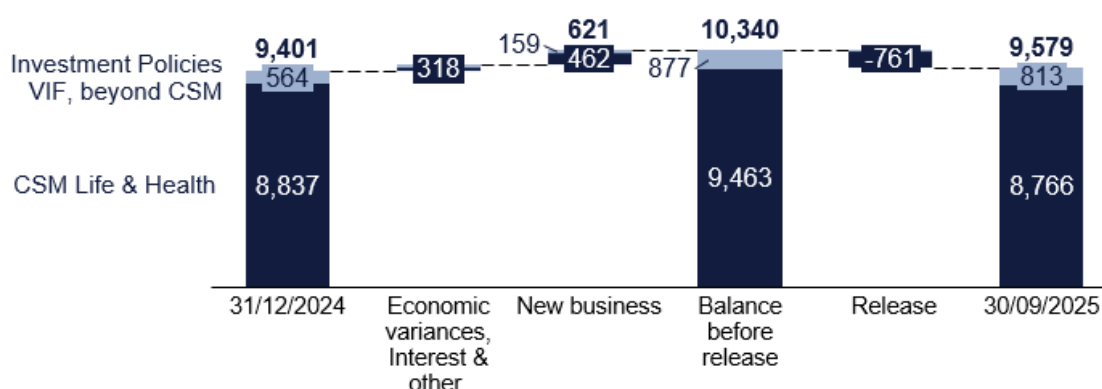
Total financial assets for yield-dependent contracts and cash and cash equivalents for yield-dependent contracts as of September 30, 2025, amounted to approx. NIS 121.7 billion, compared to approx. NIS 114.3 billion as of December 31, 2024. Other assets totaled approx. NIS 68.3 billion as of September 30, 2025, compared with approx. NIS 58.9 billion as of December 31, 2024.

Liabilities:

Liabilities for insurance contracts amounted to NIS 111.1 billion as of September 30, 2025, compared to a total of approx. NIS 107.2 billion as of December 31, 2024. Liabilities for investment contracts amounted to approx. NIS 43.9 billion as of September 30, 2025, compared to a total of approx. NIS 33.9 billion as of December 31, 2024. Other liabilities totaled approx. NIS 22.6 billion as of September 30, 2025, compared with approx. NIS 20.6 billion as of December 31, 2024.

The increase in assets and liabilities arises from continued contributions by policyholders, capital market margins, and a persistent increase in the volumes of activity in all of the Company's operating segments.

Development in contractual service margin (CSM) and in additional future earnings for the reporting period (in NIS million):



¹ The value embedded in investment policies was calculated according to a solvency methodology rather than the IFRS 17.

- A. Change in the activity mix - The group's strategy emphasizes accelerated growth in capital-efficient activities (P&C insurance, investment policies, asset management, and selected life and health insurance products) while shifting the mix from capital-intensive products.
- B. Implementation of IFRS 17 – the contractual service margin (CSM) is calculated for long-term insurance contracts, life insurance, and health insurance. CSM is not calculated for short-term insurance liabilities, P&C insurance and investment policies, and approx. 35-45% of the CSM are expected to be released in the next 5 years.
- C. Investment policies - included in the calculation of a new business and the release to income since the Company believes that this is a strategic activity, which is similar to long-term products, which generate a predictable income, even though such policies are not included in CSM

6.4. Description of the development of the group's comprehensive income

6.4.1. General

6.4.1.1. At each Reporting Period, the Company reviews its sources of income, according to the segments breakdown, as detailed in Section 6.4.2 below. The Company also reviews its profitability by separating core operating income, under a return assumption of nominal risk-free (RF) interest for a three-month period, as set at the beginning of the Reporting Quarter, plus an annual spread of 2.25% (hereinafter - the **"normalized return"**) less bonuses to employees and managers from excess returns and gain from capital market effects above or below an annual return of RF+2.25% (as of the fourth quarter of 2025, the Company will adjust its income according to RF+2.5%), interest rate effects and special effects as detailed in the following sections.

6.4.1.2. Special effects are considered by the Company as changes in profit or loss outside the Company's ordinary course of business, including actuarial changes as a result of studies, changes in actuarial models, losses (reversal of losses for group of onerous insurance contracts, exceptional effects due to structural changes - including allocation of share-based payment to minority shareholders in Group subsidiaries and exceptional purchase expenses following the implementation of the strategy of increasing the market share in the (hereinafter - **"special effects"**)).

6.4.1.3. In the Health Insurance and in Property and Casualty Insurance segments, the profitability analysis is divided into core income - which assumes a normalized return and income stemming from capital market effects - which include Nostro investment revenue above or below the normalized return, the effect of the interest rate curve and other special effects.

6.4.1.4. In the Life and Savings Segment, profitability is analyzed by applying a breakdown into core income, which includes a normalized return assumption, except in guaranteed return policies backed by designated bonds, for which a risk free return was calculated plus illiquidity premium, such that there is no margin for these policies, and the income originating from the capital market effects, which include investment revenue calculated above or below the normalized return, the effect of the interest rate curve and other special effects.

6.4.1.5. In order to separate the financial results between income attributed to insurance and income arising from other core activities, the Company splits the Other Segment. The disaggregation is made for convenience purposes and the Company views the capital and unattributed segment as a single operating segment. When analyzing the profitability of core income in the Other Segment, the Company calculates the financial margin as the difference between the normalized return on financial investments which are not attributed to the operating segments, less the other finance expenses attributed to the Other Segment.

6.4.1.6. Adjusted EBITDA - calculated as income before finance, taxes, depreciation and amortization in the relevant areas of activity. Adjustment of EBITDA as detailed below:

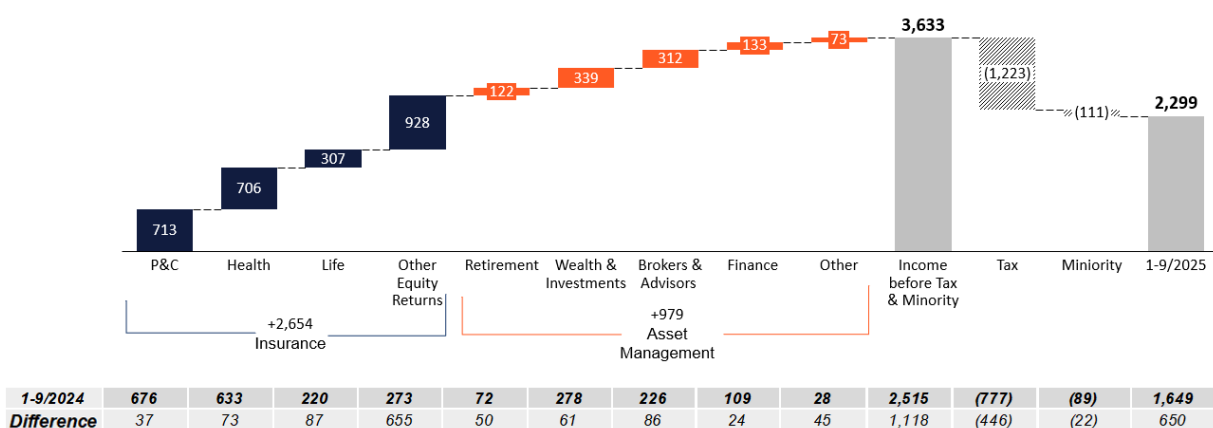
Insurance segments - N/A.

Retirement - IFRS 16 adjustment and amortization of DAC and special effects.

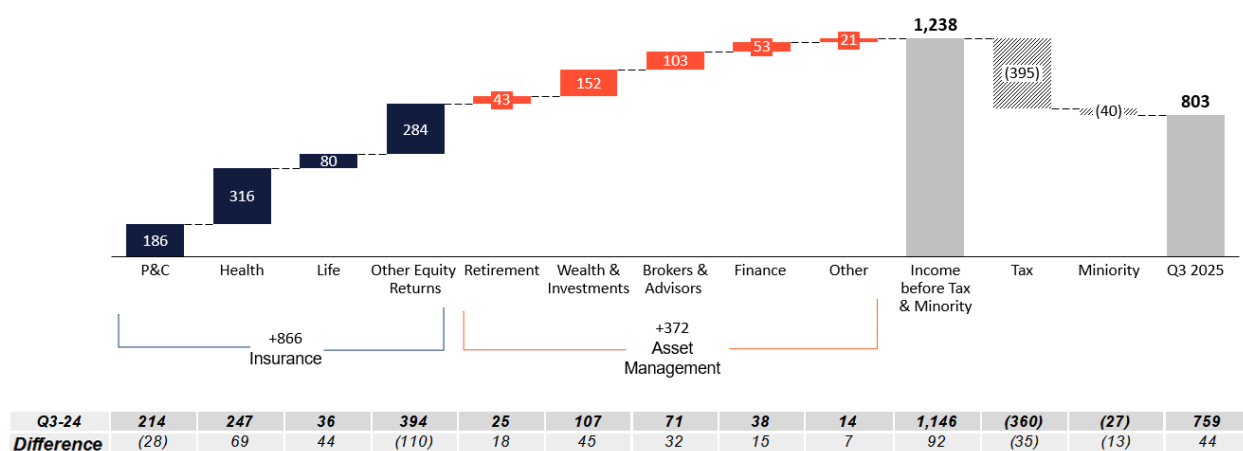
Brokers & Advisors (Agencies), Investment House and Financing (Credit) - IFRS 16 adjustment and special effects.

For further details regarding the calculation of the EBITDA, see Section 6.4.6 below.

6.4.2. Following is the composition of the Company's operating results by segment in the Reporting Period and their comparison to the corresponding period last year (in NIS million):

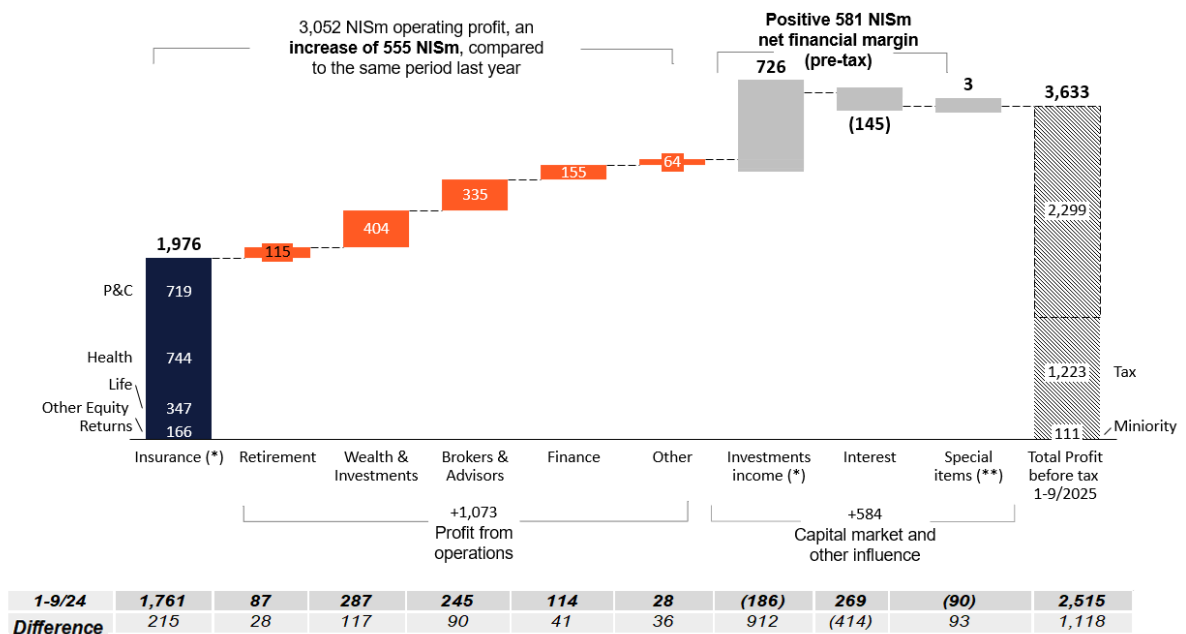


6.4.3. Following is the composition of the Company's operating results by segments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



For the effects on the results at the segment level, see details in Sections 6.5-6.6 below.

6.4.4. Following is the composition of the Company's sources of pre-tax income by core income and income from capital market effects, interest rate and special effects in the reporting period compared to the corresponding period last year (in NIS million):



(*) See Section 6.4.1.

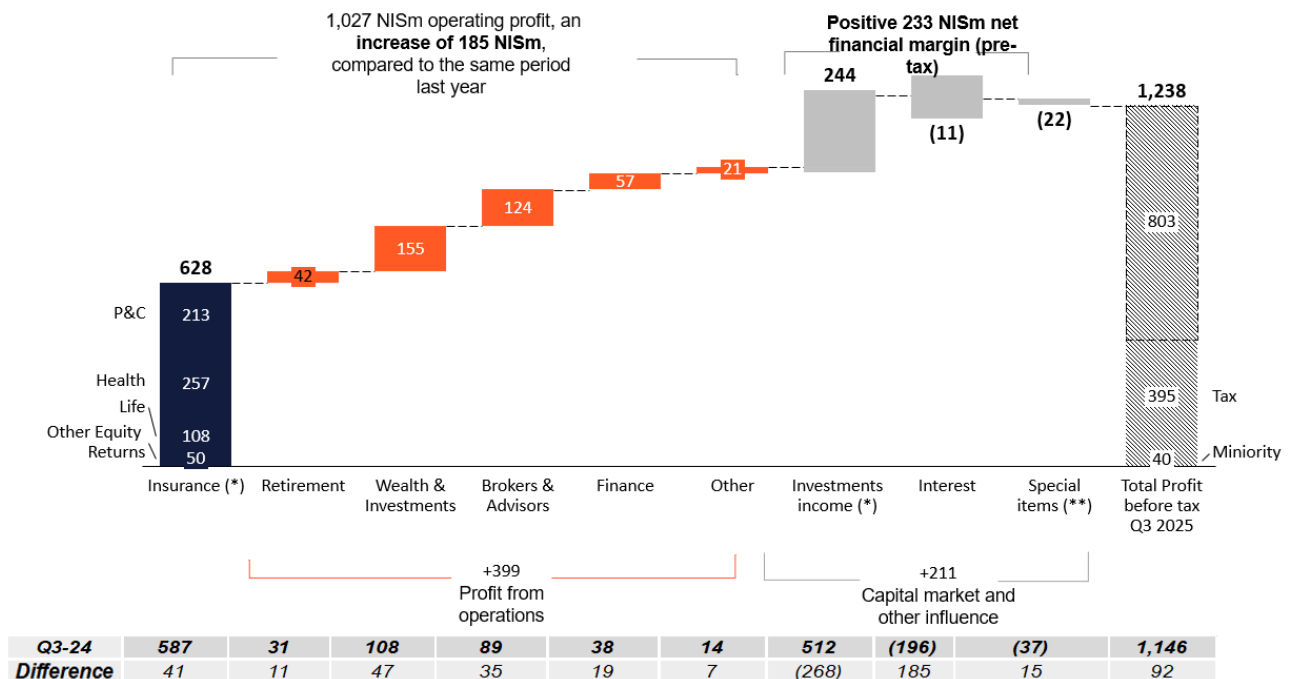
(**) For details regarding revenue from investments, interest and special effects at the segment level, see Sections 6.5-6.6 below.

Core income increased by approx. NIS 555 million in the Reporting Period, compared with the corresponding period last year.

The increase in non-core investment revenue compared to the corresponding period last year totaled approx. NIS 912 million in view of higher returns in financial markets in Israel and across the world compared to last year. The change in the risk-free interest rate curve and illiquidity premium in the Reporting Period compared to the corresponding period last year caused a decrease in income of approx. NIS 414 million in income. The total net effect of the interest and capital market (in excess of RF+2.25%) in the Reporting Period amounted to approx. NIS 581 million in pre-tax income.

The change of approx. NIS 93 million in the special effects line item compared to the corresponding period last year, arises mainly from income, during the reporting period, from the Life Insurance Segment due to a reversal of losses from onerous contracts and change in provisions for class actions, which was mostly offset against a one-off expense in the Asset Management Segment as a result of reorganization in the Alternatives Subsegment compared to special effects last year, which included a change in provisions for class actions, and loss due to claims filed as a result of the Iron Swords War under life and permanent health insurance policies.

6.4.5. Following is the composition of the Company's sources of pre-tax income by core income and income from capital market effects, interest rate and special effects in the third quarter of the reporting period compared to the corresponding quarter last year (in NIS million):



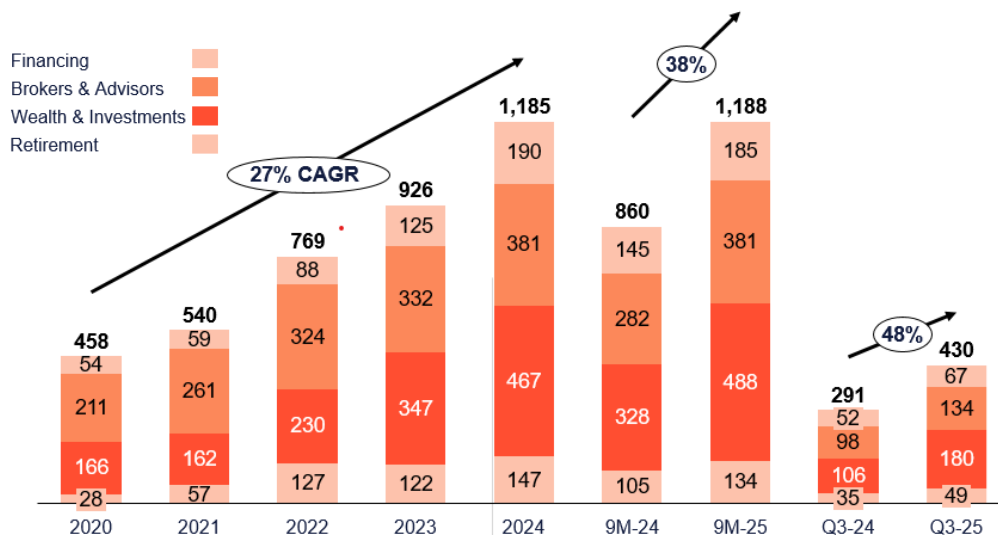
(*) See Section 6.4.1.

(**) For details regarding revenue from investments, interest and special effects at the segment level, see Sections 6.5-6.6 below.

Core income increased by approx. NIS 185 million in the third quarter of the reporting period, compared with the corresponding quarter last year.

The decrease in non-core investment revenue compared to the corresponding quarter last year totaled approx. NIS 268 million in view of higher returns in financial markets in Israel and across the world in the corresponding quarter last year. The change in the risk-free interest rate curve and illiquidity premium in the third quarter compared to the corresponding quarter last year caused an increase in income of approx. NIS 185 million in income. The total net effect of the interest and capital market (in excess of the RF+2.25% annual return) in the third quarter of the reporting period amounted to approx. NIS 233 million in pre-tax income.

6.4.6. Following are details of the adjusted EBITDA for the 9-months of the reporting period for the Wealth & Investments, Retirement, Brokers & Advisors & Financing activities (in NIS million):



1-9/2025					
In NIS million					
	Brokers & Advisors (Agencies)	Asset Management	Retirement	Financing (Credit)	Total
Pre-tax income	312	339	122	133	906
Special effects	7	65	-	-	72
Investments, net	16	-	(7)	22	31
Income from	335	404	115	155	1,009
Depreciation and amortization	71	67	14	15	167
Other expenses (revenues) (*)	(22)	23	5	13	19
EBITDA - reported	384	494	134	183	1,195
IFRS 16	(26)	(9)	-	(4)	(39)
Equity compensation	23	3	-	6	32
EBITDA - Adjusted	381	488	134	185	1,188
Adjusted EBITDA – Minority shareholders	18	47	-	-	65
Adjusted EBITDA – Phoenix's share	363	441	134	185	1,123
Core income(**)	189(***)	302	75	116	682

(*) Includes, among other things, adjustments for consolidation entries.

(**) Profit from activity after tax and minority's share.

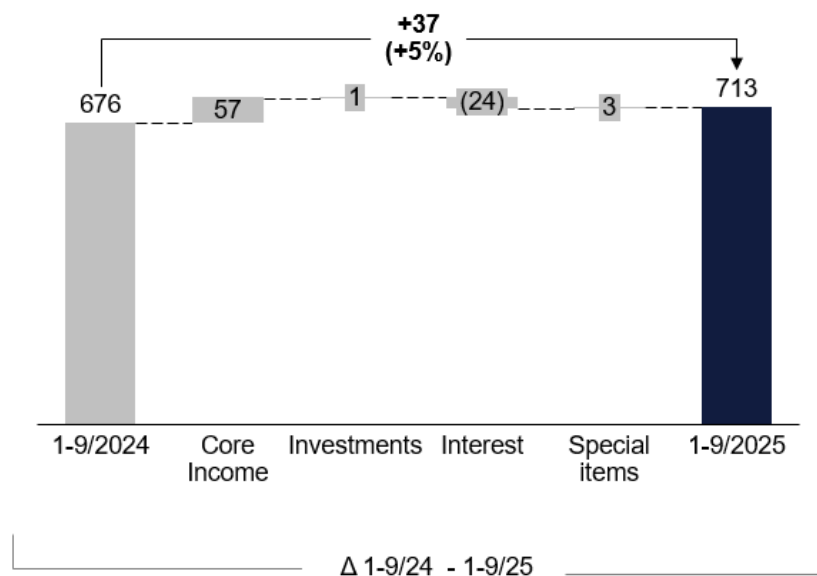
(***) Regarding the purchase of the minority's share in the Brokers & Advisors (Agencies), see Section 1.3.7.

Following is a description of the developments in the group's financial performance, by activity:

6.5. Description of developments in core activity - insurance

6.5.1. P&C insurance

Following is the composition of the main effects and changes on the results of the Property and Casualty Segment in the reporting period compared to the corresponding period last year (in NIS million, before tax):



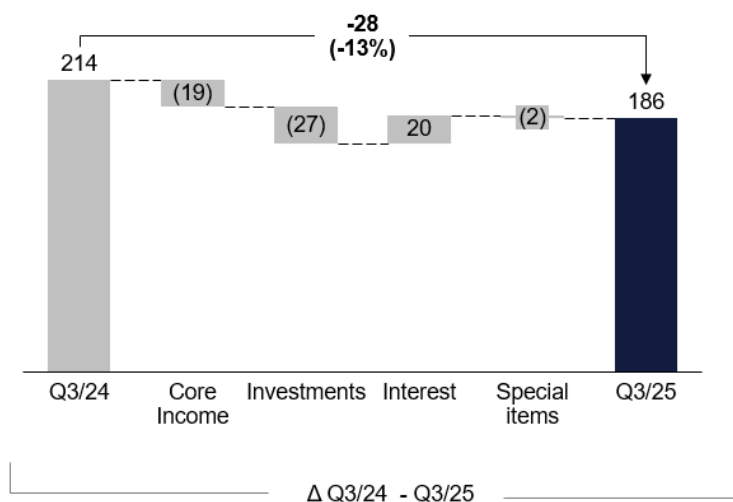
Results

1-9/2025	719	41	(47)	0	713
1-9/2024	662	40	(23)	(3)	676

The increase of approx. NIS 57 million in core income in the reporting period compared to the corresponding period last year arises mainly from the Motor Property Subsegment, as a result of the decrease in the CR ratio. For further details, see Section 6.5.1.2 below.

The NIS 24 million decrease in income from interest rate changes in the Reporting Period compared to the corresponding period last year arises from the changes in the risk-free interest rate curve, from the illiquidity premium, from the changes in the CPI, and from their effect on insurance liabilities.

Following is a composition of the main effects and changes on the results of the Property and Casualty Segment for the third quarter of 2025 compared to the corresponding quarter last year (in NIS million before tax):

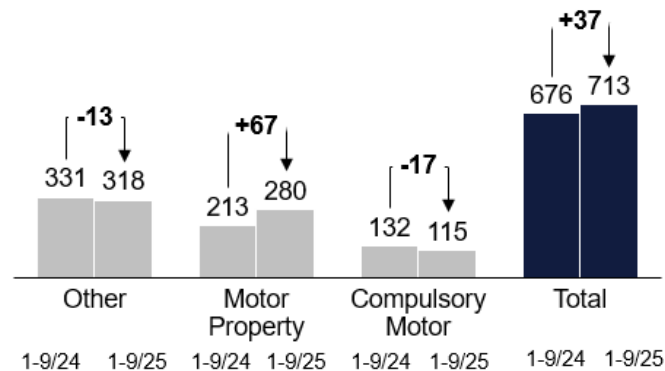


Results

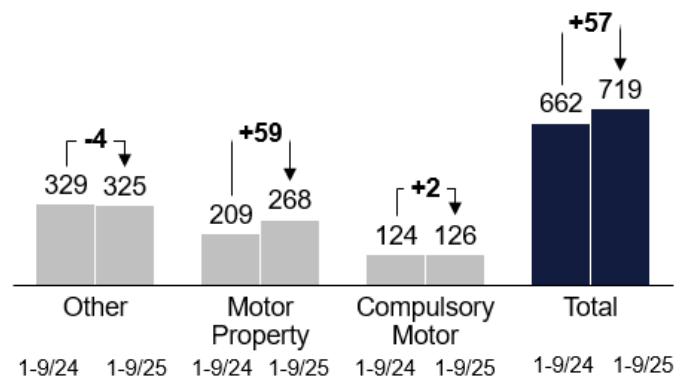
Q3-25	213	11	(36)	(2)	186
Q3-24	232	38	(56)	-	214

The decrease of approx. NIS 19 million in core income in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from a decline in the Property and Other Liability Subsegments. For further details, see Section 6.5.1.4 below. The decrease of approx. NIS 27 million in investment revenue in the third quarter of the reporting period compared to the corresponding period last year stemmed from lower returns in financial markets in Israel and globally during the third quarter of the reporting period, compared to the corresponding period last year, in relation to the portfolio mix against the segment's liabilities; for further details regarding examining the Company's core profitability and change in imputing the return to the core income, see Section 6.4.1 above. The NIS 20 million increase in income from interest rate changes in the third quarter of the reporting period compared to the corresponding period last year arises from changes in the risk-free interest rate curve, from the illiquidity premium, from changes in the CPI and from their effect on insurance liabilities.

6.5.1.1. Following are the results of the (pre-tax) comprehensive income in the various subsegments of property and casualty insurance (P&C) in the reporting period compared with the corresponding period last year (in NIS million):

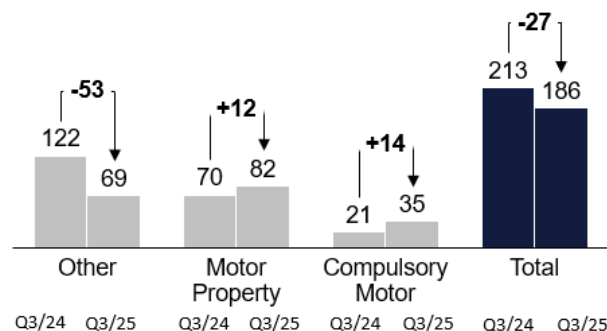


6.5.1.2. Following are the results of the (pre-tax) core income in the various subsegments of property and casualty insurance (P&C) in the reporting period compared with the corresponding period last year (in NIS million):

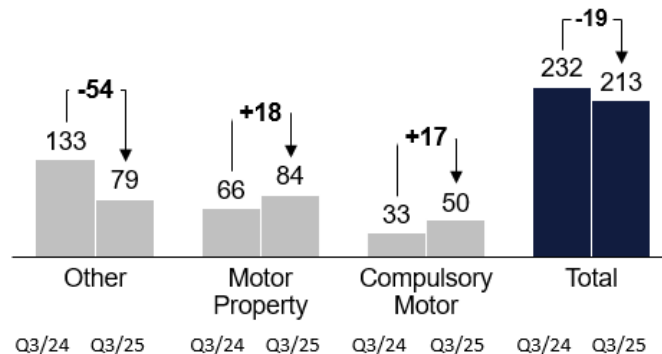


The increase in core income in the reporting period compared to the corresponding period last year arises mainly from the Motor Property Subsegment, as a result of a decrease in the CR ratio.

6.5.1.3. Following are the results of the (pre-tax) comprehensive income (loss) in the various subsegments of property and casualty insurance for the third quarter of 2025 compared with the corresponding quarter last year (in NIS million):



6.5.1.4. Following are the results of the (pre-tax) core income in the various Property and Casualty Insurance Subsegments for the third quarter of 2025 compared with the corresponding quarter last year (in NIS million):



The decrease in core income in the third quarter compared to the corresponding quarter last year arises mainly from a decline in the other property and liability subsegments, primarily in property loss, home, and business subsegments, due to a smaller positive development in respect of previous years compared to the corresponding quarter last year.

6.5.1.5. Following are the gross and retention combined ratios ^(*) in the P&C Segment:

	Compulsory Motor				
	In NIS million				
	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
Gross combined ratio	88.9%	81.0%	84.8%	88.8%	69.6%
Combined ratio - retention	84.9%	82.2%	82.4%	88.0%	72.8%

	Motor Property				
	In NIS million				
	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
Gross combined ratio	84.2%	87.5%	85.9%	88.6%	87.5%
Combined ratio - retention	84.1%	87.5%	85.9%	88.6%	87.5%

	Property and Casualty				
	In NIS million				
	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
Gross combined ratio	81.7%	73.9%	78.7%	72.7%	71.2%
Combined ratio - retention	78.6%	78.6%	82.0%	79.8%	76.4%

(*) The gross CR is the ratio between insurance contract expenses and insurance contract revenue; it does not take into account other operating expenses, which are not attributed to an insurance contract. Similarly, the retention CR is the ratio between insurance contract expenses less revenues from a reinsurance contract (reinsurers' participation in claims) and revenues from an insurance contract less expenses from a reinsurance contract (reinsurers premium less reinsurers fee).

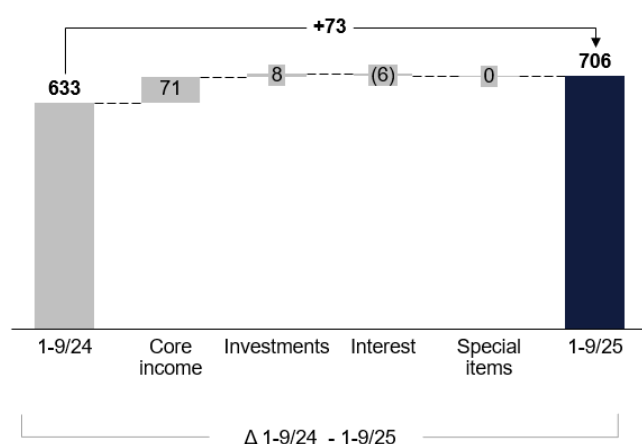
(**) Retention CR in the Motor Insurance Subsegment (compulsory motor and motor property) as of September 30, 2025 is 84.8% compared to 84.3% in the corresponding period last year.

6.5.2. Health Insurance

Investment profitability affects the profitability of this segment, some of whose products (such as long-term care coverage) are characterized by accrual of significant reserves over long periods. Investment income is affected by financial market fluctuations, as well as by changes in interest rates and the rate of change in the Israeli consumer price index, which affect the yields on liquid financial asset portfolios held against insurance and contingent claims reserves. It is noted that at this stage, the Company has ceased to market individual LTC policies.

In accordance with the provisions regarding the transfer of policyholders from “First Shekel” surgical procedures insurance policies (which came into force in 2016) to “Supplementary SHABAN” surgical procedures insurance policies, on September 1, 2024 the relevant policyholders were transferred to a “Supplementary SHABAN” coverage. Consequently, there was an increase in “Supplementary SHABAN” policies in the Company, which affected the surgical procedures insurance portfolio mix.

Following is the composition of the main effects and changes on the results of the Health Insurance Segment for the reporting period compared to the corresponding period last year (in NIS million before tax):

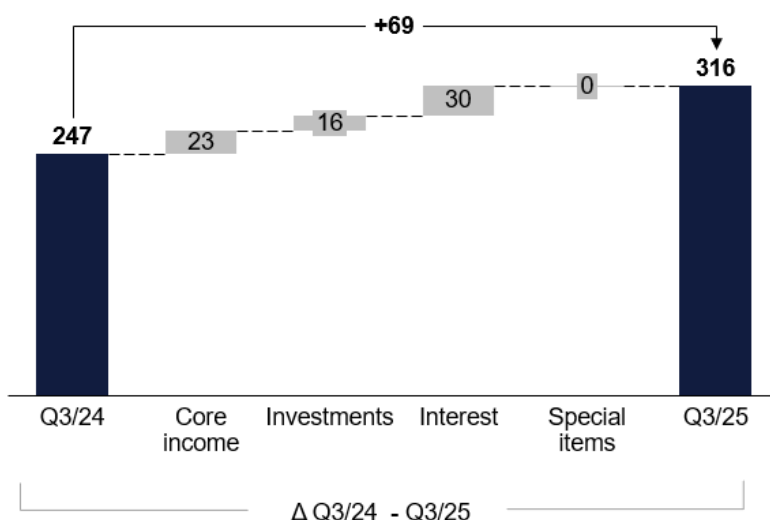


Results					
1-9/2025	744	(95)	57	-	706
1-9/2024	673	(103)	63	-	633

The NIS 71 million increase in core income in the second quarter of the reporting period compared to the corresponding period last year arises mainly from improved profitability in the Long-term Care and Critical Illness Subsegments.

The increase of approx. NIS 8 million in investment revenue in the reporting period compared to the corresponding period last year stemmed from higher returns in financial markets in Israel and globally compared to the corresponding period last year, in relation to the mix of the portfolio against the segment's liabilities. The NIS 6 million decrease in interest income in the reporting period compared to the corresponding period last year arises mainly from a change in the risk-free interest rate curve plus the illiquidity premium and changes in CPI, compared to the corresponding period last year.

Following is a composition of the main effects and changes on the results of the Health Insurance Segment for the third quarter of 2025 compared to the corresponding quarter last year (in NIS million, pre-tax):



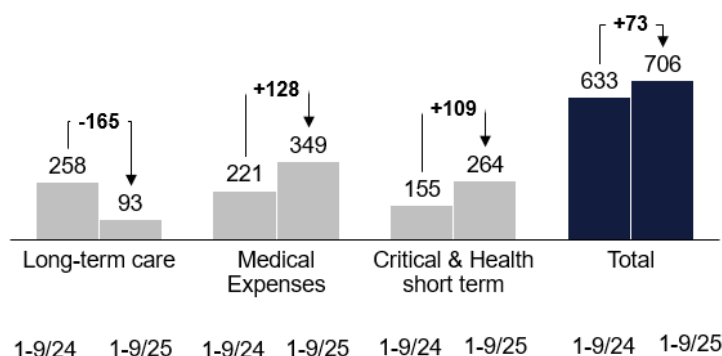
Results

Q3-25	257	(9)	68	-	316
Q3-24	234	(25)	38	-	247

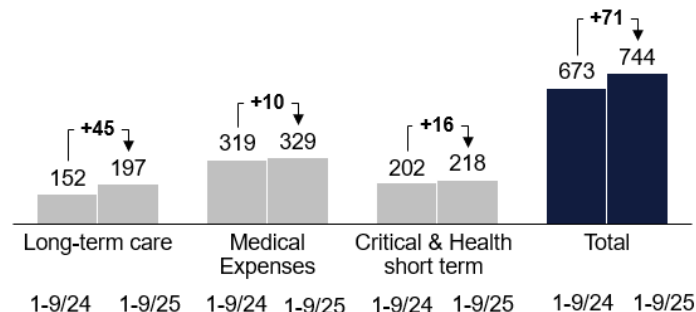
The NIS 23 million increase in core income in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from an improvement in profitability in the Medical Expenses, LTC and Critical Illness Subsegments.

The NIS 30 million increase in interest income in the third quarter of the reporting year compared to the corresponding quarter last year arises mainly from a change in the risk-free interest rate curve plus the illiquidity premium and changes in the CPI during the quarter, mostly in the individual long-term care portfolio.

Following are the results of the (pre-tax) comprehensive income (loss) in the various Health Insurance subsegments for the reporting period compared with the corresponding period last year (in NIS million):

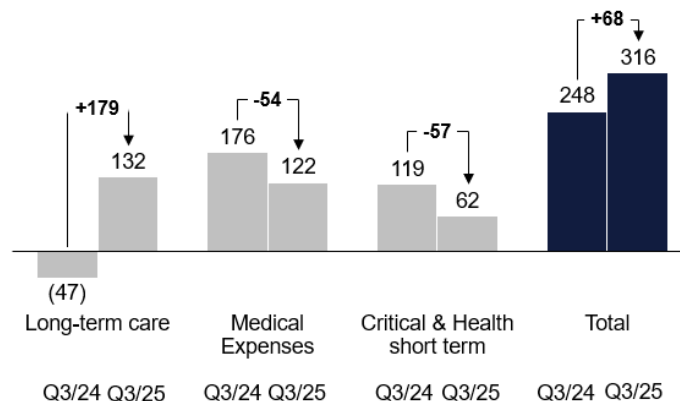


6.5.2.1. Following are the results of the (pre-tax) core income (loss) in the various health insurance subsegments in the reporting period compared with the corresponding period last year (in NIS million):

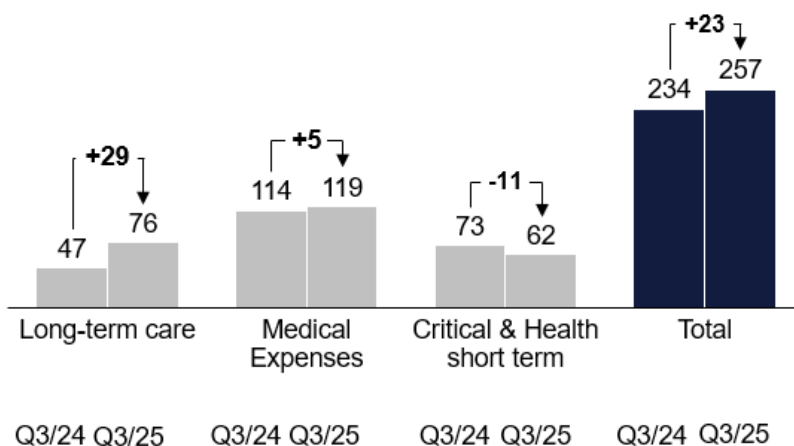


The increase of approx. NIS 71 million in core income in the reporting period compared to the corresponding period last year was influenced mainly by the positive change between the claims forecast and the actual claims in the long-term healthcare portfolios.

Following are the results of the (pre-tax) comprehensive income (loss) in the various Health Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



6.5.2.2. Following are the results of the (pre-tax) core income (loss) in the various Health Insurance Subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):

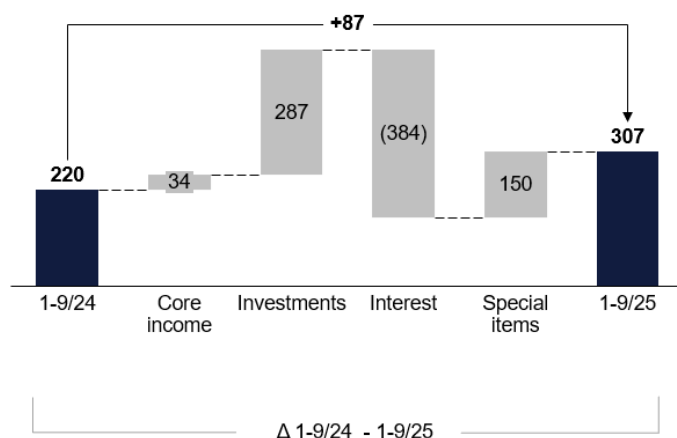


The increase in core income in the third quarter of the Reporting Period compared with the corresponding quarter last year, totaling approx. NIS 23 million, stems mainly from the positive change between the claims forecast and the actual claims in the long-term care portfolio.

6.5.3. Life Insurance and Savings Segment

The yield on investments, changes in the interest rate curve and the illiquidity premium have a material effect on current profitability mainly in policies with a non-yield-dependent savings component, on the non-backed portion of designated bonds and policies without a savings component. In policy portfolios, which include a yield-dependent savings component, most of these effects, including the fixed and variable management fees collected during the reporting period, are charged to CSM and recognized in profit and loss over the coverage period.

Following is the composition of the main effects and changes on the results of the Life Insurance Segment for the reporting period compared to the corresponding period last year (in NIS million before tax):



Results

1-9/2025	347	42	(155)	73	307
1-9/2024	313	(245)	229	(77)	220

The increase of approx. NIS 34 million in core income in the Reporting Period compared to the corresponding period last year arises mainly from the improvement in savings products, which was partially offset by policies without a savings component.

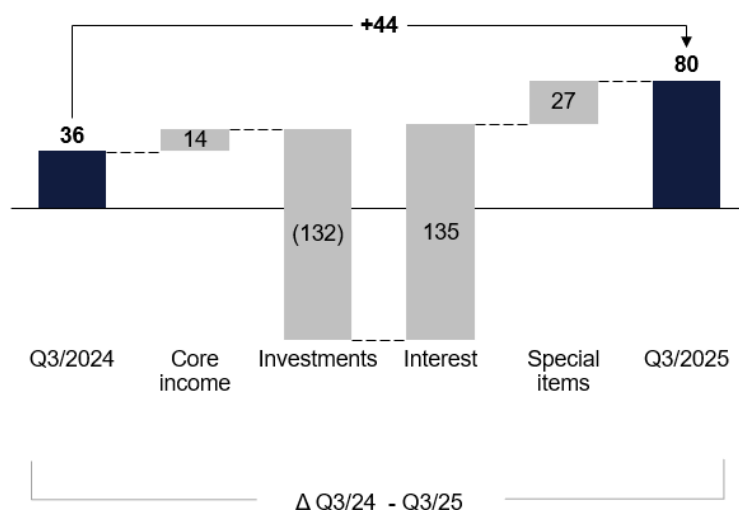
The increase in investment revenue above the normalized return of approx. NIS 287 million is mainly due to the effect of the change in the fair value of the designated bonds as a result of changes in the risk-free interest rate curve and illiquidity premium relative to the corresponding period last year.

The NIS 384 million decrease in interest income in the reporting period compared to the corresponding period last year is mainly due to the effects of the change in the interest-rate curve and the illiquidity premium on the liabilities for non-yield-dependent savings policies backed by designated bonds, which offset the increase in investment revenue as abovementioned.

The increase of NIS 150 million in income from special effects arises mainly from the

disallowance of losses from onerous groups of insurance contracts and changes in the provision for class actions in the Reporting Period, as well as from the effects of War-related events in the corresponding period last year.

Following is a composition of the main effects and changes on the results of the Life Insurance Subsegment for the third quarter of 2025 compared to the corresponding quarter last year (in NIS million, pre-tax):



Results

Q3-25	108	18	(43)	(3)	80
Q3-24	94	150	(178)	(30)	36

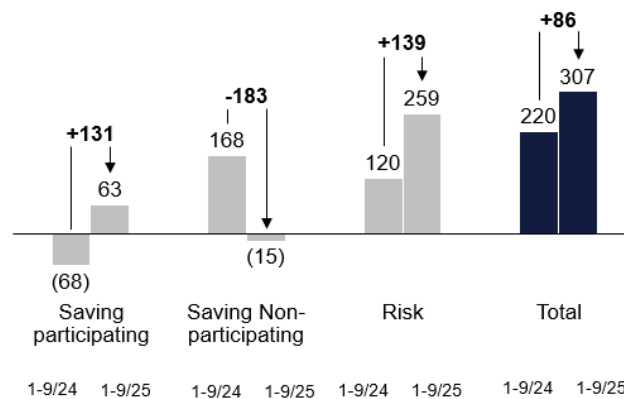
The increase of approx. NIS 14 million in core income in the third quarter of 2025 compared to the corresponding quarter last year arises mainly from the improvement in savings products, which was partially offset by policies without a savings component.

The decrease in investment revenue above the normalized return of approx. NIS 132 million is mainly due to a change in the fair value of the designated bonds as a result of changes in the risk-free interest rate curve and illiquidity premium relative to the corresponding period last year.

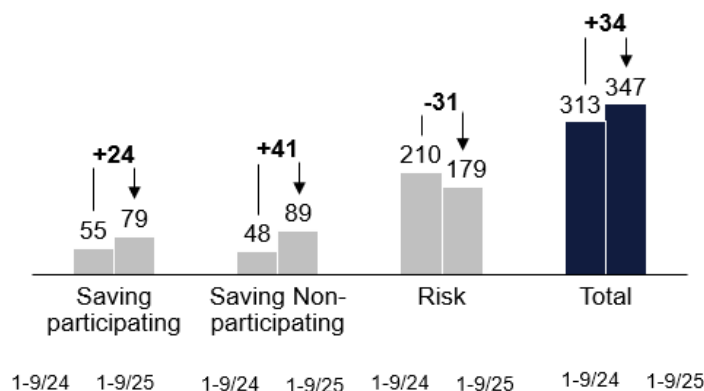
The NIS 135 million increase in interest income in the reporting period compared to the corresponding third quarter last year is mainly due to the effects of the change in the interest-rate curve and the illiquidity premium on the liabilities for non-yield-dependent savings policies backed by designated bonds, which offset the increase in investment revenue as abovementioned.

The increase of NIS 27 million in income from special effects arises mainly from changes in the provision for class actions and the effects of War-related events in the corresponding period last year.

6.5.3.1. Following are the results of the (pre-tax) comprehensive income (loss) in the various Life Insurance subsegments in the reporting period compared with the corresponding period last year (in NIS million):

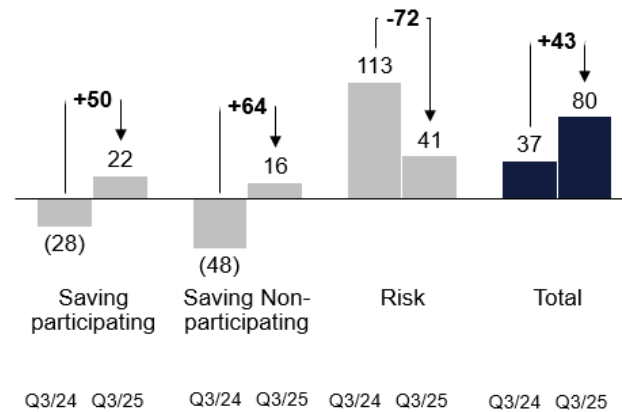


6.5.3.2. Following are the results of the (pre-tax) core income (loss) in the various life insurance subsegments in the reporting period compared with the corresponding period last year (in NIS million):

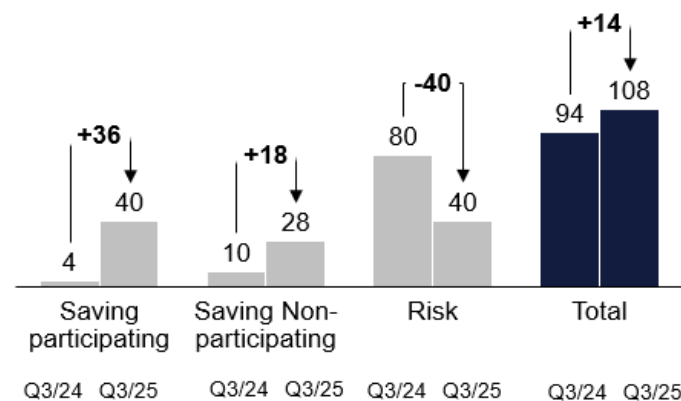


The increase of approx. NIS 34 million in core income in the reporting period compared to the corresponding period last year. The improvement in income is mainly due to the change between the claims forecast and the actual claims for death-risk coverage and permanent health insurance.

6.5.3.3. Following are the results of the (pre-tax) comprehensive income (loss) in the various Life Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



6.5.3.4. Following are the results of the (pre-tax) core income (loss) in the various Life Insurance subsegments in the third quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



The increase of approx. NIS 14 million in core income in the third quarter of the reporting period compared to the corresponding quarter last year arises mainly from the change between the claims forecast and the actual claims for death-risk coverage and permanent health insurance.

6.5.3.5. The rate of redemptions out of the average reserve (annualized) was approx. 6.0% compared with approx. 7.2% last year. The change stems mainly from a change in cancellations of executive insurance policies, mostly from 2004 onwards, due to internal transfers to the provident funds of Phoenix Pension & Provident. It is noted that the general state of the economy, transition from product to product, employment rates, employees' wages, and market competition all affect this rate.

6.5.3.6. Following are details concerning estimated net investment income credited to policyholders of yield-dependent insurance policies and management fees calculated

according to the Insurance Commissioner's Directives, based on the return and the insurance reserves balances:

	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
	In NIS million				
Investment income credited to policyholders net of variable management fees	10,184	9,257	4,615	3,291	12,515
Fixed management fees	586	503	208	176	783

(*) Excluding investment income credited (debited) to policyholders in the Health Insurance Segment.

6.5.3.7. Weighted returns on participating policies

Following are the nominal and real returns on participating policies for policies issued from 1992 to 2003:

	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
	In %				
Investment income credited to policyholders net of variable management fees	10.92%	9.46%	4.17%	3.50%	14.13%
Nominal returns after payment of management fees	9.28%	9.01%	3.83%	3.35%	13.54%

	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
	In %				
Real returns before payment of management fees	7.74%	5.73%	2.77%	1.88%	10.35%
Real returns after payment of management fees	6.14%	5.30%	2.43%	1.73%	9.78%

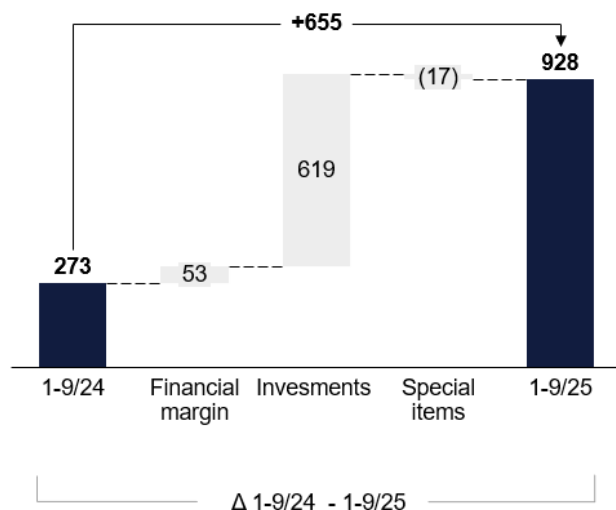
The volatility in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

6.5.3.8. Following are the nominal returns on yield-dependent insurance policies for policies issued from 2004 and thereafter

	1-9/2025	1-9/2024	7-9/2025	7-9/2024	1-12/2024
	In %				
Nominal returns before payment of management fees	10.51%	9.85%	4.06%	3.69%	13.95%
Nominal returns after payment of management fees	9.80%	9.13%	3.83%	3.46%	12.97%
Real returns before payment of management fees	7.34%	6.12%	2.66%	2.07%	10.18%
Real returns after payment of management fees	6.65%	5.42%	2.44%	1.84%	9.23%

6.5.4. Other equity returns

Following is the composition of the main effects and changes in Other Equity Returns for the reporting period compared to the corresponding period last year (in NIS million before tax):

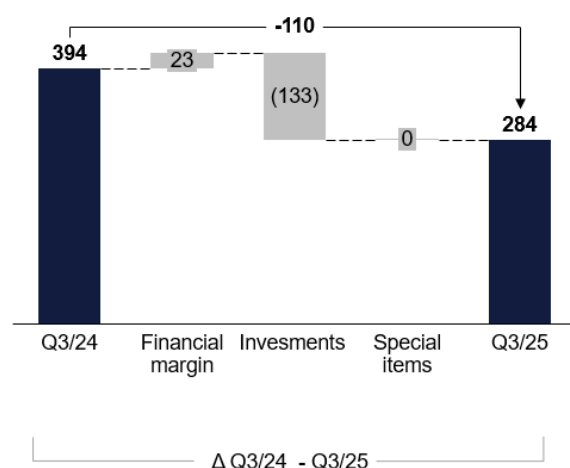


Results

1-9/2025	166	769	(7)	928
1-9/2024	88	175	10	273

The income in the reporting period increased by approx. NIS 655 million compared to the corresponding period last year, mainly due to an increase of approx. NIS 594 million in the investment revenues line item as a result of higher returns in financial markets in Israel and globally during the reporting period compared to the corresponding period last year.

Following is the composition of the main effects and changes in Other Equity Returns for the third quarter of the reporting period compared to the corresponding quarter last year (in NIS million before tax):



Results

Q3-25	50	234	0	284
Q3-24	2	392	0	394

The income in the third quarter of the reporting period was down by approx. NIS 110 million

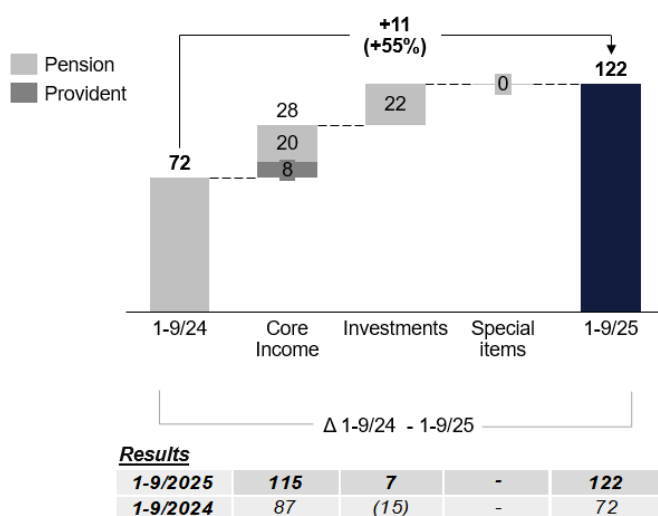
compared to the corresponding quarter last year; most of the change arises from a decrease of approx. NIS 133 million in the investment revenues line item, as a result of lower returns in financial markets in Israel and globally during the third quarter of the reporting period compared to the corresponding quarter last year.

6.6. Description of developments in core activities - Asset Management

6.6.1. Retirement

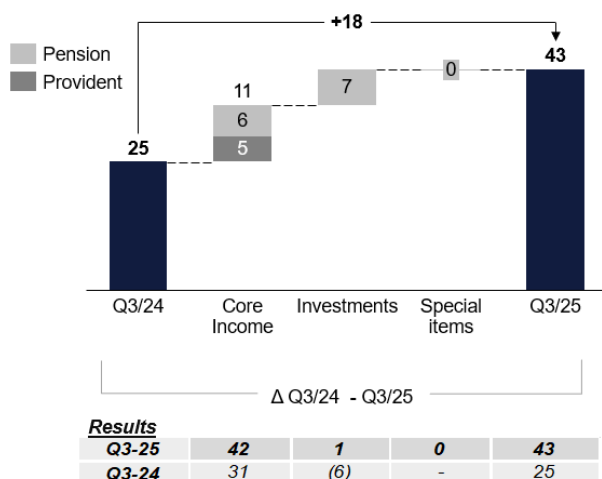
The group manages various types of pension funds and provident funds through Phoenix Pension & Provident Fund. In addition, the Group manages - through Halman-Aldubi IEC Gemel Ltd. - the central provident fund for annuity of Israel Electric Corporation employees. As of the report date, the Company holds - directly and indirectly - 100% of the shares of Phoenix Pension & Provident, and 100% of the shares of Halman-Aldubi IEC Gemel Ltd.

Following is the composition of the main effects and changes on the results of the Retirement Segment Subsegment for the reporting period compared to the corresponding period last year (in NIS million before tax):



The higher profitability in the reporting period compared to the corresponding period last year arises mainly from an increase of approx. NIS 28 million in operating income, as a result of an improvement in operational efficiency and increase in total assets under management. Furthermore, the increase arises from an increase of approx. NIS 22 million in the investment revenue line item due to higher returns in the reporting period compared to the corresponding period last year.

Following is a composition of the main effects and changes on the results of the Retirement Segment Subsegment for the third quarter of 2025 compared to the corresponding quarter last year (in NIS million, pre-tax):



The increase in profitability in the third quarter of 2025 compared to last year arises mainly from an increase of approx. NIS 7 million in profit from the investment revenue line item due to higher returns in the third quarter of 2025 compared to the corresponding period last year and an increase of approx. NIS 11 million in operating income due to an increase in assets under management.

With respect to the private placement of private commercial papers to institutional entities totaling NIS 200 million, see Section 1.3.13 above.

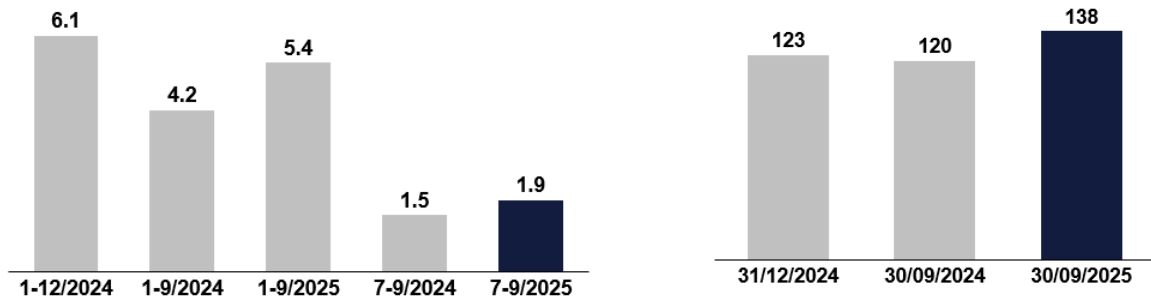
6.6.1.1. Provident Funds Subsegment

The Group manages provident funds and advanced education funds through Phoenix Pension & Provident, a wholly owned subsidiary of the Company, which manages benefits and severance pay funds, advanced education funds, a central benefits and severance pay fund, a guaranteed-return provident fund, an investment provident fund, a child long-term investment provident fund for savings, a self-directed benefits provident fund, and a personally managed advanced education fund.

The pre-tax comprehensive income in the Reporting Period amounted to approx. NIS 75 million compared to approx. NIS 54 million in the corresponding period last year.

Following is the development of contributions towards benefits and total assets under management:

Contributions towards benefits (NIS billion) **Assets under management (NIS billion)**



According to the Ministry of Finance's data, total aggregate contributions towards benefits in the Provident Funds Subsegment in the third quarter of 2025 totaled approx. NIS 48.9 billion, compared to a total of approx. NIS 42.8 billion in the corresponding period last year, reflecting an increase of approx. 14.1%.

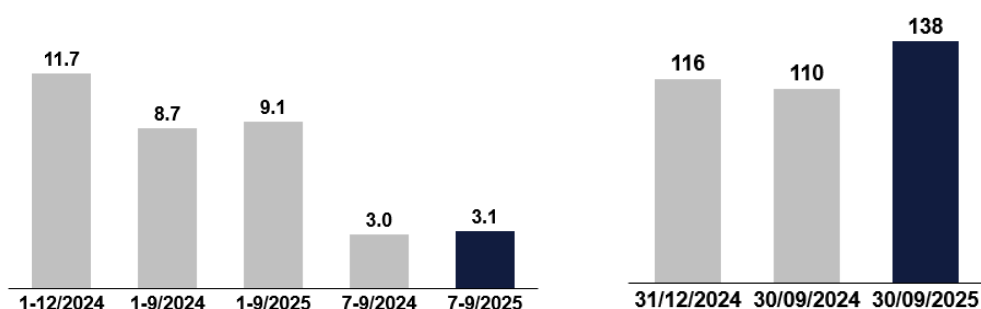
According to the Ministry of Finance data, as of September 30, 2025, total assets under management in the provident funds subsegment amounted to approx. NIS 966 billion, compared to approx. NIS 819 billion as of September 30, 2024, an increase of approx. 17.9%.

6.6.1.2. Pension funds

The Group's Pension Funds Subsegment is conducted through Phoenix Pension & Provident, a wholly-owned subsidiary of the Company. The pre-tax income in the Reporting Period amounted to approx. NIS 47 million compared with pre-tax income of approx. NIS 17 million in the corresponding period last year, as a result of focusing on improving profitability, increasing margins and boosting operational efficiency.

Following is the development of contributions towards benefits and total assets under management:

Contributions towards benefits (NIS billion) **Assets under management (NIS billion)**



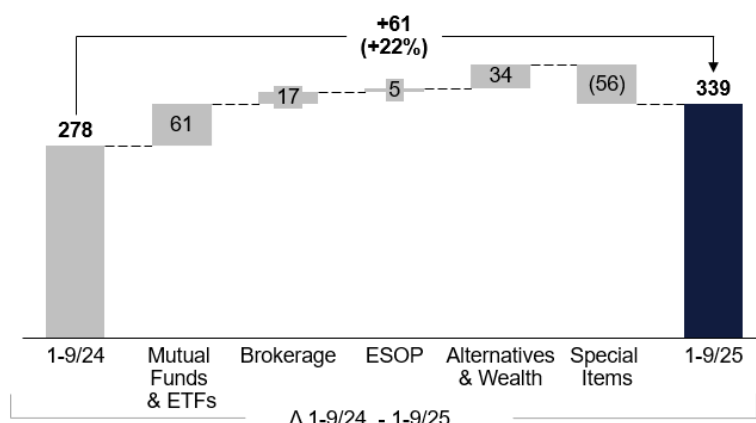
Based on Ministry of Finance data, aggregate contributions towards benefits in the new comprehensive pension funds subsegment in the third quarter of 2025 totaled approx. NIS 65.5 billion, compared to a total of approx. NIS 59.1 billion in the corresponding period last year, reflecting an increase of approx. 10.9%.

According to Ministry of Finance data, as of September 30, 2025, total assets under management in the new comprehensive pension funds subsegment amounted to a total of approx. NIS 1,096 billion, compared to approx. NIS 892 billion on September 30, 2024, an increase of approx. 22.9%.

6.6.2. Wealth & Investments

The activity in this segment is carried out mainly through Phoenix Investment House (formerly - Excellence Investments), Phoenix Capital Partners, through Phoenix Advanced Investments.

Following is the composition of the main effects and changes on the results of the Wealth & Investments Segment subsegment in the reporting period compared to the corresponding period last year (in NIS million before tax):

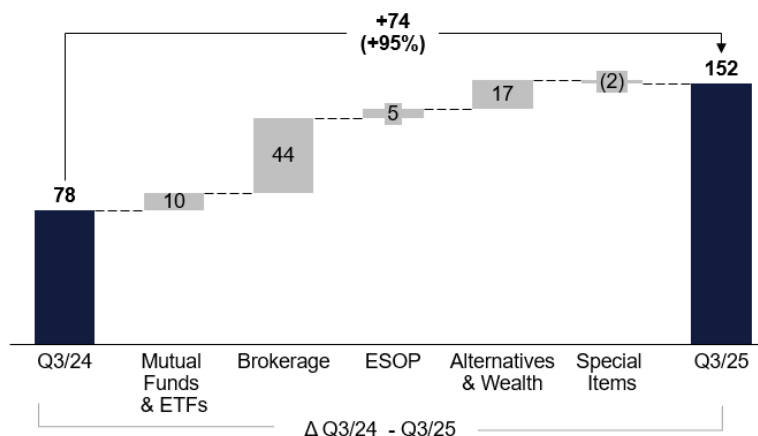


Results

	1-9/25	154	149	16	85	(65)	339
	1-9/24	93	132	11	51	(9)	278

The increase in profitability in the reporting period compared to last year, in the amount of approx. NIS 61 million, arises mainly from an increase of approx. NIS 61 million in the Mutual Funds & ETFs activity, and approx. NIS 17 million in the TASE member activity, mainly due to growth in activity, and approx. NIS 34 million in the Alternative & Wealth management activity. This income was partially offset by a total of approx. NIS 56 million from the special effects line item, mainly as a result of a one-off cost arising from the Company's strategy to strengthen the Alternatives Subsegment by Phoenix Advanced Investments' assuming control over Real Tech. The growth in the TASE member activity was reflected in an increase in the number of customers to approx. 82 thousand. For further details regarding the private placement of commercial papers and the initial rating of Phoenix Investment House, see Section 1.3.13 above.

Following is the composition of the main effects and changes on the results of the Wealth & Investments Segment in the third quarter of the reporting period compared to the corresponding quarter last year (in NIS million before tax):



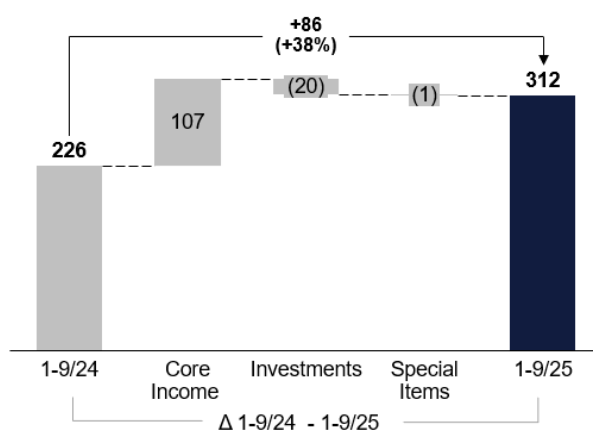
Results

Q3-25	53	53	8	41	(3)	152
Q3-24	43	9	3	24	(1)	78

The increase in profitability in the third quarter of the reporting period compared to the corresponding quarter last year, totaling approx. NIS 74 million, arose mainly from growth in the TASE member activity totaling approx. NIS 44 million, and from the Alternative & Wealth management activity totaling approx. NIS 17 million.

6.6.3. Brokers & Advisors

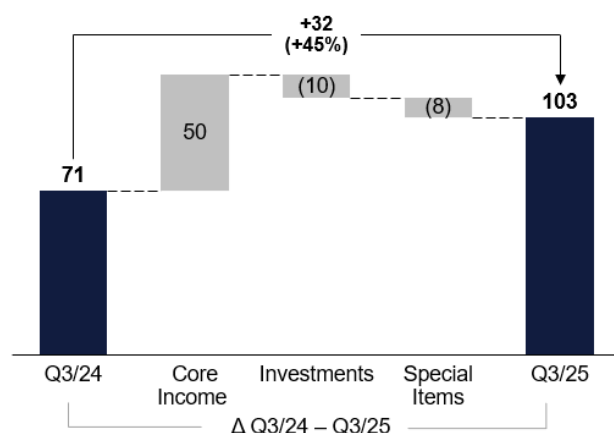
Following is the composition of the main effects and changes on the results of the Brokers & Advisors Segment for the reporting period compared to the corresponding period last year (in NIS million, pre-tax):



Results

1-9/25	335	(16)	(7)	312
1-9/24	228	4	(6)	226

Following is the composition of the main effects and changes on the results of the Brokers & Advisors Segment in the third quarter of the reporting period compared to the corresponding quarter last year (in NIS million before tax):



Results

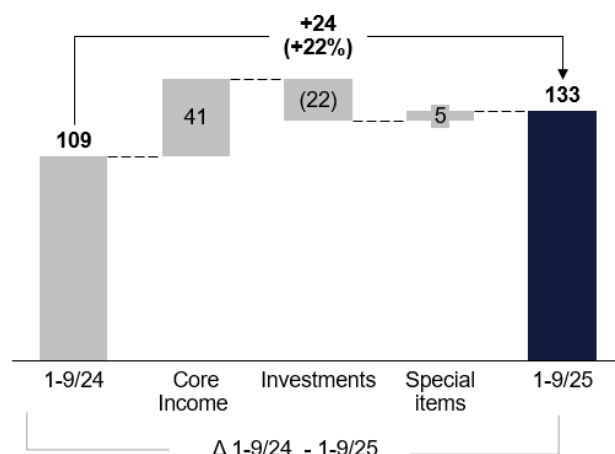
Q3-25	124	(7)	(14)	103
Q3-24	74	3	(6)	71

In the reporting period and third quarter, income increased by approx. NIS 86 million and approx. NIS 32 million (respectively) compared to last year; the increase in income mainly reflects the implementation of the Group's business strategy, which is reflected, among other things, in the expansion of its product and solution offerings, alongside investment in infrastructure and automation capabilities. Consequently, the Group's volume of activity increased and its operational efficiency improved. Concurrently, the Group streamlined its capital structure and accordingly there was an increase in finance expenses, which led to a decrease in net investment revenue compared to the corresponding period last year.

For further details regarding the completion of the acquisition of Phoenix Agencies' shares from Yitzhak Oz, see Section 1.3.7 above.

6.6.4. Financing

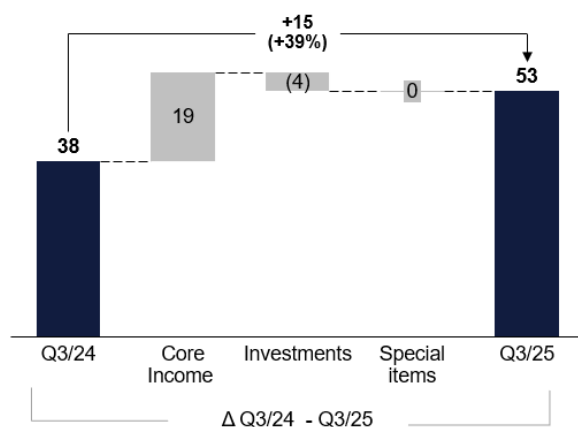
Following is the composition of the main effects and changes on the results of the Financing Segment subsegment in the reporting period compared to the corresponding period last year (in NIS million before tax):



Results

1-9/2025	155	(22)	0	133
1-9/2024	114	-	(5)	109

Following is the composition of the main effects and changes on the results of the Financing Segment in the third quarter of the reporting period compared to the corresponding quarter last year (in NIS million before tax):



Results

Q3-25	57	(4)	-	53
Q3-24	38	-	-	38

The increase in operating income in the reporting period and in the third quarter compared to the corresponding periods last year - totaling approx. NIS 24 million and approx. NIS 15 million, respectively - arises mainly from growth in the Construction Financing Subsegment and the Credit Card Subsegment. This increase was partially offset by ongoing increases related to building the infrastructure for Consumer Credit activity, which was launched in the second half of 2024. In the reporting period, the Company completed the transfer of the EL AL Club to Gama; this activity was classified into the Credit Card Subsegment.

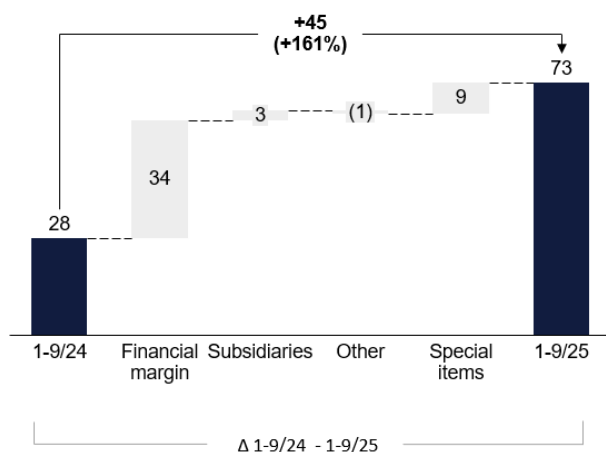
6.6.4.1. Following are the results of the profit (loss) from (pre-tax) activity in the various Financing subsegments during the reporting period compared with the corresponding period last year (in NIS million):

	1-9/2025	1-9/2024	Cycle (9 months)	Credit portfolio September 30, 2025
Income from				
Credit Cards	160	118	32,200	-
Credit for businesses	63	68	-	2,484
Construction Financing	72	48	-	1,313
Consumer credit	1	-	-	167
Other (*)	(141)	(120)	-	-
Total	155	114	32,200	3,964
Credit facilities				2,100
Total				6,064

(*) Other – mainly general and administrative expenses, which are not attributed to the activity.

6.6.5. Other and activity not attributed to the operating segments

Following is the composition of the effects on the Other Segment and activity that is not attributed to operating segments in the Reporting Period compared to the corresponding period last year (in NIS million, before tax):

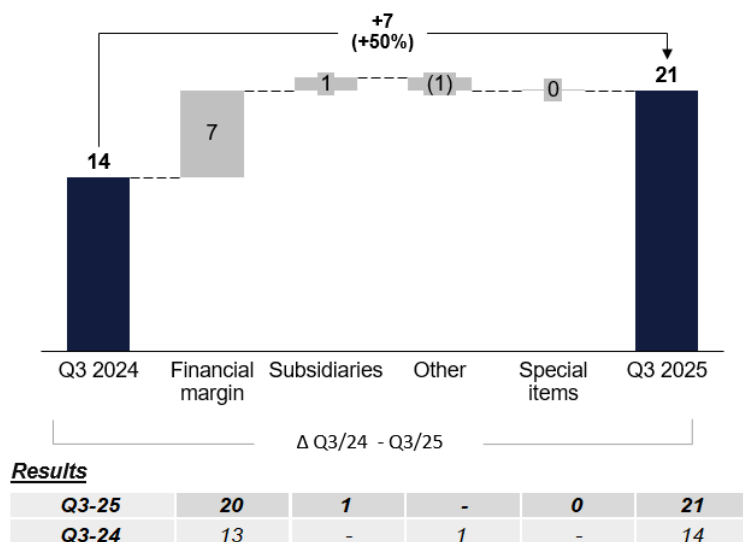


Results

1-9/2025	61	3	-	9	73
1-9/2024	27	-	1	-	28

The income in the reporting period increased by approx. NIS 45 million compared to the corresponding period last year, mainly due to an increase of approx. NIS 34 million in the financial margin.

Following is the composition of the effects on the Other Segment and activity that is not attributed to operating segments in the third quarter of the Reporting Period compared to the corresponding quarter last year (in NIS million, before tax):



The income in the third quarter of the reporting period increased by approx. NIS 7 million compared to the corresponding quarter last year, mainly due to an increase of approx. NIS 7 million in the financial margin.

6.7. Analysis of cash flow development

6.7.1. Cash flow for the Reporting Period

The consolidated cash flows provided by operating activities in the reporting period amounted to approx. NIS 2,435 million. The consolidated cash flows used for investing activities in the Reporting Period amounted to approx. NIS 387 million and included mainly a total of approx. NIS 331 million used to purchase intangible assets and to capitalize costs of intangible assets, approx. NIS 69 million used to acquire the non-controlling interests in associates, a total of approx. NIS 237 million used to invest in associates and a total of approx. NIS 469 million which arose from disposal of an investment in an associate.

The consolidated cash flow used for financing activities in the Reporting Period amounted to approx. NIS 430 million and included, among other things, a total of approx. NIS 2.386 million used to repay financial liabilities, a total of approx. NIS 4,332 million arising from issuing financial liabilities, a total of approx. NIS 1.194 million used for a dividend distribution to the Company's shareholders and a total of approx. NIS 454 million used to acquire the minority share in a consolidated company.

The Group's cash and cash-equivalent balances increased from a total of approx. NIS 20,466 million at the beginning of the reporting period to approx. NIS 23,561 million at the end of the reporting period.

6.7.2. Sources of financing and liquidity

6.7.2.1. For liquidity purposes, the Company relies, among other things, on net financial assets and on dividend distribution by some of its investees. Following is a breakdown of the material investees for liquidity purposes.

It is hereby clarified that some of the investees are subject to regulatory provisions in addition to the distribution restrictions set in the Companies Law, 1999:

- A. Phoenix Insurance - the dividends from Phoenix Insurance depend on the solvency ratio target set by the Board of Directors, which is higher than the minimum target set by the Banking Supervision Department; the dividends also depend on the policy set by the Board of Directors of Phoenix Insurance, see Section 3 above.

To assess the Company's future cash flows, the Company assumes a payment of dividend by Phoenix Insurance to the Company in accordance with the work plan.

The Company considers its holding in a Restricted Tier 1 capital instrument of Phoenix Insurance as a source of liquidity, and classifies this holding as a financial investment. For additional information regarding the dividend policy, see Section 1.3.9 above.

- B. Phoenix Pension & Provident - the dividend paid by Phoenix Pension & Provident depends on the capital requirements set by the Banking Supervision Department, and the dividend distribution policy of Phoenix Pension & Provident. The Company does not expect payment of dividend by Phoenix Pension & Provident in the next two years. However, for purposes of the future cash flow, the Company takes into account the repayment of the loan it extended to Phoenix Pension & Provident.

Furthermore, the Company controls the following entities which are not subject to special Regulatory Restrictions in addition to the Companies Law:

- A. Phoenix Agencies – in accordance with Phoenix Agencies' dividend policy, which was revised for a quarterly distribution, the annual dividend rate was revised to a rate of at least 80% of the income.
- B. Phoenix Capital Partners (formerly - Phoenix Investments and Finances Ltd.) – a dividend policy has not yet been set.
- C. Phoenix Gama – in accordance with Phoenix Gama's dividend policy, which was revised for a quarterly distribution, the annual dividend rate was revised to a rate of at least 30% of the income.
- D. Phoenix Investment House – in accordance with Phoenix Investment House's dividend policy, which was revised for a quarterly distribution, the annual dividend rate was revised to a rate of at least 70% of the income.

It is noted that such work plans are reflected in the Company's targets as stated in Section 4 above.

The cash flow from dividends of subsidiaries in the Reporting Period totaled approx. NIS 1,360 million. This cash flow supports liquidity, financial resilience, share buybacks, and a regular quarterly dividend distribution of NIS 950 million for the Reporting Period, as well as share buybacks of approx. NIS 188 million (totaling approx. NIS 1,138 million) by the Company.



6.7.2.3. Following is a table detailing the net financial debt (the table includes the Company's separate data):

	As of September 30 2025	As of December 31 2024
	NIS million	
<u>Financial assets</u>		
Cash and cash equivalents	104	157
Associates ⁽³⁾	2	232
Dividend receivable	-	574
Other financial investments ⁽¹⁾	2,374	1,442
Total assets	2,480	2,404
<u>Less current maturities</u>		
Current financial liabilities	285	173
<u>Current financial assets net of current maturities</u>	2,195	2,231
<u>Non-current financial liabilities</u>		
Non-current financial liabilities	2,660	1,734
Other liabilities	-	-
Total liabilities	2,660	1,734
<u>Net financial asset (debt)</u>	(465)	497
Dividend receivable (declared), net⁽⁴⁾	154	(565)
Net financial debt after declared quarterly dividend	(311)	(68)
<u>LTV⁽²⁾</u>	1%	1%

- (1) The other financial investments include, among other things, an investment in a Restricted Tier 1 capital instrument of Phoenix Insurance, which is traded on the Tel Bond Index, totaling NIS 1,350 million as of September 30, 2025 (fair value as of December 31, 2024 - approx. NIS 1,276 million).
- (2) The Company LTV is calculated as net financial asset (debt) as described above, in relation to the Company's market value as of September 30, 2025. For the calculation of LTV in accordance with financial covenants, see Section 9.2 below.
- (3) For further details regarding a seed investment in the fund, see Note 42C(12) to the Annual Financial Statements.
- (4) Dividend declared minus dividend receivable from subsidiaries.

6.7.2.4. Breakdown of rating for Group companies

<u>Entity</u>	<u>Rating¹</u>	<u>Actual highlights</u>
Phoenix Financial	AA	1%-5% LTV
Phoenix Insurance	AAA	182% Solvency (with transitional measures)
Phoenix Investment House	A+	>10x EBITDA / financing expenses
Phoenix Gama	AA	>10% Risk / Capital
Phoenix Agencies	AA+	<1x Debt / EBITDA
Phoenix Pension & Provident	AA-	<5x Debt / EBITDA

- (1) Phoenix Financial, Insurance and Gama are rated by two rating agencies (Maalot and Midroog).

7. Disclosure on Exposure to Market Risks and Management Thereof

Generally, during the Reporting Period there were no material changes in the exposure to market risks and management thereof compared to what is described in the report of the first quarter of 2025, except as follows:

During the third quarter of 2025, the Company issued - as part of the expansion of its Bonds (Series 5 and 6) NIS 109,885 thousand p.v. in Bonds (Series 5) of NIS 1 p.v. each, and NIS 420,986 thousand p.v. in Bonds (Series 6) of NIS 1 p.v. each; the total consideration arising to the Company from the two expansions amounted to NIS 530 million.

Following this issuance, there was a change in the exposure to CPI-linked interest rate and NIS interest rate compared to the data as of March 31, 2025.

The following table summarizes the results of the sensitivity tests to the linked interest rate on income, as of September 30, 2025. The results are presented in NIS million, and do not include the insurance company:

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Absolute increase of 2%	10% increase	5% increase		5% decrease	10% decrease	Absolute decrease of 2%
Government bonds	(25.8)	(2.4)	(1.2)	292.4	1.2	2.4	25.8
Corporate bonds and loans	(2.6)	(0.2)	(0.1)	55.3	0.1	0.2	2.6
Capital note to the insurance company	(130.0)	(15.5)	(7.8)	1,192.1	7.8	15.7	150.3
Total assets	(158.4)	(18.1)	(9.1)	1,539.8	9.1	18.3	178.6
Phoenix bonds	76.2	8.0	4.0	(1,144.7)	(4.0)	(8.1)	(83.8)
Total liabilities	76.2	8.0	4.0	(1,144.7)	(4.0)	(8.1)	(83.8)
Total	(82.1)	(10.1)	(5.1)	395.1	5.1	10.3	94.8

The following table summarizes the results of the sensitivity tests to the **NIS interest rate** on income, as of September 30, 2025. The results are presented in NIS million, and do not include the insurance company:

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Absolute increase of 2%	10% increase	5% increase		5% decrease	10% decrease	Absolute decrease of 2%
Government bonds	(1.2)	(0.2)	(0.1)	116.0	0.1	0.2	1.2
Corporate bonds	(10.4)	(1.2)	(0.6)	549.2	0.6	1.2	10.4
Total assets	(11.7)	(1.4)	(0.7)	665.2	0.7	1.4	11.7
Phoenix bonds*	88.8	18.3	9.2	(1,689.7)	(9.3)	(18.8)	(99.7)
Total liabilities	88.8	18.3	9.2	(1,689.7)	(9.3)	(18.8)	(99.7)
Total	77.1	16.9	8.5	(1,024.5)	(8.6)	(17.4)	(88.0)

Assumptions underlying the calculations

Fair value: Fair value was calculated using the discounted cash flow model, using the suitable interest rate for the cash flow period. The discount rate was calculated based on the market interest rate for the cash flow period, plus the risk premium derived from the security's rating.

Maximal scenario: For the interest risk, the calculation was based on absolute increase/decrease of 2% during the course of a day. This scenario was selected after a study of the yield curve database found that in the past 10 years, no absolute change exceeding 2% was observed in any single day. Scenario outcomes were calculated at the single asset level, so as to avoid distorting results by aggregating different instruments.

8. Corporate Governance Aspects

8.1. Effectiveness of internal control over financial reporting and disclosure

8.1.1. Securities Regulations

Amendment No. 3 to the Securities Regulations (Periodic and Immediate Reports), 2009 (hereinafter - “**ISOX**”), which concerns internal controls over financial reporting and the disclosure thereof (hereinafter - the “**Regulations**”), was published in December 2009. The amendment enacts a number of changes aimed at improving the quality of financial reporting and disclosure by reporting corporations.

As from the publication date of the ISOX amendment, and as detailed in the Company’s previous Reports of the Board of Directors, the Company has acted and is acting on an ongoing basis to implement the required procedure in Phoenix group in accordance with the provisions of the ISOX amendment. In accordance with the provisions of the ISOX amendment, the Company opted to implement to the internal controls of all of its consolidated institutional entities the provisions of the circulars of the Commissioner of the Capital Market, Insurance and Savings applicable thereto - the Institutional Circular 2009-9-10, “Management’s Responsibility for Internal Control over Financial Reporting”; Institutional Circular 2010-9-6, “Management’s Responsibility for Internal Control over Financial Reporting - Amendment”; Institutional Circular 2010-9-7 “Internal Control over Financial Reporting - Statements, Reports and Disclosures” (hereinafter - “**Management’s Responsibility Circulars**”).

The reports and statements required in accordance with the ISOX amendment are attached below to the periodic Financial Statements, see Part 5 - Report on the Effectiveness of Internal Controls over Financial Reporting and Disclosure.

The processes relating to the activities of institutional entities are also addressed in the Insurance Commissioner’s Circulars, see Section 8.1.2 below.

8.1.2. The Insurance Commissioner’s circulars

Alongside the process described in Section 8.1.1 above, the Phoenix group’s institutional entities apply the provisions of Management’s Responsibility Circulars pertaining to controls and procedures regarding disclosure and internal controls over financial reporting of an institutional entity, and implement the procedures required in connection therewith, as detailed below; this is done in accordance with the stages and dates set out in the abovementioned circulars and in collaboration with external consultants engaged for that purpose. As part of this process, the Group’s institutional entities adopted the internal control model of COSO - the Committee of Sponsoring Organization of the Treadway Commission - which is a generally accepted framework for assessment of internal controls.

8.1.3. Application of IFRS 17 and IFRS 9

IFRS 17 and IFRS 9 came into force at the beginning of 2025; the financial reporting for the 1st quarter of 2025 is the first full report in accordance with the New Standards, and therefore, this report includes significant changes in the manner of measurement and presentation of the financial reporting line items.

Under the Standards' adoption process, the Company carried out comprehensive preparations, which included application and integration of a new core system (Moody's), made changes to infrastructure in order to adapt the databases, and updated the required work processes and calculations in accordance with a methodology approved by the Company's management. In addition, the Company tested and mapped the required controls and the flow of information to the financial statements.

Under the preparations for the application of the Standard, the Company set up several committees: a Steering Committee headed by the Company's CEO, and a Steering Committee for the Application of IFRS 17 participated by members of the Balance Sheet Committee, who convened regularly to assess and approve the methodology and working assumptions, and to hold an in-depth discussion of the analysis of the calculation results.

As an integral part of the steps taken by the Company to apply the Standard, controls were implemented on an ongoing basis and an in-depth analysis process was carried out regarding the 2024 data, under which the Company worked to improve the databases and interfaces and conducted an orderly process of learning and drawing lessons. The parallel run for 2024 was carried out in Moody's system (in the testing environment).

For the data in the Reporting Period, the calculations were performed entirely in the production environments of the new system.

In accordance with the roadmap for the adoption of IFRS 17 published by the Capital Market Authority, the Company acted to map the risks in the relevant work processes and, accordingly, to design new key controls, including ITGC controls, and revise the existing control matrix, in accordance with the changes in the reporting process.

As part of the implementation of IFRS 17, the Company developed a dedicated BI tool that supports control processes and the production of the notes to the Financial Statements. The tool aggregates and processes the data centrally, is used by the business teams to perform analytical analyses, and enables consistent and transparent presentation of the information. Going forward, its capabilities are planned to be expanded for more in-depth analytical analyses and further reinforcement of the control environments.

The effectiveness of the controls under the revised matrix will be carried out in accordance with the Company's sampling methodology, through the reporting date of the 2025 annual financial statements. Under the Company's activity for the application of the Standard and in accordance with the changes made to the work processes during the course of this activity, an orderly work plan is in place for the development of additional controls to ensure the adequacy of financial reporting.

For additional information regarding the application of the Standard, see Section 5 above.

- **Disclosure controls and procedures**

Managements of the institutional entities, together with their CEOs and CFOs, assessed the effectiveness of the controls and procedures concerning the said institutional entities' disclosure in their Financial Statements as of the end of the period covered in this report. Based on this assessment, the CEOs and CFOs of the institutional entities in the Phoenix group concluded that, as of the end of this period, the controls and procedures as to the institutional entities' disclosure are sufficiently effective for recording, processing, summarizing, and reporting the information that the institutional entities are required to disclose in their quarterly report in accordance with the provisions of the law and the reporting provisions set by the Commissioner of the Capital Market, Insurance, and Savings and on the date set out in these provisions.

- **Internal control over financial reporting**

During the reporting period ending September 30, 2025, no changes took place in the internal control over financial reporting of the Group's institutional entities that had a material effect, or is expected to have a material effect, on the institutional entities' internal control over financial reporting. Furthermore, the Group's institutional entities are improving and streamlining processes and/or internal controls and/or customer service.

The Financial Statements relating to the relevant processes are attached to the Financial Statements of Phoenix group's institutional entities, in accordance with the provisions of Management's Responsibility Circulars.

8.2. Disclosure regarding the Financial Statements' approval process in a reporting entity

Pursuant to the Israel Securities Authority's directive regarding disclosures required in the Report of the Board of Directors as to the Financial Statements' approval process in a reporting entity, the corporate organs charged with governance in the corporation should be identified, and disclosure must be made of the procedures implemented by those charged with governance in the corporation, prior to the Financial Statements' approval. The directive does not apply to insurance companies. The Group's institutional entities are subject to the Supervisor's directives, and accordingly follow Sections 404 and 302 to the Sarbanes-Oxley Act of 2002 (hereinafter - "**SOX**"), including review of work processes and internal controls in institutional entities. The Financial Statements of the said institutional entities include officers' statements as to the fairness of the financial data presented in the Financial Statements and the existence and effectiveness of internal controls with respect to these Financial Statements. For details, see Section 5.4 to the Report on the Corporation's Business.

As part of the review of the financial results, meetings are held which are attended by the CEO, the CFO, division heads and other relevant officers, in which participants discuss material issues concerning financial reporting, including material transactions outside the ordinary course of business, material valuations used in the Financial Statements, the reasonability of the data and the accounting policies applied.

The Company's Board of Directors is the organ charged with governance and approval of the Financial Statements. The Company's Board of Directors has appointed a Financial Statements Review Committee (hereinafter - the “**Balance Sheet Committee**” or the “**Committee**”); the Committee submits to the Board of Directors its recommendations concerning the approval of the Financial Statements, prior to their approval by the Board. The Committee is not an Audit Committee.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of September 30, 2025

	NIS				Provident and pension companies in Israel	Credit company in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items					
Cash and cash equivalents for yield-dependent contracts	-	-	-	-	-	-	-	21,206,451	21,206,451
Other cash and cash equivalents	335,074	-	22,000	-	80,574	145,214	-	1,771,928	2,354,790
Financial investments for yield-dependent contracts measured at fair value	-	-	-	-	-	-	-	103,111,635	103,111,635
Other financial investments measured at fair value	154,361	142,421	46,385	186,976	380,061	-	-	30,721,957	31,632,161
Other financial investments measured at depreciated cost	355,531	534,806	19,000	-	1,010,851	-	-	2,419,686	4,339,874
Financial investments for holders of certificates of deposit and structured bonds	-	-	-	-	-	-	83,000	-	83,000
Receivables and debit balances	438,916	-	761	-	67,193	18,044	-	789,459	1,314,373
Current tax assets	-	25,397	-	-	98	5,761	-	-	31,256
Insurance contract assets	-	-	-	-	-	-	-	1,307,544	1,307,544
Reinsurance contract assets	-	-	-	-	-	-	-	4,625,895	4,625,895
Credit assets for factoring, acquiring and financing	-	-	-	-	-	5,347,307	-	-	5,347,307
Equity-accounted investments	20,966	10,823	1,348	163,668	-	191,026	-	1,088,766	1,476,597
Investment property for yield-dependent contracts	-	-	-	-	-	-	-	2,527,574	2,527,574
Investment property - other	-	-	-	-	-	-	-	1,895,860	1,895,860
Property, plant, and equipment measured at fair value	-	-	-	12,000	-	-	-	1,049,498	1,061,498
Other property, plant and equipment	-	-	-	245,576	863	16,515	-	140,932	403,886
Credit for purchase of securities	1,100,000	-	128,000	-	-	-	-	-	1,228,000
Intangible assets	-	-	-	2,454,265	481,240	68,674	-	1,082,874	4,087,053
Costs of obtaining investment management service contracts	-	-	-	-	1,393,883	-	-	299,248	1,693,131
Deferred tax assets	-	-	-	85,515	-	24,987	-	-	110,502
Held-for-sale asset	-	-	-	-	-	-	-	261,493	261,493
Total assets	2,404,848	713,447	217,494	3,148,000	3,414,763	5,817,528	83,000	174,300,800	190,099,880
Loans and credit	2,736,186	1,320,261	127,873	-	623,927	4,578,297	-	7,252,343	16,638,887
Liabilities for derivative instruments	702,000	478,000	33,000	65,000	293	-	-	1,079,535	2,357,828
Liabilities for structured products	-	-	-	-	-	-	83,000	-	83,000
Payables and credit balances	540,394	-	333	-	192,200	102,004	-	1,615,894	2,450,825
Payable dividend	-	-	-	-	-	-	-	-	-
Liability for current taxes	-	56,436	-	-	5,021	25,058	-	193,833	280,348
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	42,721,815	42,721,815
Liabilities for non-yield-dependent investment contracts	-	-	-	-	1,131,965	-	-	-	1,131,965
Liabilities for insurance contracts	-	-	-	-	-	-	-	111,131,184	111,131,184
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	36,235	36,235
Liabilities for employee benefits, net	30,670	-	-	-	-	5,489	-	42,077	78,236
Liabilities for deferred taxes	-	-	-	47,707	110,194	-	-	672,553	830,454
Total liabilities	4,009,250	1,854,697	161,206	112,707	2,063,600	4,710,848	83,000	164,745,469	177,740,777
Total exposure	(1,604,402)	(1,141,250)	56,288	3,035,293	1,351,163	1,106,680	-	9,555,331	12,359,103

(*) Against CPI-linked financial liabilities, the Company holds Series PHONIX B12 Bonds, which is CPI-linked.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of September 30, 2024

	NIS				Provident and pension companies in Israel	Credit companies in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items					
Cash and cash equivalents for yield-dependent contracts	-	-	-	-	-	-	-	19,009,002	19,009,002
Other cash and cash equivalents	393,581	-	23,008	-	72,358	227,819	-	1,669,785	2,386,551
Financial investments for yield-dependent contracts measured at fair value	-	-	-	-	-	-	-	87,308,239	87,308,239
Other financial investments measured at fair value	80,738	24,285	43,580	233,286	275,863	-	-	27,421,402	28,079,154
Other financial investments measured at depreciated cost	153,010	594,872	248,000	-	978,761	-	-	2,626,405	4,601,048
Financial investments for holders of certificates of deposit and structured bonds	-	-	-	-	-	-	134,000	-	134,000
Receivables and debit balances	379,267	-	398	-	68,831	12,286	-	969,265	1,430,047
Current tax assets	-	26,037	-	-	4,325	480	-	-	30,842
Insurance contract assets	-	-	-	-	-	-	-	509,780	509,780
Reinsurance contract assets	-	-	-	-	-	-	-	4,768,417	4,768,417
Credit assets for factoring, acquiring and financing	-	-	-	-	-	4,763,724	-	-	4,763,724
Equity-accounted investments	19,757	9,693	175,371	237,731	-	-	-	1,497,301	1,939,853
Investment property for yield-dependent contracts	-	-	-	-	-	-	-	2,350,695	2,350,695
Investment property - other	-	-	-	-	-	-	-	1,291,056	1,291,056
Property, plant, and equipment measured at fair value	-	-	-	12,000	-	-	-	1,309,986	1,321,986
Other property, plant and equipment	-	-	-	159,282	1,171	16,420	-	228,057	404,930
Credit for purchase of securities	831,000	-	72,000	-	-	-	-	-	903,000
Intangible assets	-	-	-	2,251,030	482,739	16,732	-	1,087,011	3,837,512
Costs of obtaining investment management service contracts	-	-	-	-	1,210,448	-	-	177,095	1,387,543
Deferred tax assets	-	-	-	81,096	-	12,724	-	941	94,761
Total assets	1,857,353	654,887	562,357	2,974,425	3,094,496	5,050,185	134,000	152,224,437	166,552,140
Loans and credit	1,740,397	969,307	252,045	-	590,812	4,117,188	-	5,990,057	13,659,806
Liabilities for derivative instruments	571,000	581,000	373,000	5,000	266	-	-	1,335,643	2,865,909
Liabilities for structured products	-	-	-	-	-	-	134,000	-	134,000
Payables and credit balances	402,199	-	321	-	123,897	72,467	-	1,521,220	2,120,104
Payable dividend	-	-	-	-	-	-	-	-	-
Liability for current taxes	-	42,440	-	-	101	6,726	-	47,986	97,253
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	29,865,923	29,865,923
Liabilities for non-yield-dependent investment contracts	-	-	-	-	1,100,244	-	-	-	1,100,244
Liabilities for insurance contracts	-	-	-	-	-	-	-	104,878,364	104,878,364
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	21,634	21,634
Liabilities for employee benefits, net	28,814	-	-	-	-	7,593	-	43,304	79,711
Liabilities for deferred taxes	-	-	-	31,582	94,033	-	-	501,419	627,034
Total liabilities	2,742,410	1,592,747	625,366	36,582	1,909,353	4,203,974	134,000	144,205,550	155,449,982
Total exposure	(885,057)	(937,860)	(63,009)	2,937,843	1,185,143	846,211	-	8,018,887	11,102,158

(*) Against CPI-linked financial liabilities, the Company holds Series PHONIX B12 Bonds, which is CPI-linked.

Linkage bases of assets and liabilities in the consolidated balance sheet (in NIS thousand) as of December 31, 2024

	NIS				Provident and pension companies in Israel	Credit company in Israel	ETNs - linkage to various indices	Israeli insurance company	Total
	Non-linked	CPI-linked	Foreign currency	Other non-monetary items					
Cash and cash equivalents for yield-dependent contracts	-	-	-	-	-	-	-	17,724,306	17,724,306
Other cash and cash equivalents	420,460	-	48,902	-	51,988	32,079	-	2,188,598	2,742,027
Financial investments for yield-dependent contracts measured at fair value	-	-	-	-	-	-	-	93,777,952	93,777,952
Other financial investments measured at fair value	15,218	76,253	-	176,275	309,935	-	-	28,205,284	28,782,965
Other financial investments measured at depreciated cost	369,496	594,800	31,000	-	983,993	-	-	2,478,133	4,457,422
Financial investments for holders of certificates of deposit and structured bonds	-	-	-	-	-	-	110,000	-	110,000
Receivables and debit balances	392,260	-	199	-	83,387	14,104	-	808,272	1,298,222
Current tax assets	-	23,478	-	-	5,330	3,878	-	-	32,686
Insurance contract assets	-	-	-	-	-	-	-	766,337	766,337
Reinsurance contract assets	-	-	-	-	-	-	-	4,809,311	4,809,311
Credit assets for factoring, acquiring and financing	-	-	-	-	-	4,970,234	-	-	4,970,234
Equity-accounted investments	19,458	10,960	236,010	233,934	-	-	-	1,501,932	2,002,294
Investment property for yield-dependent contracts	-	-	-	-	-	-	-	2,425,542	2,425,542
Investment property - other	-	-	-	-	-	-	-	1,323,367	1,323,367
Property, plant, and equipment measured at fair value	-	-	-	12,001	-	-	-	1,376,724	1,388,725
Other property, plant and equipment	-	-	-	216,615	1,006	16,295	-	152,871	386,787
Credit for purchase of securities	969,000	-	53,000	-	-	-	-	-	1,022,000
Intangible assets	-	-	-	2,273,809	490,345	19,216	-	1,049,024	3,832,394
Costs of obtaining investment management service contracts	-	-	-	-	1,259,198	-	-	206,855	1,466,053
Deferred tax assets	-	-	-	86,276	-	15,012	-	696	101,984
Total assets	2,185,892	705,491	369,111	2,998,910	3,185,182	5,070,818	110,000	158,795,204	173,420,608
Loans and credit	1,871,941	950,044	330,872	-	626,303	4,108,639	-	6,319,921	14,207,720
Liabilities for derivative instruments	755,000	466,000	-	21,000	174	-	-	1,739,412	2,981,586
Liabilities for structured products	-	-	-	-	-	-	134,000	-	134,000
Payables and credit balances	495,024	-	107	-	149,195	75,602	-	1,614,849	2,334,777
Payable dividend	-	-	-	-	-	-	-	-	-
Liability for current taxes	-	49,571	-	-	135	3,998	-	58,437	112,141
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	32,751,129	32,751,129
Liabilities for non-yield-dependent investment contracts	-	-	-	-	1,101,836	-	-	-	1,101,836
Liabilities for insurance contracts	-	-	-	-	-	-	-	107,121,777	107,121,777
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	30,162	30,162
Liabilities for employee benefits, net	31,430	-	-	-	-	7,868	-	45,435	84,733
Liabilities for deferred taxes	-	-	-	27,677	97,431	-	-	612,887	737,995
Total liabilities	3,153,395	1,465,615	330,979	48,677	1,975,074	4,196,107	134,000	150,294,009	161,597,856
Total exposure	(967,503)	(760,124)	38,132	2,950,233	1,210,108	874,711	(24,000)	8,501,195	11,822,752

(*) Against CPI-linked financial liabilities, the Company holds Series PHONIX B12 Bonds, which is CPI-linked.

10. Disclosure Provisions Relating to the Corporation's Financial Reporting

10.1. Events subsequent to the balance sheet date

Regarding events subsequent to the balance sheet date, see Note 11 to the Financial Statements.

10.2. Dedicated disclosure for the Company's bond holders

Series/ issuance date	Bonds (Series 4)	Bonds (Series 5)	Bonds (Series 6)
Rating agency	Midroog / Maalot	Midroog / Maalot	Midroog / Maalot
Rating as of the report date	Aa2.il / ilAA	Aa2.il / ilAA	Aa2.il / ilAA
Par value on issuance date	NIS 487,564,542	NIS 1,131,820,000	NIS 1,210,770,000
Interest type	Non-linked	CPI-linked	Non-linked
Nominal interest	The Bank of Israel's variable quarterly interest rate plus a 1.28% spread	0.44%	1.94%
Effective interest rate on issuance date	1.7%	2.94%	5.18%
Listed on the TASE	Yes	Yes	Yes
Principal payment dates	2 equal annual installments of 12% on July 31 of each of the years 2020 and 2021 and 4 equal annual installments of 19% on July 31 of each of the years 2025 through 2028.	3 equal annual installments of 4% on July 1 of each of the years 2022 through 2024, one installment of 28% on May 1, 2028, and 2 equal annual installments of 30% on May 1 of each of the years 2029 through 2030.	9 annual installments: 1 installment of 4% on December 31, 2024, 3 equal installments of 12% on December 31 of each of the years 2025 through 2027, 3 equal installments of 10% on December 31 of each of the years 2028 through 2030, and 2 installments of 15% in each of the years 2031 through 2032.
Interest payment dates	Quarterly interest on January 31, April 30, July 31, and October 31	Semi-annual interest on May 1 and November 1	Semi-annual interest on June 30 and December 31
Nominal p.v. as of September 30, 2025	NIS 299 million	NIS 1,137 million	NIS 1,483 million
CPI-linked nominal p.v. as of September 30, 2025	NIS 299 million	NIS 1,346 million	NIS 1,483 million
Carrying value of the bonds' outstanding balances as of September 30, 2025	Approx. NIS 298 million	Approx. NIS 1,293 million	Approx. NIS 1,339 million
Carrying value of interest payable as of September 30, 2025	Approx. NIS 2.9 million	Approx. NIS 2.5 million	Approx. NIS 5.2 million
Market value as of September 30, 2025 (1)	Approx. NIS 306 million	Approx. NIS 1,247 million	Approx. NIS 1,358 million
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

1) The market value includes interest accrued as of September 30, 2025.

Contractual restrictions and financial covenants

As part of the deed of trust of the Company's Bonds (Series 4), the Company undertook not to place a general floating charge on its assets as long as Bonds (Series 4) are not repaid in full, unless it has obtained the bond holders' consent in advance and placed on that date a lien of the same rank in favor of Bond (Series 4) holders. Furthermore, with respect to Bonds (Series 4), the Company assumed restrictions on dividend distribution and expansion of the Bonds (Series 4); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 2.9 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 50% for two consecutive quarters. For further details, see the Shelf Offering Report dated May 7, 2019.

As part of the deed of trust of the Company's Bonds (Series 5), the Company undertook not to place a general floating charge on its assets as long as Bonds (Series 5) are not repaid in full, unless it has obtained the bond holders' consent in advance and placed on that date a lien of the same rank in favor of Bond (Series 5) holders.

Furthermore, with respect to Bonds (Series 5), the Company assumed restrictions on dividend distribution; the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 3.2 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 50% for two consecutive quarters. In addition, a mechanism for adjusting the rate of change in interest rate due to noncompliance with financial covenants was set: In the event that the Company's shareholders' equity falls below NIS 3.5 billion, the annual interest rate will increase by the rate set in Section 5.9 of the Deed of Trust. For further details, see the shelf offering report dated February 20, 2020.

As part of the deed of trust of the Company's Bonds (Series 6), the Company undertook not to place a general floating charge on its assets as long as Bonds (Series 6) are not repaid in full, unless it has obtained the bond holders' consent in advance and placed on that date a lien of the same rank in favor of Bond (Series 6) holders. Furthermore, with respect to Bonds (Series 6), the Company assumed restrictions on dividend distribution and expansion of the Bonds (Series 6); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 3.6 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 48% for two consecutive quarters. For further details, see the Shelf Offering Report dated January 5, 2022.

For details regarding the issuance of additional Bonds (Series 5 and 6) by the Company by way of series expansion, see Section 1.3.13 above.

As of balance sheet date, the Company complies with the financial covenants described above. The net financial debt ratio as of September 30, 2025 was approx. 3.16% (including Restricted Tier 1 capital instrument issued by The Phoenix Insurance through The Phoenix Capital Raising), and the Company's shareholders' equity as per its separate financial statements as of September 30, 2025, was approx. NIS 12,065 million, which is higher than the above required shareholders' equity.

For further details, see Note 5 to the Company's financial statements as of September 30, 2025.

**The members of the Board of Directors thank the Company's management,
employees and agents for their contribution to the Company.**

Benjamin Gabbay
Chairman of the Board of Directors

Eyal Ben Simon
CEO

November 25, 2025

Part 2

Consolidated Interim Financial Statements



Reuven Rubin, Open Window, ca. 1922–3, Oil on canvas, Phoenix Collection

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Auditors' Review Report to the Shareholders of The Phoenix Financial Ltd.

Introduction

We have reviewed the accompanying financial information of The Phoenix Financial Ltd. and subsidiaries ("the Company"), the condensed consolidated statement of financial position as of September 30, 2025, the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine and three months periods then ended. The Company's Board of Directors and management are responsible for the preparation and presentation of interim financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the disclosure requirements set by the Commissioner of the Capital Market, Insurance and Savings and in accordance with the Financial Services (Insurance) Supervision Law, 1981 and they are also responsible for preparing financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation that consolidates an insurance company. Our responsibility is to express a conclusion regarding the financial information for these interim periods based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 3.5% of total consolidated assets as of September 30, 2025, and whose revenues included in consolidation constitute approximately 2% and 1.7% of total consolidated revenues for the nine and three months periods then ended. Furthermore, we did not review the condensed financial information for an interim periods of companies presented on the basis of the equity method. The investment in which, at equity, amounted to approximately NIS 1,101,260 thousand as of September 30, 2025, and the Company's share in the earning amounted to approximately NIS 65,886 thousand and NIS 8,256 for the nine and three months periods then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to financial information in respect of those companies, is based on the review reports of the other independent auditors.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is substantially less in scope than an audit performed pursuant to Israeli GAAP and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and in accordance with the disclosure requirements prescribed by the Commissioner of the Capital Market, Insurance and Savings, pursuant to the Financial Services Supervision Law (Insurance), 1981.

In addition to that which is stated in the previous paragraph, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the disclosure provisions of Chapter D of the Israel Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

Emphasis of matter

Without qualifying the above conclusion, we draw attention to Note 9 to the financial statements regarding exposure to contingent liabilities.

Tel Aviv,
November 25, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of September 30		As of
		2025	2024	December 31
		Unaudited		2024
		NIS thousand		
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		21,206,451	19,009,002	17,724,306
Other cash and cash equivalents		2,354,790	2,386,551	2,742,027
Financial investments in respect of yield-dependent contracts measured at fair value	5A	103,111,635	87,308,239	93,777,952
Other financial investments measured at fair value	5B	31,632,161	28,079,154	28,782,965
Other financial investments measured at depreciated cost	5B	4,339,874	4,601,048	4,457,422
Financial investments for holders of certificates of deposit and structured bonds		83,000	134,000	110,000
Receivables and debit balances		1,314,373	1,430,047	1,298,222
Current tax assets		31,256	30,842	32,686
Insurance contract assets	3	1,307,544	509,780	766,337
Reinsurance contract assets	3	4,625,895	4,768,417	4,809,311
Credit assets for factoring, acquiring and financing	5C	5,347,307	4,763,724	4,970,234
Equity-accounted investments	11B	1,476,597	1,939,853	2,002,294
Investment property in respect of yield-dependent contracts		2,527,574	2,350,695	2,425,542
Investment property - other	10N	1,895,860	1,291,056	1,323,367
Property, plant, and equipment measured at fair value	10N	1,061,498	1,321,986	1,388,725
Other property, plant and equipment		403,886	404,930	386,787
Credit for purchase of securities		1,228,000	903,000	1,022,000
Intangible assets		4,087,053	3,837,512	3,832,394
Costs of obtaining investment management service contracts		1,693,131	1,387,543	1,466,053
Deferred tax assets		110,502	94,761	101,984
Held-for-sale asset	11B	261,493	-	-
Total assets		190,099,880	166,552,140	173,420,608
Total assets for yield-dependent contracts		127,073,719	108,924,003	114,264,373

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Note	As of September 30		As of
		2025	2024	December 31
		Unaudited		2024
		NIS thousand		
Liabilities				
Loans and credit	5D	16,638,887	13,659,806	14,207,720
Liabilities for derivative instruments	5D	2,357,828	2,865,909	2,981,586
Liabilities for structured products		83,000	134,000	134,000
Payables and credit balances		2,450,832	2,120,104	2,334,776
Liabilities for current taxes		280,348	97,253	112,141
Liabilities for of yield-dependent investment contracts	3	42,721,815	29,865,923	32,751,129
Liabilities for non-yield-dependent investment contracts (*)	3	1,131,965	1,100,244	1,101,836
Total liabilities for insurance contracts	3	111,131,177	104,878,364	107,121,777
Liabilities for reinsurance contracts	3	36,235	21,634	30,162
Liabilities for employee benefits, net		78,236	79,711	84,733
Liabilities for deferred taxes		830,454	627,034	737,996
Total liabilities		177,740,777	155,449,982	161,597,856
Equity				
Share capital		317,299	315,173	315,764
Share premium		1,266,901	880,200	899,856
Treasury shares		(466,568)	(320,290)	(376,885)
Capital reserves	10I	(1,020,206)	(167,593)	(185,645)
Surplus		11,967,754	10,077,179	10,836,804
Total equity attributable to Company's shareholders	6	12,065,180	10,784,669	11,489,894
Non-controlling interests		293,923	317,489	332,858
Total equity		12,359,103	11,102,158	11,822,752
Total current liabilities and equity		190,099,880	166,552,140	173,420,608

(*) This line item includes liabilities in respect of contracts for management of guaranteed return provident funds.

Benjamin Gabbay
Chairman of the Board

Eyal Ben Simon
CEO

Eli Schwartz
EVP, CFO

Approval date of the financial statements – November 25, 2025

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Note	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited NIS thousand				
Revenues from insurance services		7,299,427	6,900,868	2,489,532	2,358,290	9,278,187
Expenses from insurance services		5,551,179	5,155,602	1,884,674	1,774,246	6,929,538
Income from insurance services before reinsurance contracts held		1,748,248	1,745,266	604,858	584,044	2,348,649
Reinsurance expenses		1,103,113	1,116,949	369,638	407,490	1,498,950
Reinsurance revenues		946,310	680,448	231,311	257,406	887,815
Net expenses from reinsurance contracts held		(156,803)	(436,501)	(138,327)	(150,084)	(611,135)
Income from insurance services	7	1,591,445	1,308,765	466,531	433,960	1,737,514
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts		10,965,209	10,360,432	4,891,756	3,564,720	13,996,077
Investment income from other investments, net						
Interest revenues calculated using the effective interest method		178,813	240,259	72,755	98,818	287,197
Losses (reversal of losses), net from impairment of financial assets		9,307	(28,194)	(7)	(13,124)	(30,166)
Other investment income, net		2,421,727	1,242,023	827,715	987,204	2,446,205
Share in earnings of equity-accounted investees		106,514	83,592	31,104	43,628	103,254
Total income from other investments, net		2,697,747	1,594,068	931,581	1,142,774	2,866,822
Total investment income, net		13,662,956	11,954,500	5,823,337	4,707,494	16,862,899
Finance expenses, net arising from insurance contracts		8,653,648	8,045,603	3,525,627	3,114,093	11,691,614
Finance income (expenses), net arising from reinsurance contracts		162,422	115,855	40,227	98,536	247,157
Increase in liabilities in respect of investment contracts due to the yield component		(3,396,511)	(3,062,661)	(1,676,101)	(1,027,712)	(3,763,568)
Net investment and finance income	8	1,775,219	962,091	661,836	664,225	1,654,874
Income, net from insurance and investment		3,366,664	2,270,856	1,128,367	1,098,185	3,392,388
Revenues from management fees		1,386,319	1,125,321	491,067	399,831	1,560,626
Revenues from Wealth & Investments		318,000	275,000	112,000	89,000	393,000
Revenues from credit and acquiring		359,616	318,822	122,884	110,530	432,213
Revenues from fees and commissions of Brokers & Advisors		577,580	480,111	201,188	170,127	645,410
Other operating expenses		1,764,467	1,560,438	601,190	563,909	2,178,695
Other revenues (expenses), net		(78,911)	(25,697)	(29,301)	(16,413)	(86,258)
Other finance expenses		507,305	386,904	175,724	151,627	491,629
Profit before income tax		3,657,496	2,497,071	1,249,291	1,135,724	3,667,055
Taxes on income		1,222,654	775,270	394,920	357,906	1,159,974
Income for the period		2,434,842	1,721,801	854,371	777,818	2,507,081
Attributable to:						
Company's shareholders		2,323,387	1,632,479	813,563	750,333	2,391,031
Non-controlling interests		111,455	89,322	40,808	27,485	116,050
Income for the period		2,434,842	1,721,801	854,371	777,818	2,507,081
Earnings per share attributable to the Company's shareholders (in NIS)						
Basic earnings						
Income from continuing operations per ordinary share of NIS 1 par value		9.24	6.47	3.22	2.98	9.51
Diluted earnings						
Income from continuing operations		9.18	6.42	3.20	2.94	9.44

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
			NIS thousand		
Income for the period	<u>2,434,842</u>	<u>1,721,801</u>	<u>854,371</u>	<u>777,818</u>	<u>2,507,081</u>
Items of other comprehensive income not subsequently carried to profit or loss:					
Revaluation of property, plant, and equipment, net	-	6,001	-	6,001	(16,279)
Income from remeasurement of defined benefit plan for employees	-	-	-	-	239
Total other comprehensive income (loss) not to be subsequently carried to profit or loss before income tax	<u>-</u>	<u>6,001</u>	<u>-</u>	<u>6,001</u>	<u>(16,040)</u>
Income tax associated with items of other comprehensive income not to be subsequently carried to profit or loss	-	(1,380)	-	(1,380)	3,702
Total other comprehensive income (loss) not to be subsequently carried to profit or loss, net of tax	<u>-</u>	<u>4,621</u>	<u>-</u>	<u>4,621</u>	<u>(12,338)</u>
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:					
Group's share in other comprehensive income (loss) of equity-accounted investees	(24,274)	12,079	(10,650)	4,520	(10,029)
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax	<u>(24,274)</u>	<u>12,079</u>	<u>(10,650)</u>	<u>4,520</u>	<u>(10,029)</u>
Total other comprehensive income (loss) for the period, net of tax	<u>(24,274)</u>	<u>16,700</u>	<u>(10,650)</u>	<u>9,141</u>	<u>(22,367)</u>
Total comprehensive income for the period	<u>2,410,568</u>	<u>1,738,501</u>	<u>843,721</u>	<u>786,959</u>	<u>2,484,714</u>
Attributable to:					
Company's shareholders	2,299,113	1,649,179	802,913	759,474	2,368,692
Non-controlling interests	111,455	89,322	40,808	27,485	116,022
Comprehensive income for the period	<u>2,410,568</u>	<u>1,738,501</u>	<u>843,721</u>	<u>786,959</u>	<u>2,484,714</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders										Non-con- trolling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from trans-actions with non- controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share- based payment	Revaluation reserve	Reserve from translation differences	Total		
Unaudited NIS thousand												
Balance as of January 1, 2025 (*)	315,764	899,856	(376,885)	10,836,804	(467,819)	11,000	60,642	212,520	(1,988)	11,489,894	332,858	11,822,752
Income	-	-	-	2,323,387	-	-	-	-	-	2,323,387	111,455	2,434,842
Other comprehensive loss	-	-	-	-	-	-	-	-	(24,274)	(24,274)	-	(24,274)
Total comprehensive income (loss)	-	-	-	2,323,387	-	-	-	-	(24,274)	2,299,113	111,455	2,410,568
Share-based payment	-	62,208	-	-	-	-	28,199	-	-	90,407	-	90,407
Dividend to non- controlling interests	-	-	-	-	-	-	-	-	-	-	(91,730)	(91,730)
Acquisition of treasury shares (see Note 10B)	-	-	(188,294)	-	-	-	-	-	-	(188,294)	-	(188,294)
Exercise of employee options	1,535	22,163	-	-	-	-	(23,698)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,495	-	-	-	(2,495)	-	-	-	-
Dividend (Note 10C)	-	-	-	(1,194,932)	-	-	-	-	-	(1,194,932)	-	(1,194,932)
Acquisition of minority interests (Note 10 I and O)	-	282,674	98,611	-	(807,003)	-	-	-	-	(425,718)	(101,639)	(527,357)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	30,787	30,787
Transaction with minority interest	-	-	-	-	(5,290)	-	-	-	-	(5,290)	-	(5,290)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	12,192	12,192
Balance as of September 30, 2025	317,299	1,266,901	(466,568)	11,967,754	(1,280,112)	11,000	65,143	210,025	(26,262)	12,065,180	293,923	12,359,103

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total			
											NIS thousand		
Balance as of January 1, 2024 (*) (audited)	313,340	860,345	(193,866)	8,976,662	(395,095)	11,000	69,507	228,941	8,041	9,878,875	300,968	10,179,843	
Income	-	-	-	1,632,479	-	-	-	-	-	1,632,479	89,322	1,721,801	
Other comprehensive income	-	-	-	-	-	-	-	4,621	12,079	16,700	-	16,700	
Total comprehensive income	-	-	-	1,632,479	-	-	-	4,621	12,079	1,649,179	89,322	1,738,501	
Share-based payment	-	3,846	-	-	-	-	16,114	-	-	19,960	-	19,960	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(77,032)	(77,032)	
Acquisition of treasury shares	-	-	(126,424)	-	-	-	-	-	-	(126,424)	-	(126,424)	
Exercise of employee options	1,833	16,009	-	-	-	-	(17,842)	-	-	-	-	-	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	3,038	-	-	-	(3,038)	-	-	-	-	
Dividend	-	-	-	(535,000)	-	-	-	-	-	(535,000)	-	(535,000)	
Acquisition of minority interests	-	-	-	-	(79,410)	-	-	-	-	(79,410)	(33,432)	(112,842)	
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	15,459	15,459	
Transaction with minority interest	-	-	-	-	(22,511)	-	-	-	-	(22,511)	-	(22,511)	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	22,204	22,204	
Balance as of September 30, 2024 (unaudited)	315,173	880,200	(320,290)	10,077,179	(497,016)	11,000	67,779	230,524	20,120	10,784,669	317,489	11,102,158	

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders										Non-con- trolling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non- controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share- based payment	Revaluation reserve	Reserve from translation differences	Total		
Unaudited NIS thousand												
Balance as of July 1, 2025	316,903	950,647	(429,051)	11,553,350	(473,109)	11,000	59,220	210,866	(15,612)	12,184,214	370,104	12,554,318
Income	-	-	-	813,563	-	-	-	-	-	813,563	40,808	854,371
Other comprehensive loss	-	-	-	-	-	-	-	-	(10,650)	(10,650)	-	(10,650)
Total comprehensive income (loss)	-	-	-	813,563	-	-	-	-	(10,650)	802,913	40,808	843,721
Share-based payment	-	23,321	-	-	-	-	16,578	-	-	39,899	-	39,899
Dividend to non- controlling interests	-	-	-	-	-	-	-	-	-	-	(23,017)	(23,017)
Acquisition of treasury shares (see Note 10B)	-	-	(136,128)	-	-	-	-	-	-	(136,128)	-	(136,128)
Exercise of employee options	396	10,259	-	-	-	-	(10,655)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	841	-	-	-	(841)	-	-	-	-
Dividend (Note 10C)	-	-	-	(400,000)	-	-	-	-	-	(400,000)	-	(400,000)
Acquisition of minority interests (Note 10 I and O)	-	282,674	98,611	-	(807,003)	-	-	-	-	(425,718)	(101,639)	(527,357)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	138	138
Transaction with minority interest	-	-	-	-	-	-	-	-	-	-	4,533	4,533
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	2,996	2,996
Balance as of September 30, 2025	317,299	1,266,901	(466,568)	11,967,754	(1,280,112)	11,000	65,143	210,025	(26,262)	12,065,180	293,923	12,359,103

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total			
Unaudited NIS thousand													
Balance as of July 1, 2024 (*)	314,728	865,504	(310,101)	9,595,813	(422,204)	11,000	72,575	226,936	15,600	10,369,851	342,638	10,712,489	
Income	-	-	-	750,333	-	-	-	-	-	750,333	27,485	777,818	
Other comprehensive income	-	-	-	-	-	-	-	4,621	4,520	9,141	-	9,141	
Total comprehensive income	-	-	-	750,333	-	-	-	4,621	4,520	759,474	27,485	786,959	
Share-based payment	-	6,869	-	-	-	-	3,476	-	-	10,345	-	10,345	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33,657)	(33,657)	
Acquisition of treasury shares	-	-	(10,189)	-	-	-	-	-	-	(10,189)	-	(10,189)	
Exercise of employee options	445	7,827	-	-	-	-	(8,272)	-	-	-	-	-	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,033	-	-	-	(1,033)	-	-	-	-	
Dividend	-	-	-	(270,000)	-	-	-	-	-	(270,000)	-	(270,000)	
Acquisition of minority interests	-	-	-	-	(74,812)	-	-	-	-	(74,812)	(26,903)	(101,715)	
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	8,027	8,027	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	(101)	(101)	
Balance as of September 30, 2024	315,173	880,200	(320,290)	10,077,179	(497,016)	11,000	67,779	230,524	20,120	10,784,669	317,489	11,102,158	

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders										Non-controlling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholders	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total		
	NIS thousand											
Balance as of January 1, 2024 (*) (audited)	313,340	860,345	(193,866)	8,976,662	(395,095)	11,000	69,507	228,941	8,041	9,878,875	300,968	10,179,843
Income	-	-	-	2,391,031	-	-	-	-	-	2,391,031	116,050	2,507,081
Other comprehensive income (loss)	-	-	-	225	-	-	-	(12,535)	(10,029)	(22,339)	(28)	(22,367)
Total comprehensive income (loss)	-	-	-	2,391,256	-	-	-	(12,535)	(10,029)	2,368,692	116,022	2,484,714
Share-based payment	-	13,653	-	-	-	-	19,417	-	-	33,070	-	33,070
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(111,959)	(111,959)
Acquisition of treasury shares	-	-	(183,019)	-	-	-	-	-	-	(183,019)	-	(183,019)
Exercise of employee options	2,424	25,858	-	-	-	-	(28,282)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	3,886	-	-	-	(3,886)	-	-	-	-
Dividend	-	-	-	(535,000)	-	-	-	-	-	(535,000)	-	(535,000)
Acquisition of minority interests	-	-	-	-	(83,394)	-	-	-	-	(83,394)	(31,135)	(114,529)
Transaction with minority interest	-	-	-	-	10,670	-	-	-	-	10,670	16,819	27,489
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	24,148	24,148
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	17,995	17,995
Balance as of December 31, 2024 (unaudited)	315,764	899,856	(376,885)	10,836,804	(467,819)	11,000	60,642	212,520	(1,988)	11,489,894	332,858	11,822,752

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

		For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited		Unaudited		
Appendix		NIS thousand				
<u>Cash flows from operating activities</u>						
Income for the period		2,434,842	1,721,801	854,371	777,818	2,507,081
Adjustments required to present cash flows from operating activities		(a)	617,440	(1,297,447)	(319,408)	(1,531,602)
Net cash provided by (used for) operating activities			3,052,282	424,354	534,963	(753,784)
<u>Cash flows used for investing activities</u>						
Purchase of property, plant and equipment			(233,703)	(258,260)	(62,582)	(88,351)
Proceeds from disposal of property, plant and equipment			1,069	1,647	1,013	1,147
Investment in associates			(237,441)	(440,616)	(37,633)	(15,399)
Dividend from associates			11,135	15,978	2,619	6,904
Acquisition of consolidated companies consolidated for the first time		(b)	(69,011)	(69,918)	(27,031)	(13,575)
Change in loans granted to associates			424	5,442	602	5,000
Proceeds from disposal of investment in associate			469,690	266,148	301,770	108,788
Disposal of intangible assets			2,148	1,881	802	594
Acquisition and capitalization of intangible assets costs			(331,603)	(414,671)	(86,504)	(93,618)
Net cash provided by (used for) investing activities			(387,292)	(892,369)	93,056	(88,510)
<u>Cash flows provided by financing activities</u>						
Acquisition of Company shares			(188,294)	(126,424)	(136,128)	(10,189)
Issuance of shares to non-controlling interests in a consolidated company			-	-	-	-
Acquisition of minority interest in a consolidated company (*)			(454,428)	(112,842)	(447,242)	(112,842)
Repayment of contingent liability in respect of a put option to non-controlling interests			(27,877)	(5,011)	(21,877)	-
Short-term credit from banks, net			(35,502)	45,445	57,977	(20,555)
Repayment of financial liabilities			(2,386,639)	(1,267,014)	(1,528,071)	(553,011)
Dividend to shareholders			(1,194,932)	(535,000)	(400,000)	(270,000)
Repayment of lease liability principal			(31,798)	(39,907)	(20,153)	(11,618)
Issuance of financial liabilities			4,332,208	2,391,535	1,344,896	1,345,106
Change in Repo liability, net			508,910	(766,752)	198,365	558,906
Dividend paid to non-controlling interests			(91,730)	(77,032)	(23,017)	(33,657)
Net cash provided by (used in) financing activities			429,918	(493,002)	(975,250)	892,140
<u>Increase (decrease) in cash and cash equivalents</u>			3,094,908	(961,017)	(347,231)	49,846
<u>Balance of cash and cash equivalents at beginning of period</u>		(d)	20,466,333	22,356,570	23,908,472	21,345,707
<u>Balance of cash and cash equivalents at end of period</u>		(d)	23,561,241	21,395,553	23,561,241	21,395,553

(*) Reclassified.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				
	NIS thousand				
(a) <u>Adjustments required to present cash flows</u>					
<u>from operating activities:</u>					
<u>Items not involving cash flows</u>					
Net gains on financial investments in respect of insurance contracts and yield- dependent investment contract	(10,698,003)	(8,816,468)	(4,676,294)	(2,527,872)	(13,008,517)
Change in fair value of investment property in respect of yield-dependent contracts	-	(6,821)	-	-	(37,216)
Net (gains) losses on other financial investments	(2,591,133)	(1,612,102)	(935,397)	(1,121,161)	(2,929,210)
Depreciation and amortization	401,510	377,506	123,843	127,422	562,147
Loss from disposal of property, plant and equipment	(90)	(516)	-	(516)	(606)
Change in fair value of investment property	-	(3,409)	-	-	(5,098)
Gain (loss) on notional disposal as a result of assuming control of an investee	(26,763)	966	-	-	966
Change in financial liabilities	(666,336)	515,705	(995,203)	276,996	628,772
Income tax expenses	1,222,654	775,271	394,920	357,907	1,159,974
Share in earnings of equity- accounted investees	(106,514)	(83,592)	(31,104)	(43,628)	(103,254)
Payroll expenses in respect of share- based payment	58,986	31,573	16,716	11,503	44,908
<u>Changes in other on-balance sheet line</u> <u>items, net:</u>					
Change in liabilities in respect of non-yield- dependent investment contracts	30,129	37,151	13,126	21,249	38,742
Change in liabilities in respect of yield- dependent investment contracts	9,970,686	10,333,079	3,904,263	2,532,848	13,218,285
Change in liabilities for insurance contracts	4,009,400	(1,895,854)	2,311,551	1,413,176	347,559
Changes in liabilities for reinsurance contracts	6,073	(16,057)	3,108	5,882	(7,529)
Change in liabilities for notes, ETFs	(51,000)	(37,000)	(22,000)	(24,000)	(37,000)
Change in financial investments for holders of ETFs, certificates of deposit	27,000	39,000	22,000	25,000	63,000
Change in credit assets for factoring, acquiring and financing	(348,365)	(471,370)	(340,813)	(318,233)	(677,880)
Change in insurance contract assets	(541,207)	(101,900)	(121,004)	(109,913)	(358,457)
Change in reinsurance contract assets	(69,500)	(216,019)	(149,771)	(130,460)	(256,913)
Change in costs of obtaining investment management service contracts	(227,078)	(106,244)	(70,298)	(37,870)	(184,754)
Change in liabilities for employee benefits, net	(6,503)	4,141	(18,634)	(15,893)	9,293
Change in receivables and debit balances	(18,189)	(463,662)	(72,794)	(532,899)	(301,050)
Change in payables and credit balances	351,061	462,095	177,204	180,368	670,400
Change in credit for purchase of securities	(206,000)	(186,000)	(93,000)	(150,000)	(305,000)
Change in loans granted to associates	(2,988)	(3,503)	(1,300)	(1,236)	(1,129)
<u>Financial investments and investment</u> <u>property in respect of insurance contracts</u> <u>and yield-dependent investment contracts:</u>					
Acquisition of real estate properties	(102,032)	(60,811)	(26,071)	(26,249)	(105,263)
Sale of financial investments, net	1,364,320	71,232	694,649	(1,159,538)	(2,206,432)
<u>Financial investments and other</u> <u>investment property:</u>					
Sales (acquisitions), net of financial investments	(169,223)	552,489	66,786	(107,794)	1,305,856
Acquisition of real estate properties	(71,870)	(47,776)	(17,809)	(21,895)	(79,745)
<u>Cash paid and received during the</u> <u>year for:</u>					
Taxes paid	(996,543)	(518,058)	(473,696)	(270,043)	(804,415)
Taxes received	74,958	149,507	(2,386)	115,247	150,944
Total cash flows provided by operating activities	<u>617,440</u>	<u>(1,297,447)</u>	<u>(319,408)</u>	<u>(1,531,602)</u>	<u>(3,208,622)</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
	NIS thousand				
(b) <u>Acquisition of consolidated companies consolidated for the first time</u>					
<u>Assets and liabilities of the consolidated companies as of acquisition date:</u>					
Working capital (excluding cash and cash equivalents)	28,466	8,467	(7,231)	(11,302)	22,264
Other financial investments	-	(3,238)	-	-	-
Property, plant and equipment, net	(1,058)	(4,190)	(511)	(873)	(4,539)
Goodwill arising from acquisition	(177,328)	(38,212)	(6,758)	(1,344)	(57,241)
Intangible assets	(65,610)	(79,386)	(16,885)	(435)	(82,958)
Deferred taxes	16,771	17,194	1,513	(313)	18,398
Minority interests	12,191	22,204	2,995	(101)	17,995
Disposal of investment in an associate	104,323	-	(394)	-	-
Financial liabilities	16,900	1,854	240	793	7,719
Liabilities for employee benefits	6	-	-	-	1,273
Financial assets	(3,672)	1,164	-	-	(3,907)
Loan from parent company	-	4,225	-	-	4,225
	<u>(69,011)</u>	<u>(69,918)</u>	<u>(27,031)</u>	<u>(13,575)</u>	<u>(76,771)</u>
(c) <u>Cash and cash equivalents</u>					
Balance of cash and cash equivalents at beginning of period:					
Cash and cash equivalents	2,742,027	3,053,023	3,937,843	2,659,974	3,053,023
Cash and cash equivalents in respect of yield-dependent contracts	<u>17,724,306</u>	<u>19,303,547</u>	<u>19,970,629</u>	<u>18,685,733</u>	<u>19,303,547</u>
	<u>20,466,333</u>	<u>22,356,570</u>	<u>23,908,472</u>	<u>21,345,707</u>	<u>22,356,570</u>
Balance of cash and cash equivalents at end of period:					
Cash and cash equivalents	2,354,790	2,386,551	2,354,790	2,386,551	2,742,027
Cash and cash equivalents in respect of yield-dependent contracts	<u>21,206,451</u>	<u>19,009,002</u>	<u>21,206,451</u>	<u>19,009,002</u>	<u>17,724,306</u>
	<u>23,561,241</u>	<u>21,395,553</u>	<u>23,561,241</u>	<u>21,395,553</u>	<u>20,466,333</u>
(d) <u>Significant non-cash activities</u>					
Recognition of right-of-use asset against a lease liability	(40,163)	(119,164)	(468)	(7,818)	(127,351)
Acquisition of minority interest against financial liability (Note 10O)	(78,219)	-	(78,219)	-	-
Acquisition of minority interest in consideration for reissuance of treasury shares (Note 10I)	(381,285)	-	(381,285)	-	-
(e) <u>Breakdown of amounts included in operating activities</u>					
Interest paid	325,690	313,137	170,851	125,250	429,465
Interest received	894,661	832,593	501,310	161,914	1,329,157
Dividend received	59,684	38,240	24,578	11,250	61,812

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

NOTE 1 - GENERAL

A. Phoenix Financial Ltd., (hereinafter - the “**Company**”) is an Israeli resident company incorporated in Israel, whose official address is 53 Derech Hashalom St., Givatayim, Israel. The Company does not have a control core. These financial statements were prepared in condensed format as of September 30, 2025 and for the nine- and three-month periods then ended (hereinafter - the “**Condensed Consolidated Interim Financial Statements**”). The comparative figures for the year ended December 31, 2024 and for the nine- and three-month periods ended September 30, 2024 were taken from the Company's Annual Financial Statements as of December 31, 2024 and from the Consolidated Interim Financial Statements as of September 30, 2024, except for the adjustments following the application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments, which were reviewed but not yet audited.

B. Definitions

The Company	- Phoenix Financial Ltd.
The Group	- Phoenix Financial Ltd. and its consolidated companies.
Phoenix Insurance	- Phoenix Insurance Company Ltd., a wholly-owned subsidiary of the Company.
Phoenix Capital Partners	Phoenix Capital Partners Ltd., a wholly-owned subsidiary of the Company; for details regarding the restructuring, see Section C.
Phoenix Investments	- Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company, which was merged into the Company as of January 1, 2025. For details regarding the restructuring, see Section C.
Phoenix Investment House	- Phoenix Investment House Ltd., a subsidiary of controlled by the Company.
Gama	Gama Management and Clearing Ltd., a subsidiary wholly-owned by The Company.
Phoenix Agencies	- Phoenix Insurance Agencies 1989 Ltd. - a company under the Company's control.
Phoenix Pension and Provident	- Phoenix Pension and Provident Funds Ltd., a wholly-owned subsidiary of the Company.
Phoenix Advanced Investments	- Phoenix Advanced Investments Ltd., a wholly-owned subsidiary of Phoenix Capital Partners.

NOTE 1 - GENERAL (cont.)

B. Definitions (cont.)

- Phoenix Capital Raising** - Phoenix Capital Raising (2009) Ltd., a wholly-owned subsidiary of Phoenix Insurance.
- Platinum** - Platinum Finance & Factoring Ltd., a wholly-owned subsidiary of the Company, which was merged into the Company as of January 1, 2025. For details regarding the restructuring, see Section C.
- The Commissioner** - The Commissioner of the Capital Market, Insurance and Savings.

C. Completion of the merger between Group companies

Further to Note 1D to the Company's Consolidated Annual Financial Statements as of December 31, 2024 regarding the restructuring of investment and credit management, during the reporting period the Company transferred to Phoenix Capital Partners all activities of the Wealth & Investments business carried out by Phoenix Investments prior to the merger date and a holding in several other companies. Upon completion of the merger, Phoenix Investments and Platinum ceased to exist.

In addition, the Company transferred to Gama, effective January 1, 2025, Phoenix Consumer Check Credit Ltd., which was wholly-owned by the Company, in exchange for issuance of shares.

In addition, in the reporting period, the Company transferred its 19.9% holding stake in EL AL Frequent Flyer Ltd. shares (hereinafter - "**EL AL Club**") to Gama, in consideration for issuance of shares. The transfer was carried out after the completion of the distribution of EL AL Club shares as a dividend in kind from Phoenix Insurance to the Company.

D. Acquisition of Phoenix Agencies' shares

On July 14, 2025, the Company entered into an agreement with Mr. Yitzhak Oz (hereinafter - "**Oz**" or the "**Offeree**"), Chairman of the Board of Phoenix Agencies, to acquire the entire share capital of Hagoz (2015) Ltd. (hereinafter - "**Hagoz**"), which has a stake of approx. 17.19% in Phoenix Agencies, against the allocation of Company shares and a cash payment totaling approx. NIS 763 million. For further details, see Note 10I.

NOTE 1 - GENERAL (cont.)

E. The Iron Swords War

On October 7, 2023, the Iron Swords War between the State of Israel and the Gaza-based Hamas terror organization broke out (hereinafter - the “War”), following a murderous attack by Hamas on localities in southern Israel. In addition to the War in Gaza, Israel has been involved in an armed conflict and military operational activity of varying intensities and on several fronts. The War and all of the activities on the various fronts have had an adverse effect on the Israeli economy,

Other substantial security incidents took place during the war, including Operation Rising Lion, which began with a surprise Israeli Air Force attack on strategic targets in Iran on June 13, 2025, resulting in ballistic missiles being fired into Israel, causing casualties and property damage. The Operation ended with a ceasefire on June 24, 2025.

Subsequent to the report date, on October 9, 2025, an agreement was signed between the State of Israel and Hamas terrorist organization to cease the fighting in Gaza and return the hostages, to be carried out in stages. After the agreement was signed, Hamas released all living hostages and returned some of the fallen hostages to be buried in Israel. The State of Israel released terror-related prisoners, generally halted the fighting in the Gaza Strip and withdrew to agreed borders within the Gaza Strip.

The consequences of the War and security situation were reflected in the State of Israel's credit rating downgrades by rating agencies Moody's, S&P and Fitch during 2024. Subsequent to the report date, on November 7, 2025, S&P upgraded the State of Israel's rating outlook from negative to stable.

As of the report publication date, there were no further changes in the State of Israel's credit rating following the end of the War.

At this stage, there is uncertainty as to the full implementation of the ceasefire agreement. Therefore, at this stage it is impossible to assess the probability of the War's resumption and the full scope of its effect, if any, on the Company and its results in the mid-term; however, as of the report publication date, this effect is not expected to be material.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the consolidated interim financial statements

The Consolidated Interim Financial Statements are prepared in accordance with IAS 34 - "Interim Financial Reporting", and in accordance with the disclosure requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981. In addition, the financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

Through December 31, 2022, the Group's consolidated financial statements were drawn up in accordance with International Financial Reporting Standards (IFRS), including in connection with the data relating to insurer consolidated subsidiaries, which meet the definition of insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010.

In accordance with requirements set by the Commissioner, the first-time application date of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments was postponed to January 1, 2025 (instead of the first-time application date set by the standard - January 1, 2023). In view of the above, in the periods commencing January 1, 2023 and through initial application in Israel, the Group's Consolidated Financial Statements were prepared in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 1970. In accordance with these provisions, these financial statements data that relate to a consolidated subsidiary, which falls within the scope of 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 Group has been applying IFRS 17 and IFRS 9 for the first time to financial statement data relating to Phoenix Insurance as stated above, and as a consequence it resumed full application of IFRS. For additional information, see Note 2D.

In preparing the condensed financial statements in accordance with the above, the Company's management is required to exercise discretion in assessments, estimates and assumptions that affect the implementation of the policy and the amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results may differ from those estimates.

The accounting policies applied in the preparation of the Consolidated Interim Financial Statements are consistent with those implemented in the preparation of the Consolidated Annual Financial Statements, except as follows:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts

As detailed in Note 2D regarding first-time application of IFRS 17, Insurance Contracts (hereinafter - "**IFRS 17**"), the Company has been applying IFRS 17 as from January 1, 2025 in accordance with the Provisions for the Transitional Period set forth in IFRS 17, including the restatement of the comparative figures for the nine- and three-month periods ended September 30, 2024 and for 2024. The following are the accounting policies based on the provisions of the IFRSs and the circular "Professional Issues Pertaining to the Application of IFRS 17 in Israel" published by the Commissioner.

1. Classification of insurance contracts and reinsurance contracts

A contract is classified as an insurance contract if it transfers to the issuing company a significant insurance risk

The Company issues insurance contracts in its ordinary course of business, in which it accepts a significant insurance risk from the policyholders. The Company determines whether it has a significant insurance risk, by comparing the benefits, which will be provided to the policyholder after an insured event, to the benefits which will be provided to the policyholder if the insured event does not occur. In addition to the significant insurance risk, some insurance contracts also transfer financial risk to the Company, such as a guaranteed rate of return.

Some of the contracts entered into by the Company have the legal form of insurance contracts 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 are contracts held by the Company under which it transfers to reinsurers a significant insurance risk relating to underlying insurance contracts. The purpose of the reinsurance contracts held is to mitigate the Company's significant insurance risk in respect of the underlying insurance contracts.

Insurance contracts are classified as contracts with direct participation features or contracts without direct participation features. Insurance contracts with direct participation features are insurance contracts, which, at the time of engagement therein:

- A. The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- B. 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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

1. Classification of insurance contracts and reinsurance contracts (cont.)

- C. 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.

All other insurance contracts and reinsurance contracts were classified as contracts without direct participation features. Some of these contracts are measured in accordance with the PAA model.

2. Separating components from insurance contracts

An insurance contract may contain one or more components, which would be within the scope of another standard if they were separate contracts. For example, insurance contracts may include:

- Investment component
- A service component in addition to the insurance contract services (hereinafter - the “**service component**”)
- Embedded derivatives

Embedded derivatives in insurance contracts will be separated and accounted for in accordance with the requirements of IFRS 9 where their economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, unless the embedded derivative itself meets the definition of an insurance contract.

An investment component represents amounts which the Company is required to repay the policyholder in all circumstances regardless of the occurrence of the insured event. A distinct investment component shall be separated from the host insurance contract and will be accounted for in accordance with IFRS 9. An investment component is distinct if it can be sold separately from the insurance component, and the investment component and the insurance component are not highly interrelated. Some of the Company's life insurance contracts include a savings component, which constitutes an investment component. The Company believes that the investment component is highly interrelated with the contract's insurance component; therefore, it is not a distinct component and is not accounted for separately from the host insurance contract. However, receipts and payments arising from the investment component are excluded from insurance revenues and insurance service expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

2. Separating components from insurance contracts (cont.)

Service components constitute a promise to transfer goods or services to the policyholder in addition to the insurance contract services. A distinct service component will be separated from the host insurance contract and accounted for in accordance with IFRS 15. A service component is distinct if the policyholder can benefit from the goods or services on their own or together with other resources that are readily available to the policyholder. A service component is not distinct if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components in the contract, and the Company provides a significant service in integrating the good or non-insurance service with the insurance components.

After separating distinct components, the Company implements IFRS 17 for all components not separated from the host insurance contract and accounts for them as a single insurance contract.

The Company did not identify any components which should be separated from the insurance contract.

3. Level of aggregation and combination of insurance contracts

Insurance contracts are classified into groups for measurement purposes. The Company determines the groups at initial recognition and may add contracts to those groups after the end of the reporting period; however, the Company does not reassess the composition of the groups in subsequent periods.

In order to determine the groups, the Company first identifies insurance contract portfolios. A portfolio comprises contracts subject to similar risks and managed together. The Company identified insurance contract portfolios in accordance with the major product lines and based on the list of insurance portfolios included in the Professional Issues Circular published by the Commissioner, excluding individual medical expenses and disability, collective medical expenses and disability and personal accidents, which is recognized as a single portfolio. Once it has identified a portfolio, the Company divides it into a minimum of the following groups, based on the expected profitability upon initial recognition:

- A group of contracts, which are onerous at initial recognition;
- A group of contracts, which at initial recognition have no significant possibility of becoming onerous subsequently (this group is negligible); and
- a group of the remaining contracts in the portfolio.

For insurance contracts to which the Company applies the PPA model, the Company assumes no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

3. Level of aggregation and combination of insurance contracts (cont.)

IFRS 17 stipulates that an entity shall not include contracts issued more than one year apart in the same group, such that each underwriting year is attributed to a separate group of insurance contracts, except for insurance contract groups for which the Company applied the fair value approach on the transition date (see Note 2D).

IFRS 17 permits the inclusion of contracts in the same group if they belong to different groups only because a law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company's relative share in compulsory motor insurance policies issued through the Pool meets this requirement; therefore, the Company opted to include its relative share in these policies in the same group as the compulsory motor insurance policies sold by the Company.

The Company sells insurance contracts, which include a number of coverage types, which would have been classified into different insurance contract groups, had they been separate insurance contracts. The lowest unit of account in IFRS 17 is the insurance contract, with all insurance coverages included therein; therefore, the Company normally allocates the insurance contract in its entirety to a single group of insurance contracts. It is only in cases where the legal form of the policy does not reflect the economic substance of the rights and obligations included in the contract that the Company separates the coverages and recognizes them as separate insurance contracts. This approach is materially different from the Company's policy under IFRS 4, whereunder the Company normally recognized and measured each coverage separately.

In addition, in certain cases the Company contracts the same policyholder (or a related party thereof) in a set or a series of insurance policies. Normally, each policy in a set or a series shall be recognized as a separate insurance contract. In certain cases, the set or series of policies reflects the economic substance of a single insurance contract. In such cases, the Company recognizes and measures such policies as a single insurance contract. When an insurance contract includes more than one insurance coverage, and the coverages would have been attributed to different insurance portfolios had they been provided under separate contracts, the Company classifies the contract as a whole in accordance with the portfolio to which the main coverage in the contract is attributed.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

3. Level of aggregation and combination of insurance contracts (cont.)

The Company exercises judgment in determining whether to separate insurance components, or to combine a set or a series of insurance contracts with the same counterparty and account for them as a single contract. The Company's judgment is based, among other things, on the interdependence between the cash flows of the insurance contracts, whether the insurance contracts expire together, and priced and sold together, and on the customer's view of the contracts as a single unit.

4. 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
- For a group of onerous contracts, when the group becomes onerous

The Company recognizes a group of reinsurance contracts held from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company defers the recognition of a group of reinsurance contracts held which provide proportionate coverage until the initial recognition of any underlying insurance contract, if that date is later than the date of commencement of the coverage period of the group of reinsurance contracts held.
- And the date on which the Company recognizes an onerous group of underlying insurance contracts if it entered into the reinsurance contract held in question as part of a group of reinsurance contracts held on or prior to that date.

The Company adds new contracts to the group during the reporting period in which the contract meets one of the abovementioned recognition criteria.

5. Cash flow for insurance acquisition

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the Group belongs.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

5. Cash flow for insurance acquisition (cont.)

The Company allocates on a systematic and rational basis:

- a) Insurance acquisition cash flows, which are directly attributable to a group of insurance contracts:
 - (i) to this group; and
 - (ii) To groups comprising insurance contracts, which are expected to arise from renewals of the Group's insurance contracts.
- b) Insurance acquisition cash flows, which are directly attributable to a portfolio of insurance contracts, which are not directly attributable to a group of insurance contracts - to groups of insurance contracts in the portfolio.

6. Contract boundary

The Company includes in the measurement of a group of insurance contracts all cash flows within the contract boundary of each contract in the group. Cash flows are within the contract boundary if they arise from substantive rights and obligations which exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with insurance services. 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 those risks.
 - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks, which relate to periods after the reassessment date.

A liability or asset relating to expected premiums or expected claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future contracts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

6. Contract boundary (cont.)

Cash flows are within the boundary of a reinsurance contracts held if they arise from substantive rights and obligations, which exist during the reporting period, in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the policyholder. A substantive right to receive services from the reinsurer ends when the reinsurer has a practical ability to reassess the risks transferred to it, and can set a new price or change the terms of the benefits, such that they fully reflect those risks, or alternatively, when the reinsurer has a substantive right to discontinue the insurance coverage.

7. Measurement model

There are three models for measuring insurance contracts:

- The general measurement model (the GMM model) – the Company applies this model for insurance contracts and reinsurance contracts, which are not measured in accordance with the VFA or PAA model. These contracts mainly include policies, which have a non-yield-dependent savings component, life insurance, and permanent health insurance, which are sold as a standalone policy, and long-term health insurance products.
- The variable fee approach (the VFA model) – the Company applies this approach to insurance contracts with direct participation features (see details under “classification of insurance contracts and reinsurance contracts” above) as well as for certain collective health insurance contracts. The Company’s insurance contracts with direct participation features are policies, which have a yield-dependent savings component, and yield-dependent immediate annuity policies.
- The premium allocation approach (the PAA model) - the Company applies this simplified approach to certain insurance and reinsurance contracts, whose coverage period is normally one year or less, and insurance contracts, which satisfied the eligibility criteria for application of the PAA model (see details under “insurance contracts measured in accordance with the PAA model”), which include P&C insurance contracts and short-term health insurance products.

8. Insurance contracts measured under the GMM or VFA model

Measurement on initial recognition

The measurement of insurance contracts upon initial recognition is identical for the GMM model and the VFA model. Upon initial recognition, the Company measures a group of insurance contracts as the total of: (a) the fulfillment cash flows, and (b) the contractual service margin (CSM).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Measurement on initial recognition (cont.)

The fulfillment cash flows include estimated future cash flows, adjusted to reflect the time value of money and the financial risks and a risk adjustment for non-financial risk.

If the fulfillment cash flows constitute in total a net inflow upon initial recognition, a CSM is recognized to fully offset the fulfillment cash flows, with no effect on profit or loss upon initial recognition. The CSM represents the unearned profit of the insurance contract, which the Company will recognize insofar as it provides services under the contract. However, if the fulfillment cash flows constitute in total a net outflow upon initial recognition, a loss is recognized immediately in the profit or loss (hereinafter - the "**Loss Component**") and the group of contracts is deemed onerous.

The CSM or Loss Component unit of account is based on groups of insurance contracts consistently with the aggregation level described above.

Subsequent measurement of fulfillment cash flows

In each reporting period, the fulfillment cash flows are measured using current estimates of the expected cash flows and current discount rates. In subsequent periods, the balance of a group of insurance contracts on each reporting date is the sum of:

- The liability for remaining coverage (LRC), which includes the fulfillment cash flows relating to future services, and any remaining CSM as of that date; and
- The liability for incurred claims (LIC), which includes the fulfillment cash flows for incurred claims (including claims incurred and not yet reported) and expenses payable.

Subsequent measurement of fulfillment cash flows

For an onerous group, the LRC is split into a Loss Component, which reflects the losses recognized in respect of an onerous group of insurance contracts and an LRC excluding a Loss Component, which reflects the balance of liability for future service. The Loss Component determines the amounts presented in profit or loss as reversals of losses on onerous groups and are consequently excluded from the determination of insurance revenue.

Subsequent measurement of CSM under the GMM model

For contracts without direct participation features, when applying the GMM model, the CSM balance at the end of the reporting period is the CSM calculated at the end of the latest reporting period adjusted to reflect the following changes:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Subsequent measurement of CSM under the GMM model (cont.)

- Effect of new contracts added to the group;
- Interest accrued on the carrying amount of the CSM, measured at nominal discount rates as of the initial recognition date;
- changes in the fulfilment cash flows relating to future service, except if:
 - The increase in fulfilment cash flows exceeds the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and forms a Loss Component.
 - The decrease in the fulfillment cash flows is carried to the Loss Component and reverses losses recognized in profit or loss in previous periods; and
- The amount recognized as insurance revenues because of the transfer of services in the period, 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.

When measuring the fulfillment 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.

Subsequent measurement of CSM under the VFA model

Contracts with direct participation features measured in accordance with the VFA model are contracts under which the Company's obligation to the policyholder is the net of:

- The obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- A variable fee in exchange for the future services provided by the insurance contract, which is the Company's share in the fair value of the underlying items net of fulfilment cash flows which do not vary based on the returns on underlying items. The Company provides investment management services under these contracts by providing a guaranteed return on investments based on underlying items, in addition to insurance coverage.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Subsequent measurement of CSM under the VFA model (cont.)

When measuring a group of contracts with direct participation features, the Company adjusts the fulfillment cash flows in respect of all changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognized in profit or loss. The Company adjusts the CSM for changes in the amount of the Company's share in the fair value of the underlying items, relating to future services, as described below.

The CSM balance at the end of the reporting period is the CSM calculated at the end of the latest reporting period adjusted to reflect the following changes:

- Effect of new contracts added to the group;
- The change in the amount of the Company's share in the fair value of the underlying items and changes in fulfillment cash flows relating to future services, except if:
 - The Company applied the risk mitigation option so as not to recognize the change in CSM to reflect changes in the effect of financial risk on the amount of its share in the underlying items or fulfillment cash flows;
 - A decrease in the amount of the Company's share in the fair value of the underlying items, or an increase in the fulfillment cash flows relating to future services, exceeds the carrying amount of the CSM, giving rise to a loss and consequently - a Loss Component; or
 - An increase in the amount of the Company's share in the fair value of the underlying items, or a decrease in the fulfillment cash flows relating to future services, is attributed to the Loss Component, and reverses losses recognized in profit or loss in previous periods; and
- The amount was recognized as insurance revenues in respect of services provided during the period.

Changes in fulfillment cash flows relating to future services include changes relating to the abovementioned future services for contracts without direct participation features (measured at current discount rates), and changes in the effect of the time value of money and financial risk, which do not arise from the underlying items.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Risk mitigation option

Under the management of its business and as part of its regulatory obligations, the Company is required to manage investment portfolios of assets held for yield-dependent insurance policies. Under such portfolios, the Company may actually hold assets, whose total amount exceeds the nominal aggregate value of the yield-dependent policies accounted for by the VFA approach, in order to hedge the effects of additional financial exposures arising from those policies, including with regard to the effect of guaranteed annuity conversion factors, all in accordance with the Company's objective and financial risk mitigation strategy.

The Company put into practice the risk mitigation alternative set in the standard with regard to changes in the fulfillment cash flows arising from changes in the time value of money and financial risks in the relevant insurance liabilities, which are hedged through those assets. Therefore, the aforementioned changes will be recognized in profit or loss under the Net finance expenses (income) from insurance contracts concurrently with the 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 to be held in practice under the participating portfolio in order to hedge the yield-dependent liabilities, if any.

As a result, at the beginning of June 2025, the Company carried out a transfer of approx. NIS 1 billion in assets from the Participating Portfolio to the Nostro Portfolio.

Subsequent measurement of loss component

For contracts, which are not measured under the PAA model, the Company creates a Loss Component of the liability in respect of the remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfillment cash flows to be recognized in profit or loss in subsequent periods as reversal of losses on onerous contracts, excluded from insurance revenues when incurred. When fulfillment cash flows are incurred, they are allocated between the Loss Component and the LRC without a Loss Component on a systematic basis.

The systematic basis is determined by the ratio between the Loss Component and the present value of the expected claims and expenses plus RA at the beginning of each period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Subsequent measurement of loss component (cont.)

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share in the fair value of the underlying items for contracts with direct participation features are allocated solely to the Loss Component. If the Loss Component is reduced to zero, any excess exceeding the amount allocated to the Loss Component gives rise to new CSM for the group of contracts.

9. Insurance contracts measured under the PAA model

The Company may implement the Premium Allocation Approach only if upon inception of the group:

- a) The coverage period of each contract in the group is one year or less; or
- b) The Company reasonably expects that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not differ materially from the measurement that would result from applying the General Measurement Model.

In most property and casualty insurance portfolios, the coverage period of all contracts is up to one year. These groups of insurance contracts qualify automatically for application of the PAA model.

In respect of the remaining groups of contracts, the Company compares the liability in respect of the remaining coverage period, which will be produced from applying the PPA mode and the liability which will be produced from applying the General Measurement Model under possible future scenarios (PPA model eligibility test).

The Company has two-year personal accident policies and dental insurance policies. In accordance with the eligibility criteria implemented by the Company, these contracts qualify for application of the PAA model.

The LRC is initially measured as the total premiums received upon initial recognition net of the insurance acquisition cash flows as of that date, without adjustment in respect of the time value of money, since the premiums are usually received within one year from the date of providing the related coverage.

For insurance acquisition cash flows allocated to groups of insurance contracts measured when applying the PAA model, the Company may amortize the amount over the coverage period or recognize the amount as an expense as incurred, if the coverage period of each contract in the group does not exceed one year. This choice may be carried out at the insurance contracts group level.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

9. Insurance contracts measured under the PAA model (cont.)

For all groups of the Company's insurance contracts measured when applying the PAA model, the Company has opted to recognize the acquisition expenses directly attributable to the groups of insurance contracts in profit or loss over the coverage period in a systematic way on the basis of the passage of time.

If facts and circumstances indicate that a group of contracts is onerous upon initial recognition, loss is immediately recognized in profit or loss in respect of net payments and a Loss Component of the LRC arises in respect of the group.

Subsequent measurement

In subsequent periods, the Company measures the LRC balance at the end of each reporting period as follows:

- The LRC at the beginning of the period; plus
- Premiums received during the period; net of
- Cash flow for insurance acquisition; with an added
- Amounts recognized as amortization of insurance acquisition cash flows; net of
- Amounts recognized as insurance revenues during the period; net of
- Investment component paid or transferred to LIC.

Amounts recognized as insurance revenues during the period are based on the passage of time

If during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognizes a loss in profit or loss and an increase in the LRC up to the amount by which current estimates of the fulfillment cash flows relating to the remaining coverage (including RA) exceed the LRC balance.

The Company estimates the LIC as the fulfillment cash flows relating to incurred claims. The standard allows not to discount the future cash flows in respect of incurred claims if those cash flows are expected to be paid or received within one year or less from the date the claims are incurred. The Company does not implement the abovementioned expedient.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

10. Reinsurance contracts held measured under the GMM model

Measurement on initial recognition

The measurement of reinsurance contracts held is made by applying the principles applied for the GMM model for issued insurance contracts, subject to the adjustments detailed below. Reinsurance contracts cannot be measured using the VFA model.

Upon initial recognition, the Company recognizes profit/cost as CSM in the consolidated statements of financial position, except for several exceptions. If the net cost of reinsurance contracts held relates to insured events which occurred before the initial recognition of insurance contracts, the net cost is immediately recognized in profit or loss. Furthermore, if the underlying insurance contracts are onerous, the Company is required to recognize immediately a profit in profit or loss in respect of that portion of the claims which the Company expects to recover from reinsurance, if the Company entered into the reinsurance contract held on or before the date on which it entered into the onerous contracts (hereinafter - the **"loss recovery component"**).

The measurement of the cash flows of a reinsurance contract held is consistent with that of the underlying insurance contracts but includes an adjustment for the risk of non-performance by the reinsurer. The RA represents the risk transferred by the Company to the reinsurer.

Subsequent measurement

In subsequent periods, the book balance of a group of reinsurance contracts held is the sum of:

- The asset for remaining coverage (ARC), which includes the fulfillment cash flows relating to services, which will be received under the contract in future periods, and any remaining CSM as of that date; and
- The asset for incurred claims (AIC), which includes the fulfillment cash flows for incurred claims and expenses receivable.

The Company adjusts the CSM balance of a group of reinsurance contracts held to reflect changes in the fulfillment cash flows by applying the approach applied for issued insurance contracts, excluding:

- Revenues recognized to cover losses from onerous underlying contracts adjusts the CSM balance;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

10. Reinsurance contracts held measured under the GMM model (cont.)

Subsequent measurement (cont.)

- Reversals of the loss recovery component, up to the amount at which these reversals are not changes in the fulfillment cash flows of the group of reinsurance contracts held, also adjust the CSM; and
- Changes in the fulfillment cash flows relating to future services adjust the CSM provided that changes in fulfillment cash flows relating to a group of underlying insurance contracts also adjust the CSM.

When a loss component is recognized after initial recognition of a group of underlying insurance contracts, the recognized reinsurance income adjusts the loss recovery component of the reinsurance asset for the remaining coverage. The balance of the Loss Recovery Component may not exceed that portion of the balance of the Loss Component of the onerous group of underlying insurance contracts, which the Company expects to recover from the group of reinsurance contracts. Accordingly, the Loss Recovery Component is reduced to zero when the Loss Component of the underlying insurance contracts is reduced to zero.

11. Reinsurance contracts held measured under the PAA model

Reinsurance contracts held may be measured under the PAA model if they meet the criteria for applying the model, which are similar to the criteria for issued insurance contracts.

The Company measures reinsurance contracts held for which the PAA model is applied on the same basis as issued insurance contracts, with adjustments reflecting the features of reinsurance contracts held, which vary from those of issued insurance contracts.

If the Loss Recovery Component is recognized for a group of reinsurance contracts measured according to the PAA model, the Company adjusts the ARC balance since under the PAA model there is no CSM.

12. Derecognition and modification of terms of an insurance contract

The Company derecognizes an insurance contract when it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled.

Furthermore, if a modification is made to the terms of the insurance contract, which would have substantially changed the accounting treatment applied to the insurance contract had the modified terms existed on initial recognition date (hereinafter - "**Material Modification of Terms**"), the Company derecognizes the original insurance contract and recognizes the modified contract as a new insurance contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

12. Derecognition and modification of terms of an insurance contract (cont.)

If an immaterial modification is made in the terms of the insurance contract, the Company treats changes in the cash flows arising from the modification of terms as changes in the estimated fulfillment cash flows.

13. Disclosure and presentation

The Company presented separately in the statement of financial position the balances of insurance contracts portfolios which constitute assets, and the balances of insurance contracts portfolios which constitute liabilities, portfolios of reinsurance contracts which constitute assets and portfolios of reinsurance contracts held which constitute liabilities.

Any asset in respect of insurance acquisition cash flow recognized before the respective insurance contracts were recognized is included in the related portfolio balance of the issued insurance contracts.

The Company divides the amounts recognized in the statement of income and other comprehensive income into:

- A. Insurance service results, comprising insurance revenues and insurance service expenses; and
- B. Finance income or finance expenses from insurance.

IFRS 17 does not require disaggregation of the RA between insurance service results and finance income or finance expenses from insurance. The Company opted not to apply this expedient and to disaggregate the RA between insurance service results and finance income or finance expenses from insurance. The Company presents separately revenues or expenses from reinsurance contracts held and revenues or expenses from insurance contracts issued.

Insurance service results

Insurance revenues reflect the amount to which the Company expects to be entitled in exchange for providing the services arising from a group of insurance contracts. For contracts measured in accordance with the GMM or VFA model, insurance revenues during the period is measured in accordance with the change in the LRC which relates to insurance services for which the Company expects to receive a consideration. Revenues from insurance services include:

- (a) Claims and other expected insurance service expenses incurred, excluding repayments of investment components/ premium repayment and excluding amounts allocated to the loss component;
- (b) Changes in RA excluding amounts allocated to the Loss Component;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

13. Disclosure and presentation (cont.)

Insurance service results (cont.)

- (c) CSM release based on the coverage units;
- (d) Other amounts including experience adjustments in respect of premiums relating to current or past service; and
- (e) A portion of the premiums which relate to the recovery of insurance acquisition cash flows.

For contracts measured in accordance with the PAA model, insurance revenues for each period is the amount of expected premiums receivable for the insurance services provided during the period.

Insurance service expenses arising from insurance contracts are generally recognized in profit or loss as incurred and do not include repayments of investment/premium components. Expenses from insurance services include:

- (a) Claims and other insurance service expenses incurred;
- (b) Losses and reversal of losses for groups of onerous insurance contracts
- (c) Adjustments for LIC;
- (d) Amortization of insurance acquisition cash flows; and
- (e) Impairment losses and reversals of impairment losses on assets in respect of insurance acquisition cash flows.

Amortization of the insurance acquisition cash flows, which constitutes part of the insurance service expenses, is identical to the recovery of the insurance acquisition cash flows, which constitutes part of insurance revenues for contracts measured under the GMM or VFA model. Amortization of the acquisition costs for the period is calculated based on the coverage units.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

13. Disclosure and presentation (cont.)

Insurance service results (cont.)

Expenses in respect of reinsurance contracts held include the allocation of premiums paid to the reinsurer. Revenues in respect of reinsurance contracts held includes amounts, which the Company expects to recover from the reinsurer, including recognition of the Loss Recovery Component in respect of onerous groups of insurance contracts. Reinsurance cash flows, which are contingent on claims on the underlying contracts, are treated as part of the claims, which the Company expects to recover from the reinsurer, while reinsurance cash flows, which are not contingent on claims of the underlying contracts (for example, ceding commissions) are treated as a reduction in the premium paid to the reinsurer. For reinsurance contracts measured under the GMM model, the allocation of premiums paid to the reinsurer represents the total changes to the asset for the remaining coverage relating to the services for which the Company expects to pay consideration. For insurance contracts measured under the PAA model, the allocation of premiums paid to the reinsurer is the expected amount of premium payments for receiving service during the period.

Finance income or finance expenses from insurance

Finance income or finance expenses from insurance include the change in the balance of a group of insurance contracts arising from:

- A. From the effect of the time value of money and changes in the time value of money; and
- B. The effect of financial risk and changes in financial risk, including the effect of the change in the Consumer Price Index; but
- C. Excluding any such changes for groups of insurance contracts with direct participation features, which were carried to the Loss Component and included in insurance service expenses.

For all insurance portfolios, the Company recognizes in profit or loss insurance finance income or expenses for the period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments

1. Financial assets

Financial assets are measured at initial recognition at fair value plus transaction costs that are directly attributable to the purchase of the financial asset, except for financial assets that are measured at fair value through profit or loss, for which transaction costs are carried to profit or loss.

The Company classifies and measures the debt instruments in its financial statements based on the following criteria:

- (a) The Company's business model for managing financial assets, and
- (b) Contractual cash flow characteristics of the financial asset.

The Company measures debt instruments at amortized cost when:

The Company's financial model is to hold the financial assets in order to collect contractual cash flows; furthermore, the contractual terms and conditions of the financial assets provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount.

Subsequent to initial recognition, instruments in this group are measured at amortized cost in accordance with their terms, using the effective interest method, less provision for impairment.

At initial recognition, a company may irrevocably designate a debt instrument for measurement at fair value through profit or loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency, for example, when the underlying financial liability is also measured at fair value through profit or loss.

This group mainly includes debt assets, which do not back insurance portfolios.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

1. Financial assets (cont.)

Debt instruments at fair value through profit or loss

Financial assets in this category are those, which IFRS 9 requires that they are measured at fair value or which were designated to be measured at fair value through profit or loss upon initial recognition to prevent an accounting mismatch. This category includes debt instruments, the features of the cash flows of which do not meet the Principal and Interest Test or are not held under a business model whose objective is to collect contractual cash flows, or to collect contractual cash flows and to sell financial assets. Subsequent to initial recognition, the financial asset is measured at fair value; gains or losses arising from fair value adjustments are charged to profit or loss. This group mainly includes the debt assets in the Participating Portfolio managed on a fair value basis and debt assets, which back the insurance contracts (including designated bonds), and managed on a of fair value basis or designated to the fair value through profit and loss category to prevent an accounting mismatch against the insurance liabilities.

Equity instruments and other financial assets held for trading

Investments in equity instruments do not meet the projected contractual cash flow characteristics criterion and are therefore measured at fair value through profit or loss.

Other financial assets held-for-trading, including derivatives, are measured at fair value through profit or loss, unless they are designated to be used as hedging instruments and the hedging is effective in accordance with the provisions of IFRS 9.

2. Impairment of financial assets

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:

a) **ECL (expected credit loss)**

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;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

2. Impairment of financial assets (cont.)

b) Life time ECL

Debt instruments with significant deterioration in credit quality since the initial recognition date and their credit risk is not low, the provision for loss recognized will take into account the current expected credit losses - over the balance of the useful life of the instrument.

The Company has credit facilities, which are not designated to be measured at fair value through profit or loss. These credit facilities constitute commitments to advance a loan, which are accounted for as off-balance sheet liabilities, but are subject to the impairment requirements of IFRS 9.

In estimating the expected credit losses in respect of a commitment to advance a loan, the Company estimates the expected credit facility to be utilized over the expected life of the commitment. The ECL is based on the present value of the expected cash flows, which will not be received, based on a probability-weighted average of reasonably possible scenarios. The estimated expected cash flows, which will not be received, are discounted at the expected effective interest rate on the loan.

The Company has financial assets with short credit periods, such as accounts receivable for a lease, to which it applies the expedient set forth in IFRS 9, 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 applies the relief provided in IFRS 9, 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.

Furthermore, the Company estimates that when contractual payments for a debt instrument are more than 30 days past due, a significant increase in credit risk occurred, unless there is reasonable and supportable information proving that credit risk has not increased substantially.

The Company deems a financial asset to have defaulted when contractual payments for the financial asset are more than 90 days past due. However, there are situations in which the Company deems a financial asset to have defaulted when external or internal information is received whereby the Company is not expected to receive all contractual payments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

2. Impairment of financial assets (cont.)

The Company considers a financial asset not measured at fair value through profit or loss as a credit-impaired financial asset, when one or more events which have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data regarding the following events:

- A. A significant financial difficulty of the issuer or the borrower
- B. A breach of a contract such as a failure event, or a payment delay.
- C. A concession granted to the borrower due to its financial difficulties, which the lender would not otherwise grant.
- D. It is becoming probable that the borrower will enter bankruptcy or other financial restructuring.
- E. The disappearance of an active market for that financial asset because of financial difficulties
- F. The purchase or origination of a financial asset at a deep discount, which reflects the incurred credit losses.

3. Derecognition of financial assets

The Company derecognizes a financial asset if and only if:

- (a) The contractual rights to the cash flows from the financial asset have expired, or
- (b) The Company transfers substantially all the risks and rewards arising from the contractual rights to receive the cash flows from the financial asset or when some of the risks and rewards upon the transfer of the financial asset remain in the hands of the Company but the Company can be said to have transferred control over the asset, or
- (c) The Company retains the contractual rights to receive the cash flows arising from the financial asset but assumes a contractual obligation to pay these cash flows in full to a third party, without any substantial delay.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

3. Derecognition of financial assets (cont.)

If the Company transfers its rights to receive cash flows from an asset but neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset. When continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay (the guarantee amount).

4. Financial liabilities

Financial liabilities measured at amortized cost

At initial recognition, the Company measures the financial liabilities at fair value net of transaction costs that are directly attributable to the issue of the financial liability. Subsequent to initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest method, except for:

- (a) Financial liabilities measured at fair value through profit or loss
- (b) Financial guarantee contracts;
- (c) Commitment to advance a loan at an interest rate which is lower than the market interest rate;
- (d) Contingent consideration recognized by an acquirer in a business combination that falls within the scope of IFRS 3.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include liabilities held-for-trading including derivatives and liabilities for short sale. Furthermore, they include financial liabilities, which meet certain criteria, designated upon initial recognition to the fair value through profit or loss category.

At initial recognition, the Company designates a financial liability as a liability measured at fair value through profit or loss.

At initial recognition, the Company measures these financial liabilities at fair value, and transaction costs are stated in profit or loss. Subsequent to initial recognition, changes in fair value are recognized in profit or loss, other than changes that may be attributed to changes in the credit risk of the financial liability, which are presented in other comprehensive income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

5. Derecognition of financial liabilities

The Company derecognizes a financial liability if and only if it is settled - that is to say, when the obligation established in a contract is repaid or canceled or expires.

A financial liability is extinguished when the debtor repays the liability by a cash payment, other financial assets, goods or services, or is legally released from the liability.

If the terms of an existing financial liability change, the Company assesses whether the terms of the liability are materially different than the existing terms, taking into account qualitative and quantitative considerations.

When a material change has been made to the terms of an existing financial liability or a liability has been replaced with another liability between the Company and the same lender with materially different terms, the transaction is accounted for as a derecognition of the original liability and a recognition of a new liability. The difference between the balances of the above two liabilities in the financial statements is recognized in profit or loss.

In the event that a non-material change is made to the terms of an existing liability or a liability has been replaced with another liability between the Company and the same lender with terms that do not differ materially, the Company updates the liability amount, i.e., discounts the new cash flows at the original effective interest rate, and the difference is recognized in profit or loss.

6. Embedded derivatives

In accordance with the provisions of IFRS 9, derivatives embedded into financial assets shall not be separated from a host contract. These hybrid contracts shall be measured as a whole at amortized cost or at fair value, in accordance with the criteria of the business model and the contractual cash flows.

When a host contract does not falls within the scope of the definition of financial asset, an embedded derivative is separated from the host contract and is accounted for as a derivative, if the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristics and risks of the host contract, the embedded instrument meets the definition of a derivative, and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

The need to bifurcate an embedded derivative is only reassessed if there is a change in the terms and conditions of the contract that significantly modifies the cash flows from the contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments

In May 2017, the International Accounting Standards Board (IASB) published IFRS 17, Insurance Contracts (hereinafter - "**IFRS 17**"). Furthermore, in June 2020 and December 2021, the IASB published amendments to the standard (hereinafter - "**IFRS 17**").

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes the current guidance on this issue under IFRS 4 and the directives of the Capital Market, Insurance and Savings Authority.

The first-time application date set in IFRS 17 is January 1, 2023; however, in accordance with the requirements of the Commissioner, which were published as part of the "Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts" (hereinafter - the "**Roadmap**"), the first-time application date of IFRS 17 in Israel was postponed to the quarterly and annual periods beginning on January 1, 2025, and the transition date is January 1, 2024.

In July 2014, the IASB published IFRS 9 regarding Financial Instruments (hereinafter - "**IFRS 9**"), which supersedes IAS 39 and sets new rules for classification and measurement of financial instruments, with an emphasis on financial assets. The first-time application date set in IFRS 9 is January 1, 2018. In September 2016, an amendment to IFRS 4 was published, which allowed entities which issue insurance contracts and meet certain prescribed criteria to postpone the adoption of IFRS 9 to January 1, 2023 (the first-time application date of IFRS 17), in order to eliminate the accounting mismatch which may arise from the application of IFRS 9 prior to the application of IFRS 17. The Company complied with the abovementioned criteria and postponed the application of IFRS 9 accordingly. Upon the deferral of the first-time application date of IFRS 17 to January 1, 2025, the Commissioner also postponed the first-time application date of IFRS 9 to January 1, 2025, accordingly.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

Due to the deferral of the first-time application date of IFRS 17 and IFRS 9 in Israel to quarterly and annual reporting periods beginning on January 1, 2025 (instead of January 1, 2023), the Company is effectively deemed a first-time adopter of International Financial Reporting Standards as defined in IFRS 1 in its quarterly financial statements and its 2025 annual financial statements; therefore, IFRS 1 applies to these financial statements. In accordance with IFRS 1, IFRS must be applied retrospectively, excluding exceptions for which specific provisions have been set. The provisions of IFRS 1 stipulate that IFRS 17's Provisions for the Transitional Period should be applied upon first-time adoption. Furthermore, IFRS 1 includes provisions with respect to the classification of financial assets, the calculation of the provision for expected credit losses and the designation of financial assets and liabilities to fair value through profit or loss upon first-time adoption.

(1) Main changes resulting from application of IFRS 17:

A. Recognition, measurement and presentation of insurance contracts

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The standard presents a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows expected to arise from the fulfillment of the contracts, explicit risk adjustment with respect to non-financial risk and CSM.

Under IFRS 17, insurance revenues (long-term life and health insurance products) in each reporting period represent the changes in liability for the remaining coverage relating to the services for which the Company expects to receive consideration and allocation of premiums relating to the recovery of insurance acquisition cash flows instead of revenues recognition based on the premiums charged during the period (gross premiums). Furthermore, investment components are no longer included in insurance revenues and insurance service expenses. These components represent amounts, which will be refunded to the policyholder in any case, even if an insured event did not take place, and constitute a kind of a deposit deposited by the policyholder. Therefore, this amount does not constitute a part of the consideration received by the Company in respect of the service, and its refund does not constitute part of the Company's expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

A. Recognition, measurement and presentation of insurance contracts (cont.)

Insurance finance income or expenses, which are included in profit or loss, are presented separately from insurance revenues and insurance service expenses. The above disaggregation shall increase transparency as to the Company's sources of income.

The Company applies the PAA model to simplify the measurement of contracts in the P&C Insurance Segment and in short-term health insurance products, except for groups of insurance contracts, which do not qualify for application of the PAA model. The measurement of the liability with respect to the remaining coverage under the PAA model is similar to the Company's previous accounting treatment under IFRS 4. However, in its measurement of liability for incurred claims, the Company includes an explicit risk adjustment for non-financial risk. In addition, the Commissioner's Directives, which cap the discount rates applicable to acquisition costs regarding insurance premium do not apply under the New Standard. Furthermore, the level of aggregation of insurance contracts for the purpose of calculating premium deficiency varies from the one applied under IFRS 4.

Previously, all acquisition expenses were recognized and presented as separate assets from the related insurance contracts ('deferred acquisition expenses') until these costs were recognized in profit or loss. Under IFRS 17, only insurance acquisition cash flows arising prior to the recognition of the associated insurance contracts are recognized as separate assets and tested for recoverability. These assets are presented in the balance of the associated portfolio of insurance contracts and derecognized when the associated contracts are recognized.

For the Company's accounting policies with respect to insurance contracts and reinsurance contracts under IFRS 17, see Section B above.

B. Transitional provisions

Changes in accounting policies arising from the application of IFRS 17 were applied retrospectively using the full retrospective application approach to the extent possible. Under the full retrospective application approach, on January 1, 2024 the Company:

- Identified, recognized and measured each group of insurance contracts and reinsurance contracts as if IFRS 17 is applied retrospectively.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

- Derecognized balances reported in the past, which would not have existed had IFRS 17 always been applied. These balances include deferred acquisition costs in respect of insurance contracts, intangible assets relating to insurance contracts and other insurance receivables and payables. Under IFRS 17, these balances are included in the measurement of insurance contracts.
- Recognized any differences in equity.

If full retrospective application for a group of insurance contracts and/or an asset in respect of insurance acquisition cash flows is impractical, the Company applied one of the following approaches:

- 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.

The Company applied the full retrospective application approach to its P&C insurance portfolios and to certain health insurance portfolios, such as travel, dental, foreign workers, and short-term personal accidents insurance policies.

The Company is of the opinion that it is impractical to apply IFRS 17 retrospectively to groups of life and health insurance contracts, for the following reasons;

- The effects of a full retrospective application cannot be determined since the required information (for example, expectations as to an insurance contract's profitability and the risk of its becoming onerous, information regarding historical cash flows and discount rates, information regarding changes in assumptions and assessments, etc.) is not collected nor available due to changing of a system, data retention requirements or other reasons.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

- 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 the discount rates and RA for previous periods where these assumptions were not required by the Company).

Therefore, the Company applied the modified retrospective approach to critical illness, life, individual and collective permanent health insurance portfolios for underwriting years 2020-2023.

In applying this approach, the Company made the following permitted adjustments for the purpose of setting the CSM on the transition date:

- a) The future cash flows of each group of insurance contracts are estimated on the initial recognition date as the amount of the future cash flows on the Group's transition date, adjusted to reflect the cash flows already known to have occurred between the initial recognition date of the said group and the transition date (including with respect to the cash flows actually incurred in respect of insurance contracts that ceased to exist before the transition date).
- b) Risk adjustment for non-financial risk (RA) is determined as of the Group's initial recognition date as the RA amount on the transition date adjusted to reflect the expected release from the risk prior to the transition date. The expected release from risk is determined with respect to the release from risk of similar insurance contracts, which the Company issues on the transition date.
- c) The CSM determined as of the initial recognition date as described above is reduced as of the transition date by comparing the coverage units provided as of the transition date and the expected remaining coverage units as of the transition date.

The Company's remaining insurance contracts groups will be measured in accordance with the FVA approach.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

The fair value approach - FVA

In accordance with the Commissioner's Directive, the assessment of the fair value of the liabilities and the reinsurance assets was carried out using the Appraisal Value method (hereinafter - "AV"). The calculations under this method were based - to the extent possible - on calculations of IFRS 17 and Solvency 2-based economic solvency regime.

In accordance with the AV approach, the fair value is calculated as the consideration that a market participant will agree to pay (or receive) for the insurance portfolio, such that the forecast of cash flows released from the capital, which the market participant is required to hold in each period until the portfolio's run-off, will yield the required return on equity of the market participant.

Following are the main assumptions underlying the valuation:

- A. Required capital: The capital requirements are based on the provisions of Solvency II in Israel. For the purpose of assessing the compensation for the Company's diversification, it is assumed that the market participant has an existing business mix similar to that of the Company. When calculating the compensation for diversification until the portfolio's run-off, the Company takes into account new future sales in accordance with its current sales mix. Furthermore, the appraisal assumes that 40% of the capital requirements are financed through Tier 2 capital instruments.
- B. Minimum economic solvency ratio target - The assumption underlying the model is that a market participant will hold capital in accordance with the minimum economic solvency ratio target set for dividend distribution. In accordance with the Commissioner's Directives, 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% spread, and the final economic solvency ratio target required from the market participant will be based on the average of the future capital targets for dividend distribution purposes of the five largest insurance companies in Israel. Accordingly, the appraisal assumes an initial capital target of 121% in the year following the transition date, which will rise to 135% at the end of 2032 and then remain constant.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

Following are the main assumptions underlying the valuation: (cont.)

- C. Target Return on Equity (TRE) The appraisal assumes a 13.6% return on equity based on the CAPM model with adjustments to reflect level of inherent risk in the Company's insurance portfolio mix.
- D. Assumption of return on the assets backing the insurance portfolio - The appraisal model assumes that the backing assets will generate a return at a risk-free interest rate plus an illiquidity premium.
- E. Expenses forecast: The cash flows in respect of the expenses allocated to the insurance portfolio for the purpose of calculating the fair value are based on the expenses included in the cash flows forecast in the Company's Solvency II calculations.

The fair value of a reinsurance portfolio is calculated as the difference between the fair value of the (gross) portfolios included in the reinsurance portfolio and the fair value of those portfolios net of reinsurance.

In accordance with the AV approach, the fair value is calculated as the consideration that a market participant will agree to pay (or receive) for the insurance portfolio, such that the forecast of cash flows released from the capital, which the market participant is required to hold in each period until the portfolio's run-off, will yield the required return on equity of the market participant.

Following are the main assumptions underlying the valuation:

In applying the fair value approach, the Company may include in a group contracts issued more than one year apart. The Company opted to apply this expedient, rather than to divide groups into those, which include only contracts issued one year or less apart.

(2) Main changes resulting from application of IFRS 9:

Classification of financial assets and financial liabilities

To determine the classification and measurement group, IFRS 9 requires that all financial assets be evaluated based on the Company's business model for managing the assets and the characteristics of the instrument's contractual cash flows. IAS 39's financial asset measurement categories (fair value through profit or loss, available for sale, held to maturity and loans and receivables) have been replaced by the following measurement categories:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(2) Main changes resulting from application of IFRS 9: (cont.)

Classification of financial assets and financial liabilities (cont.)

- Financial assets at fair value through profit or loss, including equity instruments and derivatives
- Debt instruments at fair value through other comprehensive income, with gains or losses recognized in profit or loss upon derecognition
- Equity instruments at fair value through other comprehensive income, with gains or losses not being recognized in profit or loss upon derecognition
- Debt instruments at amortized cost

Under IFRS 9, derivatives embedded in a host contract, which constitutes a financial asset within the scope of IFRS 9 are not bifurcated. Instead, the financial instrument in question is assessed in its entirety for classification purposes.

IFRS 9 did not have a material effect on the Company's accounting policies regarding the classification of financial liabilities.

Impairment of financial assets

IFRS 9 supersedes IAS 39's impairment model with a forward-looking 'expected credit losses' model. The new impairment model is applied to financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income and lease receivables. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Provisions for the Transitional Period

Changes in accounting policies resulting from first-time application of IFRS 9 were applied retrospectively, including presentation of comparative figures as of the transition date, except as specified below.

- The following assessments were made based on the facts and circumstances as of the transition date:
 - Assessment of the business model
 - Simple debt test/ SPPI test
 - Designation of financial instruments to measurement at fair value through profit or loss due to recognition or measurement inconsistency.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(2) Main changes resulting from application of IFRS 9: (cont.)

Provisions for the Transitional Period (cont.)

- Designation of investments in equity instruments to fair value through other comprehensive income.
- If a financial asset had a low credit risk on the transition date, the Company concludes that there was no substantial increase in credit risk since initial recognition.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9:

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items:

Following is the effect of the first-time application on Statement of Financial Position line items as of January 1, 2024:

		As of December 31, 2023 as previously reported	Effect of first-time application Audited NIS thousand	As of January 1, 2024, according to IFRS
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		19,303,547	-	19,303,547
Other cash and cash equivalents		3,053,023	-	3,053,023
Financial investments in respect of yield-dependent contracts measured at fair value		82,817,937	-	82,817,937
Other financial investments measured at fair value	1	14,198,423	13,468,200	27,666,623
Other financial investments measured at depreciated cost	1	16,572,861	(12,015,833)	4,557,028
Financial investments for holders of deposit certificates and structured bonds		173,000	-	173,000
Credit assets for factoring, acquiring and financing		3,700,349	-	3,700,349
Receivables and debit balances		1,047,092	(68,853)	978,239
Current tax assets		157,662	-	157,662
Insurance contract assets	6	-	407,880	407,880
Reinsurance contract assets		4,028,261	524,137	4,552,398
Equity-accounted investments		1,651,832	-	1,651,832
Investment property in respect of yield-dependent contracts		2,283,063	-	2,283,063
Investment property - other		1,238,524	-	1,238,524
Property, plant, and equipment measured at fair value		1,123,002	-	1,123,002
Other property, plant and equipment		337,390	-	337,390
Intangible assets and goodwill		3,597,868	-	3,597,868
Collectible premium	2	998,295	(998,295)	-
Deferred acquisition costs	2	1,404,972	(1,404,972)	-
Costs of obtaining investment management service contracts	3	1,281,298	-	1,281,298
Deferred tax assets		109,330	-	109,330
Credit for purchase of securities		717,000	-	717,000
Total assets		159,794,729	(87,736)	159,706,993
Total assets for yield-dependent contracts		104,769,512	-	104,769,512
Liabilities				
Loans and credit		13,044,524	-	13,044,524
Liabilities for derivative instruments		2,531,385	-	2,531,385
Payables and credit balances	4	3,669,165	(2,083,607)	1,585,558
Liabilities for current taxes		74,408	-	74,408
Liabilities for of yield-dependent investment contracts		23,787,779	-	23,787,779
Liabilities for non-yield-dependent investment contracts		1,063,093	-	1,063,093
Total liabilities for insurance contracts	7	103,719,615	3,054,603	106,774,218
Liabilities for reinsurance contracts			37,691	37,691
Liabilities for employee benefits, net		74,406	-	74,406
Liabilities for deferred taxes	8	764,322	(381,234)	383,088
Liabilities for structured products		171,000	-	171,000
Total liabilities		148,899,697	627,453	149,527,150
Equity				
Share capital		313,340	-	313,340
Share premium		860,345	-	860,345
Capital reserves	5	1,101,414	(1,179,020)	(77,606)
Treasury shares		(193,866)	-	(193,866)
Surplus		8,499,062	477,600	8,976,662
Total equity attributable to Company's shareholders		10,580,295	(701,420)	9,878,875
Non-controlling interests		314,737	(13,769)	300,968
Total equity		10,895,032	(715,189)	10,179,843

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

Following is the effect of the first-time application on Statement of Financial Position line items as of September 30, 2024:

		As of September 30, 2024, as previously reported	Effect of first-time application Unaudited NIS thousand	As of September 30, 2024, in accordance with IFRSs
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		19,009,002	-	19,009,002
Other cash and cash equivalents		2,386,551	-	2,386,551
Financial investments in respect of yield-dependent contracts measured at fair value		87,308,239	-	87,308,239
Other financial investments measured at fair value	1	15,064,482	13,014,672	28,079,154
Other financial investments measured at depreciated cost	1	16,381,928	(11,780,880)	4,601,048
Financial investments for holders of certificates of deposit and structured bonds		134,000	-	134,000
Receivables and debit balances		1,471,140	(41,093)	1,430,047
Current tax assets		30,842	-	30,842
Insurance contract assets	6	-	509,780	509,780
Reinsurance contract assets		4,083,740	684,677	4,768,417
Credit assets for factoring, acquiring and financing		4,763,724	-	4,763,724
Equity-accounted investments		1,939,853	-	1,939,853
Investment property in respect of yield-dependent contracts		2,350,695	-	2,350,695
Investment property - other		1,291,056	-	1,291,056
Property, plant, and equipment measured at fair value		1,321,986	-	1,321,986
Other property, plant and equipment		404,930	-	404,930
Credit for purchase of securities		903,000	-	903,000
Intangible assets and goodwill		3,837,512	-	3,837,512
Collectible premium	2	973,628	(973,628)	-
Deferred acquisition costs	2	1,432,651	(1,432,651)	-
Costs of obtaining investment management service contracts	3	1,387,543	-	1,387,543
Deferred tax assets		94,761	-	94,761
Total assets		166,571,263	(19,123)	166,552,140
Total assets for yield-dependent contracts		108,924,003	-	108,924,003
Liabilities				
Loans and credit		13,659,806	-	13,659,806
Liabilities for derivative instruments		2,865,909	-	2,865,909
Liabilities for structured products		134,000	-	134,000
Payables and credit balances	4	3,835,194	(1,715,090)	2,120,104
Liabilities for current taxes		97,253	-	97,253
Liabilities for of yield-dependent investment contracts		29,594,328	271,595	29,865,923
Liabilities for non-yield-dependent investment contracts		1,100,244	-	1,100,244
Total liabilities for insurance contracts	7	102,939,614	1,938,750	104,878,364
Liabilities for reinsurance contracts		-	21,634	21,634
Liabilities for employee benefits, net		79,711	-	79,711
Liabilities for deferred taxes	8	819,406	(192,372)	627,034
Total liabilities		155,125,465	324,517	155,449,982
Equity				
Share capital		315,173	-	315,173
Share premium		880,200	-	880,200
Treasury shares		(320,290)	-	(320,290)
Capital reserves	5	1,167,438	(1,335,031)	(167,593)
Surplus		9,078,746	998,433	10,077,179
Total equity attributable to Company's shareholders		11,121,267	(336,598)	10,784,669
Non-controlling interests		324,531	(7,042)	317,489
Total equity		11,445,798	(343,640)	11,102,158

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)**(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)**

Following is the effect of the first-time application on Statement of Financial Position line items as of December 31, 2024:

		As of December 31, 2024 as previously reported	Effect of first-time application	As of December 31, 2024, according to IFRS
		Audited	Unaudited	Unaudited
		NIS thousand		
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		17,724,306	-	17,724,306
Other cash and cash equivalents		2,742,027	-	2,742,027
Financial investments in respect of yield-dependent contracts measured at fair value		93,777,952	-	93,777,952
1	Other financial investments measured at fair value	15,932,536	12,850,429	28,782,965
1	Other financial investments measured at depreciated cost	15,872,959	(11,415,537)	4,457,422
Financial investments for holders of deposit certificates and structured bonds		110,000	-	110,000
Receivables and debit balances		1,334,092	(35,870)	1,298,222
Current tax assets		32,686	-	32,686
6	Insurance contract assets	-	766,337	766,337
Reinsurance contract assets		3,917,402	891,909	4,809,311
Credit assets for factoring, acquiring and financing		4,970,234	-	4,970,234
Equity-accounted investments		2,002,294	-	2,002,294
Investment property in respect of yield-dependent contracts		2,425,542	-	2,425,542
Investment property - other		1,323,367	-	1,323,367
Property, plant, and equipment measured at fair value		1,388,725	-	1,388,725
Other property, plant and equipment		386,787	-	386,787
Credit for purchase of securities		1,022,000	-	1,022,000
Intangible assets and goodwill		3,832,394	-	3,832,394
2	Collectible premium	825,140	(825,140)	-
2	Deferred acquisition costs	1,381,910	(1,381,910)	-
3	Costs of obtaining investment management service contracts	1,466,053	-	1,466,053
Deferred tax assets		101,984	-	101,984
Total assets		172,570,390	850,218	173,420,608
Total assets for yield-dependent contracts		114,264,373	-	114,264,373
Liabilities				
Loans and credit		14,207,720	-	14,207,720
Liabilities for derivative instruments		2,981,586	-	2,981,586
Liabilities for structured products		134,000	-	134,000
4	Payables and credit balances	4,129,300	(1,794,524)	2,334,776
Liabilities for current taxes		112,141	-	112,141
Liabilities for of yield-dependent investment contracts		32,422,762	328,367	32,751,129
Liabilities for non-yield-dependent investment contracts		1,101,836	-	1,101,836
7	Total liabilities for insurance contracts	104,167,924	2,953,853	107,121,777
Liabilities for reinsurance contracts		-	30,162	30,162
Liabilities for employee benefits, net		84,733	-	84,733
8	Liabilities for deferred taxes	975,977	(237,981)	737,996
Total liabilities		160,317,979	1,279,877	161,597,856
Equity				
Share capital		315,764	-	315,764
Share premium		899,856	-	899,856
5	Treasury shares	(376,885)	-	(376,885)
Capital reserves		1,284,710	(1,470,355)	(185,645)
Surplus		9,785,999	1,050,805	10,836,804
Total equity attributable to Company's shareholders		11,909,444	(419,550)	11,489,894
Non-controlling interests		342,967	(10,109)	332,858
Total equity		12,252,411	(429,659)	11,822,752

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

1. Most of the change arises from revaluation to fair value of designated bonds instead of measurement at adjusted cost. In addition, other financial investments measured at amortized cost include a balance of credit losses totaling approx. NIS 15 million, which are fully allocated to the Other Equity Returns Segment.
2. In accordance with IFRS 17, the collectible premium balance is included in the estimated future cash flows in respect of insurance contracts and therefore it was included in the liabilities for insurance contracts line item. Deferred acquisition costs attributable to long-term products in the Life and Health Insurance Segment were derecognized on the transition date against a decrease in equity. As from 2024, deferred acquisition expenses attributed to insurance contracts policies will be included in the measurement of the insurance contracts as part of the present value of the future cash flows and will reduce the value of the CSM.
3. Costs of obtaining investment management service contracts constitute deferred acquisition expenses in respect of investment contracts.
4. In accordance with IFRS 17, reinsurers' deposits are included in the estimated future cash flows in respect of the reinsurance contracts and therefore they were included in the reinsurance assets line item.
5. Capital reserve for available-for-sale financial assets was classified to retained earnings. Financial investments measured at fair value through other comprehensive income in accordance with IAS 39 will be measured at fair value through profit and loss under IFRS 9.
6. The recognition of insurance assets arises from the measurement of life and critical illness insurance portfolios in accordance with the present value of the estimated future cash flows, which constitutes an asset, less the RA and CSM representing an unrecognized future income. For details regarding the measurement method, see Note 2B.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

7. The revaluation of liabilities for insurance contracts is mainly due to the recognition of CSM and RA and the transition to discounting the liabilities based on a risk-free interest.
8. As of the report publication date, the 2025 sectoral tax agreement has not yet been finalized, which also includes the effect of the Standards' initial application on the transition date for income tax purposes (January 1, 2025); therefore, the tax calculations in respect of the abovementioned effects of first-time application were recorded against deferred taxes.

Disclosure regarding the contractual service margin (CSM) and risk adjustment (RA) as of January 1, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Audited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	3,496,844	7,929,334	-	11,426,178
Contractual service margin (CSM), reinsurance	450,942	1,259,454	-	1,710,396
Contractual service margin (CSM), net	3,045,902	6,669,880	-	9,715,782
Risk adjustment (RA)				
Risk adjustment (RA), gross	762,963	1,152,464	493,199	2,408,626
Risk adjustment (RA), reinsurance	108,606	233,846	198,008	540,460
Risk adjustment (RA), net	654,357	918,618	295,191	1,868,166

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

Disclosure regarding contractual service margin (CSM) and risk adjustment (RA) as of September 30, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Unaudited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	3,745,668	7,461,488	-	11,207,156
Contractual service margin (CSM), reinsurance	493,144	1,162,375	-	1,655,519
Contractual service margin (CSM), net	3,252,524	6,299,113	-	9,551,637
Risk adjustment (RA)				
Risk adjustment (RA), gross	671,231	1,424,987	514,125	2,610,343
Risk adjustment (RA), reinsurance	108,066	297,540	198,121	603,727
Risk adjustment (RA), net	563,165	1,127,447	316,004	2,006,616

Disclosure regarding contractual service margin (CSM) and risk adjustment (RA) as of December 31, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Unaudited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	2,870,583	7,734,429	-	10,605,012
Contractual service margin (CSM), reinsurance	485,709	1,282,277	-	1,767,986
Contractual service margin (CSM), net	2,384,874	6,452,152	-	8,837,026
Risk adjustment (RA)				
Risk adjustment (RA), gross	683,373	1,377,065	505,434	2,565,872
Risk adjustment (RA), reinsurance	94,934	313,806	200,628	609,368
Risk adjustment (RA), net	588,439	1,063,259	304,806	1,956,504

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

Life Insurance and Long-Term Savings Segment

Out of the said balances as of January 1, 2024, the share of CSM and RA attributed to savings portfolios, gross including the premium collected to cover the risk included in those portfolios totals approx. NIS 2 billion and approx. NIS 0.5 billion, respectively. The remaining CSM and RA balances are for life insurance risk products.

Health Insurance Segment

Out of the said balances as of January 1, 2024, the portion of the CSM and RA attributed to the individual LTC portfolio (a subsegment the Company has discontinued), net of reinsurance, totals approx. NIS 1.9 billion and a total of approx. NIS 0.5 billion, respectively. The remaining CSM and RA balances are in respect of medical expenses and critical illness. On June 30, 2024, the Company reclassified approx. NIS 300 million from CSM to RA for the individual long-term care portfolio. The reclassification was carried out following the publication of a draft revised circular by the Capital Market Authority according to which RA should be calculated in the individual long-term care portfolio before the effect of diversification.

Property and Casualty Segment

Most of the RA balance in this segment is in respect of the compulsory motor and liability subsegments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(b) Effect of first-time application of IFRS 17 and IFRS 9 on comprehensive income:

	For the nine-month period ended September 30, 2024	For the three-month period ended September 30, 2024	For the year ended December 31, 2024
	NIS thousand		
	Unaudited		
Comprehensive income after tax, as previously reported	1,366,952	644,812	2,199,184
Adjustments to comprehensive income following the transition to IFRS 17 and IFRS 9:			
Insurance contracts (1)	785,863	121,395	457,092
Financial instruments (2)	(225,452)	96,450	(28,310)
Tax effect	(188,862)	(75,698)	(143,252)
Comprehensive income according to IFRS 17 and IFRS 9:	1,738,501	786,959	2,484,714

1. Insurance contracts

- A. Under IFRS 17, the long-term life and health insurance revenues recognized in the period are measured in accordance with the amount of decrease in the LRC arising from the service provided during the period instead of revenue recognition based on the premium charged during the period and the fact that investment components/premium refunds in the savings policies are not recognized in insurance revenue.
- B. Under IFRS 17, all insurance contracts are measured by discounting the future cash flows required to fulfill insurance contracts using current discount rates; on the other hand, under IFRS 4, the risk-free discount rate plus the illiquidity premium was used to discount only part of the liability for insurance contracts such as insurance liabilities in the Property and Casualty Segment, and in respect of the liability adequacy test (LAT).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(b) Effect of first-time application of IFRS 17 and IFRS 9 on comprehensive income: (cont.)

1. Insurance contracts (cont.)

- C. The long-term life and health reinsurance expenses recognized during the period are measured in accordance with the amount of the decrease in the ARC arising from the service provided during the period instead of recognition of the expense based on the premium charged during the period and due to reinsurance commissions, whose amount is not derived from the claims for the underlying contracts, and which are presented as a decrease in expenses for reinsurance.
- D. Changes in actuarial assumptions pertaining to future service are adjusted against the CSM (until it is reduced to zero) and recognized in profit and loss over the coverage period, compared to immediate recognition in profit and loss under IFRS 4.

2. Financial instruments

The changes due to the implementation of IFRS 9 arise mainly from the measurement of designated bonds and other financial assets at fair value through profit or loss, instead of measuring some of these financial assets at amortized cost in accordance with IAS 39. In addition, there is an immaterial effect of the provision for credit losses due to the implementation of the new model for recognition of expected credit losses.

- 3. For further details regarding the measurement method in accordance with IFRS 17 and IFRS 9, see Note 2B.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(c) Transition from IAS 39 to IFRS 9:

Following is the effect of the transition on each class of financial assets as of January 1, 2024:

	Measurement in accordance with IAS 39 Category	Amount	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
		Audited NIS thousand				Audited NIS thousand	
Financial investments held against yield-dependent contracts	Fair value through profit or loss	82,817,937	-	-	-	82,817,937	Fair value through profit or loss
<u>Other financial investments:</u>							
Illiquid debt instruments (*)	Amortized cost	16,572,861	(12,000,833)	(15,000)	-	4,557,028	Amortized cost
Illiquid debt instruments (*)	Fair value through profit and loss	21,060	12,000,833	-	1,467,367	13,489,260	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss	5,773,437	-	-	-	5,773,437	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	2,287,592	-	-	-	2,287,592	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss	6,116,334	-	-	-	6,116,334	Fair value through profit and loss
Total other financial investments		30,771,284	-	(15,000)	1,467,367	32,223,651	

(*) Reclassified, with respect to published figures of illiquid financial assets which are measured at amortized cost and illiquid financial assets which are measured at fair value. For further details, see Section F below.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(c) Transition from IAS 39 to IFRS 9: (cont.)

Following is the effect of the transition on each class of financial assets as of September 30, 2024:

	Measurement in accordance with IAS 39 Category	Amount	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
		Unaudited				Unaudited	
	NIS thousand						
Financial investments held against yield-dependent contracts	Fair value through profit or loss	87,308,239	-	-	-	87,308,239	Fair value through profit or loss
<u>Other financial investments:</u>							
Illiquid debt instruments	Amortized cost	16,380,435	(11,764,387)	(15,000)	-	4,601,048	Amortized cost
	Fair value through profit and loss	22,620	11,764,387	-	1,248,792	13,035,799	Fair value through profit and loss
Illiquid debt instruments	Available for sale / fair value through profit and loss	6,120,340	-	-	-	6,120,340	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss	2,874,943	-	-	-	2,874,943	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	6,048,072	-	-	-	6,048,072	Fair value through profit and loss
Other investments							
Total other financial investments		<u>31,446,410</u>	<u>-</u>	<u>(15,000)</u>	<u>1,248,792</u>	<u>32,680,202</u>	

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(c) Transition from IAS 39 to IFRS 9: (cont.)

Following is the effect of the transition on each class of financial assets as of December 31, 2024:

	Measurement in accordance with IAS 39 Category	Amount		Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
		Unaudited NIS thousand	Reclassification			Unaudited NIS thousand	
Financial investments held against yield-dependent contracts	Fair value through profit or loss	93,777,952	-	-	-	93,777,952	Fair value through profit or loss
<u>Other financial investments:</u>							
Illiquid debt instruments	Amortized cost	15,872,959	(11,400,537)	(15,000)	-	4,457,422	Amortized cost
Illiquid debt instruments	Fair value through profit and loss	32,081	11,400,537	-	1,449,892	12,882,510	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss	6,414,692	-	-	-	6,414,692	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	3,006,488	-	-	-	3,006,488	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss	6,479,275	-	-	-	6,479,275	Fair value through profit and loss
Total other financial investments		<u>31,805,495</u>	<u>-</u>	<u>(15,000)</u>	<u>1,449,892</u>	<u>33,240,387</u>	

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments

1. Insurance contracts

Fulfillment cash flows

Fulfillment cash flows include:

- Estimated future cash flows;
- An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- Risk adjustment in respect of non-financial risk

The Company's goal in estimating the future cash flows is to determine the expected value of a full range of possible outcomes. The Company primarily uses deterministic forecasts to estimate the present value of the future cash flows.

Estimated future cash flows

In estimating future cash flows the Company makes unbiased use of all reasonable and supportable information available at the reporting date without undue cost or effort. This information includes internal and external historical data regarding claims and other experience, revised to reflect current expectations regarding future events.

The estimated future cash flows reflect the Company's perspective regarding current conditions as of the reporting date, provided that the estimates of relevant market variables are consistent with observable market prices.

When estimating the future cash flows, the Controller takes into account current expectations of future events, which may affect those cash flows. However, the Company shall not take into account current expectations of future changes in legislation, which would change or discharge the present obligation or create new obligations under existing insurance contracts until the change in legislation is virtually certain.

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract. These cash flows include payments to (or on behalf of) a policyholder, insurance acquisition cash flows and other costs incurred in the fulfillment of the contract.

Insurance acquisition cash flows arise from selling, underwriting and starting a group of insurance contracts, which are directly attributable to the portfolio of insurance contracts to which the group belongs. Other costs incurred in the fulfillment of the contracts include:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows (cont.)

- Claims handling costs, policy management and maintenance costs;
- Current commissions to agents received on the basis of premium collection (recurring commissions);
- Costs incurred by the Company in respect of the provision of investment management services;
- Costs, which the Company will incur in performing investment activities to the extent that the entity performs them to enhance benefits from insurance coverage for policyholders. Investment activities enhance benefits from insurance coverage if the entity performs those activities expecting to generate an investment return from which policyholders will benefit if an insured event occurs; and

Insurance acquisition cash flows and other costs incurred in the fulfillment of the contract include direct costs and an allocation of fixed and variable overheads.

Contract boundary

The assessment of the contract boundary, which defines which cash flows are included in the measurement of a contract, requires the exercising of judgment and taking into consideration the Company's substantive rights and obligations under the contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Contract boundary (cont.)

Following are the contract boundary of material policies, which were identified:

A. Individual health insurance policies issued from 2016 and thereafter

As part of the reform, which came into effect on February 1, 2016 it was stipulated that the insurance period in individual health insurance policies will be two years, and the policy will be renewed every two years on a fixed renewal date, without the need to undergo a medical assessment or a further qualification period. Changes to the policy's tariffs and/or terms and conditions shall be made subject to the approval of The Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**"). By virtue of Insurance Circular 2022-1-13 regarding "Tariff Updating in Renewable Health Insurance Policies", which was published on September 20, 2022, the insurance companies may - subject to compliance with certain conditions - revise the premium in renewable health insurance policies without being required to receive the Commissioner's approval. Through the publication date of the circular, the Commissioner did not grant approvals for changes in tariffs in respect of existing coverages. In addition, the circular caps the rate of premium revision at the rate of the loss ratio (LR), which ranges between 75% to 85%, depending on the calculation method and the size of the Company. Therefore, it is impossible to say that there is a practical ability to reassess the portfolio's risks and accordingly to set a new price, which fully reflects those risks. Accordingly, the periods subsequent to fixed renewal date are included in the contract boundary.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Contract boundary (cont.)

B. Life insurance policies, which include a savings component without a guaranteed annuity conversion factor on the policy issuance date

Life insurance policies, which include a savings component to the retirement age and permanent health insurance and/or life insurance coverage are insurance contracts, which often also provide an additional pension insurability (hereinafter - the “**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. Subsequent to its exercise, the Annuity Option shall be recognized as a new insurance contract in accordance with the standard’s recognition rules.

C. Reinsurance contracts held

In accordance with IFRS 17, except for cash flows in respect of underlying contracts transferred to the reinsurer as of the balance sheet date, the reinsurance contract boundary may also include cash flows in respect of underlying contracts, which the Company expects to sell (and deliver to the reinsurance) in the reporting period, if the Company and the reinsurer do not have the right to cancel or reprice the obligation to deliver those futures.

Key assumptions used in the Life and Health Segment

A. Mortality and morbidity rates

- 1) Active mortality – based on the CMI Series 2000 standard British mortality table, adjusted to reflect the Company’s claims history in accordance with periodic mortality studies for the relevant products.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Key assumptions used in the Life and Health Segment (cont.)

A. Mortality and morbidity rates (cont.)

- 2) Mortality of pensioners (with respect to annuity recipients) - in accordance with the riders and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the amendment of the provisions of the Circular Provisions on Measuring Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 27, 2024. An increase in the mortality rate assumption, due to an increase in actual mortality rates to a level, which is higher than the current level, will result in an increase in the estimated future cash flows in respect of the policyholders' death before they reach retirement age and a decrease in the estimated future cash flows in respect of lifetime annuities. It is noted that in recent decades, there has been a reversal of the trajectory - of increasing life expectancy and lower mortality rates. The mortality assumption used to calculate the estimated future cash flows takes into account an assumption in respect of a future increase in life expectancy.
- 3) Morbidity rates refer to the prevalence of claims for morbidity from critical illnesses, PHI, long-term care, surgery and hospitalization, accidental disability, etc. These rates are determined based on the Company's experience or studies by reinsurers. In the long-term care and PHI Subsegments, the annuity payment period is based on Company's experience or studies of reinsurers.
- 4) The higher the assumption regarding the morbidity rate, the higher the estimated future cash flows due to morbidity from critical illnesses, permanent health insurance, long-term care, surgery and hospitalization, and accidental disability insurance.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Key assumptions used in the Life and Health Segment (cont.)

B. Annuity takeup rate

In respect of funds deposited through 2008, life insurance contracts, which include a savings component, were managed under two tracks: equity or annuity. In some of the contracts, the policyholder may select the track at the retirement date. Since the estimated future cash flows differs in each of these two tracks, the Company must determine the rate of policies in which the policyholders will select the annuity track. This rate is set in accordance with the Company's experience as observed in periodic studies, the different policy types and funds. As from 2008, all savings premiums deposited under life insurance are designated for annuity.

C. Cancellation rates

(Discontinuation of premium payment, settlement of policies, payment of redemption value) - in accordance with Company's experience with the different products as observed in periodic cancellation studies, while making adjustments in accordance with the Company's estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.

Estimated future cash flows for P&C claims

The ultimate cost of claims is estimated using a range of actuarial claim prediction techniques, such as the Chain-Ladder and Bornhuetter-Ferguson methods.

The key underlying assumption of these techniques is that past development of the Company's claims can be used to predict the development of future claims and consequently the ultimate cost of claims.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows for P&C claims (cont.)

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 regarding the average claim cost, claims handling costs, and prevalence of claims. Additional assumptions may take into account changes in interest rates and timing of payments. Claim payments include direct and indirect expenses to settle claims, less subrogation and deductibles.

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 claims 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 further 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-time 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.

The actuarial valuation is based on statistical estimates that include a component of uncertainty. The statistical estimate is based on various assumptions, which will not necessarily materialize, such that the actual cost of claims may be higher or lower than the statistical estimate.

In large claims, which are not based on statistical estimates, and in subsegments which do not have an appropriate statistical model, the assumptions are based on the opinion of the Company's experts and the recommendations of their legal counsel.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows for P&C claims (cont.)

The estimate of the contingent claims in the Compulsory Motor Subsegment for the Company's share in the Pool is based on a calculation carried out by the Pool's actuary with the necessary adjustments.

The share of reinsurers in the contingent claims is estimated taking into account the type of agreement (proportional or non-proportional) and the actual claims data.

Discount rates

The Company determines the interest rate curves for all groups of insurance contracts using the bottom-up approach. In this approach, the discount rate is obtained by adding the illiquidity premium (which reflects the liability's illiquidity) to the risk-free interest rate curve. The risk-free interest rate curve is based on yields to maturity of liquid bonds of the Israeli government. The last liquid point is the 25th year. Beyond this point, the Company will set the risk-free interest rate curves by way of extrapolation - in accordance with the Smith-Wilson method - up to the ultimate forward rate, which will be set at 60 years.

The full illiquidity premium is set based on the average spread of the bonds included in the Tel Bond 60 Index. This premium is added in full or in part to the risk-free interest rate curve in accordance with the illiquidity characteristics of the relevant cash flows.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Discount rates (cont.)

The following are the discount rates used by the Company, including the illiquidity premium: (*)

	As of September 30, 2025								
	Unaudited								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years

Policies with a non-yield-dependent savings component and annuity policies	2.27%	2.25%	2.22%	2.24%	2.29%	2.46%	2.56%	2.62%	2.70%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	2.25%	2.22%	2.19%	2.21%	2.28%	2.46%	2.56%	2.62%	2.70%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	2.22%	2.19%	2.15%	2.16%	2.22%	2.41%	2.53%	2.62%	2.70%
Individual and collective LTC policies	2.28%	2.25%	2.21%	2.21%	2.25%	2.40%	2.49%	2.56%	2.63%
Remaining portfolios	2.19%	2.15%	2.11%	2.11%	2.15%	2.30%	2.39%	2.46%	2.53%

	As of September 30, 2024								
	Unaudited								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years

Policies with a non-yield-dependent savings component and annuity policies	1.80%	2.18%	2.39%	2.73%	2.86%	2.93%	3.01%	3.05%	3.09%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	1.75%	2.13%	2.33%	2.66%	2.81%	2.92%	3.01%	3.05%	3.09%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	1.68%	2.06%	2.25%	2.56%	2.68%	2.79%	2.94%	3.03%	3.09%
Individual and collective LTC policies	1.82%	2.18%	2.37%	2.67%	2.77%	2.82%	2.88%	2.92%	2.96%
Remaining portfolios	1.63%	1.99%	2.18%	2.48%	2.58%	2.63%	2.69%	2.73%	2.78%

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Discount rates (cont.)

The following are the discount rates used by the Company, including the illiquidity premium: (*) (cont.)

	As of December 31, 2024								
	Unaudited								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years
Policies with a non-yield-dependent savings component and annuity policies	2.01%	2.09%	2.17%	2.33%	2.39%	2.45%	2.56%	2.64%	2.73%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	1.99%	2.06%	2.13%	2.29%	2.36%	2.45%	2.56%	2.64%	2.73%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	1.94%	2.01%	2.08%	2.23%	2.29%	2.38%	2.52%	2.63%	2.73%
Individual and collective LTC policies	2.03%	2.10%	2.16%	2.29%	2.33%	2.38%	2.47%	2.56%	2.65%
Remaining portfolios	1.90%	1.97%	2.03%	2.16%	2.20%	2.25%	2.34%	2.43%	2.52%

(*) For the purposes of this note, in the long-term care insurance portfolio, the interest rate is weighted at an illiquidity premium of 80%. It is noted that when discounting LTC claims (both payable claims and future claims), the Company uses a 100% illiquidity premium weighting in accordance with the provisions of Chapter 1 to Part 2 of Article 5 of Consolidated Circular, Measurement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Risk adjustment in respect of non-financial risk

The RA represents the compensation which the Company requires for bearing the uncertainty regarding the amount and timing of the cash flows arising from non-financial risks, which include insurance risk and other non-financial risks, such as lapse risk, and expenses risk. The RA reflects the amount that the insurer will rationally pay to be relieved of the uncertainty that future cash flows will exceed the present value of the estimated future cash flows.

In life and health insurance, the risk adjustment is determined according to the value at risk (VaR) technique, which reflects the expected loss due to the materialization of negative scenarios relevant to the risk characteristics of the various coverages. Similarly to the solvency principles, the scenarios reflect events, which may occur in the forthcoming year (one-year time horizon), and may affect the cash flow both during and after the year. The confidence interval determined for the purpose of calculating the VaR at the level of the Life and Health Insurance Segments is 75% except for a long-term care insurance portfolio for which a 90% confidence interval was determined in accordance with the Commissioner's Directives and in order to reflect its inherent risk characteristics. For Property and Casualty Insurance, the Company implements principles of the "best practice" approach, which is an approach based on the VaR technique with a long horizon. The confidence interval determined for the calculation of the VaR at the level of Property and Casualty Insurance Subsegments is 75%.

In determining the non-financial risk adjustment at the portfolio level, the Company takes into account the diversification benefit among the Company's various portfolios and segments. For reinsurance contracts held, the Company calculates the non-financial risk adjustment 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 adjustment transferred to the reinsurer as the amount of the difference between gross and retention as detailed above.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

The contractual service margin (CSM) and setting the coverage units

The CSM is a component of the asset or liability in respect of a group of insurance contracts representing the unrealized gain, which the Company will recognize when it will provide services in the future. A proportionate share of the CSM amount in respect of a group of insurance contracts is recognized in profit or loss as insurance revenues in each period to reflect the insurance services provided within the group of insurance contracts during that period. This amount is determined as follows:

- Identification of the coverage units in a group
- The Company allocates the CSM at the end of the period equally to any coverage unit provided in the current period and those expected to be provided in the future (before any amount is recognized in profit or loss to reflect the insurance services provided during the period)
- The Company recognizes in profit or loss the amount allocated to the coverage units provided during the period

The number of coverage units in a group is the quantity of coverage services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period. The total amount of the coverage units of each group of insurance contracts is revalued at the end of each reporting period.

The insurance contract services include:

- A. Coverage for an insured event (insurance coverage);
- B. Management of the underlying items on behalf of the policyholder in contracts with direct participation features (hereinafter - “**investment-related service**”); and
- C. Generation of an investment return for the policyholder in contracts without direct participation features (hereinafter - “**investment return service**”).

Insurance contracts without direct participation features may provide an investment-return service if, and only if:

- A. An investment component exists, or the policyholder has a right to withdraw an amount;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

The contractual service margin (CSM) and setting the coverage units (cont.)

- B. The entity expects the investment component or amount the policyholder has a right to withdraw to include an investment return (an investment return could be below zero, for example, in a negative interest rate environment); and
- C. The entity expects to perform investment activity to generate an investment return.

The Company has identified an Investment-Return Service in policies which include a non-yield-dependent savings component.

IFRS 17 does not determine whether the time value of money should be taken into consideration when allocating the contractual service margin to the coverage units, such that the allocation will reflect the expected timing of the coverage units, which will be provided.

For the purpose of allocating the contractual service margin to the coverage units, the Company discounts the coverage units.

When a group of insurance contracts comprises several types of insurance coverage, the Company weighs the coverage units in accordance with the relative scope of the insurance service of the type of coverage, which is measured in accordance with the relative cost of the type of coverage. In addition, when a group of insurance contracts comprises an insurance service and an investment service, the Company weighs the different coverage units in accordance with the relative cost of the type of service.

The coverage units of reinsurance contracts held are consistent with the coverage units of the underlying contracts with adjustments in respect of the differences in the scope of the services provided.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

The contractual service margin (CSM) and setting the coverage units (cont.)

The following are the coverage units used to release the contractual service margin of the main portfolios:

<u>Main portfolio</u>	<u>Coverage units</u>
Non yield-dependent savings component (guaranteed)	- The insurance amount (the amount at risk), insofar as there is mortality risk, and the annuity amount during the annuity period (excluding the guaranteed annuity period), plus the amount of accumulated savings during the accumulation period, and the present value of paid annuity during the guaranteed annuity period
Yield-dependent savings component (participating)	- The insurance amount (the amount at risk), insofar as there is mortality risk, and the annuity amount during the annuity period (excluding the guaranteed annuity period), plus the amount of accumulated savings during the accumulation period, and the present value of paid annuity during the annuity period
Life/ permanent health insurance coverage - individual and collective	- The amount of the claim (insurance amount in life insurance, present value of expected payments in a permanent health insurance claim)
Individual Long-Term Care	- The amount of the claim (present value of expected payments in a claim)
Medical expenses - individual, collective and personal accidents	- Number of medical expenses coverages, insurance amount for personal accidents, with a conversion formula between the number of coverages and the insurance amount
Critical illnesses	- Insurance amount

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Investment component

The Company identifies an investment component of a contract by determining the amount to be paid to the policyholder in all scenarios that have a commercial substance. These scenarios include situations where the insured event has occurred or the contract expires or terminated without the occurrence of an insured event. Investment components are not included in insurance revenues and insurance service expenses.

Policies with a savings component without an annuity conversion factor include an investment component. These policies have explicit redemption values. The investment component, which is not included in investment revenues and insurance service expenses, is set as the policy's cash surrender value.

Policies, which include a savings component with a guaranteed annuity conversion factor, do not include an investment component, since the Company is not committed to pay any amount if the policyholder does not redeem the contract and does not survive until the first annuity payment date. However, all reimbursements of the cash surrender value (including in case of death) are treated as reimbursements of premiums for unutilized coverage and will not be recognized in insurance revenues and insurance service expenses. In addition, if at the beginning of the pension period the policyholder opted for a pension track, which includes a guaranteed period of payments, these amounts will also be treated as reimbursement of premium for unutilized coverage and will not be recognized in insurance revenues and insurance service expenses.

2. Financial assets

Impairment of financial assets

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased substantially since the initial recognition date. The entity measures the provision for credit losses in accordance with forecasts. The possible implications for the financial statements are an increase or decrease in the amount of the provision for impairment, which will be recognized in profit or loss.

F. Reclassification

Reclassifications were made in the notes to the Financial Statements. The reclassification did not have an effect on equity, profit and loss and comprehensive income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Details of the change rates in the Consumer Price Index and USD representative exchange rate

	CPI		USD representative
	Known CPI	In lieu CPI	exchange rate
	%	%	%
For the nine months ended on:			
September 30, 2025	3.0	2.6	(9.4)
September 30, 2024	3.5	3.4	2.3
For the three months ended on:			
September 30, 2025	1.4	0.5	(2.0)
September 30, 2024	1.6	1.3	(1.3)
For the year ended December 31, 2024	3.4	3.3	0.6

NOTE 3 - OPERATING SEGMENTS

The operating segments were determined based on the information assessed by the chief operating decision maker for the purpose of making decisions regarding the allocation of resources and the assessment of performance. Accordingly, for management purposes, the Company operates in the following operating segments:

1. Life and Long-Term Savings Segment

The Life and Long-Term Savings Segment includes the life insurance subsegments and related coverages. The segment includes various categories of insurance policies as well insurance coverages in respect of various risks such as: death, disability, permanent health insurance, etc.

2. Health Insurance Segment

The Health Insurance Segment includes the Company's health insurance activity. The segment includes long-term care, medical expenses, surgery and transplants, dental, travel and foreign workers insurance, etc.

3. Property and Casualty Segment

The Property and Casualty Insurance Segment includes the liability and property subsegments. In accordance with the Commissioner's Directives, the Property and Casualty Insurance Segment is broken down into the Compulsory Motor Insurance, Motor Property, Property and Other Liability Subsegments.

- 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) and compulsory motor policies sold through the Pool corporation.

- 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, including third party coverage.

- Other Property Liability subsegments

- 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.
- Comprehensive home insurance, including liability and other riders, including home insurance sold with respect to mortgage.
- Professional liability insurance, including for board members and officers.

NOTE 3 - OPERATING SEGMENTS (cont.)

3. Property and Casualty Segment (cont.)

- Other Property Liability subsegments (cont.)
 - Engineering insurance, including liability riders.
 - Guarantees, including Sale Law guarantees.
 - Other insurance subsegments, including aircraft, marine, cargo and shipping.

4. Retirement Segment

The Retirement Segment mostly includes the management of pension funds and provident funds through Phoenix Pension and Provident, which is a wholly-owned subsidiary of the Company. In accordance with the Commissioner's Directives, the Retirement Segment's activity is detailed separately.

5. Wealth & Investments Segment (formerly Financial Services)

The Wealth & Investments Segment includes the following activities:

- Phoenix Investment House's activities relating to various aspects of capital market investment: investment marketing and management for customers; management and operation of mutual funds; trading services on the TASE and related services; trust services (in the framework of options and management of employee compensation plans as well as mergers and acquisitions); family office services; marketing of alternative products as well as sale of related products.
- Phoenix Capital Partners - including Phoenix group's alternative investment funds.
- Management of investment contract policies - savings policies only without risk-weighted components. Through the Financial Statements for 2024, this activity was presented under the Life Insurance and Long-Term Savings Segment. As from the financial statements for the first quarter of 2025, the activity was classified into the Wealth & Investments Segment and the comparative figures were adjusted.

6. Brokers & Advisors Segment

The Brokers & Advisors Segment includes the activity of the pension arrangement agencies and other insurance agencies in the group.

NOTE 3 - OPERATING SEGMENTS (cont.)

7. Financing Segment

The Finance (Credit) Segment mostly includes Gama. Gama is a credit aggregator providing financing against post-dated checks (factoring), acquiring, and management of credit vouchers services, financing against real estate properties, loans and credit, equipment financing and supplier financing. In addition, the results of the segment include the consumer credit activity, providing all-purpose loans.

8. Activity not attributed to operating segments

This activity includes part of the Group's HQ function which is not attributed to the operating segments and involves holding assets and liabilities against the Company's share capital.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment

For the nine-month period ended September 30, 2025										
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
Revenues from insurance services	1,553,636	1,993,993	3,751,798	-	-	-	-	-	-	7,299,427
Expenses from insurance services	1,180,546	1,305,889	3,064,744	-	-	-	-	-	-	5,551,179
Income from insurance services before reinsurance contracts held	373,090	688,104	687,054	-	-	-	-	-	-	1,748,248
Reinsurance expenses	167,992	155,276	779,845	-	-	-	-	-	-	1,103,113
Reinsurance revenues	135,869	80,272	730,169	-	-	-	-	-	-	946,310
Net expenses from reinsurance contracts held	(32,123)	(75,004)	(49,676)	-	-	-	-	-	-	(156,803)
Income from insurance services	340,967	613,100	637,378	-	-	-	-	-	-	1,591,445
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	7,448,322	195,383	-	-	3,321,504	-	-	-	-	10,965,209
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	78,496	-	-	-	100,317	-	178,813
Net losses from impairment of financial assets	-	-	-	234	-	-	-	9,073	-	9,307
Other investment income, net	614,625	160,283	275,230	36,381	13,277	8,400	-	1,367,480	(53,949)	2,421,727
Share in earnings of equity-accounted investees	9,131	19,512	10,518	-	28,262	1,773	33,891	3,427	-	106,514
Total income from other investments, net	623,756	179,795	285,748	114,643	41,539	10,173	33,891	1,462,151	(53,949)	2,697,747
Total investment income, net	8,072,078	375,178	285,748	114,643	3,363,043	10,173	33,891	1,462,151	(53,949)	13,662,956
Finance expenses, net arising from insurance contracts	8,056,766	326,288	270,594	-	-	-	-	-	-	8,653,648

For the nine-month period ended September 30, 2025										
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
Finance income, net arising from reinsurance contracts	11,344	70,308	80,770	-	-	-	-	-	-	162,422
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(75,007)	(3,321,504)	-	-	-	-	(3,396,511)
Net investment and finance income	<u>26,656</u>	<u>119,198</u>	<u>95,924</u>	<u>39,636</u>	<u>41,539</u>	<u>10,173</u>	<u>33,891</u>	<u>1,462,151</u>	<u>(53,949)</u>	<u>1,775,219</u>
Income, net from insurance and investment	<u>367,623</u>	<u>732,298</u>	<u>733,302</u>	<u>39,636</u>	<u>41,539</u>	<u>10,173</u>	<u>33,891</u>	<u>1,462,151</u>	<u>(53,949)</u>	<u>3,366,664</u>
Revenues from management fees	-	-	-	688,756	743,369	2,772	-	20,937	(69,515)	1,386,319
Revenues from Wealth & Investments	-	-	-	-	318,000	-	-	-	-	318,000
Revenues from credit and acquiring	-	-	-	-	-	-	381,758	-	(22,142)	359,616
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	799,289	-	-	(221,709) (f)	577,580
Other operating expenses	31,569	24,025	21,612	554,630	645,695	470,631	133,055	199,157	(315,907) (f)	1,764,467
Other revenues (expenses)	(29,576)	(2,512)	(1,402)	(19,159)	(29,875)	4,210	(6,936)	8,880	(2,541)	(78,911)
Other finance expenses	-	-	-	32,341	83,572	33,865	121,257	290,219	(53,949)	507,305
Profit before income tax	<u>306,478</u>	<u>705,761</u>	<u>710,288</u>	<u>122,262</u>	<u>343,766</u>	<u>311,948</u>	<u>154,401</u>	<u>1,002,592</u>	<u>-</u>	<u>3,657,496</u>
Other comprehensive income (loss) before income tax:	234	478	2,684	-	(4,662)	-	(21,887)	(1,121)	-	(24,274)
Total comprehensive income before income tax	<u>306,712</u>	<u>706,239</u>	<u>712,972</u>	<u>122,262</u>	<u>339,104</u>	<u>311,948</u>	<u>132,514</u>	<u>1,001,471</u>	<u>-</u>	<u>3,633,222</u>
Total segment assets	<u>100,518,065</u>	<u>9,748,547</u>	<u>8,035,707</u>	<u>3,414,166</u>	<u>46,884,920</u>	<u>1,501,715</u>	<u>5,816,819</u>	<u>16,887,829</u>	<u>(2,707,888)</u>	<u>190,099,880</u>
Total segment assets for yield-dependent contracts	<u>82,242,978</u>	<u>2,108,926</u>	<u>-</u>	<u>-</u>	<u>42,721,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,073,719</u>
Total segment liabilities	<u>100,315,962</u>	<u>9,748,547</u>	<u>7,908,859</u>	<u>2,165,599</u>	<u>45,077,590</u>	<u>987,205</u>	<u>4,710,848</u>	<u>9,534,055</u>	<u>(2,707,888)</u>	<u>177,740,777</u>

- (a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.
- (b) For additional data regarding the Health Insurance Subsegments, see Section C below.
- (c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.
- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the nine-month period ended September 30, 2024									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	1,545,192	1,897,811	3,457,865	-	-	-	-	-	-	6,900,868
Expenses from insurance services	1,360,068	1,240,286	2,555,248	-	-	-	-	-	-	5,155,602
Income from insurance services before reinsurance contracts held	185,124	657,525	902,617	-	-	-	-	-	-	1,745,266
Reinsurance expenses	215,175	151,405	750,369	-	-	-	-	-	-	1,116,949
Reinsurance revenues	177,933	76,531	425,984	-	-	-	-	-	-	680,448
Net expenses from reinsurance contracts held	(37,242)	(74,874)	(324,385)	-	-	-	-	-	-	(436,501)
Income from insurance services	147,882	582,651	578,232	-	-	-	-	-	-	1,308,765
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	6,774,299	600,137	-	-	2,985,996	-	-	-	-	10,360,432
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	78,940	-	7,367	91,141	-	-	-	62,811	-	240,259
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(28,194)	-	(28,194)
Other investment income (losses), net	303,396	157,830	250,870	(1,630)	11,463	13,730	-	547,138	(40,774)	1,242,023
Share in earnings (losses) of equity-accounted subsidiaries	(1,129)	21,288	29,906	-	31,099	2,494	-	(66)	-	83,592
Total income from other investments, net	381,207	179,118	288,143	89,511	42,562	16,224	-	638,077	(40,774)	1,594,068
Total investment income, net	7,155,506	779,255	288,143	89,511	3,028,558	16,224	-	638,077	(40,774)	11,954,500
Finance expenses, net arising from insurance contracts	7,033,968	759,944	251,691	-	-	-	-	-	-	8,045,603
Finance income (expenses), net arising from reinsurance contracts	(8,335)	46,091	78,099	-	-	-	-	-	-	115,855

	For the nine-month period ended September 30, 2024									
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
Unaudited NIS thousand										
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(76,665)	(2,985,996)	-	-	-	-	(3,062,661)
Net investment and finance income	113,203	65,402	114,551	12,846	42,562	16,224	-	638,077	(40,774)	962,091
Income, net from insurance and investment	261,085	648,053	692,783	12,846	42,562	16,224	-	638,077	(40,774)	2,270,856
Revenues from management fees	-	-	-	606,837	563,511	6,227	660	18,144	(70,058)	1,125,321
Revenues from Wealth & Investments	-	-	-	-	275,000	-	-	-	-	275,000
Revenues from credit and acquiring	-	-	-	-	-	-	318,822	-	-	318,822
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	654,266	-	-	(174,155) (f)	480,111
Other operating expenses	52,056	21,712	19,985	500,385	567,794	411,111	113,017	121,398	(247,020) (f)	1,560,438
Other revenues (expenses), net	7,026	6,359	(3,467)	(21,354)	(2,967)	(8,008)	(6,089)	3,272	(469)	(25,697)
Other finance expenses	-	-	-	26,317	32,866	31,690	91,586	243,223	(38,778)	386,904
Profit before income tax	216,055	632,700	669,331	71,627	277,446	225,908	108,790	294,872	342	2,497,071
Other comprehensive income before taxes on income	4,623	776	6,680	-	-	-	-	6,001	-	18,080
Total comprehensive income before income tax	220,678	633,476	676,011	71,627	277,446	225,908	108,790	300,873	342	2,515,151
Total segment assets	93,031,971	10,078,793	8,309,772	3,094,497	34,574,376	1,300,452	5,050,185	13,640,790	(2,528,696)	166,552,140
Total segment assets for yield-dependent contracts	76,196,527	2,861,553	-	-	29,865,923	-	-	-	-	108,924,003
Total segment liabilities	91,459,649	11,067,406	8,141,893	1,910,991	32,379,374	720,613	4,203,974	8,255,739	(2,689,657)	155,449,982

- (a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.
- (b) For additional data regarding the Health Insurance Subsegments, see Section C below.
- (c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.
- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

For the three-month period ended September 30, 2025										
	Life Insurance (a)	Health Insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
Revenues from insurance services	530,414	682,186	1,276,932	-	-	-	-	-	-	2,489,532
Expenses from insurance services	434,654	444,563	1,005,457	-	-	-	-	-	-	1,884,674
Income from insurance services before reinsurance contracts held	95,760	237,623	271,475	-	-	-	-	-	-	604,858
Reinsurance expenses	59,232	52,065	258,341	-	-	-	-	-	-	369,638
Reinsurance revenues	35,110	26,255	169,946	-	-	-	-	-	-	231,311
Net expenses from reinsurance contracts held	(24,122)	(25,810)	(88,395)	-	-	-	-	-	-	(138,327)
Income from insurance services	71,638	211,813	183,080	-	-	-	-	-	-	466,531
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,175,550	68,838	-	-	1,647,368	-	-	-	-	4,891,756
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	38,127	-	-	-	34,628	-	72,755
Impairment losses (reversal of impairment losses) for financial assets	-	-	-	(195)	-	-	-	188	-	(7)
Other investment income, net	211,511	78,304	97,333	3,194	4,454	3,536	-	448,904	(19,521)	827,715
Share in earnings (losses) of equity-accounted subsidiaries	1,338	4,004	(1,441)	-	13,712	1,387	11,207	897	-	31,104
Total income from other investments, net	212,849	82,308	95,892	41,516	18,166	4,923	11,207	484,241	(19,521)	931,581
Total investment income, net	3,388,399	151,146	95,892	41,516	1,665,534	4,923	11,207	484,241	(19,521)	5,823,337
Finance expenses, net arising from	3,363,909	41,819	119,899	-	-	-	-	-	-	3,525,627

	For the three-month period ended September 30, 2025									
								Not		
	Life	Health	P&C	Retirement	Wealth &	Brokers &		attributed	Adjustments	
	Insurance	insurance	Insurance	(d)	Investments	Advisors	Financing	to	and offsets	Total
	(a)	(b)	(c)		(e)			operating		
								segments		
										</

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.

- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the three-month period ended September 30, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	517,849	647,743	1,192,698	-	-	-	-	-	-	2,358,290
Expenses from insurance services	486,401	420,938	866,907	-	-	-	-	-	-	1,774,246
Income from insurance services before reinsurance contracts held	31,448	226,805	325,791	-	-	-	-	-	-	584,044
Reinsurance expenses	67,533	52,629	287,328	-	-	-	-	-	-	407,490
Reinsurance revenues	74,301	20,832	162,273	-	-	-	-	-	-	257,406
Revenues (expenses), net from reinsurance contracts held	6,768	(31,797)	(125,055)	-	-	-	-	-	-	(150,084)
Income from insurance services	38,216	195,008	200,736	-	-	-	-	-	-	433,960
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	2,467,678	99,673	-	-	997,369	-	-	-	-	3,564,720
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	31,255	-	3,242	34,859	-	-	-	29,462	-	98,818
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(13,124)	-	(13,124)
Other investment income, net	312,306	65,492	106,979	1,086	4,096	5,735	-	504,133	(12,623)	987,204
Share in earnings of equity-accounted investees	2,420	3,010	14,809	-	22,758	631	-	-	-	43,628
Total income from other investments, net	345,981	68,502	125,030	35,945	26,854	6,366	-	546,719	(12,623)	1,142,774
Total investment income, net	2,813,659	168,175	125,030	35,945	1,024,223	6,366	-	546,719	(12,623)	4,707,494
Finance expenses, net arising from	2,790,361	172,452	151,280	-	-	-	-	-	-	3,114,093

For the three-month period ended September 30, 2024										
	Life Insurance (a)	Health Insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
insurance contracts										
Finance income (expenses), net arising from reinsurance contracts	(6,059)	59,520	45,075	-	-	-	-	-	-	98,536
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(30,343)	(997,369)	-	-	-	-	(1,027,712)
Net investment and finance income	<u>17,239</u>	<u>55,243</u>	<u>18,825</u>	<u>5,602</u>	<u>26,854</u>	<u>6,366</u>	<u>-</u>	<u>546,719</u>	<u>(12,623)</u>	<u>664,225</u>
Income, net from insurance and investment	<u>55,455</u>	<u>250,251</u>	<u>219,561</u>	<u>5,602</u>	<u>26,854</u>	<u>6,366</u>	<u>-</u>	<u>546,719</u>	<u>(12,623)</u>	<u>1,098,185</u>
Revenues from management fees	-	-	-	208,655	206,824	2,439	127	5,556	(23,770)	399,831
Revenues from Wealth & Investments	-	-	-	-	89,000	-	-	-	-	89,000
Revenues from credit and acquiring	-	-	-	-	-	-	110,530	-	-	110,530
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	227,243	-	-	(57,116) (f)	170,127
Other operating expenses	16,614	6,759	6,370	172,729	192,438	147,148	40,285	58,281	(76,715) (f)	563,909
Other revenues (expenses), net	(5,412)	3,615	256	(6,941)	(986)	(5,350)	(2,030)	516	(81)	(16,413)
Other finance expenses	-	-	-	10,135	22,583	12,259	30,265	93,455	(17,070)	151,627
Profit before income tax	<u>33,429</u>	<u>247,107</u>	<u>213,447</u>	<u>24,452</u>	<u>106,671</u>	<u>71,291</u>	<u>38,077</u>	<u>401,055</u>	<u>195</u>	<u>1,135,724</u>
Other comprehensive income before taxes on income	3,675	598	247	-	-	-	-	6,001	-	10,521
Total comprehensive income before income tax	<u>37,104</u>	<u>247,705</u>	<u>213,694</u>	<u>24,452</u>	<u>106,671</u>	<u>71,291</u>	<u>38,077</u>	<u>407,056</u>	<u>195</u>	<u>1,146,245</u>
Total segment assets	<u>93,031,971</u>	<u>10,078,793</u>	<u>8,309,772</u>	<u>3,094,497</u>	<u>34,574,376</u>	<u>1,300,452</u>	<u>5,050,185</u>	<u>13,640,790</u>	<u>(2,528,696)</u>	<u>166,552,140</u>
Total segment assets for yield-dependent contracts	<u>76,196,527</u>	<u>2,861,553</u>	<u>-</u>	<u>-</u>	<u>29,865,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,924,003</u>
Total segment liabilities	<u>91,459,649</u>	<u>11,067,406</u>	<u>8,141,893</u>	<u>1,910,991</u>	<u>32,379,374</u>	<u>720,613</u>	<u>4,203,974</u>	<u>8,255,739</u>	<u>(2,689,657)</u>	<u>155,449,982</u>

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

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(c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.

- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the year ended December 31, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	2,055,136	2,551,324	4,671,727	-	-	-	-	-	-	9,278,187
Expenses from insurance services	1,838,322	1,762,971	3,328,245	-	-	-	-	-	-	6,929,538
Income from insurance services before reinsurance , contracts held	<u>216,814</u>	<u>788,353</u>	<u>1,343,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,348,649</u>
Reinsurance expenses	290,990	204,726	1,003,234	-	-	-	-	-	-	1,498,950
Reinsurance revenues	238,838	123,344	525,633	-	-	-	-	-	-	887,815
Net expenses from reinsurance contracts held	<u>(52,152)</u>	<u>(81,382)</u>	<u>(477,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(611,135)</u>
Income from insurance services	<u>164,662</u>	<u>706,971</u>	<u>865,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,514</u>
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	9,632,023	697,547	-	-	3,666,507	-	-	-	-	13,996,077
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	102,233	-	10,188	105,230	-	-	-	69,546	-	287,197
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(30,166)	-	(30,166)
Other investment income, net	786,931	221,496	356,041	13,389	158	15,479	-	1,120,502	(67,791)	2,446,205
Share in earnings (losses) of equity-accounted subsidiaries	(3,819)	25,420	40,578	-	38,404	2,733	-	(62)	-	103,254
Total income from other investments, net	<u>885,345</u>	<u>246,916</u>	<u>406,807</u>	<u>118,619</u>	<u>38,562</u>	<u>18,212</u>	<u>-</u>	<u>1,220,152</u>	<u>(67,791)</u>	<u>2,866,822</u>
Total investment income, net	<u>10,517,368</u>	<u>944,463</u>	<u>406,807</u>	<u>118,619</u>	<u>3,705,069</u>	<u>18,212</u>	<u>-</u>	<u>1,220,152</u>	<u>(67,791)</u>	<u>16,862,899</u>
Finance expenses, net arising from insurance contracts	10,228,231	1,163,825	299,558	-	-	-	-	-	-	11,691,614
Finance income (expenses), net arising from reinsurance contracts	(1,582)	158,713	90,026	-	-	-	-	-	-	247,157
Increase in liabilities in respect of	-	-	-	(97,061)	(3,666,507)	-	-	-	-	(3,763,568)

	For the year ended December 31, 2024									
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
Unaudited NIS thousand										
investment contracts due to the yield component										
Income (loss) from investments and finance, net	287,555	(60,649)	197,275	21,558	38,562	18,212	-	1,220,152	(67,791)	1,654,874
Income, net from insurance and investment	452,217	646,322	1,063,156	21,558	38,562	18,212	-	1,220,152	(67,791)	3,392,388
Revenues from management fees	-	-	-	827,892	789,782	6,588	958	23,010	(87,604)	1,560,626
Revenues from Wealth & Investments	-	-	-	-	393,000	-	-	-	-	393,000
Revenues from credit and acquiring	-	-	-	-	-	-	432,213	-	-	432,213
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	896,716	-	-	(251,306) (f)	645,410
Other operating expenses	73,324	30,379	25,908	692,777	794,760	569,158	158,343	199,886	(365,840) (f)	2,178,695
Other revenues (expenses)	(4,502)	7,939	(3,646)	(29,412)	(40,137)	(10,500)	(8,118)	2,884	(766)	(86,258)
Other finance expenses	-	-	-	34,207	43,483	41,649	129,725	286,636	(44,071)	491,629
Profit before income tax	374,391	623,882	1,033,602	93,054	342,964	300,209	136,985	759,524	2,444	3,667,055
Other comprehensive income (loss) before income tax:	(6,512)	(1,048)	(2,468)	-	860	87	266	(15,569)	(1,685)	(26,069)
Total comprehensive income before income tax	367,879	622,834	1,031,134	93,054	343,824	300,296	137,251	743,955	759	3,640,986
Total segment assets	95,932,690	8,534,975	8,364,388	3,183,230	37,543,720	1,352,239	5,070,818	13,831,147	(392,599)	173,420,608
Total segment assets for yield-dependent contracts	78,698,272	2,814,971	-	-	32,751,130	-	-	-	-	114,264,373
Total segment liabilities	92,566,712	10,717,921	8,350,046	1,974,731	35,288,200	702,203	4,196,107	8,700,670	(898,734)	161,597,856

- (*) Reclassified. For details, see Note 2, Section F below.
- (a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.
- (b) For additional data regarding the Health Insurance Subsegments, see Section C below.
- (c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.
- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1)

	For the nine-month period ended September 30, 2025			
	Policies with a non- yield- dependent savings component (2)	Policies with a yield- dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the nine-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	144,246	587,880	821,510	1,553,636
Expenses from insurance services (*)	140,712	438,837	600,997	1,180,546
Income from insurance services before reinsurance contracts held	3,534	149,043	220,513	373,090
Reinsurance expenses	1,293	59,632	107,067	167,992
Reinsurance revenues	908	53,219	81,742	135,869
Net expenses from reinsurance contracts held (7)	(385)	(6,413)	(25,325)	(32,123)
Income from insurance services	3,149	142,630	195,188	340,967
Total investment income, net (6)	619,447	7,430,182	22,449	8,072,078
Finance expenses (revenues), net arising from insurance contracts	630,974	7,477,688	(51,896)	8,056,766
Finance income (expenses), net arising from reinsurance contracts	(1,318)	9,915	2,747	11,344
Income (loss) from investments and finance, net	(12,845)	(37,591)	77,092	26,656
Income (loss), net from insurance and investment	(9,696)	105,039	272,280	367,623
Other operating expenses	5,383	11,164	15,022	31,569
Other revenues (expenses), net	(169)	(31,369)	1,962	(29,576)
Investment income, net recognized in other comprehensive income	115	35	84	234
Total comprehensive income (loss) before tax	(15,133)	62,541	259,304	306,712
(*) Of which:				
Claims and other insurance service expenses incurred	161,596	514,585	613,453	1,289,634
Changes relating to past service – adjustment for liabilities for incurred claims	(20,884)	(42,139)	(82,213)	(145,236)
<u>Breakdown of assets and liabilities as of September 30, 2025</u>				
Total liabilities, net for insurance contracts	13,552,395	80,309,723	(432,275)	93,429,843
Of which: Insurance contracts	-	-	421,610	421,610
Of which: CSM balance for insurance contracts	29,138	1,695,843	1,112,880	2,837,861
Total assets, net for reinsurance contracts	4,396	127,292	74,682	206,370
Of which: CSM balance for reinsurance contracts	1,529	124,048	102,934	228,511
<u>For the 9-month period ended September 30, 2025</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	30,439	2,355,202	660,387	3,046,028
(***) Of which: Savings component	27,360	2,171,749	-	2,199,109
Variable management fees	-	426,214	-	426,214
Fixed management fees	705	360,917	-	361,622
Annualized premium for insurance contracts - new business	-	2,052	53,205	55,257
One-time premium for insurance contracts	-	728,349	-	728,349

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the nine-month period ended September 30, 2024			
	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the nine-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	137,045	603,024	805,123	1,545,192
Expenses from insurance services (*)	181,583	556,178	622,307	1,360,068
Income (loss) from insurance services before reinsurance contracts held	(44,538)	46,846	182,816	185,124
Reinsurance expenses	1,362	107,353	106,460	215,175
Reinsurance revenues	461	82,823	94,649	177,933
Net expenses from reinsurance contracts held (7)	(901)	(24,530)	(11,811)	(37,242)
Income (loss) from insurance services	(45,439)	22,316	171,005	147,882
Total investment income, net (6)	354,127	6,771,567	29,812	7,155,506
Finance expenses, net arising from insurance contracts	136,204	6,824,725	73,039	7,033,968
Finance income (expenses), net arising from reinsurance contracts	(3,515)	(10,579)	5,759	(8,335)
Income (loss) from investments and finance, net	214,408	(63,737)	(37,468)	113,203
Income (loss), net from insurance and investment	168,969	(41,421)	133,537	261,085
Other operating expenses	5,575	31,320	15,161	52,056
Other revenues (expenses), net	753	4,227	2,046	7,026
Investment income (loss), net recognized in other comprehensive income	4,140	953	(470)	4,623
Total comprehensive income (loss) before tax	168,287	(67,561)	119,952	220,678
(*) Of which:				
Claims and other insurance service expenses incurred	136,724	482,598	667,012	1,286,334
Changes relating to past service – adjustment for liabilities for incurred claims	44,859	74,634	(99,038)	20,455
<u>Breakdown of assets and liabilities as of September 30, 2024</u>				
Total liabilities, net for insurance contracts	13,195,817	73,700,509	27,016	86,923,342
Of which: Insurance contracts	-	-	-	-
Of which: CSM balance for insurance contracts	58,514	2,260,851	1,426,303	3,745,668
Total assets, net for reinsurance contracts	4,980	158,190	108,367	271,537
Of which: CSM balance for reinsurance contracts	3,231	247,187	242,728	493,146
<u>For the 9-month period ended September 30, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	34,481	2,351,834	621,088	3,007,403
(***) Of which: Savings component	31,587	2,149,169	-	2,180,756
Variable management fees (5)	-	-	-	-
Fixed management fees	671	346,017	308	346,996
Annualized premium for insurance contracts - new business	-	3,712	40,241	43,953
One-time premium for insurance contracts	-	506,020	-	506,020

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the three-month period ended September 30, 2025			
	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	48,513	200,585	281,316	530,414
Expenses from insurance services (*)	51,276	160,695	222,683	434,654
Income (loss) from insurance services before reinsurance contracts held	(2,763)	39,890	58,633	95,760
Reinsurance expenses	379	26,154	32,699	59,232
Reinsurance revenues	195	21,224	13,691	35,110
Net expenses from reinsurance contracts held (7)	(184)	(4,930)	(19,008)	(24,122)
Income (loss) from insurance services	(2,947)	34,960	39,625	71,638
Total investment income, net (6)	210,149	3,170,690	7,560	3,388,399
Finance expenses (revenues), net arising from insurance contracts	188,542	3,175,439	(72)	3,363,909
Finance income (expenses), net arising from reinsurance contracts	42	(347)	(1,006)	(1,311)
Income (loss) from investments and finance, net	21,649	(5,096)	6,626	23,179
Income, net from insurance and investment	18,702	29,864	46,251	94,817
Other operating expenses	1,731	3,925	4,952	10,608
Other revenues (expenses), net	-	(3,129)	-	(3,129)
Investment income (loss), net recognized in other comprehensive income	(1,237)	(331)	93	(1,475)
Total comprehensive income before tax	15,734	22,479	41,392	79,605
(*) Of which:				
Claims and other insurance service expenses incurred	59,198	174,753	217,025	450,976
Changes relating to past service – adjustment for liabilities for incurred claims	(7,922)	(16,648)	(18,446)	(43,016)
<u>For the 3-month period ended September 30, 2025</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	9,058	722,618	227,537	959,213
(***) Of which: Savings component	8,219	663,614	-	671,833
Variable management fees	-	163,883	-	163,883
Fixed management fees	234	121,983	-	122,217
Annualized premium for insurance contracts – new business	-	612	18,841	19,453
One-time premium for insurance contracts	-	194,946	-	194,946

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the three-month period ended September 30, 2024			
	Policies with a non- yield- dependent savings component (2)	Policies with a yield- dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	45,341	197,243	275,265	517,849
Expenses from insurance services (*)	65,504	197,119	223,778	486,401
Income (loss) from insurance services before reinsurance contracts held	(20,163)	124	51,487	31,448
Reinsurance expenses	522	33,439	33,572	67,533
Reinsurance revenues	349	30,332	43,620	74,301
Revenues (expenses), net from reinsurance contracts held (7)	(173)	(3,107)	10,048	6,768
Income (loss) from insurance services	(20,336)	(2,983)	61,535	38,216
Total investment income, net (6)	333,837	2,469,387	10,435	2,813,659
Finance expenses (revenues), net arising from insurance contracts	361,025	2,476,452	(47,116)	2,790,361
Finance income (expenses), net arising from reinsurance contracts	(1,542)	(4,912)	395	(6,059)
Income (loss) from investments and finance, net	(28,730)	(11,977)	57,946	17,239
Income (loss), net from insurance and investment	(49,066)	(14,960)	119,481	55,455
Other operating expenses	1,779	9,996	4,839	16,614
Other revenues (expenses), net	(580)	(3,256)	(1,576)	(5,412)
Investment income, net recognized in other comprehensive income	2,930	671	74	3,675
Total comprehensive income (loss) before tax	(48,495)	(27,541)	113,140	37,104
(*) Of which:				
Claims and other insurance service expenses incurred	45,120	162,212	201,374	408,706
Changes relating to past service – adjustment for liabilities for incurred claims	20,384	36,023	3,363	59,770
<u>For the 3-month period ended September 30, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	10,850	770,086	211,347	992,283
(***) Of which: Savings component	9,919	704,119	-	714,038
Variable management fees (5)	-	-	-	-
Fixed management fees	224	117,933	-	118,157
Annualized premium for insurance contracts – new business	-	1,394	15,922	17,316
One-time premium for insurance contracts	-	176,048	-	176,048

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the year ended December 31, 2024			
	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the year ended December 31, 2024, recognized in profit or loss</u>				
Revenues from insurance services	185,511	794,911	1,074,714	2,055,136
Expenses from insurance services (*)	237,858	779,565	820,899	1,838,322
Income (loss) from insurance services before reinsurance contracts held	(52,347)	15,346	253,815	216,814
Reinsurance expenses	1,886	140,981	148,123	290,990
Reinsurance revenues	844	115,303	122,691	238,838
Net expenses from reinsurance contracts held (7)	(1,042)	(25,678)	(25,432)	(52,152)
Income (loss) from insurance services	(53,389)	(10,332)	228,383	164,662
Total investment income, net (6)	809,924	9,668,094	39,350	10,517,368
Finance expenses (revenues), net arising from insurance contracts	562,025	9,688,725	(22,519)	10,228,231
Finance income (expenses), net arising from reinsurance contracts	(4,214)	(7,729)	10,361	(1,582)
Income (loss) from investments and finance, net	243,685	(28,360)	72,230	287,555
Income (loss), net from insurance and investment	190,296	(38,692)	300,613	452,217
Other operating expenses	7,852	44,115	21,357	73,324
Other revenues (expenses), net	(483)	(2,708)	(1,311)	(4,502)
Investment income (loss), net recognized in other comprehensive income	(4,809)	(1,176)	(527)	(6,512)
Total comprehensive income (loss) before tax	177,152	(86,691)	277,418	367,879
(*) Of which:				
Claims and other insurance service expenses incurred	185,803	656,619	875,068	1,717,490
Changes relating to past service – adjustment for liabilities for incurred claims	52,055	86,144	(129,260)	8,939
<u>Breakdown of assets and liabilities as of December 31, 2024</u>				
Total liabilities, net for insurance contracts	13,453,669	75,663,928	(125,935)	88,991,662
Of which: Insurance contracts	-	-	117,981	117,981
Of which: CSM balance for insurance contracts	109,344	1,489,142	1,272,097	2,870,583
Total assets, net for reinsurance contracts	5,188	172,453	117,664	295,305
Of which: CSM balance for reinsurance contracts	3,698	230,304	251,707	485,709
<u>Additional information for the year ended December 31, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	45,093	3,179,361	836,486	4,060,940
(***) Of which: Savings component	41,299	2,912,298	-	2,953,597
Variable management fees	-	105,266	-	105,266
Fixed management fees	900	463,428	308	464,636
Annualized premium for insurance contracts - new business	1	5,763	57,036	62,800
One-time premium for insurance contracts	-	756,684	-	756,684

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

- The breakdown into columns between policies, which include a non-yield dependent savings component, and policies, which include a yield-dependent savings component, is in accordance with the breakdown of the list of portfolios as defined in the Commissioner's

circular.

2. Policies, which include a non-yield-dependent savings component issued until 1990 (including increases in respect thereof), with a guaranteed return, backed mainly by designated bonds.
3. Policies, which include a yield-dependent savings component and include variable management fees issued primarily until 2003, and policies, which include a yield-dependent savings component and only fixed management fees - issued since 2004.
4. Life, disability, and permanent health insurance policies without a savings component.
5. As of September 30, 2024, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 165 million.
6. Total net investment income (losses) in policies which include a yield-dependent savings component, including mainly investment gains or losses carried to participating policies.
7. Net assets in respect of a reinsurance contract are contracts in respect of life and permanent health insurance coverages included in each of the portfolios.

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups

	For the nine-month period ended September 30, 2025					
	Long-term care		Health - other			Total
	Individual	Collective (5)	Medical expenses and disabilities	Medical expenses and disabilities -	Other (2)	
			Individual (1)	collective (1)		
			Unaudited			
NIS thousand						
<u>Breakdown of results for the nine-month period ended September 30, 2025, recognized in profit or loss</u>						
Revenues from insurance services	317,960	-	742,465	343,121	590,447	1,993,993
Expenses from insurance services (*)	169,397	9,304	442,706	306,363	378,119	1,305,889
Income (loss) from insurance services before reinsurance contracts held	148,563	(9,304)	299,759	36,758	212,328	688,104
Reinsurance expenses	71,294	-	62,625	-	21,357	155,276
Reinsurance revenues	29,770	4,451	32,192	-	13,859	80,272
Revenues (expenses), net from reinsurance contracts held (6)	(41,524)	4,451	(30,433)	-	(7,498)	(75,004)
Income (loss) from insurance services	107,039	(4,853)	269,326	36,758	204,830	613,100
Total investment income (losses), net	215,500	137,282	32,701	-	(10,305)	375,178
Finance expenses (revenues), net arising from insurance contracts	282,229	140,051	(16,743)	32	(79,281)	326,288
Finance income (expenses), net arising from reinsurance contracts	59,571	3,040	11,700	-	(4,003)	70,308
Income (loss) from investments and finance, net	(7,158)	271	61,144	(32)	64,973	119,198
Income (loss), net from insurance and investment	99,881	(4,582)	330,470	36,726	269,803	732,298
Other operating expenses	2,363	-	9,340	7,072	5,250	24,025
Other revenues (expenses), net	-	-	(1,093)	(751)	(668)	(2,512)
Investment income (loss), net recognized in other comprehensive income	235	50	215	(126)	104	478
Total comprehensive income (loss) before tax	97,753	(4,532)	320,252	28,777	263,989	706,239
<u>(*) Of which:</u>						
Claims and other insurance service expenses incurred	194,425	1,391	461,903	338,080	350,276	1,346,075
Changes relating to past service – adjustment for liabilities for incurred claims	(25,029)	7,914	(33,904)	(31,717)	(34,667)	(117,403)
<u>Breakdown of assets and liabilities as of September 30, 2025</u>						
Total liabilities, net for insurance contracts	6,724,018	1,757,616	883,404	283,816	(822,476)	8,826,378
Of which: Insurance contracts	-	-	-	-	885,935	885,935
Of which: CSM balance for insurance contracts	2,452,910	-	3,388,170	109,090	1,454,918	7,405,088
Total assets, net for reinsurance contracts	1,566,701	48,378	496,647	-	(57,236)	2,054,490
Of which: CSM balance for reinsurance contracts	840,914	-	357,946	-	49,201	1,248,061
<u>For the 9-month period ended September 30, 2025</u>						
Gross premiums net of reimbursement of premiums (3) (**)	239,976	-	600,983	368,781	535,693	1,745,433
Annualized premium for insurance contracts – new business (4) (**)	-	-	29,378	35,343	50,375	115,096

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the nine-month period ended September 30, 2024					
	Long-term care		Health - other			Total
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
Unaudited						
NIS thousand						
Breakdown of results for the nine-month period ended September 30, 2024, recognized in profit or loss						
Revenues from insurance services	315,360	-	725,494	324,242	532,715	1,897,811
Expenses from insurance services (*)	199,730	(1,542)	407,191	306,231	328,676	1,240,286
Income from insurance services before reinsurance contracts held	115,630	1,542	318,303	18,011	204,039	657,525
Reinsurance expenses	66,219	-	62,905	-	22,281	151,405
Reinsurance revenues (expenses)	31,406	(6,138)	38,846	-	12,417	76,531
Net expenses from reinsurance contracts held (6)	(34,813)	(6,138)	(24,059)	-	(9,864)	(74,874)
Income (loss) from insurance services	80,817	(4,596)	294,244	18,011	194,175	582,651
Total investment income (losses), net	190,580	562,863	35,755	-	(9,943)	779,255
Finance expenses, net arising from insurance contracts	25,464	568,093	114,561	4,915	46,911	759,944
Finance income, net arising from reinsurance contracts	9,634	12,941	2,912	-	20,604	46,091
Income (loss) from investments and finance, net	174,750	7,711	(75,894)	(4,915)	(36,250)	65,402
Income, net from insurance and investment	255,567	3,115	218,350	13,096	157,925	648,053
Other operating expenses	2,114	-	9,198	5,742	4,658	21,712
Other revenues (expenses), net	618	-	2,513	1,863	1,365	6,359
Investment income (loss), net recognized in other comprehensive income	615	46	159	-	(44)	776
Total comprehensive income before tax	254,686	3,161	211,824	9,217	154,588	633,476
(*) Of which:						
Claims and other insurance service expenses incurred	214,173	4,013	421,018	324,090	307,994	1,271,288
Changes relating to past service – adjustment for liabilities for incurred claims	(14,445)	(5,556)	(17,359)	(17,858)	(33,440)	(88,658)
Breakdown of assets and liabilities as of September 30, 2024						
Total liabilities, net for insurance contracts	6,067,074	2,614,281	1,161,681	282,042	(398,410)	9,726,668
Of which: Insurance contracts	-	-	-	-	509,780	509,780
Of which: CSM balance for insurance contracts	2,329,815	-	3,569,907	164,194	1,397,571	7,461,487
Total assets, net for reinsurance contracts	1,472,484	25,098	495,237	-	(45,199)	1,947,620
Of which: CSM balance for reinsurance contracts	775,751	-	332,327	-	53,297	1,161,375
						-
For the 9-month period ended September 30, 2024						
Gross premiums net of reimbursement of premiums (3) (**)	237,083	-	565,438	349,844	470,841	1,623,206
Annualized premium for insurance contracts – new business (4) (**)			17,467	20,417	28,089	65,973

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

For the three-month period ended September 30, 2025					
Long-term care		Health - other			Total
Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
Unaudited					
NIS thousand					

Breakdown of results for the three-month period ended September 30, 2025, recognized in profit or loss

Revenues from insurance services	107,242	-	252,677	113,955	208,312	682,186
Expenses from insurance services (*)	46,562	4,377	147,804	97,622	148,198	444,563
Income (loss) from insurance services before reinsurance contracts held	60,680	(4,377)	104,873	16,333	60,114	237,623
Reinsurance expenses	23,559	-	21,551	-	6,955	52,065
Reinsurance revenues	8,430	3,108	10,950	-	3,767	26,255
Revenues (expenses), net from reinsurance contracts held (6)	(15,129)	3,108	(10,601)	-	(3,188)	(25,810)
Income (loss) from insurance services	45,551	(1,269)	94,272	16,333	56,926	211,813
Total investment income (losses), net	97,495	45,523	14,361	-	(6,233)	151,146
Finance expenses (revenues), net arising from insurance contracts	12,100	46,386	(2,353)	30	(14,344)	41,819
Finance income (expenses), net arising from reinsurance contracts	5,428	(213)	1,731	-	(1,628)	5,318
Income (loss) from investments and finance, net	90,823	(1,076)	18,445	(30)	6,483	114,645
Income (loss), net from insurance and investment	136,374	(2,345)	112,717	16,303	63,409	326,458
Other operating expenses	727	-	3,282	2,167	1,522	7,698
Other revenues (expenses), net	-	-	(699)	(462)	-	(1,161)
Investment income (loss), net recognized in other comprehensive income	(1,556)	(86)	(192)	(126)	176	(1,784)
Total comprehensive income (loss) before tax	134,091	(2,431)	108,544	13,548	62,063	315,815

(*) Of which:

Claims and other insurance service expenses incurred	64,982	544	156,005	113,309	123,801	458,641
Changes relating to past service – adjustment for liabilities for incurred claims	(18,421)	3,833	(14,165)	(15,687)	(6,801)	(51,241)

For the 3-month period ended September 30, 2025

Gross premiums net of reimbursement of premiums (3) (**)	80,239	-	203,393	125,116	196,687	605,435
Annualized premium for insurance contracts – new business (4) (**)	-	-	5,739	4,874	17,337	27,950

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended September 30, 2024					Total
	Long-term care		Health - other			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
			Unaudited			
			NIS thousand			
Breakdown of results for the three-month period ended September 30, 2024, recognized in profit or loss						
Revenues from insurance services	104,756	-	244,917	107,355	190,715	647,743
Revenues (expenses) from insurance services (*)	72,432	(2,757)	134,602	95,258	121,403	420,938
Income from insurance services before reinsurance contracts held	32,324	2,757	110,315	12,097	69,312	226,805
Reinsurance expenses	24,463	-	20,695	-	7,471	52,629
Reinsurance revenues (expenses)	12,905	(3,452)	8,816	-	2,563	20,832
Net expenses from reinsurance contracts held (6)	(11,558)	(3,452)	(11,879)	-	(4,908)	(31,797)
Income (loss) from insurance services	20,766	(695)	98,436	12,097	64,404	195,008
Total investment income (losses), net	73,149	84,349	14,315	-	(3,638)	168,175
Finance expenses (revenues), net arising from insurance contracts	189,357	86,545	(39,522)	(1,785)	(62,143)	172,452
Finance income (expenses), net arising from reinsurance contracts	45,789	5,061	11,510	-	(2,840)	59,520
Income (loss) from investments and finance, net	(70,419)	2,865	65,347	1,785	55,665	55,243
Income (loss), net from insurance and investment	(49,653)	2,170	163,783	13,882	120,069	250,251
Other operating expenses	658	-	2,724	1,927	1,450	6,759
Other revenues (expenses), net	352	-	1,457	1,030	776	3,615
Investment income (loss), net recognized in other comprehensive income	468	37	125	-	(32)	598
Total comprehensive income (loss) before tax	(49,491)	2,207	162,641	12,985	119,363	247,705
_(*) Of which:						
Claims and other insurance service expenses incurred	72,778	1,291	145,114	108,395	105,051	432,629
Changes relating to past service – adjustment for liabilities for incurred claims	(346)	(4,049)	(12,385)	(13,138)	(7,648)	(37,566)
For the 3-month period ended September 30, 2024						
Gross premiums net of reimbursement of premiums (3) (**)	79,317	-	192,162	117,367	156,322	545,168
Annualized premium for insurance contracts – new business (4) (**)	-	-	8,660	9,997	10,722	29,379

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

For the year ended December 31, 2024						
Long-term care			Health - other			
			Medical expenses and disabilities - individual	Medical expenses and disabilities - collective		
Individual	Collective (5)		(1)	(1)	Other (2)	Total
Unaudited						
NIS thousand						

Breakdown of results for the year ended

	For the year ended December 31, 2024					
	Long-term care		Health - other		Other (2)	Total
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)		
Unaudited NIS thousand						
December 31, 2024, recognized in profit or loss						
Revenues from insurance services	421,903	-	972,019	437,294	720,108	2,551,324
Expenses from insurance services (*)	260,674	50,676	575,979	428,323	447,319	1,762,971
Income (loss) from insurance services before reinsurance contracts held	161,229	(50,676)	396,040	8,971	272,789	788,353
Reinsurance expenses	89,574	-	84,764	-	30,388	204,726
Reinsurance revenues	36,174	20,247	53,509	-	13,414	123,344
Revenues (expenses), net from reinsurance contracts held (6)	(53,400)	20,247	(31,255)	-	(16,974)	(81,382)
Income (loss) from insurance services	107,829	(30,429)	364,785	8,971	255,815	706,971
Total investment income (losses), net	270,132	639,774	49,147	-	(14,590)	944,463
Finance expenses (revenues), net arising from insurance contracts	503,307	642,419	57,616	2,157	(41,674)	1,163,825
Finance income, net arising from reinsurance contracts	103,255	13,600	25,574	-	16,284	158,713
Income (loss) from investments and finance, net	(129,920)	10,955	17,105	(2,157)	43,368	(60,649)
Income (loss), net from insurance and investment	(22,091)	(19,474)	381,890	6,814	299,183	646,322
Other operating expenses	2,958	-	11,988	8,915	6,518	30,379
Other revenues (expenses), net	773	-	3,133	2,330	1,703	7,939
Investment income (loss), net recognized in other comprehensive income	(874)	(54)	(201)	-	81	(1,048)
Total comprehensive income (loss) before tax	(25,150)	(19,528)	372,834	229	294,449	622,834
(*) Of which:						
Claims and other insurance service expenses incurred	279,405	5,242	579,138	435,882	416,424	1,716,091
Changes relating to past service – adjustment for liabilities for incurred claims	(18,734)	45,434	(9,348)	(7,559)	(43,176)	(33,383)
Breakdown of assets and liabilities as of December 31, 2024						
Total liabilities, net for insurance contracts (**)	6,518,271	2,533,184	1,083,464	264,321	(567,747)	9,831,493
Of which: Insurance contracts	-	-	-	-	648,356	648,356
Of which: CSM balance for insurance contracts	2,568,718	-	3,539,313	141,705	1,484,693	7,734,429
Total assets, net for reinsurance contracts	1,534,760	47,311	499,398	-	(56,398)	2,025,071
Of which: CSM balance for reinsurance contracts	862,407	-	363,103	-	56,767	1,282,277
Additional information for the year ended December 31, 2024						
Gross premiums net of reimbursement of premiums (3) (**)	317,093	-	760,328	472,914	571,904	2,122,239
Annualized premium for insurance contracts – new business (4) (**)	-	-	25,101	34,334	39,910	99,345

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

- (**) Reclassified. For details, see Note 2, Section F above.
- (1) Medical expenses and disability - individual and collective - including personal accidents.
- (2) Including the critical illness, dental and travel insurance portfolio.
- (3) Premiums received based on billing dates.
- (4) Enlargements of existing policies are not included as part of the annualized premium in respect of new business, but as part of the operating results of the original policy, except if recorded as a new policy in the policies system.
- (5) Until December 31, 2023, the Company provided collective long-term care insurance services to the members of Maccabi Healthcare Services (hereinafter - "**Maccabi**"), including operational services for long-term care policyholders of Maccabi Magen - Mutual Medical Insurance Association Ltd. In accordance with the agreement with Maccabi, The Company will continue paying insurance benefits in the existing claims and will deal with new claims that will be filed as long as the insured event took place through December 31, 2023. For that purpose, the Company will retain under its management a claims reserve, which will include the reserves amount, plus a margin of conservatism of 20%, in accordance with the provisions of the agreement.
- (6) Net assets in respect of reinsurance contracts are mainly contracts in respect of individual long-term care and medical expenses coverages.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups

	For the nine-month period ended September 30, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
NIS thousand				
<u>Breakdown of results for the nine-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	640,669	1,534,518	1,576,611	3,751,798
Expenses from insurance services (*)	569,727	1,291,826	1,203,191	3,064,744
Income from insurance services before reinsurance contracts held	70,942	242,692	373,420	687,054
Reinsurance expenses	9,577	8	770,260	779,845
Reinsurance revenues	34,063	1,678	694,428	730,169
Revenues (expenses), net from reinsurance contracts held	24,486	1,670	(75,832)	(49,676)
Income from insurance services	95,428	244,362	297,588	637,378
Total investment income, net	121,840	67,695	96,213	285,748
Finance expenses, net arising from insurance contracts	110,651	22,866	137,077	270,594
Finance income, net arising from reinsurance contracts	12,793	1	67,976	80,770
Net investment and finance income	23,982	44,830	27,112	95,924
Income, net from insurance and investment	119,410	289,192	324,700	733,302
Other operating expenses	4,954	9,176	7,482	21,612
Other revenues (expenses), net	(421)	(981)		(1,402)
Investment income, net recognized in other comprehensive income	1,145	633	906	2,684
Total comprehensive income before tax	115,180	279,668	318,124	712,972
(*) Of which:				
Claims and other insurance service expenses incurred	492,975	1,015,802	1,090,604	2,599,381
Changes relating to past service – adjustment for liabilities for incurred claims	1,021	(44,534)	(284,820)	(328,333)
<u>Breakdown of assets and liabilities as of September 30, 2025</u>				
Total liabilities, net for insurance contracts	2,584,980	959,742	4,022,689	7,567,411
Total assets, net for reinsurance contracts	250,581	8	2,078,211	2,328,800
<u>For the 9-month period ended September 30, 2025</u>				
Gross premiums net of reimbursement of premiums (**)	675,215	1,573,882	1,588,499	3,837,596

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance Subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners - which constitute 81% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the nine-month period ended September 30, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
NIS thousand				
<u>Breakdown of results for the nine-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	558,679	1,430,731	1,468,455	3,457,865
Expenses from insurance services (*)	452,612	1,251,718	850,918	2,555,248
Income from insurance services before reinsurance contracts held	106,067	179,013	617,537	902,617
Reinsurance expenses	21,775	-	728,594	750,369
Reinsurance revenues (expenses)	11,149	(43)	414,878	425,984
Net expenses from reinsurance contracts held	(10,626)	(43)	(313,716)	(324,385)
Income from insurance services	95,441	178,970	303,821	578,232
Total investment income, net	127,460	63,684	96,999	288,143
Finance expenses, net arising from insurance contracts	108,302	21,363	122,026	251,691
Finance income, net arising from reinsurance contracts	19,652	1	58,446	78,099
Net investment and finance income	38,810	42,322	33,419	114,551
Income, net from insurance and investment	134,251	221,292	337,240	692,783
Other operating expenses	3,264	8,855	7,866	19,985
Other revenues (expenses), net	(2,027)	(1,260)	(180)	(3,467)
Investment income, net recognized in other comprehensive income	2,867	1,425	2,388	6,680
Total comprehensive income before tax	131,827	212,602	331,582	676,011
(*) Of which:				
Claims and other insurance service expenses incurred	447,359	1,069,247	679,802	2,196,408
Changes relating to past service – adjustment for liabilities for incurred claims	(61,186)	(101,021)	(156,950)	(319,157)
<u>Breakdown of assets and liabilities as of September 30, 2024</u>				
Total liabilities, net for insurance contracts	2,920,658	1,031,660	3,766,256	7,718,574
Total assets, net for reinsurance contracts	507,567	7	2,020,052	2,527,626
<u>For the 9-month period ended September 30, 2024</u>				
Gross premiums net of reimbursement of premiums (**)	577,185	1,503,918	1,500,443	3,581,546

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners – which constitute 83% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended September 30, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	224,113	521,296	531,523	1,276,932
Expenses from insurance services (*)	190,013	447,586	367,858	1,005,457
Income from insurance services before reinsurance contracts held	34,100	73,710	163,665	271,475
Reinsurance expenses	2,161	4	256,176	258,341
Reinsurance revenues (expenses)	7,099	(9)	162,856	169,946
Revenues (expenses), net from reinsurance contracts held	4,938	(13)	(93,320)	(88,395)
Income from insurance services	39,038	73,697	70,345	183,080
Total investment income, net	40,700	22,929	32,263	95,892
Finance expenses, net arising from insurance contracts	47,534	10,451	61,914	119,899
Finance income, net arising from reinsurance contracts	5,085	-	31,135	36,220
Income (loss) from investments and finance, net	(1,749)	12,478	1,484	12,213
Income, net from insurance and investment	37,289	86,175	71,829	195,293
Other operating expenses	1,419	2,995	2,414	6,828
Other revenues (expenses), net	(168)	(390)	-	(558)
Investment loss, net recognized in other comprehensive income	(670)	(364)	(528)	(1,562)
Total comprehensive income before tax	35,032	82,426	68,887	186,345
(*) Of which:				
Claims and other insurance service expenses incurred	171,803	359,050	278,038	808,891
Changes relating to past service – adjustment for liabilities for incurred claims	(3,711)	(24,550)	(33,885)	(62,146)
<u>For the 3-month period ended September 30, 2025</u>				
Gross premiums net of reimbursement of premiums (**)	223,398	506,344	466,164	1,195,906

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners – which constitute 80% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended September 30, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	193,216	486,866	512,616	1,192,698
Expenses from insurance services (*)	171,486	431,440	263,981	866,907
Income from insurance services before reinsurance contracts held	21,730	55,426	248,635	325,791
Reinsurance expenses	6,285	-	281,043	287,328
Reinsurance revenues (expenses)	6,978	(14)	155,309	162,273
Revenues (expenses), net from reinsurance contracts held	693	(14)	(125,734)	(125,055)
Income from insurance services	22,423	55,412	122,901	200,736
Total investment income, net	55,544	27,928	41,558	125,030
Finance expenses, net arising from insurance contracts	66,968	10,172	74,140	151,280
Finance income, net arising from reinsurance contracts	10,960	1	34,114	45,075
Income (loss) from investments and finance, net	(464)	17,757	1,532	18,825
Income, net from insurance and investment	21,959	73,169	124,433	219,561
Other operating expenses	1,025	2,981	2,364	6,370
Other revenues (expenses), net	-	(62)	318	256
Investment income, net recognized in other comprehensive income	106	53	88	247
Total comprehensive income before tax	21,040	70,179	122,475	213,694
(*) Of which:				
Claims and other insurance service expenses incurred	146,832	369,943	242,643	759,418
Changes relating to past service – adjustment for liabilities for incurred claims	(1,728)	(34,971)	(75,110)	(111,809)
<u>For the 3-month period ended September 30, 2024</u>				
Gross premiums net of reimbursement of premiums (**)	198,842	486,546	541,818	1,227,206

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners - which constitute 82% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the year ended December 31, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the year ended December 31, 2024, recognized in profit or loss</u>				
Revenues from insurance services	761,540	1,930,679	1,979,508	4,671,727
Expenses from insurance services (*)	530,055	1,689,708	1,108,482	3,328,245
Income from insurance services before reinsurance contracts held	231,485	240,971	871,026	1,343,482
Reinsurance expenses	27,070	-	976,164	1,003,234
Reinsurance revenues (expenses)	(4,937)	(38)	530,608	525,633
Net expenses from reinsurance contracts held	(32,007)	(38)	(445,556)	(477,601)
Income from insurance services	199,478	240,933	425,470	865,881
Total investment income, net	179,046	90,033	137,728	406,807
Finance expenses, net arising from insurance contracts	132,663	23,494	143,401	299,558
Finance income, net arising from reinsurance contracts	22,672	1	67,353	90,026
Net investment and finance income	69,055	66,540	61,680	197,275
Income, net from insurance and investment	268,533	307,473	487,150	1,063,156
Other operating expenses	4,259	11,428	10,221	25,908
Other revenues (expenses), net	(2,027)	(1,503)	(116)	(3,646)
Investment loss, net recognized in other comprehensive income	(1,041)	(571)	(856)	(2,468)
Total comprehensive income before tax	261,206	293,971	475,957	1,031,134
(*) Of which:				
Claims and other insurance service expenses incurred	598,910	1,424,395	902,543	2,925,848
Changes relating to past service – adjustment for liabilities for incurred claims	(156,583)	(110,139)	(237,329)	(504,051)
<u>Breakdown of assets and liabilities as of December 31, 2024</u>				
Total liabilities, net for insurance contracts	2,613,648	1,091,576	3,827,061	7,532,285
Total assets, net for reinsurance contracts	374,077	7	2,084,689	2,458,773
<u>(3) Additional information for the year ended December 31, 2024</u>				
Gross premiums net of reimbursement of premiums (**)	811,754	2,027,331	2,042,579	4,881,664

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners – which constitute 83% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment

	For the nine-month period ended September 30, 2025		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	90,966	23,677	114,643
Increase in liabilities in respect of investment contracts due to the yield component	(75,007)	-	(75,007)
Net investment and finance income	15,959	23,677	39,636
Revenues from management fees	391,275	297,481	688,756
Other operating expenses	307,013	247,617	554,630
Other revenues (expenses), net	(12,082)	(7,077)	(19,159)
Other finance expenses	13,076	19,265	32,341
Total comprehensive income before income tax	75,063	47,199	122,262

	For the nine-month period ended September 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	80,298	9,213	89,511
Increase in liabilities in respect of investment contracts due to the yield component	(76,665)	-	(76,665)
Net investment and finance income	3,633	9,213	12,846
Revenues from management fees	343,582	263,255	606,837
Other operating expenses	269,759	230,626	500,385
Other revenues (expenses), net	(11,561)	(9,793)	(21,354)
Other finance expenses	11,515	14,802	26,317
Total comprehensive income before income tax	54,380	17,247	71,627

	For the three-month period ended September 30, 2025		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	34,625	6,891	41,516
Increase in liabilities in respect of investment contracts due to the yield component	(28,733)	-	(28,733)
Net investment and finance income	5,892	6,891	12,783
Revenues from management fees	137,432	104,471	241,903
Other operating expenses	106,408	85,647	192,055
Other revenues (expenses), net	(4,704)	(2,447)	(7,151)
Other finance expenses	4,987	6,777	11,764
Total comprehensive income before income tax	27,225	16,491	43,716

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment (cont.)

	For the three-month period ended September 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	30,453	5,492	35,945
Increase in liabilities in respect of investment contracts due to the yield component	(30,343)	-	(30,343)
Net investment and finance income	110	5,492	5,602
Revenues from management fees	116,981	91,674	208,655
Other operating expenses	94,613	78,116	172,729
Other revenues (expenses), net	(3,306)	(3,635)	(6,941)
Other finance income	4,651	5,484	10,135
Total comprehensive income before income tax	<u>14,521</u>	<u>9,931</u>	<u>24,452</u>

	For the year ended December 31, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	100,946	17,673	118,619
Increase in liabilities in respect of investment contracts due to the yield component	(97,061)	-	(97,061)
Net investment and finance income	3,885	17,673	21,558
Revenues from management fees	473,099	354,793	827,892
Other operating expenses	378,230	314,547	692,777
Other expenses, net	(16,321)	(13,091)	(29,412)
Other finance expenses	14,194	20,013	34,207
Total comprehensive income before income tax	<u>68,239</u>	<u>24,815</u>	<u>93,054</u>

NOTE 3 - OPERATING SEGMENTS (cont.)

F. Additional data regarding investment contracts

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
			NIS thousand		
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,321,504	2,985,996	1,647,368	997,369	3,666,507
Increase in liabilities in respect of investment contracts due to the yield component	(3,321,504)	(2,985,996)	(1,647,368)	(997,369)	(3,666,507)
Income (loss) from investments and finance, net	-	-	-	-	-
Revenues from management fees	222,112	154,732	80,963	58,041	213,776
Other operating expenses	158,550	120,246	53,804	43,346	173,123
Income for the period	63,562	34,486	27,159	14,695	40,653
Total segment assets	43,021,064	30,043,018	43,021,064	30,043,018	32,957,985
Total segment assets for yield- dependent contracts	42,721,815	29,865,923	42,721,815	29,865,923	32,751,130
Total segment liabilities	42,721,815	29,865,923	42,721,815	29,865,923	32,751,130
<u>Additional information regarding investment contracts</u>					
Proceeds from investment contracts	9,794,542	5,827,960	3,421,288	2,423,835	9,740,419
Annualized receipts for investment contracts - new business	59,996	37,963	24,345	11,526	51,835
One-off proceeds for investment contracts	9,621,505	5,673,910	3,362,934	2,371,582	9,530,253

NOTE 4 - BUSINESS COMBINATIONS

- A. Assuming control over Phoenix RealTech Ltd. (hereinafter - "**Phoenix RealTech**") - Phoenix RealTech is a company in which Phoenix Capital has a 50% stake. Phoenix RealTech serves as a General Partner of alternative investment funds focusing mainly on underlying assets of real estate debt. On December 31, 2024, Phoenix Advanced Investments signed an agreement to acquire a control stake in Phoenix RealTech. During the reporting period, and after obtaining the Israel Competition Authority's approval, the transaction for the acquisition of control over Phoenix RealTech was completed.

As of the report date, the Company recognized the fair value of the assets acquired and the liabilities assumed under the business combination based on a provisional measurement, and a final valuation by an external appraiser has not yet been received as to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the acquisition as well as the fair value of the assets and liabilities acquired can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments are made by way of a restating the comparative figures previously reported according to the provisional measurement. In accordance with this valuation, the consideration allocated to intangible assets totals approx. NIS 128 million.

- B. In December 2024, Oren Mizrach, a company controlled by Phoenix Agencies, signed an agreement for the purchase of 51% of the shares of T.A.I.S. Shades Life Insurance Agency (1987) Ltd. (hereinafter - "**Gvanim**"); during the reporting period all the conditions precedent were met and the transaction was completed. Subsequent to the abovementioned acquisition, the Company has an ownership stake - directly and indirectly - of approx. 83% of Gvanim's shares, instead of a 50% ownership stake. The Company started consolidating Gvanim on January 1, 2025. Subsequent to completing the transaction and after assuming control over Gvanim, the Company recorded a gain of approx. NIS 16 million on assuming control. As of the report date, the Company recognized the fair value of the assets acquired and the liabilities assumed under the business combination based on a provisional measurement. As of the approval date of the financial statements, a final valuation has not yet been received by an external appraiser in relation to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the acquisition as well as the fair value of the assets and liabilities acquired can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments are made by way of a restating the comparative figures previously reported according to the provisional measurement. The company has opted to measure the non-controlling interests in the acquired company according to the proportionate share of the non-controlling interests in the fair value of the net identified assets of the acquiree. In accordance with this valuation, the consideration allocated to intangible assets is approx. NIS 51 million, of which approx. NIS 40 million is attributable to goodwill.

NOTE 4 - BUSINESS COMBINATIONS (cont.)

- C. During the reporting period, Phoenix Agencies acquired insurance portfolios/a controlling stake in insurance agencies. As a result of these acquisitions, Phoenix Agencies recorded intangible assets totaling approx. NIS 115 million, of which approx. NIS 53 million is in respect of goodwill.

NOTE 5 - FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

1. Following is a breakdown of assets held against insurance contracts and investment contracts presented at fair value through profit and loss:

	As of September 30		As of
	2025	2024	December 31
		Unaudited	2024
	NIS thousand		
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	54,060	61,122	58,570
Illiquid corporate bonds	879,534	721,697	780,091
Loans (including investees)	6,831,174	7,076,176	6,841,646
Other illiquid debt instruments	562,217	391,530	454,397
Total illiquid debt instruments	8,326,985	8,250,525	8,134,704
<u>Liquid debt instruments:</u>			
Government Bonds	12,783,980	8,916,782	10,356,314
Liquid corporate bonds	16,830,707	14,292,533	14,892,326
Total liquid debt instruments	29,614,687	23,209,315	25,248,640
Total debt instruments	37,941,672	31,459,840	33,383,344
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	2,631,202	2,377,244	2,557,461
Liquid shares	22,338,321	18,264,412	19,757,414
Total equity instruments	24,969,523	20,641,656	22,314,875
Other investments:			
Other investments	37,950,198	33,634,744	36,220,407
Derivative instruments	2,250,242	1,571,999	1,859,326
Total other investments	40,200,440	35,206,743	38,079,733
Total financial investments	103,111,635	87,308,239	93,777,952

2. Fair value of financial assets by level:

The following table presents an analysis of assets held against insurance contracts and investment contracts presented at fair value through profit and loss. The different 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.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level: (cont.)

For financial instruments periodically recognized at fair value, the Company estimates, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

During the reporting periods there were no material transfers between Level 1 and Level 2.

During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the "**New Supplier**"), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the Company expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

The Company holds the financial instruments measured at fair value according to the following classifications:

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,402,154	2,924,831	8,326,985
Liquid debt instruments	22,841,267	6,773,420	-	29,614,687
Capital instruments	22,188,119	150,202	2,631,202	24,969,523
Other investments	14,509,121	3,256,980	22,434,339	40,200,440
Total financial assets	59,538,507	15,582,756	27,990,372	103,111,635

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,354,802	2,895,723	8,250,525
Liquid debt instruments	16,732,161	6,477,154	-	23,209,315
Capital instruments	18,208,197	56,215	2,377,244	20,641,656
Other investments	11,695,712	1,521,588	21,989,443	35,206,743
Total financial assets	46,636,070	13,409,759	27,262,410	87,308,239

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level (cont.)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,311,093	2,823,611	8,134,704
Liquid debt instruments	18,943,206	6,305,434	-	25,248,640
Capital instruments	19,713,417	43,997	2,557,461	22,314,875
Other investments	13,209,934	2,450,033	22,419,766	38,079,733
Total financial assets	51,866,557	14,110,557	27,800,838	93,777,952

Assets measured at fair value - Level 3

	Financial assets			
	Illiquid debt instruments	Capital instruments	Other investments	Total financial assets
	NIS thousand			
Balance as of January 1, 2025 (unaudited)	2,823,611	2,557,461	22,419,766	27,800,838
In profit or loss (*)	69,409	24,478	483,011	576,898
Purchases	1,233,637	276,145	3,871,150	5,380,932
Proceeds from interest and dividend	(82,746)	(63,927)	(1,018,757)	(1,165,430)
Sales	(1,103,340)	(162,955)	(3,320,831)	(4,587,126)
Transfers to Level 3 (**)	107,496	-	-	107,496
Transfers from Level 3 (**)	(123,236)	-	-	(123,236)
As of September 30, 2025 (unaudited)	<u>2,924,831</u>	<u>2,631,202</u>	<u>22,434,339</u>	<u>27,990,372</u>
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2025	<u>(59,786)</u>	<u>(27,414)</u>	<u>(723,336)</u>	<u>(810,536)</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.				

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
	NIS thousand			
Balance as of January 1, 2024 (audited)	2,694,773	2,104,471	19,230,673	24,029,917
In profit or loss (*)	276,258	27,277	1,924,320	2,227,855
Purchases	772,886	366,797	3,171,224	4,310,907
Proceeds from interest and dividend	(91,472)	(32,462)	(683,123)	(807,057)
Sales	(737,926)	(88,839)	(1,653,651)	(2,480,416)
Transfers from Level 3 (**)	<u>(18,796)</u>	<u>-</u>	<u>-</u>	<u>(18,796)</u>
Balance as of September 30, 2024 (unaudited)	<u>2,895,723</u>	<u>2,377,244</u>	<u>21,989,443</u>	<u>27,262,410</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	<u>129,412</u>	<u>(6,774)</u>	<u>1,264,803</u>	<u>1,387,441</u>

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)**2. Fair value of financial assets by level (cont.)****Assets measured at fair value - Level 3 (cont.)**

	Financial assets			
	Illiquid debt instruments	Capital instruments	Other investments	Total financial assets
	NIS thousand			
Balance as of July 1, 2025 (unaudited)	2,622,684	2,597,489	21,928,967	27,149,140
In profit or loss (*)	8,546	33,549	528,860	570,955
Purchases	630,260	73,489	1,217,869	1,921,618
Proceeds from interest and dividend	(34,720)	(4,309)	(334,881)	(373,910)
Sales	(312,244)	(69,016)	(906,476)	(1,287,736)
Transfers to Level 3 (**)	10,305	-	-	10,305
As of September 30, 2025 (unaudited)	<u>2,924,831</u>	<u>2,631,202</u>	<u>22,434,339</u>	<u>27,990,372</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2025	<u>(43,320)</u>	<u>48,111</u>	<u>200,357</u>	<u>205,148</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.				

	Fair value measurement at the reporting date			
	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
Balance as of July 1, 2024 (unaudited)	2,824,193	2,408,959	21,703,396	26,936,548
In profit or loss (*)	118,675	16,285	230,176	365,136
Purchases	304,938	52,869	894,036	1,251,843
Proceeds from interest and dividend	(21,813)	(12,168)	(244,737)	(278,718)
Sales	<u>(330,270)</u>	<u>(88,701)</u>	<u>(593,428)</u>	<u>(1,012,399)</u>
Balance as of September 30, 2024 (unaudited)	<u>2,895,723</u>	<u>2,377,244</u>	<u>21,989,443</u>	<u>27,262,410</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2024	<u>80,995</u>	<u>3,717</u>	<u>28,190</u>	<u>112,902</u>

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date			
	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
NIS thousand				
Balance as of January 1, 2024 (audited)	2,694,773	2,104,471	19,230,673	24,029,917
Total gains (losses) recognized in profit or loss (*)	237,433	193,722	2,003,207	2,434,362
Purchases	1,165,913	384,759	4,638,912	6,189,584
Proceeds from interest and dividend	(128,021)	(36,593)	(1,003,049)	(1,167,663)
Sales	(1,127,691)	(88,898)	(2,449,977)	(3,666,566)
Transfers from Level 3 (**)	(18,796)	-	-	(18,796)
Balance as of December 31, 2024 (unaudited)	<u>2,823,611</u>	<u>2,557,461</u>	<u>22,419,766</u>	<u>27,800,838</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of December 31, 2024	<u>9,642</u>	<u>155,754</u>	<u>1,027,919</u>	<u>1,193,315</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.				

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of September 30, 2025:

Class of assets	Fair value	Measurement method	Key unobservable inputs	Weighted discount rate
Unaudited				
NIS thousand				
Illiquid debt instruments	2,924,831	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 8.22%, weighted
Capital instruments	2,631,202	Assessment of multiples / discounted cash flows (DCF)	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 9.56%, weighted
Other investments	22,434,339	Adjusted NAV	Estimated value by the fund manager.	N/A

Assessments are conducted by external appraisers using available information and similar market input where possible; the input are regularly updated and reviewed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments

1. Breakdown of other financial investments by asset type

	As of September 30, 2025		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
	Unaudited		
	NIS thousand		
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	39,598	762,000	801,598
Treasury deposits	-	986,543	986,543
Designated bonds	8,962,625	-	8,962,625
Illiquid corporate bonds	176,482	48,009	224,491
Loans (including investees)	3,627,389	2,543,322	6,170,711
Other illiquid debt instruments	32,081	-	32,081
Total illiquid debt instruments	12,838,175	4,339,874	17,178,049
<u>Liquid debt instruments:</u>			
Government Bonds	3,796,594	-	3,796,594
Liquid corporate bonds	3,848,927	-	3,848,927
Total liquid debt instruments	7,645,521	-	7,645,521
Total debt instruments	20,483,696	4,339,874	24,823,570
Balance of credit loss provision	-	32,114	32,114
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	693,149	-	693,149
<u>Liquid equity instruments:</u>			
Liquid shares	3,016,368	-	3,016,368
Total equity instruments	3,709,517	-	3,709,517
Other investments:			
Other investments	6,812,329	-	6,812,329
Derivative instruments	626,619	-	626,619
Total other investments	7,438,948	-	7,438,948
Total financial investments	31,632,161	4,339,874	35,972,035

* An Accountant General Deposit is a financial deposit managed by the Accountant General, in which the depositing entity lends funds to the government for a predetermined period, in exchange for CPI-linked interest.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

1. Breakdown of financial investments by asset type (cont.)

	As of September 30, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
	Unaudited		
	NIS thousand		
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	88,507	927,544	1,016,051
Treasury deposits	-	943,423	943,423
Designated bonds	8,838,282	-	8,838,282
Illiquid corporate bonds	175,098	84,936	260,034
Loans (including investees)	3,911,292	2,645,145	6,556,437
Other illiquid debt instruments	22,620	-	22,620
Total illiquid debt instruments	13,035,799	4,601,048	17,636,847
<u>Liquid debt instruments:</u>			
Government Bonds	3,293,014	-	3,293,014
Liquid corporate bonds	2,827,326	-	2,827,326
Total liquid debt instruments	6,120,340	-	6,120,340
Total debt instruments	19,156,139	4,601,048	23,757,187
Balance of credit loss provision	-	55,411	55,411
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	583,449	-	583,449
<u>Liquid equity instruments:</u>			
Liquid shares	2,291,494	-	2,291,494
Total equity instruments	2,874,943	-	2,874,943
Other investments:			
Other investments	5,602,163	-	5,602,163
Derivative instruments	445,909	-	445,909
Total other investments	6,048,072	-	6,048,072
Total financial investments	28,079,154	4,601,048	32,680,202

* An Accountant General Deposit is a financial deposit managed by the Accountant General, in which the depositing entity lends funds to the government for a predetermined period, in exchange for CPI-linked interest.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

1. Breakdown of financial investments by asset type (cont.)

	As of December 31, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
		Unaudited	
		NIS thousand	
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	88,628	874,002	962,630
Treasury deposits	-	945,773	945,773
Designated bonds	8,902,813	-	8,902,813
Illiquid corporate bonds	190,162	49,779	239,941
Loans (including investees)	3,668,826	2,587,868	6,256,694
Other illiquid debt instruments	32,081	-	32,081
Total illiquid debt instruments	12,882,510	4,457,422	17,339,932
<u>Liquid debt instruments:</u>			
Government Bonds	3,610,167	-	3,610,167
Liquid corporate bonds	2,804,525	-	2,804,525
Total liquid debt instruments	6,414,692	-	6,414,692
Total debt instruments	19,297,202	4,457,422	23,754,624
Balance of credit loss provision	-	25,511	25,511
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	609,006	-	609,006
<u>Liquid equity instruments:</u>			
Liquid shares	2,397,482	-	2,397,482
Total equity instruments	3,006,488	-	3,006,488
Other investments:			
Other investments	5,788,478	-	5,788,478
Derivative instruments	690,797	-	690,797
Total other investments	6,479,275	-	6,479,275
Total financial investments	28,782,965	4,457,422	33,240,387

* An Accountant General Deposit is a financial deposit managed by the Accountant General, in which the depositing entity lends funds to the government for a predetermined period, in exchange for CPI-linked interest.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level

The tables below depict an analysis of the financial instruments presented at fair value.

During the reporting periods there were no material transfers between Level 1 and Level 2.

During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the “**New Supplier**”), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the Company expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,349,135	1,526,415	3,875,550
Designated bonds	-	-	8,962,625	8,962,625
Liquid debt instruments	5,962,540	1,682,981	-	7,645,521
Capital instruments	2,952,112	64,256	693,149	3,709,517
Other investments	421,474	533,948	6,483,526	7,438,948
Total financial assets	<u>9,336,126</u>	<u>4,630,320</u>	<u>17,665,715</u>	<u>31,632,161</u>

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,599,997	1,597,520	4,197,517
Designated bonds	-	-	8,838,282	8,838,282
Liquid debt instruments	4,821,810	1,298,530	-	6,120,340
Capital instruments	2,256,431	35,063	583,449	2,874,943
Other investments	651,256	56,035	5,340,781	6,048,072
Total financial assets	<u>7,729,497</u>	<u>3,989,625</u>	<u>16,360,032</u>	<u>28,079,154</u>

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,476,198	1,503,499	3,979,697
Designated bonds	-	-	8,902,813	8,902,813
Liquid debt instruments	5,404,490	1,010,202	-	6,414,692
Capital instruments	2,337,738	59,744	609,006	3,006,488
Other investments	532,024	402,011	5,545,240	6,479,275
Total financial assets	8,274,252	3,948,155	16,560,558	28,782,965

Assets measured at fair value - Level 3

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of					
January 1, 2025 (unaudited)	1,503,499	8,902,813	609,006	5,545,240	16,560,558
In profit or loss (*)	59,469	485,581	3,423	13,451	561,924
Purchases	810,983	548,494	138,787	1,742,572	3,240,836
Proceeds from interest and dividend	(81,989)	(195,387)	(10,365)	(374,050)	(661,791)
Sales	(818,685)	(778,876)	(47,702)	(443,687)	(2,088,950)
Transfers to Level 3 (**)	53,138	-	-	-	53,138
Balance as of					
September 30, 2025 (unaudited)	<u>1,526,415</u>	<u>8,962,625</u>	<u>693,149</u>	<u>6,483,526</u>	<u>17,665,715</u>
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of					
September 30, 2025	<u>(13,389)</u>	<u>288,686</u>	<u>(9,938)</u>	<u>(293,577)</u>	<u>(28,218)</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.					

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

	Financial assets				Total financial assets
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	
			NIS thousand		
Balance as of January 1, 2024 (audited)	1,877,183	8,899,395	525,605	5,033,923	16,336,106
In profit or loss (*)	134,246	274,891	16,373	375,754	801,264
In other comprehensive income	-	-	-	-	-
Purchases	448,156	228,103	102,000	723,422	1,501,681
Proceeds from interest and dividend	(92,013)	(192,454)	(5,778)	(172,608)	(462,853)
Sales	(779,106)	(371,653)	(46,819)	(619,710)	(1,817,288)
Transfers to Level 3 (**)	11,838	-	-	-	11,838
Transfers from Level 3 (**)	(2,784)	-	(7,932)	-	(10,716)
Balance as of September 30, 2024 (unaudited)	<u>1,597,520</u>	<u>8,838,282</u>	<u>583,449</u>	<u>5,340,781</u>	<u>16,360,032</u>

(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2024

60,577 82,777 13,392 236,889 393,635

(**) Transfers between fair value levels stem mainly from securities whose rating has changed and securities classified to investment as an associate.

	Financial assets				Total financial assets
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	
			NIS thousand		
Balance as of July 1, 2025 (unaudited)	1,607,940	9,038,616	675,200	6,219,410	17,541,166
In profit or loss (*)	19,952	147,461	13,155	53,462	234,030
Purchases	227,546	504,274	32,941	458,960	1,223,721
Proceeds from interest and dividend	(26,608)	(1,735)	(1,147)	(133,193)	(162,683)
Sales	(308,369)	(725,991)	(27,000)	(115,113)	(1,176,473)
Transfers to Level 3 (**)	5,954	-	-	-	5,954
Balance as of September 30, 2025 (unaudited)	<u>1,526,415</u>	<u>8,962,625</u>	<u>693,149</u>	<u>6,483,526</u>	<u>17,665,715</u>

(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2025

(7,064) 144,262 14,538 (67,205) 84,531

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
	NIS thousand				
Balance as of July 1, 2024 (unaudited)	1,668,052	8,696,282	591,853	5,274,031	16,230,218
In profit or loss (*)	42,607	286,305	19,685	50,218	398,815
Purchases	142,132	217,527	4,600	230,461	594,720
Proceeds from interest and dividend	(29,457)	(775)	(4,455)	(65,584)	(100,271)
Sales	(225,814)	(361,057)	(20,302)	(148,345)	(755,518)
Transfers from Level 3 (**)	-	-	(7,932)	-	(7,932)
Balance as of September 30, 2024 (unaudited)	<u>1,597,520</u>	<u>8,838,282</u>	<u>583,449</u>	<u>5,340,781</u>	<u>16,360,032</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	<u>10,228</u>	<u>285,331</u>	<u>19,301</u>	<u>(4,331)</u>	<u>310,529</u>

(**) Transfers from Level 3 stem mainly from securities classified to investment as an associate.

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
	NIS thousand				
Balance as of January 1, 2024 (audited)	3,076,295	8,899,395	525,605	5,033,923	17,535,218
Total gains (losses) recognized:					
In profit or loss (*)	277,270	519,369	37,802	372,747	1,207,188
Purchases	717,192	238,806	108,152	1,224,849	2,288,999
Proceeds from interest and dividend	(190,162)	(383,104)	(7,800)	(287,223)	(868,289)
Sales	(1,611,796)	(371,653)	(40,458)	(799,056)	(2,822,963)
Transfers to Level 3 (**)	26,831	-	-	-	26,831
Transfers from Level 3 (**)	(792,131)	-	(14,295)	-	(806,426)
Balance as of December 31, 2024 (unaudited)	<u>1,503,499</u>	<u>8,902,813</u>	<u>609,006</u>	<u>5,545,240</u>	<u>16,560,558</u>
(*) Of which - Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of December 31, 2024	<u>55,033</u>	<u>129,679</u>	<u>687</u>	<u>(34,352)</u>	<u>151,047</u>

(**) Transfers between fair value levels stem mainly from securities whose rating has changed and securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of September 30, 2025:

<u>Class of assets</u>	<u>Fair value</u>	<u>Measurement method</u>	<u>Key unobservable inputs</u>	<u>Weighted discount rate</u>
Unaudited				
NIS thousand				
Illiquid debt instruments, excluding designated bonds	1,526,415	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 6.79%, weighted
Capital instruments	693,149	Multiplier / DCF estimation	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 12.96%, weighted
Other investments	6,483,526	Adjusted NAV	Value estimated by the fund manager, adjustments for liquidity and risk	N/A

Assessments are conducted by external appraisers using available information and similar market input where possible; the input are regularly updated and reviewed.

Designated bonds are measured at fair value. The fair value is based on an actuarial calculation of the expected cash flows, using models that incorporate demographic, financial and economic assumptions. These cash flows are discounted at the discount rate of risk-free interest plus an illiquidity premium.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Fair value of financial assets at amortized cost

	As of September 30, 2025		As of September 30, 2024		As of December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	Unaudited					
	NIS thousand					
Financial assets						
Other financial investments measured at depreciated cost:						
<u>Illiquid debt instruments:</u>						
Deposits with banks and financial institutions	762,000	762,000	927,544	927,544	874,002	874,002
Treasury deposits	986,543	1,593,985	943,423	1,464,534	945,773	1,549,472
Illiquid corporate bonds	48,009	46,555	84,936	78,321	49,779	48,540
Loans (including investees)	2,543,322	2,555,263	2,645,145	2,649,683	2,587,868	2,577,185
Total financial assets	<u>4,339,874</u>	<u>4,957,803</u>	<u>4,601,048</u>	<u>5,120,082</u>	<u>4,457,422</u>	<u>5,049,199</u>

C. Credit assets for factoring, acquiring and financing

	As of September 30 2025	As of September 30 2024	As of December 31 2024
	Unaudited		
	NIS thousand	NIS thousand	NIS thousand
Trade receivables and checks pending collection	1,382,920	1,188,546	1,351,253
Credit vouchers	31,654	31,601	23,294
Loans and checks pending collection	2,107,981	1,564,612	1,801,357
Credit vouchers for sale	1,884,185	2,012,328	1,841,439
Credit loss provision	(59,433)	(33,363)	(47,109)
Total	<u>5,347,307</u>	<u>4,763,724</u>	<u>4,970,234</u>

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities

1. Breakdown of financial liabilities

	Balance as of September 30, 2025	
	Carrying value	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Loans from banks (1)	2,166,222	2,166,222
Short-term credit from banking corporations (2)	541,136	541,136
Loans from non-bank entities	307,382	307,382
Bonds (3)	4,305,413	4,051,876
Subordinated Notes - Tier 2 capital (4)	4,459,843	4,489,288
Notes - Additional Tier 1 capital (4)	386,058	377,700
Trade receivables for credit cards	1,841,972	1,841,972
Repo liability for held for non-yield-dependent contracts (5)	130,932	130,932
Lease liabilities (6)	189,427	-
Other (7)	120,968	120,968
Total financial liabilities presented at amortized cost	14,449,353	14,027,476
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo liability for held for non-yield-dependent contracts (5)	379,076	379,076
Repo liability for yield-dependent contracts (5)	1,810,458	1,810,458
Total financial liabilities presented at fair value through profit or loss	2,189,534	2,189,534
Total loans and credit	16,638,887	16,217,010
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	871,677	871,677
Derivatives held for non-yield-dependent contracts	190,613	190,613
Liability for short sale of liquid securities (8)	1,295,538	1,295,538
Total held-for-trading financial liabilities	2,357,828	2,357,828

(1) For a change in loans from banks – see Note 4F.

(2) The change as of cutoff date arises from the repayment of a USD 50 million loan taken by Phoenix Insurance and the termination of the SEED investment in KKR Fund and the loan in respect thereof totaling NIS 230 million.

(3) For a change in the bonds – see sections 4A, 4C, 4D, 4E, 4G.

(4) The notes were issued for the purpose of complying with the capital requirements. For a change in Tier 2 capital, see sections 4B, 4H, 4I.

(5) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks.

The term of those transactions was up to one year, against liquid debt assets of the Government of Israel; they include a mechanism for the adjustment of the value of the collaterals that will be provided against the consideration received in the transaction.

(6) Disclosure of fair value was not required.

(7) Mainly provision in respect of an option to acquire an investee.

(8) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,295,535 thousand, and in respect of yield-dependent contracts – NIS 3 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	Balance as of September 30, 2024	
	Carrying value	Fair value
	Unaudited	Unaudited
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Short-term credit from banking corporations	2,272,981	2,272,981
Loans from non-bank entities	1,109,271	1,109,271
Bonds	2,496,614	2,438,039
Subordinated notes (1)	4,115,099	3,996,151
Notes - Additional Tier 1 capital (1)	373,366	348,536
Trade receivables for credit cards	1,777,534	1,777,534
Repo liability for held for non-yield-dependent contracts (2)	937,657	937,657
Lease liabilities (3)	173,649	-
Other (4)	39,781	39,781
Total financial liabilities presented at amortized cost	13,295,952	12,919,950
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo liability for held for non-yield-dependent contracts (2)	-	-
Repo liability for yield-dependent contracts (2)	363,854	363,854
Total financial liabilities presented at fair value through profit or loss	363,854	363,854
Total loans and credit	13,659,806	13,283,804
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	939,481	939,481
Derivatives held for non-yield-dependent contracts	381,943	381,943
Liability for short sale of liquid securities (5)	1,544,485	1,544,485
Total held-for-trading financial liabilities	2,865,909	2,865,909

- (1) The notes were issued for the purpose of complying with the capital requirements.
- (2) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks. These transactions are made against liquid debt assets of the Government of Israel and include adjustment mechanisms for the value of the collaterals which shall be provided against the consideration received in the transaction.
- (3) Disclosure of fair value was not required.
- (4) Mainly provision in respect of an option to acquire an investee and an undertaking to acquire portfolios.
- (5) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,544,482 thousand, and in respect of yield-dependent contracts – NIS 3 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	Balance as of December 31, 2024	
	Carrying value	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Loans from banks	1,637,920	1,637,920
Short-term credit from banking corporations	940,794	940,794
Loans from non-bank entities	369,983	382,733
Bonds	3,032,715	3,002,730
Subordinated notes (1)	3,823,946	3,759,971
Subordinated notes - Additional Tier 1 capital (1)	373,606	363,067
Trade receivables for credit cards	1,901,977	1,901,977
Repo liability for held for non-yield-dependent contracts (2)	260,986	260,986
Lease liabilities (3)	168,158	-
Other (4)	31,373	31,373
Total financial liabilities presented at amortized cost	12,541,458	12,281,551
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo liability for held for non-yield-dependent contracts (2)	721,182	721,182
Repo liability for yield-dependent contracts (2)	945,080	945,080
Total financial liabilities presented at fair value through profit or loss	1,666,262	1,666,262
Total loans and credit	14,207,720	13,947,813
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	1,051,636	1,051,636
Derivatives held for non-yield-dependent contracts	250,065	250,065
Liability for short sale of liquid securities (5)	1,658,885	1,658,885
Other	21,000	21,000
Total held-for-trading financial liabilities	2,981,586	2,981,586

(1) The notes were issued for the purpose of complying with the capital requirements.

(2) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks.

The term of those transactions was up to one year, against liquid debt assets of the Government of Israel; they include a mechanism for the adjustment of the value of the collaterals that will be provided against the consideration received in the transaction.

(3) Disclosure of fair value was not required.

(4) Mainly provision in respect of an option to acquire an investee and an undertaking to acquire portfolios.

(5) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,612,669 thousand, and in respect of yield-dependent contracts – NIS 46,216 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

2. Fair value of financial liabilities by level

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	2,189,534	-	2,189,534
Derivatives	220,206	831,174	10,910	1,062,290
Liability for short sale of liquid securities	1,295,538	-	-	1,295,538
Total held-for-trading financial liabilities	1,515,744	831,174	10,910	2,357,828

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	363,854	-	363,854
Derivatives	164,302	1,147,847	9,275	1,321,424
Liability for short sale of liquid securities	1,544,485	-	-	1,544,485
Total held-for-trading financial liabilities	1,708,787	1,147,847	9,275	2,865,909

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	1,666,262	-	1,666,262
Derivatives	236,686	1,052,980	12,035	1,301,701
Liability for short sale of liquid securities	1,679,885	-	-	1,679,885
Total held-for-trading financial liabilities	1,916,571	1,052,980	12,035	2,981,586
Financial liabilities presented at amortized cost, the fair value of which is disclosed	9,476,749	2,865,178	199,531	12,541,458

3. Valuation techniques

The fair value of investments traded actively in regulated financial markets is determined based on market prices as of the reporting date. For investments where 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.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

3. Valuation techniques (cont.)

a) Illiquid debt assets

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. During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the “**New Supplier**”), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the Company expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

b) Illiquid shares

The fair value of the investment in illiquid shares was estimated using the discounted cash flow model (DCF). The estimate requires management to make certain assumptions regarding the model's data, including expected cash flows, discount rates, credit risk and volatility. The probabilities in respect of the estimates in the range can be measured reliably, and management uses them to determine and evaluate the fair value of these investments in illiquid shares.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

3. Valuation techniques (cont.)

c) Derivatives

The Company enters into transactions involving derivative financial instruments with multiple parties, especially financial institutions. The derivatives were valued using valuation models with observable market inputs are mainly interest rate swap contracts and foreign currency forwards. The most frequently used valuation techniques include prices of forwards and swap models using present value calculations. The models combine a number of inputs, including the credit rating of the parties to the financial transaction, spot/forward exchange rates, prices of forward contracts and interest rate curves. All derivative contracts are fully back against cash; therefore, there is no counterparty credit risk and non-performance risk of the Company itself in respect thereof.

d) Repo liability

The Company enters into REPO transactions with multiple parties, especially financial institutions. The underlying assets of these transactions are not derecognized from the Company's statements of financial position, since the Company is still exposed to the risks and economic benefits arising therefrom. Accordingly, the consideration received in the transaction is presented against a financial liability. The differences between the consideration received in the transaction and the future purchase price represents the transaction's implicit effective interest rate, which is used by the Company in the subsequent measurement of the financial liability in the statements of financial position.

4. Issuances/repayments in the reporting period

- A. In January 2025, the Company issued - as part of the expansion of its Bonds (Series 5 and 6) NIS 174,242 thousand p.v. in Bonds (Series 5) of NIS 1 p.v. each, and NIS 473,120 thousand p.v. in Bonds (Series 6) of NIS 1 p.v. each. The terms of the bonds are identical to the terms of the existing bonds. The Bonds were rated by Midroog at Aa2.il with a stable outlook, and by Maalot at ilAA. The total consideration arising to the Company from the two expansions amounted to approx. NIS 600 million.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

4. Issuances/repayments during the reporting period (cont.)

- B. In April 2025, Phoenix Capital Raising completed the issuance of two series of bonds totaling NIS 786,147 thousand p.v.: Bonds (Series P) totaling NIS 556,147 thousand p.v. and Bonds (Series Q) totaling NIS 230,000 thousand p.v. Total proceeds from the two issuances totaled approx. NIS 780 million.

The Bonds (Series P) will be repaid in a single installment, which will be paid on November 1, 2034 (with an early redemption option on November 1, 2031). The Bonds are not linked to the CPI and/or to any foreign currency and bear annual interest of 5.15%, which will be paid in semi-annual installments on May 1st of each of the years 2026 through 2034 and November 1st of each of the years 2025 through 2034.

The Bonds (Series Q) will be repaid in a single installment, which will be paid on November 1, 2035 (with an early redemption option on November 1, 2032). CPI-linked bonds (principal and interest) The Bonds bear annual interest of 3.14%, which will be paid in semi-annual installments on February 1st of each of the years 2026 through 2035 and August 1st of each of the years 2025 through 2034.

The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The notes were recognized as Tier 2 capital instrument in Phoenix Insurance, subject to the provisions of the Supervision Regulations regarding the eligible capital restrictions and were listed on the Tel Aviv Stock Exchange.

- C. On April 24, 2025, Gama issued to the public NIS 600,000 thousand p.v. of Commercial Securities (Series 4) in consideration for NIS 600 million, which will bear interest at the rate of the Bank of Israel Interest plus 0.08%. The principal and interest of the CPs shall be repaid in a single installment on April 23, 2026.
- D. In May 2025, Maalot assigned an ilA+ long-term rating with a stable outlook and a short-term ilA-1 short-term rating to Phoenix Investment House. Subsequent to the assignment of this rating, Phoenix Investment House completed a private placement of Commercial Papers (CPs) totaling NIS 110 million, which bears the Bank of Israel Interest plus a 0.25% spread, for a period of one year. In October 2025, Phoenix Investment House issued illiquid short-term Commercial Papers (CPs) totaling NIS 51 million under terms identical to the CPs issued in May 2025.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

4. Issuances/repayments during the reporting period (cont.)

- E. In June 2025, Gama issued NIS 300,000 thousand p.v. in Bonds (Series D) of NIS 1 p.v. each, in consideration for NIS 300 million. The Bonds will be repaid in five equal installments on January 10th of each of the years 2028 through 2030 and on July 10th of each of the years 2028 through 2029. The outstanding balance of the principal of the bonds will bear variable annual interest at the rate of the Bank of Israel Interest, plus a spread of 0.96%; the interest in respect of the bonds will be paid in semi-annual installments. As of the balance sheet date, the bonds are assigned ilAA rating with a stable outlook by Maalot and Aa2.il rating with a stable outlook by Midroog.
- F. In June 2025, Gama and a banking corporation entered into an agreement for receipt of a NIS 400 million loan. The loan principal will be repaid in three installments starting at the end of 30 months and through the end of 42 months from the date on which the loan was advanced. The interest in respect of the loan will be paid every quarter and its effective rate will range from Prime minus 0.25% to Prime minus 0.75%.
- G. In July 2025, the Company issued by way of expansion of its Bonds (Series 5 and 6) approx. NIS 109,885 thousand p.v. in Bonds (Series 5) of NIS 1 p.v. each, and approx. NIS 420,986 thousand p.v. in Bonds (Series 6) of NIS 1 p.v. each. The terms of the bonds are identical to the terms of the existing bonds. The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The total consideration arising to the Company from the two expansions amounted to NIS 500 million.
- H. In July 2025, Phoenix Capital Raising completed an issuance under an expansion of series of bonds (Series P and Q) totaling approx. NIS 578,062 thousand p.v.: Bonds (Series P) totaling NIS 440,819 thousand p.v. and Bonds (Series Q) totaling NIS 137,243 thousand p.v. The total gross consideration from the two issuances is approx. NIS 595 million. The Bonds were assigned an Aa2il rating with a stable outlook by Midroog and an ilAA rating by Maalot. The bonds were recognized as Tier 2 capital in Phoenix Insurance and were listed on the Tel Aviv Stock Exchange.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

4. Issuances/repayments during the reporting period (cont.)

- I. On July 31, 2025, Phoenix Capital Raising executed a full early redemption of the principal of the Bonds (Series H) and interest thereon totaling approx. NIS 781 million, in accordance with the conditions precedent of the deed of trust, and the approval of the Capital Market, Insurance and Savings Authority. In view of the early redemption, the Bonds (Series H) were delisted from trade on the TASE.
- J. On September 7, 2025, Maalot reiterated the ilAA+ long-term rating and the ilA-1+ short-term rating with a stable outlook assigned to commercial papers to be issued by Phoenix Agencies. On September 10, 2025, Phoenix Agencies completed a private placement of Commercial Papers (CPs) totaling NIS 200 million, which bear the Bank of Israel Interest plus a 0.15% spread for a period of one year, with an option to extend by 4 further periods (up to approx. 5 years in total). The consideration amount of this placement was used by Phoenix Agencies to repay a bank loan.

5. Issuances/repayments subsequent to the report date

- A. In October 2025, Phoenix Capital Raising completed the issuance of Bonds (Series R) totaling NIS 500 million p.v.; the proceeds from the issuance was approx. NIS 500 million. The subordinated notes were rated il.Aa3 with a stable outlook by Midroog and ilAA- by Maalot. The subordinated notes were recognized by the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance as an Additional Tier 1 capital instrument of Phoenix Insurance. The interest in respect of the subordinated notes will be repaid in semi-annual installments on March 30 of each of the years 2026 to 2075 and on September 30 of each of the years 2026 to 2075. The annual interest rate which the notes will bear is 2.79%. The first date on which the Company will be entitled to execute full or partial early redemption of the subordinated notes will fall on September 30, 2036. CPI-linked bonds (principal and interest) On October 18, 2025, Phoenix Gama redeemed the entire principal of Bonds Series B and C totaling approx. NIS 241 million including accrued interest, in accordance with the bonds' terms.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

5. Issuances/repayments subsequent to the report date (cont.)

- B. On October 30, 2025, rating agency Midroog Ltd. (hereinafter - "**Midroog**") assigned Phoenix Pension and Provident an issuer rating of Aa3.il, with a stable outlook. In addition, Midroog assigned a P-1.il rating to the commercial papers to be issued by the Company. On November 3, 2025, Phoenix Pension and Provident completed a private placement of Commercial Papers (CPs) totaling NIS 200 million, which bear the Bank of Israel Interest plus 0.15% for a period of one year, with an option to extend by 4 further periods (up to approx. 5 years in total). The issuance consideration was used for short-term credit repayment and for Phoenix Pension and Provident's operating activities.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS

It is management's policy to maintain a strong capital base 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 future business activities. Phoenix Insurance, Phoenix Investment House group, Pension and Provident management company, Gama, and other institutional entities consolidated in the financial statements are subject to capital requirements set by the Commissioner.

A. Principles of the Solvency II-based Economic Solvency Regime

Phoenix Insurance is subject to the Solvency II-based Economic Solvency Regime in accordance with implementation provisions as published in June 2017 and revised in October 2020 (hereinafter - the "**Economic Solvency Regime**").

Economic solvency ratio

The economic solvency ratio is calculated as the ratio between the Insurance Company's eligible economic own funds and the solvency capital requirement.

The eligible economic own funds is determined as the sum of the Common Tier 1 capital derived from the economic balance sheet and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital and Tier 2 capital instrument).

Economic balance sheet items are calculated based on economic value, with insurance liabilities calculated on the basis of a best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin.

The solvency capital requirement (SCR) is designed to estimate the economic equity's exposure to a series of scenarios set out in the Provisions of the Economic Solvency Regime, and which reflect insurance risks, market and credit risks as well as operational risks.

The Economic Solvency Regime includes, among other things, Provisions for the Transitional Period 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**").

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

A. Principles of the Solvency II-based Economic Solvency Regime (cont.)

Economic solvency ratio (cont.)

In April 2024, the Capital Market Authority published a letter regarding the calculation of deduction during the Transitional Period in an economic solvency regime under the application of IFRS 17, Insurance Contracts. In accordance with the Consolidated Circular's provisions regarding "Economic Solvency Regime", an insurance company may, after receiving the Capital Market Commissioner's approval, include a deduction during the Transitional Period in the calculation of insurance reserves, in accordance with the definitions set in the provisions through the end of 2032 (hereinafter - the "**Deduction**"). The purpose of the published letter is to revise the method applied in the calculation of the deduction, such that it will no longer rely on financial statement data, which include a calculation of insurance liabilities in accordance with IFRS 4. The letter sets rules regarding the calculation of the deduction subsequent to the implementation of IFRS 17, which amend the rules set in the Letter of Principles. During May 2025, the Company received the Commissioner's approval regarding the Deduction Rates for the Transitional Period.

In accordance with the Provisions of the Economic Solvency Regime, 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 after the calculation date.

On July 2, 2025, the Commissioner published a circular stating that, as of December 31, 2026, the Economic Solvency Ratio Reports will be published at the same time as the financial statements as of that date.

Furthermore, in view of the listing of Additional Tier 1 capital for trading on the Tel Aviv Stock Exchange's main list, and in accordance with Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes, in the framework of the Report of the Board of Directors, the estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by Phoenix Insurance 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. In addition, if the Company's solvency ratio falls to 120% or below, it will publish a Full Solvency Ratio Report on a quarterly basis in a semi-annual format, instead of an estimated ratio.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

A. Principles of the Solvency II-based Economic Solvency Regime (cont.)

Economic solvency ratio (cont.)

Phoenix Insurance published its Solvency Ratio Report as of June 30, 2025, along with the publication of the Financial Statements. In accordance with the Solvency Ratio Report as of June 30, 2025, The Phoenix Insurance has excess capital, net of the Provisions for the Transitional Period and taking into account the Provisions for the Transitional Period.

The calculation carried out by Phoenix Insurance as of June 30, 2025 was reviewed by the Company's independent auditors in accordance with the principles of 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 as of June 30, 2025, comply, in all material respects, with the Commissioner's Directives, and are not part of the audit or review standards that apply to financial statements.

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, steps taken by management, and the pattern of the future development of the risk margin, which will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation. Furthermore, actual results may materially 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.

Furthermore, attention is drawn to that which is stated in the Solvency Ratio Report regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

For further details, see Section 3.1 to the Report of the Board of Directors, and the Economic Solvency Ratio Report as of June 30, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend

1) Capital distribution target

According to the letter published by the Commissioner, in October 2017, (hereinafter - the "**Dividend Distribution 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 Provisions of the Economic Solvency Regime - of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the economic solvency ratio target set by the Company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

Phoenix Insurance's Board of Directors has set a minimum economic solvency ratio target and target range based on Solvency II. The economic solvency ratio target range, within which the Company seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction is 150%-170%. In addition, the minimum economic solvency ratio target, taking into account the Provisions for the Transitional Period, is set at 135%.

On August 24, 2025, the Company's Board of Directors decided to increase the minimum solvency ratio target without taking into account the Provisions for the Transitional Period by further 2 percentage points from 121% to 123%, beginning on June 30, 2025 as part of Phoenix Insurance's preparations for increasing the minimum solvency ratio target by the end of the Transitional Period. This minimum economic solvency ratio target is expected to reach 135% at the end of the Transitional Period, in accordance with the Company's capital plan.

2) Phoenix Insurance's dividend distribution policy

On October 27, 2020, Phoenix Insurance's Board of Directors approval of the dividend distribution whereby, as from 2021, Phoenix Insurance shall distribute an annual dividend at a rate of 30% to 50% of its distributable comprehensive income as per its audited annual consolidated financial statements for the relevant year, as long as Phoenix Insurance meets the minimum economic solvency ratio targets in accordance with Solvency II, as described above.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

2) Phoenix Insurance's dividend distribution policy (cont.)

On March 28, 2022, Phoenix Insurance's Board of Directors approved a revision of the dividend distribution policy that will apply to future dividend distributions to be made in connection with Phoenix Insurance's financial results for 2022 and thereafter. According to the update, the rate of dividend will not change, but Phoenix Insurance will take steps to distribute a dividend twice a year:

- Dividend at the discretion of the Board of Directors on the approval date of the Financial Statements for the second quarter of each calendar year.
- Supplementary dividend in accordance with the policy on the annual report's approval date of each calendar year.

On May 28, 2024, Phoenix Insurance's Board of Directors approved a revision of its dividend distribution policy whereby, as from 2024, Phoenix Insurance shall distribute an annual dividend at a rate of 40% to 60%.

On May 15, 2025, Phoenix Insurance's Board of Directors approved a revision to the dividend distribution policy, according to which Phoenix Insurance will distribute a dividend on a quarterly basis rather than on a semi-annual basis.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

2) Phoenix Insurance's dividend distribution policy (cont.)

It is hereby clarified that this policy should not be viewed as an undertaking by Phoenix 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 of Phoenix Insurance may decide on actual distribution at different (higher or lower) rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of the law applicable to any dividend distribution, including, among other things, the provisions of the Companies Law, 1999, and to compliance with the financial covenants Phoenix Insurance has undertaken or/or will undertake to comply with, to Phoenix Insurance's having sufficient distributable profits on the relevant dates, to the condition that the distribution shall not adversely affect the terms of Phoenix Insurance's bonds and/or its cash flows, and to the extent to which Phoenix Insurance needs cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities. The Board of Directors of Phoenix 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 Phoenix Insurance, to change the dividend distribution policy, including the rate of dividend to be distributed.

3) Dividend distributions in the reporting period

1. On December 30, 2024, Phoenix Insurance's Board of Directors approved the distribution - as a dividend in kind - of assets totaling approx. NIS 1.4 billion as detailed below and subject to the fulfillment of the following conditions:

- A. Distribution of the rights of Phoenix Insurance and Hadar Green in the properties known as block 6154, parcels 931 and 932 in Givatayim (hereinafter- "**Beit Havered**"). As of September 30, 2025, the balance of assets in the Phoenix Insurance's books of accounts is approx. NIS 617 million. The distribution is subject to the approval of the Israel Tax Authority and the Givatayim municipality.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

3) Dividend distributions in the reporting period (cont.)

1. (cont.)

- B. Distribution of Phoenix Insurance's entire stake in Gold Mortgages. As of September 30, 2025, the investment balance in Phoenix Insurance's books of accounts, including a shareholder loan, is approx. NIS 9 million. Distribution of shares of Gold Mortgages is subject to receipt - from the Commissioner - of an expanded credit provision license (as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016 by Gold Mortgages.
- C. Distribution of the loan advanced by Phoenix Insurance to Gold Mortgages for the purpose of providing loans to customers. As of December 31, 2024, the distribution was carried out against a dividend payable in Phoenix Insurance's books of accounts totaling approx. NIS 574 million. The transfer of a loan to the company was carried out in practice on January 1, 2025.
- D. Distribution to the Company of all of Phoenix Insurance's shares in EL AL Frequent Flyer Ltd., which constitute approx. 19.9% of the issued and paid-up share capital of EL AL Club. On March 31, 2025, subsequent to the approval of the Israel Tax Authority, the investment in EL AL Frequent Flyer Ltd. - totaling approx. NIS 179 million - was distributed to the Company.
- E. Distribution of illiquid financial assets - on March 31, 2025, after obtaining the approval of the Commissioner of Regulated Financial Service Providers, these assets - totaling approx. NIS 25 million - were distributed.

Phoenix Insurance's Board decided that insofar as there are material adverse changes in the status of Phoenix Insurance, prior to the actual distribution of the abovementioned assets, the distribution will be brought before the Board of Directors of Phoenix Insurance to be reassessed, discussed and resolved on.

The distribution of Beit Havered and the remaining stake in Gold Mortgages, as described in Sections A and B above, was not taken into account in the results of the solvency ratio as of December 31, 2024 and as of June 30, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

3) Dividend distributions in the reporting period (cont.)

1. (cont.)

On October 30, 2025, Phoenix Insurance received a draft audit report from the Capital Market, Insurance and Savings Authority in connection with the Phoenix Insurance Board of Directors' resolution on the said dividend in kind distribution.

2. On May 28, 2025, Phoenix Insurance's Board of Directors decided - given the Company's distributable retained earnings and solvency ratio, to distribute a NIS 170 million dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

3. On August 24, 2025, Phoenix Insurance's Board of Directors decided - given the Company's distributable retained earnings and solvency ratio, to distribute a cash NIS 460 million dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law. This distribution was taken into account in calculating the solvency ratio as of June 30, 2025.

4. On November 25, 2025, at the same time as the approval of Phoenix Insurance's financial statements as of September 30, 2025, Phoenix Insurance's Board of Directors decided - given the Phoenix Insurance's distributable retained earnings and solvency ratio, to distribute a NIS 340 million cash dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law. This distribution was taken into account in calculating the solvency ratio as of June 30, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

C. Own Risk and Solvency Assessment of an Insurance Company (ORSA)

On January 5, 2022, the Commissioner published an Amendment to the Provisions of the Consolidated Circular - "Reporting to the Commissioner of Capital Market" - Own Risk and Solvency Assessment of an Insurance Company (ORSA) was published (hereinafter - the "**ORSA Circular**"); the ORSA Circular stipulates that an insurance company shall report to the Commissioner about Own Risk and Solvency Assessment of an Insurance Company (ORSA) once a year - in January. In accordance with the ORSA Circular, Phoenix Insurance shall provide the Commissioner with a report that will include a summary of its results, status of its business and interactions, risk exposure, assessment of solvency and capital requirement, forward-looking valuation, scenarios and sensitivity analyses. The circular's effective date is January 1, 2023. As from January 2023, Phoenix Insurance reports its Own Risk and Solvency Assessment of an Insurance Company to the Commissioner for the first time, in accordance with the requirements of the ORSA Circular.

- D. The Company undertook to supplement, at any time, the equity capital of Phoenix Pension and Provident Funds to the amount prescribed by the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964. This undertaking will be fulfilled only when Phoenix Pension and Provident Funds' equity capital is negative, provided that the supplement amount does not exceed the liabilities limit as aforesaid; the commitment will be in effect as long as the Company is the controlling shareholder of this entity.
- E. Phoenix Pension and Provident Funds is required to maintain minimum equity in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Minimum Equity Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the Commissioner's Directives, guidance issued by the Israel Securities Authority and/or the TASE Rules and Regulations. As of the financial statements date, Phoenix Pension and Provident complies with those requirements.
- F. For details regarding the Company's dividend distribution, see Notes 10C and 11A.
- G. For details regarding the share buyback during the reporting period, see Note 10B.
- H. For details regarding the Company's dividend distribution policy, see Note 10G.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE

	For the nine-month period ended September 30, 2025			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	240,666	559,364	-	800,030
Change in risk adjustment (RA) for non-financial risk resulting from past risks	40,404	49,281	-	89,685
Claims and other expected insurance service expenses incurred	1,172,491	1,116,314	-	2,288,805
Other (*)	29,347	1,032	-	30,379
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	70,728	46,209	-	116,937
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,553,636	1,772,200	-	3,325,836
Contracts to which the Premium Allocation Approach (PAA) was applied	-	221,793	3,751,798	3,973,591
Total revenues from insurance services	<u>1,553,636</u>	<u>1,993,993</u>	<u>3,751,798</u>	<u>7,299,427</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	1,289,634	1,346,075	2,599,381	5,235,090
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(145,236)	(117,403)	(328,333)	(590,972)
Losses (reversal of losses) for groups of onerous insurance contracts	(34,582)	(1)	312	(34,271)
Amortization of insurance acquisition cash flows	70,730	77,218	793,384	941,332
Total expenses from insurance services	<u>1,180,546</u>	<u>1,305,889</u>	<u>3,064,744</u>	<u>5,551,179</u>
Income from insurance services before reinsurance contracts held	<u>373,090</u>	<u>688,104</u>	<u>687,054</u>	<u>1,748,248</u>
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): Contractual service margin (CSM) amount recognized in profit or loss for services received	36,443	65,922	-	102,365
Change in risk adjustment (RA) for non-financial risk resulting from past risks	22,319	4,371	-	26,690
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	122,300	84,883	-	207,183
Other (*)	(13,070)	100	-	(12,970)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	167,992	155,276	-	323,268
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	779,845	779,845
Total reinsurance expenses	<u>167,992</u>	<u>155,276</u>	<u>779,845</u>	<u>1,103,113</u>
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	112,338	102,799	862,148	1,077,285
Changes relating to past service - adjustment for assets for incurred claims	(541)	(22,527)	(133,986)	(157,054)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	24,072	-	2,007	26,079
Total reinsurance revenues	<u>135,869</u>	<u>80,272</u>	<u>730,169</u>	<u>946,310</u>
Total expenses, net for reinsurance contracts held	<u>(32,123)</u>	<u>(75,004)</u>	<u>(49,676)</u>	<u>(156,803)</u>
Income from insurance services	<u>340,967</u>	<u>613,100</u>	<u>637,378</u>	<u>1,591,445</u>

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the nine-month period ended September 30, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	299,633	571,848	-	871,481
Change in risk adjustment (RA) for non-financial risk resulting from past risks	39,122	46,555	-	85,677
Claims and other expected insurance service expenses incurred	1,121,956	1,052,227	-	2,174,183
Other (*)	31,481	2,477	-	33,958
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	53,000	29,937	-	82,937
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,545,192	1,703,044	-	3,248,236
Contracts to which the Premium Allocation Approach (PAA) was applied	-	194,767	3,457,865	3,652,632
Total revenues from insurance services	<u>1,545,192</u>	<u>1,897,811</u>	<u>3,457,865</u>	<u>6,900,868</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	1,286,334	1,271,288	2,196,408	4,754,030
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	20,455	(88,658)	(319,157)	(387,360)
Losses (reversal of losses) for groups of onerous insurance contracts	279	1	2,995	3,275
Amortization of insurance acquisition cash flows	53,000	57,655	675,002	785,657
Total expenses from insurance services	<u>1,360,068</u>	<u>1,240,286</u>	<u>2,555,248</u>	<u>5,155,602</u>
Income from insurance services before reinsurance contracts held	<u>185,124</u>	<u>657,525</u>	<u>902,617</u>	<u>1,745,266</u>
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):				
Contractual service margin (CSM) amount recognized in profit or loss for services received	49,607	60,967	-	110,574
Change in risk adjustment (RA) for non-financial risk resulting from past risks	28,698	4,665	-	33,363
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	136,968	82,026	-	218,994
Other (*)	(98)	3,747	-	3,649
Total contracts to which the Premium Allocation Approach (PAA) was not applied	215,175	151,405	-	366,580
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	750,369	750,369
Total reinsurance expenses	<u>215,175</u>	<u>151,405</u>	<u>750,369</u>	<u>1,116,949</u>
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	168,062	113,015	451,791	732,868
Changes relating to past service - adjustment for assets for incurred claims	9,886	(36,484)	(26,626)	(53,224)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	(15)	-	819	804
Total reinsurance revenues	<u>177,933</u>	<u>76,531</u>	<u>425,984</u>	<u>680,448</u>
Total expenses, net for reinsurance contracts held	<u>(37,242)</u>	<u>(74,874)</u>	<u>(324,385)</u>	<u>(436,501)</u>
Income from insurance services	<u>147,882</u>	<u>582,651</u>	<u>578,232</u>	<u>1,308,765</u>

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the three-month period ended September 30, 2025			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	79,397	183,616	-	263,013
Change in risk adjustment (RA) for non-financial risk resulting from past risks	14,194	17,054	-	31,248
Claims and other expected insurance service expenses incurred	396,929	380,445	-	777,374
Other (*)	15,399	1,977	-	17,376
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	24,495	17,038	-	41,533
Total contracts to which the Premium Allocation Approach (PAA) was not applied	530,414	600,130	-	1,130,544
Contracts to which the Premium Allocation Approach (PAA) was applied	-	82,056	1,276,932	1,358,988
Total revenues from insurance services	530,414	682,186	1,276,932	2,489,532
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	450,976	458,641	808,891	1,718,508
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(43,016)	(51,241)	(62,146)	(156,403)
Losses (reversal of losses) for groups of onerous insurance contracts	2,199	-	1,708	3,907
Amortization of insurance acquisition cash flows	24,495	37,163	257,004	318,662
Total expenses from insurance services	434,654	444,563	1,005,457	1,884,674
Income from insurance services before reinsurance contracts held	95,760	237,623	271,475	604,858
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):	-	-	-	-
Contractual service margin (CSM) amount recognized in profit or loss for services received	8,855	21,659	-	30,514
Change in risk adjustment (RA) for non-financial risk resulting from past risks	8,588	1,598	-	10,186
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	48,277	28,770	-	77,047
Other (*)	(6,488)	38	-	(6,450)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	59,232	52,065	-	111,297
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	258,341	258,341
Total reinsurance expenses	59,232	52,065	258,341	369,638
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	47,032	33,576	190,298	270,906
Changes relating to past service - adjustment for assets for incurred claims	(11,933)	(7,321)	(20,910)	(40,164)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	11	-	558	569
Total reinsurance revenues	35,110	26,255	169,946	231,311
Total expenses, net for reinsurance contracts held	(24,122)	(25,810)	(88,395)	(138,327)
Income from insurance services	71,638	211,813	183,080	466,531

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the three-month period ended September 30, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	101,312	188,774	-	290,086
Change in risk adjustment (RA) for non-financial risk resulting from past risks	12,464	17,578	-	30,042
Claims and other expected insurance service expenses incurred	370,969	351,608	-	722,577
Other (*)	14,021	2,473	-	16,494
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	19,083	11,045	-	30,128
Total contracts to which the Premium Allocation Approach (PAA) was not applied	517,849	571,478	-	1,089,327
Contracts to which the Premium Allocation Approach (PAA) was applied	-	76,265	1,192,698	1,268,963
Total revenues from insurance services	517,849	647,743	1,192,698	2,358,290
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	408,706	432,629	759,418	1,600,753
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	59,770	(37,566)	(111,809)	(89,605)
Losses (reversal of losses) for groups of onerous insurance contracts	(1,158)	-	(339)	(1,497)
Amortization of insurance acquisition cash flows	19,083	25,875	219,637	264,595
Total expenses from insurance services	486,401	420,938	866,907	1,774,246
Income from insurance services before reinsurance contracts held	31,448	226,805	325,791	584,044
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): Contractual service margin (CSM) amount recognized in profit or loss for services received	18,238	19,839	-	38,077
Change in risk adjustment (RA) for non-financial risk resulting from past risks	9,032	1,834	-	10,866
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	44,933	27,738	-	72,671
Other (*)	(4,670)	3,218	-	(1,452)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	67,533	52,629	-	120,162
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	287,328	287,328
Total reinsurance expenses	67,533	52,629	287,328	407,490
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	60,552	36,305	171,311	268,168
Changes relating to past service - adjustment for assets for incurred claims	13,764	(15,473)	(9,421)	(11,130)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	(15)	-	383	368
Total reinsurance revenues	74,301	20,832	162,273	257,406
Total expenses, net for reinsurance contracts held	6,768	(31,797)	(125,055)	(150,084)
Income from insurance services	38,216	195,008	200,736	433,960

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the year ended December 31, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	381,813	761,797	-	1,143,610
Change in risk adjustment (RA) for non-financial risk resulting from past risks	52,156	63,641	-	115,797
Claims and other expected insurance service expenses incurred	1,507,491	1,404,348	-	2,911,839
Other (*)	39,630	15,400	-	55,030
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	74,046	41,610	-	115,656
Total contracts to which the Premium Allocation Approach (PAA) was not applied	2,055,136	2,286,796	-	4,341,932
Contracts to which the Premium Allocation Approach (PAA) was applied	-	264,528	4,671,727	4,936,255
Total revenues from insurance services	<u>2,055,136</u>	<u>2,551,324</u>	<u>4,671,727</u>	<u>9,278,187</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	1,717,490	1,716,091	2,925,848	6,359,429
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	8,939	(33,383)	(504,051)	(528,495)
Losses (reversal of losses) for groups of onerous insurance contracts	37,847	3	5,073	42,923
Amortization of insurance acquisition cash flows	74,046	80,260	901,375	1,055,681
Total expenses from insurance services	<u>1,838,322</u>	<u>1,762,971</u>	<u>3,328,245</u>	<u>6,929,538</u>
Income from insurance services before reinsurance contracts held	<u>216,814</u>	<u>788,353</u>	<u>1,343,482</u>	<u>2,348,649</u>
Revenues (expenses), net for reinsurance contracts held				
Revenues from reinsurance:				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in assets for remaining coverage (ARC):				
Contractual service margin (CSM) amount recognized in profit or loss for services received	69,418	83,104	-	152,522
Change in risk adjustment (RA) for non-financial risk resulting from past risks	37,550	6,529	-	44,079
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	184,805	111,005	-	295,810
Other (*)	(783)	4,088	-	3,305
Total contracts to which the Premium Allocation Approach (PAA) was not applied	290,990	204,726	-	495,716
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	1,003,234	1,003,234
Total reinsurance expenses	<u>290,990</u>	<u>204,726</u>	<u>1,003,234</u>	<u>1,498,950</u>
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	209,899	151,753	601,376	963,028
Changes relating to past service - adjustment for assets for incurred claims	28,954	(28,409)	(75,760)	(75,215)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	(15)	-	17	2
Total reinsurance revenues	<u>238,838</u>	<u>123,344</u>	<u>525,633</u>	<u>887,815</u>
Total expenses, net for reinsurance contracts held	<u>(52,152)</u>	<u>(81,382)</u>	<u>(477,601)</u>	<u>(611,135)</u>
Income from insurance services	<u>164,662</u>	<u>706,971</u>	<u>865,881</u>	<u>1,737,514</u>

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET

	For the nine-month period ended September 30, 2025				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited				
	NIS thousand				
Investment income, net:					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	7,448,322	195,383	-	3,321,504	10,965,209
Investment income from other investments, net:					
Other investment income, net	614,625	160,283	275,230	1,541,095	2,591,233
Share in earnings of equity-accounted subsidiaries closely related to the investing activity	9,131	19,512	10,518	67,353	106,514
Total income from other investments, net	<u>623,756</u>	<u>179,795</u>	<u>285,748</u>	<u>1,608,448</u>	<u>2,697,747</u>
Total investment income, net recognized in the income statement	<u>8,072,078</u>	<u>375,178</u>	<u>285,748</u>	<u>4,929,952</u>	<u>13,662,956</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	7,310,606	128,137	-	-	7,438,743
Effects of the risk mitigation option for VFA contracts	90,340	-	-	-	90,340
Interest accrued (a)	468,252	191,829	188,844	-	848,925
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	195,521	13,385	81,750	-	290,656
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(7,953)	(7,063)	-	-	(15,016)
Total finance expenses, net arising from insurance contracts	<u>8,056,766</u>	<u>326,288</u>	<u>270,594</u>	<u>-</u>	<u>8,653,648</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	27,143	73,380	48,016	-	148,539
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	16,111	20,005	32,754	-	68,870
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(13,297)	(1,497)	-	-	(14,794)
Loss on exchange rate differences and other	(18,613)	(21,580)	-	-	(40,193)
Total finance income (expenses), net arising from reinsurance contracts	<u>11,344</u>	<u>70,308</u>	<u>80,770</u>	<u>-</u>	<u>162,422</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,396,511)</u>	<u>(3,396,511)</u>
Total net investment and finance income	<u>26,656</u>	<u>119,198</u>	<u>95,924</u>	<u>1,533,441</u>	<u>1,775,219</u>
Investment gains (losses), net recognized in other comprehensive income	234	478	2,684	(27,670)	(24,274)
Total investment income, net, including amounts recognized in other comprehensive income	<u>26,890</u>	<u>119,676</u>	<u>98,608</u>	<u>1,505,771</u>	<u>1,750,945</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the nine-month period ended September 30, 2024				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	6,774,299	600,137	-	2,985,996	10,360,432
Income (losses) from other investments, net:					
Other investment income, net	382,336	157,830	258,237	712,073	1,510,476
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(1,129)	21,288	29,906	33,527	83,592
Total income from other investments, net	<u>381,207</u>	<u>179,118</u>	<u>288,143</u>	<u>745,600</u>	<u>1,594,068</u>
Total investment income, net	<u>7,155,506</u>	<u>779,255</u>	<u>288,143</u>	<u>3,731,596</u>	<u>11,954,500</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	6,631,171	551,166	-	-	7,182,337
Effects of the risk mitigation option for VFA contracts	129,590	-	-	-	129,590
Interest accrued (a)	503,364	262,696	167,329	-	933,389
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(230,157)	(53,918)	84,362	-	(199,713)
Total finance expenses, net arising from insurance contracts	<u>7,033,968</u>	<u>759,944</u>	<u>251,691</u>	<u>-</u>	<u>8,045,603</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	26,165	84,793	15,777	-	126,735
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	2,597	(38,702)	62,322	-	26,217
Loss on exchange rate differences and other	(37,097)	-	-	-	(37,097)
Total finance income, net arising from reinsurance contracts	<u>(8,335)</u>	<u>46,091</u>	<u>78,099</u>	<u>-</u>	<u>115,855</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,062,661)</u>	<u>(3,062,661)</u>
Total net investment and finance income	<u>113,203</u>	<u>65,402</u>	<u>114,551</u>	<u>668,935</u>	<u>962,091</u>
Investment income, net recognized in other comprehensive income	4,623	776	6,680	6,001	18,080
Total investment income, net, including amounts recognized in other comprehensive income	<u>117,826</u>	<u>66,178</u>	<u>121,231</u>	<u>674,936</u>	<u>980,171</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the three-month period ended September 30, 2025				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,175,550	68,838	-	1,647,368	4,891,756
Income (losses) from other investments, net:					
Other investment income, net	211,511	78,304	97,333	513,329	900,477
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	1,338	4,004	(1,441)	27,203	31,104
Total income from other investments, net	<u>212,849</u>	<u>82,308</u>	<u>95,892</u>	<u>540,532</u>	<u>931,581</u>
Total investment income, net recognized in the income statement	<u>3,388,399</u>	<u>151,146</u>	<u>95,892</u>	<u>2,187,900</u>	<u>5,823,337</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contacts	3,132,209	41,630	-	-	3,173,839
Effects of the risk mitigation option for VFA contracts	13,280	-	-	-	13,280
Interest accrued (a)	155,558	60,372	67,011	-	282,941
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	62,066	(59,034)	52,888	-	55,920
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	796	(1,149)	-	-	(353)
Total finance expenses, net arising from insurance contracts	<u>3,363,909</u>	<u>41,819</u>	<u>119,899</u>	<u>-</u>	<u>3,525,627</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	9,183	24,039	20,002	-	53,224
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	7,039	(11,830)	16,218	-	11,427
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(5,441)	(631)	-	-	(6,072)
Loss on exchange rate differences and other	(12,092)	(6,260)	-	-	(18,352)
Total finance income, net arising from reinsurance contracts	<u>(1,311)</u>	<u>5,318</u>	<u>36,220</u>	<u>-</u>	<u>40,227</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,676,101)</u>	<u>(1,676,101)</u>
Total net investment and finance income	<u>23,179</u>	<u>114,645</u>	<u>12,213</u>	<u>511,799</u>	<u>661,836</u>
Investment losses, net recognized in other comprehensive income	(1,475)	(1,784)	(1,562)	(5,829)	(10,650)
Total investment income, net, including amounts recognized in other comprehensive income	21,704	112,861	10,651	505,970	651,186

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the three-month period ended September 30, 2024				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income, net:					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	2,467,678	99,673	-	997,369	3,564,720
Investment income from other investments, net:					
Other investment income, net	343,561	65,492	110,221	579,872	1,099,146
Share in earnings of equity-accounted subsidiaries closely related to the investing activity	2,420	3,010	14,809	23,389	43,628
Total income from other investments, net	<u>345,981</u>	<u>68,502</u>	<u>125,030</u>	<u>603,261</u>	<u>1,142,774</u>
Total investment income, net recognized in the income statement	<u>2,813,659</u>	<u>168,175</u>	<u>125,030</u>	<u>1,600,630</u>	<u>4,707,494</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	2,395,276	80,166	-	-	2,475,442
Effects of the risk mitigation option for VFA contracts	52,352	-	-	-	52,352
Interest accrued (a)	159,765	78,444	58,472	-	296,681
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	182,968	13,842	92,808	-	289,618
Total finance expenses, net arising from insurance contracts	<u>2,790,361</u>	<u>172,452</u>	<u>151,280</u>	<u>-</u>	<u>3,114,093</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	8,918	26,819	7,727	-	43,464
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	2,182	32,701	37,348	-	72,231
Loss on exchange rate differences and other	(17,159)	-	-	-	(17,159)
Total finance income, net arising from reinsurance contracts	<u>(6,059)</u>	<u>59,520</u>	<u>45,075</u>	<u>-</u>	<u>98,536</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,027,712)</u>	<u>(1,027,712)</u>
Total net investment and finance income	<u>17,239</u>	<u>55,243</u>	<u>18,825</u>	<u>572,918</u>	<u>664,225</u>
Investment income, net recognized in other comprehensive income	3,675	598	247	6,001	10,521
Total investment income, net, including amounts recognized in other comprehensive income	<u>20,914</u>	<u>55,841</u>	<u>19,072</u>	<u>578,919</u>	<u>674,746</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the year ended December 31, 2024				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	9,632,023	697,547	-	3,666,507	13,996,077
Income (losses) from other investments, net:					
Other investment income, net	889,164	221,496	366,229	1,286,679	2,763,568
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(3,819)	25,420	40,578	41,075	103,254
Total income from other investments, net	<u>885,345</u>	<u>246,916</u>	<u>406,807</u>	<u>1,327,754</u>	<u>2,866,822</u>
Total investment income, net recognized in the income statement	<u>10,517,368</u>	<u>944,463</u>	<u>406,807</u>	<u>4,994,261</u>	<u>16,862,899</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	9,401,010	624,352	-	-	10,025,362
Effects of the risk mitigation option for VFA contracts	194,711	-	-	-	194,711
Interest accrued (a)	662,438	335,627	228,053	-	1,226,118
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(29,928)	203,846	71,505	-	245,423
Total finance expenses, net arising from insurance contracts	<u>10,228,231</u>	<u>1,163,825</u>	<u>299,558</u>	<u>-</u>	<u>11,691,614</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	34,853	110,439	24,000	-	169,292
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	10,486	48,274	66,026	-	124,786
Loss on exchange rate differences and other	(46,921)	-	-	-	(46,921)
Total finance income (expenses), net arising from reinsurance contracts	<u>(1,582)</u>	<u>158,713</u>	<u>90,026</u>	<u>-</u>	<u>247,157</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,763,568)</u>	<u>(3,763,568)</u>
Total net investment and finance income	<u>287,555</u>	<u>(60,649)</u>	<u>197,275</u>	<u>1,230,693</u>	<u>1,654,874</u>
Investment losses, net recognized in other comprehensive income	(6,512)	(1,048)	(2,468)	(16,041)	(26,069)
Total investment income (losses), net, including amounts recognized in other comprehensive income	281,043	(61,697)	194,807	1,214,652	1,628,805

- A. In the GMM model, accrued interest includes interest accrued on the CSM balance in accordance with the nominal interest rate curve on the initial recognition date. In addition, the accrued interest includes interest accrued on BE and RA balances in accordance with the nominal interest rate curve at the beginning of the period.
- B. The effect of inflation included in this section represents the difference between actual inflation in the period and the expected inflation taken into account in the nominal interest rate curve. In the nine- and three-month period and in 2024, the line item also includes the effect of the difference between discount at the current interest rate and discount at the original interest rate of the changes in BE charged to CSM.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

A. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business

On March 12, 2025, the Group's Board of Directors approved an update to the guidelines and rules for examining whether a motion to certify a class action and a legal proceeding that is outside the ordinary course of business (hereinafter in this subsection - the "**claims**" or "**claim**") filed against the Group amounts to a material event which is outside the corporation's ordinary course of business with respect to the obligation to publish an immediate report in their respect under Regulation 36 to the Securities Regulations (Periodic and Immediate Reports), 1970, as well as with respect to including a verbal annotation in their respect in this note (hereinafter in this subsection - the "**Reporting and Disclosure Policy**").

As detailed in Section B below, in recent years, the filing of motions to certify class actions - both against the Group and against companies engaged in similar areas of activity - has become routine; however, it has become apparent over time that such claims have no material effect on the Group's business. Moreover, the difficulty in assessing the chances of the lawsuit being allowed within the time frame requiring the publication of an immediate report (i.e. immediately prior to the date of receipt of the lawsuit by the company) led to a practice whereby - prior to the revision of the Reporting and Disclosure Policy - immediate reports regarding lawsuits were published before an assessment was made of the claim's odds, and accordingly, a verbal description of those lawsuits was included in the note regarding contingent liabilities and commitments in the subsequent financial statements.

In accordance with the current Reporting and Disclosure Policy, a claim deemed material at the time of its receipt by the Group (in accordance with a quantitative and qualitative assessment), as stated below, will be reported to the public effective immediately and information thereof will be detailed in the notes to the financial statements. A lawsuit, which will not be considered material upon its receipt by the Group (in accordance with the quantitative and qualitative assessment as detailed below), will not be reported under an immediate report; rather, it will be included in the summary table in Section G below. In certain cases, as detailed below, the Company shall provide a verbal description of such a claim in the notes to the financial statements.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business (cont.)

Quantitative assessment - If the claimed amount in a claim against any of the Group's companies at the time of its receipt (before its prospects have been examined) exceeds 5% of the total equity attributable to the relevant Company's shareholders (the Company or Phoenix Insurance Company Ltd.), the claim shall be deemed material. It is clarified that the Company shall be entitled to determine, in certain cases in which the circumstances of the claim indicate as much - even if a claimed amount exceeds the aforementioned threshold - it shall not be deemed a material claim, and vice versa - if the qualitative assessment (see below) reflects this both upon receipt of the claim by the Company and during the life of the claim.

Qualitative assessment - As part of this assessment, several aspects of the claim will be examined, first and foremost - whether the claim relates to the Group's core business or to a unique field such as securities law, competition law, or whether it has special broad implications, or may have a material impact on the Group's business, or whether the claim may have a material impact on the overall information which serves as the basis for investment decisions regarding the Company's securities made by investors.¹

It is clarified that, in light of the duration of legal proceedings (sometimes over many years) and their development, a claim which did not amount to a material claim at the time of its receipt by the Company (and accordingly - was not published in an immediate report), may develop into a material claim as it progresses. In such a case, the Company will include a disclosure about the claim at a later date in the notes to the financial statements shortly after it has become material and will assess the need to issue an immediate report regarding such development in accordance with the statutory provisions.

The abovementioned revision of the Group's Reporting and Disclosure Policy came into force on March 12, 2025. It is clarified that lawsuits, in respect of which immediate reports were published from January 1, 2025 until March 12, 2025 (i.e., prior to the entry into force of the Reporting and Disclosure Policy), and which are not deemed material lawsuits under the Reporting and Disclosure Policy, are not included in the narrative disclosure in Section C to this note.

¹ In doing so, the Company will take into account various considerations, such as the identity of the plaintiff or group of plaintiffs, identity of the defendants, anticipated effects if the claim is certified as a class action, and in case it is certified by the court - the manner in which the process is expected to be conducted, its complexity and its cumulative effects on the Group, the existence of similar claims on similar grounds, etc.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business (cont.)

It should also be noted that the quantitative threshold for including a verbal annotation in a note to the financial statements about a claim regarding which no immediate report was published at the time of its receipt by the Company, but has become material during its life, will be determined by the Company from time to time. In addition, the Company may include a verbal disclosure in a note to the financial statements regarding a claim that has become material even though at the time of its receipt by the Group it was not considered as such, due to other qualitative considerations.

B. Class actions - motions to certify lawsuits as class actions and lawsuits certified as class actions

In recent years, there has been a significant increase in the number of motions to certify class actions filed against the Group and in the number of lawsuits recognized as class actions. This is part of an overall increase in motions to certify class actions in general, including against companies engaged in the Group's areas of activity, which stems mainly from the enactment of the Class Actions Law, 2006 (hereinafter - the "**Class Actions Law**"). This trend substantially increases the Group's potential exposure to losses in the event of a ruling against the Group companies in class actions.

Motions to certify class actions are filed through the hearing procedure mechanism set forth in the Class Actions Law. The hearing procedure for motions to certify class actions is divided into two main stages: The first stage is the motion to certify the claim as a class action (hereinafter - the "**motion to certify**" or the "**certification stage**", respectively). Provided the motion to certify is denied by the court, the hearing stage at the class action level ends. A ruling at the certification stage may be subject to filing a motion for leave to appeal with the appellate courts. In the second stage, if the motion to certify is accepted, the class action will be heard (hereinafter - the "**class action stage**"). A judgment at the class action stage can be appealed to the appellate courts. Within the mechanism of the Class Actions Law, there are, inter alia, specific settlement agreements, both in the certification stage and in the class action stage, as well as arrangements with regard to the plaintiff's withdrawal of the motion to certify or the class action.

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 claim.

Section C to this note below includes a disclosure regarding lawsuits, which meet the criteria for material lawsuits, in accordance with the quantitative and qualitative parameters set in the Reporting and Disclosure Policy (hereinafter - "**Material Lawsuits**").

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

In the material claims detailed in Subsections 1-6 under Section C below, in which, in management's opinion - that is based, inter alia, on legal opinions - the Group's defense claims are more likely than not to be accepted and the motions to certify lawsuits as class actions to be denied - no provision was included in the financial statements, except for motions to certify lawsuits as class actions in which the Group is willing to reach a settlement. In material claims (some or all) of which are more likely than not to be denied, and in which the Group is willing to reach a compromise, provisions were included in the financial statements to cover the exposure as assessed by the Group or a provision in the amount for which the Group is willing to settle, as the case may be.

Management's assessment, which is based, inter alia, on legal opinions received, is included in the financial statements under adequate provisions, where such provisions were required, to cover the exposure as assessed by the Group or the amount for which the group is willing to settle, as the case may be.

In addition to the Material Lawsuits described in Section C below, 49 motions to certify class actions are pending against the Group (including lawsuits which were approved and/or are under appeal), which the Company believes do not constitute Material Lawsuits under the Reporting and Disclosure Policy, and therefore no narrative description thereof was included in this note (hereinafter - the "**Remaining Lawsuits**").

The total claimed amount specified by the plaintiffs in the Remaining Lawsuits is approx. NIS 2.7 billion; in respect of all 55 lawsuits, the total claimed amount specified by the plaintiffs is approx. NIS 4.19 billion (compared to approx. NIS 6.79 billion in respect of all 52 lawsuits as of December 31, 2024).

In the Remaining Lawsuits, allegations are made, among other things, regarding unlawful payments (including the collection of premiums or payments or other components not in accordance with the terms of the policy and/or non-payment of components such as interest and/or linkage); failure to pay/ underpayment of insurance benefits in violation of the provisions of the law and/or the terms of the policy; interpretation of the terms of the policy and claims regarding policy breach; allegations regarding non-disclosure of information to policyholders in accordance with Statutory Provisions; allegations regarding breach of regulatory obligations; allegations regarding breach of the Privacy Protection Law, 1981 and/or the Communications Law (Bezeq and Broadcasting), 1982; etc.

In the management's opinion, based, among other things, on legal opinions, and/or on the position of the management of the Group's consolidated companies, which is based on the opinions of their legal counsels (as applicable) - the Financial Statements include adequate provisions for the Remaining Lawsuits, to the extent required.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Regarding all class action certification motions (including lawsuits which were approved and/or are under appeal), which were mostly filed against the Group on various matters pertaining to insurance contracts and to the Group's ordinary course of business, the Group provided insurance reserves.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions

Following a breakdown of the motions to certify claims as class actions:

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1.	January 2008 Tel Aviv District Court Phoenix Insurance and other insurance companies Approx. NIS 1.67 billion of all defendants, with approx. NIS 277 million attributed to Phoenix Insurance.⁴	The claim concerns an allegedly unlawful collection of payments known as "sub-annuals" for life insurance policies, in an amount that exceeds the permitted one.	In May 2018, the Supreme Court granted the defendants' motion for leave to appeal and dismissed the plaintiffs' appeal, such that the District Court's judgment was quashed and the motion to certify the claim as a class action was denied. In July 2019, the Supreme Court upheld the plaintiffs' request for a further hearing on the question set forth in the Judgment regarding the regulator's position filed with the court regarding its instructions, and on the question of de minimis defense in a monetary class action. In July 2021, the Supreme Court handed down its judgment in respect of the further hearing by the Supreme Court (which was concluded at a 4 to 3 majority), whereby the Supreme Court's ruling will be canceled and the District Court's judgment will be reinstated, the motion to certify will be allowed and the class action will be heard by the District Court, excluding the specific claims raised against Phoenix Insurance (and another insurance company) regarding the collection of "sub-annuals" in an amount that exceeds the amount permitted by law - claims which were denied by the court and therefore will not be discussed again by the District Court, and the legal proceedings in respect thereof has ended. The class action continues to be heard in the district court. At the same time, the parties are conducting a mediation proceeding.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

⁴ The amounts were assessed by the plaintiffs in the class action statement of claim. It is noted that the amounts specified in the motion to certify the claim as a class action were different and higher and also referred to the claim of collecting sub-annuals at a higher rate than permitted under law, which, as stated, has been denied.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
2.	May 2013 Tel Aviv District Court Phoenix Insurance Approx. NIS 220 million or alternatively NIS 90 million. ⁴	The claim concerns the alleged non-payment of interest in respect of insurance benefits from the date of the insured event, or alternatively from the end of 30 days from the date on which the claim was filed and until actual payment date.	In February 2021, the District Court handed down a partial judgment, according to which it has certified the class action, in respect of any entitled party (policyholder, beneficiary or third party), who - during the period starting three years prior to the filing of the lawsuit and ending on judgment date - received insurance benefits from Phoenix Insurance (not in accordance with a judgment rendered in his case) without being duly paid interest thereon. It was also established that, for the purpose of implementing the judgment, calculation and manner of restitution, an expert will be appointed and that the class plaintiffs will be awarded legal expenses and legal fees. In November 2022, the motion for leave to appeal filed by Phoenix Insurance to the Supreme Court in connection with the partial judgment was denied, noting that the appropriate instance to hear Phoenix Insurance's claims is an appeal against the final judgment, should such an appeal be filed. The proceeding was returned to the District Court, and in accordance with the above an expert was appointed on behalf of the courts, whose identity was agreed by the parties. Concurrently, the parties are conducting a mediation proceeding, under which they reached agreements in principle and they informed the court of this. It is noted that Phoenix Insurance has an adequate provision in respect of the agreements in principal achieved.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

⁴ The amounts are those estimated by the plaintiff in the class action statement of claim - NIS 220 million (if it was ruled that interest should be calculated from the date of occurrence of the insured event) and NIS 90 million (if it is ruled that interest should be calculated starting 30 days from the delivery date of the claim). It is noted that the amounts in the motion to certify the claim as a class action were different and higher and also related to the linkage claim, which was denied.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
3.	August 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) Excellence Gemel & Hishtalmut Ltd. (currently: Phoenix Pension and Provident Fund Ltd.) The claimed amount was not estimated but it was stated as more than NIS 2.5 million.	The claim concerns an alleged increase of management fees in 2007 without issuing prior notice as required by law.	In March 2022, the court granted the motion to certify as a class action. In June 2022, Excellence Gemel filed a motion for leave to appeal against the certification ruling with the National Labor Court. The hearing of the class action by the Regional Court was delayed until a decision is made regarding the motion for leave to appeal. On May 20, 2025, the parties filed with the Court a settlement agreement approval motion. In accordance with the settlement agreement, which was filed, Phoenix Pension & Provident will pay the class members (as defined in the settlement agreement) a compensation totaling approx. NIS 55 million (cash reimbursement of NIS 46 million and the remaining balance in respect of a future benefit) and will also bear the payment of compensation to the representative plaintiff and their attorney's legal fees, at the rate agreed in the settlement agreement or at the amount, which will be ruled by the court, as well as various immaterial expenses incurred by the representative plaintiff in the course of conducting the proceeding (for further details, see the immediate report of May 20, 2025, Ref. No.: 2025-01-035332). It is noted that in respect of the said settlement agreement, Phoenix Pension & Provident has an adequate provision. The settlement agreement is subject to the Court's approval.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
4.	May 2019 Tel Aviv District Court Phoenix Insurance Approx. NIS 766.8 million.	According to the plaintiff, the claim deals with Phoenix Insurance's not paying policyholders in participating life insurance policies which include an Rm formula their full share of the profits and full payments to which they are entitled under the insurance contracts; the plaintiff also claims that Phoenix Insurance does not fulfill its reporting and disclosure obligations towards policyholders regarding their policies and rights.	The parties are in mediation. It is noted that the plaintiff stated that a similar motion to certify a claim as class action, which was filed against another insurance company, had recently been granted.
5.	July 2021 Tel Aviv District Court Phoenix Insurance The claimed amount was not estimated, but it was stated that it exceeds NIS 2.5 million.	The subject matter of the claim, according to the plaintiffs, is that the defendants deduct interest at the rate of 2.5% (or any other rate) from the monthly return accrued for policyholders to whom a monthly pension is paid under participating life insurance policies issued in 1991-2004; according to the plaintiffs, such a deduction is not established in the contractual terms and conditions of the relevant insurance policies.	The parties are in mediation.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
6.	February 2024 Tel Aviv-Jaffa Regional Labor Court Phoenix Pension and Provident Fund NIS 182 million.	The action involves the claim that Phoenix Pension and Provident acted in breach of the law and in breach of the agreement when it transferred in 2018 planholders of the study fund who joined the general track to a short-term investment track without obtaining their express written consent to said change.	In October 2025, the District Court granted the motion to certify the claim as a class action. In the certification ruling, the court held that the class on behalf of which the class action will be litigated comprises “All members of the Excellence Advanced Education fund (Phoenix Pension and Provident’s former name) who joined an advanced education fund under a general track before January 1, 2018, and were transferred to a short-term investment track at any time thereafter without obtaining their explicit consent to this change in writing.” It was also stipulated that the common questions to the class members are: Did Phoenix Pension and Provident act in contravention of the law, the bylaws, and the contract when it changed the members’ investment track, and did it violate its duties towards the planholders? Should Phoenix Pension and Provident have obtained each planholder’s explicit written consent for the track change? Did planholders suffer damage due to the move, and if so, what was its extent? Phoenix Pension and Provident Fund is expected to file a motion for leave to appeal against the certification ruling.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Material concluded claims*

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1.	February 2010 Central District Court Phoenix Insurance (and other insurance companies in a parallel case, in light of filing a consolidated class action statement of claim) Approx. NIS 1.47 billion of all defendants (including the defendants in the corresponding case), of which approx. NIS 238 million is attributed to Phoenix Insurance.⁴	The cause of the lawsuit, as approved by the District Court (in the corresponding case) was breach of insurance policies due to unlawful collection of a component entitled "policy factor" in a manner that reduced the saving amount accrued in favor of the policyholder for a period starting seven years before the claim was filed.	In June 2023, the parties filed with the Court a motion to approve a settlement agreement. According to the settlement agreement filed, the considerations paid to the class members (as defined in the settlement agreement), are: Refund at the rate of 42% in respect of the past for the "policy factor"; future discount of 50% in respect of the "policy factor"; and payment of compensation and legal fees to the representative plaintiff and his attorney (for further details, see immediate report of June 21, 2023, Ref No.: 2023-01-057877). On May 5, 2024 the Attorney General presented her position, whereby she does not object to the rate of refund to the class members in respect of the past (42%) and leaves this to the Court to decide, provided that the revaluation of the refund amounts shall be made by adding actual returns also from 2013 and thereafter; she also does not object to the future reduction of the policy factor, and leaves this to the Court to decide. Furthermore, the position included an objection and comments regarding other clauses in the settlement agreement, including the legal fees to the representative plaintiff's attorneys, the manner by which refunds will be paid to the class members, and the manner of reducing the policy factor. In June 2024, the Court heard the motion for approval of the settlement agreement, including regarding the position of the Attorney General. On August 15, 2024, a judgment was rendered by the confirming the settlement agreement filed by the parties.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

⁴ The amounts are the amounts assessed by the plaintiffs in the consolidated class action statement of claim filed in March 2019 against the defendant insurance companies sued in the corresponding case and against Phoenix. It is noted that the amounts in the motion to certify the claim as a class action were different and higher.

* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Material concluded claims* (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1. (cont.)			As part of the approval of the settlement agreement, the Court approved, among other things, the parties' agreements regarding the refund to class members in respect of the past, including the rate of refund (42%), and ruled, by the power vested in it by the parties with regard to the revaluation of the refund amounts, that a total will be added to the refund amounts, which constitutes 90% of the returns in the period starting at the beginning of 2013 and through the date of the reduction of the future collection of the policy factor; the rate of reduction of the future collection of the policy factor (50%); the legal fees of the representative plaintiff's counsels at the rate agreed in the settlement agreement; the Court also ruled that the compensation to the representative plaintiff will be paid out of the said legal fees. The proceeding was thus concluded and Phoenix Insurance works to implement the settlement agreement, subject to the following developments: As part of the implementation of the settlement agreement, several disputes arose between the parties regarding the manner of implementing the settlement agreement and its interpretation. Accordingly, the parties filed to the Court a notice regarding their preparations for the implementation of the settlement agreement and a motion for clarifications (hereinafter - the "Motion for Clarifications"). On August 14, 2025, the Attorney General submitted her position regarding the Motion for Clarifications, according to which, as a general rule, Phoenix Insurance's position as detailed in the Motion for Clarifications should be dismissed. On September 25, 2025, the court handed down a ruling in the Motion for Clarifications (for further details, see the immediate report of September 28, 2025, Ref. No.: 2025-01-072055).

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Material concluded claims* (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1. (cont.)			On October 30, 2025, the plaintiffs filed a motion for instructions to the regulator with respect to the settlement agreement's implementation. Phoenix Insurance responded to this motion, which the court has not yet ruled on.
2.	September 2015 Tel Aviv District Court Phoenix Pension (currently - Phoenix Pension and Provident Fund Ltd.) and management companies of additional pension funds. Approx. NIS 300 million per year since 2008 of all the defendants.	According to the claim, the defendants pay agents fees and commissions calculated as a percentage of the management fees charged by them, thus allegedly violating their fiduciary duties, and that, as a result, the management fees that planholders are charged are higher than the appropriate rate.	Phoenix Insurance has an adequate provision in place and the decision is therefore not expected to have a material effect on the financial statements. In November 2022, the Court denied the motion to certify the claim as a class action. In January 2023, the plaintiffs filed an appeal to the Supreme Court. On July 7, 2025, the Supreme Court handed down its judgment, which dismissed the plaintiffs' appeal.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

E. Legal and other proceedings

Following are legal and other proceedings against the Group, which are deemed material in accordance with the Reporting and Disclosure Policy. For proceedings where, in the opinion of management - which is based, among other things, on the legal opinion it has received - it is more likely than not that the Group's defense claims will be allowed and the proceeding will be dismissed, no provision was included in the financial statements.

For proceedings where it is more likely than not that the Group's defense claims will be dismissed, in whole or in part, the financial statements include provisions to cover the exposure estimated by the Group. In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group.

- A. On October 30, 2025, Phoenix Insurance received a draft audit report from the Capital Market, Insurance and Savings Authority regarding the Phoenix Insurance Board of Directors' resolution of December 2024 on the dividend in kind distribution with respect to assets totaling NIS 1.4 billion from Phoenix Insurance to the Company (hereinafter - the "**Draft Audit Report**" and the "**Authority**", respectively).

It is clarified that the Authority's claims in the Draft Audit Report do not concern Phoenix Insurance's legitimate ability to distribute dividends in kind nor the distribution's legitimacy per se, only the decision-making process. The Authority's main claims in the Draft Audit Report concern corporate governance deficiencies, such as the Nostro Investment Committee's lack of involvement in the distribution resolution; the issue of the classification of the dividend distribution in kind as a "transaction"; and conflicts of interest affecting Phoenix Insurance officers holding equity instruments in the Company and in other subsidiaries of the Company pursuant to the compensation plan. Phoenix Insurance has not yet submitted its response to the Draft Audit Report.

- B. There have been no changes in the proceedings detailed in Sections A4(c) and (d) to Note 43 to the financial statements as of December 31, 2024, which were published on March 13, 2025.
- C. The Group is a party to legal and other proceedings, which are not insurance claims, including, among other things, claims made by customers, former customers, agents and various third parties in immaterial amounts and for a total amount of approx. NIS 37.7 million. The causes of action against the Group in these proceedings are different.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

F. Public complaints and regulatory proceedings

Public complaints are filed from time to time against relevant group companies, some of which are public complaints filed with the Capital Market, Insurance and Savings Authority (hereinafter - the “**Authority**”) on various issues, including policyholders' rights under insurance policies and/or the law. These complaints are handled, inter alia, on an ongoing basis by the Public Complaints Department. The Authority's decisions in these complaints, if and to the extent they were referred to the Authority for review and a decision was rendered in respect thereof, are sometimes applicable to a group of policyholders. Before issuing a final version of its decisions, the Authority usually publishes a draft decision for comments.

In addition, under the Authority's inquiries, following complaints and/or audits on its behalf, notices are received from time to time regarding the intention to impose a financial sanction and/or demands to receive various data with respect to the various areas of activity, including with respect to the handling - by the relevant group companies - of insurance policies in the past and/or a demand to reimburse funds to groups of policyholders and/or other guidance (hereinafter - “**Regulatory Proceedings**”). Following the Regulatory Proceedings, the Authority has the power to impose financial sanctions on the relevant group companies, including, among other things, in accordance with data, which were and/or will be transferred thereto; the Authority also has the power, subject to statutory provisions, to instruct the implementation of changes with respect to actions taken, both retrospectively and prospectively.

The material Regulatory Proceedings are described in Section E above. Furthermore, additional Regulatory Proceedings are pending against the relevant group companies, which, the Company believes, do not amount to material proceedings, in light of the Reporting and Disclosure Policy, and therefore this Note does not include a narrative description of each proceeding.

In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group with respect to such public complaints and/or regulatory proceedings.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

F. Public complaints and regulatory proceedings (cont.)

In addition to the motions to certify claims as class actions filed against the Group, the legal proceedings, public complaints and regulatory proceedings, there is a general exposure which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these services inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with a long list of commercial and regulatory terms. This exposure is reflected, among other things, in the areas of pension savings and long-term insurance, including health and long-term care insurance, in which the Group operates. Insurance policies in these areas of activity are assessed over many years in which policies, regulation and legislation change and new court rulings are issued. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and the application of the changes over many years lead to an increased operational exposure. In addition, allowing new interpretations for the provisions of insurance policies and long-term pension products sometimes affects the Group's future profitability in respect of its existing portfolio, in addition to the exposure embodied in claims for compensation for customers in respect of past activity.

It is impossible to anticipate the types of claims that will be raised in this area or the exposure arising from these and other claims in connection with insurance contracts - claims which are raised through, among other things, the procedural mechanism set forth in the Class Actions Law.

In addition, some of the Group's products have long terms and are particularly complex in light of the various legislative arrangements both in the field of product management and in the field of taxation, attribution of contributions, investment management, the policyholder's employment status, his contributions, etc.

The Wage Protection Law, 1958 imposes a liability on the Group's institutional entities, in accordance with the circumstances specified in the law, in respect of employers' debts to the institutional entities, where such debts have not been repaid on time. The Group is in the process of improving the data on employers' debts and policyholders' rights, during the course of which lawsuits were filed against employers and the debts of other employers were rescheduled. The Company continues with the ongoing treatment and improvement of employers' debts in accordance with the provisions of the law.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

G. Summary table

The following table summarizes the amounts claimed in all pending motions to certify claims as class actions, certified class actions and other material claims against the Group, as noted by the plaintiffs in the statements of claim filed on their behalf. It is hereby clarified that the claimed amount does not necessarily constitute a quantification of the exposure amount assessed by the Group, since these are assessments on behalf of the plaintiffs which will be resolved as part of the legal proceedings. It is further clarified that the table below does not include proceedings that have been concluded, including proceedings that concluded after a settlement agreement was approved in respect thereof.

Type	No. of claims	Amount claimed in NIS thousand (unaudited)
<u>Certified class actions:</u>		
A specific amount was attributed to the Company	4	771,743
The claim pertains to several companies and no specific amount was attributed to the Company	2	328,000
No claim amount was specified.	4	-
<u>Pending motions to certify lawsuits as class actions:</u>		
A specific amount was attributed to the Company	11	1,998,274
The claim pertains to several companies and no specific amount was attributed to the Company	7	1,094,845
No claim amount was specified.	27	-
<u>Other material claims:</u>		
A specific amount was attributed to the Company	-	-
The claim pertains to several companies and no specific amount was attributed to the Company	-	-
No claim amount was specified.	-	-
<u>Claims and other demands</u>	16	37,711

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as detailed above as of September 30, 2025 and December 31, 2024, amounted to approx. NIS 531,446 thousand (of which a total of approx. NIS 231,882 thousand is for concluded class actions) and approx. NIS 549,943 thousand, respectively.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

A. Changes in estimates and principal assumptions used to calculate the insurance contract liabilities:

The following is a summary of the effects on the financial results and the CSM balance of the revision to assumptions pertaining to the calculation of net liabilities for reinsurance contracts:

	Effect on the insurance finance income or (expenses) line item	Effect on the CSM balance - increase (decrease) (*)
	NIS million	
	Unaudited	
For the nine-month period ended September 30, 2025:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(185)	(15)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	13	-
Effect of the revision of demographic assumptions and other changes:	-	(52)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(49)	-
	(221)	(67)
For the nine-month period ended September 30, 2024:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	233	414
Effect of the revision of demographic assumptions and other changes:	-	(362)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	15	-
Effect of the revision of demographic assumptions and other changes:	-	(265)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(22)	-
	226	(213)
For the three-month period ended September 30, 2025:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(61)	90
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	48	-
Effect of the revision of demographic assumptions and other changes:	-	-
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(37)	-
	(50)	90
For the three-month period ended September 30, 2024:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(181)	(104)
Effect of the revision of demographic assumptions and other changes:	-	(55)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	19	-
Effect of the revision of demographic assumptions and other changes:	-	-
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(55)	-
	(217)	(159)

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

A. Changes in estimates and principal assumptions used to calculate the insurance contract liabilities (cont.)

The following is a summary of the effects on the financial results and the CSM balance of the revision to assumptions pertaining to the calculation of net liabilities for reinsurance contracts (cont.):

	Effect on the insurance finance income or (expenses) line item	Effect on the CSM balance - increase (decrease) (*)
	NIS million	
	Unaudited	
For the year ended December 31 2024:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	40	22
<u>Effect of the revision of demographic assumptions and other changes:</u>		
Update of value added tax rate	-	(35)
Mortality tables assumptions	-	(319)
Cancellations study assumption	-	(548)
Revision to retirement age assumption	-	33
Other	-	(42)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(156)	-
<u>Effect of the revision of demographic assumptions and other changes:</u>		
Update of value added tax rate	-	(35)
Morbidity rate assumption	-	(111)
Cancellation rate assumption	-	223
Risk adjustment (RA)	-	(155)
Other	-	(9)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(5)	-
	(121)	(976)

* Effects of changes to interest rates and other financial assumptions (including inflation assumptions) - the effect on the CSM balance includes only the effect of changes in the interest rate curve without the effects of changes to other financial assumptions.

B. In January 2025, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**2025 Plan**"). In August and September 2025, the Company's Board of Directors approved the increase of the 2025 Plan by further cumulative amounts of NIS 200 million, such that the 2025 Plan totals NIS 300 million. During the reporting period, the Company purchased approx. 1,955 thousand shares at a total cost of approx. NIS 188 million. In addition, during the reporting period, the Company reissued treasury shares totaling approx. NIS 3,946 thousand (which were acquired in 2020 and 2021) for the share purchase transaction of Phoenix Agencies' shares. For details regarding the share purchase transaction, see Section I. Subsequent to such acquisition and allocation, the Company holds approx. NIS 9,318 thousand Company shares.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

C. Dividend

- (1) On March 12, 2025, the Company's Board of Directors approved a dividend distribution in respect of income for 2024 totaling NIS 565 million. The dividend per share of NIS 1 p.v. is NIS 2.25. The dividend was paid on March 27, 2025.
- (2) On May 28, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 230 million. The dividend per share of NIS 1 p.v. is NIS 0.91. The dividend was paid on June 22, 2025.
- (3) On August 24, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 400 million. The dividend per share of NIS 1 p.v. is NIS 1.59. The dividend was paid on September 8, 2025.
- (4) For details regarding a dividend declared subsequent to the balance sheet date, see Note 11A.

- D. On March 12, 2025, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation of options to employees of the Company and of its subsidiaries, some of whom are Company officers, and to service providers of the Company (hereinafter- the "Offerees") a total of up to approx. 183.5 thousand RSUs, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). The RSUs shall vest in three equal tranches, subject to the fulfillment of the performance conditions (as detailed in the Revised 2018 Plan) and the employee's continued employment by the Company. The fair value at the Award Date was calculated based on an appraisal received from an external appraiser, which was based on the closing price of the Company's share as of the date of approval by the Board of Directors and adjustment of the dividends expected during the vesting period, reflecting an average dividend yield rate of approx. 6% per year. The average value of one restricted share unit was estimated at approx. NIS 57.54, and the total value of the RSUs was estimated at approx. NIS 10.6 million.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- E. On March 12, 2025, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation of options to employees of the Company and of its subsidiaries, some of whom are Company officers (including the Company's CEO), and to service providers of the Company (hereinafter - the "**Offerees**") a total of up to approx. 1,324 thousand options, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). The shares that will be issued as a result of the exercise of the said options, are ordinary shares of the Company of NIS 1 p.v. each (conversion ratio 1:1). The options shall vest in three equal tranches in May of 2026-2028, subject to the fulfillment of the performance conditions (as detailed below) and the employee's continued employment by the Company. The exercise price of each option (adjusted to reflect dividends) is NIS 71.28 in respect of the first tranche, NIS 72.9 in respect of the second tranche, and NIS 74.52 in respect of the third tranche. On exercise date, the Company shall allot the exercise shares in accordance with the number of options exercised multiplied by the difference between the stock exchange price of the share on exercise date and the exercise price divided by the stock exchange price. The options include a benefit limit, whereby the maximum benefit arising to offerees from the exercise of each option shall not exceed 50% of the price of Company's share on the day before the allotment (NIS 64.80). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 97.20 for the first tranche, NIS 102.06 for the second tranche, and NIS 106.92 for the third tranche. The fair value at the Award Date is calculated based on an appraisal received from an external appraiser who used the binomial model. The average value of one option was estimated at approx. NIS 11.31, and the total value of the options was estimated at that date at approx. NIS 15 million. According to the Board of Directors' decision, a total of approx. 40 thousand options was allocated to the Company's CEO; as stated above, the allocation of options to the CEO was approved in an extraordinary general meeting of the Company held on April 21, 2025. The value of the options allocated to the Company's CEO is estimated at approx. NIS 500 thousand. The performance conditions are as detailed below:
1. Solvency ratio - in accordance with the 2018 Plan, as detailed in Note 37 to the 2024 Annual Financial Statements.
 2. Normalized earnings per share target - at a rate of at least 70% of the normalized earnings per share target set.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

F. On March 12, 2025, after approval by the Board of Directors of Phoenix Capital Partners, the Company's Board of Directors and their respective Compensation Committees, (illiquid) options were allocated to employees of Phoenix Capital Partners and other Company subsidiaries, some of whom are Company officers and to service providers of the Company (hereinafter - the "**Offerees**"); the total number of options allocated was 16 million. The options shall vest in three equal tranches. The first, second and third tranches will vest after two, three and four years, respectively. The exercise price of each option (adjusted to reflect dividends) is NIS 2.9 in respect of the first tranche, NIS 2.9 in respect of the second tranche, and NIS 3 in respect of the third tranche. The fair value is calculated based on an appraisal received from an external appraiser, which totaled approx. NIS 13 million. Out of the value of the allocation as detailed above, approx. 641 thousand options will be allocated to the Chairman of the Company's Board of Directors and 641 thousand options will be allocated to the Company's CEO. The abovementioned allocation of the options to the Company's Chair and CEO is subject to the approval of an extraordinary general meeting of the Company. On April 21, 2025, the General Meeting approved the said allocation. The calculated fair value as of each of the award dates was based on the following assumptions: The value of the underlying asset per share - in accordance with the value of Phoenix Capital Partners' share capital, as estimated by the same appraiser and the share capital as of the award date, a risk-free interest rate of 4.1% and a standard deviation of 27%. The value of the underlying asset as of the date of approval by the Board of Directors was estimated in the range of NIS 2.5 to NIS 3 per share of Phoenix Capital Partners.

G. Revision of the dividend distribution policy

On May 15, 2025, the Company's Board of Directors approved a revision to the dividend distribution policy, according to which the Company will distribute a dividend on a quarterly basis rather than on a semi-annual basis. No change was made in other aspects of the policy and, accordingly, the dividend distribution rate shall not fall below 40% of the Company's distributable comprehensive income as per its audited annual Consolidated Financial Statements for the relevant year (hereinafter - the "**Revised Policy**"). In this context, it is noted that amounts used by the Company in the execution of buyback plans are not included in dividend distributions. It is clarified that the foregoing is not intended to derogate from the Board of Directors' powers to decide not to distribute a dividend, or to distribute a dividend at rates that vary from the above, as it deems appropriate at any given time, subject to the provisions of the law.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

H. New collective agreement for the 2025-2027

On May 18, 2025, a new collective agreement was signed for the period from January 1, 2025 to December 31, 2027, between Phoenix Insurance and Phoenix Pension & Provident, which are Company subsidiaries (hereinafter jointly - the "**Subsidiaries**") and the New Histadrut Workers' Union, the MAOF Histadrut (hereinafter - "**Histadrut**") and the Workers' Committee (hereinafter - the "**Agreement**").

Under the agreement, and as part of the regulation of employee benefits upon the planned move to the new campus in Rishon LeZion, the Company will allocate - for the first time - equity compensation in the form of restricted shares to the Subsidiaries' employees who are eligible to such allocation subject to the conditions set in the Agreement, in order to encourage excellence and create an incentivized work environment in congruence with the Subsidiaries' success.

In accordance with the provisions of the Agreement, the provisions of the Subsidiaries' previous collective agreements will continue to apply during the term of the Agreement, except for changes defined in the Agreement, the key points of which are as follows: pay rises, allocation of restricted share units (RSUs), raising the minimum wage for the Subsidiaries' employees, an annual bonus subject to meeting targets, participation in lunch costs, setting provisions regarding the move to the campus and exhaustion of claims and industrial peace.

The estimated additional cost in respect of all of the agreement's years (excluding costs conditional upon meeting targets) is approx. NIS 61.6 million. The estimated cost of the annual bonuses expected to be awarded in respect of 2025, 2026 and 2027, assuming that 100% of the profit targets of the relevant years will be met is approx. NIS 83 million.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- I. On July 17, 2025, the Company signed an agreement with Yitzhak Oz (hereinafter - "**Oz**"), Chairman of the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), for the purchase of his entire holding stake in Hagoz (2015) Ltd., which has a stake of approx. 17.19% of Phoenix Agencies' shares; this agreement superseded previous agreements with Oz. The transaction includes allocation of shares and a cash payment totaling approx. NIS 763 million (which reflects a value of approx. NIS 4.4 billion for Phoenix Agencies - fully diluted). According to the Agreement, Mr. Yitzhak Oz will continue to serve as the Chairman of the Board of Phoenix Agencies, and Mr. Oren Cohen, Chairman of the Board of Oren Mizrach Agency, was appointed CEO of Phoenix Agencies. The transaction was completed on August 28, 2025, such that subsequent to the completion of the transaction the Company holds approx. 95% of Phoenix Agencies' shares. The cash consideration totals approx. NIS 390 million (including interest accrued through the transaction completion date). Mr. Oz was also allocated approx. 4 million ordinary shares of the Company of NIS 1 p.v. each at a value of NIS 96.615 (the share allocation is out of the 2020-2021 treasury shares allocation). As a result of the above, the Company reduced its equity by approx. NIS 305 million.
- J. In July 2025, the Israel Securities Authority approved the renewal of the Company's shelf prospectus, through July 7, 2027. Concurrently, the Israel Securities Authority also approved the renewal of the shelf prospectus of Phoenix Capital Raising, which is raising debt for Phoenix Insurance until July 7, 2027.
- K. In July 2025, the international rating agency Maalot reiterated Phoenix Insurance's A- international rating. The international rating agency Moody's reiterated Phoenix Insurance's existing Baa1 rating with a stable outlook.
- L. In July 2025, Maalot reiterated the Company's iIAA rating and Phoenix Insurance's iIAAA rating with a stable outlook.
- M. In August 2025, Midroog announced it was reiterating the Aaa.il rating for Phoenix Insurance's financial strength. Midroog also reiterated the Aa2.il rating with a stable outlook for Subordinated Notes (Tier 2 capital) and set a Aa3.il rating with a stable outlook for Subordinated Notes (Additional Tier 1 capital).
- N. In September 2025, employees of Phoenix Insurance and other Group companies moved from Phoenix's Beit Havered building in Givatayim (hereinafter - "**Beit Havered**") to a new campus in the HaElef Compound in Rishon LeZion. As a result of this move, the Company revised the designation of Beit Havered as investment property instead of own use property, plant, and equipment measured at fair value. Accordingly, on September 30, 2025, the Company classified the balance of property, plant, and equipment - totaling approx. NIS 500 million - from the property, plant, and equipment line item measured at fair value to the other investment property line item.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- O.** Cohen Givon Insurance Agency (1994) Ltd. (hereinafter- "**Cohen Givon**") is a company controlled by Phoenix Agencies through a 52% holding stake. In July 2025, a subsidiary of Phoenix Agencies and Mr. Ran Givon entered into an agreement for the acquisition of his entire holdings - 48% - in consideration for approx. NIS 115 million. Approx. NIS 36 million out of the outstanding consideration amount was paid in cash to Mr. Ran Givon and the remaining amount totaling approx. NIS 78 million, were recognized as a financial liability which will be paid over 4 years through December 31, 2029. In accordance with the agreement, the outstanding consideration with respect of the acquisition will be adjusted to the value of Cohen Givon's shares on the payment date. As a result of the above, the Company reduced its equity by approx. NIS 100 million.
- P.** For details regarding the issuance and repayment of financial liabilities during the reporting period, see Note 5D4.
- Q.** In connection with class actions filed and developments in lawsuits in the reporting period, see Note 9.

NOTE 11 - SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- A. On November 25, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 320 million. The dividend per share of NIS 1 p.v. is NIS 1.26. The date set for the distribution is December 3, 2025; the dividend will be paid on December 10, 2025.
- B. On November 19, 2025, Phoenix Insurance and Shapir Housing and Building Ltd. (hereinafter - "**Shapir**") signed an agreement for the sale of 15% of the shares of Ad 120 Residence for Senior Citizens Ltd. (hereinafter - "**Ad 120**") in consideration for approx. NIS 280 million. The consideration will be paid by Shapir by way of a private placement of bonds totaling approx. NIS 210 million and a loan totaling approx. NIS 70 million bearing Prime interest, which will be repaid in cash or in consideration for the issuance of Shapir shares at the end of 9 months from the transaction completion date. On November 24, 2025, the allocation of Shapir's bonds under the private placement was approved and the transaction was completed, such that subsequent to the completion of the transaction Phoenix Insurance holds approx. 32% of Ad 120's shares. In accordance with the above, during the reporting period Phoenix Insurance created a deferred tax liability of approx. NIS 50 million. In addition, the Company classified the sold portion of the investment - totaling approx. NIS 262 million - to the held-for-sale investment line item.
- C. On October 29, 2025, Phoenix Insurance notified EL AL Israel Airlines Ltd. (hereinafter - "**EL AL**") of the exercise of an option to purchase 5.1% of the issued and paid-up share capital of EL AL Frequent Flyer Ltd. (hereinafter - the "**Frequent Flyer**"), subject to obtaining regulatory approvals, insofar as they are obtained. Subsequent to exercising the option, if exercised, Gama (20%) and Phoenix Insurance will hold together 25% of the issued and paid-up share capital of Frequent Flyer. Since, in accordance with the Commissioner's Directives, an institutional investor or a group of investors, may hold up to 20% of the interest in a corporation, upon exercise of the abovementioned option, Phoenix Insurance intends, subject to a decision by its Board of Directors, to distribute to the Company - as a dividend in kind - the Frequent Flyer's shares it will hold.
- D. For details regarding the issuance and repayment of financial liabilities subsequent to the balance sheet date, see Note 5D5.
- E. In connection with class actions filed and developments in lawsuits in the reporting period, see Note 9.

Part 3

Standalone Financial Data from the Consolidated Interim Financial Statements Attributed to the Company



Yohanan Simon, Working in the Field, ca. 1939, Oil on canvas, Phoenix Collection

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To
The Shareholders of The Phoenix Financial Ltd.
Dear Madam/Sir,

Re: Special report to the review of the separate interim financial Information pursuant in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of The Phoenix Financial Ltd. ("the Company") as of September 30, 2025, and for the nine and three months periods then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion regarding the separate interim financial information based on our review.

We did not review the separate interim financial information taken from the interim information of investees, in which the total investment amounted to approximately NIS 2,141,624 thousand as of September 30, 2025, and the Company's share in of their earnings amounted to approximately NIS 190,927 thousand and NIS 50,809 thousand for the nine and three months periods then ended, respectively. The separate interim financial statements of those companies were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial statements in respect of those companies, is based on the review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is substantially less in scope than an audit performed pursuant to Israeli GAAP and, as a result, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel Aviv,
November 25, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of September 30		As of
		2025	2024	December 31
		Unaudited		2024
		NIS thousand		
Liabilities				
Loans and credit	5D	16,638,887	13,659,806	14,207,720
Liabilities for derivative instruments	5D	2,357,828	2,865,909	2,981,586
Liabilities for structured products		83,000	134,000	134,000
Payables and credit balances		2,450,832	2,120,104	2,334,776
Liabilities for current taxes		280,348	97,253	112,141
Liabilities for of yield-dependent investment contracts	3	42,721,815	29,865,923	32,751,129
Liabilities for non-yield-dependent investment contracts (*)	3	1,131,965	1,100,244	1,101,836
Total liabilities for insurance contracts	3	111,131,177	104,878,364	107,121,777
Liabilities for reinsurance contracts	3	36,235	21,634	30,162
Liabilities for employee benefits, net		78,236	79,711	84,733
Liabilities for deferred taxes		830,454	627,034	737,996
Total liabilities		177,740,777	155,449,982	161,597,856
Equity				
Share capital		317,299	315,173	315,764
Share premium		1,266,901	880,200	899,856
Treasury shares		(466,568)	(320,290)	(376,885)
Capital reserves	10I	(1,020,206)	(167,593)	(185,645)
Surplus		11,967,754	10,077,179	10,836,804
Total equity attributable to Company's shareholders	6	12,065,180	10,784,669	11,489,894
Non-controlling interests		293,923	317,489	332,858
Total equity		12,359,103	11,102,158	11,822,752
Total current liabilities and equity		190,099,880	166,552,140	173,420,608

(*) This line item includes liabilities in respect of contracts for management of guaranteed return provident funds.

Benjamin Gabbay
Chairman of the Board

Eyal Ben Simon
CEO

Eli Schwartz
EVP, CFO

Approval date of the financial statements – November 25, 2025

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Note	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited NIS thousand				
Revenues from insurance services		7,299,427	6,900,868	2,489,532	2,358,290	9,278,187
Expenses from insurance services		5,551,179	5,155,602	1,884,674	1,774,246	6,929,538
Income from insurance services before reinsurance contracts held		1,748,248	1,745,266	604,858	584,044	2,348,649
Reinsurance expenses		1,103,113	1,116,949	369,638	407,490	1,498,950
Reinsurance revenues		946,310	680,448	231,311	257,406	887,815
Net expenses from reinsurance contracts held		(156,803)	(436,501)	(138,327)	(150,084)	(611,135)
Income from insurance services	7	1,591,445	1,308,765	466,531	433,960	1,737,514
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts		10,965,209	10,360,432	4,891,756	3,564,720	13,996,077
Investment income from other investments, net						
Interest revenues calculated using the effective interest method		178,813	240,259	72,755	98,818	287,197
Losses (reversal of losses), net from impairment of financial assets		9,307	(28,194)	(7)	(13,124)	(30,166)
Other investment income, net		2,421,727	1,242,023	827,715	987,204	2,446,205
Share in earnings of equity-accounted investees		106,514	83,592	31,104	43,628	103,254
Total income from other investments, net		2,697,747	1,594,068	931,581	1,142,774	2,866,822
Total investment income, net		13,662,956	11,954,500	5,823,337	4,707,494	16,862,899
Finance expenses, net arising from insurance contracts		8,653,648	8,045,603	3,525,627	3,114,093	11,691,614
Finance income (expenses), net arising from reinsurance contracts		162,422	115,855	40,227	98,536	247,157
Increase in liabilities in respect of investment contracts due to the yield component		(3,396,511)	(3,062,661)	(1,676,101)	(1,027,712)	(3,763,568)
Net investment and finance income	8	1,775,219	962,091	661,836	664,225	1,654,874
Income, net from insurance and investment		3,366,664	2,270,856	1,128,367	1,098,185	3,392,388
Revenues from management fees		1,386,319	1,125,321	491,067	399,831	1,560,626
Revenues from Wealth & Investments		318,000	275,000	112,000	89,000	393,000
Revenues from credit and acquiring		359,616	318,822	122,884	110,530	432,213
Revenues from fees and commissions of Brokers & Advisors		577,580	480,111	201,188	170,127	645,410
Other operating expenses		1,764,467	1,560,438	601,190	563,909	2,178,695
Other revenues (expenses), net		(78,911)	(25,697)	(29,301)	(16,413)	(86,258)
Other finance expenses		507,305	386,904	175,724	151,627	491,629
Profit before income tax		3,657,496	2,497,071	1,249,291	1,135,724	3,667,055
Taxes on income		1,222,654	775,270	394,920	357,906	1,159,974
Income for the period		2,434,842	1,721,801	854,371	777,818	2,507,081
Attributable to:						
Company's shareholders		2,323,387	1,632,479	813,563	750,333	2,391,031
Non-controlling interests		111,455	89,322	40,808	27,485	116,050
Income for the period		2,434,842	1,721,801	854,371	777,818	2,507,081
Earnings per share attributable to the Company's shareholders (in NIS)						
Basic earnings						
Income from continuing operations per ordinary share of NIS 1 par value		9.24	6.47	3.22	2.98	9.51
Diluted earnings						
Income from continuing operations		9.18	6.42	3.20	2.94	9.44

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
			NIS thousand		
Income for the period	<u>2,434,842</u>	<u>1,721,801</u>	<u>854,371</u>	<u>777,818</u>	<u>2,507,081</u>
Items of other comprehensive income not subsequently carried to profit or loss:					
Revaluation of property, plant, and equipment, net	-	6,001	-	6,001	(16,279)
Income from remeasurement of defined benefit plan for employees	-	-	-	-	239
Total other comprehensive income (loss) not to be subsequently carried to profit or loss before income tax	<u>-</u>	<u>6,001</u>	<u>-</u>	<u>6,001</u>	<u>(16,040)</u>
Income tax associated with items of other comprehensive income not to be subsequently carried to profit or loss	-	(1,380)	-	(1,380)	3,702
Total other comprehensive income (loss) not to be subsequently carried to profit or loss, net of tax	<u>-</u>	<u>4,621</u>	<u>-</u>	<u>4,621</u>	<u>(12,338)</u>
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:					
Group's share in other comprehensive income (loss) of equity-accounted investees	(24,274)	12,079	(10,650)	4,520	(10,029)
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax	<u>(24,274)</u>	<u>12,079</u>	<u>(10,650)</u>	<u>4,520</u>	<u>(10,029)</u>
Total other comprehensive income (loss) for the period, net of tax	<u>(24,274)</u>	<u>16,700</u>	<u>(10,650)</u>	<u>9,141</u>	<u>(22,367)</u>
Total comprehensive income for the period	<u>2,410,568</u>	<u>1,738,501</u>	<u>843,721</u>	<u>786,959</u>	<u>2,484,714</u>
Attributable to:					
Company's shareholders	2,299,113	1,649,179	802,913	759,474	2,368,692
Non-controlling interests	111,455	89,322	40,808	27,485	116,022
Comprehensive income for the period	<u>2,410,568</u>	<u>1,738,501</u>	<u>843,721</u>	<u>786,959</u>	<u>2,484,714</u>

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders										Non-con- trolling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from trans-actions with non- controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share- based payment	Revaluation reserve	Reserve from translation differences	Total		
Unaudited NIS thousand												
Balance as of January 1, 2025 (*)	315,764	899,856	(376,885)	10,836,804	(467,819)	11,000	60,642	212,520	(1,988)	11,489,894	332,858	11,822,752
Income	-	-	-	2,323,387	-	-	-	-	-	2,323,387	111,455	2,434,842
Other comprehensive loss	-	-	-	-	-	-	-	-	(24,274)	(24,274)	-	(24,274)
Total comprehensive income (loss)	-	-	-	2,323,387	-	-	-	-	(24,274)	2,299,113	111,455	2,410,568
Share-based payment	-	62,208	-	-	-	-	28,199	-	-	90,407	-	90,407
Dividend to non- controlling interests	-	-	-	-	-	-	-	-	-	-	(91,730)	(91,730)
Acquisition of treasury shares (see Note 10B)	-	-	(188,294)	-	-	-	-	-	-	(188,294)	-	(188,294)
Exercise of employee options	1,535	22,163	-	-	-	-	(23,698)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,495	-	-	-	(2,495)	-	-	-	-
Dividend (Note 10C)	-	-	-	(1,194,932)	-	-	-	-	-	(1,194,932)	-	(1,194,932)
Acquisition of minority interests (Note 10 I and O)	-	282,674	98,611	-	(807,003)	-	-	-	-	(425,718)	(101,639)	(527,357)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	30,787	30,787
Transaction with minority interest	-	-	-	-	(5,290)	-	-	-	-	(5,290)	-	(5,290)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	12,192	12,192
Balance as of September 30, 2025	317,299	1,266,901	(466,568)	11,967,754	(1,280,112)	11,000	65,143	210,025	(26,262)	12,065,180	293,923	12,359,103

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total			
											NIS thousand		
Balance as of January 1, 2024 (*) (audited)	313,340	860,345	(193,866)	8,976,662	(395,095)	11,000	69,507	228,941	8,041	9,878,875	300,968	10,179,843	
Income	-	-	-	1,632,479	-	-	-	-	-	1,632,479	89,322	1,721,801	
Other comprehensive income	-	-	-	-	-	-	-	4,621	12,079	16,700	-	16,700	
Total comprehensive income	-	-	-	1,632,479	-	-	-	4,621	12,079	1,649,179	89,322	1,738,501	
Share-based payment	-	3,846	-	-	-	-	16,114	-	-	19,960	-	19,960	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(77,032)	(77,032)	
Acquisition of treasury shares	-	-	(126,424)	-	-	-	-	-	-	(126,424)	-	(126,424)	
Exercise of employee options	1,833	16,009	-	-	-	-	(17,842)	-	-	-	-	-	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	3,038	-	-	-	(3,038)	-	-	-	-	
Dividend	-	-	-	(535,000)	-	-	-	-	-	(535,000)	-	(535,000)	
Acquisition of minority interests	-	-	-	-	(79,410)	-	-	-	-	(79,410)	(33,432)	(112,842)	
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	15,459	15,459	
Transaction with minority interest	-	-	-	-	(22,511)	-	-	-	-	(22,511)	-	(22,511)	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	22,204	22,204	
Balance as of September 30, 2024 (unaudited)	315,173	880,200	(320,290)	10,077,179	(497,016)	11,000	67,779	230,524	20,120	10,784,669	317,489	11,102,158	

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders										Non-con- trolling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non- controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share- based payment	Revaluation reserve	Reserve from translation differences	Total		
Unaudited NIS thousand												
Balance as of July 1, 2025	316,903	950,647	(429,051)	11,553,350	(473,109)	11,000	59,220	210,866	(15,612)	12,184,214	370,104	12,554,318
Income	-	-	-	813,563	-	-	-	-	-	813,563	40,808	854,371
Other comprehensive loss	-	-	-	-	-	-	-	-	(10,650)	(10,650)	-	(10,650)
Total comprehensive income (loss)	-	-	-	813,563	-	-	-	-	(10,650)	802,913	40,808	843,721
Share-based payment	-	23,321	-	-	-	-	16,578	-	-	39,899	-	39,899
Dividend to non- controlling interests	-	-	-	-	-	-	-	-	-	-	(23,017)	(23,017)
Acquisition of treasury shares (see Note 10B)	-	-	(136,128)	-	-	-	-	-	-	(136,128)	-	(136,128)
Exercise of employee options	396	10,259	-	-	-	-	(10,655)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	841	-	-	-	(841)	-	-	-	-
Dividend (Note 10C)	-	-	-	(400,000)	-	-	-	-	-	(400,000)	-	(400,000)
Acquisition of minority interests (Note 10 I and O)	-	282,674	98,611	-	(807,003)	-	-	-	-	(425,718)	(101,639)	(527,357)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	138	138
Transaction with minority interest	-	-	-	-	-	-	-	-	-	-	4,533	4,533
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	2,996	2,996
Balance as of September 30, 2025	317,299	1,266,901	(466,568)	11,967,754	(1,280,112)	11,000	65,143	210,025	(26,262)	12,065,180	293,923	12,359,103

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders											Non-controlling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total			
Unaudited NIS thousand													
Balance as of July 1, 2024 (*)	314,728	865,504	(310,101)	9,595,813	(422,204)	11,000	72,575	226,936	15,600	10,369,851	342,638	10,712,489	
Income	-	-	-	750,333	-	-	-	-	-	750,333	27,485	777,818	
Other comprehensive income	-	-	-	-	-	-	-	4,621	4,520	9,141	-	9,141	
Total comprehensive income	-	-	-	750,333	-	-	-	4,621	4,520	759,474	27,485	786,959	
Share-based payment	-	6,869	-	-	-	-	3,476	-	-	10,345	-	10,345	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33,657)	(33,657)	
Acquisition of treasury shares	-	-	(10,189)	-	-	-	-	-	-	(10,189)	-	(10,189)	
Exercise of employee options	445	7,827	-	-	-	-	(8,272)	-	-	-	-	-	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,033	-	-	-	(1,033)	-	-	-	-	
Dividend	-	-	-	(270,000)	-	-	-	-	-	(270,000)	-	(270,000)	
Acquisition of minority interests	-	-	-	-	(74,812)	-	-	-	-	(74,812)	(26,903)	(101,715)	
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	8,027	8,027	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	(101)	(101)	
Balance as of September 30, 2024	315,173	880,200	(320,290)	10,077,179	(497,016)	11,000	67,779	230,524	20,120	10,784,669	317,489	11,102,158	

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	Attributable to Company's shareholders										Non-controlling interests	Total equity
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling shareholders	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total		
	NIS thousand											
Balance as of January 1, 2024 (*) (audited)	313,340	860,345	(193,866)	8,976,662	(395,095)	11,000	69,507	228,941	8,041	9,878,875	300,968	10,179,843
Income	-	-	-	2,391,031	-	-	-	-	-	2,391,031	116,050	2,507,081
Other comprehensive income (loss)	-	-	-	225	-	-	-	(12,535)	(10,029)	(22,339)	(28)	(22,367)
Total comprehensive income (loss)	-	-	-	2,391,256	-	-	-	(12,535)	(10,029)	2,368,692	116,022	2,484,714
Share-based payment	-	13,653	-	-	-	-	19,417	-	-	33,070	-	33,070
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(111,959)	(111,959)
Acquisition of treasury shares	-	-	(183,019)	-	-	-	-	-	-	(183,019)	-	(183,019)
Exercise of employee options	2,424	25,858	-	-	-	-	(28,282)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	3,886	-	-	-	(3,886)	-	-	-	-
Dividend	-	-	-	(535,000)	-	-	-	-	-	(535,000)	-	(535,000)
Acquisition of minority interests	-	-	-	-	(83,394)	-	-	-	-	(83,394)	(31,135)	(114,529)
Transaction with minority interest	-	-	-	-	10,670	-	-	-	-	10,670	16,819	27,489
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	24,148	24,148
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	17,995	17,995
Balance as of December 31, 2024 (unaudited)	315,764	899,856	(376,885)	10,836,804	(467,819)	11,000	60,642	212,520	(1,988)	11,489,894	332,858	11,822,752

(*) For details regarding the first-time application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2D.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

		For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
		2025	2024	2025	2024	2024
Appendix		Unaudited NIS thousand				
<u>Cash flows from operating activities</u>						
Income for the period		2,434,842	1,721,801	854,371	777,818	2,507,081
Adjustments required to present cash flows from operating activities		(a) 617,440	(1,297,447)	(319,408)	(1,531,602)	(3,208,622)
Net cash provided by (used for) operating activities		3,052,282	424,354	534,963	(753,784)	(701,541)
<u>Cash flows used for investing activities</u>						
Purchase of property, plant and equipment		(233,703)	(258,260)	(62,582)	(88,351)	(359,431)
Proceeds from disposal of property, plant and equipment		1,069	1,647	1,013	1,147	1,750
Investment in associates		(237,441)	(440,616)	(37,633)	(15,399)	(637,401)
Dividend from associates		11,135	15,978	2,619	6,904	24,276
Acquisition of consolidated companies consolidated for the first time		(b) (69,011)	(69,918)	(27,031)	(13,575)	(76,771)
Change in loans granted to associates		424	5,442	602	5,000	5,066
Proceeds from disposal of investment in associate		469,690	266,148	301,770	108,788	391,657
Disposal of intangible assets		2,148	1,881	802	594	3,220
Acquisition and capitalization of intangible assets costs		(331,603)	(414,671)	(86,504)	(93,618)	(535,721)
Net cash provided by (used for) investing activities		(387,292)	(892,369)	93,056	(88,510)	(1,183,355)
<u>Cash flows provided by financing activities</u>						
Acquisition of Company shares		(188,294)	(126,424)	(136,128)	(10,189)	(183,019)
Issuance of shares to non-controlling interests in a consolidated company		-	-	-	-	50,000
Acquisition of minority interest in a consolidated company (*)		(454,428)	(112,842)	(447,242)	(112,842)	(114,529)
Repayment of contingent liability in respect of a put option to non-controlling interests		(27,877)	(5,011)	(21,877)	-	(15,872)
Short-term credit from banks, net		(35,502)	45,445	57,977	(20,555)	239,792
Repayment of financial liabilities		(2,386,639)	(1,267,014)	(1,528,071)	(553,011)	(1,873,547)
Dividend to shareholders		(1,194,932)	(535,000)	(400,000)	(270,000)	(535,000)
Repayment of lease liability principal		(31,798)	(39,907)	(20,153)	(11,618)	(54,212)
Issuance of financial liabilities		4,332,208	2,391,535	1,344,896	1,345,106	2,623,761
Change in Repo liability, net		508,910	(766,752)	198,365	558,906	(30,756)
Dividend paid to non-controlling interests		(91,730)	(77,032)	(23,017)	(33,657)	(111,959)
Net cash provided by (used in) financing activities		429,918	(493,002)	(975,250)	892,140	(5,341)
<u>Increase (decrease) in cash and cash equivalents</u>		3,094,908	(961,017)	(347,231)	49,846	(1,890,237)
<u>Balance of cash and cash equivalents at beginning of period</u>		(d) 20,466,333	22,356,570	23,908,472	21,345,707	22,356,570
<u>Balance of cash and cash equivalents at end of period</u>		(d) 23,561,241	21,395,553	23,561,241	21,395,553	20,466,333

(*) Reclassified.

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

		For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited NIS thousand				
(a)	<u>Adjustments required to present cash flows from operating activities:</u>					
	<u>Items not involving cash flows</u>					
	Net gains on financial investments in respect of insurance contracts and yield-dependent investment contract	(10,698,003)	(8,816,468)	(4,676,294)	(2,527,872)	(13,008,517)
	Change in fair value of investment property in respect of yield-dependent contracts	-	(6,821)	-	-	(37,216)
	Net (gains) losses on other financial investments	(2,591,133)	(1,612,102)	(935,397)	(1,121,161)	(2,929,210)
	Depreciation and amortization	401,510	377,506	123,843	127,422	562,147
	Loss from disposal of property, plant and equipment	(90)	(516)	-	(516)	(606)
	Change in fair value of investment property	-	(3,409)	-	-	(5,098)
	Gain (loss) on notional disposal as a result of assuming control of an investee	(26,763)	966	-	-	966
	Change in financial liabilities	(666,336)	515,705	(995,203)	276,996	628,772
	Income tax expenses	1,222,654	775,271	394,920	357,907	1,159,974
	Share in earnings of equity-accounted investees	(106,514)	(83,592)	(31,104)	(43,628)	(103,254)
	Payroll expenses in respect of share-based payment	58,986	31,573	16,716	11,503	44,908
	<u>Changes in other on-balance sheet line items, net:</u>					
	Change in liabilities in respect of non-yield-dependent investment contracts	30,129	37,151	13,126	21,249	38,742
	Change in liabilities in respect of yield-dependent investment contracts	9,970,686	10,333,079	3,904,263	2,532,848	13,218,285
	Change in liabilities for insurance contracts	4,009,400	(1,895,854)	2,311,551	1,413,176	347,559
	Changes in liabilities for reinsurance contracts	6,073	(16,057)	3,108	5,882	(7,529)
	Change in liabilities for notes, ETFs	(51,000)	(37,000)	(22,000)	(24,000)	(37,000)
	Change in financial investments for holders of ETFs, certificates of deposit	27,000	39,000	22,000	25,000	63,000
	Change in credit assets for factoring, acquiring and financing	(348,365)	(471,370)	(340,813)	(318,233)	(677,880)
	Change in insurance contract assets	(541,207)	(101,900)	(121,004)	(109,913)	(358,457)
	Change in reinsurance contract assets	(69,500)	(216,019)	(149,771)	(130,460)	(256,913)
	Change in costs of obtaining investment management service contracts	(227,078)	(106,244)	(70,298)	(37,870)	(184,754)
	Change in liabilities for employee benefits, net	(6,503)	4,141	(18,634)	(15,893)	9,293
	Change in receivables and debit balances	(18,189)	(463,662)	(72,794)	(532,899)	(301,050)
	Change in payables and credit balances	351,061	462,095	177,204	180,368	670,400
	Change in credit for purchase of securities	(206,000)	(186,000)	(93,000)	(150,000)	(305,000)
	Change in loans granted to associates	(2,988)	(3,503)	(1,300)	(1,236)	(1,129)
	<u>Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:</u>					
	Acquisition of real estate properties	(102,032)	(60,811)	(26,071)	(26,249)	(105,263)
	Sale of financial investments, net	1,364,320	71,232	694,649	(1,159,538)	(2,206,432)
	<u>Financial investments and other investment property:</u>					
	Sales (acquisitions), net of financial investments	(169,223)	552,489	66,786	(107,794)	1,305,856
	Acquisition of real estate properties	(71,870)	(47,776)	(17,809)	(21,895)	(79,745)
	<u>Cash paid and received during the year for:</u>					
	Taxes paid	(996,543)	(518,058)	(473,696)	(270,043)	(804,415)
	Taxes received	74,958	149,507	(2,386)	115,247	150,944
	Total cash flows provided by operating activities	617,440	(1,297,447)	(319,408)	(1,531,602)	(3,208,622)

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
	NIS thousand				
(b) <u>Acquisition of consolidated companies consolidated for the first time</u>					
<u>Assets and liabilities of the consolidated companies as of acquisition date:</u>					
Working capital (excluding cash and cash equivalents)	28,466	8,467	(7,231)	(11,302)	22,264
Other financial investments	-	(3,238)	-	-	-
Property, plant and equipment, net	(1,058)	(4,190)	(511)	(873)	(4,539)
Goodwill arising from acquisition	(177,328)	(38,212)	(6,758)	(1,344)	(57,241)
Intangible assets	(65,610)	(79,386)	(16,885)	(435)	(82,958)
Deferred taxes	16,771	17,194	1,513	(313)	18,398
Minority interests	12,191	22,204	2,995	(101)	17,995
Disposal of investment in an associate	104,323	-	(394)	-	-
Financial liabilities	16,900	1,854	240	793	7,719
Liabilities for employee benefits	6	-	-	-	1,273
Financial assets	(3,672)	1,164	-	-	(3,907)
Loan from parent company	-	4,225	-	-	4,225
	<u>(69,011)</u>	<u>(69,918)</u>	<u>(27,031)</u>	<u>(13,575)</u>	<u>(76,771)</u>
(c) <u>Cash and cash equivalents</u>					
Balance of cash and cash equivalents at beginning of period:					
Cash and cash equivalents	2,742,027	3,053,023	3,937,843	2,659,974	3,053,023
Cash and cash equivalents in respect of yield-dependent contracts	<u>17,724,306</u>	<u>19,303,547</u>	<u>19,970,629</u>	<u>18,685,733</u>	<u>19,303,547</u>
	<u>20,466,333</u>	<u>22,356,570</u>	<u>23,908,472</u>	<u>21,345,707</u>	<u>22,356,570</u>
Balance of cash and cash equivalents at end of period:					
Cash and cash equivalents	2,354,790	2,386,551	2,354,790	2,386,551	2,742,027
Cash and cash equivalents in respect of yield-dependent contracts	<u>21,206,451</u>	<u>19,009,002</u>	<u>21,206,451</u>	<u>19,009,002</u>	<u>17,724,306</u>
	<u>23,561,241</u>	<u>21,395,553</u>	<u>23,561,241</u>	<u>21,395,553</u>	<u>20,466,333</u>
(d) <u>Significant non-cash activities</u>					
Recognition of right-of-use asset against a lease liability	(40,163)	(119,164)	(468)	(7,818)	(127,351)
Acquisition of minority interest against financial liability (Note 10O)	(78,219)	-	(78,219)	-	-
Acquisition of minority interest in consideration for reissuance of treasury shares (Note 10I)	(381,285)	-	(381,285)	-	-
(e) <u>Breakdown of amounts included in operating activities</u>					
Interest paid	325,690	313,137	170,851	125,250	429,465
Interest received	894,661	832,593	501,310	161,914	1,329,157
Dividend received	59,684	38,240	24,578	11,250	61,812

The accompanying notes are an integral part of the Consolidated Interim Financial Statements.

NOTE 1 - GENERAL

A. Phoenix Financial Ltd., (hereinafter - the “**Company**”) is an Israeli resident company incorporated in Israel, whose official address is 53 Derech Hashalom St., Givatayim, Israel. The Company does not have a control core. These financial statements were prepared in condensed format as of September 30, 2025 and for the nine- and three-month periods then ended (hereinafter - the “**Condensed Consolidated Interim Financial Statements**”). The comparative figures for the year ended December 31, 2024 and for the nine- and three-month periods ended September 30, 2024 were taken from the Company's Annual Financial Statements as of December 31, 2024 and from the Consolidated Interim Financial Statements as of September 30, 2024, except for the adjustments following the application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments, which were reviewed but not yet audited.

B. Definitions

The Company	- Phoenix Financial Ltd.
The Group	- Phoenix Financial Ltd. and its consolidated companies.
Phoenix Insurance	- Phoenix Insurance Company Ltd., a wholly-owned subsidiary of the Company.
Phoenix Capital Partners	Phoenix Capital Partners Ltd., a wholly-owned subsidiary of the Company; for details regarding the restructuring, see Section C.
Phoenix Investments	- Phoenix Investments and Finances Ltd., a wholly-owned subsidiary of the Company, which was merged into the Company as of January 1, 2025. For details regarding the restructuring, see Section C.
Phoenix Investment House	- Phoenix Investment House Ltd., a subsidiary of controlled by the Company.
Gama	Gama Management and Clearing Ltd., a subsidiary wholly-owned by The Company.
Phoenix Agencies	- Phoenix Insurance Agencies 1989 Ltd. - a company under the Company's control.
Phoenix Pension and Provident	- Phoenix Pension and Provident Funds Ltd., a wholly-owned subsidiary of the Company.
Phoenix Advanced Investments	- Phoenix Advanced Investments Ltd., a wholly-owned subsidiary of Phoenix Capital Partners.

NOTE 1 - GENERAL (cont.)

B. Definitions (cont.)

- Phoenix Capital Raising** - Phoenix Capital Raising (2009) Ltd., a wholly-owned subsidiary of Phoenix Insurance.
- Platinum** - Platinum Finance & Factoring Ltd., a wholly-owned subsidiary of the Company, which was merged into the Company as of January 1, 2025. For details regarding the restructuring, see Section C.
- The Commissioner** - The Commissioner of the Capital Market, Insurance and Savings.

C. Completion of the merger between Group companies

Further to Note 1D to the Company's Consolidated Annual Financial Statements as of December 31, 2024 regarding the restructuring of investment and credit management, during the reporting period the Company transferred to Phoenix Capital Partners all activities of the Wealth & Investments business carried out by Phoenix Investments prior to the merger date and a holding in several other companies. Upon completion of the merger, Phoenix Investments and Platinum ceased to exist.

In addition, the Company transferred to Gama, effective January 1, 2025, Phoenix Consumer Check Credit Ltd., which was wholly-owned by the Company, in exchange for issuance of shares.

In addition, in the reporting period, the Company transferred its 19.9% holding stake in EL AL Frequent Flyer Ltd. shares (hereinafter - "**EL AL Club**") to Gama, in consideration for issuance of shares. The transfer was carried out after the completion of the distribution of EL AL Club shares as a dividend in kind from Phoenix Insurance to the Company.

D. Acquisition of Phoenix Agencies' shares

On July 14, 2025, the Company entered into an agreement with Mr. Yitzhak Oz (hereinafter - "**Oz**" or the "**Offeree**"), Chairman of the Board of Phoenix Agencies, to acquire the entire share capital of Hagoz (2015) Ltd. (hereinafter - "**Hagoz**"), which has a stake of approx. 17.19% in Phoenix Agencies, against the allocation of Company shares and a cash payment totaling approx. NIS 763 million. For further details, see Note 10I.

NOTE 1 - GENERAL (cont.)

E. The Iron Swords War

On October 7, 2023, the Iron Swords War between the State of Israel and the Gaza-based Hamas terror organization broke out (hereinafter - the “War”), following a murderous attack by Hamas on localities in southern Israel. In addition to the War in Gaza, Israel has been involved in an armed conflict and military operational activity of varying intensities and on several fronts. The War and all of the activities on the various fronts have had an adverse effect on the Israeli economy,

Other substantial security incidents took place during the war, including Operation Rising Lion, which began with a surprise Israeli Air Force attack on strategic targets in Iran on June 13, 2025, resulting in ballistic missiles being fired into Israel, causing casualties and property damage. The Operation ended with a ceasefire on June 24, 2025.

Subsequent to the report date, on October 9, 2025, an agreement was signed between the State of Israel and Hamas terrorist organization to cease the fighting in Gaza and return the hostages, to be carried out in stages. After the agreement was signed, Hamas released all living hostages and returned some of the fallen hostages to be buried in Israel. The State of Israel released terror-related prisoners, generally halted the fighting in the Gaza Strip and withdrew to agreed borders within the Gaza Strip.

The consequences of the War and security situation were reflected in the State of Israel's credit rating downgrades by rating agencies Moody's, S&P and Fitch during 2024. Subsequent to the report date, on November 7, 2025, S&P upgraded the State of Israel's rating outlook from negative to stable.

As of the report publication date, there were no further changes in the State of Israel's credit rating following the end of the War.

At this stage, there is uncertainty as to the full implementation of the ceasefire agreement. Therefore, at this stage it is impossible to assess the probability of the War's resumption and the full scope of its effect, if any, on the Company and its results in the mid-term; however, as of the report publication date, this effect is not expected to be material.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Preparation format of the consolidated interim financial statements

The Consolidated Interim Financial Statements are prepared in accordance with IAS 34 - "Interim Financial Reporting", and in accordance with the disclosure requirements set by the Commissioner in accordance with the Financial Services Supervision Law (Insurance), 1981. In addition, the financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, insofar as these regulations apply to a corporation consolidating an insurance company.

Through December 31, 2022, the Group's consolidated financial statements were drawn up in accordance with International Financial Reporting Standards (IFRS), including in connection with the data relating to insurer consolidated subsidiaries, which meet the definition of insurer, as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010.

In accordance with requirements set by the Commissioner, the first-time application date of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments was postponed to January 1, 2025 (instead of the first-time application date set by the standard - January 1, 2023). In view of the above, in the periods commencing January 1, 2023 and through initial application in Israel, the Group's Consolidated Financial Statements were prepared in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 1970. In accordance with these provisions, these financial statements data that relate to a consolidated subsidiary, which falls within the scope of 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 Group has been applying IFRS 17 and IFRS 9 for the first time to financial statement data relating to Phoenix Insurance as stated above, and as a consequence it resumed full application of IFRS. For additional information, see Note 2D.

In preparing the condensed financial statements in accordance with the above, the Company's management is required to exercise discretion in assessments, estimates and assumptions that affect the implementation of the policy and the amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results may differ from those estimates.

The accounting policies applied in the preparation of the Consolidated Interim Financial Statements are consistent with those implemented in the preparation of the Consolidated Annual Financial Statements, except as follows:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts

As detailed in Note 2D regarding first-time application of IFRS 17, Insurance Contracts (hereinafter - "**IFRS 17**"), the Company has been applying IFRS 17 as from January 1, 2025 in accordance with the Provisions for the Transitional Period set forth in IFRS 17, including the restatement of the comparative figures for the nine- and three-month periods ended September 30, 2024 and for 2024. The following are the accounting policies based on the provisions of the IFRSs and the circular "Professional Issues Pertaining to the Application of IFRS 17 in Israel" published by the Commissioner.

1. Classification of insurance contracts and reinsurance contracts

A contract is classified as an insurance contract if it transfers to the issuing company a significant insurance risk

The Company issues insurance contracts in its ordinary course of business, in which it accepts a significant insurance risk from the policyholders. The Company determines whether it has a significant insurance risk, by comparing the benefits, which will be provided to the policyholder after an insured event, to the benefits which will be provided to the policyholder if the insured event does not occur. In addition to the significant insurance risk, some insurance contracts also transfer financial risk to the Company, such as a guaranteed rate of return.

Some of the contracts entered into by the Company have the legal form of insurance contracts 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 are contracts held by the Company under which it transfers to reinsurers a significant insurance risk relating to underlying insurance contracts. The purpose of the reinsurance contracts held is to mitigate the Company's significant insurance risk in respect of the underlying insurance contracts.

Insurance contracts are classified as contracts with direct participation features or contracts without direct participation features. Insurance contracts with direct participation features are insurance contracts, which, at the time of engagement therein:

- A. The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- B. 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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

1. Classification of insurance contracts and reinsurance contracts (cont.)

- C. 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.

All other insurance contracts and reinsurance contracts were classified as contracts without direct participation features. Some of these contracts are measured in accordance with the PAA model.

2. Separating components from insurance contracts

An insurance contract may contain one or more components, which would be within the scope of another standard if they were separate contracts. For example, insurance contracts may include:

- Investment component
- A service component in addition to the insurance contract services (hereinafter - the “**service component**”)
- Embedded derivatives

Embedded derivatives in insurance contracts will be separated and accounted for in accordance with the requirements of IFRS 9 where their economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, unless the embedded derivative itself meets the definition of an insurance contract.

An investment component represents amounts which the Company is required to repay the policyholder in all circumstances regardless of the occurrence of the insured event. A distinct investment component shall be separated from the host insurance contract and will be accounted for in accordance with IFRS 9. An investment component is distinct if it can be sold separately from the insurance component, and the investment component and the insurance component are not highly interrelated. Some of the Company's life insurance contracts include a savings component, which constitutes an investment component. The Company believes that the investment component is highly interrelated with the contract's insurance component; therefore, it is not a distinct component and is not accounted for separately from the host insurance contract. However, receipts and payments arising from the investment component are excluded from insurance revenues and insurance service expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

2. Separating components from insurance contracts (cont.)

Service components constitute a promise to transfer goods or services to the policyholder in addition to the insurance contract services. A distinct service component will be separated from the host insurance contract and accounted for in accordance with IFRS 15. A service component is distinct if the policyholder can benefit from the goods or services on their own or together with other resources that are readily available to the policyholder. A service component is not distinct if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components in the contract, and the Company provides a significant service in integrating the good or non-insurance service with the insurance components.

After separating distinct components, the Company implements IFRS 17 for all components not separated from the host insurance contract and accounts for them as a single insurance contract.

The Company did not identify any components which should be separated from the insurance contract.

3. Level of aggregation and combination of insurance contracts

Insurance contracts are classified into groups for measurement purposes. The Company determines the groups at initial recognition and may add contracts to those groups after the end of the reporting period; however, the Company does not reassess the composition of the groups in subsequent periods.

In order to determine the groups, the Company first identifies insurance contract portfolios. A portfolio comprises contracts subject to similar risks and managed together. The Company identified insurance contract portfolios in accordance with the major product lines and based on the list of insurance portfolios included in the Professional Issues Circular published by the Commissioner, excluding individual medical expenses and disability, collective medical expenses and disability and personal accidents, which is recognized as a single portfolio. Once it has identified a portfolio, the Company divides it into a minimum of the following groups, based on the expected profitability upon initial recognition:

- A group of contracts, which are onerous at initial recognition;
- A group of contracts, which at initial recognition have no significant possibility of becoming onerous subsequently (this group is negligible); and
- a group of the remaining contracts in the portfolio.

For insurance contracts to which the Company applies the PPA model, the Company assumes no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

3. Level of aggregation and combination of insurance contracts (cont.)

IFRS 17 stipulates that an entity shall not include contracts issued more than one year apart in the same group, such that each underwriting year is attributed to a separate group of insurance contracts, except for insurance contract groups for which the Company applied the fair value approach on the transition date (see Note 2D).

IFRS 17 permits the inclusion of contracts in the same group if they belong to different groups only because a law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company's relative share in compulsory motor insurance policies issued through the Pool meets this requirement; therefore, the Company opted to include its relative share in these policies in the same group as the compulsory motor insurance policies sold by the Company.

The Company sells insurance contracts, which include a number of coverage types, which would have been classified into different insurance contract groups, had they been separate insurance contracts. The lowest unit of account in IFRS 17 is the insurance contract, with all insurance coverages included therein; therefore, the Company normally allocates the insurance contract in its entirety to a single group of insurance contracts. It is only in cases where the legal form of the policy does not reflect the economic substance of the rights and obligations included in the contract that the Company separates the coverages and recognizes them as separate insurance contracts. This approach is materially different from the Company's policy under IFRS 4, whereunder the Company normally recognized and measured each coverage separately.

In addition, in certain cases the Company contracts the same policyholder (or a related party thereof) in a set or a series of insurance policies. Normally, each policy in a set or a series shall be recognized as a separate insurance contract. In certain cases, the set or series of policies reflects the economic substance of a single insurance contract. In such cases, the Company recognizes and measures such policies as a single insurance contract. When an insurance contract includes more than one insurance coverage, and the coverages would have been attributed to different insurance portfolios had they been provided under separate contracts, the Company classifies the contract as a whole in accordance with the portfolio to which the main coverage in the contract is attributed.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

3. Level of aggregation and combination of insurance contracts (cont.)

The Company exercises judgment in determining whether to separate insurance components, or to combine a set or a series of insurance contracts with the same counterparty and account for them as a single contract. The Company's judgment is based, among other things, on the interdependence between the cash flows of the insurance contracts, whether the insurance contracts expire together, and priced and sold together, and on the customer's view of the contracts as a single unit.

4. 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
- For a group of onerous contracts, when the group becomes onerous

The Company recognizes a group of reinsurance contracts held from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company defers the recognition of a group of reinsurance contracts held which provide proportionate coverage until the initial recognition of any underlying insurance contract, if that date is later than the date of commencement of the coverage period of the group of reinsurance contracts held.
- And the date on which the Company recognizes an onerous group of underlying insurance contracts if it entered into the reinsurance contract held in question as part of a group of reinsurance contracts held on or prior to that date.

The Company adds new contracts to the group during the reporting period in which the contract meets one of the abovementioned recognition criteria.

5. Cash flow for insurance acquisition

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the Group belongs.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

5. Cash flow for insurance acquisition (cont.)

The Company allocates on a systematic and rational basis:

- a) Insurance acquisition cash flows, which are directly attributable to a group of insurance contracts:
 - (i) to this group; and
 - (ii) To groups comprising insurance contracts, which are expected to arise from renewals of the Group's insurance contracts.
- b) Insurance acquisition cash flows, which are directly attributable to a portfolio of insurance contracts, which are not directly attributable to a group of insurance contracts - to groups of insurance contracts in the portfolio.

6. Contract boundary

The Company includes in the measurement of a group of insurance contracts all cash flows within the contract boundary of each contract in the group. Cash flows are within the contract boundary if they arise from substantive rights and obligations which exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with insurance services. 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 those risks.
 - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks, which relate to periods after the reassessment date.

A liability or asset relating to expected premiums or expected claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future contracts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

6. Contract boundary (cont.)

Cash flows are within the boundary of a reinsurance contracts held if they arise from substantive rights and obligations, which exist during the reporting period, in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the policyholder. A substantive right to receive services from the reinsurer ends when the reinsurer has a practical ability to reassess the risks transferred to it, and can set a new price or change the terms of the benefits, such that they fully reflect those risks, or alternatively, when the reinsurer has a substantive right to discontinue the insurance coverage.

7. Measurement model

There are three models for measuring insurance contracts:

- The general measurement model (the GMM model) – the Company applies this model for insurance contracts and reinsurance contracts, which are not measured in accordance with the VFA or PAA model. These contracts mainly include policies, which have a non-yield-dependent savings component, life insurance, and permanent health insurance, which are sold as a standalone policy, and long-term health insurance products.
- The variable fee approach (the VFA model) – the Company applies this approach to insurance contracts with direct participation features (see details under “classification of insurance contracts and reinsurance contracts” above) as well as for certain collective health insurance contracts. The Company’s insurance contracts with direct participation features are policies, which have a yield-dependent savings component, and yield-dependent immediate annuity policies.
- The premium allocation approach (the PAA model) - the Company applies this simplified approach to certain insurance and reinsurance contracts, whose coverage period is normally one year or less, and insurance contracts, which satisfied the eligibility criteria for application of the PAA model (see details under “insurance contracts measured in accordance with the PAA model”), which include P&C insurance contracts and short-term health insurance products.

8. Insurance contracts measured under the GMM or VFA model

Measurement on initial recognition

The measurement of insurance contracts upon initial recognition is identical for the GMM model and the VFA model. Upon initial recognition, the Company measures a group of insurance contracts as the total of: (a) the fulfillment cash flows, and (b) the contractual service margin (CSM).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Measurement on initial recognition (cont.)

The fulfillment cash flows include estimated future cash flows, adjusted to reflect the time value of money and the financial risks and a risk adjustment for non-financial risk.

If the fulfillment cash flows constitute in total a net inflow upon initial recognition, a CSM is recognized to fully offset the fulfillment cash flows, with no effect on profit or loss upon initial recognition. The CSM represents the unearned profit of the insurance contract, which the Company will recognize insofar as it provides services under the contract. However, if the fulfillment cash flows constitute in total a net outflow upon initial recognition, a loss is recognized immediately in the profit or loss (hereinafter - the "**Loss Component**") and the group of contracts is deemed onerous.

The CSM or Loss Component unit of account is based on groups of insurance contracts consistently with the aggregation level described above.

Subsequent measurement of fulfillment cash flows

In each reporting period, the fulfillment cash flows are measured using current estimates of the expected cash flows and current discount rates. In subsequent periods, the balance of a group of insurance contracts on each reporting date is the sum of:

- The liability for remaining coverage (LRC), which includes the fulfillment cash flows relating to future services, and any remaining CSM as of that date; and
- The liability for incurred claims (LIC), which includes the fulfillment cash flows for incurred claims (including claims incurred and not yet reported) and expenses payable.

Subsequent measurement of fulfillment cash flows

For an onerous group, the LRC is split into a Loss Component, which reflects the losses recognized in respect of an onerous group of insurance contracts and an LRC excluding a Loss Component, which reflects the balance of liability for future service. The Loss Component determines the amounts presented in profit or loss as reversals of losses on onerous groups and are consequently excluded from the determination of insurance revenue.

Subsequent measurement of CSM under the GMM model

For contracts without direct participation features, when applying the GMM model, the CSM balance at the end of the reporting period is the CSM calculated at the end of the latest reporting period adjusted to reflect the following changes:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Subsequent measurement of CSM under the GMM model (cont.)

- Effect of new contracts added to the group;
- Interest accrued on the carrying amount of the CSM, measured at nominal discount rates as of the initial recognition date;
- changes in the fulfilment cash flows relating to future service, except if:
 - The increase in fulfilment cash flows exceeds the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and forms a Loss Component.
 - The decrease in the fulfillment cash flows is carried to the Loss Component and reverses losses recognized in profit or loss in previous periods; and
- The amount recognized as insurance revenues because of the transfer of services in the period, 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.

When measuring the fulfillment 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.

Subsequent measurement of CSM under the VFA model

Contracts with direct participation features measured in accordance with the VFA model are contracts under which the Company's obligation to the policyholder is the net of:

- The obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- A variable fee in exchange for the future services provided by the insurance contract, which is the Company's share in the fair value of the underlying items net of fulfilment cash flows which do not vary based on the returns on underlying items. The Company provides investment management services under these contracts by providing a guaranteed return on investments based on underlying items, in addition to insurance coverage.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Subsequent measurement of CSM under the VFA model (cont.)

When measuring a group of contracts with direct participation features, the Company adjusts the fulfillment cash flows in respect of all changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognized in profit or loss. The Company adjusts the CSM for changes in the amount of the Company's share in the fair value of the underlying items, relating to future services, as described below.

The CSM balance at the end of the reporting period is the CSM calculated at the end of the latest reporting period adjusted to reflect the following changes:

- Effect of new contracts added to the group;
- The change in the amount of the Company's share in the fair value of the underlying items and changes in fulfillment cash flows relating to future services, except if:
 - The Company applied the risk mitigation option so as not to recognize the change in CSM to reflect changes in the effect of financial risk on the amount of its share in the underlying items or fulfillment cash flows;
 - A decrease in the amount of the Company's share in the fair value of the underlying items, or an increase in the fulfillment cash flows relating to future services, exceeds the carrying amount of the CSM, giving rise to a loss and consequently - a Loss Component; or
 - An increase in the amount of the Company's share in the fair value of the underlying items, or a decrease in the fulfillment cash flows relating to future services, is attributed to the Loss Component, and reverses losses recognized in profit or loss in previous periods; and
- The amount was recognized as insurance revenues in respect of services provided during the period.

Changes in fulfillment cash flows relating to future services include changes relating to the abovementioned future services for contracts without direct participation features (measured at current discount rates), and changes in the effect of the time value of money and financial risk, which do not arise from the underlying items.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Risk mitigation option

Under the management of its business and as part of its regulatory obligations, the Company is required to manage investment portfolios of assets held for yield-dependent insurance policies. Under such portfolios, the Company may actually hold assets, whose total amount exceeds the nominal aggregate value of the yield-dependent policies accounted for by the VFA approach, in order to hedge the effects of additional financial exposures arising from those policies, including with regard to the effect of guaranteed annuity conversion factors, all in accordance with the Company's objective and financial risk mitigation strategy.

The Company put into practice the risk mitigation alternative set in the standard with regard to changes in the fulfillment cash flows arising from changes in the time value of money and financial risks in the relevant insurance liabilities, which are hedged through those assets. Therefore, the aforementioned changes will be recognized in profit or loss under the Net finance expenses (income) from insurance contracts concurrently with the 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 to be held in practice under the participating portfolio in order to hedge the yield-dependent liabilities, if any.

As a result, at the beginning of June 2025, the Company carried out a transfer of approx. NIS 1 billion in assets from the Participating Portfolio to the Nostro Portfolio.

Subsequent measurement of loss component

For contracts, which are not measured under the PAA model, the Company creates a Loss Component of the liability in respect of the remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfillment cash flows to be recognized in profit or loss in subsequent periods as reversal of losses on onerous contracts, excluded from insurance revenues when incurred. When fulfillment cash flows are incurred, they are allocated between the Loss Component and the LRC without a Loss Component on a systematic basis.

The systematic basis is determined by the ratio between the Loss Component and the present value of the expected claims and expenses plus RA at the beginning of each period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

8. Insurance contracts measured under the GMM or VFA model (cont.)

Subsequent measurement of loss component (cont.)

Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share in the fair value of the underlying items for contracts with direct participation features are allocated solely to the Loss Component. If the Loss Component is reduced to zero, any excess exceeding the amount allocated to the Loss Component gives rise to new CSM for the group of contracts.

9. Insurance contracts measured under the PAA model

The Company may implement the Premium Allocation Approach only if upon inception of the group:

- a) The coverage period of each contract in the group is one year or less; or
- b) The Company reasonably expects that such simplification would produce a measurement of the liability for the remaining coverage period provided by the group that would not differ materially from the measurement that would result from applying the General Measurement Model.

In most property and casualty insurance portfolios, the coverage period of all contracts is up to one year. These groups of insurance contracts qualify automatically for application of the PAA model.

In respect of the remaining groups of contracts, the Company compares the liability in respect of the remaining coverage period, which will be produced from applying the PPA mode and the liability which will be produced from applying the General Measurement Model under possible future scenarios (PPA model eligibility test).

The Company has two-year personal accident policies and dental insurance policies. In accordance with the eligibility criteria implemented by the Company, these contracts qualify for application of the PAA model.

The LRC is initially measured as the total premiums received upon initial recognition net of the insurance acquisition cash flows as of that date, without adjustment in respect of the time value of money, since the premiums are usually received within one year from the date of providing the related coverage.

For insurance acquisition cash flows allocated to groups of insurance contracts measured when applying the PAA model, the Company may amortize the amount over the coverage period or recognize the amount as an expense as incurred, if the coverage period of each contract in the group does not exceed one year. This choice may be carried out at the insurance contracts group level.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

9. Insurance contracts measured under the PAA model (cont.)

For all groups of the Company's insurance contracts measured when applying the PAA model, the Company has opted to recognize the acquisition expenses directly attributable to the groups of insurance contracts in profit or loss over the coverage period in a systematic way on the basis of the passage of time.

If facts and circumstances indicate that a group of contracts is onerous upon initial recognition, loss is immediately recognized in profit or loss in respect of net payments and a Loss Component of the LRC arises in respect of the group.

Subsequent measurement

In subsequent periods, the Company measures the LRC balance at the end of each reporting period as follows:

- The LRC at the beginning of the period; plus
- Premiums received during the period; net of
- Cash flow for insurance acquisition; with an added
- Amounts recognized as amortization of insurance acquisition cash flows; net of
- Amounts recognized as insurance revenues during the period; net of
- Investment component paid or transferred to LIC.

Amounts recognized as insurance revenues during the period are based on the passage of time

If during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognizes a loss in profit or loss and an increase in the LRC up to the amount by which current estimates of the fulfillment cash flows relating to the remaining coverage (including RA) exceed the LRC balance.

The Company estimates the LIC as the fulfillment cash flows relating to incurred claims. The standard allows not to discount the future cash flows in respect of incurred claims if those cash flows are expected to be paid or received within one year or less from the date the claims are incurred. The Company does not implement the abovementioned expedient.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

10. Reinsurance contracts held measured under the GMM model

Measurement on initial recognition

The measurement of reinsurance contracts held is made by applying the principles applied for the GMM model for issued insurance contracts, subject to the adjustments detailed below. Reinsurance contracts cannot be measured using the VFA model.

Upon initial recognition, the Company recognizes profit/cost as CSM in the consolidated statements of financial position, except for several exceptions. If the net cost of reinsurance contracts held relates to insured events which occurred before the initial recognition of insurance contracts, the net cost is immediately recognized in profit or loss. Furthermore, if the underlying insurance contracts are onerous, the Company is required to recognize immediately a profit in profit or loss in respect of that portion of the claims which the Company expects to recover from reinsurance, if the Company entered into the reinsurance contract held on or before the date on which it entered into the onerous contracts (hereinafter - the **"loss recovery component"**).

The measurement of the cash flows of a reinsurance contract held is consistent with that of the underlying insurance contracts but includes an adjustment for the risk of non-performance by the reinsurer. The RA represents the risk transferred by the Company to the reinsurer.

Subsequent measurement

In subsequent periods, the book balance of a group of reinsurance contracts held is the sum of:

- The asset for remaining coverage (ARC), which includes the fulfillment cash flows relating to services, which will be received under the contract in future periods, and any remaining CSM as of that date; and
- The asset for incurred claims (AIC), which includes the fulfillment cash flows for incurred claims and expenses receivable.

The Company adjusts the CSM balance of a group of reinsurance contracts held to reflect changes in the fulfillment cash flows by applying the approach applied for issued insurance contracts, excluding:

- Revenues recognized to cover losses from onerous underlying contracts adjusts the CSM balance;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

10. Reinsurance contracts held measured under the GMM model (cont.)

Subsequent measurement (cont.)

- Reversals of the loss recovery component, up to the amount at which these reversals are not changes in the fulfillment cash flows of the group of reinsurance contracts held, also adjust the CSM; and
- Changes in the fulfillment cash flows relating to future services adjust the CSM provided that changes in fulfillment cash flows relating to a group of underlying insurance contracts also adjust the CSM.

When a loss component is recognized after initial recognition of a group of underlying insurance contracts, the recognized reinsurance income adjusts the loss recovery component of the reinsurance asset for the remaining coverage. The balance of the Loss Recovery Component may not exceed that portion of the balance of the Loss Component of the onerous group of underlying insurance contracts, which the Company expects to recover from the group of reinsurance contracts. Accordingly, the Loss Recovery Component is reduced to zero when the Loss Component of the underlying insurance contracts is reduced to zero.

11. Reinsurance contracts held measured under the PAA model

Reinsurance contracts held may be measured under the PAA model if they meet the criteria for applying the model, which are similar to the criteria for issued insurance contracts.

The Company measures reinsurance contracts held for which the PAA model is applied on the same basis as issued insurance contracts, with adjustments reflecting the features of reinsurance contracts held, which vary from those of issued insurance contracts.

If the Loss Recovery Component is recognized for a group of reinsurance contracts measured according to the PAA model, the Company adjusts the ARC balance since under the PAA model there is no CSM.

12. Derecognition and modification of terms of an insurance contract

The Company derecognizes an insurance contract when it is extinguished, i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled.

Furthermore, if a modification is made to the terms of the insurance contract, which would have substantially changed the accounting treatment applied to the insurance contract had the modified terms existed on initial recognition date (hereinafter - "**Material Modification of Terms**"), the Company derecognizes the original insurance contract and recognizes the modified contract as a new insurance contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

12. Derecognition and modification of terms of an insurance contract (cont.)

If an immaterial modification is made in the terms of the insurance contract, the Company treats changes in the cash flows arising from the modification of terms as changes in the estimated fulfillment cash flows.

13. Disclosure and presentation

The Company presented separately in the statement of financial position the balances of insurance contracts portfolios which constitute assets, and the balances of insurance contracts portfolios which constitute liabilities, portfolios of reinsurance contracts which constitute assets and portfolios of reinsurance contracts held which constitute liabilities.

Any asset in respect of insurance acquisition cash flow recognized before the respective insurance contracts were recognized is included in the related portfolio balance of the issued insurance contracts.

The Company divides the amounts recognized in the statement of income and other comprehensive income into:

- A. Insurance service results, comprising insurance revenues and insurance service expenses; and
- B. Finance income or finance expenses from insurance.

IFRS 17 does not require disaggregation of the RA between insurance service results and finance income or finance expenses from insurance. The Company opted not to apply this expedient and to disaggregate the RA between insurance service results and finance income or finance expenses from insurance. The Company presents separately revenues or expenses from reinsurance contracts held and revenues or expenses from insurance contracts issued.

Insurance service results

Insurance revenues reflect the amount to which the Company expects to be entitled in exchange for providing the services arising from a group of insurance contracts. For contracts measured in accordance with the GMM or VFA model, insurance revenues during the period is measured in accordance with the change in the LRC which relates to insurance services for which the Company expects to receive a consideration. Revenues from insurance services include:

- (a) Claims and other expected insurance service expenses incurred, excluding repayments of investment components/ premium repayment and excluding amounts allocated to the loss component;
- (b) Changes in RA excluding amounts allocated to the Loss Component;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

13. Disclosure and presentation (cont.)

Insurance service results (cont.)

- (c) CSM release based on the coverage units;
- (d) Other amounts including experience adjustments in respect of premiums relating to current or past service; and
- (e) A portion of the premiums which relate to the recovery of insurance acquisition cash flows.

For contracts measured in accordance with the PAA model, insurance revenues for each period is the amount of expected premiums receivable for the insurance services provided during the period.

Insurance service expenses arising from insurance contracts are generally recognized in profit or loss as incurred and do not include repayments of investment/premium components. Expenses from insurance services include:

- (a) Claims and other insurance service expenses incurred;
- (b) Losses and reversal of losses for groups of onerous insurance contracts
- (c) Adjustments for LIC;
- (d) Amortization of insurance acquisition cash flows; and
- (e) Impairment losses and reversals of impairment losses on assets in respect of insurance acquisition cash flows.

Amortization of the insurance acquisition cash flows, which constitutes part of the insurance service expenses, is identical to the recovery of the insurance acquisition cash flows, which constitutes part of insurance revenues for contracts measured under the GMM or VFA model. Amortization of the acquisition costs for the period is calculated based on the coverage units.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

13. Disclosure and presentation (cont.)

Insurance service results (cont.)

Expenses in respect of reinsurance contracts held include the allocation of premiums paid to the reinsurer. Revenues in respect of reinsurance contracts held includes amounts, which the Company expects to recover from the reinsurer, including recognition of the Loss Recovery Component in respect of onerous groups of insurance contracts. Reinsurance cash flows, which are contingent on claims on the underlying contracts, are treated as part of the claims, which the Company expects to recover from the reinsurer, while reinsurance cash flows, which are not contingent on claims of the underlying contracts (for example, ceding commissions) are treated as a reduction in the premium paid to the reinsurer. For reinsurance contracts measured under the GMM model, the allocation of premiums paid to the reinsurer represents the total changes to the asset for the remaining coverage relating to the services for which the Company expects to pay consideration. For insurance contracts measured under the PAA model, the allocation of premiums paid to the reinsurer is the expected amount of premium payments for receiving service during the period.

Finance income or finance expenses from insurance

Finance income or finance expenses from insurance include the change in the balance of a group of insurance contracts arising from:

- A. From the effect of the time value of money and changes in the time value of money; and
- B. The effect of financial risk and changes in financial risk, including the effect of the change in the Consumer Price Index; but
- C. Excluding any such changes for groups of insurance contracts with direct participation features, which were carried to the Loss Component and included in insurance service expenses.

For all insurance portfolios, the Company recognizes in profit or loss insurance finance income or expenses for the period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments

1. Financial assets

Financial assets are measured at initial recognition at fair value plus transaction costs that are directly attributable to the purchase of the financial asset, except for financial assets that are measured at fair value through profit or loss, for which transaction costs are carried to profit or loss.

The Company classifies and measures the debt instruments in its financial statements based on the following criteria:

- (a) The Company's business model for managing financial assets, and
- (b) Contractual cash flow characteristics of the financial asset.

The Company measures debt instruments at amortized cost when:

The Company's financial model is to hold the financial assets in order to collect contractual cash flows; furthermore, the contractual terms and conditions of the financial assets provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount.

Subsequent to initial recognition, instruments in this group are measured at amortized cost in accordance with their terms, using the effective interest method, less provision for impairment.

At initial recognition, a company may irrevocably designate a debt instrument for measurement at fair value through profit or loss if such designation eliminates or significantly reduces a measurement or recognition inconsistency, for example, when the underlying financial liability is also measured at fair value through profit or loss.

This group mainly includes debt assets, which do not back insurance portfolios.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

1. Financial assets (cont.)

Debt instruments at fair value through profit or loss

Financial assets in this category are those, which IFRS 9 requires that they are measured at fair value or which were designated to be measured at fair value through profit or loss upon initial recognition to prevent an accounting mismatch. This category includes debt instruments, the features of the cash flows of which do not meet the Principal and Interest Test or are not held under a business model whose objective is to collect contractual cash flows, or to collect contractual cash flows and to sell financial assets. Subsequent to initial recognition, the financial asset is measured at fair value; gains or losses arising from fair value adjustments are charged to profit or loss. This group mainly includes the debt assets in the Participating Portfolio managed on a fair value basis and debt assets, which back the insurance contracts (including designated bonds), and managed on a of fair value basis or designated to the fair value through profit and loss category to prevent an accounting mismatch against the insurance liabilities.

Equity instruments and other financial assets held for trading

Investments in equity instruments do not meet the projected contractual cash flow characteristics criterion and are therefore measured at fair value through profit or loss.

Other financial assets held-for-trading, including derivatives, are measured at fair value through profit or loss, unless they are designated to be used as hedging instruments and the hedging is effective in accordance with the provisions of IFRS 9.

2. Impairment of financial assets

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:

a) **ECL (expected credit loss)**

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;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

2. Impairment of financial assets (cont.)

b) Life time ECL

Debt instruments with significant deterioration in credit quality since the initial recognition date and their credit risk is not low, the provision for loss recognized will take into account the current expected credit losses - over the balance of the useful life of the instrument.

The Company has credit facilities, which are not designated to be measured at fair value through profit or loss. These credit facilities constitute commitments to advance a loan, which are accounted for as off-balance sheet liabilities, but are subject to the impairment requirements of IFRS 9.

In estimating the expected credit losses in respect of a commitment to advance a loan, the Company estimates the expected credit facility to be utilized over the expected life of the commitment. The ECL is based on the present value of the expected cash flows, which will not be received, based on a probability-weighted average of reasonably possible scenarios. The estimated expected cash flows, which will not be received, are discounted at the expected effective interest rate on the loan.

The Company has financial assets with short credit periods, such as accounts receivable for a lease, to which it applies the expedient set forth in IFRS 9, 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 applies the relief provided in IFRS 9, 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.

Furthermore, the Company estimates that when contractual payments for a debt instrument are more than 30 days past due, a significant increase in credit risk occurred, unless there is reasonable and supportable information proving that credit risk has not increased substantially.

The Company deems a financial asset to have defaulted when contractual payments for the financial asset are more than 90 days past due. However, there are situations in which the Company deems a financial asset to have defaulted when external or internal information is received whereby the Company is not expected to receive all contractual payments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

2. Impairment of financial assets (cont.)

The Company considers a financial asset not measured at fair value through profit or loss as a credit-impaired financial asset, when one or more events which have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data regarding the following events:

- A. A significant financial difficulty of the issuer or the borrower
- B. A breach of a contract such as a failure event, or a payment delay.
- C. A concession granted to the borrower due to its financial difficulties, which the lender would not otherwise grant.
- D. It is becoming probable that the borrower will enter bankruptcy or other financial restructuring.
- E. The disappearance of an active market for that financial asset because of financial difficulties
- F. The purchase or origination of a financial asset at a deep discount, which reflects the incurred credit losses.

3. Derecognition of financial assets

The Company derecognizes a financial asset if and only if:

- (a) The contractual rights to the cash flows from the financial asset have expired, or
- (b) The Company transfers substantially all the risks and rewards arising from the contractual rights to receive the cash flows from the financial asset or when some of the risks and rewards upon the transfer of the financial asset remain in the hands of the Company but the Company can be said to have transferred control over the asset, or
- (c) The Company retains the contractual rights to receive the cash flows arising from the financial asset but assumes a contractual obligation to pay these cash flows in full to a third party, without any substantial delay.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

3. Derecognition of financial assets (cont.)

If the Company transfers its rights to receive cash flows from an asset but neither transfers nor retains substantially all the risks and rewards of the asset nor transfers control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset. When continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay (the guarantee amount).

4. Financial liabilities

Financial liabilities measured at amortized cost

At initial recognition, the Company measures the financial liabilities at fair value net of transaction costs that are directly attributable to the issue of the financial liability. Subsequent to initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest method, except for:

- (a) Financial liabilities measured at fair value through profit or loss
- (b) Financial guarantee contracts;
- (c) Commitment to advance a loan at an interest rate which is lower than the market interest rate;
- (d) Contingent consideration recognized by an acquirer in a business combination that falls within the scope of IFRS 3.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include liabilities held-for-trading including derivatives and liabilities for short sale. Furthermore, they include financial liabilities, which meet certain criteria, designated upon initial recognition to the fair value through profit or loss category.

At initial recognition, the Company designates a financial liability as a liability measured at fair value through profit or loss.

At initial recognition, the Company measures these financial liabilities at fair value, and transaction costs are stated in profit or loss. Subsequent to initial recognition, changes in fair value are recognized in profit or loss, other than changes that may be attributed to changes in the credit risk of the financial liability, which are presented in other comprehensive income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

5. Derecognition of financial liabilities

The Company derecognizes a financial liability if and only if it is settled - that is to say, when the obligation established in a contract is repaid or canceled or expires.

A financial liability is extinguished when the debtor repays the liability by a cash payment, other financial assets, goods or services, or is legally released from the liability.

If the terms of an existing financial liability change, the Company assesses whether the terms of the liability are materially different than the existing terms, taking into account qualitative and quantitative considerations.

When a material change has been made to the terms of an existing financial liability or a liability has been replaced with another liability between the Company and the same lender with materially different terms, the transaction is accounted for as a derecognition of the original liability and a recognition of a new liability. The difference between the balances of the above two liabilities in the financial statements is recognized in profit or loss.

In the event that a non-material change is made to the terms of an existing liability or a liability has been replaced with another liability between the Company and the same lender with terms that do not differ materially, the Company updates the liability amount, i.e., discounts the new cash flows at the original effective interest rate, and the difference is recognized in profit or loss.

6. Embedded derivatives

In accordance with the provisions of IFRS 9, derivatives embedded into financial assets shall not be separated from a host contract. These hybrid contracts shall be measured as a whole at amortized cost or at fair value, in accordance with the criteria of the business model and the contractual cash flows.

When a host contract does not falls within the scope of the definition of financial asset, an embedded derivative is separated from the host contract and is accounted for as a derivative, if the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristics and risks of the host contract, the embedded instrument meets the definition of a derivative, and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

The need to bifurcate an embedded derivative is only reassessed if there is a change in the terms and conditions of the contract that significantly modifies the cash flows from the contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments

In May 2017, the International Accounting Standards Board (IASB) published IFRS 17, Insurance Contracts (hereinafter - "**IFRS 17**"). Furthermore, in June 2020 and December 2021, the IASB published amendments to the standard (hereinafter - "**IFRS 17**").

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes the current guidance on this issue under IFRS 4 and the directives of the Capital Market, Insurance and Savings Authority.

The first-time application date set in IFRS 17 is January 1, 2023; however, in accordance with the requirements of the Commissioner, which were published as part of the "Roadmap for the Adoption of International Financial Reporting Standard (IFRS) 17 - Insurance Contracts" (hereinafter - the "**Roadmap**"), the first-time application date of IFRS 17 in Israel was postponed to the quarterly and annual periods beginning on January 1, 2025, and the transition date is January 1, 2024.

In July 2014, the IASB published IFRS 9 regarding Financial Instruments (hereinafter - "**IFRS 9**"), which supersedes IAS 39 and sets new rules for classification and measurement of financial instruments, with an emphasis on financial assets. The first-time application date set in IFRS 9 is January 1, 2018. In September 2016, an amendment to IFRS 4 was published, which allowed entities which issue insurance contracts and meet certain prescribed criteria to postpone the adoption of IFRS 9 to January 1, 2023 (the first-time application date of IFRS 17), in order to eliminate the accounting mismatch which may arise from the application of IFRS 9 prior to the application of IFRS 17. The Company complied with the abovementioned criteria and postponed the application of IFRS 9 accordingly. Upon the deferral of the first-time application date of IFRS 17 to January 1, 2025, the Commissioner also postponed the first-time application date of IFRS 9 to January 1, 2025, accordingly.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

Due to the deferral of the first-time application date of IFRS 17 and IFRS 9 in Israel to quarterly and annual reporting periods beginning on January 1, 2025 (instead of January 1, 2023), the Company is effectively deemed a first-time adopter of International Financial Reporting Standards as defined in IFRS 1 in its quarterly financial statements and its 2025 annual financial statements; therefore, IFRS 1 applies to these financial statements. In accordance with IFRS 1, IFRS must be applied retrospectively, excluding exceptions for which specific provisions have been set. The provisions of IFRS 1 stipulate that IFRS 17's Provisions for the Transitional Period should be applied upon first-time adoption. Furthermore, IFRS 1 includes provisions with respect to the classification of financial assets, the calculation of the provision for expected credit losses and the designation of financial assets and liabilities to fair value through profit or loss upon first-time adoption.

(1) Main changes resulting from application of IFRS 17:

A. Recognition, measurement and presentation of insurance contracts

IFRS 17 sets rules for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The standard presents a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows expected to arise from the fulfillment of the contracts, explicit risk adjustment with respect to non-financial risk and CSM.

Under IFRS 17, insurance revenues (long-term life and health insurance products) in each reporting period represent the changes in liability for the remaining coverage relating to the services for which the Company expects to receive consideration and allocation of premiums relating to the recovery of insurance acquisition cash flows instead of revenues recognition based on the premiums charged during the period (gross premiums). Furthermore, investment components are no longer included in insurance revenues and insurance service expenses. These components represent amounts, which will be refunded to the policyholder in any case, even if an insured event did not take place, and constitute a kind of a deposit deposited by the policyholder. Therefore, this amount does not constitute a part of the consideration received by the Company in respect of the service, and its refund does not constitute part of the Company's expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

A. Recognition, measurement and presentation of insurance contracts (cont.)

Insurance finance income or expenses, which are included in profit or loss, are presented separately from insurance revenues and insurance service expenses. The above disaggregation shall increase transparency as to the Company's sources of income.

The Company applies the PAA model to simplify the measurement of contracts in the P&C Insurance Segment and in short-term health insurance products, except for groups of insurance contracts, which do not qualify for application of the PAA model. The measurement of the liability with respect to the remaining coverage under the PAA model is similar to the Company's previous accounting treatment under IFRS 4. However, in its measurement of liability for incurred claims, the Company includes an explicit risk adjustment for non-financial risk. In addition, the Commissioner's Directives, which cap the discount rates applicable to acquisition costs regarding insurance premium do not apply under the New Standard. Furthermore, the level of aggregation of insurance contracts for the purpose of calculating premium deficiency varies from the one applied under IFRS 4.

Previously, all acquisition expenses were recognized and presented as separate assets from the related insurance contracts ('deferred acquisition expenses') until these costs were recognized in profit or loss. Under IFRS 17, only insurance acquisition cash flows arising prior to the recognition of the associated insurance contracts are recognized as separate assets and tested for recoverability. These assets are presented in the balance of the associated portfolio of insurance contracts and derecognized when the associated contracts are recognized.

For the Company's accounting policies with respect to insurance contracts and reinsurance contracts under IFRS 17, see Section B above.

B. Transitional provisions

Changes in accounting policies arising from the application of IFRS 17 were applied retrospectively using the full retrospective application approach to the extent possible. Under the full retrospective application approach, on January 1, 2024 the Company:

- Identified, recognized and measured each group of insurance contracts and reinsurance contracts as if IFRS 17 is applied retrospectively.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

- Derecognized balances reported in the past, which would not have existed had IFRS 17 always been applied. These balances include deferred acquisition costs in respect of insurance contracts, intangible assets relating to insurance contracts and other insurance receivables and payables. Under IFRS 17, these balances are included in the measurement of insurance contracts.
- Recognized any differences in equity.

If full retrospective application for a group of insurance contracts and/or an asset in respect of insurance acquisition cash flows is impractical, the Company applied one of the following approaches:

- 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.

The Company applied the full retrospective application approach to its P&C insurance portfolios and to certain health insurance portfolios, such as travel, dental, foreign workers, and short-term personal accidents insurance policies.

The Company is of the opinion that it is impractical to apply IFRS 17 retrospectively to groups of life and health insurance contracts, for the following reasons;

- The effects of a full retrospective application cannot be determined since the required information (for example, expectations as to an insurance contract's profitability and the risk of its becoming onerous, information regarding historical cash flows and discount rates, information regarding changes in assumptions and assessments, etc.) is not collected nor available due to changing of a system, data retention requirements or other reasons.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

- 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 the discount rates and RA for previous periods where these assumptions were not required by the Company).

Therefore, the Company applied the modified retrospective approach to critical illness, life, individual and collective permanent health insurance portfolios for underwriting years 2020-2023.

In applying this approach, the Company made the following permitted adjustments for the purpose of setting the CSM on the transition date:

- a) The future cash flows of each group of insurance contracts are estimated on the initial recognition date as the amount of the future cash flows on the Group's transition date, adjusted to reflect the cash flows already known to have occurred between the initial recognition date of the said group and the transition date (including with respect to the cash flows actually incurred in respect of insurance contracts that ceased to exist before the transition date).
- b) Risk adjustment for non-financial risk (RA) is determined as of the Group's initial recognition date as the RA amount on the transition date adjusted to reflect the expected release from the risk prior to the transition date. The expected release from risk is determined with respect to the release from risk of similar insurance contracts, which the Company issues on the transition date.
- c) The CSM determined as of the initial recognition date as described above is reduced as of the transition date by comparing the coverage units provided as of the transition date and the expected remaining coverage units as of the transition date.

The Company's remaining insurance contracts groups will be measured in accordance with the FVA approach.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

The fair value approach - FVA

In accordance with the Commissioner's Directive, the assessment of the fair value of the liabilities and the reinsurance assets was carried out using the Appraisal Value method (hereinafter - "AV"). The calculations under this method were based - to the extent possible - on calculations of IFRS 17 and Solvency 2-based economic solvency regime.

In accordance with the AV approach, the fair value is calculated as the consideration that a market participant will agree to pay (or receive) for the insurance portfolio, such that the forecast of cash flows released from the capital, which the market participant is required to hold in each period until the portfolio's run-off, will yield the required return on equity of the market participant.

Following are the main assumptions underlying the valuation:

- A. Required capital: The capital requirements are based on the provisions of Solvency II in Israel. For the purpose of assessing the compensation for the Company's diversification, it is assumed that the market participant has an existing business mix similar to that of the Company. When calculating the compensation for diversification until the portfolio's run-off, the Company takes into account new future sales in accordance with its current sales mix. Furthermore, the appraisal assumes that 40% of the capital requirements are financed through Tier 2 capital instruments.
- B. Minimum economic solvency ratio target - The assumption underlying the model is that a market participant will hold capital in accordance with the minimum economic solvency ratio target set for dividend distribution. In accordance with the Commissioner's Directives, 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% spread, and the final economic solvency ratio target required from the market participant will be based on the average of the future capital targets for dividend distribution purposes of the five largest insurance companies in Israel. Accordingly, the appraisal assumes an initial capital target of 121% in the year following the transition date, which will rise to 135% at the end of 2032 and then remain constant.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(1) Main changes resulting from application of IFRS 17: (cont.)

B. Transitional provisions (cont.)

Following are the main assumptions underlying the valuation: (cont.)

- C. Target Return on Equity (TRE) The appraisal assumes a 13.6% return on equity based on the CAPM model with adjustments to reflect level of inherent risk in the Company's insurance portfolio mix.
- D. Assumption of return on the assets backing the insurance portfolio - The appraisal model assumes that the backing assets will generate a return at a risk-free interest rate plus an illiquidity premium.
- E. Expenses forecast: The cash flows in respect of the expenses allocated to the insurance portfolio for the purpose of calculating the fair value are based on the expenses included in the cash flows forecast in the Company's Solvency II calculations.

The fair value of a reinsurance portfolio is calculated as the difference between the fair value of the (gross) portfolios included in the reinsurance portfolio and the fair value of those portfolios net of reinsurance.

In accordance with the AV approach, the fair value is calculated as the consideration that a market participant will agree to pay (or receive) for the insurance portfolio, such that the forecast of cash flows released from the capital, which the market participant is required to hold in each period until the portfolio's run-off, will yield the required return on equity of the market participant.

Following are the main assumptions underlying the valuation:

In applying the fair value approach, the Company may include in a group contracts issued more than one year apart. The Company opted to apply this expedient, rather than to divide groups into those, which include only contracts issued one year or less apart.

(2) Main changes resulting from application of IFRS 9:

Classification of financial assets and financial liabilities

To determine the classification and measurement group, IFRS 9 requires that all financial assets be evaluated based on the Company's business model for managing the assets and the characteristics of the instrument's contractual cash flows. IAS 39's financial asset measurement categories (fair value through profit or loss, available for sale, held to maturity and loans and receivables) have been replaced by the following measurement categories:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(2) Main changes resulting from application of IFRS 9: (cont.)

Classification of financial assets and financial liabilities (cont.)

- Financial assets at fair value through profit or loss, including equity instruments and derivatives
- Debt instruments at fair value through other comprehensive income, with gains or losses recognized in profit or loss upon derecognition
- Equity instruments at fair value through other comprehensive income, with gains or losses not being recognized in profit or loss upon derecognition
- Debt instruments at amortized cost

Under IFRS 9, derivatives embedded in a host contract, which constitutes a financial asset within the scope of IFRS 9 are not bifurcated. Instead, the financial instrument in question is assessed in its entirety for classification purposes.

IFRS 9 did not have a material effect on the Company's accounting policies regarding the classification of financial liabilities.

Impairment of financial assets

IFRS 9 supersedes IAS 39's impairment model with a forward-looking 'expected credit losses' model. The new impairment model is applied to financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income and lease receivables. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Provisions for the Transitional Period

Changes in accounting policies resulting from first-time application of IFRS 9 were applied retrospectively, including presentation of comparative figures as of the transition date, except as specified below.

- The following assessments were made based on the facts and circumstances as of the transition date:
 - Assessment of the business model
 - Simple debt test/ SPPI test
 - Designation of financial instruments to measurement at fair value through profit or loss due to recognition or measurement inconsistency.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(2) Main changes resulting from application of IFRS 9: (cont.)

Provisions for the Transitional Period (cont.)

- Designation of investments in equity instruments to fair value through other comprehensive income.
- If a financial asset had a low credit risk on the transition date, the Company concludes that there was no substantial increase in credit risk since initial recognition.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9:

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items:

Following is the effect of the first-time application on Statement of Financial Position line items as of January 1, 2024:

		As of December 31, 2023 as previously reported	Effect of first-time application Audited NIS thousand	As of January 1, 2024, according to IFRS
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		19,303,547	-	19,303,547
Other cash and cash equivalents		3,053,023	-	3,053,023
Financial investments in respect of yield-dependent contracts measured at fair value		82,817,937	-	82,817,937
Other financial investments measured at fair value	1	14,198,423	13,468,200	27,666,623
Other financial investments measured at depreciated cost	1	16,572,861	(12,015,833)	4,557,028
Financial investments for holders of deposit certificates and structured bonds		173,000	-	173,000
Credit assets for factoring, acquiring and financing		3,700,349	-	3,700,349
Receivables and debit balances		1,047,092	(68,853)	978,239
Current tax assets		157,662	-	157,662
Insurance contract assets	6	-	407,880	407,880
Reinsurance contract assets		4,028,261	524,137	4,552,398
Equity-accounted investments		1,651,832	-	1,651,832
Investment property in respect of yield-dependent contracts		2,283,063	-	2,283,063
Investment property - other		1,238,524	-	1,238,524
Property, plant, and equipment measured at fair value		1,123,002	-	1,123,002
Other property, plant and equipment		337,390	-	337,390
Intangible assets and goodwill		3,597,868	-	3,597,868
Collectible premium	2	998,295	(998,295)	-
Deferred acquisition costs	2	1,404,972	(1,404,972)	-
Costs of obtaining investment management service contracts	3	1,281,298	-	1,281,298
Deferred tax assets		109,330	-	109,330
Credit for purchase of securities		717,000	-	717,000
Total assets		159,794,729	(87,736)	159,706,993
Total assets for yield-dependent contracts		104,769,512	-	104,769,512
Liabilities				
Loans and credit		13,044,524	-	13,044,524
Liabilities for derivative instruments		2,531,385	-	2,531,385
Payables and credit balances	4	3,669,165	(2,083,607)	1,585,558
Liabilities for current taxes		74,408	-	74,408
Liabilities for of yield-dependent investment contracts		23,787,779	-	23,787,779
Liabilities for non-yield-dependent investment contracts		1,063,093	-	1,063,093
Total liabilities for insurance contracts	7	103,719,615	3,054,603	106,774,218
Liabilities for reinsurance contracts			37,691	37,691
Liabilities for employee benefits, net		74,406	-	74,406
Liabilities for deferred taxes	8	764,322	(381,234)	383,088
Liabilities for structured products		171,000	-	171,000
Total liabilities		148,899,697	627,453	149,527,150
Equity				
Share capital		313,340	-	313,340
Share premium		860,345	-	860,345
Capital reserves	5	1,101,414	(1,179,020)	(77,606)
Treasury shares		(193,866)	-	(193,866)
Surplus		8,499,062	477,600	8,976,662
Total equity attributable to Company's shareholders		10,580,295	(701,420)	9,878,875
Non-controlling interests		314,737	(13,769)	300,968
Total equity		10,895,032	(715,189)	10,179,843

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

Following is the effect of the first-time application on Statement of Financial Position line items as of September 30, 2024:

		As of September 30, 2024, as previously reported	Effect of first-time application Unaudited NIS thousand	As of September 30, 2024, in accordance with IFRSs
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		19,009,002	-	19,009,002
Other cash and cash equivalents		2,386,551	-	2,386,551
Financial investments in respect of yield-dependent contracts measured at fair value		87,308,239	-	87,308,239
Other financial investments measured at fair value	1	15,064,482	13,014,672	28,079,154
Other financial investments measured at depreciated cost	1	16,381,928	(11,780,880)	4,601,048
Financial investments for holders of certificates of deposit and structured bonds		134,000	-	134,000
Receivables and debit balances		1,471,140	(41,093)	1,430,047
Current tax assets		30,842	-	30,842
Insurance contract assets	6	-	509,780	509,780
Reinsurance contract assets		4,083,740	684,677	4,768,417
Credit assets for factoring, acquiring and financing		4,763,724	-	4,763,724
Equity-accounted investments		1,939,853	-	1,939,853
Investment property in respect of yield-dependent contracts		2,350,695	-	2,350,695
Investment property - other		1,291,056	-	1,291,056
Property, plant, and equipment measured at fair value		1,321,986	-	1,321,986
Other property, plant and equipment		404,930	-	404,930
Credit for purchase of securities		903,000	-	903,000
Intangible assets and goodwill		3,837,512	-	3,837,512
Collectible premium	2	973,628	(973,628)	-
Deferred acquisition costs	2	1,432,651	(1,432,651)	-
Costs of obtaining investment management service contracts	3	1,387,543	-	1,387,543
Deferred tax assets		94,761	-	94,761
Total assets		166,571,263	(19,123)	166,552,140
Total assets for yield-dependent contracts		108,924,003	-	108,924,003
Liabilities				
Loans and credit		13,659,806	-	13,659,806
Liabilities for derivative instruments		2,865,909	-	2,865,909
Liabilities for structured products		134,000	-	134,000
Payables and credit balances	4	3,835,194	(1,715,090)	2,120,104
Liabilities for current taxes		97,253	-	97,253
Liabilities for of yield-dependent investment contracts		29,594,328	271,595	29,865,923
Liabilities for non-yield-dependent investment contracts		1,100,244	-	1,100,244
Total liabilities for insurance contracts	7	102,939,614	1,938,750	104,878,364
Liabilities for reinsurance contracts		-	21,634	21,634
Liabilities for employee benefits, net		79,711	-	79,711
Liabilities for deferred taxes	8	819,406	(192,372)	627,034
Total liabilities		155,125,465	324,517	155,449,982
Equity				
Share capital		315,173	-	315,173
Share premium		880,200	-	880,200
Treasury shares		(320,290)	-	(320,290)
Capital reserves	5	1,167,438	(1,335,031)	(167,593)
Surplus		9,078,746	998,433	10,077,179
Total equity attributable to Company's shareholders		11,121,267	(336,598)	10,784,669
Non-controlling interests		324,531	(7,042)	317,489
Total equity		11,445,798	(343,640)	11,102,158

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)**(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)**

Following is the effect of the first-time application on Statement of Financial Position line items as of December 31, 2024:

		As of December 31, 2024 as previously reported	Effect of first-time application	As of December 31, 2024, according to IFRS
		Audited	Unaudited	Unaudited
		NIS thousand		
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		17,724,306	-	17,724,306
Other cash and cash equivalents		2,742,027	-	2,742,027
Financial investments in respect of yield-dependent contracts measured at fair value		93,777,952	-	93,777,952
1	Other financial investments measured at fair value	15,932,536	12,850,429	28,782,965
1	Other financial investments measured at depreciated cost	15,872,959	(11,415,537)	4,457,422
Financial investments for holders of deposit certificates and structured bonds		110,000	-	110,000
Receivables and debit balances		1,334,092	(35,870)	1,298,222
Current tax assets		32,686	-	32,686
6	Insurance contract assets	-	766,337	766,337
Reinsurance contract assets		3,917,402	891,909	4,809,311
Credit assets for factoring, acquiring and financing		4,970,234	-	4,970,234
Equity-accounted investments		2,002,294	-	2,002,294
Investment property in respect of yield-dependent contracts		2,425,542	-	2,425,542
Investment property - other		1,323,367	-	1,323,367
Property, plant, and equipment measured at fair value		1,388,725	-	1,388,725
Other property, plant and equipment		386,787	-	386,787
Credit for purchase of securities		1,022,000	-	1,022,000
Intangible assets and goodwill		3,832,394	-	3,832,394
2	Collectible premium	825,140	(825,140)	-
2	Deferred acquisition costs	1,381,910	(1,381,910)	-
3	Costs of obtaining investment management service contracts	1,466,053	-	1,466,053
Deferred tax assets		101,984	-	101,984
Total assets		172,570,390	850,218	173,420,608
Total assets for yield-dependent contracts		114,264,373	-	114,264,373
Liabilities				
Loans and credit		14,207,720	-	14,207,720
Liabilities for derivative instruments		2,981,586	-	2,981,586
Liabilities for structured products		134,000	-	134,000
4	Payables and credit balances	4,129,300	(1,794,524)	2,334,776
Liabilities for current taxes		112,141	-	112,141
Liabilities for of yield-dependent investment contracts		32,422,762	328,367	32,751,129
Liabilities for non-yield-dependent investment contracts		1,101,836	-	1,101,836
7	Total liabilities for insurance contracts	104,167,924	2,953,853	107,121,777
Liabilities for reinsurance contracts		-	30,162	30,162
Liabilities for employee benefits, net		84,733	-	84,733
8	Liabilities for deferred taxes	975,977	(237,981)	737,996
Total liabilities		160,317,979	1,279,877	161,597,856
Equity				
Share capital		315,764	-	315,764
Share premium		899,856	-	899,856
5	Treasury shares	(376,885)	-	(376,885)
Capital reserves		1,284,710	(1,470,355)	(185,645)
Surplus		9,785,999	1,050,805	10,836,804
Total equity attributable to Company's shareholders		11,909,444	(419,550)	11,489,894
Non-controlling interests		342,967	(10,109)	332,858
Total equity		12,252,411	(429,659)	11,822,752

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

1. Most of the change arises from revaluation to fair value of designated bonds instead of measurement at adjusted cost. In addition, other financial investments measured at amortized cost include a balance of credit losses totaling approx. NIS 15 million, which are fully allocated to the Other Equity Returns Segment.
2. In accordance with IFRS 17, the collectible premium balance is included in the estimated future cash flows in respect of insurance contracts and therefore it was included in the liabilities for insurance contracts line item. Deferred acquisition costs attributable to long-term products in the Life and Health Insurance Segment were derecognized on the transition date against a decrease in equity. As from 2024, deferred acquisition expenses attributed to insurance contracts policies will be included in the measurement of the insurance contracts as part of the present value of the future cash flows and will reduce the value of the CSM.
3. Costs of obtaining investment management service contracts constitute deferred acquisition expenses in respect of investment contracts.
4. In accordance with IFRS 17, reinsurers' deposits are included in the estimated future cash flows in respect of the reinsurance contracts and therefore they were included in the reinsurance assets line item.
5. Capital reserve for available-for-sale financial assets was classified to retained earnings. Financial investments measured at fair value through other comprehensive income in accordance with IAS 39 will be measured at fair value through profit and loss under IFRS 9.
6. The recognition of insurance assets arises from the measurement of life and critical illness insurance portfolios in accordance with the present value of the estimated future cash flows, which constitutes an asset, less the RA and CSM representing an unrecognized future income. For details regarding the measurement method, see Note 2B.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

7. The revaluation of liabilities for insurance contracts is mainly due to the recognition of CSM and RA and the transition to discounting the liabilities based on a risk-free interest.
8. As of the report publication date, the 2025 sectoral tax agreement has not yet been finalized, which also includes the effect of the Standards' initial application on the transition date for income tax purposes (January 1, 2025); therefore, the tax calculations in respect of the abovementioned effects of first-time application were recorded against deferred taxes.

Disclosure regarding the contractual service margin (CSM) and risk adjustment (RA) as of January 1, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Audited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	3,496,844	7,929,334	-	11,426,178
Contractual service margin (CSM), reinsurance	450,942	1,259,454	-	1,710,396
Contractual service margin (CSM), net	3,045,902	6,669,880	-	9,715,782
Risk adjustment (RA)				
Risk adjustment (RA), gross	762,963	1,152,464	493,199	2,408,626
Risk adjustment (RA), reinsurance	108,606	233,846	198,008	540,460
Risk adjustment (RA), net	654,357	918,618	295,191	1,868,166

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

Disclosure regarding contractual service margin (CSM) and risk adjustment (RA) as of September 30, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Unaudited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	3,745,668	7,461,488	-	11,207,156
Contractual service margin (CSM), reinsurance	493,144	1,162,375	-	1,655,519
Contractual service margin (CSM), net	3,252,524	6,299,113	-	9,551,637
Risk adjustment (RA)				
Risk adjustment (RA), gross	671,231	1,424,987	514,125	2,610,343
Risk adjustment (RA), reinsurance	108,066	297,540	198,121	603,727
Risk adjustment (RA), net	563,165	1,127,447	316,004	2,006,616

Disclosure regarding contractual service margin (CSM) and risk adjustment (RA) as of December 31, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Unaudited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	2,870,583	7,734,429	-	10,605,012
Contractual service margin (CSM), reinsurance	485,709	1,282,277	-	1,767,986
Contractual service margin (CSM), net	2,384,874	6,452,152	-	8,837,026
Risk adjustment (RA)				
Risk adjustment (RA), gross	683,373	1,377,065	505,434	2,565,872
Risk adjustment (RA), reinsurance	94,934	313,806	200,628	609,368
Risk adjustment (RA), net	588,439	1,063,259	304,806	1,956,504

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(a) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Financial Position line items: (cont.)

Life Insurance and Long-Term Savings Segment

Out of the said balances as of January 1, 2024, the share of CSM and RA attributed to savings portfolios, gross including the premium collected to cover the risk included in those portfolios totals approx. NIS 2 billion and approx. NIS 0.5 billion, respectively. The remaining CSM and RA balances are for life insurance risk products.

Health Insurance Segment

Out of the said balances as of January 1, 2024, the portion of the CSM and RA attributed to the individual LTC portfolio (a subsegment the Company has discontinued), net of reinsurance, totals approx. NIS 1.9 billion and a total of approx. NIS 0.5 billion, respectively. The remaining CSM and RA balances are in respect of medical expenses and critical illness. On June 30, 2024, the Company reclassified approx. NIS 300 million from CSM to RA for the individual long-term care portfolio. The reclassification was carried out following the publication of a draft revised circular by the Capital Market Authority according to which RA should be calculated in the individual long-term care portfolio before the effect of diversification.

Property and Casualty Segment

Most of the RA balance in this segment is in respect of the compulsory motor and liability subsegments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(b) Effect of first-time application of IFRS 17 and IFRS 9 on comprehensive income:

	For the nine-month period ended September 30, 2024	For the three-month period ended September 30, 2024	For the year ended December 31, 2024
	NIS thousand		
	Unaudited		
Comprehensive income after tax, as previously reported	1,366,952	644,812	2,199,184
Adjustments to comprehensive income following the transition to IFRS 17 and IFRS 9:			
Insurance contracts (1)	785,863	121,395	457,092
Financial instruments (2)	(225,452)	96,450	(28,310)
Tax effect	(188,862)	(75,698)	(143,252)
Comprehensive income according to IFRS 17 and IFRS 9:	1,738,501	786,959	2,484,714

1. Insurance contracts

- A. Under IFRS 17, the long-term life and health insurance revenues recognized in the period are measured in accordance with the amount of decrease in the LRC arising from the service provided during the period instead of revenue recognition based on the premium charged during the period and the fact that investment components/premium refunds in the savings policies are not recognized in insurance revenue.
- B. Under IFRS 17, all insurance contracts are measured by discounting the future cash flows required to fulfill insurance contracts using current discount rates; on the other hand, under IFRS 4, the risk-free discount rate plus the illiquidity premium was used to discount only part of the liability for insurance contracts such as insurance liabilities in the Property and Casualty Segment, and in respect of the liability adequacy test (LAT).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(b) Effect of first-time application of IFRS 17 and IFRS 9 on comprehensive income: (cont.)

1. Insurance contracts (cont.)

- C. The long-term life and health reinsurance expenses recognized during the period are measured in accordance with the amount of the decrease in the ARC arising from the service provided during the period instead of recognition of the expense based on the premium charged during the period and due to reinsurance commissions, whose amount is not derived from the claims for the underlying contracts, and which are presented as a decrease in expenses for reinsurance.
- D. Changes in actuarial assumptions pertaining to future service are adjusted against the CSM (until it is reduced to zero) and recognized in profit and loss over the coverage period, compared to immediate recognition in profit and loss under IFRS 4.

2. Financial instruments

The changes due to the implementation of IFRS 9 arise mainly from the measurement of designated bonds and other financial assets at fair value through profit or loss, instead of measuring some of these financial assets at amortized cost in accordance with IAS 39. In addition, there is an immaterial effect of the provision for credit losses due to the implementation of the new model for recognition of expected credit losses.

- 3. For further details regarding the measurement method in accordance with IFRS 17 and IFRS 9, see Note 2B.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(c) Transition from IAS 39 to IFRS 9:

Following is the effect of the transition on each class of financial assets as of January 1, 2024:

	Measurement in accordance with IAS 39 Category	Amount Audited NIS thousand	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
						Audited NIS thousand	
Financial investments held against yield-dependent contracts	Fair value through profit or loss	82,817,937	-	-	-	82,817,937	Fair value through profit or loss
<u>Other financial investments:</u>							
Illiquid debt instruments (*)	Amortized cost	16,572,861	(12,000,833)	(15,000)	-	4,557,028	Amortized cost
Illiquid debt instruments (*)	Fair value through profit and loss	21,060	12,000,833	-	1,467,367	13,489,260	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss	5,773,437	-	-	-	5,773,437	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	2,287,592	-	-	-	2,287,592	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss	6,116,334	-	-	-	6,116,334	Fair value through profit and loss
Total other financial investments		30,771,284	-	(15,000)	1,467,367	32,223,651	

(*) Reclassified, with respect to published figures of illiquid financial assets which are measured at amortized cost and illiquid financial assets which are measured at fair value. For further details, see Section F below.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)**(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)****(c) Transition from IAS 39 to IFRS 9: (cont.)**

Following is the effect of the transition on each class of financial assets as of September 30, 2024:

	Measurement in accordance with IAS 39 Category	Amount	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
		Unaudited				Unaudited	
	NIS thousand						
Financial investments held against yield-dependent contracts	Fair value through profit or loss	87,308,239	-	-	-	87,308,239	Fair value through profit or loss
<u>Other financial investments:</u>							
Illiquid debt instruments	Amortized cost	16,380,435	(11,764,387)	(15,000)	-	4,601,048	Amortized cost
	Fair value through profit and loss	22,620	11,764,387	-	1,248,792	13,035,799	Fair value through profit and loss
Illiquid debt instruments	Available for sale / fair value through profit and loss	6,120,340	-	-	-	6,120,340	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss	2,874,943	-	-	-	2,874,943	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	6,048,072	-	-	-	6,048,072	Fair value through profit and loss
Other investments							
Total other financial investments		<u>31,446,410</u>	<u>-</u>	<u>(15,000)</u>	<u>1,248,792</u>	<u>32,680,202</u>	

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. First-time application of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (cont.)

(3) Effect of first-time application of IFRS 17 and IFRS 9: (cont.)

(c) Transition from IAS 39 to IFRS 9: (cont.)

Following is the effect of the transition on each class of financial assets as of December 31, 2024:

	Measurement in accordance with IAS 39 Category	Amount Unaudited NIS thousand	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount Unaudited NIS thousand	Category
Financial investments held against yield-dependent contracts	Fair value through profit or loss	93,777,952	-	-	-	93,777,952	Fair value through profit or loss
<u>Other financial investments:</u>							
Illiquid debt instruments	Amortized cost	15,872,959	(11,400,537)	(15,000)	-	4,457,422	Amortized cost
Illiquid debt instruments	Fair value through profit and loss	32,081	11,400,537	-	1,449,892	12,882,510	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss	6,414,692	-	-	-	6,414,692	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	3,006,488	-	-	-	3,006,488	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss	6,479,275	-	-	-	6,479,275	Fair value through profit and loss
Total other financial investments		<u>31,805,495</u>	<u>-</u>	<u>(15,000)</u>	<u>1,449,892</u>	<u>33,240,387</u>	

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments

1. Insurance contracts

Fulfillment cash flows

Fulfillment cash flows include:

- Estimated future cash flows;
- An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- Risk adjustment in respect of non-financial risk

The Company's goal in estimating the future cash flows is to determine the expected value of a full range of possible outcomes. The Company primarily uses deterministic forecasts to estimate the present value of the future cash flows.

Estimated future cash flows

In estimating future cash flows the Company makes unbiased use of all reasonable and supportable information available at the reporting date without undue cost or effort. This information includes internal and external historical data regarding claims and other experience, revised to reflect current expectations regarding future events.

The estimated future cash flows reflect the Company's perspective regarding current conditions as of the reporting date, provided that the estimates of relevant market variables are consistent with observable market prices.

When estimating the future cash flows, the Controller takes into account current expectations of future events, which may affect those cash flows. However, the Company shall not take into account current expectations of future changes in legislation, which would change or discharge the present obligation or create new obligations under existing insurance contracts until the change in legislation is virtually certain.

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract. These cash flows include payments to (or on behalf of) a policyholder, insurance acquisition cash flows and other costs incurred in the fulfillment of the contract.

Insurance acquisition cash flows arise from selling, underwriting and starting a group of insurance contracts, which are directly attributable to the portfolio of insurance contracts to which the group belongs. Other costs incurred in the fulfillment of the contracts include:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows (cont.)

- Claims handling costs, policy management and maintenance costs;
- Current commissions to agents received on the basis of premium collection (recurring commissions);
- Costs incurred by the Company in respect of the provision of investment management services;
- Costs, which the Company will incur in performing investment activities to the extent that the entity performs them to enhance benefits from insurance coverage for policyholders. Investment activities enhance benefits from insurance coverage if the entity performs those activities expecting to generate an investment return from which policyholders will benefit if an insured event occurs; and

Insurance acquisition cash flows and other costs incurred in the fulfillment of the contract include direct costs and an allocation of fixed and variable overheads.

Contract boundary

The assessment of the contract boundary, which defines which cash flows are included in the measurement of a contract, requires the exercising of judgment and taking into consideration the Company's substantive rights and obligations under the contract.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Contract boundary (cont.)

Following are the contract boundary of material policies, which were identified:

A. Individual health insurance policies issued from 2016 and thereafter

As part of the reform, which came into effect on February 1, 2016 it was stipulated that the insurance period in individual health insurance policies will be two years, and the policy will be renewed every two years on a fixed renewal date, without the need to undergo a medical assessment or a further qualification period. Changes to the policy's tariffs and/or terms and conditions shall be made subject to the approval of The Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**"). By virtue of Insurance Circular 2022-1-13 regarding "Tariff Updating in Renewable Health Insurance Policies", which was published on September 20, 2022, the insurance companies may - subject to compliance with certain conditions - revise the premium in renewable health insurance policies without being required to receive the Commissioner's approval. Through the publication date of the circular, the Commissioner did not grant approvals for changes in tariffs in respect of existing coverages. In addition, the circular caps the rate of premium revision at the rate of the loss ratio (LR), which ranges between 75% to 85%, depending on the calculation method and the size of the Company. Therefore, it is impossible to say that there is a practical ability to reassess the portfolio's risks and accordingly to set a new price, which fully reflects those risks. Accordingly, the periods subsequent to fixed renewal date are included in the contract boundary.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Contract boundary (cont.)

B. Life insurance policies, which include a savings component without a guaranteed annuity conversion factor on the policy issuance date

Life insurance policies, which include a savings component to the retirement age and permanent health insurance and/or life insurance coverage are insurance contracts, which often also provide an additional pension insurability (hereinafter - the “**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. Subsequent to its exercise, the Annuity Option shall be recognized as a new insurance contract in accordance with the standard’s recognition rules.

C. Reinsurance contracts held

In accordance with IFRS 17, except for cash flows in respect of underlying contracts transferred to the reinsurer as of the balance sheet date, the reinsurance contract boundary may also include cash flows in respect of underlying contracts, which the Company expects to sell (and deliver to the reinsurance) in the reporting period, if the Company and the reinsurer do not have the right to cancel or reprice the obligation to deliver those futures.

Key assumptions used in the Life and Health Segment

A. Mortality and morbidity rates

- 1) Active mortality – based on the CMI Series 2000 standard British mortality table, adjusted to reflect the Company’s claims history in accordance with periodic mortality studies for the relevant products.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Key assumptions used in the Life and Health Segment (cont.)

A. Mortality and morbidity rates (cont.)

- 2) Mortality of pensioners (with respect to annuity recipients) - in accordance with the riders and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the amendment of the provisions of the Circular Provisions on Measuring Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 27, 2024. An increase in the mortality rate assumption, due to an increase in actual mortality rates to a level, which is higher than the current level, will result in an increase in the estimated future cash flows in respect of the policyholders' death before they reach retirement age and a decrease in the estimated future cash flows in respect of lifetime annuities. It is noted that in recent decades, there has been a reversal of the trajectory - of increasing life expectancy and lower mortality rates. The mortality assumption used to calculate the estimated future cash flows takes into account an assumption in respect of a future increase in life expectancy.
- 3) Morbidity rates refer to the prevalence of claims for morbidity from critical illnesses, PHI, long-term care, surgery and hospitalization, accidental disability, etc. These rates are determined based on the Company's experience or studies by reinsurers. In the long-term care and PHI Subsegments, the annuity payment period is based on Company's experience or studies of reinsurers.
- 4) The higher the assumption regarding the morbidity rate, the higher the estimated future cash flows due to morbidity from critical illnesses, permanent health insurance, long-term care, surgery and hospitalization, and accidental disability insurance.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Key assumptions used in the Life and Health Segment (cont.)

B. Annuity takeup rate

In respect of funds deposited through 2008, life insurance contracts, which include a savings component, were managed under two tracks: equity or annuity. In some of the contracts, the policyholder may select the track at the retirement date. Since the estimated future cash flows differs in each of these two tracks, the Company must determine the rate of policies in which the policyholders will select the annuity track. This rate is set in accordance with the Company's experience as observed in periodic studies, the different policy types and funds. As from 2008, all savings premiums deposited under life insurance are designated for annuity.

C. Cancellation rates

(Discontinuation of premium payment, settlement of policies, payment of redemption value) - in accordance with Company's experience with the different products as observed in periodic cancellation studies, while making adjustments in accordance with the Company's estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.

Estimated future cash flows for P&C claims

The ultimate cost of claims is estimated using a range of actuarial claim prediction techniques, such as the Chain-Ladder and Bornhuetter-Ferguson methods.

The key underlying assumption of these techniques is that past development of the Company's claims can be used to predict the development of future claims and consequently the ultimate cost of claims.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows for P&C claims (cont.)

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 regarding the average claim cost, claims handling costs, and prevalence of claims. Additional assumptions may take into account changes in interest rates and timing of payments. Claim payments include direct and indirect expenses to settle claims, less subrogation and deductibles.

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 claims 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 further 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-time 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.

The actuarial valuation is based on statistical estimates that include a component of uncertainty. The statistical estimate is based on various assumptions, which will not necessarily materialize, such that the actual cost of claims may be higher or lower than the statistical estimate.

In large claims, which are not based on statistical estimates, and in subsegments which do not have an appropriate statistical model, the assumptions are based on the opinion of the Company's experts and the recommendations of their legal counsel.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Estimated future cash flows for P&C claims (cont.)

The estimate of the contingent claims in the Compulsory Motor Subsegment for the Company's share in the Pool is based on a calculation carried out by the Pool's actuary with the necessary adjustments.

The share of reinsurers in the contingent claims is estimated taking into account the type of agreement (proportional or non-proportional) and the actual claims data.

Discount rates

The Company determines the interest rate curves for all groups of insurance contracts using the bottom-up approach. In this approach, the discount rate is obtained by adding the illiquidity premium (which reflects the liability's illiquidity) to the risk-free interest rate curve. The risk-free interest rate curve is based on yields to maturity of liquid bonds of the Israeli government. The last liquid point is the 25th year. Beyond this point, the Company will set the risk-free interest rate curves by way of extrapolation - in accordance with the Smith-Wilson method - up to the ultimate forward rate, which will be set at 60 years.

The full illiquidity premium is set based on the average spread of the bonds included in the Tel Bond 60 Index. This premium is added in full or in part to the risk-free interest rate curve in accordance with the illiquidity characteristics of the relevant cash flows.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Discount rates (cont.)

The following are the discount rates used by the Company, including the illiquidity premium: (*)

	As of September 30, 2025								
	Unaudited								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years

Policies with a non-yield-dependent savings component and annuity policies	2.27%	2.25%	2.22%	2.24%	2.29%	2.46%	2.56%	2.62%	2.70%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	2.25%	2.22%	2.19%	2.21%	2.28%	2.46%	2.56%	2.62%	2.70%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	2.22%	2.19%	2.15%	2.16%	2.22%	2.41%	2.53%	2.62%	2.70%
Individual and collective LTC policies	2.28%	2.25%	2.21%	2.21%	2.25%	2.40%	2.49%	2.56%	2.63%
Remaining portfolios	2.19%	2.15%	2.11%	2.11%	2.15%	2.30%	2.39%	2.46%	2.53%

	As of September 30, 2024								
	Unaudited								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years

Policies with a non-yield-dependent savings component and annuity policies	1.80%	2.18%	2.39%	2.73%	2.86%	2.93%	3.01%	3.05%	3.09%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	1.75%	2.13%	2.33%	2.66%	2.81%	2.92%	3.01%	3.05%	3.09%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	1.68%	2.06%	2.25%	2.56%	2.68%	2.79%	2.94%	3.03%	3.09%
Individual and collective LTC policies	1.82%	2.18%	2.37%	2.67%	2.77%	2.82%	2.88%	2.92%	2.96%
Remaining portfolios	1.63%	1.99%	2.18%	2.48%	2.58%	2.63%	2.69%	2.73%	2.78%

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Discount rates (cont.)

The following are the discount rates used by the Company, including the illiquidity premium: (*) (cont.)

	As of December 31, 2024								
	Unaudited								
	Portfolio's duration								
	One year	3 years	5 years	10 years	15 years	25 years	35 years	45 years	60 years
Policies with a non-yield-dependent savings component and annuity policies	2.01%	2.09%	2.17%	2.33%	2.39%	2.45%	2.56%	2.64%	2.73%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	1.99%	2.06%	2.13%	2.29%	2.36%	2.45%	2.56%	2.64%	2.73%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	1.94%	2.01%	2.08%	2.23%	2.29%	2.38%	2.52%	2.63%	2.73%
Individual and collective LTC policies	2.03%	2.10%	2.16%	2.29%	2.33%	2.38%	2.47%	2.56%	2.65%
Remaining portfolios	1.90%	1.97%	2.03%	2.16%	2.20%	2.25%	2.34%	2.43%	2.52%

(*) For the purposes of this note, in the long-term care insurance portfolio, the interest rate is weighted at an illiquidity premium of 80%. It is noted that when discounting LTC claims (both payable claims and future claims), the Company uses a 100% illiquidity premium weighting in accordance with the provisions of Chapter 1 to Part 2 of Article 5 of Consolidated Circular, Measurement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Risk adjustment in respect of non-financial risk

The RA represents the compensation which the Company requires for bearing the uncertainty regarding the amount and timing of the cash flows arising from non-financial risks, which include insurance risk and other non-financial risks, such as lapse risk, and expenses risk. The RA reflects the amount that the insurer will rationally pay to be relieved of the uncertainty that future cash flows will exceed the present value of the estimated future cash flows.

In life and health insurance, the risk adjustment is determined according to the value at risk (VaR) technique, which reflects the expected loss due to the materialization of negative scenarios relevant to the risk characteristics of the various coverages. Similarly to the solvency principles, the scenarios reflect events, which may occur in the forthcoming year (one-year time horizon), and may affect the cash flow both during and after the year. The confidence interval determined for the purpose of calculating the VaR at the level of the Life and Health Insurance Segments is 75% except for a long-term care insurance portfolio for which a 90% confidence interval was determined in accordance with the Commissioner's Directives and in order to reflect its inherent risk characteristics. For Property and Casualty Insurance, the Company implements principles of the "best practice" approach, which is an approach based on the VaR technique with a long horizon. The confidence interval determined for the calculation of the VaR at the level of Property and Casualty Insurance Subsegments is 75%.

In determining the non-financial risk adjustment at the portfolio level, the Company takes into account the diversification benefit among the Company's various portfolios and segments. For reinsurance contracts held, the Company calculates the non-financial risk adjustment 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 adjustment transferred to the reinsurer as the amount of the difference between gross and retention as detailed above.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

The contractual service margin (CSM) and setting the coverage units

The CSM is a component of the asset or liability in respect of a group of insurance contracts representing the unrealized gain, which the Company will recognize when it will provide services in the future. A proportionate share of the CSM amount in respect of a group of insurance contracts is recognized in profit or loss as insurance revenues in each period to reflect the insurance services provided within the group of insurance contracts during that period. This amount is determined as follows:

- Identification of the coverage units in a group
- The Company allocates the CSM at the end of the period equally to any coverage unit provided in the current period and those expected to be provided in the future (before any amount is recognized in profit or loss to reflect the insurance services provided during the period)
- The Company recognizes in profit or loss the amount allocated to the coverage units provided during the period

The number of coverage units in a group is the quantity of coverage services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period. The total amount of the coverage units of each group of insurance contracts is revalued at the end of each reporting period.

The insurance contract services include:

- A. Coverage for an insured event (insurance coverage);
- B. Management of the underlying items on behalf of the policyholder in contracts with direct participation features (hereinafter - “**investment-related service**”); and
- C. Generation of an investment return for the policyholder in contracts without direct participation features (hereinafter - “**investment return service**”).

Insurance contracts without direct participation features may provide an investment-return service if, and only if:

- A. An investment component exists, or the policyholder has a right to withdraw an amount;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

The contractual service margin (CSM) and setting the coverage units (cont.)

- B. The entity expects the investment component or amount the policyholder has a right to withdraw to include an investment return (an investment return could be below zero, for example, in a negative interest rate environment); and
- C. The entity expects to perform investment activity to generate an investment return.

The Company has identified an Investment-Return Service in policies which include a non-yield-dependent savings component.

IFRS 17 does not determine whether the time value of money should be taken into consideration when allocating the contractual service margin to the coverage units, such that the allocation will reflect the expected timing of the coverage units, which will be provided.

For the purpose of allocating the contractual service margin to the coverage units, the Company discounts the coverage units.

When a group of insurance contracts comprises several types of insurance coverage, the Company weighs the coverage units in accordance with the relative scope of the insurance service of the type of coverage, which is measured in accordance with the relative cost of the type of coverage. In addition, when a group of insurance contracts comprises an insurance service and an investment service, the Company weighs the different coverage units in accordance with the relative cost of the type of service.

The coverage units of reinsurance contracts held are consistent with the coverage units of the underlying contracts with adjustments in respect of the differences in the scope of the services provided.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

The contractual service margin (CSM) and setting the coverage units (cont.)

The following are the coverage units used to release the contractual service margin of the main portfolios:

<u>Main portfolio</u>	<u>Coverage units</u>
Non yield-dependent savings component (guaranteed)	- The insurance amount (the amount at risk), insofar as there is mortality risk, and the annuity amount during the annuity period (excluding the guaranteed annuity period), plus the amount of accumulated savings during the accumulation period, and the present value of paid annuity during the guaranteed annuity period
Yield-dependent savings component (participating)	- The insurance amount (the amount at risk), insofar as there is mortality risk, and the annuity amount during the annuity period (excluding the guaranteed annuity period), plus the amount of accumulated savings during the accumulation period, and the present value of paid annuity during the annuity period
Life/ permanent health insurance coverage - individual and collective	- The amount of the claim (insurance amount in life insurance, present value of expected payments in a permanent health insurance claim)
Individual Long-Term Care	- The amount of the claim (present value of expected payments in a claim)
Medical expenses - individual, collective and personal accidents	- Number of medical expenses coverages, insurance amount for personal accidents, with a conversion formula between the number of coverages and the insurance amount
Critical illnesses	- Insurance amount

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Investment component

The Company identifies an investment component of a contract by determining the amount to be paid to the policyholder in all scenarios that have a commercial substance. These scenarios include situations where the insured event has occurred or the contract expires or terminated without the occurrence of an insured event. Investment components are not included in insurance revenues and insurance service expenses.

Policies with a savings component without an annuity conversion factor include an investment component. These policies have explicit redemption values. The investment component, which is not included in investment revenues and insurance service expenses, is set as the policy's cash surrender value.

Policies, which include a savings component with a guaranteed annuity conversion factor, do not include an investment component, since the Company is not committed to pay any amount if the policyholder does not redeem the contract and does not survive until the first annuity payment date. However, all reimbursements of the cash surrender value (including in case of death) are treated as reimbursements of premiums for unutilized coverage and will not be recognized in insurance revenues and insurance service expenses. In addition, if at the beginning of the pension period the policyholder opted for a pension track, which includes a guaranteed period of payments, these amounts will also be treated as reimbursement of premium for unutilized coverage and will not be recognized in insurance revenues and insurance service expenses.

2. Financial assets

Impairment of financial assets

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased substantially since the initial recognition date. The entity measures the provision for credit losses in accordance with forecasts. The possible implications for the financial statements are an increase or decrease in the amount of the provision for impairment, which will be recognized in profit or loss.

F. Reclassification

Reclassifications were made in the notes to the Financial Statements. The reclassification did not have an effect on equity, profit and loss and comprehensive income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Details of the change rates in the Consumer Price Index and USD representative exchange rate

	CPI		USD representative
	Known CPI	In lieu CPI	exchange rate
	%	%	%
For the nine months ended on:			
September 30, 2025	3.0	2.6	(9.4)
September 30, 2024	3.5	3.4	2.3
For the three months ended on:			
September 30, 2025	1.4	0.5	(2.0)
September 30, 2024	1.6	1.3	(1.3)
For the year ended December 31, 2024	3.4	3.3	0.6

NOTE 3 - OPERATING SEGMENTS

The operating segments were determined based on the information assessed by the chief operating decision maker for the purpose of making decisions regarding the allocation of resources and the assessment of performance. Accordingly, for management purposes, the Company operates in the following operating segments:

1. Life and Long-Term Savings Segment

The Life and Long-Term Savings Segment includes the life insurance subsegments and related coverages. The segment includes various categories of insurance policies as well insurance coverages in respect of various risks such as: death, disability, permanent health insurance, etc.

2. Health Insurance Segment

The Health Insurance Segment includes the Company's health insurance activity. The segment includes long-term care, medical expenses, surgery and transplants, dental, travel and foreign workers insurance, etc.

3. Property and Casualty Segment

The Property and Casualty Insurance Segment includes the liability and property subsegments. In accordance with the Commissioner's Directives, the Property and Casualty Insurance Segment is broken down into the Compulsory Motor Insurance, Motor Property, Property and Other Liability Subsegments.

- 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) and compulsory motor policies sold through the Pool corporation.

- 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, including third party coverage.

- Other Property Liability subsegments

- 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.
- Comprehensive home insurance, including liability and other riders, including home insurance sold with respect to mortgage.
- Professional liability insurance, including for board members and officers.

NOTE 3 - OPERATING SEGMENTS (cont.)

3. Property and Casualty Segment (cont.)

- Other Property Liability subsegments (cont.)
 - Engineering insurance, including liability riders.
 - Guarantees, including Sale Law guarantees.
 - Other insurance subsegments, including aircraft, marine, cargo and shipping.

4. Retirement Segment

The Retirement Segment mostly includes the management of pension funds and provident funds through Phoenix Pension and Provident, which is a wholly-owned subsidiary of the Company. In accordance with the Commissioner's Directives, the Retirement Segment's activity is detailed separately.

5. Wealth & Investments Segment (formerly Financial Services)

The Wealth & Investments Segment includes the following activities:

- Phoenix Investment House's activities relating to various aspects of capital market investment: investment marketing and management for customers; management and operation of mutual funds; trading services on the TASE and related services; trust services (in the framework of options and management of employee compensation plans as well as mergers and acquisitions); family office services; marketing of alternative products as well as sale of related products.
- Phoenix Capital Partners - including Phoenix group's alternative investment funds.
- Management of investment contract policies - savings policies only without risk-weighted components. Through the Financial Statements for 2024, this activity was presented under the Life Insurance and Long-Term Savings Segment. As from the financial statements for the first quarter of 2025, the activity was classified into the Wealth & Investments Segment and the comparative figures were adjusted.

6. Brokers & Advisors Segment

The Brokers & Advisors Segment includes the activity of the pension arrangement agencies and other insurance agencies in the group.

NOTE 3 - OPERATING SEGMENTS (cont.)

7. Financing Segment

The Finance (Credit) Segment mostly includes Gama. Gama is a credit aggregator providing financing against post-dated checks (factoring), acquiring, and management of credit vouchers services, financing against real estate properties, loans and credit, equipment financing and supplier financing. In addition, the results of the segment include the consumer credit activity, providing all-purpose loans.

8. Activity not attributed to operating segments

This activity includes part of the Group's HQ function which is not attributed to the operating segments and involves holding assets and liabilities against the Company's share capital.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment

For the nine-month period ended September 30, 2025										
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
Revenues from insurance services	1,553,636	1,993,993	3,751,798	-	-	-	-	-	-	7,299,427
Expenses from insurance services	1,180,546	1,305,889	3,064,744	-	-	-	-	-	-	5,551,179
Income from insurance services before reinsurance contracts held	373,090	688,104	687,054	-	-	-	-	-	-	1,748,248
Reinsurance expenses	167,992	155,276	779,845	-	-	-	-	-	-	1,103,113
Reinsurance revenues	135,869	80,272	730,169	-	-	-	-	-	-	946,310
Net expenses from reinsurance contracts held	(32,123)	(75,004)	(49,676)	-	-	-	-	-	-	(156,803)
Income from insurance services	340,967	613,100	637,378	-	-	-	-	-	-	1,591,445
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	7,448,322	195,383	-	-	3,321,504	-	-	-	-	10,965,209
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	78,496	-	-	-	100,317	-	178,813
Net losses from impairment of financial assets	-	-	-	234	-	-	-	9,073	-	9,307
Other investment income, net	614,625	160,283	275,230	36,381	13,277	8,400	-	1,367,480	(53,949)	2,421,727
Share in earnings of equity-accounted investees	9,131	19,512	10,518	-	28,262	1,773	33,891	3,427	-	106,514
Total income from other investments, net	623,756	179,795	285,748	114,643	41,539	10,173	33,891	1,462,151	(53,949)	2,697,747
Total investment income, net	8,072,078	375,178	285,748	114,643	3,363,043	10,173	33,891	1,462,151	(53,949)	13,662,956
Finance expenses, net arising from insurance contracts	8,056,766	326,288	270,594	-	-	-	-	-	-	8,653,648

For the nine-month period ended September 30, 2025										
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
Finance income, net arising from reinsurance contracts	11,344	70,308	80,770	-	-	-	-	-	-	162,422
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(75,007)	(3,321,504)	-	-	-	-	(3,396,511)
Net investment and finance income	<u>26,656</u>	<u>119,198</u>	<u>95,924</u>	<u>39,636</u>	<u>41,539</u>	<u>10,173</u>	<u>33,891</u>	<u>1,462,151</u>	<u>(53,949)</u>	<u>1,775,219</u>
Income, net from insurance and investment	<u>367,623</u>	<u>732,298</u>	<u>733,302</u>	<u>39,636</u>	<u>41,539</u>	<u>10,173</u>	<u>33,891</u>	<u>1,462,151</u>	<u>(53,949)</u>	<u>3,366,664</u>
Revenues from management fees	-	-	-	688,756	743,369	2,772	-	20,937	(69,515)	1,386,319
Revenues from Wealth & Investments	-	-	-	-	318,000	-	-	-	-	318,000
Revenues from credit and acquiring	-	-	-	-	-	-	381,758	-	(22,142)	359,616
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	799,289	-	-	(221,709) (f)	577,580
Other operating expenses	31,569	24,025	21,612	554,630	645,695	470,631	133,055	199,157	(315,907) (f)	1,764,467
Other revenues (expenses)	(29,576)	(2,512)	(1,402)	(19,159)	(29,875)	4,210	(6,936)	8,880	(2,541)	(78,911)
Other finance expenses	-	-	-	32,341	83,572	33,865	121,257	290,219	(53,949)	507,305
Profit before income tax	<u>306,478</u>	<u>705,761</u>	<u>710,288</u>	<u>122,262</u>	<u>343,766</u>	<u>311,948</u>	<u>154,401</u>	<u>1,002,592</u>	<u>-</u>	<u>3,657,496</u>
Other comprehensive income (loss) before income tax:	234	478	2,684	-	(4,662)	-	(21,887)	(1,121)	-	(24,274)
Total comprehensive income before income tax	<u>306,712</u>	<u>706,239</u>	<u>712,972</u>	<u>122,262</u>	<u>339,104</u>	<u>311,948</u>	<u>132,514</u>	<u>1,001,471</u>	<u>-</u>	<u>3,633,222</u>
Total segment assets	<u>100,518,065</u>	<u>9,748,547</u>	<u>8,035,707</u>	<u>3,414,166</u>	<u>46,884,920</u>	<u>1,501,715</u>	<u>5,816,819</u>	<u>16,887,829</u>	<u>(2,707,888)</u>	<u>190,099,880</u>
Total segment assets for yield-dependent contracts	<u>82,242,978</u>	<u>2,108,926</u>	<u>-</u>	<u>-</u>	<u>42,721,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,073,719</u>
Total segment liabilities	<u>100,315,962</u>	<u>9,748,547</u>	<u>7,908,859</u>	<u>2,165,599</u>	<u>45,077,590</u>	<u>987,205</u>	<u>4,710,848</u>	<u>9,534,055</u>	<u>(2,707,888)</u>	<u>177,740,777</u>

- (a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.
- (b) For additional data regarding the Health Insurance Subsegments, see Section C below.
- (c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.
- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the nine-month period ended September 30, 2024									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	1,545,192	1,897,811	3,457,865	-	-	-	-	-	-	6,900,868
Expenses from insurance services	1,360,068	1,240,286	2,555,248	-	-	-	-	-	-	5,155,602
Income from insurance services before reinsurance contracts held	185,124	657,525	902,617	-	-	-	-	-	-	1,745,266
Reinsurance expenses	215,175	151,405	750,369	-	-	-	-	-	-	1,116,949
Reinsurance revenues	177,933	76,531	425,984	-	-	-	-	-	-	680,448
Net expenses from reinsurance contracts held	(37,242)	(74,874)	(324,385)	-	-	-	-	-	-	(436,501)
Income from insurance services	147,882	582,651	578,232	-	-	-	-	-	-	1,308,765
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	6,774,299	600,137	-	-	2,985,996	-	-	-	-	10,360,432
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	78,940	-	7,367	91,141	-	-	-	62,811	-	240,259
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(28,194)	-	(28,194)
Other investment income (losses), net	303,396	157,830	250,870	(1,630)	11,463	13,730	-	547,138	(40,774)	1,242,023
Share in earnings (losses) of equity-accounted subsidiaries	(1,129)	21,288	29,906	-	31,099	2,494	-	(66)	-	83,592
Total income from other investments, net	381,207	179,118	288,143	89,511	42,562	16,224	-	638,077	(40,774)	1,594,068
Total investment income, net	7,155,506	779,255	288,143	89,511	3,028,558	16,224	-	638,077	(40,774)	11,954,500
Finance expenses, net arising from insurance contracts	7,033,968	759,944	251,691	-	-	-	-	-	-	8,045,603
Finance income (expenses), net arising from reinsurance contracts	(8,335)	46,091	78,099	-	-	-	-	-	-	115,855

	For the nine-month period ended September 30, 2024									
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
Unaudited NIS thousand										
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(76,665)	(2,985,996)	-	-	-	-	(3,062,661)
Net investment and finance income	113,203	65,402	114,551	12,846	42,562	16,224	-	638,077	(40,774)	962,091
Income, net from insurance and investment	261,085	648,053	692,783	12,846	42,562	16,224	-	638,077	(40,774)	2,270,856
Revenues from management fees	-	-	-	606,837	563,511	6,227	660	18,144	(70,058)	1,125,321
Revenues from Wealth & Investments	-	-	-	-	275,000	-	-	-	-	275,000
Revenues from credit and acquiring	-	-	-	-	-	-	318,822	-	-	318,822
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	654,266	-	-	(174,155) (f)	480,111
Other operating expenses	52,056	21,712	19,985	500,385	567,794	411,111	113,017	121,398	(247,020) (f)	1,560,438
Other revenues (expenses), net	7,026	6,359	(3,467)	(21,354)	(2,967)	(8,008)	(6,089)	3,272	(469)	(25,697)
Other finance expenses	-	-	-	26,317	32,866	31,690	91,586	243,223	(38,778)	386,904
Profit before income tax	216,055	632,700	669,331	71,627	277,446	225,908	108,790	294,872	342	2,497,071
Other comprehensive income before taxes on income	4,623	776	6,680	-	-	-	-	6,001	-	18,080
Total comprehensive income before income tax	220,678	633,476	676,011	71,627	277,446	225,908	108,790	300,873	342	2,515,151
Total segment assets	93,031,971	10,078,793	8,309,772	3,094,497	34,574,376	1,300,452	5,050,185	13,640,790	(2,528,696)	166,552,140
Total segment assets for yield-dependent contracts	76,196,527	2,861,553	-	-	29,865,923	-	-	-	-	108,924,003
Total segment liabilities	91,459,649	11,067,406	8,141,893	1,910,991	32,379,374	720,613	4,203,974	8,255,739	(2,689,657)	155,449,982

- (a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.
- (b) For additional data regarding the Health Insurance Subsegments, see Section C below.
- (c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.
- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

For the three-month period ended September 30, 2025										
	Life Insurance (a)	Health Insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
Revenues from insurance services	530,414	682,186	1,276,932	-	-	-	-	-	-	2,489,532
Expenses from insurance services	434,654	444,563	1,005,457	-	-	-	-	-	-	1,884,674
Income from insurance services before reinsurance contracts held	95,760	237,623	271,475	-	-	-	-	-	-	604,858
Reinsurance expenses	59,232	52,065	258,341	-	-	-	-	-	-	369,638
Reinsurance revenues	35,110	26,255	169,946	-	-	-	-	-	-	231,311
Net expenses from reinsurance contracts held	(24,122)	(25,810)	(88,395)	-	-	-	-	-	-	(138,327)
Income from insurance services	71,638	211,813	183,080	-	-	-	-	-	-	466,531
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,175,550	68,838	-	-	1,647,368	-	-	-	-	4,891,756
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	38,127	-	-	-	34,628	-	72,755
Impairment losses (reversal of impairment losses) for financial assets	-	-	-	(195)	-	-	-	188	-	(7)
Other investment income, net	211,511	78,304	97,333	3,194	4,454	3,536	-	448,904	(19,521)	827,715
Share in earnings (losses) of equity-accounted subsidiaries	1,338	4,004	(1,441)	-	13,712	1,387	11,207	897	-	31,104
Total income from other investments, net	212,849	82,308	95,892	41,516	18,166	4,923	11,207	484,241	(19,521)	931,581
Total investment income, net	3,388,399	151,146	95,892	41,516	1,665,534	4,923	11,207	484,241	(19,521)	5,823,337
Finance expenses, net arising from	3,363,909	41,819	119,899	-	-	-	-	-	-	3,525,627

	For the three-month period ended September 30, 2025									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
insurance contracts										
Finance income (expenses), net arising from reinsurance contracts	(1,311)	5,318	36,220	-	-	-	-	-	-	40,227
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(28,733)	(1,647,368)	-	-	-	-	(1,676,101)
Net investment and finance income	23,179	114,645	12,213	12,783	18,166	4,923	11,207	484,241	(19,521)	661,836
Income, net from insurance and investment	94,817	326,458	195,293	12,783	18,166	4,923	11,207	484,241	(19,521)	1,128,367
Revenues from management fees	-	-	-	241,903	269,549	505	-	6,149	(27,039)	491,067
Revenues from Wealth & Investments	-	-	-	-	112,000	-	-	-	-	112,000
Revenues from credit and acquiring	-	-	-	-	-	-	131,802	-	(8,918)	122,884
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	266,224	-	-	(65,036) (f)	201,188
Other operating expenses	10,608	7,698	6,828	192,055	226,858	152,588	43,002	63,133	(101,580) (f)	601,190
Other revenues (expenses)	(3,129)	(1,161)	(558)	(7,151)	(11,734)	(2,107)	(2,877)	2	(586)	(29,301)
Other finance expenses	-	-	-	11,764	8,103	13,594	41,280	120,503	(19,520)	175,724
Profit before income tax	81,080	317,599	187,907	43,716	153,020	103,363	55,850	306,756	-	1,249,291
Other comprehensive loss before taxes on income	(1,475)	(1,784)	(1,562)	-	(1,301)	-	(3,773)	(755)	-	(10,650)
Total comprehensive income before income tax	79,605	315,815	186,345	43,716	151,719	103,363	52,077	306,001	-	1,238,641
Total segment assets	100,518,065	9,748,547	8,035,707	3,414,166	46,884,920	1,501,715	5,816,819	16,887,829	(2,707,888)	190,099,880
Total segment assets for yield-dependent contracts	82,242,978	2,108,926	-	-	42,721,815	-	-	-	-	127,073,719
Total segment liabilities	100,315,962	9,748,547	7,908,859	2,165,599	45,077,590	987,205	4,710,848	9,534,055	(2,707,888)	177,740,777

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.

- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the three-month period ended September 30, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	517,849	647,743	1,192,698	-	-	-	-	-	-	2,358,290
Expenses from insurance services	486,401	420,938	866,907	-	-	-	-	-	-	1,774,246
Income from insurance services before reinsurance contracts held	31,448	226,805	325,791	-	-	-	-	-	-	584,044
Reinsurance expenses	67,533	52,629	287,328	-	-	-	-	-	-	407,490
Reinsurance revenues	74,301	20,832	162,273	-	-	-	-	-	-	257,406
Revenues (expenses), net from reinsurance contracts held	6,768	(31,797)	(125,055)	-	-	-	-	-	-	(150,084)
Income from insurance services	38,216	195,008	200,736	-	-	-	-	-	-	433,960
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	2,467,678	99,673	-	-	997,369	-	-	-	-	3,564,720
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	31,255	-	3,242	34,859	-	-	-	29,462	-	98,818
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(13,124)	-	(13,124)
Other investment income, net	312,306	65,492	106,979	1,086	4,096	5,735	-	504,133	(12,623)	987,204
Share in earnings of equity-accounted investees	2,420	3,010	14,809	-	22,758	631	-	-	-	43,628
Total income from other investments, net	345,981	68,502	125,030	35,945	26,854	6,366	-	546,719	(12,623)	1,142,774
Total investment income, net	2,813,659	168,175	125,030	35,945	1,024,223	6,366	-	546,719	(12,623)	4,707,494
Finance expenses, net arising from	2,790,361	172,452	151,280	-	-	-	-	-	-	3,114,093

For the three-month period ended September 30, 2024										
	Life Insurance (a)	Health Insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
insurance contracts										
Finance income (expenses), net arising from reinsurance contracts	(6,059)	59,520	45,075	-	-	-	-	-	-	98,536
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(30,343)	(997,369)	-	-	-	-	(1,027,712)
Net investment and finance income	<u>17,239</u>	<u>55,243</u>	<u>18,825</u>	<u>5,602</u>	<u>26,854</u>	<u>6,366</u>	<u>-</u>	<u>546,719</u>	<u>(12,623)</u>	<u>664,225</u>
Income, net from insurance and investment	<u>55,455</u>	<u>250,251</u>	<u>219,561</u>	<u>5,602</u>	<u>26,854</u>	<u>6,366</u>	<u>-</u>	<u>546,719</u>	<u>(12,623)</u>	<u>1,098,185</u>
Revenues from management fees	-	-	-	208,655	206,824	2,439	127	5,556	(23,770)	399,831
Revenues from Wealth & Investments	-	-	-	-	89,000	-	-	-	-	89,000
Revenues from credit and acquiring	-	-	-	-	-	-	110,530	-	-	110,530
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	227,243	-	-	(57,116) (f)	170,127
Other operating expenses	16,614	6,759	6,370	172,729	192,438	147,148	40,285	58,281	(76,715) (f)	563,909
Other revenues (expenses), net	(5,412)	3,615	256	(6,941)	(986)	(5,350)	(2,030)	516	(81)	(16,413)
Other finance expenses	-	-	-	10,135	22,583	12,259	30,265	93,455	(17,070)	151,627
Profit before income tax	<u>33,429</u>	<u>247,107</u>	<u>213,447</u>	<u>24,452</u>	<u>106,671</u>	<u>71,291</u>	<u>38,077</u>	<u>401,055</u>	<u>195</u>	<u>1,135,724</u>
Other comprehensive income before taxes on income	3,675	598	247	-	-	-	-	6,001	-	10,521
Total comprehensive income before income tax	<u>37,104</u>	<u>247,705</u>	<u>213,694</u>	<u>24,452</u>	<u>106,671</u>	<u>71,291</u>	<u>38,077</u>	<u>407,056</u>	<u>195</u>	<u>1,146,245</u>
Total segment assets	<u>93,031,971</u>	<u>10,078,793</u>	<u>8,309,772</u>	<u>3,094,497</u>	<u>34,574,376</u>	<u>1,300,452</u>	<u>5,050,185</u>	<u>13,640,790</u>	<u>(2,528,696)</u>	<u>166,552,140</u>
Total segment assets for yield-dependent contracts	<u>76,196,527</u>	<u>2,861,553</u>	<u>-</u>	<u>-</u>	<u>29,865,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,924,003</u>
Total segment liabilities	<u>91,459,649</u>	<u>11,067,406</u>	<u>8,141,893</u>	<u>1,910,991</u>	<u>32,379,374</u>	<u>720,613</u>	<u>4,203,974</u>	<u>8,255,739</u>	<u>(2,689,657)</u>	<u>155,449,982</u>

(a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.

(b) For additional data regarding the Health Insurance Subsegments, see Section C below.

(c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.

- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the year ended December 31, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	2,055,136	2,551,324	4,671,727	-	-	-	-	-	-	9,278,187
Expenses from insurance services	1,838,322	1,762,971	3,328,245	-	-	-	-	-	-	6,929,538
Income from insurance services before reinsurance , contracts held	<u>216,814</u>	<u>788,353</u>	<u>1,343,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,348,649</u>
Reinsurance expenses	290,990	204,726	1,003,234	-	-	-	-	-	-	1,498,950
Reinsurance revenues	238,838	123,344	525,633	-	-	-	-	-	-	887,815
Net expenses from reinsurance contracts held	<u>(52,152)</u>	<u>(81,382)</u>	<u>(477,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(611,135)</u>
Income from insurance services	<u>164,662</u>	<u>706,971</u>	<u>865,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,737,514</u>
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	9,632,023	697,547	-	-	3,666,507	-	-	-	-	13,996,077
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	102,233	-	10,188	105,230	-	-	-	69,546	-	287,197
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(30,166)	-	(30,166)
Other investment income, net	786,931	221,496	356,041	13,389	158	15,479	-	1,120,502	(67,791)	2,446,205
Share in earnings (losses) of equity-accounted subsidiaries	(3,819)	25,420	40,578	-	38,404	2,733	-	(62)	-	103,254
Total income from other investments, net	<u>885,345</u>	<u>246,916</u>	<u>406,807</u>	<u>118,619</u>	<u>38,562</u>	<u>18,212</u>	<u>-</u>	<u>1,220,152</u>	<u>(67,791)</u>	<u>2,866,822</u>
Total investment income, net	<u>10,517,368</u>	<u>944,463</u>	<u>406,807</u>	<u>118,619</u>	<u>3,705,069</u>	<u>18,212</u>	<u>-</u>	<u>1,220,152</u>	<u>(67,791)</u>	<u>16,862,899</u>
Finance expenses, net arising from insurance contracts	10,228,231	1,163,825	299,558	-	-	-	-	-	-	11,691,614
Finance income (expenses), net arising from reinsurance contracts	(1,582)	158,713	90,026	-	-	-	-	-	-	247,157
Increase in liabilities in respect of	-	-	-	(97,061)	(3,666,507)	-	-	-	-	(3,763,568)

	For the year ended December 31, 2024									
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Financing	Not attributed to operating segments	Adjustments and offsets	Total
Unaudited NIS thousand										
investment contracts due to the yield component										
Income (loss) from investments and finance, net	287,555	(60,649)	197,275	21,558	38,562	18,212	-	1,220,152	(67,791)	1,654,874
Income, net from insurance and investment	452,217	646,322	1,063,156	21,558	38,562	18,212	-	1,220,152	(67,791)	3,392,388
Revenues from management fees	-	-	-	827,892	789,782	6,588	958	23,010	(87,604)	1,560,626
Revenues from Wealth & Investments	-	-	-	-	393,000	-	-	-	-	393,000
Revenues from credit and acquiring	-	-	-	-	-	-	432,213	-	-	432,213
Revenues from fees and commissions of Brokers & Advisors	-	-	-	-	-	896,716	-	-	(251,306) (f)	645,410
Other operating expenses	73,324	30,379	25,908	692,777	794,760	569,158	158,343	199,886	(365,840) (f)	2,178,695
Other revenues (expenses)	(4,502)	7,939	(3,646)	(29,412)	(40,137)	(10,500)	(8,118)	2,884	(766)	(86,258)
Other finance expenses	-	-	-	34,207	43,483	41,649	129,725	286,636	(44,071)	491,629
Profit before income tax	374,391	623,882	1,033,602	93,054	342,964	300,209	136,985	759,524	2,444	3,667,055
Other comprehensive income (loss) before income tax:	(6,512)	(1,048)	(2,468)	-	860	87	266	(15,569)	(1,685)	(26,069)
Total comprehensive income before income tax	367,879	622,834	1,031,134	93,054	343,824	300,296	137,251	743,955	759	3,640,986
Total segment assets	95,932,690	8,534,975	8,364,388	3,183,230	37,543,720	1,352,239	5,070,818	13,831,147	(392,599)	173,420,608
Total segment assets for yield-dependent contracts	78,698,272	2,814,971	-	-	32,751,130	-	-	-	-	114,264,373
Total segment liabilities	92,566,712	10,717,921	8,350,046	1,974,731	35,288,200	702,203	4,196,107	8,700,670	(898,734)	161,597,856

- (*) Reclassified. For details, see Note 2, Section F below.
- (a) For additional data regarding the Life Insurance and Savings Subsegments, see Section B below.
- (b) For additional data regarding the Health Insurance Subsegments, see Section C below.
- (c) For additional data regarding the Property and Casualty Insurance Subsegments, see Section D below.
- (d) For additional data regarding the Retirement Subsegments, see Section E below.
- (e) For additional data regarding investment policies included, see Section F below.
- (f) Arises from fees and commissions revenues from agencies owned by the Group, mainly from activities in the Life Insurance and Retirement Segments.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1)

	For the nine-month period ended September 30, 2025			
	Policies with a non- yield- dependent savings component (2)	Policies with a yield- dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the nine-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	144,246	587,880	821,510	1,553,636
Expenses from insurance services (*)	140,712	438,837	600,997	1,180,546
Income from insurance services before reinsurance contracts held	3,534	149,043	220,513	373,090
Reinsurance expenses	1,293	59,632	107,067	167,992
Reinsurance revenues	908	53,219	81,742	135,869
Net expenses from reinsurance contracts held (7)	(385)	(6,413)	(25,325)	(32,123)
Income from insurance services	3,149	142,630	195,188	340,967
Total investment income, net (6)	619,447	7,430,182	22,449	8,072,078
Finance expenses (revenues), net arising from insurance contracts	630,974	7,477,688	(51,896)	8,056,766
Finance income (expenses), net arising from reinsurance contracts	(1,318)	9,915	2,747	11,344
Income (loss) from investments and finance, net	(12,845)	(37,591)	77,092	26,656
Income (loss), net from insurance and investment	(9,696)	105,039	272,280	367,623
Other operating expenses	5,383	11,164	15,022	31,569
Other revenues (expenses), net	(169)	(31,369)	1,962	(29,576)
Investment income, net recognized in other comprehensive income	115	35	84	234
Total comprehensive income (loss) before tax	(15,133)	62,541	259,304	306,712
(*) Of which:				
Claims and other insurance service expenses incurred	161,596	514,585	613,453	1,289,634
Changes relating to past service – adjustment for liabilities for incurred claims	(20,884)	(42,139)	(82,213)	(145,236)
<u>Breakdown of assets and liabilities as of September 30, 2025</u>				
Total liabilities, net for insurance contracts	13,552,395	80,309,723	(432,275)	93,429,843
Of which: Insurance contracts	-	-	421,610	421,610
Of which: CSM balance for insurance contracts	29,138	1,695,843	1,112,880	2,837,861
Total assets, net for reinsurance contracts	4,396	127,292	74,682	206,370
Of which: CSM balance for reinsurance contracts	1,529	124,048	102,934	228,511
<u>For the 9-month period ended September 30, 2025</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	30,439	2,355,202	660,387	3,046,028
(***) Of which: Savings component	27,360	2,171,749	-	2,199,109
Variable management fees	-	426,214	-	426,214
Fixed management fees	705	360,917	-	361,622
Annualized premium for insurance contracts - new business	-	2,052	53,205	55,257
One-time premium for insurance contracts	-	728,349	-	728,349

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the nine-month period ended September 30, 2024			
	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the nine-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	137,045	603,024	805,123	1,545,192
Expenses from insurance services (*)	181,583	556,178	622,307	1,360,068
Income (loss) from insurance services before reinsurance contracts held	(44,538)	46,846	182,816	185,124
Reinsurance expenses	1,362	107,353	106,460	215,175
Reinsurance revenues	461	82,823	94,649	177,933
Net expenses from reinsurance contracts held (7)	(901)	(24,530)	(11,811)	(37,242)
Income (loss) from insurance services	(45,439)	22,316	171,005	147,882
Total investment income, net (6)	354,127	6,771,567	29,812	7,155,506
Finance expenses, net arising from insurance contracts	136,204	6,824,725	73,039	7,033,968
Finance income (expenses), net arising from reinsurance contracts	(3,515)	(10,579)	5,759	(8,335)
Income (loss) from investments and finance, net	214,408	(63,737)	(37,468)	113,203
Income (loss), net from insurance and investment	168,969	(41,421)	133,537	261,085
Other operating expenses	5,575	31,320	15,161	52,056
Other revenues (expenses), net	753	4,227	2,046	7,026
Investment income (loss), net recognized in other comprehensive income	4,140	953	(470)	4,623
Total comprehensive income (loss) before tax	168,287	(67,561)	119,952	220,678
(*) Of which:				
Claims and other insurance service expenses incurred	136,724	482,598	667,012	1,286,334
Changes relating to past service – adjustment for liabilities for incurred claims	44,859	74,634	(99,038)	20,455
<u>Breakdown of assets and liabilities as of September 30, 2024</u>				
Total liabilities, net for insurance contracts	13,195,817	73,700,509	27,016	86,923,342
Of which: Insurance contracts	-	-	-	-
Of which: CSM balance for insurance contracts	58,514	2,260,851	1,426,303	3,745,668
Total assets, net for reinsurance contracts	4,980	158,190	108,367	271,537
Of which: CSM balance for reinsurance contracts	3,231	247,187	242,728	493,146
<u>For the 9-month period ended September 30, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	34,481	2,351,834	621,088	3,007,403
(***) Of which: Savings component	31,587	2,149,169	-	2,180,756
Variable management fees (5)	-	-	-	-
Fixed management fees	671	346,017	308	346,996
Annualized premium for insurance contracts - new business	-	3,712	40,241	43,953
One-time premium for insurance contracts	-	506,020	-	506,020

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the three-month period ended September 30, 2025			
	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	48,513	200,585	281,316	530,414
Expenses from insurance services (*)	51,276	160,695	222,683	434,654
Income (loss) from insurance services before reinsurance contracts held	(2,763)	39,890	58,633	95,760
Reinsurance expenses	379	26,154	32,699	59,232
Reinsurance revenues	195	21,224	13,691	35,110
Net expenses from reinsurance contracts held (7)	(184)	(4,930)	(19,008)	(24,122)
Income (loss) from insurance services	(2,947)	34,960	39,625	71,638
Total investment income, net (6)	210,149	3,170,690	7,560	3,388,399
Finance expenses (revenues), net arising from insurance contracts	188,542	3,175,439	(72)	3,363,909
Finance income (expenses), net arising from reinsurance contracts	42	(347)	(1,006)	(1,311)
Income (loss) from investments and finance, net	21,649	(5,096)	6,626	23,179
Income, net from insurance and investment	18,702	29,864	46,251	94,817
Other operating expenses	1,731	3,925	4,952	10,608
Other revenues (expenses), net	-	(3,129)	-	(3,129)
Investment income (loss), net recognized in other comprehensive income	(1,237)	(331)	93	(1,475)
Total comprehensive income before tax	15,734	22,479	41,392	79,605
(*) Of which:				
Claims and other insurance service expenses incurred	59,198	174,753	217,025	450,976
Changes relating to past service – adjustment for liabilities for incurred claims	(7,922)	(16,648)	(18,446)	(43,016)
<u>For the 3-month period ended September 30, 2025</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	9,058	722,618	227,537	959,213
(***) Of which: Savings component	8,219	663,614	-	671,833
Variable management fees	-	163,883	-	163,883
Fixed management fees	234	121,983	-	122,217
Annualized premium for insurance contracts – new business	-	612	18,841	19,453
One-time premium for insurance contracts	-	194,946	-	194,946

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the three-month period ended September 30, 2024			
	Policies with a non- yield- dependent savings component (2)	Policies with a yield- dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	45,341	197,243	275,265	517,849
Expenses from insurance services (*)	65,504	197,119	223,778	486,401
Income (loss) from insurance services before reinsurance contracts held	(20,163)	124	51,487	31,448
Reinsurance expenses	522	33,439	33,572	67,533
Reinsurance revenues	349	30,332	43,620	74,301
Revenues (expenses), net from reinsurance contracts held (7)	(173)	(3,107)	10,048	6,768
Income (loss) from insurance services	(20,336)	(2,983)	61,535	38,216
Total investment income, net (6)	333,837	2,469,387	10,435	2,813,659
Finance expenses (revenues), net arising from insurance contracts	361,025	2,476,452	(47,116)	2,790,361
Finance income (expenses), net arising from reinsurance contracts	(1,542)	(4,912)	395	(6,059)
Income (loss) from investments and finance, net	(28,730)	(11,977)	57,946	17,239
Income (loss), net from insurance and investment	(49,066)	(14,960)	119,481	55,455
Other operating expenses	1,779	9,996	4,839	16,614
Other revenues (expenses), net	(580)	(3,256)	(1,576)	(5,412)
Investment income, net recognized in other comprehensive income	2,930	671	74	3,675
Total comprehensive income (loss) before tax	(48,495)	(27,541)	113,140	37,104
(*) Of which:				
Claims and other insurance service expenses incurred	45,120	162,212	201,374	408,706
Changes relating to past service – adjustment for liabilities for incurred claims	20,384	36,023	3,363	59,770
<u>For the 3-month period ended September 30, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	10,850	770,086	211,347	992,283
(***) Of which: Savings component	9,919	704,119	-	714,038
Variable management fees (5)	-	-	-	-
Fixed management fees	224	117,933	-	118,157
Annualized premium for insurance contracts – new business	-	1,394	15,922	17,316
One-time premium for insurance contracts	-	176,048	-	176,048

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

	For the year ended December 31, 2024			
	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)(6)	Policies without a savings component (4)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the year ended December 31, 2024, recognized in profit or loss</u>				
Revenues from insurance services	185,511	794,911	1,074,714	2,055,136
Expenses from insurance services (*)	237,858	779,565	820,899	1,838,322
Income (loss) from insurance services before reinsurance contracts held	(52,347)	15,346	253,815	216,814
Reinsurance expenses	1,886	140,981	148,123	290,990
Reinsurance revenues	844	115,303	122,691	238,838
Net expenses from reinsurance contracts held (7)	(1,042)	(25,678)	(25,432)	(52,152)
Income (loss) from insurance services	(53,389)	(10,332)	228,383	164,662
Total investment income, net (6)	809,924	9,668,094	39,350	10,517,368
Finance expenses (revenues), net arising from insurance contracts	562,025	9,688,725	(22,519)	10,228,231
Finance income (expenses), net arising from reinsurance contracts	(4,214)	(7,729)	10,361	(1,582)
Income (loss) from investments and finance, net	243,685	(28,360)	72,230	287,555
Income (loss), net from insurance and investment	190,296	(38,692)	300,613	452,217
Other operating expenses	7,852	44,115	21,357	73,324
Other revenues (expenses), net	(483)	(2,708)	(1,311)	(4,502)
Investment income (loss), net recognized in other comprehensive income	(4,809)	(1,176)	(527)	(6,512)
Total comprehensive income (loss) before tax	177,152	(86,691)	277,418	367,879
(*) Of which:				
Claims and other insurance service expenses incurred	185,803	656,619	875,068	1,717,490
Changes relating to past service – adjustment for liabilities for incurred claims	52,055	86,144	(129,260)	8,939
<u>Breakdown of assets and liabilities as of December 31, 2024</u>				
Total liabilities, net for insurance contracts	13,453,669	75,663,928	(125,935)	88,991,662
Of which: Insurance contracts	-	-	117,981	117,981
Of which: CSM balance for insurance contracts	109,344	1,489,142	1,272,097	2,870,583
Total assets, net for reinsurance contracts	5,188	172,453	117,664	295,305
Of which: CSM balance for reinsurance contracts	3,698	230,304	251,707	485,709
<u>Additional information for the year ended December 31, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	45,093	3,179,361	836,486	4,060,940
(***) Of which: Savings component	41,299	2,912,298	-	2,953,597
Variable management fees	-	105,266	-	105,266
Fixed management fees	900	463,428	308	464,636
Annualized premium for insurance contracts - new business	1	5,763	57,036	62,800
One-time premium for insurance contracts	-	756,684	-	756,684

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

- The breakdown into columns between policies, which include a non-yield dependent savings component, and policies, which include a yield-dependent savings component, is in accordance with the breakdown of the list of portfolios as defined in the Commissioner's

circular.

2. Policies, which include a non-yield-dependent savings component issued until 1990 (including increases in respect thereof), with a guaranteed return, backed mainly by designated bonds.
3. Policies, which include a yield-dependent savings component and include variable management fees issued primarily until 2003, and policies, which include a yield-dependent savings component and only fixed management fees - issued since 2004.
4. Life, disability, and permanent health insurance policies without a savings component.
5. As of September 30, 2024, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 165 million.
6. Total net investment income (losses) in policies which include a yield-dependent savings component, including mainly investment gains or losses carried to participating policies.
7. Net assets in respect of a reinsurance contract are contracts in respect of life and permanent health insurance coverages included in each of the portfolios.

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups

	For the nine-month period ended September 30, 2025					
	Long-term care		Health - other			Total
	Individual	Collective (5)	Medical expenses and disabilities	Medical expenses and disabilities -	Other (2)	
			Individual (1)	collective (1)		
			Unaudited			
NIS thousand						
<u>Breakdown of results for the nine-month period ended September 30, 2025, recognized in profit or loss</u>						
Revenues from insurance services	317,960	-	742,465	343,121	590,447	1,993,993
Expenses from insurance services (*)	169,397	9,304	442,706	306,363	378,119	1,305,889
Income (loss) from insurance services before reinsurance contracts held	148,563	(9,304)	299,759	36,758	212,328	688,104
Reinsurance expenses	71,294	-	62,625	-	21,357	155,276
Reinsurance revenues	29,770	4,451	32,192	-	13,859	80,272
Revenues (expenses), net from reinsurance contracts held (6)	(41,524)	4,451	(30,433)	-	(7,498)	(75,004)
Income (loss) from insurance services	107,039	(4,853)	269,326	36,758	204,830	613,100
Total investment income (losses), net	215,500	137,282	32,701	-	(10,305)	375,178
Finance expenses (revenues), net arising from insurance contracts	282,229	140,051	(16,743)	32	(79,281)	326,288
Finance income (expenses), net arising from reinsurance contracts	59,571	3,040	11,700	-	(4,003)	70,308
Income (loss) from investments and finance, net	(7,158)	271	61,144	(32)	64,973	119,198
Income (loss), net from insurance and investment	99,881	(4,582)	330,470	36,726	269,803	732,298
Other operating expenses	2,363	-	9,340	7,072	5,250	24,025
Other revenues (expenses), net	-	-	(1,093)	(751)	(668)	(2,512)
Investment income (loss), net recognized in other comprehensive income	235	50	215	(126)	104	478
Total comprehensive income (loss) before tax	97,753	(4,532)	320,252	28,777	263,989	706,239
<u>(*) Of which:</u>						
Claims and other insurance service expenses incurred	194,425	1,391	461,903	338,080	350,276	1,346,075
Changes relating to past service – adjustment for liabilities for incurred claims	(25,029)	7,914	(33,904)	(31,717)	(34,667)	(117,403)
<u>Breakdown of assets and liabilities as of September 30, 2025</u>						
Total liabilities, net for insurance contracts	6,724,018	1,757,616	883,404	283,816	(822,476)	8,826,378
Of which: Insurance contracts	-	-	-	-	885,935	885,935
Of which: CSM balance for insurance contracts	2,452,910	-	3,388,170	109,090	1,454,918	7,405,088
Total assets, net for reinsurance contracts	1,566,701	48,378	496,647	-	(57,236)	2,054,490
Of which: CSM balance for reinsurance contracts	840,914	-	357,946	-	49,201	1,248,061
<u>For the 9-month period ended September 30, 2025</u>						
Gross premiums net of reimbursement of premiums (3) (**)	239,976	-	600,983	368,781	535,693	1,745,433
Annualized premium for insurance contracts – new business (4) (**)	-	-	29,378	35,343	50,375	115,096

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the nine-month period ended September 30, 2024					
	Long-term care		Health - other			Total
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
Unaudited						
NIS thousand						
Breakdown of results for the nine-month period ended September 30, 2024, recognized in profit or loss						
Revenues from insurance services	315,360	-	725,494	324,242	532,715	1,897,811
Expenses from insurance services (*)	199,730	(1,542)	407,191	306,231	328,676	1,240,286
Income from insurance services before reinsurance contracts held	115,630	1,542	318,303	18,011	204,039	657,525
Reinsurance expenses	66,219	-	62,905	-	22,281	151,405
Reinsurance revenues (expenses)	31,406	(6,138)	38,846	-	12,417	76,531
Net expenses from reinsurance contracts held (6)	(34,813)	(6,138)	(24,059)	-	(9,864)	(74,874)
Income (loss) from insurance services	80,817	(4,596)	294,244	18,011	194,175	582,651
Total investment income (losses), net	190,580	562,863	35,755	-	(9,943)	779,255
Finance expenses, net arising from insurance contracts	25,464	568,093	114,561	4,915	46,911	759,944
Finance income, net arising from reinsurance contracts	9,634	12,941	2,912	-	20,604	46,091
Income (loss) from investments and finance, net	174,750	7,711	(75,894)	(4,915)	(36,250)	65,402
Income, net from insurance and investment	255,567	3,115	218,350	13,096	157,925	648,053
Other operating expenses	2,114	-	9,198	5,742	4,658	21,712
Other revenues (expenses), net	618	-	2,513	1,863	1,365	6,359
Investment income (loss), net recognized in other comprehensive income	615	46	159	-	(44)	776
Total comprehensive income before tax	254,686	3,161	211,824	9,217	154,588	633,476
(*) Of which:						
Claims and other insurance service expenses incurred	214,173	4,013	421,018	324,090	307,994	1,271,288
Changes relating to past service – adjustment for liabilities for incurred claims	(14,445)	(5,556)	(17,359)	(17,858)	(33,440)	(88,658)
Breakdown of assets and liabilities as of September 30, 2024						
Total liabilities, net for insurance contracts	6,067,074	2,614,281	1,161,681	282,042	(398,410)	9,726,668
Of which: Insurance contracts	-	-	-	-	509,780	509,780
Of which: CSM balance for insurance contracts	2,329,815	-	3,569,907	164,194	1,397,571	7,461,487
Total assets, net for reinsurance contracts	1,472,484	25,098	495,237	-	(45,199)	1,947,620
Of which: CSM balance for reinsurance contracts	775,751	-	332,327	-	53,297	1,161,375
						-
For the 9-month period ended September 30, 2024						
Gross premiums net of reimbursement of premiums (3) (**)	237,083	-	565,438	349,844	470,841	1,623,206
Annualized premium for insurance contracts – new business (4) (**)			17,467	20,417	28,089	65,973

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

For the three-month period ended September 30, 2025					
Long-term care		Health - other			Total
Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
Unaudited					
NIS thousand					

Breakdown of results for the three-month period ended September 30, 2025, recognized in profit or loss

Revenues from insurance services	107,242	-	252,677	113,955	208,312	682,186
Expenses from insurance services (*)	46,562	4,377	147,804	97,622	148,198	444,563
Income (loss) from insurance services before reinsurance contracts held	60,680	(4,377)	104,873	16,333	60,114	237,623
Reinsurance expenses	23,559	-	21,551	-	6,955	52,065
Reinsurance revenues	8,430	3,108	10,950	-	3,767	26,255
Revenues (expenses), net from reinsurance contracts held (6)	(15,129)	3,108	(10,601)	-	(3,188)	(25,810)
Income (loss) from insurance services	45,551	(1,269)	94,272	16,333	56,926	211,813
Total investment income (losses), net	97,495	45,523	14,361	-	(6,233)	151,146
Finance expenses (revenues), net arising from insurance contracts	12,100	46,386	(2,353)	30	(14,344)	41,819
Finance income (expenses), net arising from reinsurance contracts	5,428	(213)	1,731	-	(1,628)	5,318
Income (loss) from investments and finance, net	90,823	(1,076)	18,445	(30)	6,483	114,645
Income (loss), net from insurance and investment	136,374	(2,345)	112,717	16,303	63,409	326,458
Other operating expenses	727	-	3,282	2,167	1,522	7,698
Other revenues (expenses), net	-	-	(699)	(462)	-	(1,161)
Investment income (loss), net recognized in other comprehensive income	(1,556)	(86)	(192)	(126)	176	(1,784)
Total comprehensive income (loss) before tax	134,091	(2,431)	108,544	13,548	62,063	315,815

(*) Of which:

Claims and other insurance service expenses incurred	64,982	544	156,005	113,309	123,801	458,641
Changes relating to past service – adjustment for liabilities for incurred claims	(18,421)	3,833	(14,165)	(15,687)	(6,801)	(51,241)

For the 3-month period ended September 30, 2025

Gross premiums net of reimbursement of premiums (3) (**)	80,239	-	203,393	125,116	196,687	605,435
Annualized premium for insurance contracts – new business (4) (**)	-	-	5,739	4,874	17,337	27,950

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended September 30, 2024					
	Long-term care		Health - other			Total
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
			Unaudited			
			NIS thousand			
Breakdown of results for the three-month period ended September 30, 2024, recognized in profit or loss						
Revenues from insurance services	104,756	-	244,917	107,355	190,715	647,743
Revenues (expenses) from insurance services (*)	72,432	(2,757)	134,602	95,258	121,403	420,938
Income from insurance services before reinsurance contracts held	32,324	2,757	110,315	12,097	69,312	226,805
Reinsurance expenses	24,463	-	20,695	-	7,471	52,629
Reinsurance revenues (expenses)	12,905	(3,452)	8,816	-	2,563	20,832
Net expenses from reinsurance contracts held (6)	(11,558)	(3,452)	(11,879)	-	(4,908)	(31,797)
Income (loss) from insurance services	20,766	(695)	98,436	12,097	64,404	195,008
Total investment income (losses), net	73,149	84,349	14,315	-	(3,638)	168,175
Finance expenses (revenues), net arising from insurance contracts	189,357	86,545	(39,522)	(1,785)	(62,143)	172,452
Finance income (expenses), net arising from reinsurance contracts	45,789	5,061	11,510	-	(2,840)	59,520
Income (loss) from investments and finance, net	(70,419)	2,865	65,347	1,785	55,665	55,243
Income (loss), net from insurance and investment	(49,653)	2,170	163,783	13,882	120,069	250,251
Other operating expenses	658	-	2,724	1,927	1,450	6,759
Other revenues (expenses), net	352	-	1,457	1,030	776	3,615
Investment income (loss), net recognized in other comprehensive income	468	37	125	-	(32)	598
Total comprehensive income (loss) before tax	(49,491)	2,207	162,641	12,985	119,363	247,705
(*) Of which:						
Claims and other insurance service expenses incurred	72,778	1,291	145,114	108,395	105,051	432,629
Changes relating to past service – adjustment for liabilities for incurred claims	(346)	(4,049)	(12,385)	(13,138)	(7,648)	(37,566)
For the 3-month period ended September 30, 2024						
Gross premiums net of reimbursement of premiums (3) (**)	79,317	-	192,162	117,367	156,322	545,168
Annualized premium for insurance contracts – new business (4) (**)	-	-	8,660	9,997	10,722	29,379

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

For the year ended December 31, 2024						
Long-term care			Health - other			
			Medical expenses and disabilities - individual	Medical expenses and disabilities - collective		
Individual	Collective (5)		(1)	(1)	Other (2)	Total
Unaudited						
NIS thousand						

Breakdown of results for the year ended

	For the year ended December 31, 2024					Total
	Long-term care		Health - other			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
Unaudited						
NIS thousand						
December 31, 2024, recognized in profit or loss						
Revenues from insurance services	421,903	-	972,019	437,294	720,108	2,551,324
Expenses from insurance services (*)	260,674	50,676	575,979	428,323	447,319	1,762,971
Income (loss) from insurance services before reinsurance contracts held	161,229	(50,676)	396,040	8,971	272,789	788,353
Reinsurance expenses	89,574	-	84,764	-	30,388	204,726
Reinsurance revenues	36,174	20,247	53,509	-	13,414	123,344
Revenues (expenses), net from reinsurance contracts held (6)	(53,400)	20,247	(31,255)	-	(16,974)	(81,382)
Income (loss) from insurance services	107,829	(30,429)	364,785	8,971	255,815	706,971
Total investment income (losses), net	270,132	639,774	49,147	-	(14,590)	944,463
Finance expenses (revenues), net arising from insurance contracts	503,307	642,419	57,616	2,157	(41,674)	1,163,825
Finance income, net arising from reinsurance contracts	103,255	13,600	25,574	-	16,284	158,713
Income (loss) from investments and finance, net	(129,920)	10,955	17,105	(2,157)	43,368	(60,649)
Income (loss), net from insurance and investment	(22,091)	(19,474)	381,890	6,814	299,183	646,322
Other operating expenses	2,958	-	11,988	8,915	6,518	30,379
Other revenues (expenses), net	773	-	3,133	2,330	1,703	7,939
Investment income (loss), net recognized in other comprehensive income	(874)	(54)	(201)	-	81	(1,048)
Total comprehensive income (loss) before tax	(25,150)	(19,528)	372,834	229	294,449	622,834
(*) Of which:						
Claims and other insurance service expenses incurred	279,405	5,242	579,138	435,882	416,424	1,716,091
Changes relating to past service – adjustment for liabilities for incurred claims	(18,734)	45,434	(9,348)	(7,559)	(43,176)	(33,383)
Breakdown of assets and liabilities as of December 31, 2024						
Total liabilities, net for insurance contracts (**)	6,518,271	2,533,184	1,083,464	264,321	(567,747)	9,831,493
Of which: Insurance contracts	-	-	-	-	648,356	648,356
Of which: CSM balance for insurance contracts	2,568,718	-	3,539,313	141,705	1,484,693	7,734,429
Total assets, net for reinsurance contracts	1,534,760	47,311	499,398	-	(56,398)	2,025,071
Of which: CSM balance for reinsurance contracts	862,407	-	363,103	-	56,767	1,282,277
Additional information for the year ended December 31, 2024						
Gross premiums net of reimbursement of premiums (3) (**)	317,093	-	760,328	472,914	571,904	2,122,239
Annualized premium for insurance contracts – new business (4) (**)	-	-	25,101	34,334	39,910	99,345

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

- (**) Reclassified. For details, see Note 2, Section F above.
- (1) Medical expenses and disability - individual and collective - including personal accidents.
- (2) Including the critical illness, dental and travel insurance portfolio.
- (3) Premiums received based on billing dates.
- (4) Enlargements of existing policies are not included as part of the annualized premium in respect of new business, but as part of the operating results of the original policy, except if recorded as a new policy in the policies system.
- (5) Until December 31, 2023, the Company provided collective long-term care insurance services to the members of Maccabi Healthcare Services (hereinafter - "**Maccabi**"), including operational services for long-term care policyholders of Maccabi Magen - Mutual Medical Insurance Association Ltd. In accordance with the agreement with Maccabi, The Company will continue paying insurance benefits in the existing claims and will deal with new claims that will be filed as long as the insured event took place through December 31, 2023. For that purpose, the Company will retain under its management a claims reserve, which will include the reserves amount, plus a margin of conservatism of 20%, in accordance with the provisions of the agreement.
- (6) Net assets in respect of reinsurance contracts are mainly contracts in respect of individual long-term care and medical expenses coverages.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups

	For the nine-month period ended September 30, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
NIS thousand				
<u>Breakdown of results for the nine-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	640,669	1,534,518	1,576,611	3,751,798
Expenses from insurance services (*)	569,727	1,291,826	1,203,191	3,064,744
Income from insurance services before reinsurance contracts held	70,942	242,692	373,420	687,054
Reinsurance expenses	9,577	8	770,260	779,845
Reinsurance revenues	34,063	1,678	694,428	730,169
Revenues (expenses), net from reinsurance contracts held	24,486	1,670	(75,832)	(49,676)
Income from insurance services	95,428	244,362	297,588	637,378
Total investment income, net	121,840	67,695	96,213	285,748
Finance expenses, net arising from insurance contracts	110,651	22,866	137,077	270,594
Finance income, net arising from reinsurance contracts	12,793	1	67,976	80,770
Net investment and finance income	23,982	44,830	27,112	95,924
Income, net from insurance and investment	119,410	289,192	324,700	733,302
Other operating expenses	4,954	9,176	7,482	21,612
Other revenues (expenses), net	(421)	(981)		(1,402)
Investment income, net recognized in other comprehensive income	1,145	633	906	2,684
Total comprehensive income before tax	115,180	279,668	318,124	712,972
(*) Of which:				
Claims and other insurance service expenses incurred	492,975	1,015,802	1,090,604	2,599,381
Changes relating to past service – adjustment for liabilities for incurred claims	1,021	(44,534)	(284,820)	(328,333)
<u>Breakdown of assets and liabilities as of September 30, 2025</u>				
Total liabilities, net for insurance contracts	2,584,980	959,742	4,022,689	7,567,411
Total assets, net for reinsurance contracts	250,581	8	2,078,211	2,328,800
<u>For the 9-month period ended September 30, 2025</u>				
Gross premiums net of reimbursement of premiums (**)	675,215	1,573,882	1,588,499	3,837,596

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance Subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners - which constitute 81% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the nine-month period ended September 30, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
Breakdown of results for the nine-month period ended September 30, 2024, recognized in profit or loss				
Revenues from insurance services	558,679	1,430,731	1,468,455	3,457,865
Expenses from insurance services (*)	452,612	1,251,718	850,918	2,555,248
Income from insurance services before reinsurance contracts held	106,067	179,013	617,537	902,617
Reinsurance expenses	21,775	-	728,594	750,369
Reinsurance revenues (expenses)	11,149	(43)	414,878	425,984
Net expenses from reinsurance contracts held	(10,626)	(43)	(313,716)	(324,385)
Income from insurance services	95,441	178,970	303,821	578,232
Total investment income, net	127,460	63,684	96,999	288,143
Finance expenses, net arising from insurance contracts	108,302	21,363	122,026	251,691
Finance income, net arising from reinsurance contracts	19,652	1	58,446	78,099
Net investment and finance income	38,810	42,322	33,419	114,551
Income, net from insurance and investment	134,251	221,292	337,240	692,783
Other operating expenses	3,264	8,855	7,866	19,985
Other revenues (expenses), net	(2,027)	(1,260)	(180)	(3,467)
Investment income, net recognized in other comprehensive income	2,867	1,425	2,388	6,680
Total comprehensive income before tax	131,827	212,602	331,582	676,011
(*) Of which:				
Claims and other insurance service expenses incurred	447,359	1,069,247	679,802	2,196,408
Changes relating to past service – adjustment for liabilities for incurred claims	(61,186)	(101,021)	(156,950)	(319,157)
Breakdown of assets and liabilities as of September 30, 2024				
Total liabilities, net for insurance contracts	2,920,658	1,031,660	3,766,256	7,718,574
Total assets, net for reinsurance contracts	507,567	7	2,020,052	2,527,626
For the 9-month period ended September 30, 2024				
Gross premiums net of reimbursement of premiums (**)	577,185	1,503,918	1,500,443	3,581,546

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners – which constitute 83% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended September 30, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	224,113	521,296	531,523	1,276,932
Expenses from insurance services (*)	190,013	447,586	367,858	1,005,457
Income from insurance services before reinsurance contracts held	34,100	73,710	163,665	271,475
Reinsurance expenses	2,161	4	256,176	258,341
Reinsurance revenues (expenses)	7,099	(9)	162,856	169,946
Revenues (expenses), net from reinsurance contracts held	4,938	(13)	(93,320)	(88,395)
Income from insurance services	39,038	73,697	70,345	183,080
Total investment income, net	40,700	22,929	32,263	95,892
Finance expenses, net arising from insurance contracts	47,534	10,451	61,914	119,899
Finance income, net arising from reinsurance contracts	5,085	-	31,135	36,220
Income (loss) from investments and finance, net	(1,749)	12,478	1,484	12,213
Income, net from insurance and investment	37,289	86,175	71,829	195,293
Other operating expenses	1,419	2,995	2,414	6,828
Other revenues (expenses), net	(168)	(390)	-	(558)
Investment loss, net recognized in other comprehensive income	(670)	(364)	(528)	(1,562)
Total comprehensive income before tax	35,032	82,426	68,887	186,345
(*) Of which:				
Claims and other insurance service expenses incurred	171,803	359,050	278,038	808,891
Changes relating to past service – adjustment for liabilities for incurred claims	(3,711)	(24,550)	(33,885)	(62,146)
<u>For the 3-month period ended September 30, 2025</u>				
Gross premiums net of reimbursement of premiums (**)	223,398	506,344	466,164	1,195,906

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners – which constitute 80% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended September 30, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended September 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	193,216	486,866	512,616	1,192,698
Expenses from insurance services (*)	171,486	431,440	263,981	866,907
Income from insurance services before reinsurance contracts held	21,730	55,426	248,635	325,791
Reinsurance expenses	6,285	-	281,043	287,328
Reinsurance revenues (expenses)	6,978	(14)	155,309	162,273
Revenues (expenses), net from reinsurance contracts held	693	(14)	(125,734)	(125,055)
Income from insurance services	22,423	55,412	122,901	200,736
Total investment income, net	55,544	27,928	41,558	125,030
Finance expenses, net arising from insurance contracts	66,968	10,172	74,140	151,280
Finance income, net arising from reinsurance contracts	10,960	1	34,114	45,075
Income (loss) from investments and finance, net	(464)	17,757	1,532	18,825
Income, net from insurance and investment	21,959	73,169	124,433	219,561
Other operating expenses	1,025	2,981	2,364	6,370
Other revenues (expenses), net	-	(62)	318	256
Investment income, net recognized in other comprehensive income	106	53	88	247
Total comprehensive income before tax	21,040	70,179	122,475	213,694
(*) Of which:				
Claims and other insurance service expenses incurred	146,832	369,943	242,643	759,418
Changes relating to past service – adjustment for liabilities for incurred claims	(1,728)	(34,971)	(75,110)	(111,809)
<u>For the 3-month period ended September 30, 2024</u>				
Gross premiums net of reimbursement of premiums (**)	198,842	486,546	541,818	1,227,206

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners - which constitute 82% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the year ended December 31, 2024			
	Compulsory			
	motor	Motor	Other (a)	Total
	insurance	property		
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the year ended December 31, 2024, recognized in profit or loss</u>				
Revenues from insurance services	761,540	1,930,679	1,979,508	4,671,727
Expenses from insurance services (*)	530,055	1,689,708	1,108,482	3,328,245
Income from insurance services before reinsurance contracts held	231,485	240,971	871,026	1,343,482
Reinsurance expenses	27,070	-	976,164	1,003,234
Reinsurance revenues (expenses)	(4,937)	(38)	530,608	525,633
Net expenses from reinsurance contracts held	(32,007)	(38)	(445,556)	(477,601)
Income from insurance services	199,478	240,933	425,470	865,881
Total investment income, net	179,046	90,033	137,728	406,807
Finance expenses, net arising from insurance contracts	132,663	23,494	143,401	299,558
Finance income, net arising from reinsurance contracts	22,672	1	67,353	90,026
Net investment and finance income	69,055	66,540	61,680	197,275
Income, net from insurance and investment	268,533	307,473	487,150	1,063,156
Other operating expenses	4,259	11,428	10,221	25,908
Other revenues (expenses), net	(2,027)	(1,503)	(116)	(3,646)
Investment loss, net recognized in other comprehensive income	(1,041)	(571)	(856)	(2,468)
Total comprehensive income before tax	261,206	293,971	475,957	1,031,134
(*) Of which:				
Claims and other insurance service expenses incurred	598,910	1,424,395	902,543	2,925,848
Changes relating to past service – adjustment for liabilities for incurred claims	(156,583)	(110,139)	(237,329)	(504,051)
<u>Breakdown of assets and liabilities as of December 31, 2024</u>				
Total liabilities, net for insurance contracts	2,613,648	1,091,576	3,827,061	7,532,285
Total assets, net for reinsurance contracts	374,077	7	2,084,689	2,458,773
<u>(3) Additional information for the year ended December 31, 2024</u>				
Gross premiums net of reimbursement of premiums (**)	811,754	2,027,331	2,042,579	4,881,664

(a) Other Property and Casualty Insurance includes Property and Casualty Insurance subsegments other than compulsory motor and motor property and consists mainly of the results of the following insurance groups: businesses, professional liability, and homeowners – which constitute 83% of the total revenues from insurance services in these subsegments.

(**) Gross premiums net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment

	For the nine-month period ended September 30, 2025		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	90,966	23,677	114,643
Increase in liabilities in respect of investment contracts due to the yield component	(75,007)	-	(75,007)
Net investment and finance income	15,959	23,677	39,636
Revenues from management fees	391,275	297,481	688,756
Other operating expenses	307,013	247,617	554,630
Other revenues (expenses), net	(12,082)	(7,077)	(19,159)
Other finance expenses	13,076	19,265	32,341
Total comprehensive income before income tax	75,063	47,199	122,262

	For the nine-month period ended September 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	80,298	9,213	89,511
Increase in liabilities in respect of investment contracts due to the yield component	(76,665)	-	(76,665)
Net investment and finance income	3,633	9,213	12,846
Revenues from management fees	343,582	263,255	606,837
Other operating expenses	269,759	230,626	500,385
Other revenues (expenses), net	(11,561)	(9,793)	(21,354)
Other finance expenses	11,515	14,802	26,317
Total comprehensive income before income tax	54,380	17,247	71,627

	For the three-month period ended September 30, 2025		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	34,625	6,891	41,516
Increase in liabilities in respect of investment contracts due to the yield component	(28,733)	-	(28,733)
Net investment and finance income	5,892	6,891	12,783
Revenues from management fees	137,432	104,471	241,903
Other operating expenses	106,408	85,647	192,055
Other revenues (expenses), net	(4,704)	(2,447)	(7,151)
Other finance expenses	4,987	6,777	11,764
Total comprehensive income before income tax	27,225	16,491	43,716

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment (cont.)

	For the three-month period ended September 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	30,453	5,492	35,945
Increase in liabilities in respect of investment contracts due to the yield component	(30,343)	-	(30,343)
Net investment and finance income	110	5,492	5,602
Revenues from management fees	116,981	91,674	208,655
Other operating expenses	94,613	78,116	172,729
Other revenues (expenses), net	(3,306)	(3,635)	(6,941)
Other finance income	4,651	5,484	10,135
Total comprehensive income before income tax	14,521	9,931	24,452

	For the year ended December 31, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	100,946	17,673	118,619
Increase in liabilities in respect of investment contracts due to the yield component	(97,061)	-	(97,061)
Net investment and finance income	3,885	17,673	21,558
Revenues from management fees	473,099	354,793	827,892
Other operating expenses	378,230	314,547	692,777
Other expenses, net	(16,321)	(13,091)	(29,412)
Other finance expenses	14,194	20,013	34,207
Total comprehensive income before income tax	68,239	24,815	93,054

NOTE 3 - OPERATING SEGMENTS (cont.)

F. Additional data regarding investment contracts

	For the nine month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
			NIS thousand		
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,321,504	2,985,996	1,647,368	997,369	3,666,507
Increase in liabilities in respect of investment contracts due to the yield component	(3,321,504)	(2,985,996)	(1,647,368)	(997,369)	(3,666,507)
Income (loss) from investments and finance, net	-	-	-	-	-
Revenues from management fees	222,112	154,732	80,963	58,041	213,776
Other operating expenses	158,550	120,246	53,804	43,346	173,123
Income for the period	63,562	34,486	27,159	14,695	40,653
Total segment assets	43,021,064	30,043,018	43,021,064	30,043,018	32,957,985
Total segment assets for yield- dependent contracts	42,721,815	29,865,923	42,721,815	29,865,923	32,751,130
Total segment liabilities	42,721,815	29,865,923	42,721,815	29,865,923	32,751,130
<u>Additional information regarding investment contracts</u>					
Proceeds from investment contracts	9,794,542	5,827,960	3,421,288	2,423,835	9,740,419
Annualized receipts for investment contracts - new business	59,996	37,963	24,345	11,526	51,835
One-off proceeds for investment contracts	9,621,505	5,673,910	3,362,934	2,371,582	9,530,253

NOTE 4 - BUSINESS COMBINATIONS

- A. Assuming control over Phoenix RealTech Ltd. (hereinafter - "**Phoenix RealTech**") - Phoenix RealTech is a company in which Phoenix Capital has a 50% stake. Phoenix RealTech serves as a General Partner of alternative investment funds focusing mainly on underlying assets of real estate debt. On December 31, 2024, Phoenix Advanced Investments signed an agreement to acquire a control stake in Phoenix RealTech. During the reporting period, and after obtaining the Israel Competition Authority's approval, the transaction for the acquisition of control over Phoenix RealTech was completed.

As of the report date, the Company recognized the fair value of the assets acquired and the liabilities assumed under the business combination based on a provisional measurement, and a final valuation by an external appraiser has not yet been received as to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the acquisition as well as the fair value of the assets and liabilities acquired can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments are made by way of a restating the comparative figures previously reported according to the provisional measurement. In accordance with this valuation, the consideration allocated to intangible assets totals approx. NIS 128 million.

- B. In December 2024, Oren Mizrach, a company controlled by Phoenix Agencies, signed an agreement for the purchase of 51% of the shares of T.A.I.S. Shades Life Insurance Agency (1987) Ltd. (hereinafter - "**Gvanim**"); during the reporting period all the conditions precedent were met and the transaction was completed. Subsequent to the abovementioned acquisition, the Company has an ownership stake - directly and indirectly - of approx. 83% of Gvanim's shares, instead of a 50% ownership stake. The Company started consolidating Gvanim on January 1, 2025. Subsequent to completing the transaction and after assuming control over Gvanim, the Company recorded a gain of approx. NIS 16 million on assuming control. As of the report date, the Company recognized the fair value of the assets acquired and the liabilities assumed under the business combination based on a provisional measurement. As of the approval date of the financial statements, a final valuation has not yet been received by an external appraiser in relation to the fair value of the identified assets acquired and the liabilities assumed. A final adjustment of the consideration for the acquisition as well as the fair value of the assets and liabilities acquired can be carried out up to 12 months from the acquisition date. At the final measurement date, the adjustments are made by way of a restating the comparative figures previously reported according to the provisional measurement. The company has opted to measure the non-controlling interests in the acquired company according to the proportionate share of the non-controlling interests in the fair value of the net identified assets of the acquiree. In accordance with this valuation, the consideration allocated to intangible assets is approx. NIS 51 million, of which approx. NIS 40 million is attributable to goodwill.

NOTE 4 - BUSINESS COMBINATIONS (cont.)

- C. During the reporting period, Phoenix Agencies acquired insurance portfolios/a controlling stake in insurance agencies. As a result of these acquisitions, Phoenix Agencies recorded intangible assets totaling approx. NIS 115 million, of which approx. NIS 53 million is in respect of goodwill.

NOTE 5 - FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

1. Following is a breakdown of assets held against insurance contracts and investment contracts presented at fair value through profit and loss:

	As of September 30		As of
	2025	2024	December 31
		Unaudited	2024
	NIS thousand		
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	54,060	61,122	58,570
Illiquid corporate bonds	879,534	721,697	780,091
Loans (including investees)	6,831,174	7,076,176	6,841,646
Other illiquid debt instruments	562,217	391,530	454,397
Total illiquid debt instruments	8,326,985	8,250,525	8,134,704
<u>Liquid debt instruments:</u>			
Government Bonds	12,783,980	8,916,782	10,356,314
Liquid corporate bonds	16,830,707	14,292,533	14,892,326
Total liquid debt instruments	29,614,687	23,209,315	25,248,640
Total debt instruments	37,941,672	31,459,840	33,383,344
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	2,631,202	2,377,244	2,557,461
Liquid shares	22,338,321	18,264,412	19,757,414
Total equity instruments	24,969,523	20,641,656	22,314,875
Other investments:			
Other investments	37,950,198	33,634,744	36,220,407
Derivative instruments	2,250,242	1,571,999	1,859,326
Total other investments	40,200,440	35,206,743	38,079,733
Total financial investments	103,111,635	87,308,239	93,777,952

2. Fair value of financial assets by level:

The following table presents an analysis of assets held against insurance contracts and investment contracts presented at fair value through profit and loss. The different 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.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level: (cont.)

For financial instruments periodically recognized at fair value, the Company estimates, at the end of each reporting period, whether transfers have been made between the various levels of the fair value hierarchy.

During the reporting periods there were no material transfers between Level 1 and Level 2.

During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the "**New Supplier**"), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the Company expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

The Company holds the financial instruments measured at fair value according to the following classifications:

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,402,154	2,924,831	8,326,985
Liquid debt instruments	22,841,267	6,773,420	-	29,614,687
Capital instruments	22,188,119	150,202	2,631,202	24,969,523
Other investments	14,509,121	3,256,980	22,434,339	40,200,440
Total financial assets	59,538,507	15,582,756	27,990,372	103,111,635

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,354,802	2,895,723	8,250,525
Liquid debt instruments	16,732,161	6,477,154	-	23,209,315
Capital instruments	18,208,197	56,215	2,377,244	20,641,656
Other investments	11,695,712	1,521,588	21,989,443	35,206,743
Total financial assets	46,636,070	13,409,759	27,262,410	87,308,239

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level (cont.)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,311,093	2,823,611	8,134,704
Liquid debt instruments	18,943,206	6,305,434	-	25,248,640
Capital instruments	19,713,417	43,997	2,557,461	22,314,875
Other investments	13,209,934	2,450,033	22,419,766	38,079,733
Total financial assets	51,866,557	14,110,557	27,800,838	93,777,952

Assets measured at fair value - Level 3

	Financial assets			
	Illiquid debt instruments	Capital instruments	Other investments	Total financial assets
	NIS thousand			
Balance as of January 1, 2025 (unaudited)	2,823,611	2,557,461	22,419,766	27,800,838
In profit or loss (*)	69,409	24,478	483,011	576,898
Purchases	1,233,637	276,145	3,871,150	5,380,932
Proceeds from interest and dividend	(82,746)	(63,927)	(1,018,757)	(1,165,430)
Sales	(1,103,340)	(162,955)	(3,320,831)	(4,587,126)
Transfers to Level 3 (**)	107,496	-	-	107,496
Transfers from Level 3 (**)	(123,236)	-	-	(123,236)
As of September 30, 2025 (unaudited)	<u>2,924,831</u>	<u>2,631,202</u>	<u>22,434,339</u>	<u>27,990,372</u>
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2025	<u>(59,786)</u>	<u>(27,414)</u>	<u>(723,336)</u>	<u>(810,536)</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.				

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
	NIS thousand			
Balance as of January 1, 2024 (audited)	2,694,773	2,104,471	19,230,673	24,029,917
In profit or loss (*)	276,258	27,277	1,924,320	2,227,855
Purchases	772,886	366,797	3,171,224	4,310,907
Proceeds from interest and dividend	(91,472)	(32,462)	(683,123)	(807,057)
Sales	(737,926)	(88,839)	(1,653,651)	(2,480,416)
Transfers from Level 3 (**)	<u>(18,796)</u>	<u>-</u>	<u>-</u>	<u>(18,796)</u>
Balance as of September 30, 2024 (unaudited)	<u>2,895,723</u>	<u>2,377,244</u>	<u>21,989,443</u>	<u>27,262,410</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	<u>129,412</u>	<u>(6,774)</u>	<u>1,264,803</u>	<u>1,387,441</u>

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)**2. Fair value of financial assets by level (cont.)****Assets measured at fair value - Level 3 (cont.)**

	Financial assets			
	Illiquid debt instruments	Capital instruments	Other investments	Total financial assets
	NIS thousand			
Balance as of July 1, 2025 (unaudited)	2,622,684	2,597,489	21,928,967	27,149,140
In profit or loss (*)	8,546	33,549	528,860	570,955
Purchases	630,260	73,489	1,217,869	1,921,618
Proceeds from interest and dividend	(34,720)	(4,309)	(334,881)	(373,910)
Sales	(312,244)	(69,016)	(906,476)	(1,287,736)
Transfers to Level 3 (**)	10,305	-	-	10,305
As of September 30, 2025 (unaudited)	<u>2,924,831</u>	<u>2,631,202</u>	<u>22,434,339</u>	<u>27,990,372</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2025	<u>(43,320)</u>	<u>48,111</u>	<u>200,357</u>	<u>205,148</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.				

	Fair value measurement at the reporting date			
	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
Balance as of July 1, 2024 (unaudited)	2,824,193	2,408,959	21,703,396	26,936,548
In profit or loss (*)	118,675	16,285	230,176	365,136
Purchases	304,938	52,869	894,036	1,251,843
Proceeds from interest and dividend	(21,813)	(12,168)	(244,737)	(278,718)
Sales	<u>(330,270)</u>	<u>(88,701)</u>	<u>(593,428)</u>	<u>(1,012,399)</u>
Balance as of September 30, 2024 (unaudited)	<u>2,895,723</u>	<u>2,377,244</u>	<u>21,989,443</u>	<u>27,262,410</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2024	80,995	3,717	28,190	112,902

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

	Fair value measurement at the reporting date			
	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
NIS thousand				
Balance as of January 1, 2024 (audited)	2,694,773	2,104,471	19,230,673	24,029,917
Total gains (losses) recognized in profit or loss (*)	237,433	193,722	2,003,207	2,434,362
Purchases	1,165,913	384,759	4,638,912	6,189,584
Proceeds from interest and dividend	(128,021)	(36,593)	(1,003,049)	(1,167,663)
Sales	(1,127,691)	(88,898)	(2,449,977)	(3,666,566)
Transfers from Level 3 (**)	(18,796)	-	-	(18,796)
Balance as of December 31, 2024 (unaudited)	<u>2,823,611</u>	<u>2,557,461</u>	<u>22,419,766</u>	<u>27,800,838</u>
(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of December 31, 2024	<u>9,642</u>	<u>155,754</u>	<u>1,027,919</u>	<u>1,193,315</u>
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.				

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of September 30, 2025:

Class of assets	Fair value	Measurement method	Key unobservable inputs	Weighted discount rate
Unaudited				
NIS thousand				
Illiquid debt instruments	2,924,831	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 8.22%, weighted
Capital instruments	2,631,202	Assessment of multiples / discounted cash flows (DCF)	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 9.56%, weighted
Other investments	22,434,339	Adjusted NAV	Estimated value by the fund manager.	N/A

Assessments are conducted by external appraisers using available information and similar market input where possible; the input are regularly updated and reviewed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments

1. Breakdown of other financial investments by asset type

	As of September 30, 2025		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
		Unaudited	
		NIS thousand	
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	39,598	762,000	801,598
Treasury deposits	-	986,543	986,543
Designated bonds	8,962,625	-	8,962,625
Illiquid corporate bonds	176,482	48,009	224,491
Loans (including investees)	3,627,389	2,543,322	6,170,711
Other illiquid debt instruments	32,081	-	32,081
Total illiquid debt instruments	12,838,175	4,339,874	17,178,049
<u>Liquid debt instruments:</u>			
Government Bonds	3,796,594	-	3,796,594
Liquid corporate bonds	3,848,927	-	3,848,927
Total liquid debt instruments	7,645,521	-	7,645,521
Total debt instruments	20,483,696	4,339,874	24,823,570
Balance of credit loss provision	-	32,114	32,114
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	693,149	-	693,149
<u>Liquid equity instruments:</u>			
Liquid shares	3,016,368	-	3,016,368
Total equity instruments	3,709,517	-	3,709,517
Other investments:			
Other investments	6,812,329	-	6,812,329
Derivative instruments	626,619	-	626,619
Total other investments	7,438,948	-	7,438,948
Total financial investments	31,632,161	4,339,874	35,972,035

* An Accountant General Deposit is a financial deposit managed by the Accountant General, in which the depositing entity lends funds to the government for a predetermined period, in exchange for CPI-linked interest.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

1. Breakdown of financial investments by asset type (cont.)

	As of September 30, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
	Unaudited		
	NIS thousand		
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	88,507	927,544	1,016,051
Treasury deposits	-	943,423	943,423
Designated bonds	8,838,282	-	8,838,282
Illiquid corporate bonds	175,098	84,936	260,034
Loans (including investees)	3,911,292	2,645,145	6,556,437
Other illiquid debt instruments	22,620	-	22,620
Total illiquid debt instruments	13,035,799	4,601,048	17,636,847
<u>Liquid debt instruments:</u>			
Government Bonds	3,293,014	-	3,293,014
Liquid corporate bonds	2,827,326	-	2,827,326
Total liquid debt instruments	6,120,340	-	6,120,340
Total debt instruments	19,156,139	4,601,048	23,757,187
Balance of credit loss provision	-	55,411	55,411
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	583,449	-	583,449
<u>Liquid equity instruments:</u>			
Liquid shares	2,291,494	-	2,291,494
Total equity instruments	2,874,943	-	2,874,943
Other investments:			
Other investments	5,602,163	-	5,602,163
Derivative instruments	445,909	-	445,909
Total other investments	6,048,072	-	6,048,072
Total financial investments	28,079,154	4,601,048	32,680,202

* An Accountant General Deposit is a financial deposit managed by the Accountant General, in which the depositing entity lends funds to the government for a predetermined period, in exchange for CPI-linked interest.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

1. Breakdown of financial investments by asset type (cont.)

	As of December 31, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
		Unaudited	
		NIS thousand	
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	88,628	874,002	962,630
Treasury deposits	-	945,773	945,773
Designated bonds	8,902,813	-	8,902,813
Illiquid corporate bonds	190,162	49,779	239,941
Loans (including investees)	3,668,826	2,587,868	6,256,694
Other illiquid debt instruments	32,081	-	32,081
Total illiquid debt instruments	12,882,510	4,457,422	17,339,932
<u>Liquid debt instruments:</u>			
Government Bonds	3,610,167	-	3,610,167
Liquid corporate bonds	2,804,525	-	2,804,525
Total liquid debt instruments	6,414,692	-	6,414,692
Total debt instruments	19,297,202	4,457,422	23,754,624
Balance of credit loss provision	-	25,511	25,511
Equity instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	609,006	-	609,006
<u>Liquid equity instruments:</u>			
Liquid shares	2,397,482	-	2,397,482
Total equity instruments	3,006,488	-	3,006,488
Other investments:			
Other investments	5,788,478	-	5,788,478
Derivative instruments	690,797	-	690,797
Total other investments	6,479,275	-	6,479,275
Total financial investments	28,782,965	4,457,422	33,240,387

* An Accountant General Deposit is a financial deposit managed by the Accountant General, in which the depositing entity lends funds to the government for a predetermined period, in exchange for CPI-linked interest.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level

The tables below depict an analysis of the financial instruments presented at fair value.

During the reporting periods there were no material transfers between Level 1 and Level 2.

During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the “**New Supplier**”), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the Company expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,349,135	1,526,415	3,875,550
Designated bonds	-	-	8,962,625	8,962,625
Liquid debt instruments	5,962,540	1,682,981	-	7,645,521
Capital instruments	2,952,112	64,256	693,149	3,709,517
Other investments	421,474	533,948	6,483,526	7,438,948
Total financial assets	<u>9,336,126</u>	<u>4,630,320</u>	<u>17,665,715</u>	<u>31,632,161</u>

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,599,997	1,597,520	4,197,517
Designated bonds	-	-	8,838,282	8,838,282
Liquid debt instruments	4,821,810	1,298,530	-	6,120,340
Capital instruments	2,256,431	35,063	583,449	2,874,943
Other investments	651,256	56,035	5,340,781	6,048,072
Total financial assets	<u>7,729,497</u>	<u>3,989,625</u>	<u>16,360,032</u>	<u>28,079,154</u>

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,476,198	1,503,499	3,979,697
Designated bonds	-	-	8,902,813	8,902,813
Liquid debt instruments	5,404,490	1,010,202	-	6,414,692
Capital instruments	2,337,738	59,744	609,006	3,006,488
Other investments	532,024	402,011	5,545,240	6,479,275
Total financial assets	8,274,252	3,948,155	16,560,558	28,782,965

Assets measured at fair value - Level 3

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of January 1, 2025 (unaudited)	1,503,499	8,902,813	609,006	5,545,240	16,560,558
In profit or loss (*)	59,469	485,581	3,423	13,451	561,924
Purchases	810,983	548,494	138,787	1,742,572	3,240,836
Proceeds from interest and dividend	(81,989)	(195,387)	(10,365)	(374,050)	(661,791)
Sales	(818,685)	(778,876)	(47,702)	(443,687)	(2,088,950)
Transfers to Level 3 (**)	53,138	-	-	-	53,138
Balance as of September 30, 2025 (unaudited)	1,526,415	8,962,625	693,149	6,483,526	17,665,715
(*) Of which: Total unrealized losses for the period recognized in profit and loss in respect of assets held as of September 30, 2025	(13,389)	288,686	(9,938)	(293,577)	(28,218)
(**) Transfers between fair value levels stem mainly from securities whose rating has changed.					

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of January 1, 2024 (audited)	1,877,183	8,899,395	525,605	5,033,923	16,336,106
In profit or loss (*)	134,246	274,891	16,373	375,754	801,264
In other comprehensive income	-	-	-	-	-
Purchases	448,156	228,103	102,000	723,422	1,501,681
Proceeds from interest and dividend	(92,013)	(192,454)	(5,778)	(172,608)	(462,853)
Sales	(779,106)	(371,653)	(46,819)	(619,710)	(1,817,288)
Transfers to Level 3 (**)	11,838	-	-	-	11,838
Transfers from Level 3 (**)	(2,784)	-	(7,932)	-	(10,716)
Balance as of September 30, 2024 (unaudited)	<u>1,597,520</u>	<u>8,838,282</u>	<u>583,449</u>	<u>5,340,781</u>	<u>16,360,032</u>

(*) Of which: Total unrealized gains for the period recognized in profit and loss in respect of assets held as of September 30, 2024

60,577 82,777 13,392 236,889 393,635

(**) Transfers between fair value levels stem mainly from securities whose rating has changed and securities classified to investment as an associate.

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of July 1, 2025 (unaudited)	1,607,940	9,038,616	675,200	6,219,410	17,541,166
In profit or loss (*)	19,952	147,461	13,155	53,462	234,030
Purchases	227,546	504,274	32,941	458,960	1,223,721
Proceeds from interest and dividend	(26,608)	(1,735)	(1,147)	(133,193)	(162,683)
Sales	(308,369)	(725,991)	(27,000)	(115,113)	(1,176,473)
Transfers to Level 3 (**)	5,954	-	-	-	5,954
Balance as of September 30, 2025 (unaudited)	<u>1,526,415</u>	<u>8,962,625</u>	<u>693,149</u>	<u>6,483,526</u>	<u>17,665,715</u>

(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2025

(7,064) 144,262 14,538 (67,205) 84,531

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of July 1, 2024 (unaudited)	1,668,052	8,696,282	591,853	5,274,031	16,230,218
In profit or loss (*)	42,607	286,305	19,685	50,218	398,815
Purchases	142,132	217,527	4,600	230,461	594,720
Proceeds from interest and dividend	(29,457)	(775)	(4,455)	(65,584)	(100,271)
Sales	(225,814)	(361,057)	(20,302)	(148,345)	(755,518)
Transfers from Level 3 (**)	-	-	(7,932)	-	(7,932)
Balance as of September 30, 2024 (unaudited)	<u>1,597,520</u>	<u>8,838,282</u>	<u>583,449</u>	<u>5,340,781</u>	<u>16,360,032</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of September 30, 2024	<u>10,228</u>	<u>285,331</u>	<u>19,301</u>	<u>(4,331)</u>	<u>310,529</u>

(**) Transfers from Level 3 stem mainly from securities classified to investment as an associate.

	Financial assets				
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of January 1, 2024 (audited)	3,076,295	8,899,395	525,605	5,033,923	17,535,218
Total gains (losses) recognized:					
In profit or loss (*)	277,270	519,369	37,802	372,747	1,207,188
Purchases	717,192	238,806	108,152	1,224,849	2,288,999
Proceeds from interest and dividend	(190,162)	(383,104)	(7,800)	(287,223)	(868,289)
Sales	(1,611,796)	(371,653)	(40,458)	(799,056)	(2,822,963)
Transfers to Level 3 (**)	26,831	-	-	-	26,831
Transfers from Level 3 (**)	(792,131)	-	(14,295)	-	(806,426)
Balance as of December 31, 2024 (unaudited)	<u>1,503,499</u>	<u>8,902,813</u>	<u>609,006</u>	<u>5,545,240</u>	<u>16,560,558</u>
(*) Of which - Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of December 31, 2024	<u>55,033</u>	<u>129,679</u>	<u>687</u>	<u>(34,352)</u>	<u>151,047</u>

(**) Transfers between fair value levels stem mainly from securities whose rating has changed and securities issued for the first time.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

2. Fair value of financial assets by level (cont.)

Assets measured at fair value - Level 3 (cont.)

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of September 30, 2025:

<u>Class of assets</u>	<u>Fair value</u>	<u>Measurement method</u>	<u>Key unobservable inputs</u>	<u>Weighted discount rate</u>
Unaudited				
NIS thousand				
Illiquid debt instruments, excluding designated bonds	1,526,415	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 6.79%, weighted
Capital instruments	693,149	Multiplier / DCF estimation	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 12.96%, weighted
Other investments	6,483,526	Adjusted NAV	Value estimated by the fund manager, adjustments for liquidity and risk	N/A

Assessments are conducted by external appraisers using available information and similar market input where possible; the input are regularly updated and reviewed.

Designated bonds are measured at fair value. The fair value is based on an actuarial calculation of the expected cash flows, using models that incorporate demographic, financial and economic assumptions. These cash flows are discounted at the discount rate of risk-free interest plus an illiquidity premium.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

B. Other financial investments (cont.)

3. Fair value of financial assets at amortized cost

	As of September 30, 2025		As of September 30, 2024		As of December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	Unaudited					
	NIS thousand					
Financial assets						
Other financial investments measured at depreciated cost:						
<u>Illiquid debt instruments:</u>						
Deposits with banks and financial institutions	762,000	762,000	927,544	927,544	874,002	874,002
Treasury deposits	986,543	1,593,985	943,423	1,464,534	945,773	1,549,472
Illiquid corporate bonds	48,009	46,555	84,936	78,321	49,779	48,540
Loans (including investees)	2,543,322	2,555,263	2,645,145	2,649,683	2,587,868	2,577,185
Total financial assets	<u>4,339,874</u>	<u>4,957,803</u>	<u>4,601,048</u>	<u>5,120,082</u>	<u>4,457,422</u>	<u>5,049,199</u>

C. Credit assets for factoring, acquiring and financing

	As of September 30 2025	As of September 30 2024	As of December 31 2024
	Unaudited		
	NIS thousand	NIS thousand	NIS thousand
Trade receivables and checks pending collection	1,382,920	1,188,546	1,351,253
Credit vouchers	31,654	31,601	23,294
Loans and checks pending collection	2,107,981	1,564,612	1,801,357
Credit vouchers for sale	1,884,185	2,012,328	1,841,439
Credit loss provision	(59,433)	(33,363)	(47,109)
Total	<u>5,347,307</u>	<u>4,763,724</u>	<u>4,970,234</u>

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities

1. Breakdown of financial liabilities

	Balance as of September 30, 2025	
	Carrying value	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Loans from banks (1)	2,166,222	2,166,222
Short-term credit from banking corporations (2)	541,136	541,136
Loans from non-bank entities	307,382	307,382
Bonds (3)	4,305,413	4,051,876
Subordinated Notes - Tier 2 capital (4)	4,459,843	4,489,288
Notes - Additional Tier 1 capital (4)	386,058	377,700
Trade receivables for credit cards	1,841,972	1,841,972
Repo liability for held for non-yield-dependent contracts (5)	130,932	130,932
Lease liabilities (6)	189,427	-
Other (7)	120,968	120,968
Total financial liabilities presented at amortized cost	14,449,353	14,027,476
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo liability for held for non-yield-dependent contracts (5)	379,076	379,076
Repo liability for yield-dependent contracts (5)	1,810,458	1,810,458
Total financial liabilities presented at fair value through profit or loss	2,189,534	2,189,534
Total loans and credit	16,638,887	16,217,010
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	871,677	871,677
Derivatives held for non-yield-dependent contracts	190,613	190,613
Liability for short sale of liquid securities (8)	1,295,538	1,295,538
Total held-for-trading financial liabilities	2,357,828	2,357,828

(1) For a change in loans from banks – see Note 4F.

(2) The change as of cutoff date arises from the repayment of a USD 50 million loan taken by Phoenix Insurance and the termination of the SEED investment in KKR Fund and the loan in respect thereof totaling NIS 230 million.

(3) For a change in the bonds – see sections 4A, 4C, 4D, 4E, 4G.

(4) The notes were issued for the purpose of complying with the capital requirements. For a change in Tier 2 capital, see sections 4B, 4H, 4I.

(5) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks.

The term of those transactions was up to one year, against liquid debt assets of the Government of Israel; they include a mechanism for the adjustment of the value of the collaterals that will be provided against the consideration received in the transaction.

(6) Disclosure of fair value was not required.

(7) Mainly provision in respect of an option to acquire an investee.

(8) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,295,535 thousand, and in respect of yield-dependent contracts – NIS 3 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	Balance as of September 30, 2024	
	Carrying value	Fair value
	Unaudited	Unaudited
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Short-term credit from banking corporations	2,272,981	2,272,981
Loans from non-bank entities	1,109,271	1,109,271
Bonds	2,496,614	2,438,039
Subordinated notes (1)	4,115,099	3,996,151
Notes - Additional Tier 1 capital (1)	373,366	348,536
Trade receivables for credit cards	1,777,534	1,777,534
Repo liability for held for non-yield-dependent contracts (2)	937,657	937,657
Lease liabilities (3)	173,649	-
Other (4)	39,781	39,781
Total financial liabilities presented at amortized cost	13,295,952	12,919,950
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo liability for held for non-yield-dependent contracts (2)	-	-
Repo liability for yield-dependent contracts (2)	363,854	363,854
Total financial liabilities presented at fair value through profit or loss	363,854	363,854
Total loans and credit	13,659,806	13,283,804
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	939,481	939,481
Derivatives held for non-yield-dependent contracts	381,943	381,943
Liability for short sale of liquid securities (5)	1,544,485	1,544,485
Total held-for-trading financial liabilities	2,865,909	2,865,909

- (1) The notes were issued for the purpose of complying with the capital requirements.
- (2) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks. These transactions are made against liquid debt assets of the Government of Israel and include adjustment mechanisms for the value of the collaterals which shall be provided against the consideration received in the transaction.
- (3) Disclosure of fair value was not required.
- (4) Mainly provision in respect of an option to acquire an investee and an undertaking to acquire portfolios.
- (5) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,544,482 thousand, and in respect of yield-dependent contracts – NIS 3 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	Balance as of December 31, 2024	
	Carrying value	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Loans from banks	1,637,920	1,637,920
Short-term credit from banking corporations	940,794	940,794
Loans from non-bank entities	369,983	382,733
Bonds	3,032,715	3,002,730
Subordinated notes (1)	3,823,946	3,759,971
Subordinated notes - Additional Tier 1 capital (1)	373,606	363,067
Trade receivables for credit cards	1,901,977	1,901,977
Repo liability for held for non-yield-dependent contracts (2)	260,986	260,986
Lease liabilities (3)	168,158	-
Other (4)	31,373	31,373
Total financial liabilities presented at amortized cost	12,541,458	12,281,551
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo liability for held for non-yield-dependent contracts (2)	721,182	721,182
Repo liability for yield-dependent contracts (2)	945,080	945,080
Total financial liabilities presented at fair value through profit or loss	1,666,262	1,666,262
Total loans and credit	14,207,720	13,947,813
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	1,051,636	1,051,636
Derivatives held for non-yield-dependent contracts	250,065	250,065
Liability for short sale of liquid securities (5)	1,658,885	1,658,885
Other	21,000	21,000
Total held-for-trading financial liabilities	2,981,586	2,981,586

(1) The notes were issued for the purpose of complying with the capital requirements.

(2) Phoenix Insurance has entered into repo and reverse repo agreements with foreign banks.

The term of those transactions was up to one year, against liquid debt assets of the Government of Israel; they include a mechanism for the adjustment of the value of the collaterals that will be provided against the consideration received in the transaction.

(3) Disclosure of fair value was not required.

(4) Mainly provision in respect of an option to acquire an investee and an undertaking to acquire portfolios.

(5) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,612,669 thousand, and in respect of yield-dependent contracts – NIS 46,216 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

2. Fair value of financial liabilities by level

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	2,189,534	-	2,189,534
Derivatives	220,206	831,174	10,910	1,062,290
Liability for short sale of liquid securities	1,295,538	-	-	1,295,538
Total held-for-trading financial liabilities	1,515,744	831,174	10,910	2,357,828

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	363,854	-	363,854
Derivatives	164,302	1,147,847	9,275	1,321,424
Liability for short sale of liquid securities	1,544,485	-	-	1,544,485
Total held-for-trading financial liabilities	1,708,787	1,147,847	9,275	2,865,909

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	1,666,262	-	1,666,262
Derivatives	236,686	1,052,980	12,035	1,301,701
Liability for short sale of liquid securities	1,679,885	-	-	1,679,885
Total held-for-trading financial liabilities	1,916,571	1,052,980	12,035	2,981,586
Financial liabilities presented at amortized cost, the fair value of which is disclosed	9,476,749	2,865,178	199,531	12,541,458

3. Valuation techniques

The fair value of investments traded actively in regulated financial markets is determined based on market prices as of the reporting date. For investments where 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.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

3. Valuation techniques (cont.)

a) Illiquid debt assets

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. During the reporting period, a notice from the Capital Market Authority regarding the results of a new tender for selecting a supplier for the revaluation of illiquid debt assets for the institutional entities. In accordance with the notice, Ness Fair Value Ltd. was selected by the Capital Market, Insurance and Savings Authority as the new revaluation supplier (hereinafter - the “**New Supplier**”), following a comprehensive tender conducted in accordance with the provisions of the law. The Company is in the advanced stages of preparing for working with the new supplier; preparations are expected to be completed in the coming months. Based on the revaluation model of the New Supplier, including the data to be used in the model, the Company expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

b) Illiquid shares

The fair value of the investment in illiquid shares was estimated using the discounted cash flow model (DCF). The estimate requires management to make certain assumptions regarding the model's data, including expected cash flows, discount rates, credit risk and volatility. The probabilities in respect of the estimates in the range can be measured reliably, and management uses them to determine and evaluate the fair value of these investments in illiquid shares.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

3. Valuation techniques (cont.)

c) Derivatives

The Company enters into transactions involving derivative financial instruments with multiple parties, especially financial institutions. The derivatives were valued using valuation models with observable market inputs are mainly interest rate swap contracts and foreign currency forwards. The most frequently used valuation techniques include prices of forwards and swap models using present value calculations. The models combine a number of inputs, including the credit rating of the parties to the financial transaction, spot/forward exchange rates, prices of forward contracts and interest rate curves. All derivative contracts are fully back against cash; therefore, there is no counterparty credit risk and non-performance risk of the Company itself in respect thereof.

d) Repo liability

The Company enters into REPO transactions with multiple parties, especially financial institutions. The underlying assets of these transactions are not derecognized from the Company's statements of financial position, since the Company is still exposed to the risks and economic benefits arising therefrom. Accordingly, the consideration received in the transaction is presented against a financial liability. The differences between the consideration received in the transaction and the future purchase price represents the transaction's implicit effective interest rate, which is used by the Company in the subsequent measurement of the financial liability in the statements of financial position.

4. Issuances/repayments in the reporting period

- A. In January 2025, the Company issued - as part of the expansion of its Bonds (Series 5 and 6) NIS 174,242 thousand p.v. in Bonds (Series 5) of NIS 1 p.v. each, and NIS 473,120 thousand p.v. in Bonds (Series 6) of NIS 1 p.v. each. The terms of the bonds are identical to the terms of the existing bonds. The Bonds were rated by Midroog at Aa2.il with a stable outlook, and by Maalot at ilAA. The total consideration arising to the Company from the two expansions amounted to approx. NIS 600 million.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

4. Issuances/repayments during the reporting period (cont.)

- B. In April 2025, Phoenix Capital Raising completed the issuance of two series of bonds totaling NIS 786,147 thousand p.v.: Bonds (Series P) totaling NIS 556,147 thousand p.v. and Bonds (Series Q) totaling NIS 230,000 thousand p.v. Total proceeds from the two issuances totaled approx. NIS 780 million.

The Bonds (Series P) will be repaid in a single installment, which will be paid on November 1, 2034 (with an early redemption option on November 1, 2031). The Bonds are not linked to the CPI and/or to any foreign currency and bear annual interest of 5.15%, which will be paid in semi-annual installments on May 1st of each of the years 2026 through 2034 and November 1st of each of the years 2025 through 2034.

The Bonds (Series Q) will be repaid in a single installment, which will be paid on November 1, 2035 (with an early redemption option on November 1, 2032). CPI-linked bonds (principal and interest) The Bonds bear annual interest of 3.14%, which will be paid in semi-annual installments on February 1st of each of the years 2026 through 2035 and August 1st of each of the years 2025 through 2034.

The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The notes were recognized as Tier 2 capital instrument in Phoenix Insurance, subject to the provisions of the Supervision Regulations regarding the eligible capital restrictions and were listed on the Tel Aviv Stock Exchange.

- C. On April 24, 2025, Gama issued to the public NIS 600,000 thousand p.v. of Commercial Securities (Series 4) in consideration for NIS 600 million, which will bear interest at the rate of the Bank of Israel Interest plus 0.08%. The principal and interest of the CPs shall be repaid in a single installment on April 23, 2026.
- D. In May 2025, Maalot assigned an ilA+ long-term rating with a stable outlook and a short-term ilA-1 short-term rating to Phoenix Investment House. Subsequent to the assignment of this rating, Phoenix Investment House completed a private placement of Commercial Papers (CPs) totaling NIS 110 million, which bears the Bank of Israel Interest plus a 0.25% spread, for a period of one year. In October 2025, Phoenix Investment House issued illiquid short-term Commercial Papers (CPs) totaling NIS 51 million under terms identical to the CPs issued in May 2025.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

4. Issuances/repayments during the reporting period (cont.)

- E. In June 2025, Gama issued NIS 300,000 thousand p.v. in Bonds (Series D) of NIS 1 p.v. each, in consideration for NIS 300 million. The Bonds will be repaid in five equal installments on January 10th of each of the years 2028 through 2030 and on July 10th of each of the years 2028 through 2029. The outstanding balance of the principal of the bonds will bear variable annual interest at the rate of the Bank of Israel Interest, plus a spread of 0.96%; the interest in respect of the bonds will be paid in semi-annual installments. As of the balance sheet date, the bonds are assigned ilAA rating with a stable outlook by Maalot and Aa2.il rating with a stable outlook by Midroog.
- F. In June 2025, Gama and a banking corporation entered into an agreement for receipt of a NIS 400 million loan. The loan principal will be repaid in three installments starting at the end of 30 months and through the end of 42 months from the date on which the loan was advanced. The interest in respect of the loan will be paid every quarter and its effective rate will range from Prime minus 0.25% to Prime minus 0.75%.
- G. In July 2025, the Company issued by way of expansion of its Bonds (Series 5 and 6) approx. NIS 109,885 thousand p.v. in Bonds (Series 5) of NIS 1 p.v. each, and approx. NIS 420,986 thousand p.v. in Bonds (Series 6) of NIS 1 p.v. each. The terms of the bonds are identical to the terms of the existing bonds. The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The total consideration arising to the Company from the two expansions amounted to NIS 500 million.
- H. In July 2025, Phoenix Capital Raising completed an issuance under an expansion of series of bonds (Series P and Q) totaling approx. NIS 578,062 thousand p.v.: Bonds (Series P) totaling NIS 440,819 thousand p.v. and Bonds (Series Q) totaling NIS 137,243 thousand p.v. The total gross consideration from the two issuances is approx. NIS 595 million. The Bonds were assigned an Aa2il rating with a stable outlook by Midroog and an ilAA rating by Maalot. The bonds were recognized as Tier 2 capital in Phoenix Insurance and were listed on the Tel Aviv Stock Exchange.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

4. Issuances/repayments during the reporting period (cont.)

- I. On July 31, 2025, Phoenix Capital Raising executed a full early redemption of the principal of the Bonds (Series H) and interest thereon totaling approx. NIS 781 million, in accordance with the conditions precedent of the deed of trust, and the approval of the Capital Market, Insurance and Savings Authority. In view of the early redemption, the Bonds (Series H) were delisted from trade on the TASE.
- J. On September 7, 2025, Maalot reiterated the ilAA+ long-term rating and the ilA-1+ short-term rating with a stable outlook assigned to commercial papers to be issued by Phoenix Agencies. On September 10, 2025, Phoenix Agencies completed a private placement of Commercial Papers (CPs) totaling NIS 200 million, which bear the Bank of Israel Interest plus a 0.15% spread for a period of one year, with an option to extend by 4 further periods (up to approx. 5 years in total). The consideration amount of this placement was used by Phoenix Agencies to repay a bank loan.

5. Issuances/repayments subsequent to the report date

- A. In October 2025, Phoenix Capital Raising completed the issuance of Bonds (Series R) totaling NIS 500 million p.v.; the proceeds from the issuance was approx. NIS 500 million. The subordinated notes were rated il.Aa3 with a stable outlook by Midroog and ilAA- by Maalot. The subordinated notes were recognized by the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance as an Additional Tier 1 capital instrument of Phoenix Insurance. The interest in respect of the subordinated notes will be repaid in semi-annual installments on March 30 of each of the years 2026 to 2075 and on September 30 of each of the years 2026 to 2075. The annual interest rate which the notes will bear is 2.79%. The first date on which the Company will be entitled to execute full or partial early redemption of the subordinated notes will fall on September 30, 2036. CPI-linked bonds (principal and interest) On October 18, 2025, Phoenix Gama redeemed the entire principal of Bonds Series B and C totaling approx. NIS 241 million including accrued interest, in accordance with the bonds' terms.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

5. Issuances/repayments subsequent to the report date (cont.)

- B. On October 30, 2025, rating agency Midroog Ltd. (hereinafter - "**Midroog**") assigned Phoenix Pension and Provident an issuer rating of Aa3.il, with a stable outlook. In addition, Midroog assigned a P-1.il rating to the commercial papers to be issued by the Company. On November 3, 2025, Phoenix Pension and Provident completed a private placement of Commercial Papers (CPs) totaling NIS 200 million, which bear the Bank of Israel Interest plus 0.15% for a period of one year, with an option to extend by 4 further periods (up to approx. 5 years in total). The issuance consideration was used for short-term credit repayment and for Phoenix Pension and Provident's operating activities.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS

It is management's policy to maintain a strong capital base 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 future business activities. Phoenix Insurance, Phoenix Investment House group, Pension and Provident management company, Gama, and other institutional entities consolidated in the financial statements are subject to capital requirements set by the Commissioner.

A. Principles of the Solvency II-based Economic Solvency Regime

Phoenix Insurance is subject to the Solvency II-based Economic Solvency Regime in accordance with implementation provisions as published in June 2017 and revised in October 2020 (hereinafter - the "**Economic Solvency Regime**").

Economic solvency ratio

The economic solvency ratio is calculated as the ratio between the Insurance Company's eligible economic own funds and the solvency capital requirement.

The eligible economic own funds is determined as the sum of the Common Tier 1 capital derived from the economic balance sheet and debt instruments that include loss absorption mechanisms (Additional Tier 1 capital and Tier 2 capital instrument).

Economic balance sheet items are calculated based on economic value, with insurance liabilities calculated on the basis of a best estimate of all expected future cash flows from existing businesses, without conservatism margins, and plus a risk margin.

The solvency capital requirement (SCR) is designed to estimate the economic equity's exposure to a series of scenarios set out in the Provisions of the Economic Solvency Regime, and which reflect insurance risks, market and credit risks as well as operational risks.

The Economic Solvency Regime includes, among other things, Provisions for the Transitional Period 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**").

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

A. Principles of the Solvency II-based Economic Solvency Regime (cont.)

Economic solvency ratio (cont.)

In April 2024, the Capital Market Authority published a letter regarding the calculation of deduction during the Transitional Period in an economic solvency regime under the application of IFRS 17, Insurance Contracts. In accordance with the Consolidated Circular's provisions regarding "Economic Solvency Regime", an insurance company may, after receiving the Capital Market Commissioner's approval, include a deduction during the Transitional Period in the calculation of insurance reserves, in accordance with the definitions set in the provisions through the end of 2032 (hereinafter - the "**Deduction**"). The purpose of the published letter is to revise the method applied in the calculation of the deduction, such that it will no longer rely on financial statement data, which include a calculation of insurance liabilities in accordance with IFRS 4. The letter sets rules regarding the calculation of the deduction subsequent to the implementation of IFRS 17, which amend the rules set in the Letter of Principles. During May 2025, the Company received the Commissioner's approval regarding the Deduction Rates for the Transitional Period.

In accordance with the Provisions of the Economic Solvency Regime, 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 after the calculation date.

On July 2, 2025, the Commissioner published a circular stating that, as of December 31, 2026, the Economic Solvency Ratio Reports will be published at the same time as the financial statements as of that date.

Furthermore, in view of the listing of Additional Tier 1 capital for trading on the Tel Aviv Stock Exchange's main list, and in accordance with Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes, in the framework of the Report of the Board of Directors, the estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by Phoenix Insurance 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. In addition, if the Company's solvency ratio falls to 120% or below, it will publish a Full Solvency Ratio Report on a quarterly basis in a semi-annual format, instead of an estimated ratio.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

A. Principles of the Solvency II-based Economic Solvency Regime (cont.)

Economic solvency ratio (cont.)

Phoenix Insurance published its Solvency Ratio Report as of June 30, 2025, along with the publication of the Financial Statements. In accordance with the Solvency Ratio Report as of June 30, 2025, The Phoenix Insurance has excess capital, net of the Provisions for the Transitional Period and taking into account the Provisions for the Transitional Period.

The calculation carried out by Phoenix Insurance as of June 30, 2025 was reviewed by the Company's independent auditors in accordance with the principles of 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 as of June 30, 2025, comply, in all material respects, with the Commissioner's Directives, and are not part of the audit or review standards that apply to financial statements.

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, steps taken by management, and the pattern of the future development of the risk margin, which will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation. Furthermore, actual results may materially 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.

Furthermore, attention is drawn to that which is stated in the Solvency Ratio Report regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

For further details, see Section 3.1 to the Report of the Board of Directors, and the Economic Solvency Ratio Report as of June 30, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend

1) Capital distribution target

According to the letter published by the Commissioner, in October 2017, (hereinafter - the "**Dividend Distribution 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 Provisions of the Economic Solvency Regime - of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the economic solvency ratio target set by the Company's Board of Directors. The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

Phoenix Insurance's Board of Directors has set a minimum economic solvency ratio target and target range based on Solvency II. The economic solvency ratio target range, within which the Company seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction is 150%-170%. In addition, the minimum economic solvency ratio target, taking into account the Provisions for the Transitional Period, is set at 135%.

On August 24, 2025, the Company's Board of Directors decided to increase the minimum solvency ratio target without taking into account the Provisions for the Transitional Period by further 2 percentage points from 121% to 123%, beginning on June 30, 2025 as part of Phoenix Insurance's preparations for increasing the minimum solvency ratio target by the end of the Transitional Period. This minimum economic solvency ratio target is expected to reach 135% at the end of the Transitional Period, in accordance with the Company's capital plan.

2) Phoenix Insurance's dividend distribution policy

On October 27, 2020, Phoenix Insurance's Board of Directors approval of the dividend distribution whereby, as from 2021, Phoenix Insurance shall distribute an annual dividend at a rate of 30% to 50% of its distributable comprehensive income as per its audited annual consolidated financial statements for the relevant year, as long as Phoenix Insurance meets the minimum economic solvency ratio targets in accordance with Solvency II, as described above.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

2) Phoenix Insurance's dividend distribution policy (cont.)

On March 28, 2022, Phoenix Insurance's Board of Directors approved a revision of the dividend distribution policy that will apply to future dividend distributions to be made in connection with Phoenix Insurance's financial results for 2022 and thereafter. According to the update, the rate of dividend will not change, but Phoenix Insurance will take steps to distribute a dividend twice a year:

- Dividend at the discretion of the Board of Directors on the approval date of the Financial Statements for the second quarter of each calendar year.
- Supplementary dividend in accordance with the policy on the annual report's approval date of each calendar year.

On May 28, 2024, Phoenix Insurance's Board of Directors approved a revision of its dividend distribution policy whereby, as from 2024, Phoenix Insurance shall distribute an annual dividend at a rate of 40% to 60%.

On May 15, 2025, Phoenix Insurance's Board of Directors approved a revision to the dividend distribution policy, according to which Phoenix Insurance will distribute a dividend on a quarterly basis rather than on a semi-annual basis.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

2) Phoenix Insurance's dividend distribution policy (cont.)

It is hereby clarified that this policy should not be viewed as an undertaking by Phoenix 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 of Phoenix Insurance may decide on actual distribution at different (higher or lower) rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of the law applicable to any dividend distribution, including, among other things, the provisions of the Companies Law, 1999, and to compliance with the financial covenants Phoenix Insurance has undertaken or/or will undertake to comply with, to Phoenix Insurance's having sufficient distributable profits on the relevant dates, to the condition that the distribution shall not adversely affect the terms of Phoenix Insurance's bonds and/or its cash flows, and to the extent to which Phoenix Insurance needs cash to finance its activities, including future investments, as shall be from time to time, and/or its expected and/or planned future activities. The Board of Directors of Phoenix 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 Phoenix Insurance, to change the dividend distribution policy, including the rate of dividend to be distributed.

3) Dividend distributions in the reporting period

1. On December 30, 2024, Phoenix Insurance's Board of Directors approved the distribution - as a dividend in kind - of assets totaling approx. NIS 1.4 billion as detailed below and subject to the fulfillment of the following conditions:
 - A. Distribution of the rights of Phoenix Insurance and Hadar Green in the properties known as block 6154, parcels 931 and 932 in Givatayim (hereinafter- "**Beit Havered**"). As of September 30, 2025, the balance of assets in the Phoenix Insurance's books of accounts is approx. NIS 617 million. The distribution is subject to the approval of the Israel Tax Authority and the Givatayim municipality.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

3) Dividend distributions in the reporting period (cont.)

1. (cont.)

- B. Distribution of Phoenix Insurance's entire stake in Gold Mortgages. As of September 30, 2025, the investment balance in Phoenix Insurance's books of accounts, including a shareholder loan, is approx. NIS 9 million. Distribution of shares of Gold Mortgages is subject to receipt - from the Commissioner - of an expanded credit provision license (as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016 by Gold Mortgages.
- C. Distribution of the loan advanced by Phoenix Insurance to Gold Mortgages for the purpose of providing loans to customers. As of December 31, 2024, the distribution was carried out against a dividend payable in Phoenix Insurance's books of accounts totaling approx. NIS 574 million. The transfer of a loan to the company was carried out in practice on January 1, 2025.
- D. Distribution to the Company of all of Phoenix Insurance's shares in EL AL Frequent Flyer Ltd., which constitute approx. 19.9% of the issued and paid-up share capital of EL AL Club. On March 31, 2025, subsequent to the approval of the Israel Tax Authority, the investment in EL AL Frequent Flyer Ltd. - totaling approx. NIS 179 million - was distributed to the Company.
- E. Distribution of illiquid financial assets - on March 31, 2025, after obtaining the approval of the Commissioner of Regulated Financial Service Providers, these assets - totaling approx. NIS 25 million - were distributed.

Phoenix Insurance's Board decided that insofar as there are material adverse changes in the status of Phoenix Insurance, prior to the actual distribution of the abovementioned assets, the distribution will be brought before the Board of Directors of Phoenix Insurance to be reassessed, discussed and resolved on.

The distribution of Beit Havered and the remaining stake in Gold Mortgages, as described in Sections A and B above, was not taken into account in the results of the solvency ratio as of December 31, 2024 and as of June 30, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

3) Dividend distributions in the reporting period (cont.)

1. (cont.)

On October 30, 2025, Phoenix Insurance received a draft audit report from the Capital Market, Insurance and Savings Authority in connection with the Phoenix Insurance Board of Directors' resolution on the said dividend in kind distribution.

2. On May 28, 2025, Phoenix Insurance's Board of Directors decided - given the Company's distributable retained earnings and solvency ratio, to distribute a NIS 170 million dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

3. On August 24, 2025, Phoenix Insurance's Board of Directors decided - given the Company's distributable retained earnings and solvency ratio, to distribute a cash NIS 460 million dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law. This distribution was taken into account in calculating the solvency ratio as of June 30, 2025.

4. On November 25, 2025, at the same time as the approval of Phoenix Insurance's financial statements as of September 30, 2025, Phoenix Insurance's Board of Directors decided - given the Phoenix Insurance's distributable retained earnings and solvency ratio, to distribute a NIS 340 million cash dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law. This distribution was taken into account in calculating the solvency ratio as of June 30, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

C. Own Risk and Solvency Assessment of an Insurance Company (ORSA)

On January 5, 2022, the Commissioner published an Amendment to the Provisions of the Consolidated Circular - "Reporting to the Commissioner of Capital Market" - Own Risk and Solvency Assessment of an Insurance Company (ORSA) was published (hereinafter - the "**ORSA Circular**"); the ORSA Circular stipulates that an insurance company shall report to the Commissioner about Own Risk and Solvency Assessment of an Insurance Company (ORSA) once a year - in January. In accordance with the ORSA Circular, Phoenix Insurance shall provide the Commissioner with a report that will include a summary of its results, status of its business and interactions, risk exposure, assessment of solvency and capital requirement, forward-looking valuation, scenarios and sensitivity analyses. The circular's effective date is January 1, 2023. As from January 2023, Phoenix Insurance reports its Own Risk and Solvency Assessment of an Insurance Company to the Commissioner for the first time, in accordance with the requirements of the ORSA Circular.

- D. The Company undertook to supplement, at any time, the equity capital of Phoenix Pension and Provident Funds to the amount prescribed by the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964. This undertaking will be fulfilled only when Phoenix Pension and Provident Funds' equity capital is negative, provided that the supplement amount does not exceed the liabilities limit as aforesaid; the commitment will be in effect as long as the Company is the controlling shareholder of this entity.
- E. Phoenix Pension and Provident Funds is required to maintain minimum equity in accordance with the Supervision of Financial Services Regulations (Provident Funds) (Minimum Equity Required from a Provident Fund or a Pension Fund's Management Company), 2012, and the Commissioner's Directives, guidance issued by the Israel Securities Authority and/or the TASE Rules and Regulations. As of the financial statements date, Phoenix Pension and Provident complies with those requirements.
- F. For details regarding the Company's dividend distribution, see Notes 10C and 11A.
- G. For details regarding the share buyback during the reporting period, see Note 10B.
- H. For details regarding the Company's dividend distribution policy, see Note 10G.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE

	For the nine-month period ended September 30, 2025			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	240,666	559,364	-	800,030
Change in risk adjustment (RA) for non-financial risk resulting from past risks	40,404	49,281	-	89,685
Claims and other expected insurance service expenses incurred	1,172,491	1,116,314	-	2,288,805
Other (*)	29,347	1,032	-	30,379
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	70,728	46,209	-	116,937
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,553,636	1,772,200	-	3,325,836
Contracts to which the Premium Allocation Approach (PAA) was applied	-	221,793	3,751,798	3,973,591
Total revenues from insurance services	<u>1,553,636</u>	<u>1,993,993</u>	<u>3,751,798</u>	<u>7,299,427</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	1,289,634	1,346,075	2,599,381	5,235,090
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(145,236)	(117,403)	(328,333)	(590,972)
Losses (reversal of losses) for groups of onerous insurance contracts	(34,582)	(1)	312	(34,271)
Amortization of insurance acquisition cash flows	70,730	77,218	793,384	941,332
Total expenses from insurance services	<u>1,180,546</u>	<u>1,305,889</u>	<u>3,064,744</u>	<u>5,551,179</u>
Income from insurance services before reinsurance contracts held	<u>373,090</u>	<u>688,104</u>	<u>687,054</u>	<u>1,748,248</u>
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): Contractual service margin (CSM) amount recognized in profit or loss for services received	36,443	65,922	-	102,365
Change in risk adjustment (RA) for non-financial risk resulting from past risks	22,319	4,371	-	26,690
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	122,300	84,883	-	207,183
Other (*)	(13,070)	100	-	(12,970)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	167,992	155,276	-	323,268
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	779,845	779,845
Total reinsurance expenses	<u>167,992</u>	<u>155,276</u>	<u>779,845</u>	<u>1,103,113</u>
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	112,338	102,799	862,148	1,077,285
Changes relating to past service - adjustment for assets for incurred claims	(541)	(22,527)	(133,986)	(157,054)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	24,072	-	2,007	26,079
Total reinsurance revenues	<u>135,869</u>	<u>80,272</u>	<u>730,169</u>	<u>946,310</u>
Total expenses, net for reinsurance contracts held	<u>(32,123)</u>	<u>(75,004)</u>	<u>(49,676)</u>	<u>(156,803)</u>
Income from insurance services	<u>340,967</u>	<u>613,100</u>	<u>637,378</u>	<u>1,591,445</u>

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the nine-month period ended September 30, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	299,633	571,848	-	871,481
Change in risk adjustment (RA) for non-financial risk resulting from past risks	39,122	46,555	-	85,677
Claims and other expected insurance service expenses incurred	1,121,956	1,052,227	-	2,174,183
Other (*)	31,481	2,477	-	33,958
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	53,000	29,937	-	82,937
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,545,192	1,703,044	-	3,248,236
Contracts to which the Premium Allocation Approach (PAA) was applied	-	194,767	3,457,865	3,652,632
Total revenues from insurance services	<u>1,545,192</u>	<u>1,897,811</u>	<u>3,457,865</u>	<u>6,900,868</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	1,286,334	1,271,288	2,196,408	4,754,030
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	20,455	(88,658)	(319,157)	(387,360)
Losses (reversal of losses) for groups of onerous insurance contracts	279	1	2,995	3,275
Amortization of insurance acquisition cash flows	53,000	57,655	675,002	785,657
Total expenses from insurance services	<u>1,360,068</u>	<u>1,240,286</u>	<u>2,555,248</u>	<u>5,155,602</u>
Income from insurance services before reinsurance contracts held	<u>185,124</u>	<u>657,525</u>	<u>902,617</u>	<u>1,745,266</u>
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):				
Contractual service margin (CSM) amount recognized in profit or loss for services received	49,607	60,967	-	110,574
Change in risk adjustment (RA) for non-financial risk resulting from past risks	28,698	4,665	-	33,363
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	136,968	82,026	-	218,994
Other (*)	(98)	3,747	-	3,649
Total contracts to which the Premium Allocation Approach (PAA) was not applied	215,175	151,405	-	366,580
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	750,369	750,369
Total reinsurance expenses	<u>215,175</u>	<u>151,405</u>	<u>750,369</u>	<u>1,116,949</u>
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	168,062	113,015	451,791	732,868
Changes relating to past service - adjustment for assets for incurred claims	9,886	(36,484)	(26,626)	(53,224)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	(15)	-	819	804
Total reinsurance revenues	<u>177,933</u>	<u>76,531</u>	<u>425,984</u>	<u>680,448</u>
Total expenses, net for reinsurance contracts held	<u>(37,242)</u>	<u>(74,874)</u>	<u>(324,385)</u>	<u>(436,501)</u>
Income from insurance services	<u>147,882</u>	<u>582,651</u>	<u>578,232</u>	<u>1,308,765</u>

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the three-month period ended September 30, 2025			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	79,397	183,616	-	263,013
Change in risk adjustment (RA) for non-financial risk resulting from past risks	14,194	17,054	-	31,248
Claims and other expected insurance service expenses incurred	396,929	380,445	-	777,374
Other (*)	15,399	1,977	-	17,376
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	24,495	17,038	-	41,533
Total contracts to which the Premium Allocation Approach (PAA) was not applied	530,414	600,130	-	1,130,544
Contracts to which the Premium Allocation Approach (PAA) was applied	-	82,056	1,276,932	1,358,988
Total revenues from insurance services	530,414	682,186	1,276,932	2,489,532
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	450,976	458,641	808,891	1,718,508
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(43,016)	(51,241)	(62,146)	(156,403)
Losses (reversal of losses) for groups of onerous insurance contracts	2,199	-	1,708	3,907
Amortization of insurance acquisition cash flows	24,495	37,163	257,004	318,662
Total expenses from insurance services	434,654	444,563	1,005,457	1,884,674
Income from insurance services before reinsurance contracts held	95,760	237,623	271,475	604,858
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):	-	-	-	-
Contractual service margin (CSM) amount recognized in profit or loss for services received	8,855	21,659	-	30,514
Change in risk adjustment (RA) for non-financial risk resulting from past risks	8,588	1,598	-	10,186
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	48,277	28,770	-	77,047
Other (*)	(6,488)	38	-	(6,450)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	59,232	52,065	-	111,297
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	258,341	258,341
Total reinsurance expenses	59,232	52,065	258,341	369,638
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	47,032	33,576	190,298	270,906
Changes relating to past service - adjustment for assets for incurred claims	(11,933)	(7,321)	(20,910)	(40,164)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	11	-	558	569
Total reinsurance revenues	35,110	26,255	169,946	231,311
Total expenses, net for reinsurance contracts held	(24,122)	(25,810)	(88,395)	(138,327)
Income from insurance services	71,638	211,813	183,080	466,531

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the three-month period ended September 30, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	101,312	188,774	-	290,086
Change in risk adjustment (RA) for non-financial risk resulting from past risks	12,464	17,578	-	30,042
Claims and other expected insurance service expenses incurred	370,969	351,608	-	722,577
Other (*)	14,021	2,473	-	16,494
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	19,083	11,045	-	30,128
Total contracts to which the Premium Allocation Approach (PAA) was not applied	517,849	571,478	-	1,089,327
Contracts to which the Premium Allocation Approach (PAA) was applied	-	76,265	1,192,698	1,268,963
Total revenues from insurance services	517,849	647,743	1,192,698	2,358,290
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	408,706	432,629	759,418	1,600,753
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	59,770	(37,566)	(111,809)	(89,605)
Losses (reversal of losses) for groups of onerous insurance contracts	(1,158)	-	(339)	(1,497)
Amortization of insurance acquisition cash flows	19,083	25,875	219,637	264,595
Total expenses from insurance services	486,401	420,938	866,907	1,774,246
Income from insurance services before reinsurance contracts held	31,448	226,805	325,791	584,044
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): Contractual service margin (CSM) amount recognized in profit or loss for services received	18,238	19,839	-	38,077
Change in risk adjustment (RA) for non-financial risk resulting from past risks	9,032	1,834	-	10,866
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	44,933	27,738	-	72,671
Other (*)	(4,670)	3,218	-	(1,452)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	67,533	52,629	-	120,162
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	287,328	287,328
Total reinsurance expenses	67,533	52,629	287,328	407,490
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	60,552	36,305	171,311	268,168
Changes relating to past service - adjustment for assets for incurred claims	13,764	(15,473)	(9,421)	(11,130)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	(15)	-	383	368
Total reinsurance revenues	74,301	20,832	162,273	257,406
Total expenses, net for reinsurance contracts held	6,768	(31,797)	(125,055)	(150,084)
Income from insurance services	38,216	195,008	200,736	433,960

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE (cont.)

	For the year ended December 31, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	Unaudited			
	NIS thousand			
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	381,813	761,797	-	1,143,610
Change in risk adjustment (RA) for non-financial risk resulting from past risks	52,156	63,641	-	115,797
Claims and other expected insurance service expenses incurred	1,507,491	1,404,348	-	2,911,839
Other (*)	39,630	15,400	-	55,030
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	74,046	41,610	-	115,656
Total contracts to which the Premium Allocation Approach (PAA) was not applied	2,055,136	2,286,796	-	4,341,932
Contracts to which the Premium Allocation Approach (PAA) was applied	-	264,528	4,671,727	4,936,255
Total revenues from insurance services	<u>2,055,136</u>	<u>2,551,324</u>	<u>4,671,727</u>	<u>9,278,187</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	1,717,490	1,716,091	2,925,848	6,359,429
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	8,939	(33,383)	(504,051)	(528,495)
Losses (reversal of losses) for groups of onerous insurance contracts	37,847	3	5,073	42,923
Amortization of insurance acquisition cash flows	74,046	80,260	901,375	1,055,681
Total expenses from insurance services	<u>1,838,322</u>	<u>1,762,971</u>	<u>3,328,245</u>	<u>6,929,538</u>
Income from insurance services before reinsurance contracts held	<u>216,814</u>	<u>788,353</u>	<u>1,343,482</u>	<u>2,348,649</u>
Revenues (expenses), net for reinsurance contracts held				
Revenues from reinsurance:				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in assets for remaining coverage (ARC):				
Contractual service margin (CSM) amount recognized in profit or loss for services received	69,418	83,104	-	152,522
Change in risk adjustment (RA) for non-financial risk resulting from past risks	37,550	6,529	-	44,079
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	184,805	111,005	-	295,810
Other (*)	(783)	4,088	-	3,305
Total contracts to which the Premium Allocation Approach (PAA) was not applied	290,990	204,726	-	495,716
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	1,003,234	1,003,234
Total reinsurance expenses	<u>290,990</u>	<u>204,726</u>	<u>1,003,234</u>	<u>1,498,950</u>
Revenues from reinsurance:				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	209,899	151,753	601,376	963,028
Changes relating to past service - adjustment for assets for incurred claims	28,954	(28,409)	(75,760)	(75,215)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	(15)	-	17	2
Total reinsurance revenues	<u>238,838</u>	<u>123,344</u>	<u>525,633</u>	<u>887,815</u>
Total expenses, net for reinsurance contracts held	<u>(52,152)</u>	<u>(81,382)</u>	<u>(477,601)</u>	<u>(611,135)</u>
Income from insurance services	<u>164,662</u>	<u>706,971</u>	<u>865,881</u>	<u>1,737,514</u>

(*) Mainly changes between actual premium debited and the current premium forecast in the actuarial model.

(**) These line items include contracts to which the Premium Allocation Approach (PAA) was applied.

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET

	For the nine-month period ended September 30, 2025				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited				
	NIS thousand				
Investment income, net:					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	7,448,322	195,383	-	3,321,504	10,965,209
Investment income from other investments, net:					
Other investment income, net	614,625	160,283	275,230	1,541,095	2,591,233
Share in earnings of equity-accounted subsidiaries closely related to the investing activity	9,131	19,512	10,518	67,353	106,514
Total income from other investments, net	<u>623,756</u>	<u>179,795</u>	<u>285,748</u>	<u>1,608,448</u>	<u>2,697,747</u>
Total investment income, net recognized in the income statement	<u>8,072,078</u>	<u>375,178</u>	<u>285,748</u>	<u>4,929,952</u>	<u>13,662,956</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	7,310,606	128,137	-	-	7,438,743
Effects of the risk mitigation option for VFA contracts	90,340	-	-	-	90,340
Interest accrued (a)	468,252	191,829	188,844	-	848,925
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	195,521	13,385	81,750	-	290,656
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(7,953)	(7,063)	-	-	(15,016)
Total finance expenses, net arising from insurance contracts	<u>8,056,766</u>	<u>326,288</u>	<u>270,594</u>	<u>-</u>	<u>8,653,648</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	27,143	73,380	48,016	-	148,539
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	16,111	20,005	32,754	-	68,870
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(13,297)	(1,497)	-	-	(14,794)
Loss on exchange rate differences and other	(18,613)	(21,580)	-	-	(40,193)
Total finance income (expenses), net arising from reinsurance contracts	<u>11,344</u>	<u>70,308</u>	<u>80,770</u>	<u>-</u>	<u>162,422</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,396,511)</u>	<u>(3,396,511)</u>
Total net investment and finance income	<u>26,656</u>	<u>119,198</u>	<u>95,924</u>	<u>1,533,441</u>	<u>1,775,219</u>
Investment gains (losses), net recognized in other comprehensive income	234	478	2,684	(27,670)	(24,274)
Total investment income, net, including amounts recognized in other comprehensive income	<u>26,890</u>	<u>119,676</u>	<u>98,608</u>	<u>1,505,771</u>	<u>1,750,945</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the nine-month period ended September 30, 2024				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	6,774,299	600,137	-	2,985,996	10,360,432
Income (losses) from other investments, net:					
Other investment income, net	382,336	157,830	258,237	712,073	1,510,476
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(1,129)	21,288	29,906	33,527	83,592
Total income from other investments, net	<u>381,207</u>	<u>179,118</u>	<u>288,143</u>	<u>745,600</u>	<u>1,594,068</u>
Total investment income, net	<u>7,155,506</u>	<u>779,255</u>	<u>288,143</u>	<u>3,731,596</u>	<u>11,954,500</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	6,631,171	551,166	-	-	7,182,337
Effects of the risk mitigation option for VFA contracts	129,590	-	-	-	129,590
Interest accrued (a)	503,364	262,696	167,329	-	933,389
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(230,157)	(53,918)	84,362	-	(199,713)
Total finance expenses, net arising from insurance contracts	<u>7,033,968</u>	<u>759,944</u>	<u>251,691</u>	<u>-</u>	<u>8,045,603</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	26,165	84,793	15,777	-	126,735
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	2,597	(38,702)	62,322	-	26,217
Loss on exchange rate differences and other	(37,097)	-	-	-	(37,097)
Total finance income, net arising from reinsurance contracts	<u>(8,335)</u>	<u>46,091</u>	<u>78,099</u>	<u>-</u>	<u>115,855</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,062,661)</u>	<u>(3,062,661)</u>
Total net investment and finance income	<u>113,203</u>	<u>65,402</u>	<u>114,551</u>	<u>668,935</u>	<u>962,091</u>
Investment income, net recognized in other comprehensive income	4,623	776	6,680	6,001	18,080
Total investment income, net, including amounts recognized in other comprehensive income	<u>117,826</u>	<u>66,178</u>	<u>121,231</u>	<u>674,936</u>	<u>980,171</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the three-month period ended September 30, 2025				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,175,550	68,838	-	1,647,368	4,891,756
Income (losses) from other investments, net:					
Other investment income, net	211,511	78,304	97,333	513,329	900,477
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	1,338	4,004	(1,441)	27,203	31,104
Total income from other investments, net	<u>212,849</u>	<u>82,308</u>	<u>95,892</u>	<u>540,532</u>	<u>931,581</u>
Total investment income, net recognized in the income statement	<u>3,388,399</u>	<u>151,146</u>	<u>95,892</u>	<u>2,187,900</u>	<u>5,823,337</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contacts	3,132,209	41,630	-	-	3,173,839
Effects of the risk mitigation option for VFA contracts	13,280	-	-	-	13,280
Interest accrued (a)	155,558	60,372	67,011	-	282,941
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	62,066	(59,034)	52,888	-	55,920
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	796	(1,149)	-	-	(353)
Total finance expenses, net arising from insurance contracts	<u>3,363,909</u>	<u>41,819</u>	<u>119,899</u>	<u>-</u>	<u>3,525,627</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	9,183	24,039	20,002	-	53,224
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	7,039	(11,830)	16,218	-	11,427
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(5,441)	(631)	-	-	(6,072)
Loss on exchange rate differences and other	(12,092)	(6,260)	-	-	(18,352)
Total finance income, net arising from reinsurance contracts	<u>(1,311)</u>	<u>5,318</u>	<u>36,220</u>	<u>-</u>	<u>40,227</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,676,101)</u>	<u>(1,676,101)</u>
Total net investment and finance income	<u>23,179</u>	<u>114,645</u>	<u>12,213</u>	<u>511,799</u>	<u>661,836</u>
Investment losses, net recognized in other comprehensive income	(1,475)	(1,784)	(1,562)	(5,829)	(10,650)
Total investment income, net, including amounts recognized in other comprehensive income	21,704	112,861	10,651	505,970	651,186

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the three-month period ended September 30, 2024				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income, net:					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	2,467,678	99,673	-	997,369	3,564,720
Investment income from other investments, net:					
Other investment income, net	343,561	65,492	110,221	579,872	1,099,146
Share in earnings of equity-accounted subsidiaries closely related to the investing activity	2,420	3,010	14,809	23,389	43,628
Total income from other investments, net	<u>345,981</u>	<u>68,502</u>	<u>125,030</u>	<u>603,261</u>	<u>1,142,774</u>
Total investment income, net recognized in the income statement	<u>2,813,659</u>	<u>168,175</u>	<u>125,030</u>	<u>1,600,630</u>	<u>4,707,494</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	2,395,276	80,166	-	-	2,475,442
Effects of the risk mitigation option for VFA contracts	52,352	-	-	-	52,352
Interest accrued (a)	159,765	78,444	58,472	-	296,681
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	182,968	13,842	92,808	-	289,618
Total finance expenses, net arising from insurance contracts	<u>2,790,361</u>	<u>172,452</u>	<u>151,280</u>	<u>-</u>	<u>3,114,093</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	8,918	26,819	7,727	-	43,464
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	2,182	32,701	37,348	-	72,231
Loss on exchange rate differences and other	(17,159)	-	-	-	(17,159)
Total finance income, net arising from reinsurance contracts	<u>(6,059)</u>	<u>59,520</u>	<u>45,075</u>	<u>-</u>	<u>98,536</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,027,712)</u>	<u>(1,027,712)</u>
Total net investment and finance income	<u>17,239</u>	<u>55,243</u>	<u>18,825</u>	<u>572,918</u>	<u>664,225</u>
Investment income, net recognized in other comprehensive income	3,675	598	247	6,001	10,521
Total investment income, net, including amounts recognized in other comprehensive income	<u>20,914</u>	<u>55,841</u>	<u>19,072</u>	<u>578,919</u>	<u>674,746</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the year ended December 31, 2024				
	Life Insurance	Health Insurance	P&C Insurance	Remaining operating segments	Total
	Unaudited NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	9,632,023	697,547	-	3,666,507	13,996,077
Income (losses) from other investments, net:					
Other investment income, net	889,164	221,496	366,229	1,286,679	2,763,568
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(3,819)	25,420	40,578	41,075	103,254
Total income from other investments, net	<u>885,345</u>	<u>246,916</u>	<u>406,807</u>	<u>1,327,754</u>	<u>2,866,822</u>
Total investment income, net recognized in the income statement	<u>10,517,368</u>	<u>944,463</u>	<u>406,807</u>	<u>4,994,261</u>	<u>16,862,899</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contracts	9,401,010	624,352	-	-	10,025,362
Effects of the risk mitigation option for VFA contracts	194,711	-	-	-	194,711
Interest accrued (a)	662,438	335,627	228,053	-	1,226,118
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(29,928)	203,846	71,505	-	245,423
Total finance expenses, net arising from insurance contracts	<u>10,228,231</u>	<u>1,163,825</u>	<u>299,558</u>	<u>-</u>	<u>11,691,614</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	34,853	110,439	24,000	-	169,292
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	10,486	48,274	66,026	-	124,786
Loss on exchange rate differences and other	(46,921)	-	-	-	(46,921)
Total finance income (expenses), net arising from reinsurance contracts	<u>(1,582)</u>	<u>158,713</u>	<u>90,026</u>	<u>-</u>	<u>247,157</u>
Decrease (increase) in liabilities for investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,763,568)</u>	<u>(3,763,568)</u>
Total net investment and finance income	<u>287,555</u>	<u>(60,649)</u>	<u>197,275</u>	<u>1,230,693</u>	<u>1,654,874</u>
Investment losses, net recognized in other comprehensive income	(6,512)	(1,048)	(2,468)	(16,041)	(26,069)
Total investment income (losses), net, including amounts recognized in other comprehensive income	281,043	(61,697)	194,807	1,214,652	1,628,805

- A. In the GMM model, accrued interest includes interest accrued on the CSM balance in accordance with the nominal interest rate curve on the initial recognition date. In addition, the accrued interest includes interest accrued on BE and RA balances in accordance with the nominal interest rate curve at the beginning of the period.
- B. The effect of inflation included in this section represents the difference between actual inflation in the period and the expected inflation taken into account in the nominal interest rate curve. In the nine- and three-month period and in 2024, the line item also includes the effect of the difference between discount at the current interest rate and discount at the original interest rate of the changes in BE charged to CSM.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

A. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business

On March 12, 2025, the Group's Board of Directors approved an update to the guidelines and rules for examining whether a motion to certify a class action and a legal proceeding that is outside the ordinary course of business (hereinafter in this subsection - the "**claims**" or "**claim**") filed against the Group amounts to a material event which is outside the corporation's ordinary course of business with respect to the obligation to publish an immediate report in their respect under Regulation 36 to the Securities Regulations (Periodic and Immediate Reports), 1970, as well as with respect to including a verbal annotation in their respect in this note (hereinafter in this subsection - the "**Reporting and Disclosure Policy**").

As detailed in Section B below, in recent years, the filing of motions to certify class actions - both against the Group and against companies engaged in similar areas of activity - has become routine; however, it has become apparent over time that such claims have no material effect on the Group's business. Moreover, the difficulty in assessing the chances of the lawsuit being allowed within the time frame requiring the publication of an immediate report (i.e. immediately prior to the date of receipt of the lawsuit by the company) led to a practice whereby - prior to the revision of the Reporting and Disclosure Policy - immediate reports regarding lawsuits were published before an assessment was made of the claim's odds, and accordingly, a verbal description of those lawsuits was included in the note regarding contingent liabilities and commitments in the subsequent financial statements.

In accordance with the current Reporting and Disclosure Policy, a claim deemed material at the time of its receipt by the Group (in accordance with a quantitative and qualitative assessment), as stated below, will be reported to the public effective immediately and information thereof will be detailed in the notes to the financial statements. A lawsuit, which will not be considered material upon its receipt by the Group (in accordance with the quantitative and qualitative assessment as detailed below), will not be reported under an immediate report; rather, it will be included in the summary table in Section G below. In certain cases, as detailed below, the Company shall provide a verbal description of such a claim in the notes to the financial statements.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business (cont.)

Quantitative assessment - If the claimed amount in a claim against any of the Group's companies at the time of its receipt (before its prospects have been examined) exceeds 5% of the total equity attributable to the relevant Company's shareholders (the Company or Phoenix Insurance Company Ltd.), the claim shall be deemed material. It is clarified that the Company shall be entitled to determine, in certain cases in which the circumstances of the claim indicate as much - even if a claimed amount exceeds the aforementioned threshold - it shall not be deemed a material claim, and vice versa - if the qualitative assessment (see below) reflects this both upon receipt of the claim by the Company and during the life of the claim.

Qualitative assessment - As part of this assessment, several aspects of the claim will be examined, first and foremost - whether the claim relates to the Group's core business or to a unique field such as securities law, competition law, or whether it has special broad implications, or may have a material impact on the Group's business, or whether the claim may have a material impact on the overall information which serves as the basis for investment decisions regarding the Company's securities made by investors.¹

It is clarified that, in light of the duration of legal proceedings (sometimes over many years) and their development, a claim which did not amount to a material claim at the time of its receipt by the Company (and accordingly - was not published in an immediate report), may develop into a material claim as it progresses. In such a case, the Company will include a disclosure about the claim at a later date in the notes to the financial statements shortly after it has become material and will assess the need to issue an immediate report regarding such development in accordance with the statutory provisions.

The abovementioned revision of the Group's Reporting and Disclosure Policy came into force on March 12, 2025. It is clarified that lawsuits, in respect of which immediate reports were published from January 1, 2025 until March 12, 2025 (i.e., prior to the entry into force of the Reporting and Disclosure Policy), and which are not deemed material lawsuits under the Reporting and Disclosure Policy, are not included in the narrative disclosure in Section C to this note.

¹ In doing so, the Company will take into account various considerations, such as the identity of the plaintiff or group of plaintiffs, identity of the defendants, anticipated effects if the claim is certified as a class action, and in case it is certified by the court - the manner in which the process is expected to be conducted, its complexity and its cumulative effects on the Group, the existence of similar claims on similar grounds, etc.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business (cont.)

It should also be noted that the quantitative threshold for including a verbal annotation in a note to the financial statements about a claim regarding which no immediate report was published at the time of its receipt by the Company, but has become material during its life, will be determined by the Company from time to time. In addition, the Company may include a verbal disclosure in a note to the financial statements regarding a claim that has become material even though at the time of its receipt by the Group it was not considered as such, due to other qualitative considerations.

B. Class actions - motions to certify lawsuits as class actions and lawsuits certified as class actions

In recent years, there has been a significant increase in the number of motions to certify class actions filed against the Group and in the number of lawsuits recognized as class actions. This is part of an overall increase in motions to certify class actions in general, including against companies engaged in the Group's areas of activity, which stems mainly from the enactment of the Class Actions Law, 2006 (hereinafter - the "**Class Actions Law**"). This trend substantially increases the Group's potential exposure to losses in the event of a ruling against the Group companies in class actions.

Motions to certify class actions are filed through the hearing procedure mechanism set forth in the Class Actions Law. The hearing procedure for motions to certify class actions is divided into two main stages: The first stage is the motion to certify the claim as a class action (hereinafter - the "**motion to certify**" or the "**certification stage**", respectively). Provided the motion to certify is denied by the court, the hearing stage at the class action level ends. A ruling at the certification stage may be subject to filing a motion for leave to appeal with the appellate courts. In the second stage, if the motion to certify is accepted, the class action will be heard (hereinafter - the "**class action stage**"). A judgment at the class action stage can be appealed to the appellate courts. Within the mechanism of the Class Actions Law, there are, inter alia, specific settlement agreements, both in the certification stage and in the class action stage, as well as arrangements with regard to the plaintiff's withdrawal of the motion to certify or the class action.

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 claim.

Section C to this note below includes a disclosure regarding lawsuits, which meet the criteria for material lawsuits, in accordance with the quantitative and qualitative parameters set in the Reporting and Disclosure Policy (hereinafter - "**Material Lawsuits**").

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

In the material claims detailed in Subsections 1-6 under Section C below, in which, in management's opinion - that is based, inter alia, on legal opinions - the Group's defense claims are more likely than not to be accepted and the motions to certify lawsuits as class actions to be denied - no provision was included in the financial statements, except for motions to certify lawsuits as class actions in which the Group is willing to reach a settlement. In material claims (some or all) of which are more likely than not to be denied, and in which the Group is willing to reach a compromise, provisions were included in the financial statements to cover the exposure as assessed by the Group or a provision in the amount for which the Group is willing to settle, as the case may be.

Management's assessment, which is based, inter alia, on legal opinions received, is included in the financial statements under adequate provisions, where such provisions were required, to cover the exposure as assessed by the Group or the amount for which the group is willing to settle, as the case may be.

In addition to the Material Lawsuits described in Section C below, 49 motions to certify class actions are pending against the Group (including lawsuits which were approved and/or are under appeal), which the Company believes do not constitute Material Lawsuits under the Reporting and Disclosure Policy, and therefore no narrative description thereof was included in this note (hereinafter - the "**Remaining Lawsuits**").

The total claimed amount specified by the plaintiffs in the Remaining Lawsuits is approx. NIS 2.7 billion; in respect of all 55 lawsuits, the total claimed amount specified by the plaintiffs is approx. NIS 4.19 billion (compared to approx. NIS 6.79 billion in respect of all 52 lawsuits as of December 31, 2024).

In the Remaining Lawsuits, allegations are made, among other things, regarding unlawful payments (including the collection of premiums or payments or other components not in accordance with the terms of the policy and/or non-payment of components such as interest and/or linkage); failure to pay/ underpayment of insurance benefits in violation of the provisions of the law and/or the terms of the policy; interpretation of the terms of the policy and claims regarding policy breach; allegations regarding non-disclosure of information to policyholders in accordance with Statutory Provisions; allegations regarding breach of regulatory obligations; allegations regarding breach of the Privacy Protection Law, 1981 and/or the Communications Law (Bezeq and Broadcasting), 1982; etc.

In the management's opinion, based, among other things, on legal opinions, and/or on the position of the management of the Group's consolidated companies, which is based on the opinions of their legal counsels (as applicable) - the Financial Statements include adequate provisions for the Remaining Lawsuits, to the extent required.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Regarding all class action certification motions (including lawsuits which were approved and/or are under appeal), which were mostly filed against the Group on various matters pertaining to insurance contracts and to the Group's ordinary course of business, the Group provided insurance reserves.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions

Following a breakdown of the motions to certify claims as class actions:

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1.	January 2008 Tel Aviv District Court Phoenix Insurance and other insurance companies Approx. NIS 1.67 billion of all defendants, with approx. NIS 277 million attributed to Phoenix Insurance.⁴	The claim concerns an allegedly unlawful collection of payments known as "sub-annuals" for life insurance policies, in an amount that exceeds the permitted one.	In May 2018, the Supreme Court granted the defendants' motion for leave to appeal and dismissed the plaintiffs' appeal, such that the District Court's judgment was quashed and the motion to certify the claim as a class action was denied. In July 2019, the Supreme Court upheld the plaintiffs' request for a further hearing on the question set forth in the Judgment regarding the regulator's position filed with the court regarding its instructions, and on the question of de minimis defense in a monetary class action. In July 2021, the Supreme Court handed down its judgment in respect of the further hearing by the Supreme Court (which was concluded at a 4 to 3 majority), whereby the Supreme Court's ruling will be canceled and the District Court's judgment will be reinstated, the motion to certify will be allowed and the class action will be heard by the District Court, excluding the specific claims raised against Phoenix Insurance (and another insurance company) regarding the collection of "sub-annuals" in an amount that exceeds the amount permitted by law - claims which were denied by the court and therefore will not be discussed again by the District Court, and the legal proceedings in respect thereof has ended. The class action continues to be heard in the district court. At the same time, the parties are conducting a mediation proceeding.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

⁴ The amounts were assessed by the plaintiffs in the class action statement of claim. It is noted that the amounts specified in the motion to certify the claim as a class action were different and higher and also referred to the claim of collecting sub-annuals at a higher rate than permitted under law, which, as stated, has been denied.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
2.	May 2013 Tel Aviv District Court Phoenix Insurance Approx. NIS 220 million or alternatively NIS 90 million. ⁴	The claim concerns the alleged non-payment of interest in respect of insurance benefits from the date of the insured event, or alternatively from the end of 30 days from the date on which the claim was filed and until actual payment date.	In February 2021, the District Court handed down a partial judgment, according to which it has certified the class action, in respect of any entitled party (policyholder, beneficiary or third party), who - during the period starting three years prior to the filing of the lawsuit and ending on judgment date - received insurance benefits from Phoenix Insurance (not in accordance with a judgment rendered in his case) without being duly paid interest thereon. It was also established that, for the purpose of implementing the judgment, calculation and manner of restitution, an expert will be appointed and that the class plaintiffs will be awarded legal expenses and legal fees. In November 2022, the motion for leave to appeal filed by Phoenix Insurance to the Supreme Court in connection with the partial judgment was denied, noting that the appropriate instance to hear Phoenix Insurance's claims is an appeal against the final judgment, should such an appeal be filed. The proceeding was returned to the District Court, and in accordance with the above an expert was appointed on behalf of the courts, whose identity was agreed by the parties. Concurrently, the parties are conducting a mediation proceeding, under which they reached agreements in principle and they informed the court of this. It is noted that Phoenix Insurance has an adequate provision in respect of the agreements in principal achieved.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

⁴ The amounts are those estimated by the plaintiff in the class action statement of claim - NIS 220 million (if it was ruled that interest should be calculated from the date of occurrence of the insured event) and NIS 90 million (if it is ruled that interest should be calculated starting 30 days from the delivery date of the claim). It is noted that the amounts in the motion to certify the claim as a class action were different and higher and also related to the linkage claim, which was denied.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
3.	August 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) Excellence Gemel & Hishtalmut Ltd. (currently: Phoenix Pension and Provident Fund Ltd.) The claimed amount was not estimated but it was stated as more than NIS 2.5 million.	The claim concerns an alleged increase of management fees in 2007 without issuing prior notice as required by law.	In March 2022, the court granted the motion to certify as a class action. In June 2022, Excellence Gemel filed a motion for leave to appeal against the certification ruling with the National Labor Court. The hearing of the class action by the Regional Court was delayed until a decision is made regarding the motion for leave to appeal. On May 20, 2025, the parties filed with the Court a settlement agreement approval motion. In accordance with the settlement agreement, which was filed, Phoenix Pension & Provident will pay the class members (as defined in the settlement agreement) a compensation totaling approx. NIS 55 million (cash reimbursement of NIS 46 million and the remaining balance in respect of a future benefit) and will also bear the payment of compensation to the representative plaintiff and their attorney's legal fees, at the rate agreed in the settlement agreement or at the amount, which will be ruled by the court, as well as various immaterial expenses incurred by the representative plaintiff in the course of conducting the proceeding (for further details, see the immediate report of May 20, 2025, Ref. No.: 2025-01-035332). It is noted that in respect of the said settlement agreement, Phoenix Pension & Provident has an adequate provision. The settlement agreement is subject to the Court's approval.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
4.	May 2019 Tel Aviv District Court Phoenix Insurance Approx. NIS 766.8 million.	According to the plaintiff, the claim deals with Phoenix Insurance's not paying policyholders in participating life insurance policies which include an Rm formula their full share of the profits and full payments to which they are entitled under the insurance contracts; the plaintiff also claims that Phoenix Insurance does not fulfill its reporting and disclosure obligations towards policyholders regarding their policies and rights.	The parties are in mediation. It is noted that the plaintiff stated that a similar motion to certify a claim as class action, which was filed against another insurance company, had recently been granted.
5.	July 2021 Tel Aviv District Court Phoenix Insurance The claimed amount was not estimated, but it was stated that it exceeds NIS 2.5 million.	The subject matter of the claim, according to the plaintiffs, is that the defendants deduct interest at the rate of 2.5% (or any other rate) from the monthly return accrued for policyholders to whom a monthly pension is paid under participating life insurance policies issued in 1991-2004; according to the plaintiffs, such a deduction is not established in the contractual terms and conditions of the relevant insurance policies.	The parties are in mediation.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
6.	February 2024 Tel Aviv-Jaffa Regional Labor Court Phoenix Pension and Provident Fund NIS 182 million.	The action involves the claim that Phoenix Pension and Provident acted in breach of the law and in breach of the agreement when it transferred in 2018 planholders of the study fund who joined the general track to a short-term investment track without obtaining their express written consent to said change.	In October 2025, the District Court granted the motion to certify the claim as a class action. In the certification ruling, the court held that the class on behalf of which the class action will be litigated comprises “All members of the Excellence Advanced Education fund (Phoenix Pension and Provident’s former name) who joined an advanced education fund under a general track before January 1, 2018, and were transferred to a short-term investment track at any time thereafter without obtaining their explicit consent to this change in writing.” It was also stipulated that the common questions to the class members are: Did Phoenix Pension and Provident act in contravention of the law, the bylaws, and the contract when it changed the members’ investment track, and did it violate its duties towards the planholders? Should Phoenix Pension and Provident have obtained each planholder’s explicit written consent for the track change? Did planholders suffer damage due to the move, and if so, what was its extent? Phoenix Pension and Provident Fund is expected to file a motion for leave to appeal against the certification ruling.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Material concluded claims*

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1.	February 2010 Central District Court Phoenix Insurance (and other insurance companies in a parallel case, in light of filing a consolidated class action statement of claim) Approx. NIS 1.47 billion of all defendants (including the defendants in the corresponding case), of which approx. NIS 238 million is attributed to Phoenix Insurance.⁴	The cause of the lawsuit, as approved by the District Court (in the corresponding case) was breach of insurance policies due to unlawful collection of a component entitled "policy factor" in a manner that reduced the saving amount accrued in favor of the policyholder for a period starting seven years before the claim was filed.	In June 2023, the parties filed with the Court a motion to approve a settlement agreement. According to the settlement agreement filed, the considerations paid to the class members (as defined in the settlement agreement), are: Refund at the rate of 42% in respect of the past for the "policy factor"; future discount of 50% in respect of the "policy factor"; and payment of compensation and legal fees to the representative plaintiff and his attorney (for further details, see immediate report of June 21, 2023, Ref No.: 2023-01-057877). On May 5, 2024 the Attorney General presented her position, whereby she does not object to the rate of refund to the class members in respect of the past (42%) and leaves this to the Court to decide, provided that the revaluation of the refund amounts shall be made by adding actual returns also from 2013 and thereafter; she also does not object to the future reduction of the policy factor, and leaves this to the Court to decide. Furthermore, the position included an objection and comments regarding other clauses in the settlement agreement, including the legal fees to the representative plaintiff's attorneys, the manner by which refunds will be paid to the class members, and the manner of reducing the policy factor. In June 2024, the Court heard the motion for approval of the settlement agreement, including regarding the position of the Attorney General. On August 15, 2024, a judgment was rendered by the confirming the settlement agreement filed by the parties.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

⁴ The amounts are the amounts assessed by the plaintiffs in the consolidated class action statement of claim filed in March 2019 against the defendant insurance companies sued in the corresponding case and against Phoenix. It is noted that the amounts in the motion to certify the claim as a class action were different and higher.

* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Material concluded claims* (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1. (cont.)			As part of the approval of the settlement agreement, the Court approved, among other things, the parties' agreements regarding the refund to class members in respect of the past, including the rate of refund (42%), and ruled, by the power vested in it by the parties with regard to the revaluation of the refund amounts, that a total will be added to the refund amounts, which constitutes 90% of the returns in the period starting at the beginning of 2013 and through the date of the reduction of the future collection of the policy factor; the rate of reduction of the future collection of the policy factor (50%); the legal fees of the representative plaintiff's counsels at the rate agreed in the settlement agreement; the Court also ruled that the compensation to the representative plaintiff will be paid out of the said legal fees. The proceeding was thus concluded and Phoenix Insurance works to implement the settlement agreement, subject to the following developments: As part of the implementation of the settlement agreement, several disputes arose between the parties regarding the manner of implementing the settlement agreement and its interpretation. Accordingly, the parties filed to the Court a notice regarding their preparations for the implementation of the settlement agreement and a motion for clarifications (hereinafter - the "Motion for Clarifications"). On August 14, 2025, the Attorney General submitted her position regarding the Motion for Clarifications, according to which, as a general rule, Phoenix Insurance's position as detailed in the Motion for Clarifications should be dismissed. On September 25, 2025, the court handed down a ruling in the Motion for Clarifications (for further details, see the immediate report of September 28, 2025, Ref. No.: 2025-01-072055).

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Material concluded claims* (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1. (cont.)			On October 30, 2025, the plaintiffs filed a motion for instructions to the regulator with respect to the settlement agreement's implementation. Phoenix Insurance responded to this motion, which the court has not yet ruled on.
2.	September 2015 Tel Aviv District Court Phoenix Pension (currently - Phoenix Pension and Provident Fund Ltd.) and management companies of additional pension funds. Approx. NIS 300 million per year since 2008 of all the defendants.	According to the claim, the defendants pay agents fees and commissions calculated as a percentage of the management fees charged by them, thus allegedly violating their fiduciary duties, and that, as a result, the management fees that planholders are charged are higher than the appropriate rate.	Phoenix Insurance has an adequate provision in place and the decision is therefore not expected to have a material effect on the financial statements. In November 2022, the Court denied the motion to certify the claim as a class action. In January 2023, the plaintiffs filed an appeal to the Supreme Court. On July 7, 2025, the Supreme Court handed down its judgment, which dismissed the plaintiffs' appeal.

¹ The date on which the motion to certify the class action was originally filed.

² The court with which the motion to certify the class action was originally filed.

³ The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

E. Legal and other proceedings

Following are legal and other proceedings against the Group, which are deemed material in accordance with the Reporting and Disclosure Policy. For proceedings where, in the opinion of management - which is based, among other things, on the legal opinion it has received - it is more likely than not that the Group's defense claims will be allowed and the proceeding will be dismissed, no provision was included in the financial statements.

For proceedings where it is more likely than not that the Group's defense claims will be dismissed, in whole or in part, the financial statements include provisions to cover the exposure estimated by the Group. In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group.

- A. On October 30, 2025, Phoenix Insurance received a draft audit report from the Capital Market, Insurance and Savings Authority regarding the Phoenix Insurance Board of Directors' resolution of December 2024 on the dividend in kind distribution with respect to assets totaling NIS 1.4 billion from Phoenix Insurance to the Company (hereinafter - the "**Draft Audit Report**" and the "**Authority**", respectively).

It is clarified that the Authority's claims in the Draft Audit Report do not concern Phoenix Insurance's legitimate ability to distribute dividends in kind nor the distribution's legitimacy per se, only the decision-making process. The Authority's main claims in the Draft Audit Report concern corporate governance deficiencies, such as the Nostro Investment Committee's lack of involvement in the distribution resolution; the issue of the classification of the dividend distribution in kind as a "transaction"; and conflicts of interest affecting Phoenix Insurance officers holding equity instruments in the Company and in other subsidiaries of the Company pursuant to the compensation plan. Phoenix Insurance has not yet submitted its response to the Draft Audit Report.

- B. There have been no changes in the proceedings detailed in Sections A4(c) and (d) to Note 43 to the financial statements as of December 31, 2024, which were published on March 13, 2025.
- C. The Group is a party to legal and other proceedings, which are not insurance claims, including, among other things, claims made by customers, former customers, agents and various third parties in immaterial amounts and for a total amount of approx. NIS 37.7 million. The causes of action against the Group in these proceedings are different.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

F. Public complaints and regulatory proceedings

Public complaints are filed from time to time against relevant group companies, some of which are public complaints filed with the Capital Market, Insurance and Savings Authority (hereinafter - the “**Authority**”) on various issues, including policyholders' rights under insurance policies and/or the law. These complaints are handled, inter alia, on an ongoing basis by the Public Complaints Department. The Authority's decisions in these complaints, if and to the extent they were referred to the Authority for review and a decision was rendered in respect thereof, are sometimes applicable to a group of policyholders. Before issuing a final version of its decisions, the Authority usually publishes a draft decision for comments.

In addition, under the Authority's inquiries, following complaints and/or audits on its behalf, notices are received from time to time regarding the intention to impose a financial sanction and/or demands to receive various data with respect to the various areas of activity, including with respect to the handling - by the relevant group companies - of insurance policies in the past and/or a demand to reimburse funds to groups of policyholders and/or other guidance (hereinafter - “**Regulatory Proceedings**”). Following the Regulatory Proceedings, the Authority has the power to impose financial sanctions on the relevant group companies, including, among other things, in accordance with data, which were and/or will be transferred thereto; the Authority also has the power, subject to statutory provisions, to instruct the implementation of changes with respect to actions taken, both retrospectively and prospectively.

The material Regulatory Proceedings are described in Section E above. Furthermore, additional Regulatory Proceedings are pending against the relevant group companies, which, the Company believes, do not amount to material proceedings, in light of the Reporting and Disclosure Policy, and therefore this Note does not include a narrative description of each proceeding.

In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group with respect to such public complaints and/or regulatory proceedings.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

F. Public complaints and regulatory proceedings (cont.)

In addition to the motions to certify claims as class actions filed against the Group, the legal proceedings, public complaints and regulatory proceedings, there is a general exposure which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these services inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with a long list of commercial and regulatory terms. This exposure is reflected, among other things, in the areas of pension savings and long-term insurance, including health and long-term care insurance, in which the Group operates. Insurance policies in these areas of activity are assessed over many years in which policies, regulation and legislation change and new court rulings are issued. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and the application of the changes over many years lead to an increased operational exposure. In addition, allowing new interpretations for the provisions of insurance policies and long-term pension products sometimes affects the Group's future profitability in respect of its existing portfolio, in addition to the exposure embodied in claims for compensation for customers in respect of past activity.

It is impossible to anticipate the types of claims that will be raised in this area or the exposure arising from these and other claims in connection with insurance contracts - claims which are raised through, among other things, the procedural mechanism set forth in the Class Actions Law.

In addition, some of the Group's products have long terms and are particularly complex in light of the various legislative arrangements both in the field of product management and in the field of taxation, attribution of contributions, investment management, the policyholder's employment status, his contributions, etc.

The Wage Protection Law, 1958 imposes a liability on the Group's institutional entities, in accordance with the circumstances specified in the law, in respect of employers' debts to the institutional entities, where such debts have not been repaid on time. The Group is in the process of improving the data on employers' debts and policyholders' rights, during the course of which lawsuits were filed against employers and the debts of other employers were rescheduled. The Company continues with the ongoing treatment and improvement of employers' debts in accordance with the provisions of the law.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

G. Summary table

The following table summarizes the amounts claimed in all pending motions to certify claims as class actions, certified class actions and other material claims against the Group, as noted by the plaintiffs in the statements of claim filed on their behalf. It is hereby clarified that the claimed amount does not necessarily constitute a quantification of the exposure amount assessed by the Group, since these are assessments on behalf of the plaintiffs which will be resolved as part of the legal proceedings. It is further clarified that the table below does not include proceedings that have been concluded, including proceedings that concluded after a settlement agreement was approved in respect thereof.

Type	No. of claims	Amount claimed in NIS thousand (unaudited)
<u>Certified class actions:</u>		
A specific amount was attributed to the Company	4	771,743
The claim pertains to several companies and no specific amount was attributed to the Company	2	328,000
No claim amount was specified.	4	-
<u>Pending motions to certify lawsuits as class actions:</u>		
A specific amount was attributed to the Company	11	1,998,274
The claim pertains to several companies and no specific amount was attributed to the Company	7	1,094,845
No claim amount was specified.	27	-
<u>Other material claims:</u>		
A specific amount was attributed to the Company	-	-
The claim pertains to several companies and no specific amount was attributed to the Company	-	-
No claim amount was specified.	-	-
<u>Claims and other demands</u>	16	37,711

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as detailed above as of September 30, 2025 and December 31, 2024, amounted to approx. NIS 531,446 thousand (of which a total of approx. NIS 231,882 thousand is for concluded class actions) and approx. NIS 549,943 thousand, respectively.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

A. Changes in estimates and principal assumptions used to calculate the insurance contract liabilities:

The following is a summary of the effects on the financial results and the CSM balance of the revision to assumptions pertaining to the calculation of net liabilities for reinsurance contracts:

	Effect on the insurance finance income or (expenses) line item	Effect on the CSM balance - increase (decrease) (*)
	NIS million	
	Unaudited	
For the nine-month period ended September 30, 2025:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(185)	(15)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	13	-
Effect of the revision of demographic assumptions and other changes:	-	(52)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(49)	-
	(221)	(67)
For the nine-month period ended September 30, 2024:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	233	414
Effect of the revision of demographic assumptions and other changes:	-	(362)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	15	-
Effect of the revision of demographic assumptions and other changes:	-	(265)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(22)	-
	226	(213)
For the three-month period ended September 30, 2025:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(61)	90
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	48	-
Effect of the revision of demographic assumptions and other changes:	-	-
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(37)	-
	(50)	90
For the three-month period ended September 30, 2024:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(181)	(104)
Effect of the revision of demographic assumptions and other changes:	-	(55)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	19	-
Effect of the revision of demographic assumptions and other changes:	-	-
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(55)	-
	(217)	(159)

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

A. Changes in estimates and principal assumptions used to calculate the insurance contract liabilities (cont.)

The following is a summary of the effects on the financial results and the CSM balance of the revision to assumptions pertaining to the calculation of net liabilities for reinsurance contracts (cont.):

	Effect on the insurance finance income or (expenses) line item	Effect on the CSM balance - increase (decrease) (*)
	NIS million	
	Unaudited	
For the year ended December 31 2024:		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	40	22
<u>Effect of the revision of demographic assumptions and other changes:</u>		
Update of value added tax rate	-	(35)
Mortality tables assumptions	-	(319)
Cancellations study assumption	-	(548)
Revision to retirement age assumption	-	33
Other	-	(42)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(156)	-
<u>Effect of the revision of demographic assumptions and other changes:</u>		
Update of value added tax rate	-	(35)
Morbidity rate assumption	-	(111)
Cancellation rate assumption	-	223
Risk adjustment (RA)	-	(155)
Other	-	(9)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(5)	-
	(121)	(976)

* Effects of changes to interest rates and other financial assumptions (including inflation assumptions) - the effect on the CSM balance includes only the effect of changes in the interest rate curve without the effects of changes to other financial assumptions.

B. In January 2025, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**2025 Plan**"). In August and September 2025, the Company's Board of Directors approved the increase of the 2025 Plan by further cumulative amounts of NIS 200 million, such that the 2025 Plan totals NIS 300 million. During the reporting period, the Company purchased approx. 1,955 thousand shares at a total cost of approx. NIS 188 million. In addition, during the reporting period, the Company reissued treasury shares totaling approx. NIS 3,946 thousand (which were acquired in 2020 and 2021) for the share purchase transaction of Phoenix Agencies' shares. For details regarding the share purchase transaction, see Section I. Subsequent to such acquisition and allocation, the Company holds approx. NIS 9,318 thousand Company shares.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

C. Dividend

- (1) On March 12, 2025, the Company's Board of Directors approved a dividend distribution in respect of income for 2024 totaling NIS 565 million. The dividend per share of NIS 1 p.v. is NIS 2.25. The dividend was paid on March 27, 2025.
- (2) On May 28, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 230 million. The dividend per share of NIS 1 p.v. is NIS 0.91. The dividend was paid on June 22, 2025.
- (3) On August 24, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 400 million. The dividend per share of NIS 1 p.v. is NIS 1.59. The dividend was paid on September 8, 2025.
- (4) For details regarding a dividend declared subsequent to the balance sheet date, see Note 11A.

- D. On March 12, 2025, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation of options to employees of the Company and of its subsidiaries, some of whom are Company officers, and to service providers of the Company (hereinafter- the "Offerees") a total of up to approx. 183.5 thousand RSUs, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). The RSUs shall vest in three equal tranches, subject to the fulfillment of the performance conditions (as detailed in the Revised 2018 Plan) and the employee's continued employment by the Company. The fair value at the Award Date was calculated based on an appraisal received from an external appraiser, which was based on the closing price of the Company's share as of the date of approval by the Board of Directors and adjustment of the dividends expected during the vesting period, reflecting an average dividend yield rate of approx. 6% per year. The average value of one restricted share unit was estimated at approx. NIS 57.54, and the total value of the RSUs was estimated at approx. NIS 10.6 million.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- E. On March 12, 2025, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation of options to employees of the Company and of its subsidiaries, some of whom are Company officers (including the Company's CEO), and to service providers of the Company (hereinafter - the "**Offerees**") a total of up to approx. 1,324 thousand options, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). The shares that will be issued as a result of the exercise of the said options, are ordinary shares of the Company of NIS 1 p.v. each (conversion ratio 1:1). The options shall vest in three equal tranches in May of 2026-2028, subject to the fulfillment of the performance conditions (as detailed below) and the employee's continued employment by the Company. The exercise price of each option (adjusted to reflect dividends) is NIS 71.28 in respect of the first tranche, NIS 72.9 in respect of the second tranche, and NIS 74.52 in respect of the third tranche. On exercise date, the Company shall allot the exercise shares in accordance with the number of options exercised multiplied by the difference between the stock exchange price of the share on exercise date and the exercise price divided by the stock exchange price. The options include a benefit limit, whereby the maximum benefit arising to offerees from the exercise of each option shall not exceed 50% of the price of Company's share on the day before the allotment (NIS 64.80). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 97.20 for the first tranche, NIS 102.06 for the second tranche, and NIS 106.92 for the third tranche. The fair value at the Award Date is calculated based on an appraisal received from an external appraiser who used the binomial model. The average value of one option was estimated at approx. NIS 11.31, and the total value of the options was estimated at that date at approx. NIS 15 million. According to the Board of Directors' decision, a total of approx. 40 thousand options was allocated to the Company's CEO; as stated above, the allocation of options to the CEO was approved in an extraordinary general meeting of the Company held on April 21, 2025. The value of the options allocated to the Company's CEO is estimated at approx. NIS 500 thousand. The performance conditions are as detailed below:
1. Solvency ratio - in accordance with the 2018 Plan, as detailed in Note 37 to the 2024 Annual Financial Statements.
 2. Normalized earnings per share target - at a rate of at least 70% of the normalized earnings per share target set.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

F. On March 12, 2025, after approval by the Board of Directors of Phoenix Capital Partners, the Company's Board of Directors and their respective Compensation Committees, (illiquid) options were allocated to employees of Phoenix Capital Partners and other Company subsidiaries, some of whom are Company officers and to service providers of the Company (hereinafter - the "**Offerees**"); the total number of options allocated was 16 million. The options shall vest in three equal tranches. The first, second and third tranches will vest after two, three and four years, respectively. The exercise price of each option (adjusted to reflect dividends) is NIS 2.9 in respect of the first tranche, NIS 2.9 in respect of the second tranche, and NIS 3 in respect of the third tranche. The fair value is calculated based on an appraisal received from an external appraiser, which totaled approx. NIS 13 million. Out of the value of the allocation as detailed above, approx. 641 thousand options will be allocated to the Chairman of the Company's Board of Directors and 641 thousand options will be allocated to the Company's CEO. The abovementioned allocation of the options to the Company's Chair and CEO is subject to the approval of an extraordinary general meeting of the Company. On April 21, 2025, the General Meeting approved the said allocation. The calculated fair value as of each of the award dates was based on the following assumptions: The value of the underlying asset per share - in accordance with the value of Phoenix Capital Partners' share capital, as estimated by the same appraiser and the share capital as of the award date, a risk-free interest rate of 4.1% and a standard deviation of 27%. The value of the underlying asset as of the date of approval by the Board of Directors was estimated in the range of NIS 2.5 to NIS 3 per share of Phoenix Capital Partners.

G. Revision of the dividend distribution policy

On May 15, 2025, the Company's Board of Directors approved a revision to the dividend distribution policy, according to which the Company will distribute a dividend on a quarterly basis rather than on a semi-annual basis. No change was made in other aspects of the policy and, accordingly, the dividend distribution rate shall not fall below 40% of the Company's distributable comprehensive income as per its audited annual Consolidated Financial Statements for the relevant year (hereinafter - the "**Revised Policy**"). In this context, it is noted that amounts used by the Company in the execution of buyback plans are not included in dividend distributions. It is clarified that the foregoing is not intended to derogate from the Board of Directors' powers to decide not to distribute a dividend, or to distribute a dividend at rates that vary from the above, as it deems appropriate at any given time, subject to the provisions of the law.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

H. New collective agreement for the 2025-2027

On May 18, 2025, a new collective agreement was signed for the period from January 1, 2025 to December 31, 2027, between Phoenix Insurance and Phoenix Pension & Provident, which are Company subsidiaries (hereinafter jointly - the "**Subsidiaries**") and the New Histadrut Workers' Union, the MAOF Histadrut (hereinafter - "**Histadrut**") and the Workers' Committee (hereinafter - the "**Agreement**").

Under the agreement, and as part of the regulation of employee benefits upon the planned move to the new campus in Rishon LeZion, the Company will allocate - for the first time - equity compensation in the form of restricted shares to the Subsidiaries' employees who are eligible to such allocation subject to the conditions set in the Agreement, in order to encourage excellence and create an incentivized work environment in congruence with the Subsidiaries' success.

In accordance with the provisions of the Agreement, the provisions of the Subsidiaries' previous collective agreements will continue to apply during the term of the Agreement, except for changes defined in the Agreement, the key points of which are as follows: pay rises, allocation of restricted share units (RSUs), raising the minimum wage for the Subsidiaries' employees, an annual bonus subject to meeting targets, participation in lunch costs, setting provisions regarding the move to the campus and exhaustion of claims and industrial peace.

The estimated additional cost in respect of all of the agreement's years (excluding costs conditional upon meeting targets) is approx. NIS 61.6 million. The estimated cost of the annual bonuses expected to be awarded in respect of 2025, 2026 and 2027, assuming that 100% of the profit targets of the relevant years will be met is approx. NIS 83 million.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- I. On July 17, 2025, the Company signed an agreement with Yitzhak Oz (hereinafter - "**Oz**"), Chairman of the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), for the purchase of his entire holding stake in Hagoz (2015) Ltd., which has a stake of approx. 17.19% of Phoenix Agencies' shares; this agreement superseded previous agreements with Oz. The transaction includes allocation of shares and a cash payment totaling approx. NIS 763 million (which reflects a value of approx. NIS 4.4 billion for Phoenix Agencies - fully diluted). According to the Agreement, Mr. Yitzhak Oz will continue to serve as the Chairman of the Board of Phoenix Agencies, and Mr. Oren Cohen, Chairman of the Board of Oren Mizrach Agency, was appointed CEO of Phoenix Agencies. The transaction was completed on August 28, 2025, such that subsequent to the completion of the transaction the Company holds approx. 95% of Phoenix Agencies' shares. The cash consideration totals approx. NIS 390 million (including interest accrued through the transaction completion date). Mr. Oz was also allocated approx. 4 million ordinary shares of the Company of NIS 1 p.v. each at a value of NIS 96.615 (the share allocation is out of the 2020-2021 treasury shares allocation). As a result of the above, the Company reduced its equity by approx. NIS 305 million.
- J. In July 2025, the Israel Securities Authority approved the renewal of the Company's shelf prospectus, through July 7, 2027. Concurrently, the Israel Securities Authority also approved the renewal of the shelf prospectus of Phoenix Capital Raising, which is raising debt for Phoenix Insurance until July 7, 2027.
- K. In July 2025, the international rating agency Maalot reiterated Phoenix Insurance's A- international rating. The international rating agency Moody's reiterated Phoenix Insurance's existing Baa1 rating with a stable outlook.
- L. In July 2025, Maalot reiterated the Company's iIAA rating and Phoenix Insurance's iIAAA rating with a stable outlook.
- M. In August 2025, Midroog announced it was reiterating the Aaa.il rating for Phoenix Insurance's financial strength. Midroog also reiterated the Aa2.il rating with a stable outlook for Subordinated Notes (Tier 2 capital) and set a Aa3.il rating with a stable outlook for Subordinated Notes (Additional Tier 1 capital).
- N. In September 2025, employees of Phoenix Insurance and other Group companies moved from Phoenix's Beit Havered building in Givatayim (hereinafter - "**Beit Havered**") to a new campus in the HaElef Compound in Rishon LeZion. As a result of this move, the Company revised the designation of Beit Havered as investment property instead of own use property, plant, and equipment measured at fair value. Accordingly, on September 30, 2025, the Company classified the balance of property, plant, and equipment - totaling approx. NIS 500 million - from the property, plant, and equipment line item measured at fair value to the other investment property line item.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- O.** Cohen Givon Insurance Agency (1994) Ltd. (hereinafter- "**Cohen Givon**") is a company controlled by Phoenix Agencies through a 52% holding stake. In July 2025, a subsidiary of Phoenix Agencies and Mr. Ran Givon entered into an agreement for the acquisition of his entire holdings - 48% - in consideration for approx. NIS 115 million. Approx. NIS 36 million out of the outstanding consideration amount was paid in cash to Mr. Ran Givon and the remaining amount totaling approx. NIS 78 million, were recognized as a financial liability which will be paid over 4 years through December 31, 2029. In accordance with the agreement, the outstanding consideration with respect of the acquisition will be adjusted to the value of Cohen Givon's shares on the payment date. As a result of the above, the Company reduced its equity by approx. NIS 100 million.
- P.** For details regarding the issuance and repayment of financial liabilities during the reporting period, see Note 5D4.
- Q.** In connection with class actions filed and developments in lawsuits in the reporting period, see Note 9.

NOTE 11 - SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- A. On November 25, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 320 million. The dividend per share of NIS 1 p.v. is NIS 1.26. The date set for the distribution is December 3, 2025; the dividend will be paid on December 10, 2025.
- B. On November 19, 2025, Phoenix Insurance and Shapir Housing and Building Ltd. (hereinafter - "**Shapir**") signed an agreement for the sale of 15% of the shares of Ad 120 Residence for Senior Citizens Ltd. (hereinafter - "**Ad 120**") in consideration for approx. NIS 280 million. The consideration will be paid by Shapir by way of a private placement of bonds totaling approx. NIS 210 million and a loan totaling approx. NIS 70 million bearing Prime interest, which will be repaid in cash or in consideration for the issuance of Shapir shares at the end of 9 months from the transaction completion date. On November 24, 2025, the allocation of Shapir's bonds under the private placement was approved and the transaction was completed, such that subsequent to the completion of the transaction Phoenix Insurance holds approx. 32% of Ad 120's shares. In accordance with the above, during the reporting period Phoenix Insurance created a deferred tax liability of approx. NIS 50 million. In addition, the Company classified the sold portion of the investment - totaling approx. NIS 262 million - to the held-for-sale investment line item.
- C. On October 29, 2025, Phoenix Insurance notified EL AL Israel Airlines Ltd. (hereinafter - "**EL AL**") of the exercise of an option to purchase 5.1% of the issued and paid-up share capital of EL AL Frequent Flyer Ltd. (hereinafter - the "**Frequent Flyer**"), subject to obtaining regulatory approvals, insofar as they are obtained. Subsequent to exercising the option, if exercised, Gama (20%) and Phoenix Insurance will hold together 25% of the issued and paid-up share capital of Frequent Flyer. Since, in accordance with the Commissioner's Directives, an institutional investor or a group of investors, may hold up to 20% of the interest in a corporation, upon exercise of the abovementioned option, Phoenix Insurance intends, subject to a decision by its Board of Directors, to distribute to the Company - as a dividend in kind - the Frequent Flyer's shares it will hold.
- D. For details regarding the issuance and repayment of financial liabilities subsequent to the balance sheet date, see Note 5D5.
- E. In connection with class actions filed and developments in lawsuits in the reporting period, see Note 9.

Part 4

Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure



Avigdor Arikha, Gardenias, 1989, Oil on canvas, Phoenix Collection

Quarterly Report on the Effectiveness of the Internal Control over Financial Reporting and Disclosure in accordance with Regulation 38C(a):

Management, under the supervision of the Board of Directors of Phoenix Financial 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. Eyal Ben Simon, CEO of the Company and Phoenix Insurance.
2. Eli Schwartz, EVP, CFO of the Company and Phoenix Insurance.
3. Haggai Schreiber, EVP, Chief Investment Officer, CEO of Phoenix Capital Partners Ltd.
4. Meni Neeman, EVP, Chief Legal Counsel of the Company and Phoenix Insurance.
5. Michal Leshem, Executive VP, Chief Internal Auditor of the Company and Phoenix Insurance.
6. David Alexander, Executive VP, Head of Business Development of the Company and Phoenix Insurance.
7. Orly Pascal, EVP, Head of Human Resources of the Company and Phoenix Insurance.
8. Amit Netanel, EVP, Chief Risk Officer of the Company and Phoenix Insurance.

The internal control over financial reporting and disclosure consists of the Corporation's existing controls and procedures that have been planned by the chief executive officer and the most senior financial officer or under their supervision, or by the equivalent acting officers, under the supervision of the Corporation's Board of Directors, designed to provide reasonable assurance about the reliability of financial reporting and the preparation of the financial statements in compliance with applicable laws, and ensure that all information that the Company is required to disclose in the financial statements its publishes pursuant to law is collected, processed, summarized and reported in a timely manner and according to the format prescribed by 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 chief executive officer 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.

Phoenix Insurance Company Ltd. and Phoenix Pension & Provident Ltd., subsidiaries of the Corporation, are institutional entities which are subject to the directives of the Commissioner of the Capital Market, Insurance and Savings in the Ministry of Finance regarding the assessment of the effectiveness of internal controls over financial reporting.

With respect to the internal control of the said subsidiary, the Corporation implements the following provisions:

Institutional Entities Circular 2009-9-10, Management's Responsibility for Internal Controls over Financial Reporting; Institutional Entities Circular 2010-9-6, Management's Responsibility for Internal Control over Financial Reporting - Amendment; Circular 2010-9-7, Internal Control Over Financial Reporting - Statements, Reports and Disclosures; and Circular 2015-9-15, Internal Control over Financial Reporting - Statements, Reports, Disclosures and Management's Responsibility for Internal Control over Financial Reporting - Amendments.

In the quarterly Report on the Effectiveness of Internal Control over Financial Reporting and the disclosure attached to the quarterly report for the period ended June 30, 2025 (hereinafter - the **"Most Recent Quarterly Report of Internal Control"**), the internal control was found to be effective.

As of the report date, the Board of Directors and management have not been informed of any event or matter that may alter the assessment of the effectiveness of internal control, as presented in the Most Recent Annual Report of Internal Control.

As of the report date, based on the Most Recent Quarterly Report of Internal Control and based on information brought to the attention of management and the Board of Directors as stated above, the internal control is effective.

Certification by Officers

Certification by the CEO

I, Eyal Ben Simon, hereby certify that:

- (1) I have reviewed the periodic report of Phoenix Financial Ltd. (hereinafter - the **"Corporation"**) for the third quarter of 2025 (hereinafter - the **"Reports"**);
- (2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, or omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
- (3) To my knowledge, the financial statements and other financial information included in the Reports present fairly, in all material aspects, the Company's financial position, financial performance and cash flows of the Corporation as of the dates and for the periods covered by the Reports;
- (4) I have disclosed to the independent auditor of the Corporation, the Board of Directors, and the Board of Directors' audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
 - (a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation's ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -
 - (b) Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Corporation, state that:
 - (a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the consolidated companies, particularly during the Reports' preparation period; and -
 - (b) I have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - (c) I have not been informed of any event or matter that occurred in the period between the most recent report date (quarterly or periodic, as the case may be) and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the effectiveness of internal controls over the corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

November 25, 2025

Eyal Ben Simon, CEO

Certification by Officers

Certification by the Most Senior Financial Officer

I, Eli Schwartz, hereby certify that:

- (1) I have reviewed the Interim Financial Statements and Other Financial Information included in the Interim Reports of Phoenix Financial Ltd. (hereinafter - the "**Corporation**") for the third quarter of 2025 (hereinafter - the "**Reports**" or "**Interim Financial Statements**");
- (2) To my knowledge, the Interim Financial Statements and Other Financial Information included in the Interim Reports do not contain any misrepresentation of a material fact, nor omit a representation of a material fact that is necessary in order for the representations included therein - under the circumstances in which such representations were included - to be misleading as to the reporting period;
- (3) To my knowledge, the Interim Financial Statements and Other Financial Information included in the Interim 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' audit 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 Interim Financial Statements and Other Financial Information included in the Interim 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 not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;
- (5) I, alone or together with others in the Corporation, state that:
 - (a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (Preparation of 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 not been informed of any event or matter that occurred in the period between the most recent report date (quarterly or periodic, as the case may be) and the date of this Report, which may change the conclusion of the Board of Directors and management regarding the effectiveness of internal controls over the corporation's financial reporting and disclosure.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

November 25, 2025

Eli Schwartz, Executive VP, Chief Financial Officer

Part 5

Statements Regarding Controls and Procedures in respect of Disclosure in the Financial Statements of The Phoenix Insurance Company Ltd.



Lea Nikel, Composition, 1958, Oil on canvas, Phoenix Collection

Phoenix Insurance Company Ltd.

Certification

I, Eyal Ben Simon, hereby certify that:

1. I have reviewed the quarterly report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") for the quarter ended September 30, 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 quarterly 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 and internal control over financial 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 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.

November 25, 2025

Eyal Ben Simon, CEO

Phoenix Insurance Company Ltd.

Certification

I, Eli Schwartz, hereby certify that:

1. I have reviewed the quarterly report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") for the quarter ended September 30, 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 quarterly 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 and internal control over financial reporting¹ 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 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.

November 25, 2025

Eli Schwartz, Executive VP, Chief Financial Officer

¹As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".

Part 6

The Phoenix Insurance Solvency Report



Moshe Mokady, View from the Window, ca. 1923, Oil on canvas, Phoenix Collection



**Economic Solvency Ratio Report of
Phoenix Insurance Company Ltd.
as of June 30, 2025**

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To:

The Board of Directors of

Phoenix Insurance Company Ltd.

Re: Independent auditor's report on the Solvency II-based Economic Solvency Ratio Report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") as of June 30, 2025

Introduction

We have performed the procedures set out below regarding the Solvency II-based Economic Solvency Ratio Report of the Company as of June 30, 2025 (hereinafter - the "**Report**" or the "**Solvency Ratio Report**"). Our report refers only to solvency ratio calculations and the presentation method of the Solvency Ratio Report and does not refer to any other activity of the Company.

Responsibility

The Board of Directors and management are responsible for the preparation and presentation of the Report in accordance with the directives of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") regarding the Solvency II-Based Provisions of the Economic Solvency Regime for Insurance Companies as set out in Chapter 2, Part 2, Section 5 of the consolidated circular and the related guidelines (hereinafter, jointly - the "**Commissioner's Directives**"). The calculations, forecasts and assumptions on which the preparation of the Information was based fall under the responsibility of the Board of Directors and management. This responsibility includes the selection and application of appropriate methods for the preparation of the information and the use of assumptions and estimates for individual disclosures, which are reasonable under the circumstances. Moreover, this responsibility includes the planning, implementation, and maintenance of systems and processes relevant to preparation of the information in a way that is free from material misstatement.

Our responsibility is to express a conclusion on the preparation and presentation of the calculation of the Solvency Ratio Report in accordance with the Commissioner's Directives based on the procedures set out below.

Scope of the Review

We conducted our engagement in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information published by the IAASB, and in accordance with the Commissioner's Directives as included in Chapter 7, Section 5, Part 1 to the Consolidated Circular - Independent Auditor - which lists directives regarding review of a quarterly Economic Solvency Ratio Report. The work procedures included the procedures set out below, to assess whether the Company's calculations for this subject, as of June 30, 2025, in all material respects, do not comply with the Commissioner's Directives. However, we do not provide a separate conclusion for each disclosure.

The work procedures included the following procedures:

- Review of the Solvency Ratio Report and the explanations in the Report;
- Clarifications, mainly with those responsible for producing the Solvency Ratio Report and calculations for the solvency ratio; including clarifications for the material changes in the models, methodologies, calculation processes, and systems;
- Review of material changes in studies affecting the Report;
- Performing analytical review procedures, including assessing the likelihood of the material changes in the main sections of the Report.

Our work is substantially smaller in scope than an audit performed in accordance with generally accepted auditing standards and therefore does not enable us to obtain assurance that we would become aware of all of the significant matters that may be identified in an audit. Consequently, we are not expressing an audit opinion.

We did not examine the Deduction during the Transitional Period as of June 30, 2025, as presented in Section 6 - Except for the above work procedures verifying that the Deduction Amount does not exceed the expected discounted amount of the risk margin and the solvency capital requirement in respect of life and health insurance risks arising from existing businesses during the Transitional Period in accordance with the pattern of future development of the capital requirement, which affects both the calculation of the expected capital release and the release of the expected risk margin as described in the provisions on calculation of risk margin.

Conclusion

Except for the above regarding the adequacy of the amount of Deduction during the Transitional Period and based on the procedures performed, nothing has come to our attention that causes us to believe that the calculation of the solvency ratio and the presentation of the Company's Solvency Ratio Report for June 30, 2025, are not prepared in accordance with the Commissioner's Directives, in all material respects.

It should be emphasized that the projections and assumptions 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 information is sometimes based on assumptions regarding future events, steps taken by management, and the pattern of the future development of the risk margin, which will not necessarily materialize or will materialize in a manner that is different than the assumptions used in the information. Furthermore, actual results may materially vary from the information, since the combined scenarios of events may materialize in a manner that is materially different than the assumptions made in the information.

We draw attention to that stated in Section D., comments and clarifications regarding the solvency ratio, the uncertainty arising from regulatory changes, and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated, as well as regarding the uncertainty embodied in the actuarial and financial assumptions and forecasts used in the preparation of the Report.

Tel Aviv,

November 25, 2025

Kost Forer Gabbay & Kasierer

Certified Public Accountants

A. Overview and Disclosure Requirements

Solvency II-based Economic Solvency Regime

The information provided below was calculated in accordance with the provisions of Circular 2020-1-15 of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the “**Commissioner**”) - “Amendment to the Consolidated Circular concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies” (hereinafter - the “**Provisions of the Economic Solvency Regime**”), was prepared and presented in accordance with Chapter 1, Part 4 Section 5 of the Consolidated Circular as revised in Circular 2025-1-3 (hereinafter - the “**Disclosure Provisions**”).

The Provisions of the Economic Solvency Regime set a standard model for calculating eligible own funds and the regulatory solvency capital requirement (SCR), with the aim of bringing insurance companies to hold buffers to absorb losses arising from the materialization of unexpected risks to which they are exposed. **The solvency ratio is the ratio between the eligible own funds and the regulatory solvency capital requirement.**

The eligible own funds are composed of Tier 1 capital and Tier 2 capital. Tier 1 capital includes shareholders’ equity calculated through assessing the economic value of an insurance company’s assets and liabilities in accordance with the circular’s provisions, and Additional Tier 1 capital. Additional Tier 1 capital and Tier 2 capital include equity instruments with loss absorption mechanisms, including Subordinated Tier 2 capital, Hybrid Tier 2 capital and Tier 3 capital, which were issued prior to the circular’s effective date. The circular places restrictions on the composition of eligible own funds for SCR and MCR purposes (see below), such that the rate of Additional Tier 1 capital shall not exceed 20% of the Tier 1 capital, and such that the rate of components included in Tier 2 capital shall not exceed 40% of the SCR without taking into account the Provisions of the Transitional Period, and shall not exceed 50% of the SCR under the Provisions for the Transitional Period.

The eligible capital is compared to the capital requirement when there are two levels of capital requirements:

- The capital required to maintain an insurance company’s solvency (hereinafter - “**SCR**”). The SCR is comprised of risks to which the Company is exposed and is based on forward-looking calculation of the impact of the materialization of different scenarios, while taking into account the correlation of the different risk factors, based on the guidance in the Provisions of the Economic Solvency Regime.
- Minimum capital requirement (hereinafter - “**MCR**” or “**minimum capital requirement**”). In accordance with the Provisions of the Economic Solvency Regime, the minimum capital requirement shall be equal to the highest of the amount of the minimum Tier 1 capital requirement under the “Requirements of the Previous Capital Regime” and an amount derived from insurance reserves and premiums (as defined in the Solvency Circular), with a floor of 25% and a cap of 45% of the SCR.

The eligible capital and the capital requirement are calculated using data and models which are based, among other things, on forecasts and assumptions that rely mainly on past experience. These calculations are highly complex.

The Provisions of the Economic Solvency Regime include, among other things, Provisions for the Transitional Period, which are based on increasing the eligible capital by deducting from the insurance reserves an amount that will be calculated as detailed in Section b below. The Deduction Amount will decrease gradually until 2032 (hereinafter - the “**Deduction during the Transitional Period**”).

Publication of Economic Solvency Ratio Report

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 subsequent to the calculation date.

Furthermore, in view of the listing of Additional Tier 1 capital on the main list, and in accordance with The Phoenix Insurance’s undertakings under the deed of trust, as from 2023 the Company publishes an estimated quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by The Phoenix Insurance 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 the Company’s solvency ratio goes down to 120% or less, it will publish a Full Solvency Ratio Report on a quarterly basis in a semi-annual format, instead of an estimated ratio.

Forward-looking information

The data included in this Economic Solvency Ratio Report, including the eligible own funds and the solvency capital requirement are based, among other things, on forecasts, assessments, 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. Actual results may differ from the results reflected in this Economic Solvency Ratio Report, if such forecasts, assessments and estimates, either in whole or in part, fail to materialize or materialize in a manner different than anticipated, including, among other things, with respect to actuarial assumptions (including mortality rates, morbidity rates, recovery rates, cancellations, expenses, takeup of pension benefits, rate of release of the risk margin and underwriting income rate), effects of future tax arrangements, assumptions regarding future management actions, risk-free interest rates, capital market returns, future revenues, and damage in catastrophe scenarios.

B. Definitions

The Company	- Phoenix Insurance Company Ltd.
Provisions of the Economic Solvency Regime	- The provisions of Circular 2020-1-15 of the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the “ Commissioner ”) - “Amendment to the Consolidated Circular concerning Implementation of a Solvency II-Based Economic Solvency Regime for Insurance Companies” (hereinafter - the “ Solvency Circular ”), including its explanations.
Best estimate	- Expected future cash flows from insurance contracts and investment contracts throughout their term, without conservatism margins and discounted by an adjusted risk-free interest.
Long-term health insurance (SLT)	- Health insurance that is conducted similarly to life insurance.
Short-term health insurance (NSLT)	- Health insurance that is deemed to be written on a similar technical basis as property and casualty insurance.
Basic solvency capital requirement (BSCR)	- The capital requirement of an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Provisions of the Economic Solvency Regime Directives, without taking into account the capital requirement due to operational risk, loss absorption adjustment due to deferred tax and capital requirement due to management companies.
Solvency capital requirement (SCR)	- Total capital requirement of an insurance company to maintain its solvency, calculated in accordance with the Provisions of the Economic Solvency Regime.
Eligible own funds	- Total Tier 1 capital and Tier 2 capital of an insurance company, after deductions and amortization in accordance with the provisions of Part B of the Appendix to the Solvency Circular.
Basic Tier 1 capital	- Excess of assets over liabilities in the economic balance sheet, net of unrecognized assets and dividend declared subsequent to report date and until the report’s initial publication date.
Additional Tier 1 capital	- Perpetual capital note, non-accruing preferred shares, Restricted Tier 1 capital instrument, Additional Tier 1 capital instrument - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.
Tier 2 capital	- Tier 2 capital instruments, Subordinated Tier 2 capital instruments, Hybrid Tier 2, Additional Tier 1 capital instrument which was not included in Tier 1 and Hybrid Tier 3 capital - valued in accordance with the provisions of Part A of the Appendix to the Solvency Circular.

The Commissioner	- Commissioner of the Capital Market, Insurance and Savings Authority.
Effect of diversification of risk-weighted components	- Effect of the partial correlation between different risks in the model on their amounts; the greater the diversification between operating segments in the portfolio and the risk diversification risks, the greater is the effect of the correlation, which reduces the overall risk.
Solvency ratio	- The ratio between the eligible own funds of an insurance company and the solvency capital requirement.
Symmetric adjustment (SA)	- Anti-cyclical component designed to adjust the capital requirement for the shares risk to the changes in share prices, as detailed in Part C to the Provisions of the Economic Solvency Regime.
Economic balance sheet	- The Company's balance sheet with the value of assets and liabilities adjusted in accordance with the provisions of Part A of the Solvency Circular.
Risk margin (RM)	- An amount that reflects the total cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company's insurance liabilities.
Risk Adjustment (RA)	The compensation an entity requires for bearing the uncertainty regarding the amount and timing of cash flows arising from non-financial risk as the entity holds insurance contracts.
Deduction during the Transitional Period (hereinafter - the "Deduction Amount")	- The amount deducted from insurance reserves during the Transitional Period, as detailed in Section 2A(2) below, and in accordance with the Provisions of the Economic Solvency Regime.
Minimum capital requirement (MCR)	- The minimum capital requirement of an insurance company, calculated in accordance with Chapter C of the Solvency Circular.
Expected profits in future premiums (EPIFP)	- Expected Profit in Future Premiums; the future profit from liabilities for existing life and health insurance contracts arises from future premiums.
Transitional Period	- Under the Provisions for the Transitional Period for the application of an Economic Solvency Regime - a period running until December 31, 2032.
UFR	- Ultimate Forward Rate - the latest forward interest rate derived from the expected long-term real interest rate and the long-term inflation expectations to which the adjusted interest rate curve converges, in accordance with the Provisions of the Economic Solvency Regime.

Volatility Adjustment (VA)	- A component reflecting the margin implicit in a representative debt assets portfolio of insurance companies and added to the adjusted interest rate curve in accordance with Provisions of the Economic Solvency Regime.
Audited	- The term refers to an audit held by an independent auditor in accordance International Standard on Assurance Engagement (ISAE) 3400 – “The Examination of Prospective Financial Information”.
Unaudited	- The term refers to a review conducted in accordance with the principles of the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
Investment Rules Regulations	- The Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012 and their revision in September 2024 in the Amendment to the Consolidated Circular regarding Management of Investment Assets – Investment Rules Applicable to Institutional Entities.
Adjusted risk-free interest	- The interest rate curve set by the Commissioner which is based on the real yield to maturity of bonds of the Government of Israel, with convergence in the long-term to a fixed real rate of 2.6% (UFR) plus a margin (VA) which was set by the Commissioner.

C. Calculation Methodology

The Economic Solvency Ratio Report as of June 30, 2025 and December 31, 2024 was calculated and prepared in accordance with the Provisions of the Economic Solvency Regime.

Economic balance sheet

The economic balance sheet is calculated in accordance with the detailed rules and directives published by the Commissioner, which are based on the European Solvency II rules, with adjustments to reflect the characteristics of the economic environment and products in Israel. The purpose of the rules is to reflect the economic value of the balance sheet items in accordance with the Commissioner's approach. In accordance with the Directives, 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, which represents the addition to the insurance liabilities that is expected to be required from another insurance company to assume the insurance company's insurance liabilities. In accordance with the Directives, the risk margin is calculated using the cost of capital method, at a rate of 6% per year of the expected capital requirement in respect of insurance risks over the life of the existing businesses as described below. The economic balance sheet is prepared based on the Company's separate financial statements plus investees, whose main occupation is holding rights in real estate properties. The economic balance sheet attributes zero value to intangible assets and deferred acquisition costs other than investment in "Insurtech" as defined in the Provisions of the Economic Solvency Regime, and the Commissioner's approval in that respect was obtained, as required.

Increasing economic capital according to the Provisions for the Transitional Period

The Company opted for the current alternative provided by the Provisions for the Transitional Period, whereby the economic capital may be increased by gradually deducting from the insurance reserves until 2032 (hereinafter - the "**Deduction during the Transitional Period**" or the "**Deduction Amount**"). With regard to the Deduction during the Transitional Period, a letter was addressed to insurance companies managers titled "Principles for calculating Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" (hereinafter - the "**Letter of Principles**"). Pursuant to the Letter of Principles, the Deduction during the Transitional Period shall be calculated by dividing insurance policies issued through December 31, 2016 into homogeneous risk groups. The aforesaid Deduction shall be calculated as the difference between insurance reserves (retention) as per the economic balance sheet including the risk margin attributed thereto (without adjusting the fair value of designated bonds) and the insurance reserves (retention) as per the Financial Statements. This difference shall be deducted on a linear basis until December 31, 2032.

Further to the application of IFRS 17, on April 10, 2025, the Commissioner issued guidance regarding the calculation of the amount of Deduction Amount after the application of the standard (starting from the Solvency Ratio Report as of June 30, 2025). In accordance with the guidance, the ratio between the calculated amount of Deduction Amount as of December 31, 2024 and the amount of BE and RM components less the addition of the value of Hetz bonds (for a guaranteed return portfolio) should be calculated for each homogeneous risk group (hereinafter - "**Deduction Rates**").

After the application of IFRS 17, the Deduction Amount will be determined by multiplying the Deduction Rates calculated as of December 31, 2024 for each homogeneous risk group, by the amount of the BE and RM components less the addition of the value of Hetz bonds (for a guaranteed return portfolio) as of the calculation date. The maximum Deduction Amount for each reporting period will be equal to the amount of Deduction of all homogeneous risk groups, amortized, on a straight line basis, between December 31, 2019 and the end of 2032.

During May 2025, the Company received the Commissioner's approval regarding the Deduction Rates for the Transitional Period.

The company ensures that the balance of the deduction amount at each reporting date ("the value of the deduction amount during the transitional period") aligns with the expected growth rate of the solvency ratio calculated without relief during the transitional period. It reflects at least the anticipated depletion of the Solvency Capital Requirement (SCR) and the Risk Margin of the existing portfolio as of the calculation date.

Regarding the Deduction Value during the Transitional Period as of June 30, 2025 - see Section 2A(2) below.

Solvency capital requirement (SCR)

The calculation of the solvency capital requirement is based on an assessment of the economic shareholders' equity's exposure to the following 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 risk-weighted sub-components with respect to specific risks to which the insurance company is exposed. The exposure assessment of the economic shareholders' equity to each risk sub-component is carried out based on a defined 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 sub-components and the risk weighted sub-components, as stated above, net of the effect of the risk diversification in the Company in accordance with the correlations assigned to them under the Directives, and net of the loss absorption adjustment due to deferred tax, as detailed in the Provisions of the Economic Solvency Regime. Furthermore, the calculation of the solvency capital requirement includes components of the capital requirement for operational risk and for management companies (where relevant).

The capital requirement for each of the risks is calculated in accordance with the Company's exposure to that risk, taking into account the parameters set in the Directives. In accordance with the Directives, the capital requirement represents the scope of equity that will allow the insurance company to absorb unexpected losses in the forthcoming year and meet its obligations to policyholders and beneficiaries on time, with a 99.5% certainty level.

Loss absorption adjustment due to deferred tax asset

In accordance with the Provisions of the Economic Solvency Regime, an insurance company may recognize a loss absorption adjustment with respect to deferred tax assets up to the amount of the balance of the deferred tax reserve included in the economic balance sheet plus

a tax asset against future profits up to 5% of the basic solvency capital requirement (BSCR), provided that the following conditions are met:

- The insurance company is able to demonstrate to the Commissioner that it is probable that it will have future taxable income against which the tax assets may be utilized.
- The future profits shall arise only from property and casualty insurance or from Not Similar to Life Techniques (NSLT) (short term health insurance) only.

D. Comments and clarifications

1. General

The Economic Solvency Ratio Report includes, among other things, forecasts based on assumptions and parameters based on past experience, as they arise from actuarial studies conducted from time to time, and on Company's assessments regarding the future, to the extent that it has relevant and concrete information which can be relied upon. The information and studies are similar to those used as the basis for the Company's financial statements as of as of June 30, 2025. Any information or studies obtained or completed after the reporting date of the Company's annual report as of June 30, 2025 were not taken into account.

Past data are not necessarily indicative of future results, among other reasons due to ongoing reforms in the capital, insurance and savings market and the changes in the economic environment and the Company is unable to reliably assess the effect of the reform and the changes. The calculation is sometimes based on assumptions regarding future events and steps taken by management, which will not necessarily materialize or will materialize in a manner different than the assumptions used in the calculation. Furthermore, actual results may materially 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.

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.

2. Future effects of legislation and regulatory measures known as of the report's publication date and exposure to contingent liabilities

- a) The field of insurance has been subject to frequent changes in relevant legislation and regulatory directives. For more information, see Sections 2.1 and 2.3. to Part B and Section 4.1 in Part D of the Description of the Corporation's Business in the 2024 Periodic Report and Section 1.2 to the Report of the Board of Directors and in the Periodic Report for the period ended September 30, 2025.

The legislation and regulatory measures may impact the Company's economic solvency ratio. The calculation of the solvency ratio does not reflect the entire potential effect of the aforesaid legislation and regulatory measures and of other developments that are not yet reflected in practice in the data; this is since to date the Company is unable to assess their entire effect on its business results and solvency ratio.

- b) In accordance with the Provisions of the Economic Solvency Regime, the value of contingent liabilities in the economic balance sheet is determined based on their value in the accounting balance sheet in accordance with the provisions of IAS 37; this measurement does not reflect their economic value. It is not possible to assess the effect of the uncertainty arising from the exposure to contingent liabilities, including such exposure's effect on the Company's future profits and economic solvency ratio. For details regarding the exposure to contingent claims as of December 31, 2024, see Note 39 to the Financial Statements for 2024. For an update as to developments in this exposure after reporting date, see Note 8 to the financial statements as of September 30, 2025.
- c) Starting from January 1, 2025, an amendment to the Value Added Tax Order (Tax Rate on Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the Order) comes into effect, stipulating that the payroll tax rate applicable to financial institutions will be 18% of the wages paid for work, and the profit tax will be 18% of the profit generated. The impact of this update is not material on the solvency ratio results.
- d) In July 2025, the Capital Market Authority published the Revision to the Provisions of the Consolidated Circular - "Report to the Public" and "Reporting to the Commissioner of the Capital Market" - Date of Reporting the Economic Solvency Ratio Report and the Solvency Reporting File. In the "Report to the Public" chapter to the consolidated circular, it was determined that an insurance company will include an Economic Solvency Ratio Report in the periodic report published subsequent to the reporting date. In addition, the "Reporting to the Commissioner of the Capital Market" chapter to the consolidated circular prescribes that an insurance company will report the solvency reporting files to the Commissioner of the Capital Market up to two months from the end of the quarter subsequent to the calculation date. In the lead-up to the application of IFRS 17, the Amendment prescribes that an Economic Solvency Ratio Report and a solvency file report will be submitted together with the Financial Statements as of that date, as from the Economic Solvency Ratio Report as of December 31, 2026. In addition, the Amendment prescribes adjustments to the disclosure and reporting format, in order to adapt them to the IFRS 17 balance sheet, starting with the Economic Solvency Ratio Report as of June 30, 2025.

Section 1 - Economic solvency ratio and minimum capital requirement (MCR)

A. Economic solvency ratio

	As of June 30, 2025	As of December 31, 2024
	Unaudited *)	Audited**)
	NIS thousand	
Own funds for SCR purposes - see Section 3	16,389,426	15,155,717
Solvency capital requirement (SCR) - see Section 4	9,191,599	8,634,544
Surplus	7,197,827	6,521,173
Economic solvency ratio (in %)	178%	176%

Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:

Raising (redemption) of equity instruments***	303,866	636,752
Own funds for SCR purposes	16,693,292	15,792,469
Surplus	7,501,693	7,157,925
Economic solvency ratio (in %)	182%	183%

* Any reference made in this report to the term “unaudited” refers to a review conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

** Any reference made in this report to the term “audited”, shall be construed as an audit held by an independent auditor in accordance with International Standard on Assurance Engagement (ISAE) 3400 - The Examination of Prospective Financial Information.

*** Subsequent to the report date, as of December 31, 2024, Bonds (Series P and Q) totaling approx. NIS 786 million were issued (immediate report of April 17, 2025, Ref. No.: 2025-01-027737). The abovementioned issuance was recognized as Tier 2 capital up to the level of the quantitative limit.

Subsequent to the report date, as of June 30, 2025, Bonds (Series P and Q) totaling approx. NIS 578 million were issued (immediate report of July 30, 2025, Ref. No.: 2025-01-056908). The abovementioned issuance was recognized as Tier 2 capital up to the level of the quantitative limit.

Subsequent to the report date as of June 30, 2025, approx. NIS 768 million in Bonds (Series H) were redeemed (immediate report dated July 31, 2025, Ref. No.: 2025-01-057015). The said redemption affected the balance of Tier 2 capital recognition subject to the quantitative back-up.

Subsequent to the report date as of June 30, 2025, approx. NIS 495 million in Bonds (Series R) was issued (immediate report dated October 22, 2025, Ref. No.: 2025-01-078699). The abovementioned issuance was recognized as Additional Tier 1 capital.

For details regarding the economic solvency ratio without applying the Provisions for the Transitional Period, and regarding the target economic solvency ratio and restrictions applicable to the Company in connection with dividend distribution, see Section 7 below.

Explanations to main changes in capital surplus and in the economic solvency ratio compared to last year:

- During the reporting period, the Company's Capital Surplus increased as a result of positive returns in the investment portfolios, which were partly offset by an increase in capital requirements in respect of the market risk-weighted component, mainly due to an increase in exposure to the equity component compared to last year, and due to an increase in the symmetric adjustment component (SA).
- In the reporting period, there was a decrease in the risk-free interest rate curve and an increase in the Consumer Price Index in Israel. The decline in interest rate and the increase in the Consumer Price Index have an adverse effect on the Company's capital surplus and solvency ratio.
- In the reporting period, there was a natural increase in the capital surplus and solvency ratio of the Company due to the run-off of the capital requirement for existing life and health insurance products, which reduces the solvency capital requirement and the risk margin (RM). Furthermore, the Capital Surplus and the solvency ratio were positively affected by sales in the P&C Insurance Segment and ceding business in Life and Health Insurance.
- The results of the economic solvency ratio as of June 30, 2025 include a cash dividend distribution of NIS 460 million in the third quarter of 2025. As well as cash dividend distributions totaling NIS 340 million approved in at the same times as the Solvency Ratio Report as of June 30, 2025.
- For details regarding other equity transactions subsequent to the balance sheet date, see footnote in the above table.

B. Minimum capital requirement (MCR)

	As of June 30, 2025	As of December 31, 2024
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement (MCR) - see Section 5A	2,297,900	2,158,636
Shareholders' equity for MCR - see Section 5B	12,301,105	11,906,924

Section 2 - Economic Balance Sheet

Information regarding economic balance sheet	As of June 30, 2025		As of December 31, 2024		
	Balance sheet according to IFRS 17	Economic balance sheet	Balance sheet according to IFRS 17 *)	Economic balance sheet **)	
	Unaudited		Audited		
	NIS thousand				
Assets					
Cash and cash equivalents in respect of yield-dependent contracts		19,970,629	19,970,629	17,724,306	17,724,306
Other cash and cash equivalents		3,079,245	3,079,245	2,188,590	2,188,590
Financial investments for yield-dependent contracts		99,129,990	99,129,990	93,777,952	93,777,952
Other financial investments					
Deposits with banks and financial institutions		71,374	71,374	88,628	88,628
Designated bonds	7	9,038,616	9,098,568	8,902,813	8,997,091
Government bonds (excluding designated bonds)		3,503,905	3,503,905	3,421,555	3,421,555
Illiquid corporate bonds	6	206,687	207,851	226,733	222,002
Liquid corporate bonds		3,012,960	3,012,960	2,665,998	2,665,998
Illiquid shares		623,455	623,455	571,215	571,215
Liquid shares		2,707,818	2,707,818	2,287,818	2,287,818
Loans (including investees)	6	6,299,179	6,272,563	6,110,388	6,145,346
Other		7,231,604	7,231,604	6,408,269	6,379,314
Total other financial investments		32,695,598	32,730,098	30,683,417	30,778,967
Receivables and debit balances	10	846,992	846,992	954,851	951,185
Insurance contract assets ¹	1	1,186,540	4,077,391	766,337	3,752,929
Reinsurance contract assets ²	1	4,476,124	2,213,933	4,809,311	2,483,701
Investments in investees that are not insurance companies					
Other investees	5	1,461,613	1,234,912	1,606,539	1,194,611
Total investments in investees that are not insurance companies		1,461,613	1,234,912	1,606,539	1,194,611
Investment property in respect of yield-dependent contracts		2,501,503	2,501,503	2,425,542	2,425,542
Investment property - Other		1,419,732	1,419,732	1,366,566	1,366,566
Property, plant and equipment		1,611,902	1,611,902	1,486,396	1,486,396
Intangible assets and goodwill	3	891,155	68,086	869,044	77,535
Deferred tax assets, net		433	-	696	-
Other assets ³	4	280,406	-	206,855	-
Total assets		169,551,862	168,884,413	158,866,402	158,208,280
Of which: Risk adjustment (RA)/risk margin (RM)⁴		454,222	1,218,146	413,718	1,234,134
Total assets for yield-dependent contracts		121,733,691	121,733,691	114,264,373	114,264,373

¹ Including risk adjustment (RA) for non-financial risk / risk margin (RM).

² Including risk adjustment (RA) for non-financial risk.

³ Includes costs of obtaining investment management service contracts and assets held for sale or for distribution.

⁴ Risk adjustment (RA) for non-financial risk, net of reinsurance.

Information regarding economic balance sheet		As of June 30, 2025		As of December 31, 2024	
		Balance sheet according to IFRS 17	Economic balance sheet	Balance sheet according to IFRS 17 *)	Economic balance sheet **)
		Unaudited		Audited	
		NIS thousand			
Equity					
Basic Tier 1 capital		7,567,058	11,131,865	6,742,358	10,177,364
Total equity		7,567,058	11,131,865	7,192,129	10,177,364
Liabilities					
Loans and credit 11		9,272,984	9,096,432	7,569,135	7,325,842
Liabilities in respect of derivative instruments		2,404,003	2,404,003	1,739,412	1,739,412
Payables and credit balances 10		1,919,364	1,872,243	1,702,876	2,066,684
Liability for current taxes		-	-	58,437	-
Liabilities in respect of investment contracts 1		38,817,552	37,947,431	32,751,130	32,059,918
Liabilities for insurance contracts ⁵ 1,8		108,819,626	104,953,932	107,121,777	102,858,792
Liabilities for reinsurance contracts ⁶ 1		33,127	200,948	30,162	269,997
Deduction during the Transitional Period 2		-	(1,460,347)	-	(1,492,721)
Liabilities in respect of deferred taxes, net 9		663,915	2,683,672	577,364	2,629,241
Other liabilities ⁷		54,233	54,233	573,751	573,751
Total liabilities		161,984,804	157,752,547	152,124,044	148,030,916
Total equity and liabilities		169,551,862	168,884,413	158,866,402	158,208,280
Of which: Risk adjustment (RA)/risk margin (RM)⁸		1,592,813	4,560,550	1,498,202	4,691,234

*) The balance sheet as of December 31, 2024, has been restated to reflect the impact of the implementation of IFRS 17 and IFRS 9.

**) The economic balance sheet as of December 31, 2024, has been restated for alignment with IFRS presentation. The restatement does not affect the measurement of basic Tier 1 capital or the solvency ratio.

Key changes compared with December 31, 2024

- For explanations regarding key changes in Tier 1 capital, see Section 3 above.
- For more information regarding the changes in the Deduction during the Transitional Period, see Section 2A(2) below.

⁵ Including risk adjustment (RA) for non-financial risk / risk margin (RM).

⁶ Including risk adjustment (RA) for non-financial risk.

⁷ Including liabilities for employee benefits and liabilities.

⁸ Risk adjustment (RA) for non-financial risk, net of reinsurance.

Section 2A - Information regarding economic balance sheet

The fair value of assets and liabilities in the economic balance sheet was calculated in accordance with the provisions included in the chapter dealing with measurement of assets and liabilities for financial statements purposes in the Consolidated Circular (Code of Regulations), except for items for which other provisions apply as per the Solvency Circular, as follows:

(1) Liabilities for insurance contracts, risk margin (RM) and investment contracts and reinsurance assets

Liabilities in respect of insurance contracts and investment contracts are calculated in accordance with Part A Chapter 4 of the Solvency Circular based on a best estimate (hereafter - "BE" or "best estimate") on the basis of assumptions that are mainly a result of projecting to the future existing experience relating to past events, within the environment in which the Company operates, and without conservatism factors. As a rule, with respect to life and Health SLT liabilities, the Company applied the embedded value (EV) calculation methodology in Israel, and with respect to property and casualty insurance - on the basis of the section in the Commissioner Position entitled "Best Practice for Calculating Insurance Reserves in Property and Casualty Insurance for Financial Reporting Purposes".

The calculation of SLT life and health insurance liabilities contracts was carried out by discounting the Company's expected future cash flows using a model applied to information available in the Company's operational systems as to insurance coverages, and to many demographic, economic and behavioral assumptions. The projected cash flows include, for example, projected premiums in view of the expected cancellation rates, net of the expenses that the Company will incur in respect of the coverages, including fees and commissions to agents, expected claims, etc.

This cash flow is discounted based on an interest rate curve set by the Commissioner which is based on the real yield to maturity of bonds of the Government of Israel (hereinafter - "**risk-free interest**"), with convergence in the long-term to a fixed real rate of 2.6% (UFR) plus a margin (VA) set by the Commissioner.

The calculation of the liabilities net does not include cash flows in respect of future sales; however, it does include an assumption that the Company will continue receiving premiums from existing businesses (excluding in respect of policies without an insurance risk, including investment contracts). Furthermore, the calculation assumes that the Company shall continue as a going concern, i.e., that the Company's activity will not change, and therefore, some of the fixed expenses in the future shall not be allocated to the current portfolio, but rather to a new business which is expected to be sold in the future.

It is likely that the actual cash flows will vary to some degree on another from the estimates made on a best estimate basis, even if the underlying parameters of the calculation will not change in any way. See also Section C1 above - comments and clarifications.

As stated above, the measurement of the insurance liabilities net in the economic balance sheet is carried out by discounting the projected cash flows, including future profit, by a risk-free interest plus VAT and taking the UFR into consideration, on the basis of a best estimate that does not include conservatism margins, where the risk is reflected in the RM component, which is a separate liability.

The classification of insurance contracts as assets or liabilities on the economic balance sheet was carried out based on the breakdown of liabilities BE and RM in life and health insurance products according to solvency reporting standards.

Risk margin - In addition to the insurance liabilities based on a best estimate, a component of the risk margin is calculated which reflects the total cost of capital that another insurance company would be expected to require in order to receive the insurance company's total insurance liabilities, calculated on the basis of a best estimate. The risk margin is calculated in accordance with the Commissioner's Directives, based on a capital cost rate of 6%, and is discounted at an adjusted risk-free interest rate, but excluding the VA component and based on current and future capital requirements. The future capital requirement is calculated in accordance with the "risk factor method", by changing the capital requirement components calculated as of the reporting date in accordance with the projected development of the risk factors attributed thereto. These factors are designed to reflect the development of the standard model risks over time. The calculation does not take into account the capital requirement for market risks.

Limitations and qualifications with regard to calculation of the best estimate:

- Generally, the underlying assumptions of the models were formulated mainly on the basis of studies and analyses which are based on Company's experience over the past few years, which did not include extreme events. Although there is low probability that extreme events will occur, the Company is unable to estimate this probability or the extent of the effect of those events. Accordingly, such events were not taken into account in the determination of the models' underlying assumptions.
- The determination of the BE should be based on an estimation of the distribution of the potential BEs. With no available significant statistical data that can be used to evaluate the distribution of BE for all demographic and operational factors in life and health SLT, the Company used real assumptions of each and every parameter, according to the expected value of each relevant factor, without taking into account any correlation or dependency between the different assumptions, or between the assumptions and external economic parameters such as taxation, interest or employment levels in Israel. Since the Company did not have sufficient data, when calculating the BE it did not check the level of correlation between demographic and operational assumptions (such as the rate of cancellations) and assumptions pertaining to market conditions (such as the interest rate), which may materially affect the BE.
- In many cases, the future cash flows refer to periods of tens of years into the future. The studies on which the underlying cash flow assumptions rely are based on management's best knowledge, mainly recent years' experience. It is highly uncertain whether the

underlying cash flow assumptions will, indeed, materialize, including as a result of future regulatory changes which may have a material effect.

Limitations and qualifications with regard to calculation of the risk margin (RM)

The risk margin is calculated using the cost of capital method, at a rate of 6% in accordance with the guidance of the Economic Solvency Regime, and this rate does not necessarily reflect the cost of capital that is expected to be required from another insurance company or reinsurer in order to assume the Company's insurance liabilities. In this context, it should be emphasized that the capital requirements are based on the model used to calculate the best estimate, despite its limitations as described above.

Assumptions underlying the insurance liabilities calculation

Demographic and operating assumptions

The calculation's underlying assumptions were set in accordance with the Company's best estimates of relevant demographic and operational factors and reflect the Company's expectations as to the future in respect of these factors. The demographic assumptions included in the calculation were taken from Company's internal studies, if any, and conclusions reached as a result of exercising professional judgment, based on relevant experience and the integration of information received from external sources, such as information from reinsurers and mortality and morbidity tables published by the Commissioner.

The operational assumptions (general and administrative expenses) were calculated in accordance with the results of the Company's internal pricing model applied to expenses relating to the relevant insurance liabilities, including: allocation of expenses to the different segments and activities (issuance, current management, investments, claims management, etc.) and assumptions regarding their future development (in accordance with the CPI, amount of premiums and assets under management, etc.).

Following are the key assumptions on which the Company relied in the calculations:

a) Economic assumptions

- Discount rate - risk-free interest rate curve based on the yield to maturity of bonds of the Government of Israel (hereinafter - "**risk-free interest**") plus a margin (VA), with convergence in the long-term to a fixed real rate of 2.6% (UFR) as set by the Commissioner (hereinafter - the "**Discount Rate**").
- The yield on the assets backing the life and long-term health insurance products is identical to the Discount Rate (except for the assumed return for designated bonds).

The yield on designated bonds takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them.

b) Operational assumptions (for life and health insurance)

General and administrative expenses - the Company analyzed the expenses allocated in the financial statements to the relevant insurance segments and allocated them to various products and coverage types and to various activities such as current operating of the coverages, investment management, handling claims, payment of pensions and more. The expenses study is revised periodically and the different types of expenses are carried to the future cash flow in relation to the relevant factors, such as the number of coverages, premiums, reserves or claims. The determination of the future expenses and their allocation to future cash flows include many assessments and judgments by the Company, which affect the amount of the liabilities.

c) Demographic assumptions

- Cancellations (discontinuation of premium payment, settlement of policies, payment of redemption value) - in accordance with Company's experience with the different products as observed in periodic cancellation studies, while making adjustments in accordance with the Company's estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.
- Mortality of pensioners - in accordance with the appendixes and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the Amendment to the Consolidated Circular on Measurement of Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 24, 2024.
- Active mortality - based on the Company's experience in accordance with periodic mortality studies conducted in connection with the relevant products, while making adjustments in accordance with the Company's estimates in cases where past experience does not faithfully represent the Company's expectations as to future changes.
- Morbidity (claims' rate and period) in relation to long-term care, income protection, PHI and health insurance products - based on the Company's claims history to the relevant products, in accordance with periodic claims studies, and/or in accordance with reinsurance tariffs applicable to the relevant products.
- Pension takeup rates, annuity takeup age, and pension tracks - in accordance with the Company's experience as observed in periodic studies, the different policy types and funds.

d) Insurance liabilities in property and casualty insurance

The estimate of the insurance liabilities for the various subsegments with respect to policies earned is based the BE calculated for the provision in the Financial Statements as of June 30, 2025. The estimate includes indirect expenses and does not include risk margin (RM) and a reserve for deposit.

For the part that has not yet been earned, the cost of future BE claims has been calculated, including a provision for indirect expenses and policy operating expenses.

(2) Deduction Value during the Transitional Period

As mentioned above, the Company calculated the Deduction Amount after applying IFRS 17, the Deduction Amount by multiplying the Deduction Rates calculated as of December 31, 2024 for each homogeneous risk group, by the amount of the BE and RM components less the addition of the value of Hetz bonds (for a guaranteed return portfolio) as of the calculation date.

The said Deduction is amortized on a straight line between December 31, 2019 and December 31, 2032, such that the amortized balance as of June 30, 2025 totaled NIS 1,460 million (as of December 31, 2024, NIS 1,493 million).

In accordance with the guidance, the Company assessed the need to reduce the value of the reduced Deduction balance, which is deducted to reflect the expected increase in the solvency ratio, calculated without the Deduction.

Accordingly, the Company did not deem it necessary to amortize the value of the amortized deduction balance as of June 30, 2025.

Other assets and liabilities:

- (3) Intangible assets** - in accordance with Part A Chapter 2 Appendix A to the Provisions of the Economic Solvency Regime, an insurance company shall assess the value of intangible assets at zero, except for investment in Insurtech as defined in the Solvency Circular, for which it obtained the Commissioner's approval, as required.
- (4) Deferred acquisition costs** - in accordance with Part A Chapter 2 Appendix A to the Provisions of the Economic Solvency Regime, an insurance company shall assess the value of acquisition expenses at zero. It is noted that the value of the future profits implicit in the insurance and savings contracts and was taken into account in the liabilities for insurance and saving contracts item.
- (5) Investment in investees which are not insurance companies** - in accordance with Part A Chapter 2 Appendix B to the Provisions of the Economic Solvency Regime, the calculation was carried out using the adjusted equity method, in accordance with the circular on investees which are not insurance companies. In accordance with this method, the Company's stake in investees was included based on its relative share in the excess of their assets over their liabilities, calculated in accordance with the economic value of the assets and liabilities in accordance with the circular's provisions, which is calculated based on their financial statements after writing off intangible assets. In investees where the economic balance sheet reflects an excess of liabilities over assets, the value of the investment will be zero rather than a negative amount, when its value in the accounting balance sheet is a positive amount.

The economic value of the investees does not include the profits implicit in those companies.

- (6) Non-marketable debt assets** - in accordance with Part A, Chapter 1 to the Provisions of the Economic Solvency Regime, the fair value of non-marketable debt assets is calculated on the basis of a discounted cash flow model; the discount rates are determined by a company providing price and interest rate quotes for institutional entities.
- (7) Designated bonds** - in accordance with Part A Chapter 2 Appendix E to the Provisions of the Economic Solvency Regime, the insurance company adjusts the value of designated bonds to

their value as per the economic balance sheet in accordance with their economic value that takes into account their interest rate and the best estimate as to the Company's future entitlement to purchase them. See also Section 2A(1)(a) above.

- (8) **Contingent liabilities** - as to the value of contingent liabilities in the economic balance sheet, see Section d(2)(b) above.
- (9) **Liabilities for deferred taxes, net** - in accordance with Part A Chapter 2 Appendix C to the Provisions of the Economic Solvency Regime, the calculation is based on the difference between the value attributed to assets and liabilities in the economic balance sheet (taking into account the Deduction Amount) and the value attributed to those assets and liabilities for tax purposes, in accordance with the recognition, measurement and presentation provisions of IAS 12. Deferred tax assets may be recognized only if the Company shall meet the criteria included in the Economic Solvency Regime, in addition to the criteria included in the abovementioned accounting standard.
- (10) **Payables and credit balances, receivables and debit balances** - in accordance with Part A Chapter 1 of the Provisions of the Economic Solvency Regime, some of the balances in this item were calculated in accordance with the general principles regarding the economic balance sheet.
- (11) **Financial liabilities** - were calculated in accordance with the general principles set in the Provisions of the Economic Solvency Regime and subject to the guidance in Part A Chapter 3, whereby changes in the Company's credit risk may only taken into account for changes in risk-free interest. That is to say, the discount rate is a risk-free interest plus the margin on issuance date.

Section 2B - Composition of liabilities, net for insurance contracts and investment contracts

	As of June 30, 2025			
	Best estimate (BE)			Risk margin (RM)
	Gross	Reinsurance	Retention	
	Audited			
	NIS thousand			
Liabilities for insurance contracts and non-yield-dependent investment contracts				
Life insurance contracts ⁹	11,725,601	(83,656)	11,809,257	240,190
Long-term health insurance contracts (SLT)	(2,745,123)	708,401	(3,453,524)	4,361,516
P&C insurance contracts	7,469,667	2,453,580	5,016,087	212,634
Short-term health insurance contracts (NSLT)	145,750	4,387	141,363	5,079
Total liabilities for insurance contracts and non-yield-dependent investment contracts	16,595,895	3,082,712	13,513,183	4,819,419
Liabilities for insurance contracts and yield-dependent investment contracts				
Liabilities for yield-dependent insurance contracts				
- Life insurance and long-term health insurance contracts (SLT)	79,959,570	634,900	79,324,670	948,031
Investment contracts	37,936,185	(7,573)	37,943,758	11,246
Total liabilities for insurance contracts and yield-dependent investment contracts	117,895,755	627,327	117,268,428	959,277
Total liabilities for insurance contracts and investment contracts	134,491,650	3,710,039	130,781,611	5,778,696

	As of December 31, 2024			
	Best estimate (BE)			Risk margin (RM)
	Gross	Reinsurance	Retention	
	Audited			
	NIS thousand			
Liabilities for insurance contracts and non-yield-dependent investment contracts				
Life insurance contracts	11,696,604	(41,679)	11,738,283	282,329
Long-term health insurance contracts (SLT)	(2,698,495)	727,992	(3,426,487)	4,514,888
P&C insurance contracts	6,801,383	2,220,115	4,581,268	143,247
Short-term health insurance contracts (NSLT)	110,751	4,755	105,996	2,923
Total liabilities for insurance contracts and non-yield-dependent investment contracts	15,910,243	2,911,183	12,999,061	4,943,387
Liabilities for insurance contracts and yield-dependent investment contracts				
Liabilities for yield-dependent insurance contracts				
- Life insurance and long-term health insurance contracts (SLT)	78,142,419	628,402	77,514,017	934,954
Investment contracts	32,012,891	(3,765)	32,016,656	47,027
Total liabilities for insurance contracts and yield-dependent investment contracts	110,155,310	624,637	109,530,672	981,981
Total liabilities for insurance contracts and investment contracts	126,065,553	3,535,820	122,529,733	5,925,368

⁹ Including investment contracts.

Key changes compared with December 31, 2024:

- The increase in liabilities for insurance contracts and yield-dependent investment contracts is mainly due to an increase in new sales of investment contracts and positive returns in portfolios.
- The increase in general insurance contract liabilities is primarily due to the growth in activity within this sector.

Section 3 - Own funds for SCR purposes

	As of June 30, 2025			
	Tier 1 capital		Tier 2 capital	Total
	Basic	Additional		
	Unaudited			
	NIS thousand			
Shareholders' equity	11,131,865	1,554,233	4,547,901	17,233,999
Deductions from Tier 1 capital (a)	(844,573)	-	-	(844,573)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	-	-
Own funds for SCR purposes (d)	10,287,292	1,554,233	4,547,901	16,389,426
Of which - expected profits in future premiums (EPIFP) post tax	5,905,845			5,905,845

	As of December 31, 2024			
	Tier 1 capital		Tier 2 capital	Total
	Basic	Additional		
	Audited			
	NIS thousand			
Shareholders' equity	10,177,364	1,522,956	3,680,520	15,380,840
Deductions from Tier 1 capital (a)	(225,123)	-	-	(225,123)
Deductions (b)	-	-	-	-
Deviation from quantitative limitations (c)	-	-	-	-
Own funds for SCR purposes (d)	9,952,241	1,522,956	3,680,520	15,155,717
Of which - expected profits in future premiums (EPIFP) post tax	5,772,404			5,772,404

Key changes compared with December 31, 2024:

- Basic Tier 1 capital capital was positively affected by positive returns on the investment portfolios, favorable results in P&C Insurance, new business in Life and Health Insurance, and the run-off of underwriting capital requirements for existing business (which reduces the risk margin (RM) component); this positive effect was partially offset by a decline in the yield curve and effect of inflation.
 - For further details regarding these changes, see Section 1a above and Section 4 below.
- (a) Amounts deducted from Tier 1 capital - in accordance with the definitions of "Basic Tier 1 capital" in Appendix B, Chapter 2, Part 2 of Section 5 in the Consolidated Circular - "Economic Solvency Regime" (hereinafter - the "**Economic Solvency Regime Appendix**"), these Deduction Amounts include the amount of assets held against liabilities in respect of non-yield dependent insurance and investment contracts in breach of the Investment Rules Regulations,

amount invested by the Company in purchasing Company ordinary shares, and the amount of dividend declared subsequent to the report date and through the publication of the report for the first time.

As of June 30, 2025, the section includes cash dividend distributions totaling NIS 460 million made in the 2nd quarter of 2025 as well as a NIS 340 million distribution declared in tandem with the publication of this report.

- (b) Deviation from quantitative limitations - in accordance with the provisions of Chapter 2 in Part B - "Directives regarding Insurance Companies' Shareholders' Equity" to the Economic Solvency Regime Appendix.
- (c) Composition of own funds for SCR purposes

	As of June 30, 2025	As of December 31, 2024
	Unaudited	Audited
	NIS thousand	
Tier 1 capital		
Basic Tier 1 capital	10,287,292	9,952,241
Additional Tier 1 capital		
Additional Tier 1 capital instruments	1,554,233	1,522,956
Additional Tier 1 capital	1,554,233	1,522,956
Total Tier 1 capital	11,841,525	11,475,197
Tier 2 capital		
Tier 2 capital instruments	3,293,622	2,447,955
Hybrid Tier 2 capital instruments	1,254,279	1,232,565
Less deduction due to deviation from quantitative limit	-	-
Total Tier 2 capital	4,547,901	3,680,520
Total own funds for SCR purposes	16,389,426	15,155,717

- For an explanation regarding key changes compared with December 31, 2024, see above.
- For details regarding own funds for SCR purposes requirement without applying the Provisions for the Transitional Period, see Section 6 - "Effect of Application of Provisions for the Transitional Period" below.
- The increase in Tier 2 capital arises from raising approx. NIS 786 million in Series Q and R. For transactions in Tier 2 capital instruments carried out subsequent to the balance sheet date, see footnotes to Section 1 above.

Section 4 - Solvency capital requirement (SCR)

	As of June 30, 2025	As of December 31, 2024
	Capital requirements	
	Unaudited	Audited
	NIS thousand	
Basic solvency capital requirement (BSCR)		
Capital requirement for market risk-weighted component	8,082,390	7,466,905
Capital requirement for counterparty risk-weighted component	651,555	678,861
Capital requirement for underwriting risk-weighted component in life insurance	2,973,980	2,868,058
Capital requirement for underwriting risk-weighted component in health insurance (SLT+NSLT)	4,540,579	4,371,790
Capital requirement for underwriting risk-weighted component in P&C insurance	1,534,467	1,518,482
Effect of diversification of risk-weighted components	(5,660,106)	(5,465,108)
Capital requirement for the intangible assets risk-weighted component	34,043	38,768
Total basic solvency capital requirement (BSCR)	12,156,908	11,477,756
Capital requirement for operational risk	326,209	361,224
Loss absorption adjustment due to deferred tax asset	(3,291,518)	(3,204,436)
Total solvency capital requirement (SCR)	9,191,599	8,634,544

For details regarding own funds for SCR purposes without applying the Provisions for the Transitional Period, see Section 6 - "Effect of Application of Provisions for the Transitional Period" below.

Key changes in solvency capital requirement compared to December 31, 2024:

- During the reporting period, there was an increase in SCRs mainly due to an increase in the market risk-weighted component due to an increase in the equity component compared to the previous year and due to an increase in the symmetric adjustment component (SA).

Section 5 - Minimum Capital Requirement (MCR)

(a) Minimum capital requirement (MCR)

	As of June 30, 2025	As of December 31, 2024
	Unaudited	Audited
	NIS thousand	
Minimum capital requirement according to MCR formula	2,064,028	2,077,356
Lower band (25% of solvency capital requirement in the Transitional Period)	2,297,900	2,158,636
Upper band (45% of solvency capital requirement in the Transitional Period)	4,136,220	3,885,545
Minimum capital requirement (MCR)	2,297,900	2,158,636

(b) Shareholders' equity for MCR

	As of June 30, 2025		
	Tier 1 capital	Tier 2 capital	Total
	Unaudited		
	NIS thousand		
Own funds for SCR purposes according to Section 3	11,841,525	4,547,901	16,389,426
Deviation from quantitative limitations due to MCR*	-	(4,088,321)	(4,088,321)
Shareholders' equity for MCR	11,841,525	459,580	12,301,105

	As of December 31, 2024		
	Tier 1 capital	Tier 2 capital	Total
	Audited		
	NIS thousand		
Own funds for SCR purposes according to Section 3	11,475,197	3,680,520	15,155,717
Deviation from quantitative limitations due to MCR*	-	(3,248,792)	(3,248,792)
Shareholders' equity for MCR	11,475,197	431,727	11,906,924

(*) In accordance with the provisions of Chapter 3 in Part B to the Economic Solvency Regime Appendix, Tier 2 capital shall not exceed 20% of MCR.

Section 6 - Effect of the application of the Provisions for the Transitional Period

	As of June 30, 2025			
	Including applying the Provisions for the Transitional Period	Effect of including the Deduction during the Transitional Period	Effect of a 50% rate Tier 2 capital during the Transitional Period	Total excluding applying the Provisions for the Transitional Period
	Unaudited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	138,809,999	(1,460,347)	-	140,270,346
Basic Tier 1 capital	10,287,292	952,876	-	9,334,416
Own funds for SCR purposes	16,389,426	952,876	668,274	14,768,276
Solvency capital requirement (SCR)	9,191,599	(507,470)	-	9,699,070

	As of December 31, 2024			
	Including applying the Provisions for the Transitional Period	Effect of including the Deduction during the Transitional Period	Effect of a 50% rate Tier 2 capital during the Transitional Period	Total excluding applying the Provisions for the Transitional Period
	Audited			
	NIS thousand			
Total insurance liabilities, including risk margin (RM)	130,498,197	(1,492,721)	-	131,990,918
Basic Tier 1 capital	9,952,241	974,000	-	8,978,241
Own funds for SCR purposes	15,155,717	974,000	19,214	14,162,503
Solvency capital requirement (SCR)	8,634,544	(518,720)	-	9,153,264

See description of the Provisions for the Transitional Period applicable to the Company during the Transitional Period in Section 2A - information regarding economic balance sheet, Subsection 2-Deduction Value during the Transitional Period.

Key changes compared with December 31, 2024 regarding the effect of the application of the Provisions for the Transitional Period:

- For an explanation regarding key changes compared with December 31, 2024, see Section 1a above.

Section 7 - Restrictions on Dividend Distribution

The Company's policy is to have a solid capital base to ensure its solvency and ability to meet its liabilities to policyholders, to preserve the Company's ability to continue its business activity such that it is able to provide returns to its shareholders. The Company is subject to capital requirements set by the Commissioner.

The Company's Board of Directors has set a minimum economic solvency ratio target and target range based on Solvency II. The economic solvency ratio target range, within which the Company seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction is 150%-170%.

The minimum economic solvency ratio target, taking into account the Provisions for the Transitional Period, was set at 135%, and the minimum economic solvency ratio target without taking into account the Provisions for the Transitional Period is set to reach 135% at the end of the Transitional Period according to the Company's capital plan.

On August 24, 2025, the Company's Board of Directors increased the minimum economic solvency ratio target without taking into account the Provisions for the Transitional Period by further 2 percentage points from 121% to 123%, beginning on June 30, 2025 as part of the Company's preparations for increasing the minimum solvency ratio target by the end of the Transitional Period.

As of June 30, 2025, the date of the calculation, the Company has capital surplus in relation to the set targets, as described in the table below.

It is hereby clarified that the aforesaid does not guarantee that the Company will meet the set targets at all times.

Dividend

According to the letter published by the Commissioner, in October 2017, (hereinafter - the "**Letter**") an insurance company shall be entitled to distribute a dividend only if, following the distribution, the company has a solvency ratio - according to the Economic Solvency Regime - of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by the Company's Board of Directors. In addition, the letter set out provisions for reporting to the Commissioner. On February 27, 2025, the Company received a letter regarding "setting a solvency ratio target" (hereinafter – the "**Capital Target Letter**"), which lists appropriate practices for determining a solvency ratio target. The Company believes that the capital targets were set in accordance with the requirements of the Capital Target Letter.

Dividend distribution

On December 30, 2024, the Company's Board of Directors decided to approve the distribution of a dividend in kind of approx. NIS 1.4 billion (approx. NIS 1.1 billion economic value) subject to the fulfillment of the conditions precedent. For details, see the immediate report dated December 31, 2024. Through the report publication date, the following assets were distributed in practice out of the abovementioned economic value: Phoenix Mortgages (Gold) Ltd.'s loans totaling approx. NIS 574 million, Company's stake in Bizi Finance Ltd.'s shares totaling approx. NIS 19 million, Company's stake in Leader Capital Markets & Investments Limited Partnership's

participation units totaling approx. NIS 6 million and Company's stake in El Al Frequent Flyer Ltd.'s shares, which are recorded at zero economic value in the economic balance sheet.

The Company's rights in the assets known as Block 6154, Parcels 931 and 932 in Givatayim (hereinafter - "**Beit Havered**") totaling approx. NIS 611 million have not yet been distributed and the carrying amount of the distribution of the Company's stake in Phoenix Mortgages (Gold) Ltd.'s shares is immaterial.

Should the distributions be completed, they will result in a decrease of approx. 5% in the solvency ratio without applying the Provisions for the Transitional Period. Subsequent to the dividend distributions, as set out above, the economic solvency ratio of The Phoenix Insurance and the economic solvency ratio excluding the Provisions for the Transitional Period and without adjusting the share scenario, meet the minimum economic solvency ratio target without taking into account the Provisions for the Transitional Period as set by the Board of Directors, according to the Commissioner's requirements on dividend distribution, as set out above.

Following are data on the Company's economic solvency ratio, calculated without taking into account the Provisions for the Transitional Period and the solvency ratio target set by the Company's Board of Directors with respect to the solvency ratio calculated without taking into account the Provisions for the Transitional Period, as required by the letter. As stated, the ratio is higher than the solvency ratio required by the letter.

Solvency ratio without applying the Provisions for the Transitional Period:

	As of June 30, 2025	As of December 31, 2024
	Unaudited	Audited
	NIS thousand	
Own funds for SCR purposes - see Section 6	14,768,276	14,162,503
Solvency capital requirement (SCR) - see Section 6	9,699,070	9,153,264
Surplus	5,069,206	5,009,239
Economic solvency ratio (in %)	152%	155%

Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:**Ratio Report:**

Raising (redemption) of equity instruments*	494,085	-
Own funds for SCR purposes	15,262,361	14,162,503
Surplus	5,563,291	5,009,239
Economic solvency ratio (in %)	157%	155%

Capital surplus after capital-related actions in relation to the Board of Directors' target:

Minimum solvency ratio target without applying the Provisions for the Transitional Period

	123%	121%
Capital surplus over target	3,332,505	3,087,053

* Subsequent to the report date, as of December 31, 2024, Bonds (Series P and Q) totaling approx. NIS 786 million were issued (immediate report of April 17, 2025, Ref. No.: 2025-01-027737). The abovementioned issuance was recognized as Tier 2 capital.

Subsequent to the report date, as of June 30, 2025, Bonds (Series P and Q) totaling approx. NIS 578 million were issued (immediate report of July 30, 2025, Ref. No.: 2025-01-056908). The abovementioned issuance was recognized as Tier 2 capital.

Subsequent to the report date as of June 30, 2025, approx. NIS 768 million in Bonds (Series H) were redeemed (immediate report dated July 31, 2025, Ref. No.: 2025-01-057015). The said redemption affected the balance of Tier 2 capital recognition subject to the quantitative back-up.

Subsequent to the report date as of June 30, 2025, approx. NIS 495 million in Bonds (Series R) was issued (immediate report dated October 22, 2025, Ref. No.: 2025-01-078699). The abovementioned issuance was recognized as Additional Tier 1 capital.

- For an explanation regarding key changes compared with last year see Section 1A above.

November 25, 2025

Date	Benjamin Gabbay	Eyal Ben Simon	Eli Schwartz	Amit Netanel
	Chairman of the Board	CEO	Deputy CEO, CFO	Executive VP, CRO