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Phoenix Financial Ltd.

Consolidated Interim Financial Statements as of June 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)

Rucha Levin (External Director)

Stella Cohen

Prof. Zohar Goshen

Mishaël Vaknin (External Director)

Zubin Rossi Teperlova

Part 1

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

The Report of the Board of Directors of Phoenix Financial Ltd. (hereinafter - **"Phoenix Financial"** or the **"Company"** or the **Corporation"**) as of June 30, 2025, outlines the principal changes in the Company's operations in the period from January through June 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, pension and provident 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 report for the first quarter of 2025 and 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. The Group's Structure, 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 (Agencies) and Financing (Credit).

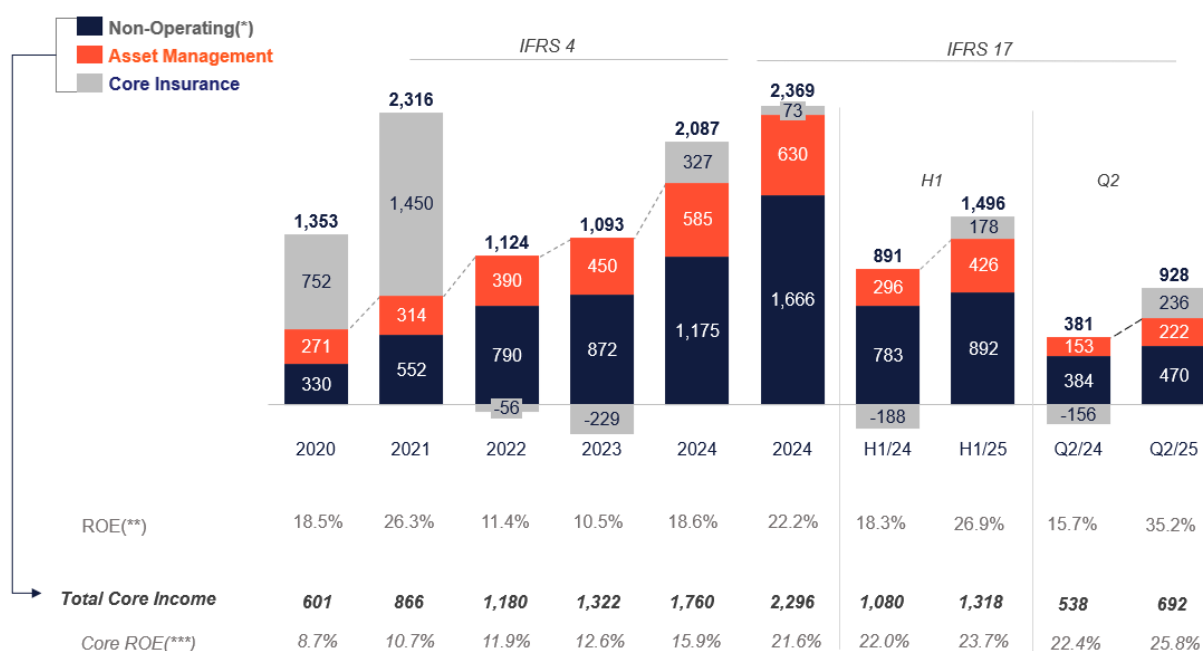
In its **insurance** activity, the Company operates through Phoenix Insurance Company Ltd. (hereinafter - "**Phoenix Insurance**");

In 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 (Agencies)** - through Phoenix Agencies 1989 Ltd. and the agencies it owns; and in **Financing (Credit)** - 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 dealing with 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. It is also noted that the Company has restated the comparative figures affected by the abovementioned reclassification, see Section 5 below.

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 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 are applying IFRS 17 (hereinafter - the "**Standard**") and IFRS 9 (hereinafter, jointly - the "**Standards**") to their financial statements (to Phoenix Insurance); for further details regarding the Standards, see Section 5 below. In light of the application of the Standard and its positive effect on the Company's profitability, during the second half of 2025, the Company intends to assess and revise its strategic targets for 2027, which will reflect the Standard's positive effect and other developments, if any (in this context, see Section 1.3.7 with respect to revising targets for Phoenix Agencies). For further details, see Section 5 below and the immediate report dated September 9, 2024 regarding an update of the Company's strategic targets (Ref. No. 2024-01-601901).

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 a decrease in the NIS 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, despite the volatility, 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 1.6% compared to an increase of 1.9% in the corresponding period last year.

In the period subsequent to the report date through immediately prior to the Financial Statements' publication date, fluctuations continued in financial markets in Israel and across the world concurrently with an 0.4% increase in the CPI in July. On the other hand, there was an increase in the risk-free interest rate curve and an increase in liquidity premium, which may trigger a change in assets and liabilities for insurance contracts.

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 third quarter of 2025, and therefore the above does not constitute an assessment of the Company's results in the third 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 NIS 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 and Operation Rising Lion

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 is involved in an armed conflict and military operational activity of varying intensities and in a number of fronts. The War and all of the activities in the various fronts have an adverse effect on the Israeli economy. As of the report publication date, the fighting in Gaza was resumed at varying intensity.

On June 13, 2025, Israel launched Operation Rising Lion - a surprise attack by the Israeli Air Force on strategic targets in Iran, including senior officials in the defense establishment, ballistic missile facilities and infrastructures pertinent to Iran's nuclear program. In response to Israel's attack, Iran launched a counterattack, which included the launch of hundreds of ballistic missiles and drones at military targets and population centers in Israel. During the 12-day Operation, a special situation was declared in the home front, Ben Gurion Airport was closed, and the economy operated in a limited capacity in accordance with the Home Front Command's guidance. The Operation ended with a ceasefire on June 24, 2025. During the Operation, the Company switched to a remote work format and continued to provide all services as usual throughout the Operation. The Operation did not have a material effect on the Company's activity.

Due to the War, the international rating agencies downgraded the State of Israel's credit rating. The abovementioned rating downgrade also affected Phoenix Insurance's international rating. However, on July 9, 2025, the international credit rating agency S&P Global Ratings reiterated Phoenix Insurance's 'A-' international rating with a stable outlook, citing, among other things, that Phoenix Insurance has sufficient capital buffers to protect it from political and economic instability. For further details, see the immediate report dated July 9, 2025 (Ref. No.: 2025-01-050794).

In addition, on July 10, 2025, the international credit rating agency Moody's reiterated Phoenix Insurance's existing Baa1 rating with a stable outlook, citing, among other things, Phoenix Insurance's retaining the resilience of its capital surplus and liquidity, and its prominent position in the Israeli market. For further details, see the immediate report dated July 10, 2025 (Ref. No.: 2025-01-020871).

Due to its activity, the Phoenix group is exposed to slumps on the financial markets and to slowdown, as well as to other risks arising from the War. For information regarding sensitivity and exposure to risk factors, see also Note 41 to the Periodic Report.

At this stage, there is uncertainty as to the development of the War, its scope and duration. Therefore, at this stage it is impossible to assess the full effect of the War on the Company and its results in the medium term; however, as of the report publication date, this effect is not expected to be material.

Insurance Activity

1.3.4. Application of IFRS 17 and IFRS 9

See Section 1.3.1 above and Section 5 below.

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

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 gross consideration arising to Phoenix Insurance from the issuances totaled approx. NIS 780,712 thousand.

The bonds were recognized as Tier 2 capital in Phoenix Insurance and were listed on the Tel Aviv Stock Exchange. The proceeds of the issuance were used by Phoenix Insurance for early redemption of Bonds (Series H).

For further details, see Section 1.3.13 below and the immediate reports dated March 26, 2025, April 10, 2025 and April 17, 2025 (Ref. Nos.: 2025-01-020743, 2025-01-020871, 2025-01-027138 and 2025-01-027737, respectively).

Subsequent to the reporting period, in July, Phoenix Capital Raising completed a further debt issuance under the expansion of series of 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 bonds were recognized as Tier 2 capital in Phoenix Insurance and were listed 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).

1.3.6. 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 allocated - for the first time during the reporting period - 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 Company's success.

For further details, see Section 1.3.12 below and the Company's report dated May 18, 2025 (Ref. No.: 2025-01-034497).

Asset Management

1.3.7. Transaction for the acquisition of Phoenix Agencies' shares and revision of objectives by Phoenix Agencies

Subsequent to the reporting period, 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 transaction includes allocation of shares and cash payment totaling approx. NIS 763 million. As of the report publication date, the Company holds approx. 78% of the Phoenix Agencies, and after completion of the transaction - it will hold approx. 95%.

The allocation of the shares to Oz out of the treasury shares acquired in 2021, constitutes a private placement, which is not extraordinary nor material under the Securities Regulations. On August 19, 2025, the Company reported that the main conditions precedent for completing the transaction had been met, including a preliminary tax ruling handed down by the Israel Tax Authority, in accordance with the provisions of Section 104H(b)(1)(e) to the Income Tax Ordinance.

In accordance with the strategic objectives map of September 9, 2024, Phoenix Agencies revised its work plan for 2025-27. EBITDA targets for 2027 were revised from NIS 600-700 million to NIS 700-800 million, and core income targets were revised from NIS 250-350 million to NIS 350-450 million. The Company believes that the acquisition and plan revision will result in additional comprehensive income of NIS 50-70 million in 2026.

Mr. Yitzhak Oz will 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.

For further details, see the Company's immediate reports dated July 14, 2025, July 15, 2025 and August 19, 2025 (Ref. Nos.: 2025-01-052174, 2025-01-052179 and 2025-01-061543).

Additional group-level developments

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

Subsequent to the reporting period, 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. Revision of the dividend distribution policy

On May 15, 2025, the Company's Board of Directors approved a revised dividend distribution policy, whereby the Company shall distribute a quarterly dividend, instead of a semi-annual one, at a minimum rate of 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. For further details, see the immediate report dated February 18, 2025 (Ref. No.: 2025-01-034416).

1.3.9.2. Distribution of dividend by the Company to its shareholders

On May 28, 2025, concurrently with the approval of the Company's Financial Statements as of March 31, 2025, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's revised policy, totaling NIS 230 million. For further details, see the immediate report dated June 11, 2025 (Ref. No.: 2025-01-041735) and Section 1.3.9 below.

Subsequent to the report date, 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 decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 400 million. It shall be clarified that to the extent that options are exercised by employees between the dividend declaration date and the record date, the per-share dividend amount shall be adjusted in accordance with the actual number of outstanding shares on the record date. It is noted that the Company complies with all statutory provisions for dividend distribution; for further details, see Section 1.3.10 below.

1.3.9.3. Revised dividend distribution policy of Phoenix Insurance

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. No change was made in other aspects of the policy and, accordingly, the dividend distribution rate in Phoenix Insurance ranges between 40% to 60% of Phoenix Insurance's distributable comprehensive income as per Phoenix Insurance's annual Consolidated Financial Statements, provided that Phoenix Insurance meets the minimum capital target rate set by the Board of Directors of Phoenix Insurance, which is higher than the solvency ratio required under the Commissioner's rules.

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.

1.3.9.4. Dividend distributions from Phoenix Insurance to the Company

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. The accounting value of the above assets in Phoenix Insurance's books of accounts as of December 31, 2024 was approx. NIS 611 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. The accounting value of the asset in Phoenix Insurance's books of accounts as of December 31, 2024 stood at approx. NIS (2) 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 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.

Subsequent to the Reporting Period, on August 24, 2025, at the same time as the approval of Phoenix Insurance's financial statements as of June 30, 2025, Phoenix Insurance's Board of Directors decided - given the distributable retained earnings, and Company's solvency ratio, and with regard to completing the distribution of the said dividend in kind - to distribute a NIS 460 million cash dividend. It is noted that the Company complies with all dividend distribution statutory provisions.

1.3.9.5. Dividend distribution by subsidiaries

As of June 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 1,183 million. For further details, see Section 1.3.9.4 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 should also be 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 Company shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**2025 Plan**"). During the Reporting Period, the Company made acquisitions totaling approx. NIS 52 million. In August 2025, the Company's Board of Directors approved the increase of the 2025 Plan by further NIS 100 million, such that the plan will total NIS 200 million.

As of the publication date of the ESG Report, there are approx. 12,042,400.5 dormant shares constituting 4.57% of the Company's issued and paid up share capital. For further details, see the Company's reports dated April 9, 2025, June 5, 2025, June 10, 2025, June 11, 2025, June 12, 2025 and July 15, 2025 (Ref. Nos.: 2025-01-026703, 2025-01-040602, 2025-01-041624, 2025-01-042067, 2025-01-042436 and 2025-01-042676, respectively).

It is noted that the Company intends to use the dormant shares (acquired in 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.

On March 2025, the Company’s Compensation Committee and Board of Directors approved an additional allocation of 1,283,996 non-marketable options and an additional allocation of up to 184,297 restricted share units (RSUs) to officers and managers of the Company and its subsidiaries without cash consideration. In addition, the allocation of 39,788 (non-marketable) options to the Company’s CEO was approved. The allocation to the Company’s CEO was approved by the Company’s general meeting on April 21, 2025.

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 detailed in Section 1.3.6 above. 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).

Allocation of options by subsidiaries

Phoenix Capital Partners

In March 2025, the Company’s Compensation Committee and Board of Directors approved the allocation of (non-marketable) options of Phoenix Capital Partners to the Company’s CEO, Chairman of the Board and officers, as part of the compensation terms of the Company’s CEO and Chairman of its Board for their service as directors in Phoenix Capital Partners. The allocation has been preapproved by Phoenix Capital Partners’ competent organs. The allocations to the Company’s Chairman of the Board and its CEO were also approved by the Company’s general meeting on April 21, 2025. The allocation of options was made as part of the allocation to officers and employees in the Phoenix group who had an effect on and contributed to the activity of Phoenix Capital Partners.

1.3.13. Debt raising and redemptions

Phoenix Financial

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

Subsequent to the reporting period, 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.: 2025-01-053028, 2025-15-053077, 2025-15-053162, 2025-01-053451 and 2025-01-053847, respectively).

Partial redemption of Bonds (Series 4)

Subsequent to the reporting period, 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

For details regarding Phoenix Capital Raising's offerings, see Section 1.3.5 above.

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.

1.3.14. Shareholders' meeting

Extraordinary meetings

In April 2025, an extraordinary meeting of the Company was held, the agenda of which included the allocation of (illiquid) options in Phoenix Capital Partners Ltd. to the Company's Chairman of the Board and its CEO. For further details, see the immediate reports dated March 13, 2025 and April 22, 2025 (Ref. Nos.: 2025-01-016869 and 2025-01-028407, respectively).

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. Mishaël 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 Sections 1.3.5 and 1.3.13 above.

Maalot

Subsequent to the reporting period, in July 2025, S&P Maalot reiterated the Company's iIAA rating with a stable outlook, and Phoenix Insurance's iIAAA rating with a stable outlook. For further details, see the immediate report dated July 9, 2025 (Ref. No.: 2025-15-050693).

Midroog

Subsequent to the reporting period, 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

Subsequent to the reporting period, 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

Subsequent to the reporting period, 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 expiry of the solvency capital requirements (SCR) and the risk margin of the existing portfolio as of the calculation date. For further details regarding the recalculation of the Deduction for the Transitional Period, see Section 3.1.5 below and 2A(2) in the Solvency Ratio Report dated December 31, 2024.

2.1.3. Publication of Economic Solvency Ratio Report

The Economic Solvency Ratio Report as of December 31, 2024, is published at the same time as the Financial Statements as of the end of the first 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 2020-1-17 (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 December 31, 2024:

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 December 31, 2024	As of December 31, 2023
	Audited (1)	
	NIS thousand	
Shareholders equity for SCR	15,155,717	14,823,584
Solvency capital requirement (SCR)	8,634,544	7,640,211
Surplus	6,521,173	7,183,373
Economic solvency ratio (in %)	176%	194%

**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	636,752	-
Shareholders equity for SCR	15,792,469	14,823,584
Surplus	7,157,925	7,183,373
Economic solvency ratio (in %)	183%	194%

- (1) 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.
- (2) 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 balance sheet date as of December 31, 2023, approx. NIS 400 million in Bonds (Series D) were redeemed (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765). The redemption referred to above does not affect the solvency ratio as of December 31, 2023 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.
- (3) For further details regarding the dividend included in the calculation of the solvency ratio as of December 31, 2024, 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 December 31, 2024 compared with December 31, 2023, see Section 1A to Phoenix Insurance's Economic Solvency Ratio Report as of December 31, 2024. Following is a link to the Economic Solvency Ratio Report as of December 31, 2024 on Phoenix Insurance's website.

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

Minimum capital requirement (MCR)

	As of December 31, 2024	As of December 31, 2023
	Audited	
	NIS thousand	
Minimum capital requirement (MCR)	2,158,636	1,995,718
Shareholders equity for MCR	11,906,924	11,402,622

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 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 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 December 31, 2024 and December 31, 2023, this ratio is higher than the target set by the Board of Directors.

	As of December 31, 2024	As of December 31, 2023
	Audited	
	NIS thousand	
Shareholders equity for SCR	14,162,503	12,848,471
Solvency capital requirement (SCR)	9,153,264	8,434,457
Surplus	5,009,239	4,414,014
Economic solvency ratio (in %)	155%	152%
<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*	-	-
Shareholders equity for SCR	14,162,503	12,848,471
Surplus	5,009,239	4,414,014
Economic solvency ratio (in %)	155%	152%
<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	121%	115%
Excess capital over target	3,087,053	3,148,846

* 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 said issuance does not affect the solvency ratio net of the Provisions for the Transitional Period as of December 31, 2024 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

Subsequent to the balance sheet date as of December 31, 2023, approx. NIS 400 million in Bonds (Series D) were redeemed (immediate report dated January 2, 2024, Ref. No.: 2024-01-000765). The redemption referred to above does not affect the solvency ratio as of December 31, 2023 in view of the surplus Tier 2 capital that the Company holds in excess of the quantitative limit.

** For further details regarding the dividend included in the calculation of the solvency ratio as of December 31, 2024, see Sections 2.1.5.4-2.1.5.5 below.

2.1.5. Solvency ratio estimate as of March 31, 2025

In accordance with the undertakings of Phoenix Capital Raising (2009) Ltd. under the provisions of the deed of trust for Series PHONIX B12 Bonds which are part of Additional Tier 1 capital, and which it published on April 24, 2023, the Company made an estimate - which is not audited or reviewed by the independent auditor - of its economic solvency ratio as of March 31, 2025 (hereinafter - the **"Estimate"**). The calculation (of the Estimate) was carried out in accordance with the guidelines of the Solvency II-based Economic Solvency Regime, and 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"**), which was published on October 14, 2020. The Company carries out the Estimate and publishes this quarterly disclosure in addition to the publication of a mandatory solvency ratio reports as required under the Provisions of the Economic Solvency Regime. It should be noted that the scope of the controls executed by the Company for the purpose of publishing the Estimate is reduced compared to those executed for the purpose of publishing the Economic Solvency Ratio Report, which is published in accordance with the Commissioner's guidance. In accordance with the Estimate, Phoenix Insurance's economic solvency ratio as of March 31, 2025, is 181%, with the application of the Provisions for the Transitional Period. These results include a NIS 460 million dividend declared subsequent to the report date; they do not include the effect of an approved distribution of a dividend in kind, the conditions precedent in respect of which have not yet been met, as detailed in Section 2.1.6 below. The effect of the distribution of these assets on the solvency ratio including the application of the Provisions for the Transitional Period as of March 31, 2025 is approx. 6%; it will be taken into account in the calculation of the solvency ratio calculated subsequent to the conditions precedent's fulfillment date. The said Estimate of the solvency ratio as of March 31, 2025, does not include the changes and effects that took place since March 31, 2025, and through the publication date of this report, including the effect of the business activity of Phoenix Insurance, changes in the mix and amounts of investments and insurance liabilities, exogenous effects, inter alia changes in the risk-free interest rate curve, and regulatory changes affecting the business environment. The assessment solvency ratio assessment is based, among other things, on forecasts and estimates of future events, the materialization of which is uncertain and is not under the Company's control, and which should be considered as "forward-looking information" as the term is defined in Section 32A to the Securities Law, 1968.

2.1.6. Significant updates in 2025 until the report publication date

2.1.6.1. 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 December 31, 2024 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 regarding the said Board of Directors decision, see immediate report of December 31, 2024 (Ref. No. 2024-01-628752) and Section 1.3.8.4 above.

2.1.6.2. Subsequent to the report date, on August 24, 2025, Phoenix's Board decided to distribute a NIS 460 million cash dividend. This dividend distribution is included in the results of the solvency ratio as of March 31, 2025 as stated in Section 2.1.5 above.

2.1.6.3. 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.

2.1.6.4. 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.

2.1.7. 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	June 30, 2025	August 19, 2024
Short term	1-3	Between 1.67%	Between 2.03%	Between 2.09%
		and 1.75%	and 2.15%	and 2.01%
Mid-term	4-10	Between 1.76%	Between 1.93%	Between 2.00%
		and 1.93%	and 2.00%	and 2.01%
Mid-to-long term	11-15	Between 1.95%	Between 1.92%	Between 2.02%
		and 1.97%	and 1.93%	and 2.03%
Long term	16-25	Between 1.97%	Between 1.93%	Between 2.04%
		and 2.02%	and 2.07%	and 2.15%

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.

2.1.8. 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 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 of 2025.

2.2.1. In June 2025 a circular entitled Manner of Making Contributions to Provident Funds - Amendment was published. The circular stipulates, among other things, that employers are obligated to submit automated reports on making contributions to provident funds in accordance with a uniform structure set by the Commissioner and also obligates institutional entities to provide feedback to employers regarding their contributions report. As part of the revision to the circular, amendments were made, inter alia, regarding the following matters: Refund of excess contributions by an employer, including setting

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.

deadlines thereto; revising the type of information accessible to an employer on an online employer account; revising the manner of remitting contributions to a management company and deadlines for feedback on contribution reports; adding a provision requiring operating entities to create online accounts for all their employers-customers; as well as adding a provision requiring institutional entities to provide the possibility of free automated reporting on their portals.

2.2.2. In June 2025, the Capital Market Authority published a **Resolution in Principle on Indemnity for Diagnostic Tests**. The resolution concerns insurance coverage for diagnostic tests sold on the Israeli insurance market. According to the Resolution, several companies have started offering to the public a service as part of which they schedule diagnostic tests in hospitals in exchange for an amount comprising the test's cost plus an appointment scheduling brokerage fee. In the Resolution, the Capital Market Commissioner instructs insurance companies as follows: (a) Insurance companies will reimburse diagnostic tests according to the test's price in the entity in which the test was conducted, subject to the policy's terms. The insurance company is entitled not to indemnify the policyholder for related expenses of a diagnostic test, including expenses paid by the policyholder to brokerage companies for the scheduling of an appointment, if payment for such related expenses is not explicitly prescribed in the insurance policy; (b) if the ambulatory plan, which includes coverage for diagnostic tests, does not include the clarifications listed in the section, the insurance company will send a notice to the policyholder regarding the manner by which the claim will be settled under Subsection (a) within 90 business days from the publication date of this resolution, and ensure that it has evidence that the policyholder received the notice; (c) with regard to insured events, which occurred through the publication date of this resolution, and whose claim was settled, the insurance company will not act to re-settle these claims.

2.2.3. 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.

2.2.4. In July 2025, the final report of the Taskforce for Assessing the Measures to Increase Retail Banking Competition in the Banking System. The taskforce's goal is to promote competition in the banking system and in services provided by banking corporations to the retail sector, by removing barriers and thereby enabling the entry of additional players into the banking system, maintaining the stability and interests of customers and providing a solution to conflicts of interest, which may arise from the holdings structure of those additional players. Following is a summary of the main recommendations included in the report: (1) Currently, in general, there is only one level of licensing in the Israeli banking market, which is the "banking corporation", with no distinction between different banking corporations based on the scope of their operations. It is proposed to determine two levels of licensing for banking corporations based on the scope of their assets under management: a "bank" and a "small bank", defined as a bank whose total assets under management does not exceed 5% of the value of all assets under management by banks in Israel; (2) It is proposed to allow financial holding companies which control an institutional entity to control a small bank, provided that the small bank's total assets does not exceed 2.5% of the total assets of all banks in Israel, while providing the possibility of increasing the asset limit to a total of 5% of total assets under management by the banking system with the approval of the Minister of Finance and Governor of the Bank of Israel; (3) It is proposed that a bank controlled by a financial holding company will not be allowed to engage in investment consulting, savings, or marketing activities etc., but it is proposed to allow small banks to engage in P&C insurance and online pension consulting. In addition, it is proposed to exempt small banks from offering all the services that banks are currently required to offer by virtue of the law, such as opening current accounts; (4) It is proposed to adjust the scope of supervision and regulation applicable to a banking corporation to its total assets under management, while prescribing three levels of supervision: first level - up to NIS 15 billion in assets under management, second level - higher than NIS 15 billion and lower than NIS 50 billion in assets under management, and third level - higher than NIS 50 billion in assets under management; (5) it is proposed to revise the Banking Law (Licensing), such that the requirement to obtain a holding permit regarding a small bank will apply only if the holding threshold of 10% of a certain type of means of control in the small bank is exceeded (instead of the 5% threshold currently set in the law), in order to facilitate the entry of new players into the banking system.

2.2.5. In August 2025, the Capital Market Authority published a circular amending the provisions of Chapter 3 in Part 4 to Article 5 to the consolidated circular regarding the quarterly report of supervising actuaries in insurance companies. The provisions of the Consolidated Circular entitled Supervising Actuary and Chief Actuary prescribe, inter alia, the functions of a supervising actuary when making the actuarial calculations for the purpose of applying the Solvency provisions and when preparing the financial statements to the public and to the Commissioner of the Capital Market. Under the aforementioned provisions, the supervising actuary is required to submit a quarterly report, in addition to an annual report by the supervisor actuary. The purpose of this amendment is to anchor into the Commissioner's Directives the contents of the quarterly report of a supervisor actuary, similarly to the provisions set for the contents of the supervisor actuary's annual report.

2.2.6. In August 2025, the Israel Securities Authority published a resolution according to which trading will take place from Monday to Friday. In accordance with the resolution, the TASE Rules and Regulations were amended, such that trading on the Tel Aviv Stock Exchange will take place from Monday to Friday, rather than the current situation, where trading takes place from Sunday to Thursday. The change in trading days will take effect on January 5, 2026.

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 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 of 2025.

2.3.1. In June 2025, a **draft of the Supervision of Financial Services Regulations (Insurance) (Fees), 2025** and a **draft of the Supervision of Financial Services Regulations (Provident Funds) (Fees), 2025** were published. The Supervision of Insurance Business Regulations (Fees), 1984 and Supervision of Financial Services Regulations (Provident Funds) (Annual Fee for a Managing Company), 2007, set forth the annual fee amounts that insurers, insurance agents and management companies are obligated to pay. According to the explanatory notes, under the current situation, there are uniform fee amounts for all insurers, insurance agents and managing companies, which do not reflect their scope of activity nor do they adequately reflect the resources required of the Capital Market Authority to oversee their activity. The proposed regulations seek to establish a new arrangement, whereby new fee amounts will be payable by insurers, management companies and agents according to their scope of activity. As for insurers, it is proposed to determine an annual fee amount based both on the insurer's areas of activity and its total assets under management. For management companies, it is proposed to set an annual fee amount based on the number of provident funds or pension funds under their management and their total assets under management. For insurance agents, it is proposed that a sole agent will pay a uniform fee while a corporate agent will pay a fee based on its annual revenues from commissions from institutional entities.

2.3.2. In June 2025, the Ministry of Finance published the **draft of the Supervision of Financial Services Regulations (Provident Funds) (Personal Management Provident Fund) (Amendment No.), 2025**. According to the explanatory notes, the amendment to the regulations is published following insights gathered over the years by these funds and in light of failures discovered in several managing entities as well as enforcement measures taken by the Authority, among other things, in the Slice case. Following are the main amendments proposed by the draft: (1) It is proposed to determine that a planholder can join a personally managed provident fund only if, at the time of joining the fund, a retirement pension from a provident fund or budgetary pension is being paid to the planholder which is double rather than one time the "minimum pension amount" or that

he has contributions that are double the "applicable amount" in an annuity provident fund, as these terms are defined by the Regulations (currently, the "minimum pension amount" stands at approx. NIS 4,000 and the "applicable amount" - at approx. NIS 1,200,000). It should be noted that, in advanced education funds, it will be possible to continue to save money "from the first shekel"; (2) It is proposed to amend the definition of "foreign fund" so as to include daily traded funds. At the same time, it is proposed to determine that at least 75% of its assets shall also be marketable; (3) It is proposed to revoke the possibility of investing in structured products, since these are complex assets that are not marketable nor transparent and may embody multiple investment risks; (4) It is proposed to determine that in the contractual agreement with the planholder, the planholder will be informed that managing the funds in person embodies investment risks, since the flexibility provided by managing a personal provident fund may expose the planholder to more significant investment risks; (5) It is proposed to clarify that the provisions applicable to the revaluation of the assets managed by institutional entities are the same as those applicable to provident funds which are not personally managed, except if the investment is in a deposit; (5) It is proposed to establish transitional provisions with respect to investment in foreign funds, structured products and ETFs listed on a regulated market which were made prior to the regulations coming into effect, according to which such assets may continued to be held for periods to be prescribed by the regulations.

2.3.3. In July 2025, the Privacy Protection Authority published a **draft for public comment entitled Appointment of a Data Protection Officer (DPO) in an Organization, in accordance with the provisions of Amendment 13 to the Privacy Protection Law.** Amendment No. 13 to the Privacy Protection Law, 1981 requires to appoint a DPO in a long list of organizations across the economy whose operation involves high risk to privacy, including insurance companies. The draft opinion reflects the Authority's position regarding the scope of the duty to appoint a DPO and to whom it applies, the nature of the DPO's duties and purpose, the knowledge and skills required of a DPO, the form and scope of the DPO's employment, as well as the DPO's position and place in the organization and the resources and means to be allocated thereto. The draft states that the interpretation presented by it is to be used by the Authority in exercising its powers, including the power to impose financial sanctions due to breach of the duty to appoint a DPO and other provisions of the law relating to his/her status and form of employment. The draft proposes to determine that the purpose of the DPO is to promote and improve the protection of privacy and information security beyond the minimum required by law, and as a result, a key role of the DPO is to instill a "privacy culture" in the organization and privacy principles and considerations across all work processes involving personal information. The statement emphasizes the importance of the interface between the DPO and the legal counsel and information security officer (ISO) and also makes a distinction between the role of the legal counsel and the role of the DPO.

Subsequently, in August 2025, the Privacy Protection Authority published a **temporary non-compliance policy in relation to the obligation to appoint a DPO in the organization.** In the document, the Authority notes that it does not intend to take enforcement measures with respect to the appointment of a DPO in the organization until October 31, 2025, since the obligation is a new one, and that in some of the entities there

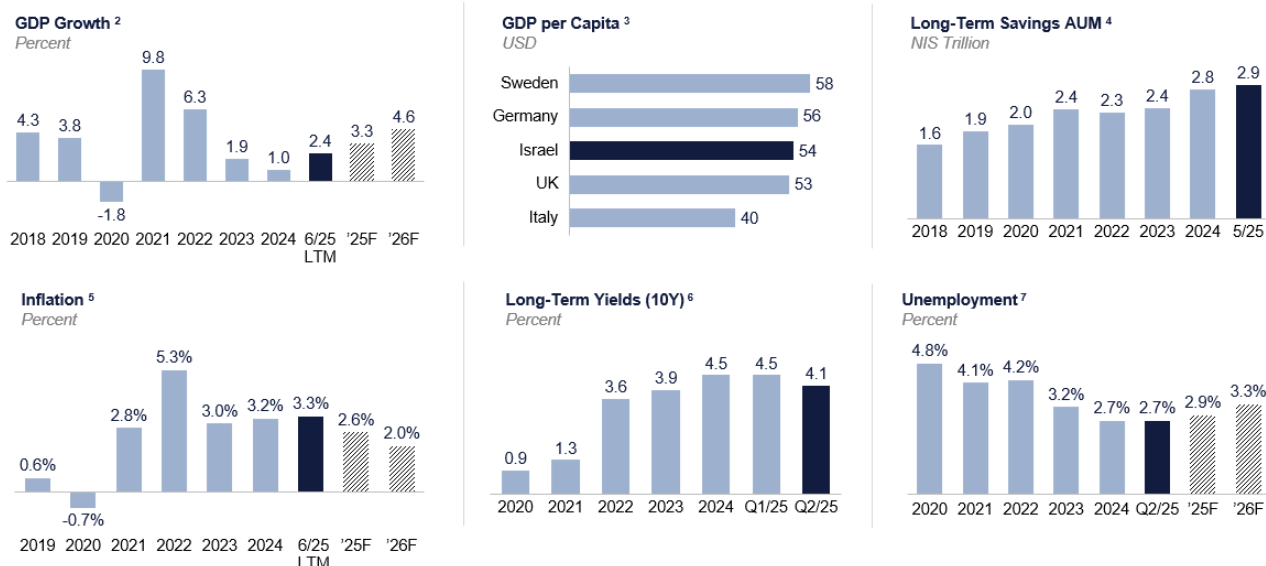
is practical difficulty in completing the appointment process until the law enters into effect. It is noted that in June 2025, the Company appointed its Head of Compliance as its Data Protection Officer.

2.3.4. In July 2025, the Knesset's Economic Affairs Committee approved **Consumer Protection Bill (Amendment No. 70) (Duty to Record, Save and Deliver Provide Calls to Consumers), 2025**, which includes indirect amendments to the Financial Services Supervision Law (Insurance), 1981, the Financial Services Supervision Law (Provident Funds), 2005 and the Financial Services Supervision Law (Consulting, Marketing and Pension Clearing System), 2005. The bill proposes to determine that an insurer or insurance agent shall record any marketing voice call with a customer initiated by the agent, including such a call made using a digital platform. It is also proposed to determine that an insurer or insurance agent will be required to: (a) Notify the customer, at the beginning of the call, that the call is recorded and that he/she is entitled, if he/she so requests, to receive the recorded call; (b) Keep the recording for a period of at least two years from the date of the call; and (c) Provide to the customer, at his/her request, a copy of the recording, details of the date of the call, or both, within ten business days of the request date, without collecting payment for the provision thereof. In addition, it is proposed to determine by law the implications of failing to provide such a recorded call or details thereof to a customer who requested them. In accordance with the proposal, the effective date of the law will be eight months from its publication date.

2.3.5. In July 2025, the **Regulation of Engagement in Securities Trading Services Bill, 2025**, was published. The bill was published as part of the implementation of the recommendations of the Committee for Increasing Competition in Common Banking and Financial Services. According to the explanatory notes, the securities trading services sector suffers from low competitiveness, high fees, clear dominance by banks, and is only partially regulated, giving way to significant shortfalls in terms of supervision and enforcement. Under the bill, it is proposed to establish a licensing regime in the field of securities trading services - i.e., broker and dealer services. According to the bill, this regime is intended to support the development of existing services and emergence of new license holders and securities trading channels, to encourage activity of foreign entities which have thus far been reluctant to operate in Israel due to the lack of regulation, to boost competition and to reduce the fees paid by the public.

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 (unlinked 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

The Israeli economy was still affected by geopolitical tensions in the second quarter of 2025, and towards the end of the quarter a particularly dramatic event occurred – the War against Iran (Operation Rising Lion). The War, which lasted only 12 days, was fought in collaboration with the United States, in order to remove the Iranian nuclear threat. The War's strategic achievements constituted a turning point in the region, with a potential to reshape the map of threats in the Middle East – a process which was also reflected in the financial markets, and in particular a sharp decline in the risk premium. The 5-year CDS price

remained stable during the quarter at approx. 90 basis points, but immediately prior to the outbreak of the War, it soared temporarily to around 120 basis points – which reflected markets' concerns at the time. At the end of the War, the rating agency Moody's announced that Israel's credit rating remained without change (Baa1), including a negative outlook.

On the economic side, data published during the second quarter continued to indicate a moderate recovery, although Operation Rising Lion at the end of the quarter had a temporary adverse effect on economic activity – as reflected, among other things, in the business trends survey for June. However, daily data, such as credit-card spending data, indicated a relatively quick recovery as soon as the fighting ended. The job market remained tight, with an unemployment rate of 3.1% in May (adjusted for seasonality) and approx. 143 thousand vacancies. Annual inflation declined slightly but remained above the upper band of the price stability target, with a 3.1% annual increase in May. On the other hand, the capital market's inflation expectations continued to decline along the entire curve during the quarter and are currently set around the target's midpoint. In its May decision, the Bank of Israel left its interest rate unchanged at 4.50%. On the fiscal side, the deficit rate stood at 5.0% at the end of May (according to Ministry of Finance data).

In the capital market, domestic stock indices recorded sharp rallies and overperformance compared to global markets, due to, among other things, the strategic achievements in the War against Iran and the decline in the risk premium. In total, during the period under review, the TA 125 index increased by 23.5%. In the bonds market, yields on government bonds plummeted during the period under review, due to, among other things, the decrease in the risk premium in combination with expectations for interest rate cuts; the 10-year yield declined by approx. 34 basis points to 4.17%. In the corporate market, the Tel Bond 60 rose by 2.9%. In the foreign currency market - during the period under review, the NIS appreciated by approx. 9.4% against the USD, reaching a level of approx. NIS 3.37 per USD 1 and appreciating by approx. 1.2% against the EUR, reaching a level of NIS 3.97 per EUR 1.

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

The third quarter of 2025 started with the Bank of Israel's interest rate decision, which left the interest rate unchanged at 4.50%, concurrently with the revision of economic forecasts of the Research Department. The Bank of Israel revised downwards its 2025 growth forecast to 3.3%, due to, among other things, the War with Iran, which had an adverse effect on economic activity at the end of the second quarter; however, the 2026 growth forecast was revised upwards to 4.6%. The 2025 inflation forecast remained without change at 2.6%, whereas the 2026 forecast was revised downwards to 2.2%. With regard to the interest rate, the Bank of Israel believes that during the forthcoming year the interest rate will decline to 3.75% (3 cuts of 25 basis points each). The forecast by the Bank of Israel's Research Department was formulated under the assumption that the Gaza ceasefire agreement will come into force as early as July – a scenario which did not materialize; in early August, the government approved the concurring of the Gaza Strip. The Consumer Price Index increased by 0.4% in July, and the annual inflation rate decreased from 3.3% to 3.1%. The deficit in July decreased from 5.0% to 4.8%, due to, among other things, an increase in tax revenues.

The Israeli economy contracted by 3.5% during the second quarter of the year due to Operation Rising Lion, having grown by 3.1% in the first quarter of the year. Annual growth rate slowed down from 3.0% to 1.6%. Private spending declined by 4.1% following a 6.0% decrease in the first quarter; however, credit-card spending data (Bank of Israel) indicate a recovery at the start of third quarter of the year. In the capital market, the third quarter has, indeed, started with rallies in the domestic equity market, but the positive trend was dampened by concerns over the lack of progress in negotiations to end the fighting in Gaza, which offset some of the hikes. In total, during the period under review, the TA 125 Index was up by 1.6%, the yield on 10-year government bonds was up by approx. 3 base points to 4.14%, the Tel Bond 60 Index was up by 1.1%, the NIS devalued by approx. 0.7% against the USD, reaching a level of NIS 3.40 per USD 1 and appreciated by approx. 0.5% against the EUR, reaching a level of NIS 3.95 per EUR 1.

3.2.2. Capital markets abroad

The second quarter of the year started with Trump's tariff plan – “Liberation Day” – whose aggressiveness surprised markets due to higher-than-expected tariffs. The immediate response was sharp slumps in Wall Street equity markets; however, a week later Trump announced a 90-day deferral in the implementation of the tariffs – a move which contributed to the stabilization in market sentiment. Concurrently, there was an escalation on another front, when Trump publicly attacked the Chair of the Federal Reserve and even threatened to fire him, but backed down again a few days later. The combination of the tariff deferral and Trump's backing down from the threats to fire the Chair of the Federal Reserve calmed the markets, and indices recouped the slumps and reached new record levels. On the economic side, while “soft” data (surveys and expectations) pointed to a relatively rapid cooling in activity, the “hard” (actual) data indicated that the economy continues to grow, albeit at a more moderate pace. For example, job market data in May indicated an addition of 144 thousand jobs, with an unemployment rate of 4.2%. With regard to inflation, the Consumer Price Index (CPI) increased by 0.1% in May and the annual inflation rate reached 2.4%. Despite the cooling of inflation, the Federal Reserve decided to leave the interest rate without change at 4.25%-4.50% in its June interest-rate decision, due to, among other things, high uncertainty levels following Trump's tariff policy. Concurrently, revised economic forecasts were published, which continued to point to 2 interest-rate cuts this year. Furthermore, the 2025 and 2026 growth forecasts were revised downwards, whereas the unemployment and inflation forecasts were revised slightly upwards.

In Europe, unlike the US, the European Central Bank (ECB) continued to reduce the interest rate; in June, it reduced the interest rate by 25 basis points to 2.0% (for interest on deposits). Disinflation in the Eurozone continued, with a further decline in annual inflation to 1.9% in May.

During the second quarter of 2025, despite the high volatility following the tariff policy, the stock indices on Wall Street recorded price increases, with the S&P500 rising by 10.6%. In the US bonds market, the yield on 10-year government bonds increased by approx. 3 base points to approx. 4.23%. In Europe, the EURO-STOXX 600 index was up by 1.4%. In the second quarter, the EUR appreciated by approx. 9.0% against the USD, reaching a level of 1.18.

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

The third quarter started with progress for the Trump Administration's One Big Beautiful Bill (OB BB), alongside announcements on trade deals, which offered more clarity to investors ahead of the August 1 deadline (the end of the tariff deferral period announced in April). Furthermore, Wall Street's earning season has started with relatively strong results. President Trump has announced trade deals between the United States and the Philippines, Indonesia, and a key trading partner – Japan. A few days later, Trump announced a similar trade deal with the European Union, comprising a 15% tariff and hundreds of billions of dollars in investments. However, and despite these positive developments, Trump subsequently announced a new round of tariffs of 10% to 41% imposed on key trading partners, including Canada, India and Taiwan. The tariffs are expected to take effect on August 7th, and meanwhile, according to Yale Budget Lab data, the average US tariff rate has reached approx. 18% - the highest level since the 1930s.

The Consumer Price Index (CPI) increased by 0.2% in July, and the annual rate remained stable at 2.7%, with the core index rising by 0.3% and the annual rate rising from 2.9% to 3.1%. The Federal Reserve left interest rates without change at 4.25% -4.50%; however, it recognized - for the first time - that growth is subsiding, as reflected in the growth data for the second quarter of the year. Despite this, during the Federal Reserve's press conference, its Chair did not give clear hints as to a September interest-rate cut; however, the Employment Situation report published two days later has changed the picture, reflecting an unusually weak labor market, which led investors to price-in an interest-rate cut as early as September. The US economy added 73 thousand new jobs in July compared to a forecast of 104 thousand; however, the most surprising piece of data was the revision of past figures – May and June data were revised downwards by 258 thousand jobs. Consequently, the average monthly job gains in the last three months has decreased from 150 thousand to only 35 thousand, exposing a substantially weaker-than-expected labor market. The unemployment rate, which according to the Chair of the Federal Reserve is the “key figure one should look at now,” increased from 4.1% to 4.2%.

In Europe, the European Central Bank (ECB) left the interest rate without change at 2.0% (deposits), in line with expectations, following several consecutive interest-rate cuts over the past year.

In the USA, as of the end of the reviewed period, the 10-year yield decreased by approx. 8 base points to 4.31%, and the S&P 500 increased by 3.3%. In Europe, the EURO-STOXX 600 index has risen by 3.0%, and the EUR has devalued by approx. 1.2% against the USD, reaching a rate of 1.16.

4. Business Targets 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, which include an increase in total assets held by the public, demographic growth and strong demand trends in the domestic market. Phoenix's value creation strategy is based on these trends and, accordingly, on four value drivers: accelerated growth focusing on high returns; innovation and efficiency to enhance competitive advantage; active management and people development; and capital and investment management.

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 its Wealth & Investments Segment, the Company focuses on accelerated growth while making the most of market leadership, economies of scale, and digital platforms in the Investment House, creating unique value propositions, which include differentiated products for qualified clients in the Alternatives & Wealth business, and focusing on efficiency and profitability in Retirement. In addition, the Company works to achieve accelerated growth in agencies owned by the Company in order to generate value in Phoenix Agencies as an independent company based on technology, service, and expansion of the financial product offering. In its Financing (Credit) Segment, the Company works to achieve accelerated growth and increase market share among SMEs and in the construction financing activity by utilizing management capabilities, banking experience and advanced technological infrastructure; the Company also works to accelerate the consumer credit platform.

4.2.2 Insurance

In the Insurance Activity, Phoenix broadens its competitive advantages, which include data and technology for accelerated growth in P&C Insurance and other activities with a high return on equity, by improving processes using technological tools and hybrid distribution

both through agents and through direct distribution. Additionally, the Company is seeking to optimize its business mix, distribution channels, operations (including digitization, automation, accessible self-service), claims management and capital management.

4.3 Cash flow

Focusing on Asset Management and Insurance activities generates stable 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 distribution of dividends and share buybacks concurrently with reinvestment in the business for the purpose of accelerating growth and acquisitions.

4.4 Targets

The Company periodically reviews its plans and objectives in light of market trends and Company's performance. In September 2024, the Company published its strategic targets for 2027 as detailed below, which are based on the Company's strategy. Phoenix has published a growth target of NIS 2 billion in core income with 16-18% in return on equity by 2027. Furthermore, the Company has set a target to distribute at least 50% of comprehensive income as dividends and buybacks. In March 2025, the Company reported that, due to the application of IFRS 17 and IFRS 9 (hereinafter - the "**Standards**") and their expected positive effect on the Company's profitability in the Insurance Activity and due to overperformance, which was not taken into account in the target plan published in September 2024, the Company believes that there is an additional potential core income totaling approx. NIS 400-600 million beyond the published income target.

In addition, as part of the minority share acquisition, the Company raised the Agencies' targets by approx. NIS 100 million.

The Company plans to reassess and revise - during the fourth quarter of 2025 - all its targets for 2027, which will reflect the positive effect of applying the standard and other developments, if any.

For further details regarding the Strategic Plan, see the presentation regarding the Strategic Targets Map for 2027 as published by the Company on September 9, 2024.

5. Key Effects of the Initial Application of IFRS 17 and IFRS 9 on 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. Analysis of the effects of the application of IFRS 17 on the Insurance Activity's results for the first half of 2024 and the 2024 results

5.3.1. Main effects of the application of IFRS 17 compared to IFRS 4

Key effects of changes between the comprehensive income in life, health and P&C insurance as compared between IFRS 17 and IFRS 4

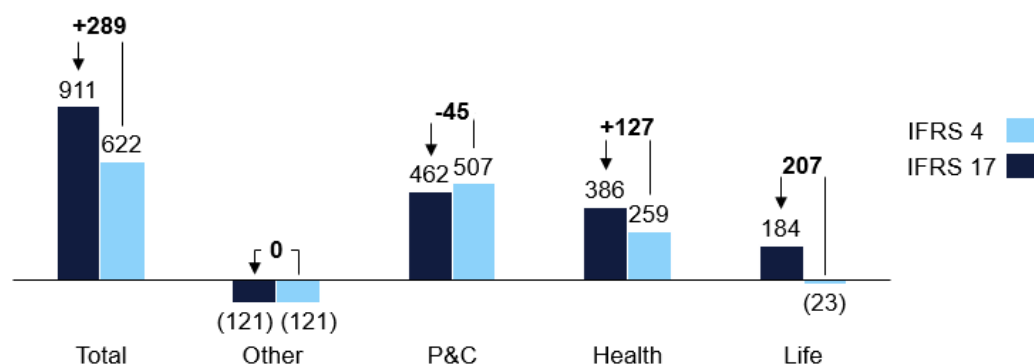
1. The effect of financial changes on insurance liabilities - accumulation of interest expenses and the effect of changes in the risk-free interest rate curve, the illiquidity premium and the CPI on liabilities for insurance contracts. For further details regarding the interest rate's sensitivity, see Section 5.3.5 below.
2. Reversal of UGL in investments in associates - in accordance with the Commissioner's circular, under IFRS 4 entities were allowed to recognize excess fair value over associates against LAT reserves in health insurance, and against best practice reserve in P&C insurance; however, this option was reversed under IFRS 17.
3. A timing difference in recognition of revenue from premiums compared to revenue from insurance services - in accordance with IFRS 17, revenue from insurance services in the Long-Term Life and Health Insurance Subsegments is recognized in accordance with the decreases in liabilities for remaining coverage (LRC), which reflects the allocation of the total expected consideration for the insurance contract in accordance with the scope of service provided by the Company during the period, instead of revenue recognition based on the premium and management fees charged during the period.
4. Effect of first-time application of IFRS 17 as of the transition date in accordance with the fair value (FV) approach on long-term life and health insurance portfolios – in accordance with the fair value approach, deferred acquisition expenses attributed to insurance contract policies were derecognized on the transition date and carried immediately to equity rather than on a current basis as amortization expenses in the income statement.
5. Changes in actuarial assumptions - in accordance with IFRS 17, changes in assumptions are charged to contractual service margin (CSM) instead of immediate recognition in profit and loss.
6. Cancellation of the Pfeffermann Reserve (pension supplementation reserve) in savings policies with variable management fees - and as a result - cancellation of Pfeffermann reserve's amortization in Life Insurance, which was recorded as a change in the insurance reserves in the Income Statement.

7. Adjustments to RA reserve in liabilities for P&C insurance contracts - upon the transition to IFRS 17, the Company applies the best practice principles, according to which the margin of conservatism (RA) set is 75%.
8. Adjustment of measurement of financial investments in accordance with IFRS 9 - most of the effect is a revaluation of designated bonds in life insurance to fair value through profit and loss instead of adjusted cost.

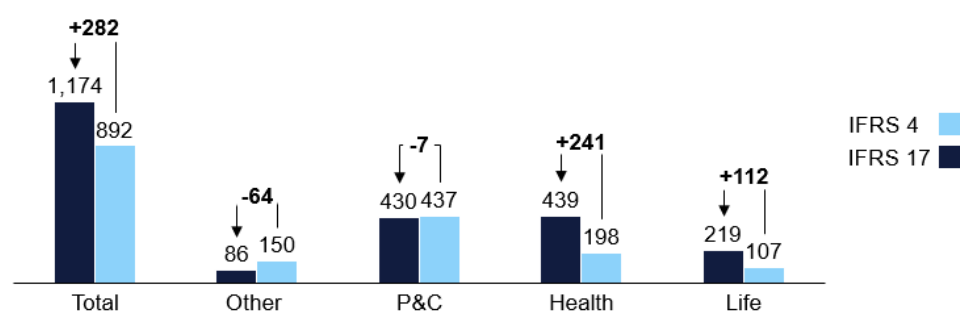
Main effect on core income in 2024 data - IFRS 17 compared to IFRS 4:

1. Difference arising from the calculation basis of the normalized return – differences arising from the calculation basis of liabilities for insurance contracts due to the application of IFRS 17.
2. Rate of normalized return - calculation of normalized return according to nominal risk-free three-month interest as determined at the beginning of the reporting quarter, plus an annual spread of 2.25% instead of a 3% real normalized return.

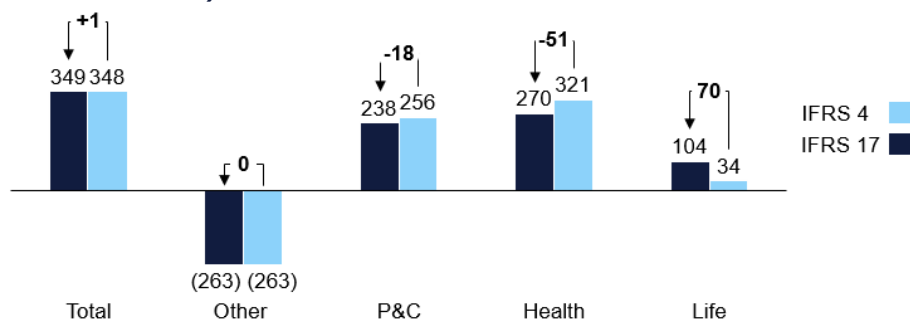
5.3.2. Following is the breakdown of (pre-tax) comprehensive income by segment for the 6-month period ended June 30, 2024, comparing IFRS 17 and IFRS 4 (NIS millions):



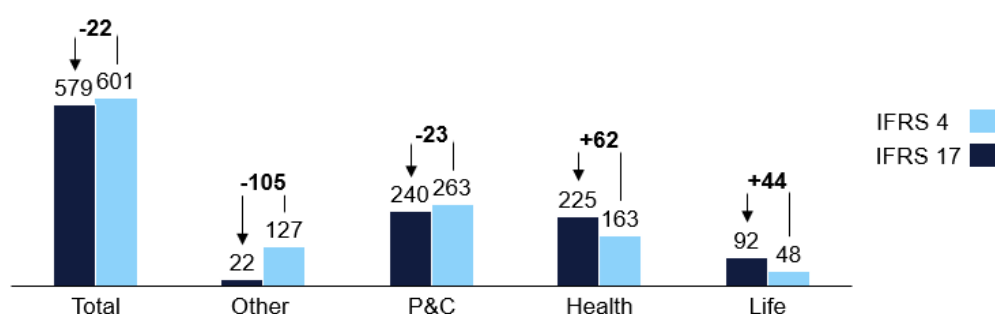
5.3.3. Following is the breakdown of (pre-tax) core income by segment for the 6-month period ended June 30, 2024, comparing IFRS 17 and IFRS 4 (NIS millions):



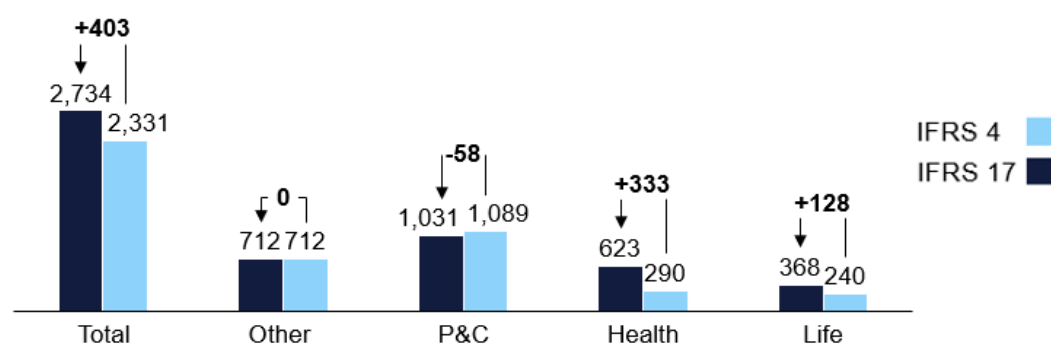
5.3.4. Following is the breakdown of (pre-tax) comprehensive income by segment for the 3-month period ended June 30, 2024, comparing IFRS 17 and IFRS 4 (NIS millions):



5.3.5. Following is the breakdown of (pre-tax) core income by segment for the 3-month period ended June 30, 2024, comparing IFRS 17 and IFRS 4 (NIS millions):



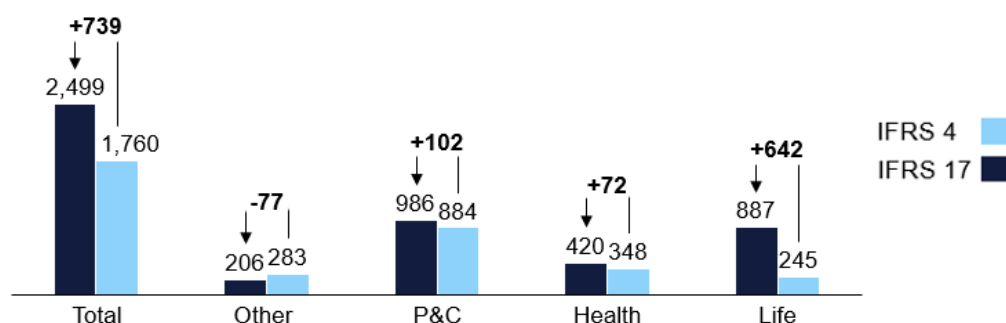
5.3.6. Following is the breakdown of the (pre-tax) comprehensive income by segment for 2024, comparing IFRS 17 and IFRS 4 (NIS millions):



	Reference (*)	1-12/2024				
		NIS million				
		Life	Health	General	Equity	Total
Effect of financial changes on insurance liabilities, net	1	48	(52)	-	-	(4)
Reversal of UGL on investments in associates	2	-	-	(116)	-	(116)
Timing difference in recognition of insurance contract revenues/ recognition of revenue from release of CSM	3	(75)	360	-	-	285
Adjustments for amortization of deferred acquisition costs	4	190	164	-	-	354
Changes in actuarial assumptions	5	(151)	(156)	-	-	(307)
Amortization of Pfeffermann/LAT reserve	6	179	(24)	-	-	155
Difference in RA measurement	7	-	-	24	-	24
Difference in measuring financial investments - IFRS 9	8	(69)	27	24	-	(18)
Other		6	14	10	-	30
Total		128	333	(58)	-	403

(*) For further details, see Section 5.3.1 above

5.3.7. The following is the breakdown of (pre-tax) core income by segments for 2024 comparing IFRS 17 and IFRS 4 (NIS million):



5.3.8. 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 June 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 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 June 30, 2025
	IFRS 17
Effect of 1% increase	
(Post-tax) comprehensive income (loss)	(321,353)
Effect of 1% decrease	
(Post-tax) comprehensive income (loss)	379,523

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 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.

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

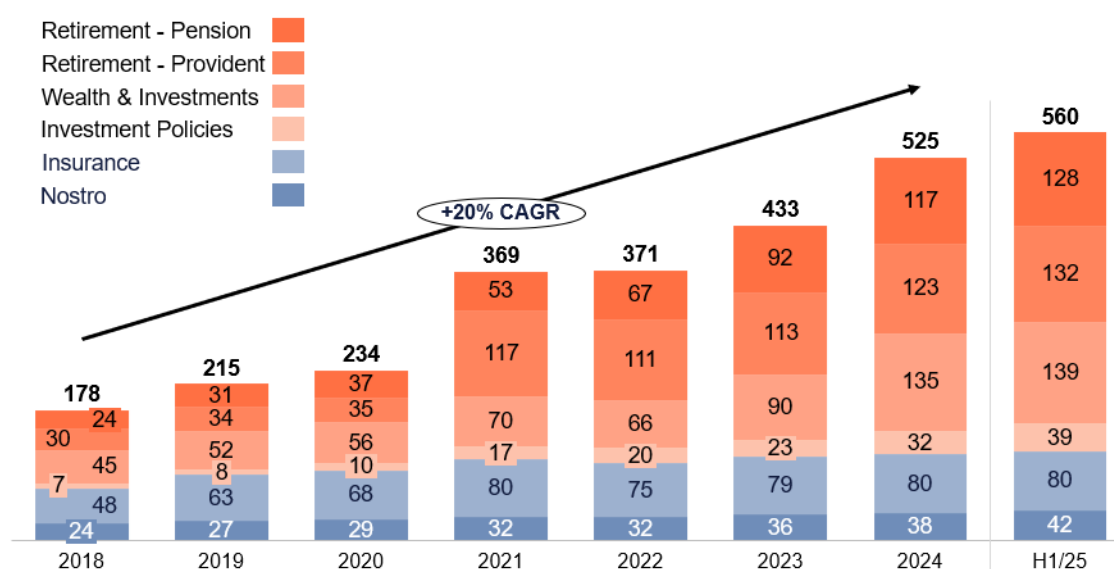
6.1. General

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 deal 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.

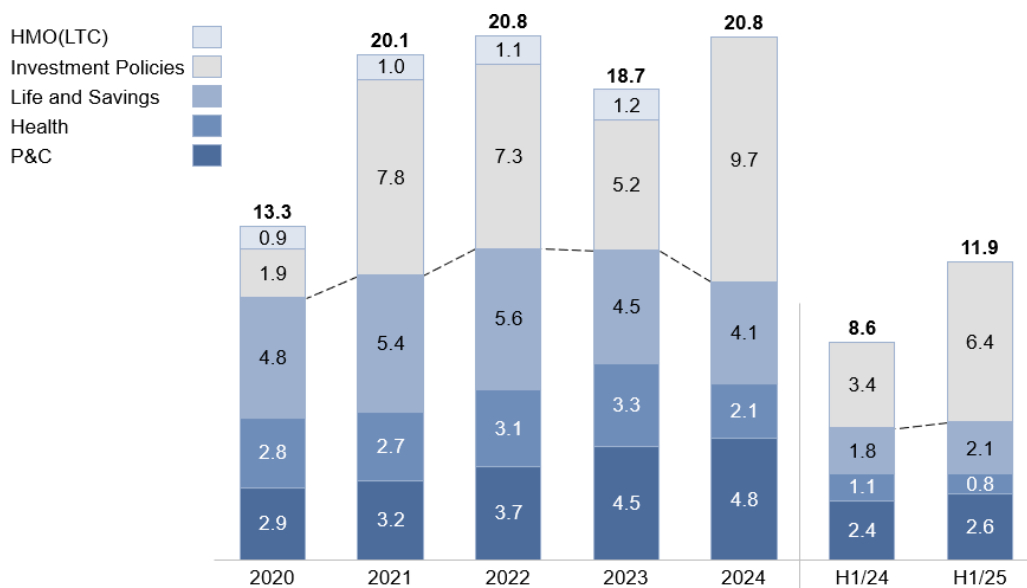
6.2. Assets under management, premiums and proceeds for investment contracts

Assets under management



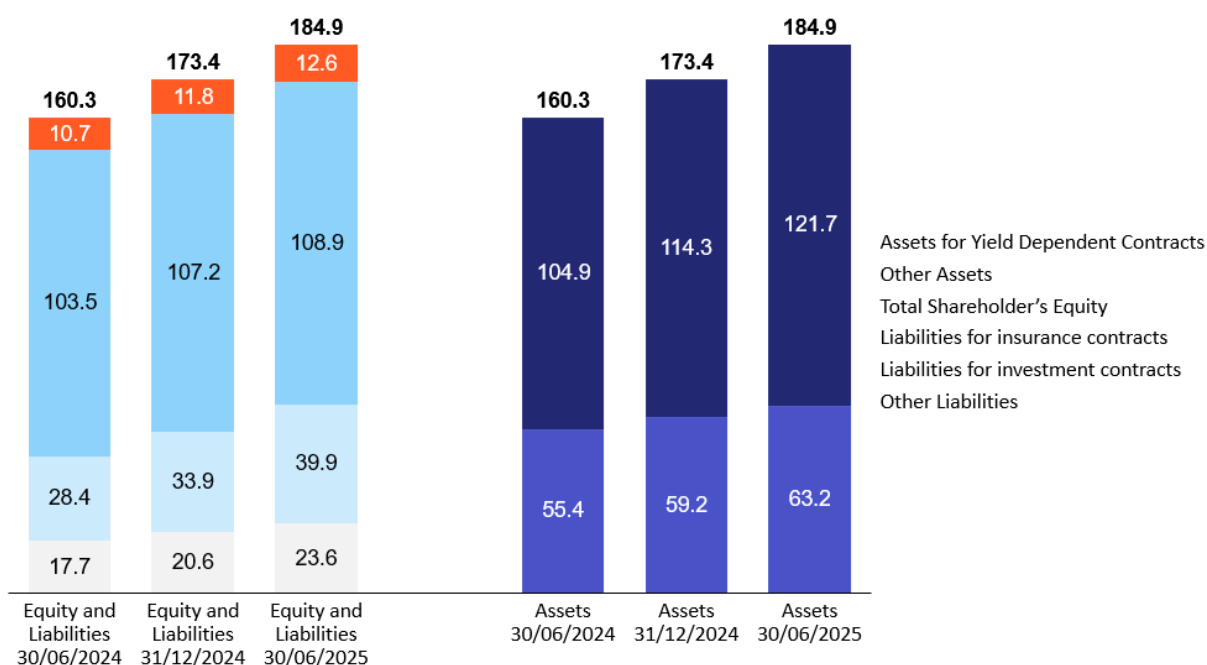
Total assets under management by provident funds, excluding guaranteed return provident fund tracks, pension funds, ETFs, and customers' investment portfolios are not included in the Financial Statements. Proceeds for investment contracts are not included in the premiums line item; rather, they are charged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

Premiums, gross and proceeds for 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 June 30, 2025, amounted to approx. NIS 122.9 billion, compared to approx. NIS 114.3 billion as of December 31, 2024. Other assets totaled approx. NIS

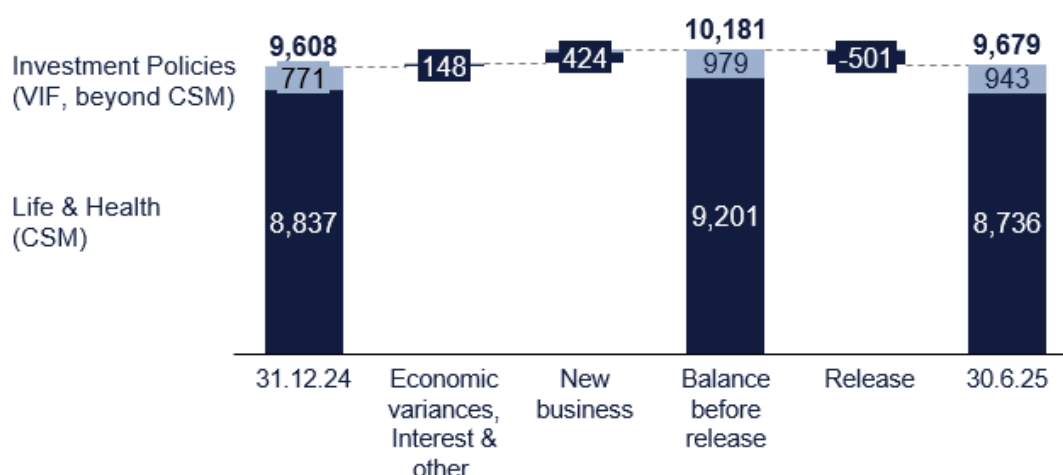
64.5 billion as of June 30, 2025, compared with approx. NIS 58.9 billion as of December 31, 2024.

Liabilities:

Liabilities for insurance contracts amounted to NIS 108.9 billion as of June 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 39.9 billion as of June 30, 2025, compared to a total of approx. NIS 33.9 billion as of December 31, 2024. Other liabilities totaled approx. NIS 26.0 billion as of June 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 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) generates a more stable income in capital-intensive products (for example - life and health insurance); CSM does not include short-term insurance liabilities (such as 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, which assumes a risk-free (RF) return according to a nominal interest rate 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, 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:

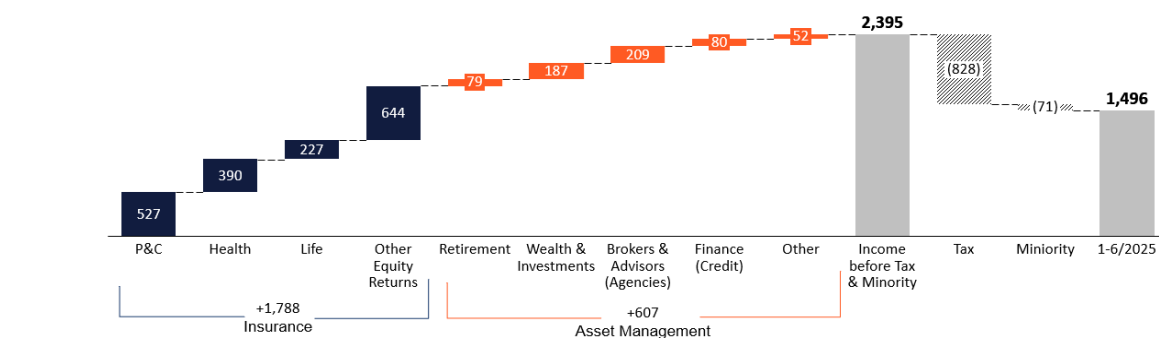
Insurance segments - N/A.

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.

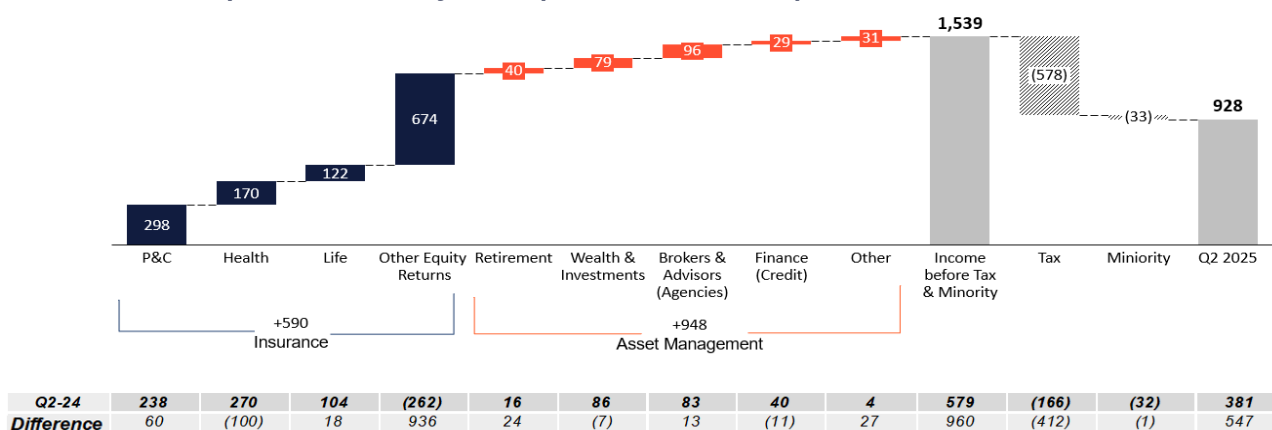
For further details regarding the calculation of the EBITDA, see Section 6.4.6 below.

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):



1-6/2024	462	386	184	(121)	47	171	155	71	14	1,369	(416)	(62)	891
Difference	65	4	43	765	32	16	54	9	38	1,026	(412)	(9)	605

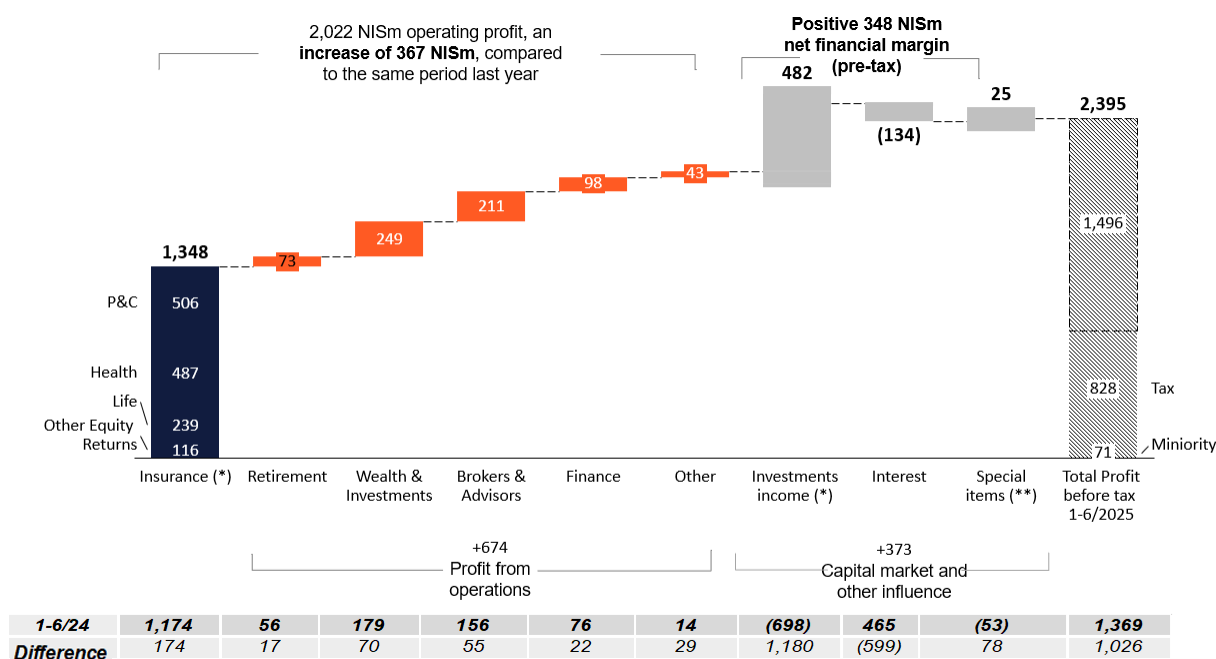
6.4.3. Following is the composition of the Company's operating results by segments in the second quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



Q2-24	238	270	104	(262)	16	86	83	40	4	579	(166)	(32)	381
Difference	60	(100)	18	936	24	(7)	13	(11)	27	960	(412)	(1)	547

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.

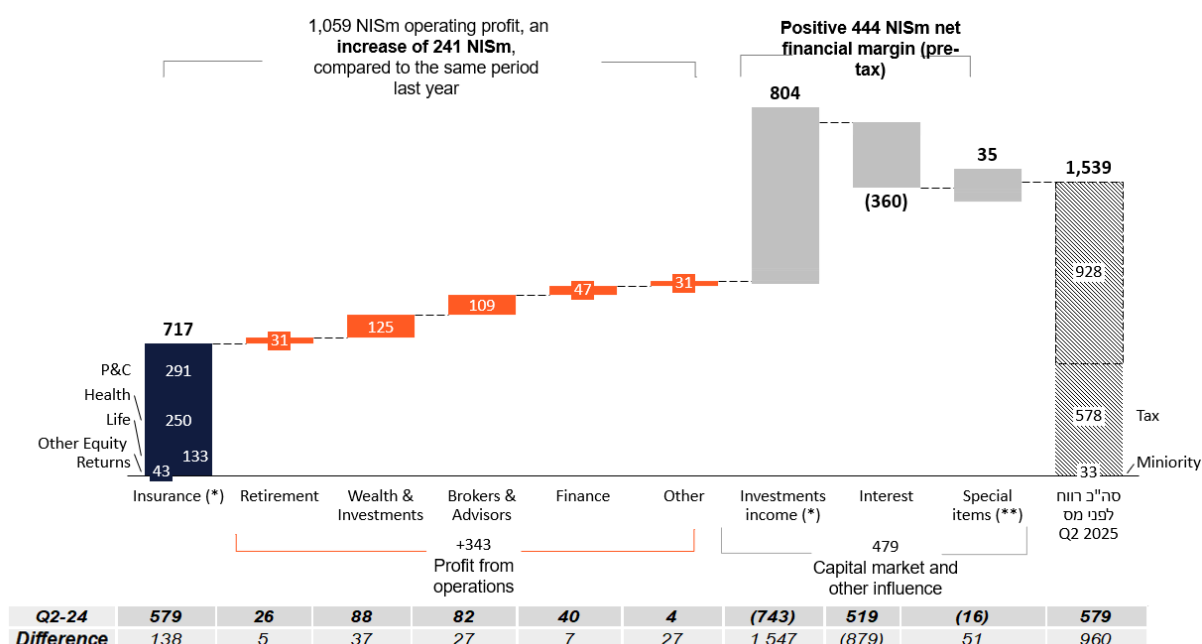
(**) For details regarding revenue from investments, interest and special effects at the segment level, see Sections 6.5-6.6 below

Core income increased by approx. NIS 367 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 1,180 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 599 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 348 million in pre-tax income.

The change of approx. NIS 78 million in the special effects line item, in the reporting period, arises mainly from income, during the reporting period, from the Life Insurance Segment due to a reversal of losses from onerous contracts, which was partially offset against a one-off expense in the Asset Management Segment as a result of reorganization in the Alternatives Subsegment compared to 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 second 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

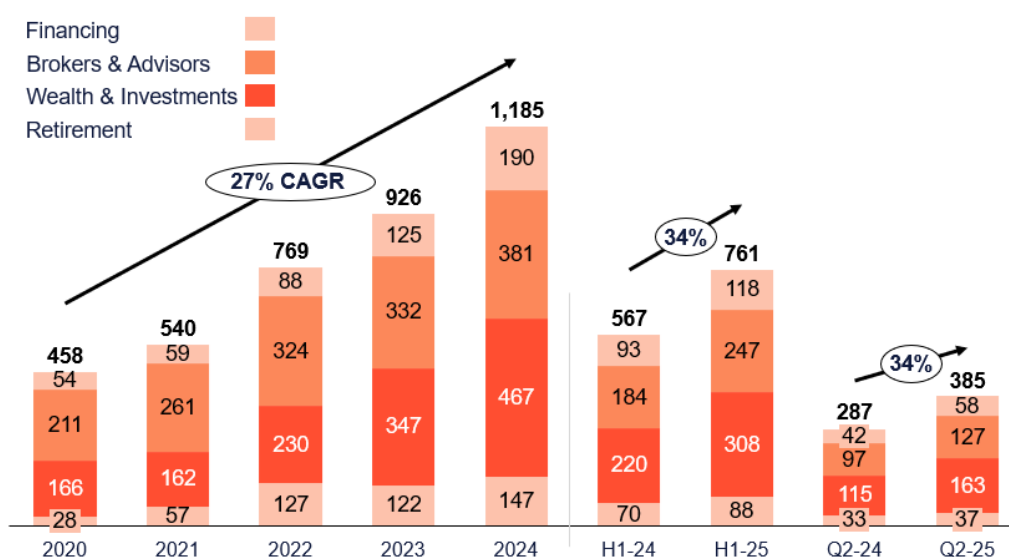
Core income increased by approx. NIS 241 million in the second quarter of the reporting period, compared with the corresponding quarter last year.

The increase in non-core investment revenue compared to the corresponding quarter last year totaled approx. NIS 1,547 million in view of higher returns in financial markets in Israel and across the world compared to corresponding quarter last year. The change in the risk-free interest rate curve and illiquidity premium in the Reporting Period compared to the corresponding quarter last year caused a decrease in income of approx. NIS 879 million in income. The total net effect of the interest and capital market (in excess of the RF+2.25% annual return) in the second quarter of the reporting period amounted to approx. NIS 444 million in pre-tax income.

The change of approx. NIS 51 million in the special effects line item arises mainly from income, during the reporting period, from the Life Insurance Segment due to a reversal of losses from onerous contracts, which was partially offset against a one-off loss in the Asset Management Segment as a result of reorganization in the Alternatives Subsegment compared to 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.

6.4.6. Following are details of the adjusted EBITDA for the 6-months of the reporting period for the Asset Management, Distribution (Agencies) & Financing (Credit) Activity (in NIS million):



1-6/2025					
In NIS million					
	Brokers & Advisors (Agencies)	Asset Management	Retirement	Financing (Credit)	Total
Profit before taxes	209	187	79	80	555
Special effects	(7)	62	-	-	55
Investments, net	9	-	(6)	18	21
Operating income	211	249	73	98	631
Depreciation and amortization	47	47	9	18	121
Other expenses (revenues) (*)	(4)	15	6	1	18
EBITDA - reported	254	311	88	117	770
IFRS 16	(17)	(6)	-	(3)	(26)
Equity compensation	10	3	-	4	17
EBITDA - Adjusted	247	308	88	118	761
Adjusted EBITDA – Minority shareholders	51	31	-	-	82
Adjusted EBITDA – Phoenix's share	196	277	88	118	679
Core income(**)	112	195	45	74	426

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

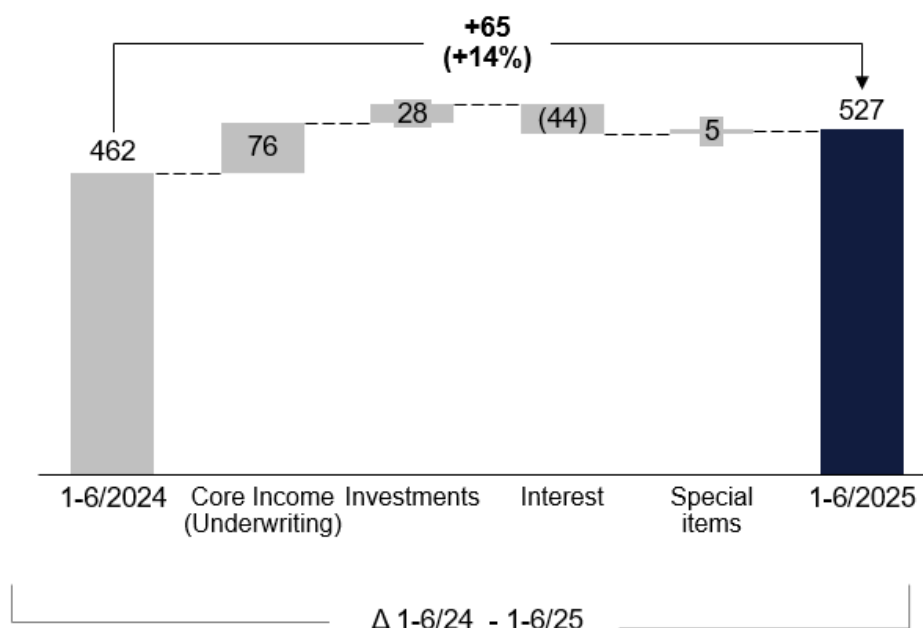
(**) Profit from activity after tax and minority's share.

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):



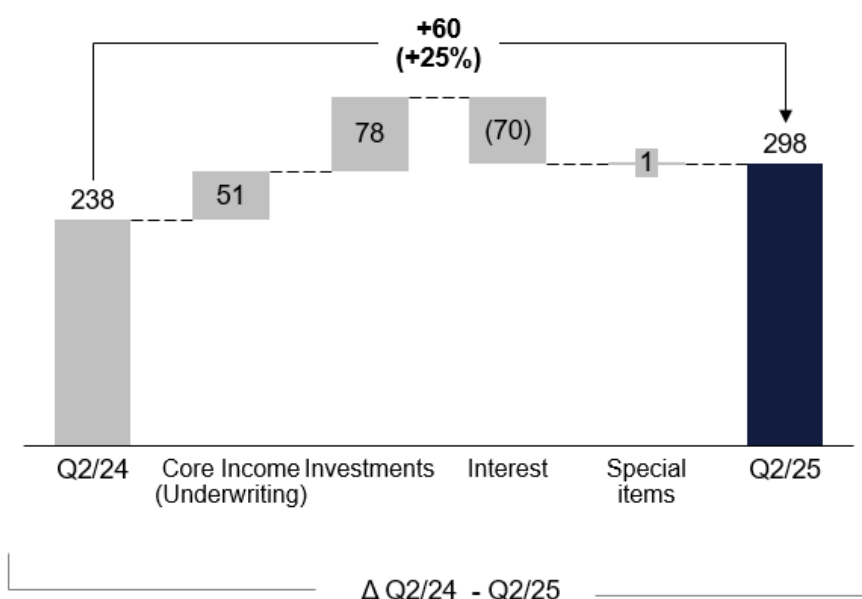
Results

1-6/2025	506	30	(11)	2	527
1-6/2024	430	2	33	(3)	462

The increase of approx. NIS 76 million in core income in the period compared to the corresponding period last year arises mainly from the Motor Property Subsegment and Other Property and Liability subsegments, which was partially offset by a decrease in income in the Compulsory Motor Subsegment. For further details, see Section 6.5.1.2 below. The increase of approx. NIS 28 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 during 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 Note 6.4.1.1 above. The NIS 44 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, and from their effect on insurance liabilities.

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

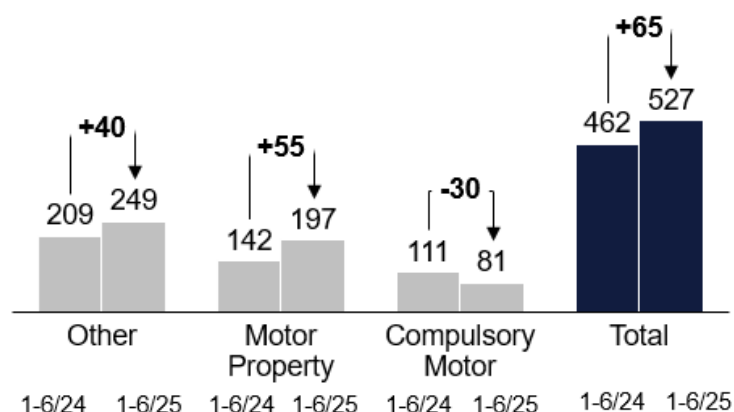


Results

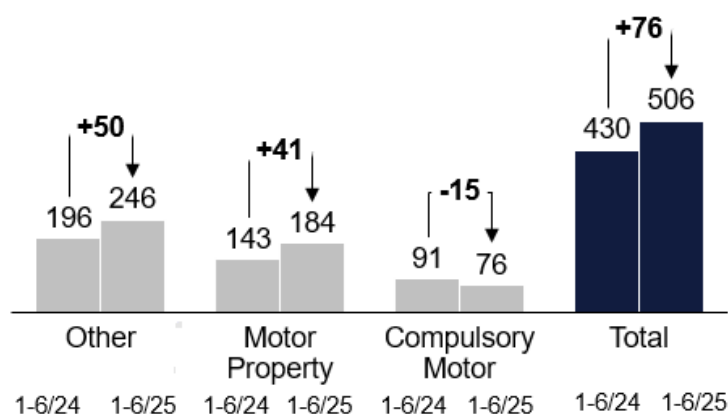
Q2-25	291	54	(45)	(2)	298
Q2-24	240	(24)	25	(3)	238

The increase of approx. NIS 51 million in core income in the second quarter of the reporting period compared to the corresponding quarter last year arises mainly from the Motor Property Subsegment and Other Property and Liability subsegments, which was partially offset by a decrease in income in the Compulsory Motor Subsegment. For further details, see Section 6.5.1.4 below. The increase of approx. NIS 78 million in investment revenue in the second quarter of the reporting period compared to the corresponding period last year stemmed from higher returns in financial markets in Israel and globally during the second 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 Note 6.4.1.1 above. The NIS 70 million decrease in income from interest rate changes in the second quarter of 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, 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):

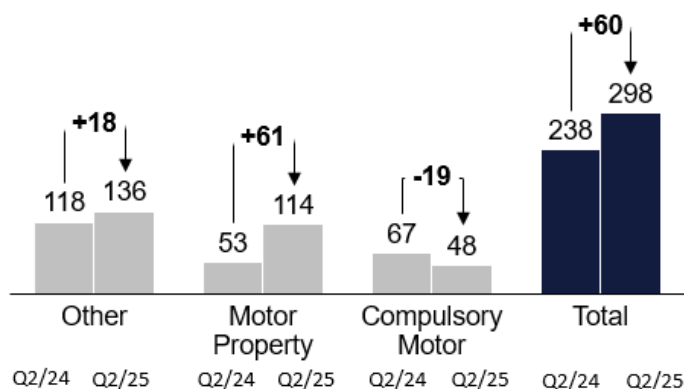


6.5.1.2. Following are the results of the (pre-tax) core income in the various subsegments of property and casualty insurance (P&C) in the reporting period compared with the corresponding period last year (in NIS million):

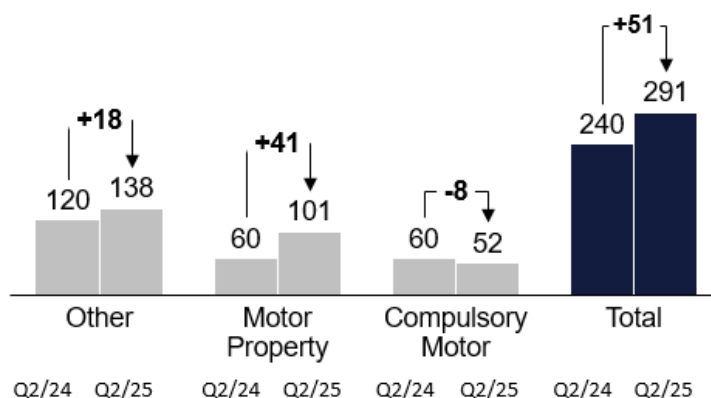


The increase in core income in the reporting period compared to the corresponding period last year arises mainly from an improvement in the Motor Property Subsegment's CR - mostly in the Employers' Liability Insurance and Professional Liability Subsegment, due to a decrease in the cost of claims, and from an improvement in Other Motor and Liability subsegments due to a positive development in respect of previous years compared to the corresponding period last year; this income was partially offset against a decrease in income in the Compulsory Motor Subsegment.

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 second 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 second quarter of 2025 compared with the corresponding quarter last year (in NIS million):



The increase in core income in the second quarter compared to the corresponding quarter last year arises mainly from an improvement in the Motor Property Subsegment's CR due to a decrease in the cost of claims, and from an improvement in Other Motor and Liability subsegments, mostly in the third party liability subsegment, due to a positive development in respect of previous years compared to the corresponding period last year; this income was offset against a decrease in income in the Compulsory Motor Subsegment.

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

	Compulsory Motor				
	In NIS million				
	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
Gross combined ratio	91.2%	76.9%	88.7%	66.2%	69.6%
Combined ratio - retention	86.2%	79.1%	79.8%	69.7%	72.8%

	Motor Property				
	In NIS million				
	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
Gross combined ratio	83.3%	86.9%	81.9%	89.4%	87.5%
Combined ratio - retention	83.2%	86.9%	81.6%	89.4%	87.5%

	Property and Casualty				
	In NIS million				
	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
Gross combined ratio	83.2%	74.5%	96.9%	70.5%	71.2%
Combined ratio - retention	76.7%	79.1%	73.4%	76.6%	76.4%

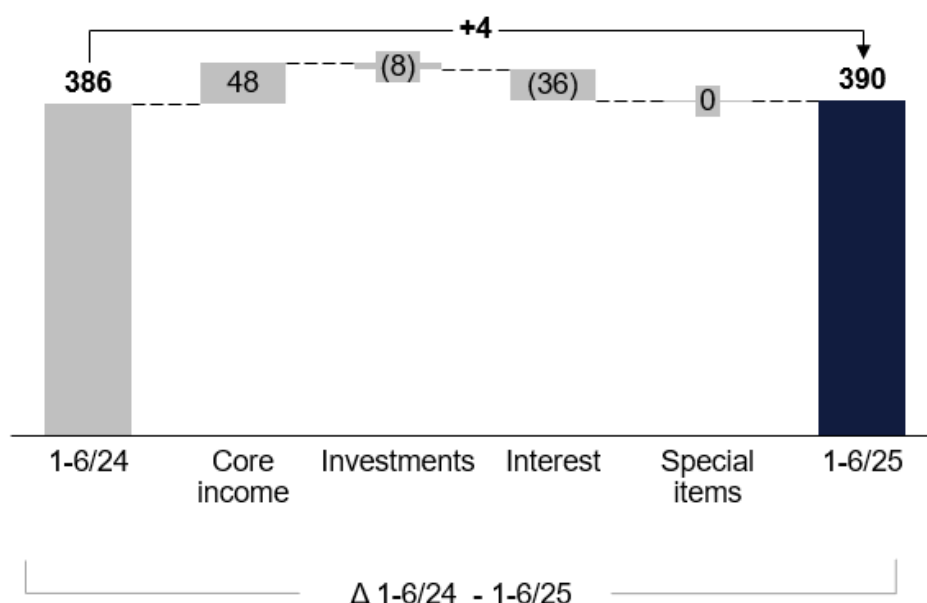
- (*) The gross CR is the ratio between insurance contract expenses and insurance contract revenue; it does not take into account other operating expenses, which are not attributed to an insurance contract. Similarly, the retention CR is the ratio between insurance contract expenses less revenues from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

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 should be 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):



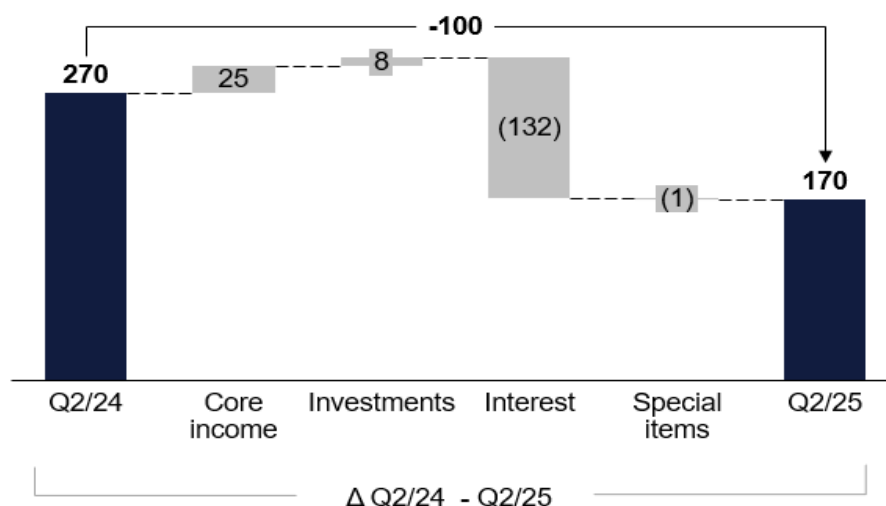
Results

1-6/2025	487	(86)	(11)	0	390
1-6/2024	439	(78)	25	0	386

The NIS 48 million increase in core income in the second quarter of the reporting period compared to the corresponding period last year arises mainly from an improvement in profitability in the Critical Illness and Medical Expenses and Short-Term Health Subsegments.

The decrease of approx. NIS 8 million in investment revenue in the reporting period compared to the corresponding period last year stemmed from lower 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 36 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 compared to the corresponding period last year, which mostly affects the Individual Long-Term Care portfolio.

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



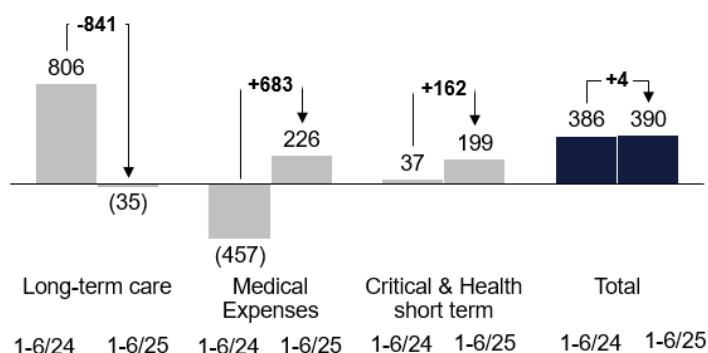
Results

Q2-25	250	(54)	(26)	-	170
Q2-24	225	(62)	106	1	270

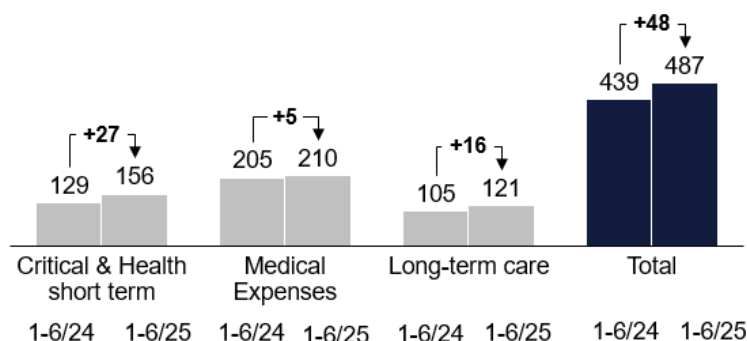
The NIS 25 million increase in core income in the second quarter of the reporting period compared to the corresponding quarter last year arises mainly from an improvement in profitability in the Critical Illness and Short-Term Health Subsegments.

The NIS 132 million decrease in interest income in the second 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 during the quarter, which mostly affects the individual long-term care portfolio.

6.5.2.1. 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):

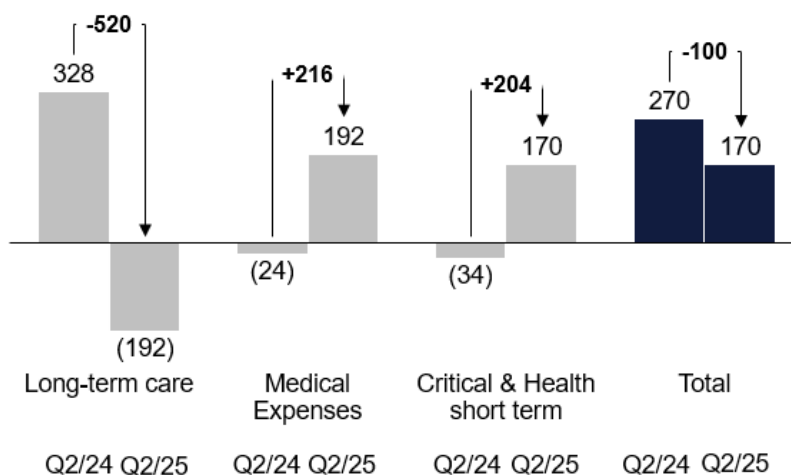


6.5.2.2. Following are the results of the (pre-tax) core income (loss) in the various health insurance subsegments in the reporting period compared with the corresponding period last year (in NIS million):

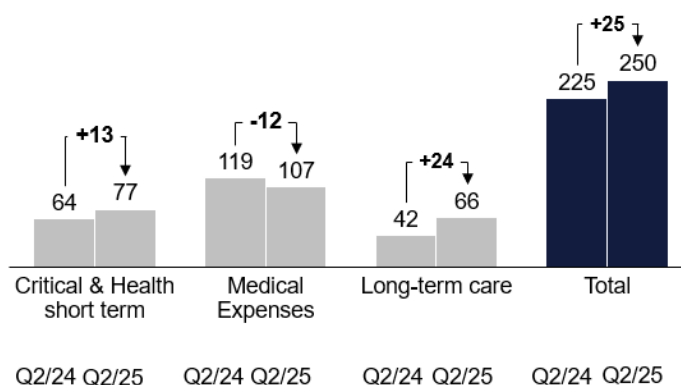


The increase of approx. NIS 48 million in core income in the reporting period compared to the corresponding period last year arises mainly from a higher profit in the Critical Illnesses and Short-Term Health portfolio, as a result of a decrease in claims.

6.5.2.3. Following is the comprehensive income (loss) in the various Health Insurance Subsegments in the second quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



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

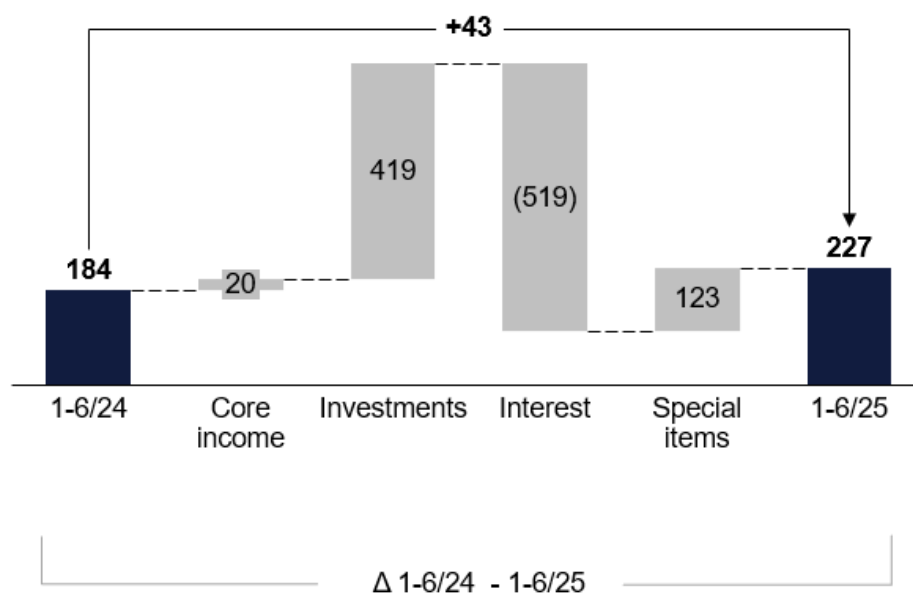


The increase in core income in the second quarter of the reporting period compared to the corresponding quarter last year of approx. NIS 25 million arises mainly from higher income in the Long-Term Care and Short-Term Health portfolio.

6.5.3. Life and Savings

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

1-6/2025	239	24	(112)	76	227
1-6/2024	219	(395)	407	(47)	184

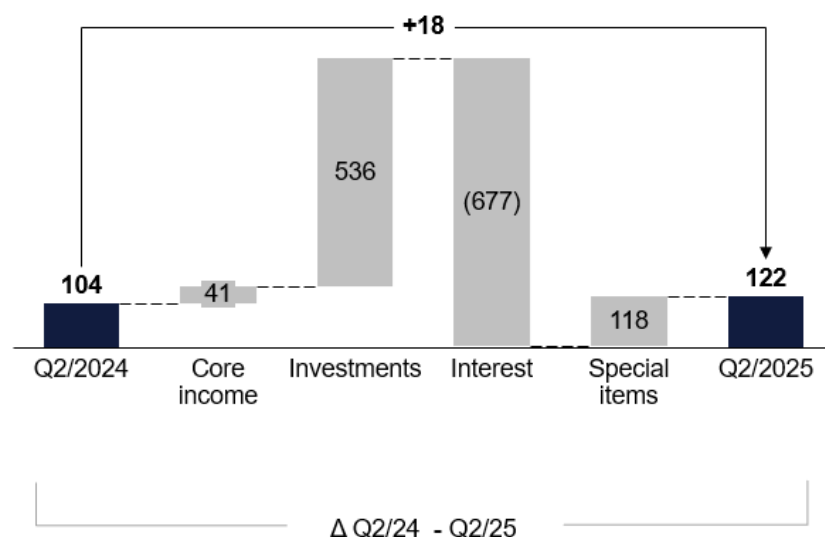
The increase of approx. NIS 20 million in core income in the second quarter of the reporting period compared to the corresponding period last year arises mainly due to a decrease in policies without a savings component and a decrease in life insurance claims.

The increase in investment income above the normalized return of approx. NIS 419 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 519 million decrease in interest income in the reporting period compared to the corresponding period last year is mainly due to changes in the risk-free interest rate, including the illiquidity premium.

The NIS 123 million increase in income from special effects stems mainly from the reversal of losses in respect of onerous insurance contract groups.

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



Results

Q2-25	133	172	(289)	106	122
Q2-24	92	(364)	388	(12)	104

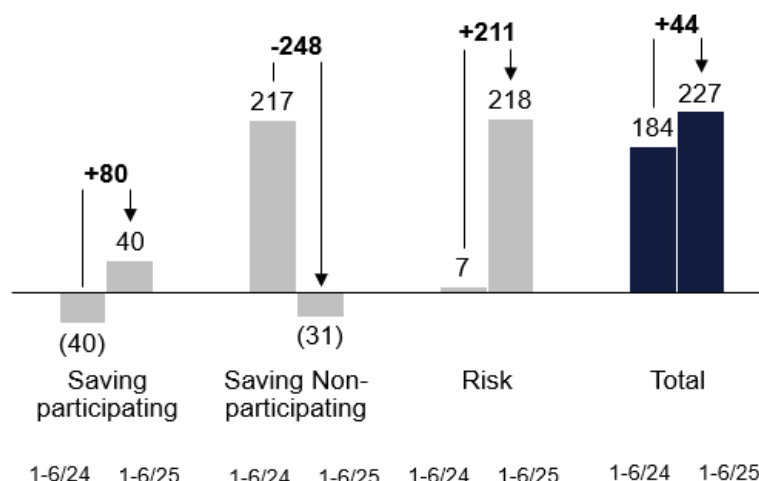
The increase of approx. NIS 41 million in core income in the second quarter of 2025 compared to the corresponding quarter last year arises mainly due to a decrease in life insurance claims.

The increase in investment revenue above the normalized return of approx. NIS 536 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.

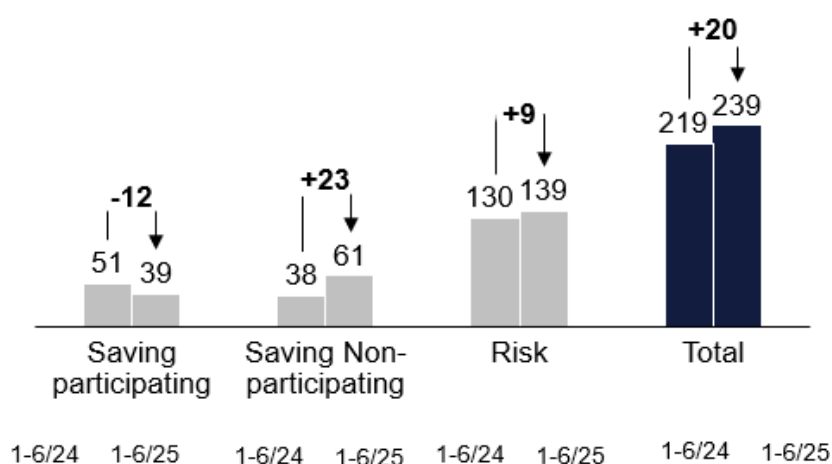
The NIS 677 million decrease in interest income in the second quarter of the reporting period compared to the corresponding quarter last year is mainly due to changes in the risk-free interest rate, including the illiquidity premium.

The NIS 118 million increase in income from special effects stems mainly from the reversal of losses in respect of onerous insurance contract groups.

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):

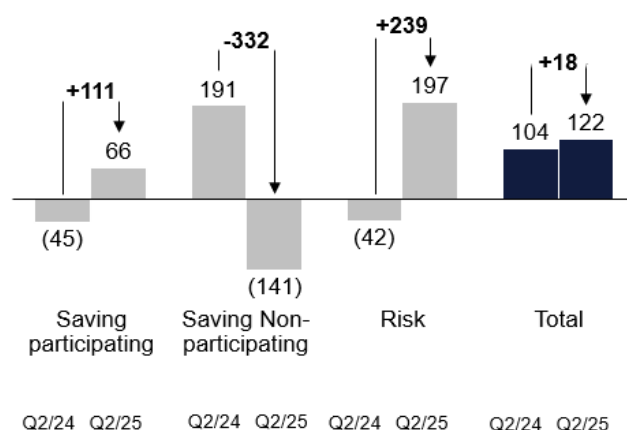


6.5.3.2. Following are the results of the (pre-tax) core income (loss) in the various life insurance subsegments in the reporting period compared with the corresponding period last year (in NIS million):

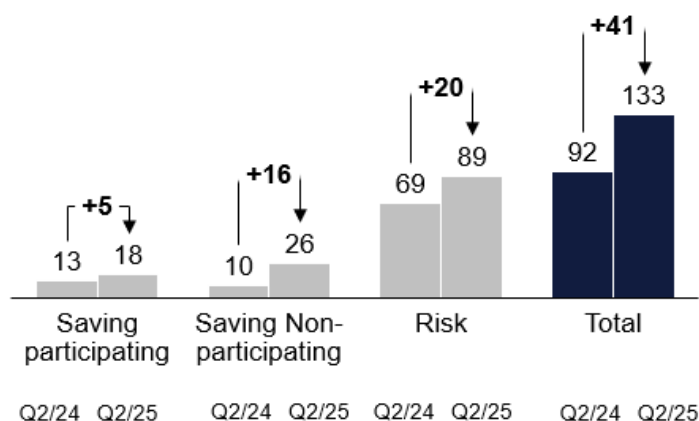


The increase of approx. NIS 20 million in core income in the reporting period compared to the corresponding period last year arises mainly from the increase of approx. NIS 23 million in income in policies with a non-yield-dependent savings component, which was partially offset by policies, which include a yield-dependent savings component.

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



The increase in core income in the second quarter of the reporting period compared to the corresponding quarter last year of approx. NIS 41 million arises mainly from higher income in policies without a savings component as a result of a decrease in death benefit claims.

6.5.3.5. The rate of redemptions out of the average reserve (annualized) was approx. 6.0% compared with approx. 6.4% 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:

	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
	In NIS million				
Investment income credited to policyholders net of variable management fees	5,570	5,969	4,968	1,389	12,515
Fixed management fees	378	327	188	159	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 returns on participating policies for policies issued from 1992 to 2003:

	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
	In %				
Investment income credited to policyholders net of variable management fees	6.48%	5.75%	5.99%	0.93%	14.13%
Nominal returns after payment of management fees	6.19%	5.45%	5.83%	0.78%	13.54%

	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
	In %				
Real returns before payment of management fees	4.84%	3.78%	4.35%	(0.67%)	10.35%
Real returns after payment of management fees	4.55%	3.48%	4.20%	(0.82%)	9.78%

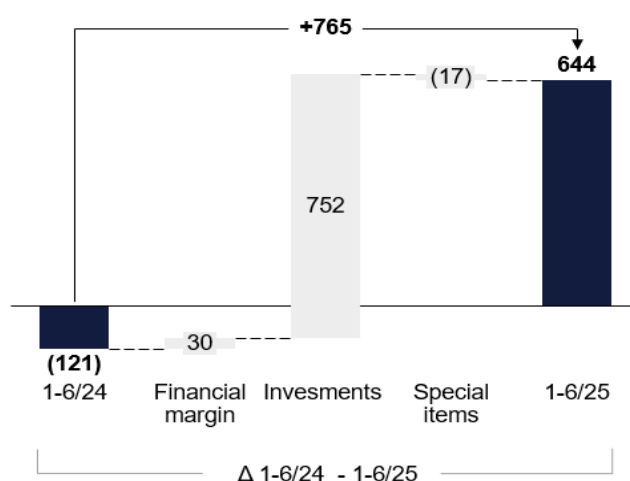
The volatility in these returns are a function of capital market returns in Israel and abroad, changes in the consumer price index, and changes in the exchange rate of the shekel against major currencies.

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

	1-6/2025	1-6/2024	4-6/2025	4-6/2024	1-12/2024
	In %				
Nominal returns before payment of management fees	6.19%	5.94%	5.96%	1.02%	13.95%
Nominal returns after payment of management fees	5.75%	5.48%	5.74%	0.81%	12.97%
Real returns before payment of management fees	4.55%	3.96%	4.32%	(0.59%)	10.18%
Real returns after payment of management fees	4.11%	3.51%	4.10%	(0.79%)	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):

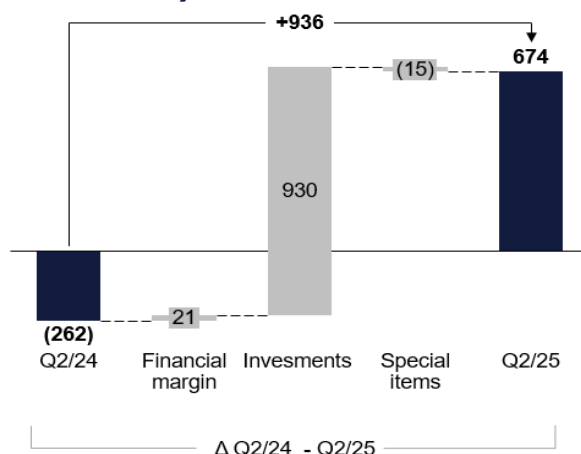


Results

1-6/2025	116	535	(7)	644
1-6/2024	86	(217)	10	(121)

The income in the reporting period increased by approx. NIS 765 million compared to the corresponding period last year, mainly due to an increase of approx. NIS 752 million in investment revenue 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 second quarter of the reporting period compared to the corresponding quarter last year (in NIS million before tax):



Results

Q2-25	43	646	(15)	674
Q2-24	22	(284)	0	(262)

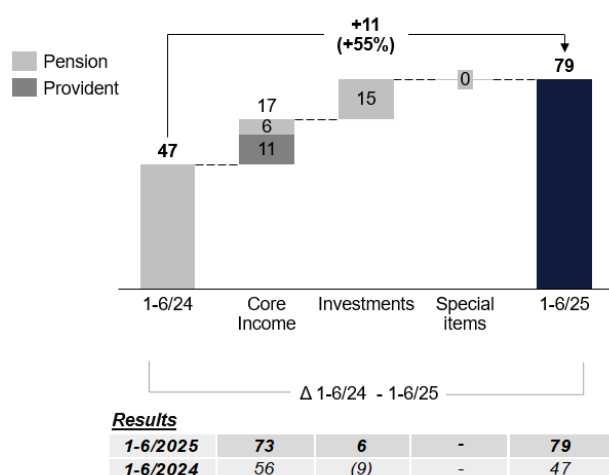
The income in the second quarter of the reporting period increased by approx. NIS 936 million compared to the corresponding quarter last year, mainly due to an increase of approx. NIS 930 million in investment revenue as a result of higher returns in financial markets in Israel and globally during the second 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. Asset Management - Retirement

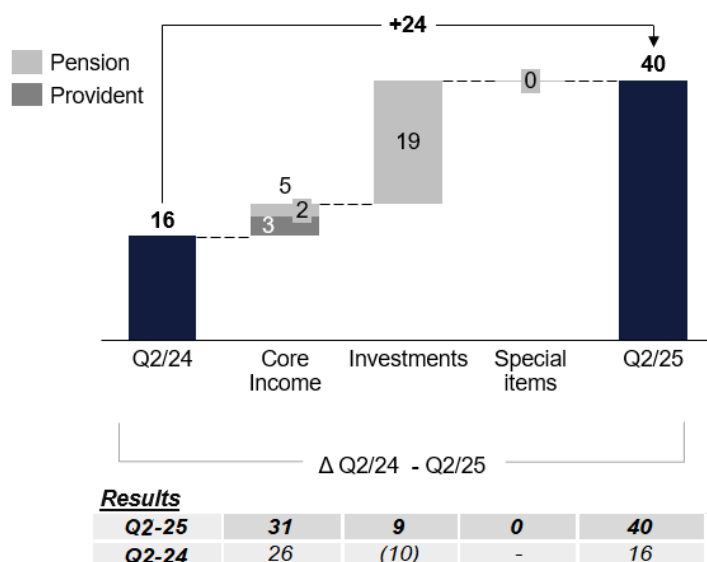
The group manages various types of pension funds and provident funds through Phoenix Pension & Provident Fund. In addition, the Group manages - through Halman-Aldubi IEC Gemel Ltd. - the central provident fund for annuity of Israel Electric Corporation employees. As of the report date, the Company holds - 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 Asset Management - Retirement (Pension and Provident) Subsegment for the reporting period compared to the corresponding period last year (in NIS million before tax):



The increase in profitability in the reporting period compared to the corresponding period last year arises mainly from an increase of approx. NIS 17 million in operating income, as a result of an increase in total assets under management. Furthermore, the increase arises from an increase of approx. NIS 15 million in the investment revenue line item due to higher returns in the reporting period compared to the corresponding period last year.

Following is the composition of the main effects and changes on the results of the Asset Management - Retirement (Pension and Provident) Subsegment for the second quarter of 2025 compared to the corresponding quarter last year (in NIS million before tax):



The increase in profitability in the second quarter of 2025 compared to last year arises mainly from an increase of approx. NIS 19 million in income from the investment revenue line item due to higher returns in the second quarter of 2025 compared to the corresponding period last year and an increase of approx. NIS 5 million in operating income due to an increase in assets under management.

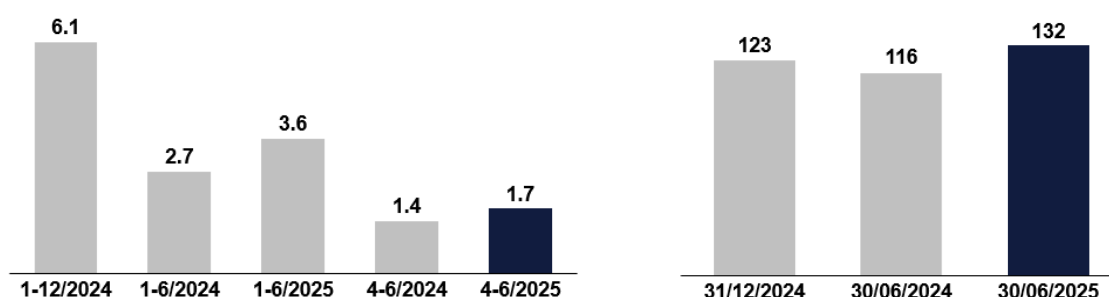
6.6.1.1. Provident Funds

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 48 million compared to approx. NIS 40 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)



Total aggregate contributions towards benefits in the Provident Funds Subsegment in the second quarter of 2025 totaled approx. NIS 31.7 billion, compared to a total of approx. NIS 28.1 billion in the corresponding period last year, reflecting an increase of approx. 12.8%. According to the Ministry of Finance data, as of June 30, 2025, total assets under management in the Provident Funds Subsegment amounted to approx. NIS 916 billion, compared to approx. NIS 782 billion as of June 30, 2024, an increase of approx. 17.1%.

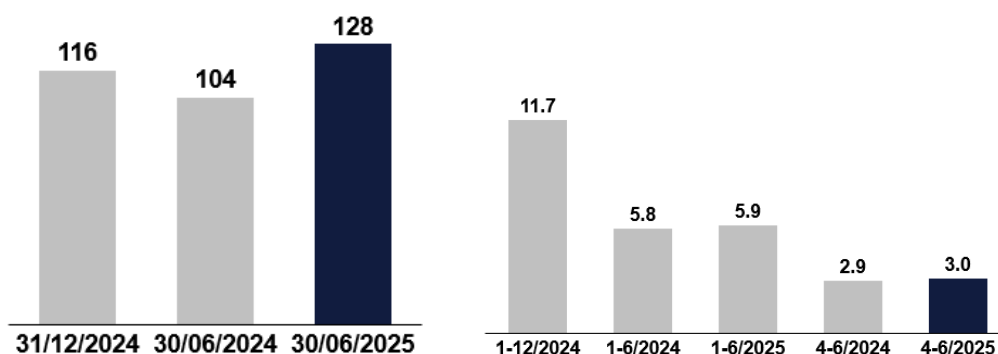
6.6.1.2. Pension Funds

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 31 million compared with pre-tax income of approx. NIS 7 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)



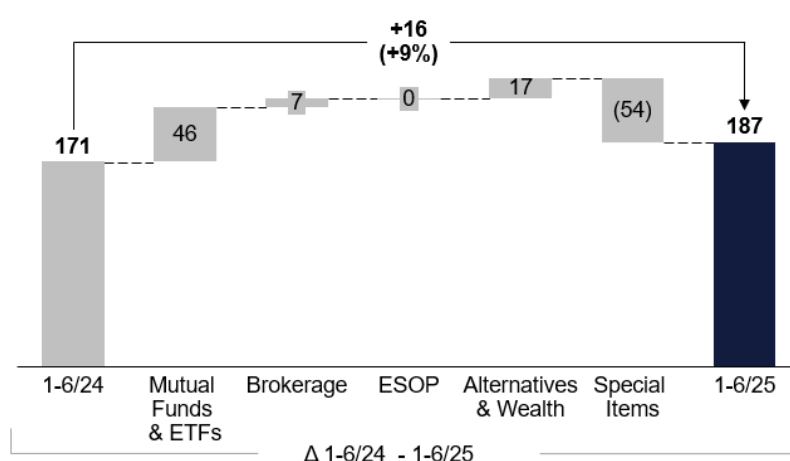
Based on Ministry of Finance data, aggregate contributions towards benefits in the New Pension Funds Subsegment in the second quarter of 2025 totaled approx. NIS 42.3 billion, compared to a total of approx. NIS 38.1 billion in the corresponding period last year, reflecting an increase of approx. 11.0%.

According to Ministry of Finance data, as of June 30, 2025, total assets under management in the new pension funds subsegment amounted to a total of approx. NIS 1,029 billion, compared to approx. NIS 837 billion on June 30, 2024, an increase of approx. 22.9%.

6.6.2. Asset Management - Wealth & Investments

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

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

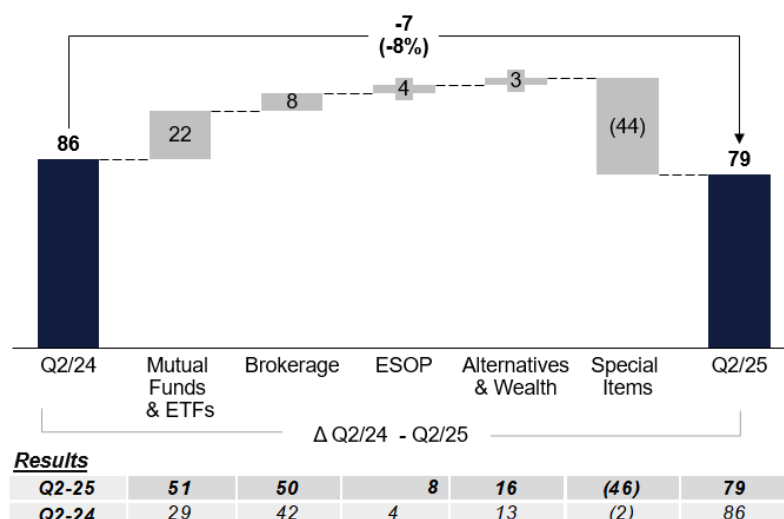


Results

1-6/25	101	96	8	44	(62)	187
1-6/24	55	89	8	27	(8)	171

The increase of approx. NIS 16 million in profitability in the reporting period compared to last year arises mainly from an increase in income of approx. NIS 46 million in the Funds & Portfolios Subsegment and approx. NIS 17 million in the Alternatives & Wealth Subsegment. This income was partially offset by a total of approx. NIS 54 million from the special effects line item, mainly as a result of a one-time cost arising from the Company's strategy to strengthen the Alternatives Subsegment by Phoenix Advanced Investments' assuming control over Real Tech.

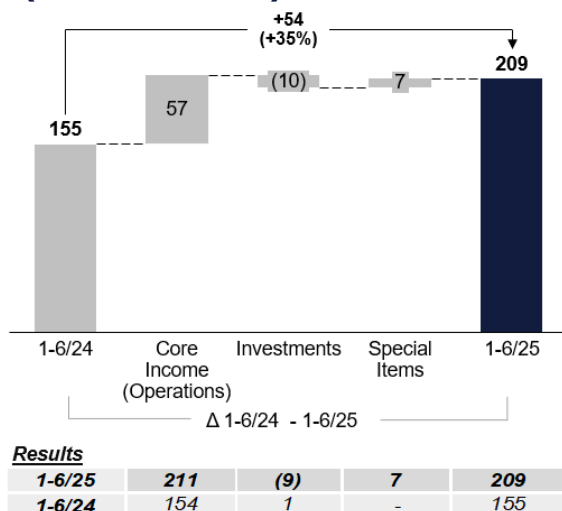
Following is the composition of the main effects and changes on the results of the Wealth & Investments Segment for the second quarter of the Reporting Period compared to the corresponding quarter last year (in NIS million):



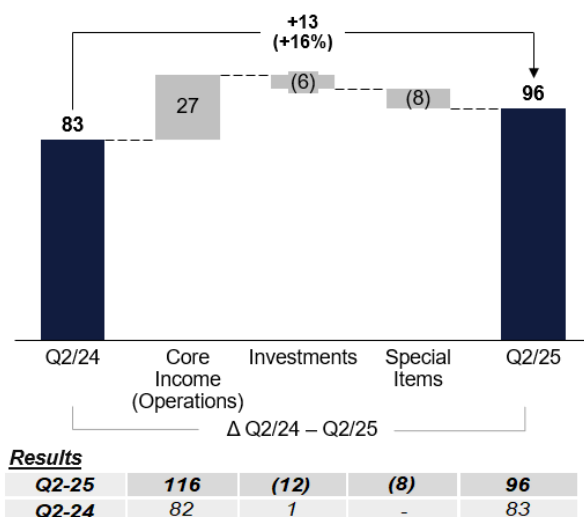
The decrease in profitability in the second quarter of the reporting period compared to the corresponding quarter last year of approx. NIS 7 million resulted mainly from one-off effects of approx. NIS 44 million arising from a one-off cost following the Company's strategy to strengthen its Alternatives Subsegment by Phoenix Advanced Investments assuming control over Real Tech. This loss was partially offset mainly due an increase of approx. NIS 22 million in income from Funds & Portfolios.

6.6.3. Asset Management - Brokers & Advisors (Agencies)

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



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

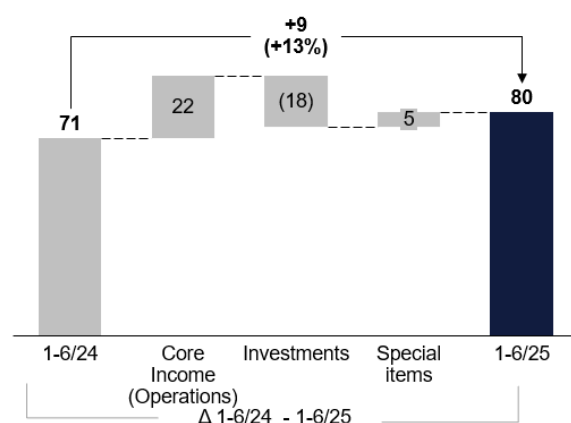


In the reporting period and second quarter, income increased by approx. NIS 54 million and approx. NIS 13 million (respectively) compared to last year; the increase in income mainly reflects the implementation of the Group's business strategy, which is reflected, among other things, in the expansion 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. Asset Management - Financing (Credit)

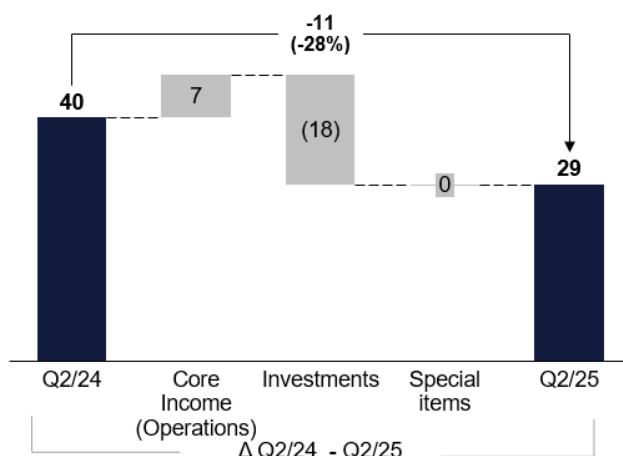
Following is the composition of the main effects and changes on the results of the Financing (Credit) Segment subsegment in the reporting period compared to the corresponding period last year (in NIS million before tax):



Results

1-6/25	98	(18)	0	80
1-6/24	76	-	(5)	71

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



Results

Q2-25	47	(18)	-	29
Q2-24	40	-	-	40

The increase in operating income in the reporting period and in the second quarter compared to the corresponding periods last year - totaling approx. NIS 22 million and approx. NIS 7 million, respectively - arises mainly from growth in the Construction Financing Subsegment and the Credit Card Subsegment. This increase was partially offset against a

loss from the 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 Segment.

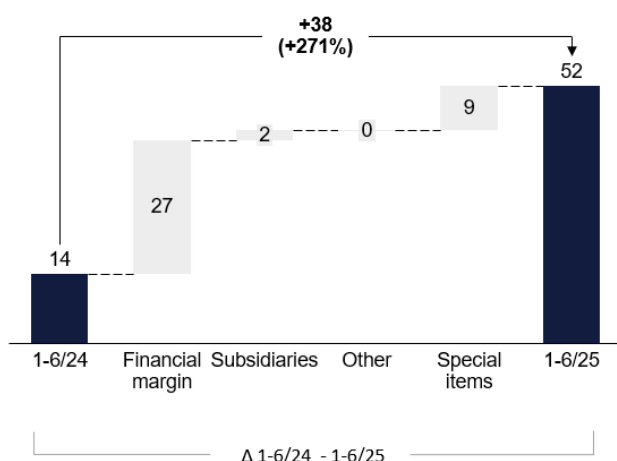
6.6.4.1. Following are the results of the profit (loss) from (pre-tax) activity in the various Financing (Credit) subsegments during the reporting period compared with the corresponding period last year (in NIS million):

	1-6/2025	1-6/2024	Cycle (6 months)	Credit portfolio
Financial margin, net				
Credit Cards	107	72	20,330	-
Credit for businesses	41	49	-	2,496
Construction Financing	46	27	-	1,454
Consumer credit	1	-	-	89
Other (*)	(97)	(72)	-	-
Total	98	76	20,330	4,039

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

6.6.5. Other segments and operation not attributed to the operating segments

Following is the composition of the main effects on the results of 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):

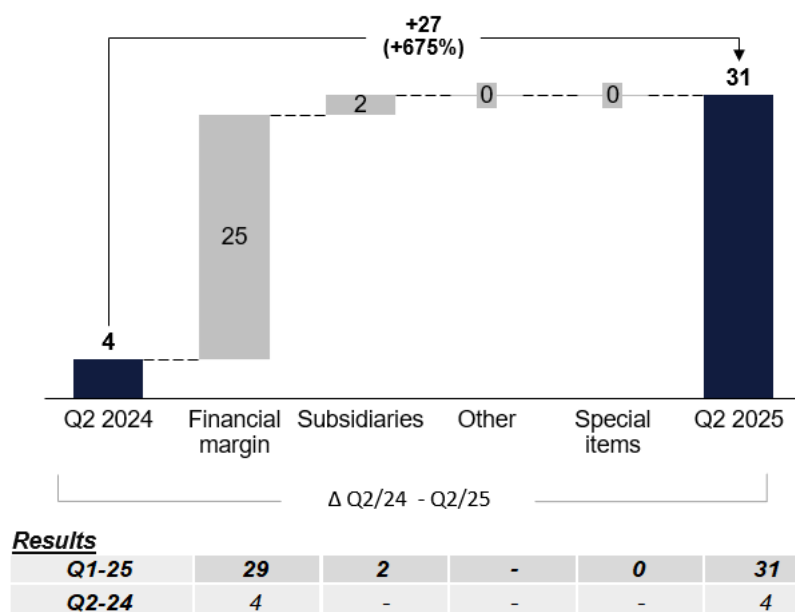


Results

	1-6/2025	41	2	-	9	52
	1-6/2024	14	-	-	-	14

The income in the reporting period increased by approx. NIS 38 million compared to the corresponding period last year, mainly due to an increase of approx. NIS 27 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 second quarter of the Reporting Period compared to the corresponding quarter last year (in NIS million before tax):



The income in the second quarter of the reporting period increased by approx. NIS 27 million compared to the corresponding quarter last year, mainly due to an increase of approx. NIS 25 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 2,817 million. The consolidated cash flows used for investing activities in the Reporting Period amounted to approx. NIS 488 million and included mainly a total of approx. NIS 2 million used to purchase intangible assets and to capitalize costs of intangible assets, approx. NIS 42 million used to acquire the non-controlling interests in associates, a total of approx. NIS 199 million used to invest in associates and a total of approx. NIS 168 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 1,112 million and included, among other things, a total of approx. NIS 859 million used to repay financial liabilities, a total of approx. NIS 2,687 million arising from issuing financial liabilities, a total of approx. NIS 795 million used for a dividend distribution to the Company's shareholders and a total of approx. NIS 93 million used for repayment of short-term credit from banking corporations.

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 20,908 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 more information regarding the revised dividend policy, see Section 1.3.9.3 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 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 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 at least 70% of the income.

It is noted that such work plans are reflected in the Company's targets as stated in Section 5 above.

6.7.2.2. Following is a table detailing dividends distributed by subsidiaries

The group's total cash flow in the first half of the year - totaling approx. NIS 886 million - supports liquidity, financial resilience, share buybacks and regular quarterly dividend distributions (NIS 630 million out of the Company's income in the first half of the year).



	Insurance					Asset Management																			
	Insurance					Wealth & Investments					Brokers & Advisors					Financing					Total				
2025	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Dividends	170	460			630	70	58			128	64	39			103	12	13			25	316	570			886
Policy	40-60% 					70%+ 					80%+ 					30-50% 									
	'21	'22	'23	'24		'21	'22	'23	'24		'21	'22	'23	'24		'21	'22	'23	'24		'21	'22	'23	'24	
Track Record	800	320	350	250 ¹		57	18	221	217		-	-	536	93		10	8	21	26		867	346	1128	586	

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

	As of June 30 2025	As of December 31 2024
	NIS million	
Financial assets		
Cash and cash equivalents	189	157
Associates ⁽³⁾	244	232
Dividend receivable	-	574
Other financial investments ⁽¹⁾	2,174	1,442
Total assets	2,607	2,404
Less current maturities		
Current financial liabilities	232	173
Current financial assets net of current maturities	2,375	2,231
Non-current financial liabilities		
Non-current financial liabilities	2,305	1,734
Other liabilities	-	-
Total liabilities	2,305	1,734
Net financial asset (debt)	70	497
Declared dividend ⁽⁴⁾	400	565
Net financial debt after declared quarterly dividend	(330)	(68)
LTV ⁽²⁾	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 1,332 million as of June 30, 2025 (fair value as of December 31, 2024 - approx. NIS 1,276 million).
- (2) The Company's LTV is calculated as net financial asset (debt) as described above, with respect to the Company's market cap as of June 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 Key points regarding the group's debt

Entity	Rating ¹	Comments
Phoenix Financial	AA	2-5% LTV
Phoenix Insurance	AAA	181% Solvency (with transitional measures)
Phoenix Investment House	A+	>10x EBITDA / financing expenses
Phoenix Gama	AA	>10% Risk / Capital
Phoenix Agencies	Not rated	<1x 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 the manner of management of those risks compared to what is described in the 2024 Periodic Report,

Corporate Governance Aspects

7.1. Effectiveness of internal control over financial reporting and disclosure

7.1.1. Securities Regulations

Amendment No. 3 to the Securities Regulations (Periodic and Immediate Reports), 2009 (hereinafter - **"ISOX"**), which deals with 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 Entities Circular 2009-9-10, "Management's Responsibility for Internal Control 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" (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 7.1.2 below.

7.1.2. The Insurance Commissioner's circulars

Alongside the process described in Section 7.1.1 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.

7.1.3. 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 reporting period is 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 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 first quarter 2025 data, the calculations were carried out in full in the production environments of the new system.

During the preparation of the current report, the Company gained further insights as to the method of analysis and the required controls, and it applies them on an ongoing basis in the work processes.

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.

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 June 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.

7.2. 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 June 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	-	-	-	-	-	-	-	19,970,629	19,970,629
Other cash and cash equivalents	474,485	-	38,000	-	128,042	218,070	-	3,079,246	3,937,843
Financial investments for yield-dependent contracts measured at fair value	-	-	-	-	-	-	-	99,129,990	99,129,990
Other financial investments measured at fair value	74,195	133,054	14,834	142,166	311,415	-	-	30,167,306	30,842,970
Other financial investments measured at depreciated cost	202,950	498,860	35,000	-	995,352	-	-	2,528,292	4,260,454
Financial investments for holders of certificates of deposit and structured bonds	-	-	-	-	-	-	105,000	-	105,000
Receivables and debit balances	447,589	-	1,149	-	82,251	-	-	711,282	1,242,271
Current tax assets	-	26,899	-	-	3,710	4,415	-	-	35,024
Insurance contract assets	-	-	-	-	-	-	-	1,186,540	1,186,540
Reinsurance contract assets	-	-	-	-	-	-	-	4,476,124	4,476,124
Credit assets for factoring, acquiring and financing	-	-	-	-	-	5,006,494	-	-	5,006,494
Equity-accounted investments	9,568	24,920	73,003	349,221	-	183,593	-	1,352,228	1,992,533
Investment property for yield-dependent contracts	-	-	-	-	-	-	-	2,501,503	2,501,503
Investment property - other	-	-	-	-	-	-	-	1,377,428	1,377,428
Property, plant, and equipment measured at fair value	-	-	-	52,203	-	-	-	1,469,083	1,521,286
Other property, plant and equipment	-	-	-	249,105	863	16,515	-	142,819	409,302
Credit for purchase of securities	1,025,000	-	110,000	-	-	-	-	-	1,135,000
Intangible assets	-	-	-	2,454,703	486,053	67,270	-	1,066,414	4,074,440
Costs of obtaining investment management service contracts	-	-	-	-	1,342,427	-	-	280,406	1,622,833
Deferred tax assets	-	-	-	92,278	-	24,808	-	433	117,519
Total assets	2,233,787	683,733	271,986	3,339,676	3,350,113	5,521,165	105,000	169,439,723	184,945,183
Loans and credit	2,345,874	1,183,399	356,730	-	611,548	4,361,938	-	7,404,710	16,264,199
Liabilities for derivative instruments	730,853	476,012	-	8,135	-	-	-	2,404,003	3,619,003
Liabilities for structured products	-	-	-	-	-	-	105,000	-	105,000
Payables and credit balances	458,724	-	246	-	208,400	-	-	1,624,139	2,291,509
Payable dividend	-	-	-	-	-	-	-	-	-
Liability for current taxes	-	46,272	-	-	167	18,152	-	306,103	370,694
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	38,817,552	38,817,552
Liabilities for non-yield-dependent investment contracts	-	-	-	-	1,118,839	-	-	-	1,118,839
Liabilities for insurance contracts	-	-	-	-	-	-	-	108,819,626	108,819,626
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	33,127	33,127
Liabilities for employee benefits, net	34,083	-	-	-	-	8,554	-	54,233	96,870
Liabilities for deferred taxes	-	-	-	46,783	109,840	-	-	697,823	854,446
Total liabilities	3,569,534	1,705,683	356,976	54,918	2,048,794	4,388,644	105,000	160,161,316	172,390,865
Total exposure	(1,335,747)	(1,021,950)	(84,990)	3,284,758	1,301,319	1,132,521	-	9,278,407	12,554,318

(*) 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 June 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	-	-	-	-	-	-	-	18,685,733	18,685,733
Other cash and cash equivalents	399,662	-	50,008	-	127,543	10,411	-	2,072,350	2,659,974
Financial investments for yield-dependent contracts measured at fair value	-	-	-	-	-	-	-	83,620,829	83,620,829
Other financial investments measured at fair value	120,505	36,230	44,151	164,542	243,326	-	-	26,424,530	27,033,284
Other financial investments measured at depreciated cost	399,688	483,629	44,000	-	955,584	-	-	2,537,031	4,419,932
Financial investments for holders of certificates of deposit and structured bonds	-	-	-	-	-	-	159,000	-	159,000
Receivables and debit balances	299,263	-	512	-	67,143	12,354	-	523,103	902,375
Current tax assets	-	22,420	-	-	4,482	1,405	-	-	28,307
Insurance contract assets	-	-	-	-	-	-	-	399,867	399,867
Reinsurance contract assets	-	-	-	-	-	-	-	4,637,957	4,637,957
Credit assets for factoring, acquiring and financing	-	-	-	-	-	4,445,491	-	-	4,445,491
Equity-accounted investments	37,239	22,761	280,347	197,752	-	-	-	1,458,554	1,996,653
Investment property for yield-dependent contracts	-	-	-	-	-	-	-	2,324,446	2,324,446
Investment property - other	-	-	-	-	-	-	-	1,267,814	1,267,814
Property, plant, and equipment measured at fair value	-	-	-	-	-	-	-	1,255,157	1,255,157
Other property, plant and equipment	-	-	-	231,809	1,342	17,012	-	153,775	403,938
Credit for purchase of securities	666,000	-	87,000	-	-	-	-	-	753,000
Intangible assets	-	-	-	2,266,169	487,013	15,355	-	1,071,579	3,840,116
Costs of obtaining investment management service contracts	-	-	-	-	1,191,063	-	-	158,610	1,349,673
Deferred tax assets	-	-	-	83,783	202	13,018	-	1,035	98,038
Total assets	1,922,357	565,040	506,018	2,944,055	3,077,698	4,515,046	159,000	146,592,370	160,281,584
Loans and credit	1,731,031	952,516	359,544	-	475,879	3,584,906	-	5,229,231	12,333,107
Liabilities for derivative instruments	797,000	235,000	244,000	-	-	-	-	1,339,708	2,615,708
Liabilities for structured products	-	-	-	-	-	-	158,000	-	158,000
Payables and credit balances	387,460	-	250	-	139,322	55,904	-	1,357,826	1,940,762
Payable dividend	-	-	-	-	-	-	-	-	-
Liability for current taxes	-	32,062	-	-	42	4,294	-	49,075	85,473
Liabilities for yield-dependent investment contracts	-	-	-	-	-	-	-	27,333,075	27,333,075
Liabilities for non-yield-dependent investment contracts	-	-	-	-	1,078,995	-	-	-	1,078,995
Liabilities for insurance contracts	-	-	-	-	-	-	-	103,465,188	103,465,188
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	15,752	15,752
Liabilities for employee benefits, net	32,911	-	-	-	-	7,339	-	55,354	95,604
Liabilities for deferred taxes	-	-	-	28,688	91,693	-	-	327,050	447,431
Total liabilities	2,948,402	1,219,578	603,794	28,688	1,785,931	3,652,443	158,000	139,172,259	149,569,095
Total exposure	(1,026,045)	(654,538)	(97,776)	2,915,367	1,291,767	862,603	1,000	7,420,111	10,712,489

(*) 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	32,929	24,432	-	443,001	-	-	-	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	2,199,363	718,963	133,101	3,207,977	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	(954,032)	(746,652)	(197,878)	3,159,300	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.

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

9.1. Events subsequent to the balance sheet date

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

9.2. 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	Unlinked	CPI-linked	Unlinked
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 June 30, 2025	NIS 398 million	NIS 1,027 million	NIS 1,062 million
CPI-linked nominal p.v. as of June 30, 2025	NIS 398 million	NIS 1,200 million	NIS 1,062 million
Carrying value of the bonds' outstanding balances as of June 30, 2025	Approx. NIS 398 million	Approx. NIS 1,138 million	Approx. NIS 953 million
Carrying value of interest payable as of June 30, 2025	Approx. NIS 3.8 million	Approx. NIS 0.9 million	-
Market value as of June 30, 2025 (1)	Approx. NIS 407 million	Approx. NIS 961 million	Approx. NIS 1,105 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 June 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 Series 4 bond 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 Series 5 bond 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 Series 6 bond 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 June 30, 2025 was approx. 2.91% (including Restricted Tier 1 capital instrument issued by Phoenix Insurance through Phoenix Capital Raising), and the Company's shareholders' equity as per its Separate Financial Statements as of June 30, 2025, was approx. NIS 12,184 million, which is higher than the above required shareholders' equity.

For further details, see Note 5 to the Company's financial statements as of June 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

August 24, 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 statement of financial position as of June 30, 2025, the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six 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 3.1% of total consolidated assets as of June 30, 2025, and whose revenues included in consolidation constitute approximately 2.3% and 1.6% of total consolidated revenues for the six 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 1,079,366 thousand as of June 30, 2025, and the Company's share in the earning amounted to approximately NIS 45,966 thousand and NIS 1,414 for the six 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,
August 24, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of June 30		As of
		2025	2024	December 31
		Unaudited		2024
		NIS thousand		Unaudited
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		19,970,629	18,685,733	17,724,306
Other cash and cash equivalents		3,937,843	2,659,974	2,742,027
Financial investments in respect of yield-dependent contracts measured at fair value	5A	99,129,990	83,620,829	93,777,952
Other financial investments measured at fair value	5B	30,842,970	27,033,284	28,782,965
Other financial investments measured at depreciated cost	5B	4,260,454	4,419,932	4,457,422
Financial investments for holders of certificates of deposit and structured bonds		105,000	159,000	110,000
Receivables and debit balances		1,242,271	902,375	1,298,222
Current tax assets		35,024	28,307	32,686
Insurance contract assets	3	1,186,540	399,867	766,337
Reinsurance contract assets	3	4,476,124	4,637,957	(**) 4,809,311
Credit assets for factoring, acquiring and financing	5C	5,006,494	4,445,491	4,970,234
Equity-accounted investments		1,992,533	1,996,653	2,002,294
Investment property in respect of yield-dependent contracts		2,501,503	2,324,446	2,425,542
Investment property - other		1,377,428	1,267,814	1,323,367
Property, plant, and equipment measured at fair value		1,521,286	1,255,157	1,388,725
Other property, plant and equipment		409,302	403,938	386,787
Credit for purchase of securities		1,135,000	753,000	1,022,000
Intangible assets		4,074,440	3,840,116	3,832,394
Costs of obtaining investment management service contracts		1,622,833	1,349,673	1,466,053
Deferred tax assets		117,519	98,038	101,984
Total assets		184,945,183	160,281,584	173,420,608
Total assets for yield-dependent contracts		121,733,691	104,901,319	114,264,373

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

	Note	As of June 30		As of
		2025	2024	December 31
		Unaudited		Unaudited
		NIS thousand		
Liabilities				
Loans and credit	5D	16,264,199	12,333,107	14,207,720
Liabilities in respect of derivative instruments	5D	3,619,003	2,615,708	2,981,586
Liabilities in respect of structured products		105,000	158,000	134,000
Payables and credit balances		2,291,509	1,940,762	(**) 2,334,776
Liability for current taxes		370,694	85,473	112,141
Liabilities in respect of yield-dependent investment contracts	3	38,817,552	27,333,075	32,751,129
Liabilities in respect of non-yield-dependent investment contracts (*)	3	1,118,839	1,078,995	1,101,836
Total liabilities in respect of insurance contracts	3	108,819,626	103,465,188	107,121,777
Liabilities in respect of reinsurance contracts	3	33,127	15,752	30,162
Liabilities for employee benefits, net		96,870	95,604	84,733
Liabilities in respect of deferred taxes		854,446	447,431	737,996
Total liabilities		172,390,865	149,569,095	161,597,856
Equity				
Share capital		316,903	314,728	315,764
Share premium		950,647	865,504	899,856
Treasury shares		(429,051)	(310,101)	(376,885)
Capital reserves		(207,635)	(96,093)	(185,645)
Surplus		11,553,350	9,595,813	10,836,804
Total equity attributable to Company's shareholders	6	12,184,214	10,369,851	11,489,894
Non-controlling interests		370,104	342,638	332,858
Total equity		12,554,318	10,712,489	11,822,752
Total current liabilities and equity		184,945,183	160,281,584	173,420,608

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

(**) Reclassified. For details, see Note 2, Section F below.

Benjamin Gabbay
Chairman of the Board

Eyal Ben Simon
CEO

Eli Schwartz
EVP, CFO

Approval date of the financial statements: August 24, 2025

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

	Note	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited NIS thousand				
Revenues from insurance services		4,809,895	4,542,578	2,448,583	2,281,815	9,278,187
Expenses from insurance services		3,666,505	3,381,356	1,970,275	1,640,114	6,929,538
Income from insurance services before reinsurance contracts held		1,143,390	1,161,222	478,308	641,701	2,348,649
Reinsurance expenses		733,475	709,459	364,213	353,063	1,498,950
Reinsurance revenues		714,999	423,042	572,537	174,693	887,815
Revenues (expenses), net from reinsurance contracts held		(18,476)	(286,417)	208,324	(178,370)	(611,135)
Income from insurance services	7	1,124,914	874,805	686,632	463,331	1,737,514
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts		6,073,453	6,795,712	5,265,862	1,519,468	13,996,077
Investment income from other investments, net						
Interest revenues calculated using the effective interest method		106,058	141,441	56,385	83,607	(*) 287,197
Losses (reversal of losses), net from impairment of financial assets		9,314	(15,070)	1,441	(108)	(30,166)
Other investment income (losses), net		1,594,012	254,819	1,415,588	(297,403)	2,446,205
Share in profits of equity-accounted investees		75,410	39,964	24,947	14,796	103,254
Total income (losses) from other investments, net		1,766,166	451,294	1,495,479	(198,892)	2,866,822
Total investment income, net		7,839,619	7,247,006	6,761,341	1,320,576	16,862,899
Finance expenses, net arising from insurance contracts		5,128,021	4,931,510	4,462,148	554,387	11,691,614
Finance income (expenses), net arising from reinsurance contracts		122,195	17,319	125,542	(58,329)	247,157
Increase in liabilities in respect of investment contracts due to the yield component		(1,720,410)	(2,034,949)	(1,546,058)	(694,720)	(3,763,568)
Net investment and finance income	8	1,113,383	297,866	878,677	13,140	1,654,874
Income, net from insurance and investment		2,238,297	1,172,671	1,565,309	476,471	3,392,388
Revenues from management fees		895,252	725,490	450,931	385,102	1,560,626
Revenues from Wealth & Investments		206,000	186,000	109,000	90,000	393,000
Revenues from credit and acquiring		236,732	208,292	119,126	106,088	432,213
Revenues from fees and commissions of Brokers & Advisors (Agencies)		376,392	309,984	182,083	174,492	645,410
Other operating expenses		1,172,277	996,529	619,431	524,200	2,178,695
Other expenses, net		(40,610)	(9,284)	(32,380)	(2,158)	(86,258)
Other finance expenses		331,581	235,277	206,976	135,360	491,629
Profit before income tax		2,408,205	1,361,347	1,567,662	570,435	3,667,055
Taxes on income		827,734	417,364	577,859	166,527	1,159,974
Income for the period		1,580,471	943,983	989,803	403,908	2,507,081
Attributable to:						
Company's shareholders		1,509,824	882,146	956,987	371,984	2,391,031
Non-controlling interests		70,647	61,837	32,816	31,924	116,050
Income for the period		1,580,471	943,983	989,803	403,908	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		6.01	3.49	3.81	1.47	9.51
Diluted earnings						
Income from continuing operations		5.97	3.47	3.79	1.47	9.44

(*) Reclassified. For details, see Note 2, Section F below.

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

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2025	2024	Unaudited		2024
	NIS thousand				
Income for the period	<u>1,580,471</u>	<u>943,983</u>	<u>989,803</u>	<u>403,908</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	-	-	-	-	(16,279)
Income from remeasurement of defined benefit plan for employees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239</u>
Total other comprehensive loss not to be subsequently carried to profit or loss before income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,040)</u>
Income tax associated with investment in equity instruments measured at fair value through other comprehensive income.	-	-	-	-	3,744
Income tax associated with items of other comprehensive income not to be subsequently carried to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42)</u>
Total other comprehensive loss not to be subsequently carried to profit or loss, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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	<u>(13,624)</u>	<u>7,559</u>	<u>(29,286)</u>	<u>7,998</u>	<u>(10,029)</u>
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax	<u>(13,624)</u>	<u>7,559</u>	<u>(29,286)</u>	<u>7,998</u>	<u>(10,029)</u>
Total other comprehensive income (loss) for the period, net of tax	<u>(13,624)</u>	<u>7,559</u>	<u>(29,286)</u>	<u>7,998</u>	<u>(22,367)</u>
Total comprehensive income for the period	<u>1,566,847</u>	<u>951,542</u>	<u>960,517</u>	<u>411,906</u>	<u>2,484,714</u>
Attributable to:					
Company's shareholders	1,496,200	889,705	927,701	379,982	2,368,692
Non-controlling interests	<u>70,647</u>	<u>61,837</u>	<u>32,816</u>	<u>31,924</u>	<u>116,022</u>
Comprehensive income for the period	<u>1,566,847</u>	<u>951,542</u>	<u>960,517</u>	<u>411,906</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-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 - bonus	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	-	-	-	1,509,824	-	-	-	-	-	1,509,824	70,647	1,580,471	
Other comprehensive loss	-	-	-	-	-	-	-	-	(13,624)	(13,624)	-	(13,624)	
Total comprehensive income (loss)	-	-	-	1,509,824	-	-	-	-	(13,624)	1,496,200	70,647	1,566,847	
Share-based payment	-	38,887	-	-	-	-	11,621	-	-	50,508	-	50,508	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(68,713)	(68,713)	
Acquisition of treasury shares (see Note 10D)	-	-	(52,166)	-	-	-	-	-	-	(52,166)	-	(52,166)	
Exercise of employee options	1,139	11,904	-	-	-	-	(13,043)	-	-	-	-	-	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,654	-	-	-	(1,654)	-	-	-	-	
Dividend (Note 10E)	-	-	-	(794,932)	-	-	-	-	-	(794,932)	-	(794,932)	
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	30,649	30,649	
Transaction with minority interest	-	-	-	-	(5,290)	-	-	-	-	(5,290)	(4,533)	(9,823)	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	9,196	9,196	
Balance as of June 30, 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	

(*) 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 - bonus	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total		
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	-	-	-	882,146	-	-	-	-	-	882,146	61,837	943,983
Other comprehensive income	-	-	-	-	-	-	-	-	7,559	7,559	-	7,559
Total comprehensive income	-	-	-	882,146	-	-	-	-	7,559	889,705	61,837	951,542
Share-based payment	-	(3,023)	-	-	-	-	12,638	-	-	9,615	-	9,615
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(43,375)	(43,375)
Acquisition of treasury shares	-	-	(116,235)	-	-	-	-	-	-	(116,235)	-	(116,235)
Exercise of employee options	1,388	8,182	-	-	-	-	(9,570)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,005	-	-	-	(2,005)	-	-	-	-
Dividend	-	-	-	(265,000)	-	-	-	-	-	(265,000)	-	(265,000)
Acquisition of minority interests	-	-	-	-	(4,598)	-	-	-	-	(4,598)	(6,529)	(11,127)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	7,432	7,432
Transaction with minority interest	-	-	-	-	(22,511)	-	-	-	-	(22,511)	-	(22,511)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	22,305	22,305
Balance as of June 30, 2024 (unaudited) (*)	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

(*) 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 - bonus	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total			
Unaudited													
NIS thousand													
Balance as of April 1, 2025	316,118	917,054	(397,659)	10,825,523	(469,870)	11,000	59,749	211,638	13,674	11,487,227	354,975	11,842,202	
Income	-	-	-	956,987	-	-	-	-	-	956,987	32,816	989,803	
Other comprehensive loss	-	-	-	-	-	-	-	-	(29,286)	(29,286)	-	(29,286)	
Total comprehensive income (loss)	-	-	-	956,987	-	-	-	-	(29,286)	927,701	32,816	960,517	
Share-based payment	-	25,157	-	-	-	-	8,692	-	-	33,849	-	33,849	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(24,422)	(24,422)	
Acquisition of treasury shares (see Note 10D)	-	-	(31,392)	-	-	-	-	-	-	(31,392)	-	(31,392)	
Exercise of employee options	785	8,436	-	-	-	-	(9,221)	-	-	-	-	-	
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	772	-	-	-	(772)	-	-	-	-	
Dividend (Note 10E)	-	-	-	(229,932)	-	-	-	-	-	(229,932)	-	(229,932)	
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	15,126	15,126	
Transaction with minority interest	-	-	-	-	(3,239)	-	-	-	-	(3,239)	(4,475)	(7,714)	
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	(3,916)	(3,916)	
Balance as of June 30, 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	

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 - bonus	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total		
Unaudited (*)												
NIS thousand												
Balance as of April 1, 2024	313,664	863,725	(193,866)	9,222,826	(416,732)	11,000	69,668	227,939	7,602	10,105,826	304,581	10,410,407
Income	-	-	-	371,984	-	-	-	-	-	371,984	31,924	403,908
Other comprehensive income	-	-	-	-	-	-	-	-	7,998	7,998	-	7,998
Total comprehensive income	-	-	-	371,984	-	-	-	-	7,998	379,982	31,924	411,906
Share-based payment	-	(3,439)	-	-	-	-	9,189	-	-	5,750	-	5,750
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(18,974)	(18,974)
Acquisition of treasury shares	-	-	(116,235)	-	-	-	-	-	-	(116,235)	-	(116,235)
Exercise of employee options	1,064	5,218	-	-	-	-	(6,282)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,003	-	-	-	(1,003)	-	-	-	-
Acquisition of minority interests	-	-	-	-	(4,598)	-	-	-	-	(4,598)	(8,829)	(13,427)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	7,432	7,432
Transaction with minority interest	-	-	-	-	(874)	-	-	-	-	(874)	4,199	3,325
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	22,305	22,305
Balance as of June 30, 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

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

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 six months ended June 30		For the three months ended June 30		For the year ended December 31
		2025	2024	2025	2024	2024
				Unaudited		
Appendix		NIS thousand				
<u>Cash flows from operating activities</u>						
Income for the period		1,580,471	943,983	989,803	403,908	2,507,081
Adjustments required to present cash flows from operating activities		(a)	1,236,848	234,155	1,423,442	364,086
Net cash provided by (used for) operating activities			2,817,319	1,178,138	2,413,245	767,994
<u>Cash flows used for investing activities</u>						
Purchase of property, plant and equipment			(171,121)	(169,909)	(83,977)	(71,287)
Proceeds from disposal of property, plant and equipment			56	500	53	-
Investment in associates			(199,808)	(425,217)	(192,766)	(153,383)
Dividend from associates			8,516	9,074	3,488	6,519
Acquisition of consolidated companies consolidated for the first time		(b)	(41,980)	(56,343)	(666)	(56,184)
Acquisition of minority interest in a consolidated company			(7,186)	-	(4,937)	-
Change in loans granted to associates			(178)	442	(178)	802
Proceeds from disposal of investment in associate			167,920	157,360	44,537	107,229
Disposal of intangible assets			1,346	1,287	1,346	-
Acquisition and capitalization of intangible assets costs			(245,099)	(321,053)	(134,923)	(72,589)
Net cash used for investing activities			(487,534)	(803,859)	(368,023)	(238,893)
<u>Cash flows provided by financing activities</u>						
Acquisition of Company shares			(52,166)	(116,235)	(31,392)	(116,235)
Issuance of shares to non-controlling interests in a consolidated company			-	-	-	-
Repayment of contingent liability in respect of a put option to non-controlling interests			(6,000)	(5,011)	-	(5,011)
Short-term credit from banks, net			(93,479)	66,000	77,355	7,000
Repayment of financial liabilities			(858,568)	(714,003)	(722,108)	(270,485)
Dividend to shareholders			(794,932)	(265,000)	(229,932)	(265,000)
Repayment of lease liability principal			(11,645)	(28,289)	(2,237)	(14,222)
Issuance of financial liabilities			2,687,312	1,046,429	2,066,405	771,621
Change in liability for REPO, net			310,545	(1,325,658)	303,250	109,081
Dividend paid to non-controlling interests			(68,713)	(43,375)	(24,422)	(18,974)
Net cash provided by (used in) financing activities			1,112,354	(1,385,142)	1,436,919	197,775
<u>Increase (decrease) in cash and cash equivalents</u>			3,442,139	(1,010,863)	3,482,141	726,876
<u>Balance of cash and cash equivalents at beginning of period</u>		(d)	20,466,333	22,356,570	20,426,331	20,618,831
<u>Balance of cash and cash equivalents at end of period</u>		(d)	23,908,472	21,345,707	23,908,472	21,345,707

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

	For the six months ended June 30		For the three months ended June 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	(6,021,709)	(6,288,596)	(5,321,192)	(1,251,354)	(13,008,517)
Change in fair value of investment property in respect of yield-dependent contracts	-	(6,821)	-	(6,821)	(37,216)
Net (gains) losses on other financial investments	(1,655,736)	(490,941)	(1,449,097)	172,376	(2,929,210)
Depreciation and amortization	277,667	250,084	133,565	111,935	562,147
Loss from disposal of property, plant and equipment	(90)	-	-	(3)	(606)
Change in fair value of investment property	-	(3,409)	-	(3,409)	(5,098)
Gain (loss) on notional disposal as a result of assuming control of an investee	(26,763)	966	(10,125)	-	966
Change in financial liabilities	628,867	238,709	93,847	391,866	628,772
Income tax expenses	827,734	417,364	577,859	166,527	1,159,974
Share in profits of equity-accounted investees	(75,410)	(39,964)	(24,947)	(14,796)	(103,254)
Payroll expenses in respect of share-based payment	42,270	20,070	23,818	14,321	44,908
<u>Changes in other on-balance sheet line items, net:</u>					
Change in liabilities in respect of non-yield-dependent investment contracts	17,003	15,902	15,153	14,307	38,742
Change in liabilities in respect of yield-dependent investment contracts	6,066,423	7,800,231	3,194,596	1,787,413	13,218,285
Change in liabilities in respect of insurance contracts	1,697,849	(3,309,030)	3,422,213	(943,037)	347,559
Changes in liabilities for reinsurance contracts	2,965	(21,939)	2,737	(14,290)	(7,529)
Change in liabilities for notes, ETFs	(29,000)	(13,000)	(9,000)	6,000	(37,000)
Change in financial investments for holders of ETFs, certificates of deposit	5,000	14,000	10,000	(6,000)	63,000
Change in credit assets for factoring, acquiring and financing	(7,552)	(153,137)	(21,659)	(190,124)	(677,880)
Change in insurance contract assets	(420,203)	8,013	(335,197)	65,449	(358,457)
Change in reinsurance contract assets	80,271	(85,559)	(89,913)	(11,642)	(*) (256,913)
Change in costs of obtaining investment management service contracts	(156,780)	(68,374)	(69,779)	(21,576)	(184,754)
Change in liabilities for employee benefits, net	12,131	20,034	5,741	(1,773)	9,293
Change in receivables and debit balances	54,605	69,237	(151,288)	35,470	(301,050)
Change in payables and credit balances	173,857	281,727	(271,651)	226,552	(*) 670,400
Change in credit for purchase of securities	(113,000)	(36,000)	80,000	(71,000)	(305,000)
Change in loans granted to associates	(1,688)	(2,267)	(1,605)	(1,936)	(1,129)
<u>Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:</u>					
Acquisition of real estate properties	(75,961)	(34,562)	(27,007)	(16,876)	(105,263)
Sale of financial investments, net	669,671	1,230,770	1,989,170	173,003	(2,206,432)
<u>Financial investments and other investment property:</u>					
Sales (acquisitions), net of financial investments	(236,009)	660,283	(139,957)	(140,945)	1,305,856
Acquisition of real estate properties	(54,061)	(25,881)	(20,091)	(11,624)	(79,745)
<u>Cash paid and received during the year for:</u>					
Taxes paid	(522,847)	(248,015)	(182,749)	(128,345)	(804,415)
Taxes received	77,344	34,260	-	34,418	150,944
Total cash flows provided by operating activities	1,236,848	234,155	1,423,442	364,086	(3,208,622)

(*) Reclassified.

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

		For the six months ended June 30		For the three months ended June 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited				
		NIS thousand				
(b)	Acquisition of consolidated companies consolidated for the first time					
	Assets and liabilities of the consolidated companies as of acquisition date:					
	Working capital (excluding cash and cash equivalents)	35,697	19,769	15,358	19,664	22,264
		-	(3,238)		(3,238)	
	Property, plant and equipment, net	(547)	(3,317)	227	(1,679)	(4,539)
	Goodwill arising from acquisition	(170,570)	(36,868)	(15,596)	(36,868)	(57,241)
	Intangible assets	(48,725)	(78,951)	(119)	(74,878)	(82,958)
	Deferred taxes	15,258	17,507	6,967	17,373	18,398
	Minority interests	9,196	22,305	(3,916)	22,305	17,995
	Disposal of investment in an associate	104,717	-	10,423	-	-
	Financial liabilities	16,660	1,061	(10,344)	-	7,719
	Liabilities for employee benefits	6	-	6	-	1,273
	Financial assets	(3,672)	1,164	(3,672)	1,164	(3,907)
	Loan from parent company	-	4,225	-	(27)	4,225
		(41,980)	(56,343)	(666)	(56,184)	(76,771)
(c)	Cash and cash equivalents					
	Balance of cash and cash equivalents at beginning of period:					
	Cash and cash equivalents	2,742,027	3,053,023	2,556,477	2,728,652	3,053,023
	Cash and cash equivalents in respect of yield-dependent contracts	17,724,306	19,303,547	17,869,854	17,890,179	19,303,547
		20,466,333	22,356,570	20,426,331	20,618,831	22,356,570
	Balance of cash and cash equivalents at end of period:					
	Cash and cash equivalents	3,937,843	2,659,974	3,937,843	2,659,974	2,742,027
	Cash and cash equivalents in respect of yield-dependent contracts	19,970,629	18,685,733	19,970,629	18,685,733	17,724,306
		23,908,472	21,345,707	23,908,472	21,345,707	20,466,333
(d)	Significant non-cash activities					
	Payable dividend	-	-	-	(265,000)	-
	Recognition of right-of-use asset against a lease liability	(39,695)	(111,346)	(16,267)	(49,420)	(127,351)
	Breakdown of amounts included in					
(e)	operating activities					
	Interest paid	154,839	187,887	80,657	103,917	429,465
	Interest received	393,351	670,679	270,148	421,335	1,329,157
	Dividend received	35,106	26,990	25,279	21,770	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 June 30, 2025 and for the six- 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 six- and three-month periods ended June 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 June 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. For details regarding the restructuring, see Section C.
Gama	Gama Management and Clearing Ltd., a subsidiary wholly-owned by The Company. For details regarding the restructuring, see Section C.
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.

NOTE 1 - GENERAL (cont.)

B. Definitions (cont.)

Phoenix Advanced Investments	- Phoenix Advanced Investments Ltd., a wholly-owned subsidiary of Phoenix Capital Partners.
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

During the Reporting Period, the Company transferred to Phoenix Capital Partners the entire Wealth & Investments business carried out in Phoenix Investments prior to the merger date and ownership interests 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 Phoenix Agencies' Board of Directors, 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. It is noted that the Company intends to use the dormant shares (which were acquired in 2021) to execute the private placement; for further details, see Note 11D.

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 is involved in an armed conflict and military operational activity of varying intensities and in a number of fronts. The War and all of the activities in the various fronts have an adverse effect on the Israeli economy. As of the report date, the fighting in Gaza was resumed at varying intensity.

Due to the War, the international rating agencies downgraded the State of Israel’s credit rating. The abovementioned rating downgrade also affected Phoenix Insurance’s international rating. However, on July 9, 2025, the international credit rating agency S&P Global Ratings reiterated Phoenix Insurance’s ‘A-’ international rating with a stable outlook, citing, among other things, that Phoenix Insurance has sufficient capital buffers to protect it from political and economic instability. For further details, see the immediate report dated July 9, 2025 (Ref. No.: 2025-01-050794). In addition, on July 10, 2025, the international credit rating agency Moody’s reiterated Phoenix Insurance’s existing Baa1 rating with a stable outlook, citing, among other things, Phoenix Insurance’s retaining the resilience of its capital surplus and liquidity, and its prominent position in the Israeli market. For further details, see the immediate report dated July 10, 2025 (Ref. No.: 2025-01-020871).

On June 13, 2025, and concurrently with the War, Operation Rising Lion has started with a surprise attack by the Israeli Air Force on strategic targets in Iran. The surprise attack led to ballistic missiles being fired at Israel, causing fatalities, injuries and damage to property on the Israeli side. The Operation ended with a ceasefire on June 24, 2025.

Due to its activity, the Phoenix group is exposed to declines in the financial markets, a slowdown in activity, and to other risks arising from the War.

At this stage, there is uncertainty as to the development of the War, its scope and duration. Therefore, at this stage it is impossible to assess the full effect of the War on the Company and its results in the medium 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 regarding Insurance Contracts and IFRS 9 regarding 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 six- and three-month periods ended June 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.

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

1. Classification of insurance contracts and reinsurance contracts

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 upon 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 the initial recognition date, 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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

5. Cash flow for insurance acquisition (cont.)

- 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 boundary of a contract 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.

Cash flows are within the boundary of a reinsurance contract 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

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).

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.

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.)

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:

- Effect of new contracts added to the group;

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.)

- 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 fulfilment 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 fulfilment cash flows, changes relating to future services are measured using current discount rates, but the CSM is adjusted to reflect these changes using the discount rates set in the initial recognition. The implementation of the two different interest rates generates a profit or loss, which is recognized under insurance finance income or expenses.

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 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 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 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 obligation 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.

The 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;
- 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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

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

Subsequent measurement (cont.)

- 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 modifications to the 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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

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;
- (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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

13. Disclosure and presentation (cont.)

Insurance service results (cont.)

- (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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Insurance contracts (cont.)

13. Disclosure and presentation (cont.)

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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

1. Financial assets (cont.)

The Company measures debt instruments at amortized cost when: (cont.)

At the 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.

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:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

2. Impairment of financial assets (cont.)

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;

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Financial instruments (cont.)

2. Impairment of financial assets (cont.)

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.

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.

Upon 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, that is to say, 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:

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 is extinguished, 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 extinguishment of the portfolio, 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 is extinguished, 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 separated. 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.)**

- The following assessments were made based on the facts and circumstances as of the transition date: (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	As of January 1, 2024, according to IFRS
			Audited	
		NIS thousand		
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
1	Other financial investments measured at fair value	14,198,423	13,468,200	(*)27,666,623
1	Other financial investments measured at depreciated cost	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
6	Insurance contract assets	-	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
2	Collectible premium	998,295	(998,295)	-
2	Deferred acquisition costs	1,404,972	(1,404,972)	-
3	Costs of obtaining investment management service contracts	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 in respect of derivative instruments		2,531,385	-	2,531,385
4	Payables and credit balances	3,669,165	(2,083,607)	1,585,558
Liability for current taxes		74,408	-	74,408
Liabilities in respect of yield-dependent investment contracts		23,787,779	-	23,787,779
Liabilities for non-yield-dependent investment contracts		1,063,093	-	1,063,093
7	Total liabilities in respect of insurance contracts	103,719,615	3,054,603	106,774,218
Liabilities in respect of reinsurance contracts			37,691	37,691
Liabilities for employee benefits, net		74,406	-	74,406
8	Liabilities in respect of deferred taxes	764,322	(381,234)	383,088
Liabilities in respect of 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
5	Capital reserves	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

(*) Reclassified. For 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.)

(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 June 30, 2024:

		As of June 30, 2024, as previously reported	Effect of first-time application	As of June 30, 2024, according to IFRSs
			Unaudited	
			NIS thousand	
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		18,685,733	-	18,685,733
Other cash and cash equivalents		2,659,974	-	2,659,974
Financial investments in respect of yield-dependent contracts measured at fair value		83,620,829	-	83,620,829
Other financial investments measured at fair value	1	14,100,089	12,933,195	27,033,284
Other financial investments measured at depreciated cost	1	16,218,662	(11,798,730)	4,419,932
Financial investments for holders of certificates of deposit and structured bonds		159,000	-	159,000
Receivables and debit balances		988,403	(86,028)	902,375
Current tax assets		28,307	-	28,307
Insurance contract assets	6	-	399,867	399,867
Reinsurance contract assets		4,073,853	564,104	4,637,957
Credit assets for factoring, acquiring and financing		4,445,491	-	4,445,491
Equity-accounted investments		1,996,653	-	1,996,653
Investment property in respect of yield-dependent contracts		2,324,446	-	2,324,446
Investment property - other		1,267,814	-	1,267,814
Property, plant, and equipment measured at fair value		1,255,157	-	1,255,157
Other property, plant and equipment		403,938	-	403,938
Credit for purchase of securities		753,000	-	753,000
Intangible assets and goodwill		3,840,116	-	3,840,116
Collectible premium	2	931,970	(931,970)	-
Deferred acquisition costs	2	1,423,970	(1,423,970)	-
Costs of obtaining investment management service contracts	3	1,349,673	-	1,349,673
Deferred tax assets		98,038	-	98,038
Total assets		160,625,116	(343,532)	160,281,584
Total assets for yield-dependent contracts		104,901,319	-	104,901,319
Liabilities				
Loans and credit		12,333,107	-	12,333,107
Liabilities in respect of derivative instruments		2,615,708	-	2,615,708
Liabilities in respect of structured products		158,000	-	158,000
Payables and credit balances	4	3,837,213	(1,896,451)	1,940,762
Liability for current taxes		85,473	-	85,473
Liabilities in respect of yield-dependent investment contracts	7	27,147,626	185,449	27,333,075
Liabilities for non-yield-dependent investment contracts		1,078,995	-	1,078,995
Total liabilities in respect of insurance contracts		101,359,613	2,105,575	103,465,188
Liabilities in respect of reinsurance contracts			15,752	15,752
Liabilities for employee benefits, net		95,604	-	95,604
Liabilities in respect of deferred taxes	8	715,501	(268,070)	447,431
Total liabilities		149,426,840	142,255	149,569,095
Equity				
Share capital		314,728	-	314,728
Share premium		865,504	-	865,504
Treasury shares		(310,101)	-	(310,101)
Capital reserves	5	1,106,322	(1,202,415)	(96,093)
Surplus		8,872,143	723,670	9,595,813
Total equity attributable to Company's shareholders		10,848,596	(478,745)	10,369,851
Non-controlling interests		349,680	(7,042)	342,638
Total equity		11,198,276	(485,787)	10,712,489

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		
<u>Assets</u>			
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
Other financial investments measured at fair value	1 15,932,536	12,850,429	28,782,965
Other financial investments measured at depreciated cost	1 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
Insurance contract assets	6 -	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
Collectible premium	2 825,140	(825,140)	-
Deferred acquisition costs	2 1,381,910	(1,381,910)	-
Costs of obtaining investment management service contracts	3 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
<u>Liabilities</u>			
Loans and credit	14,207,720	-	14,207,720
Liabilities in respect of derivative instruments	2,981,586	-	2,981,586
Liabilities in respect of structured products	134,000	-	134,000
Payables and credit balances	4 4,129,300	(1,794,524)	(*) 2,334,776
Liability for current taxes	112,141	-	112,141
Liabilities in respect 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
Total liabilities in respect of insurance contracts	7 104,167,924	2,953,853	107,121,777
Liabilities in respect of reinsurance contracts	-	30,162	30,162
Liabilities for employee benefits, net	84,733	-	84,733
Liabilities in respect of deferred taxes	8 975,977	(237,981)	737,996
Total liabilities	160,317,979	1,279,877	161,597,856
<u>Equity</u>			
Share capital	315,764	-	315,764
Share premium	899,856	-	899,856
Treasury shares	5 (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

(*) Reclassified. For 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.)

(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 Return 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 in respect of 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 in respect of available-for-sale financial assets were 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 in respect of 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 June 30, 2024:

	Life and Long-Term Savings	Health	P&C Insurance	Total
	NIS thousand			
	Unaudited			
Contractual service margin (CSM)				
Contractual service margin (CSM), gross	3,606,253	7,525,170	-	11,131,423
Contractual service margin (CSM), reinsurance	439,581	1,152,866	-	1,592,447
Contractual service margin (CSM), net	3,166,672	6,372,304	-	9,538,976
Risk adjustment (RA)				
Risk adjustment (RA), gross	683,373	1,377,065	505,434	2,565,872
Risk adjustment (RA), reinsurance	95,283	313,989	200,628	609,900
Risk adjustment (RA), net	588,090	1,063,076	304,806	1,955,972

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, 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, 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 the Statement of Comprehensive Income line items:

Following is a reconciliation between the Statement of Comprehensive Income for the six-month period ended June 30, 2024, as previously reported, and the Statement of Comprehensive Income according to the IFRS:

Line items of the statement of comprehensive income in accordance with IFRS 4 and IAS 39	Amount	Adjustments Unaudited NIS thousand	Amount	Line items of the statement of comprehensive income in accordance with IFRS 17 and IFRS 9
Premiums earned, gross	5,318,071			
Revenues from management fees for insurance contracts	227,793			
	5,545,864	(1,003,286)	1	4,542,578 Revenues from insurance services
Payments and change in liabilities in respect of insurance contracts	8,878,225			
Fees and commissions, marketing expenses and other acquisition costs for insurance contracts	924,421			
General and administrative expenses for insurance contracts	323,704			
	10,126,350	(6,744,994)	2	3,381,356 Expenses from insurance services
				1,161,222 Income from insurance services before reinsurance contracts held
Premiums earned by reinsurers	806,863	(97,404)	3	709,459 Reinsurance expenses
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	437,842	(14,800)	4	423,042 Reinsurance revenues
				(286,417) Revenues (expenses), net from reinsurance contracts held
Revenues from reinsurance fees and commissions	171,896	(171,896)	4	874,805 Income (loss) from insurance services
Investment income (losses), net and finance income from assets held against insurance contracts and yield-dependent investment contracts	6,795,712	-		Investment income, net from assets held against insurance contracts and yield-dependent investment contracts
		141,441		Income (losses) from other investments, net:
		(15,070)		Interest revenues calculated using the effective interest method
				Impairment losses (reversal of impairment losses) for financial assets
Investment income (losses), net and finance income from other investments	681,438	(426,619)	5	254,819 Other investment income, net
Share in earnings (losses) of equity-accounted subsidiaries	39,964	-		Share in profits of equity-accounted subsidiaries closely related to the investing activity
				451,294 Total income (losses) from other investments, net
				7,247,006 Total investment income (losses), net
		4,931,510	6	4,931,510 Finance expenses (revenues), net arising from insurance contracts
		17,319	6	17,319 Finance income (expenses), net arising from reinsurance contracts

Payments and change in liabilities in respect of investment contracts, gross	(1,992,605)	(42,344)	(2,034,949)	Decrease (increase) in liabilities for investment contracts due to the yield component
			297,866	Income (loss) from investments and finance, net
			1,172,671	Income (loss), net from insurance and investment
Revenues from management fees not from insurance contracts	725,490	-	725,490	Revenues from management fees not from insurance contracts
Revenues from financial and other services	186,000	-	186,000	Revenues from financial and other services
Operating revenues from Financing (Credit)	208,292	-	208,292	Operating revenues from Financing (Credit)
				Revenues from fees and commissions of Brokers & Advisors (Agencies)
Revenues from fees and commissions of Brokers & Advisors (Agencies)	309,984	-	309,984	Revenues from fees and commissions of Brokers & Advisors (Agencies)
Other operating expenses	919,405	77,124	996,529	Other operating expenses
Other revenues (expenses), net	(31,189)	21,905	(9,284)	Other revenues (expenses), net
Other finance expenses	259,081	(23,804)	235,277	Other finance expenses
Income (loss) before income tax	966,989	394,358	1,361,347	Income (loss) before income tax
Taxes on income	275,803	141,561	417,364	Taxes on income
Income (loss) for the period	691,186	252,797	943,983	Income (loss) for the period
Other comprehensive income (loss):				Other comprehensive income (loss):
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:				Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:
Net change in fair value of available for sale financial assets, carried to capital reserves	201,444	(201,444)		
Net change in fair value of available for sale financial assets carried to the income statement	(289,641)	289,641		
Impairment gain of available-for-sale financial assets carried to the income statement	139,989	(139,989)		
Company's share in other comprehensive loss, net of equity-accounted companies	7,559	-	7,559	Company's share in other comprehensive loss, net of equity-accounted companies
Tax effect	(28,397)	28,397	-	Tax effect
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax	30,954	(23,395)	7,559	Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax
Total other comprehensive income (loss) for the period, net of tax	30,954	(23,395)	7,559	Total other comprehensive income (loss) for the period, net of tax
Total comprehensive income for the period	722,140	229,402	951,542	Total comprehensive income for the period
Attributable to:				Attributable to:
Company's shareholders	667,030	222,675	889,705	Company's shareholders
Non-controlling interests	55,110	6,727	61,837	Non-controlling interests
Comprehensive income for the period	722,140	229,402	951,542	Comprehensive income for the period

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 the Statement of Comprehensive Income line items: (cont.)

Following is a reconciliation between the Statement of Comprehensive Income for the three-month period ended June 30, 2024, as previously reported, and the Statement of Comprehensive Income according to the IFRS:

Line items of the statement of comprehensive income in accordance with IFRS 4 and IAS 39	Amount	Adjustments Unaudited NIS thousand		Amount	Line items of the statement of comprehensive income in accordance with IFRS 17 and IFRS 9
Premiums earned, gross	2,656,580				
Revenues from management fees for insurance contracts	111,297				
	2,767,877	(486,062)	1	2,281,815	Revenues from insurance services
Payments and change in liabilities in respect of insurance contracts	2,592,363				
Fees and commissions, marketing expenses and other acquisition costs for insurance contracts	487,602				
General and administrative expenses for insurance contracts	164,122				
	3,244,087	(1,603,973)	2	1,640,114	Expenses from insurance services
				641,701	Income from insurance services before reinsurance contracts held
Premiums earned by reinsurers	405,777	(52,714)	3	353,063	Reinsurance expenses
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	184,859	(10,166)	4	174,693	Reinsurance revenues
				(178,370)	Revenues (expenses), net from reinsurance contracts held
Revenues from reinsurance fees and commissions	76,499	(76,499)	4	463,331	Income (loss) from insurance services
Investment income (losses), net and finance income from assets held against insurance contracts and yield-dependent investment contracts	1,519,468	-		1,519,468	Investment income, net from assets held against insurance contracts and yield-dependent investment contracts
		83,607		83,607	Income (losses) from other investments, net:
		(108)		(108)	Interest revenues calculated using the effective interest method
Investment income (losses), net and finance income from other investments	242,616	(540,019)	5	(297,403)	Impairment losses (reversal of impairment losses) for financial assets
Share in profits of equity-accounted investees	14,796	-		14,796	Other investment income, net
				(198,892)	Share in profits of equity-accounted subsidiaries closely related to the investing activity
				1,320,576	Total income (losses) from other investments, net
		554,387	6	554,387	Total investment income (losses), net
		(58,329)	6	(58,329)	Finance expenses (revenues), net arising from insurance contracts
Payments and change in liabilities in respect of investment contracts, gross	(651,034)	(43,686)		(694,720)	Finance income (expenses), net arising from reinsurance contracts
				13,140	Decrease (increase) in liabilities for investment contracts due to the yield component
				476,471	Income (loss) from investments and finance, net
Revenues from management fees not from insurance contracts	385,102	-		385,102	Income (loss), net from insurance and investment
Revenues from financial and other services	90,000	-		90,000	Revenues from management fees not from insurance contracts
Operating revenues from Financing (Credit)	106,088	-		106,088	Revenues from financial and other services
					Operating revenues from Financing (Credit)
Revenues from fees and commissions of Brokers & Advisors (Agencies)	174,492	-		174,492	Revenues from fees and commissions of Brokers & Advisors (Agencies)

Other operating expenses	470,090	54,110	524,200	Other operating expenses
Other revenues (expenses), net	(13,151)	10,993	(2,158)	Other revenues (expenses), net
Other finance expenses	147,681	(12,321)	135,360	Other finance expenses
Income (loss) before income tax	629,977	(59,542)	570,435	Income (loss) before income tax
Taxes on income	187,058	(20,531)	166,527	Taxes on income
Income (loss) for the period	442,919	(39,011)	403,908	Income (loss) for the period
Other comprehensive income (loss):				Other comprehensive income (loss):
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:				Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:
Net change in fair value of available for sale financial assets, carried to capital reserves	(615)	615		
Net change in fair value of available for sale financial assets carried to the income statement	(134,258)	134,258		
Impairment gain of available-for-sale financial assets carried to the income statement	69,956	(69,956)		
Company's share in other comprehensive loss, net of equity-accounted companies	7,998	-	7,998	Company's share in other comprehensive loss, net of equity-accounted companies
Tax effect	22,194	(22,194)	-	Tax effect
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax	(34,725)	42,723	7,998	Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax
Total other comprehensive income (loss) for the period, net of tax	(34,725)	42,723	7,998	Total other comprehensive income (loss) for the period, net of tax
Total comprehensive income for the period	408,194	3,712	411,906	Total comprehensive income for the period
Attributable to:				Attributable to:
Company's shareholders	382,997	(3,015)	379,982	Company's shareholders
Non-controlling interests	25,197	6,727	31,924	Non-controlling interests
Comprehensive income for the period	408,194	3,712	411,906	Comprehensive income for the period

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 the Statement of Comprehensive Income line items: (cont.)

Following is a reconciliation between the Statement of Comprehensive Income for 2024, as previously reported, and the Statement of Comprehensive Income according to the IFRS:

Line items of the statement of comprehensive income in accordance with IFRS 4 and IAS 39			Line items of the statement of comprehensive income in accordance with IFRS 17 and IFRS 9		
	Amount	Adjustments Unaudited NIS thousand	Amount		
Premiums earned, gross	10,868,714				
Revenues from management fees for insurance contracts	565,722	-			
	11,434,436	(2,156,249)	1	9,278,187	Revenues from insurance services
Payments and change in liabilities in respect of insurance contracts (*)	18,689,769				
Fees and commissions, marketing expenses and other acquisition costs for insurance contracts	1,942,271				
General and administrative expenses for insurance contracts	621,791				
	21,253,831	(14,324,293)	2	6,929,538	Expenses from insurance services
				2,348,649	Income from insurance services before reinsurance contracts held
Premiums earned by reinsurers	1,661,159	(162,209)	3	1,498,950	Reinsurance expenses
Share of reinsurers in payments and changes in liabilities in respect of insurance contracts	912,513	(24,698)	4	887,815	Reinsurance revenues
				(611,135)	Revenues (expenses), net from reinsurance contracts held
Revenues from reinsurance fees and commissions	362,548	(362,548)		1,737,514	Income (loss) from insurance services
Investment income, net and finance income from assets held against insurance contracts and yield-dependent investment contracts	13,996,077	-		13,996,077	Investment income, net from assets held against insurance contracts and yield-dependent investment contracts
		287,197		287,197	Income (losses) from other investments, net:
		(30,166)		(30,166)	Interest revenues calculated using the effective interest method
Investment income (losses), net and finance income from other investments	2,330,009	116,196	5	2,446,205	Impairment losses (reversal of impairment losses) for financial assets
					Other investment income, net
Share in earnings (losses) of equity-accounted subsidiaries	103,254	-		103,254	Share in profits of equity-accounted subsidiaries closely related to the investing activity
				2,866,822	Total income (losses) from other investments, net
				16,862,899	Total investment income (losses), net
		11,691,614	6	11,691,614	Finance expenses (revenues), net arising from insurance contracts
		247,157	6	247,157	Finance income (expenses), net arising from reinsurance contracts
Payments and change in liabilities in respect of investment contracts, gross (*)	(3,740,446)	(23,122)		(3,763,568)	Decrease (increase) in liabilities for investment contracts due to the yield component
				1,654,874	Income (loss) from investments and finance, net
				3,392,388	Income (loss), net from insurance and investment
Revenues from management fees not from insurance contracts	1,560,626	-		1,560,626	Revenues from management fees not from insurance contracts
Revenues from financial and other services	393,000	-		393,000	Revenues from financial and other services
Operating revenues from Financing (Credit)	432,213	-		432,213	Operating revenues from Financing (Credit)
Revenues from fees and commissions of Brokers & Advisors (Agencies)	645,410	-		645,410	Revenues from fees and commissions of Brokers & Advisors (Agencies)
Other operating expenses	2,074,906	103,789		2,178,695	Other operating expenses
Other revenues (expenses), net	(115,899)	29,641		(86,258)	Other revenues (expenses), net
Other finance expenses	547,439	(55,810)		491,629	Other finance expenses
Income (loss) before income tax	2,776,406	890,649		3,667,055	Income (loss) before income tax
Taxes on income	846,190	313,784		1,159,974	Taxes on income
Income (loss) for the period	1,930,216	576,865		2,507,081	Income (loss) for the period
Other comprehensive income (loss):					Other comprehensive income (loss):
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:					Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:
Net change in fair value of available for sale financial assets, carried to capital reserves	763,548	(763,548)			
Net change in fair value of available for sale financial assets carried to the income statement	(505,378)	505,378			

Impairment gain of available-for-sale financial assets carried to the income statement	203,697	(203,697)		
Company's share in other comprehensive loss, net of equity-accounted companies	(10,029)	-	(10,029)	Company's share in other comprehensive loss, net of equity-accounted companies
Tax effect	(170,532)	170,532	-	Tax effect
Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax	281,306	(291,335)	(10,029)	Total other comprehensive income (loss) which has been or will be carried to profit or loss, net of tax
			-	
Items of other comprehensive income which will not be carried to profit or loss:				Items of other comprehensive income which will not be carried to profit or loss:
Revaluation of property, plant, and equipment	(16,279)		(16,279)	Revaluation of property, plant, and equipment
Actuarial gain (loss) in respect of defined benefit plans	239		239	Actuarial gain (loss) in respect of defined benefit plans
Tax effect	3,702		3,702	Tax effect
Total components of other comprehensive income which will not be subsequently reclassified to profit or loss	(12,338)		(12,338)	Total components of other comprehensive income that will not be subsequently reclassified to profit or loss
Total other comprehensive income (loss) for the period, net of tax	268,968	(291,335)	(22,367)	Total other comprehensive income (loss) for the period, net of tax
Total comprehensive income for the period	2,199,184	285,530	2,484,714	Total comprehensive income for the period
Attributable to:				Attributable to:
Company's shareholders	2,086,822	281,870	2,368,692	Company's shareholders
Non-controlling interests	112,362	3,660	116,022	Non-controlling interests
Comprehensive income for the period	2,199,184	285,530	2,484,714	Comprehensive income for the period

(*) Reclassified. For 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.)

(b) Effect of first-time application of IFRS 17 and IFRS 9 on the Statement of Comprehensive Income line items: (cont.)

1. The adjustments are mainly due to the fact that 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.
2. The main adjustments arise from investment components/premium repayments in the savings policies, which are not recognized in insurance service expenses, changes in insurance reserves such as LAT reserve and reserve for fixed premium, which are no longer required under IFRS 17, financial effects on insurance liabilities, which are recognized in the insurance contract finance expenses line item in accordance with IFRS 17, presentation of expenses, which are not directly attributable to insurance contracts and expenses relating to non-insurance activities in the other operating expenses line item, and differences in the recognition insurance acquisition cash flows as an expense during the period.
3. The adjustments are mainly due to the fact that under IFRS 17 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 in respect of reinsurance.
4. The adjustments are mainly due to reinsurance commissions, whose amount is derived from claims for the underlying contracts, and which are presented under the reinsurance claims; revenues from reinsurance fees and commissions are classified to reinsurance revenues and expenses under IFRS 17.

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 the Statement of Comprehensive Income line items: (cont.)

5. The main difference is due to the revaluation of designated bonds and other illiquid debt assets to fair value through profit or loss instead of measurement at amortized cost.
6. For an explanation regarding the measurement method, see Note 2B.
7. The adjustment arises from the classification of expenses, which are not directly attributable to insurance contracts, to the other operating expenses line item.
8. The adjustments are mainly due to the deduction of interest expenses for reinsurers and exchange rate differences in respect of reinsurers' deposits.

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		Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
		Audited NIS thousand	Reclassification			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 June 30, 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	83,620,829	-	-	-	83,620,829	Fair value through profit or loss
<u>Other financial investments:</u>								
Illiquid debt instruments	Amortized cost		16,218,662	(11,783,730)	(15,000)	-	4,419,932	Amortized cost
Illiquid debt instruments	Fair value through profit and loss		21,127	11,783,730	-	1,149,465	12,954,322	Fair value through profit and loss
Liquid debt instruments	Available for sale / fair value through profit and loss		5,650,270	-	-	-	5,650,270	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss		2,499,171	-	-	-	2,499,171	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss		5,929,521	-	-	-	5,929,521	Fair value through profit and loss
Total other financial investments			<u>30,318,751</u>	<u>-</u>	<u>(15,000)</u>	<u>1,149,465</u>	<u>31,453,216</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 Company 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.)

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's boundary.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Following are the contract boundary of material policies, which were identified: (cont.)

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.
- 2) Mortality of pensioners (with respect to annuity recipients) - 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 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 should be noted that in recent decades, there has been a reversal of the trajectory - of increasing life expectancy and lower mortality rates. The mortality assumption used to calculate the estimated future cash flows takes into account an assumption in respect of a future increase in life expectancy.

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.)

- 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.

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.

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 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.

The choice of the appropriate actuarial method for each insurance subsegment and for each event or underwriting year is determined by exercising judgment on the degree of the method's suitability to the subsegment, and sometimes the various methods are combined. The assessments are mainly based on past experience in the development of claim payments and/or development of the amount of specific payments and estimates. The assessments include assumptions about the average claim cost, claims handling costs, and prevalence of claims. Additional assumptions may take into account changes in interest rates 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 claim history is insufficient, the actuary, at times, uses a calculation which weights a known estimate (in the Company and/or industry) such as LR and the claims' actual development. Greater weight can be estimated based on experience as time goes on and 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.

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.)

In large claims, which are not based on statistical estimates, and in segments, 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.

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.)

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

	As of June 30, 2025								
	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	2.60%	2.52%	2.44%	2.33%	2.17%	2.17%	2.21%	2.24%	2.36%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	2.60%	2.52%	2.44%	2.33%	2.15%	2.15%	2.18%	2.23%	2.34%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	2.60%	2.52%	2.42%	2.30%	2.11%	2.12%	2.16%	2.20%	2.32%
Individual and collective LTC policies	2.55%	2.47%	2.39%	2.29%	2.14%	2.15%	2.20%	2.24%	2.37%
Remaining portfolios	2.47%	2.40%	2.32%	2.22%	2.06%	2.08%	2.12%	2.17%	2.29%

	As of June 30, 2024								
	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	3.13%	3.11%	3.08%	3.01%	2.93%	2.84%	2.50%	2.24%	1.77%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	3.13%	3.11%	3.08%	3.00%	2.88%	2.78%	2.44%	2.19%	1.72%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	3.13%	3.08%	3.01%	2.90%	2.78%	2.70%	2.38%	2.13%	1.67%
Individual and collective LTC policies	3.01%	2.99%	2.97%	2.91%	2.85%	2.78%	2.47%	2.23%	1.78%
Remaining portfolios	2.84%	2.82%	2.79%	2.74%	2.67%	2.60%	2.30%	2.06%	1.60%

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

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

	As of December 31, 2024								
	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	2.73%	2.64%	2.56%	2.45%	2.39%	2.33%	2.17%	2.09%	2.01%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	2.73%	2.64%	2.56%	2.45%	2.36%	2.29%	2.13%	2.06%	1.99%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	2.73%	2.63%	2.52%	2.38%	2.29%	2.23%	2.08%	2.01%	1.94%
Individual and collective LTC policies	2.65%	2.56%	2.47%	2.38%	2.33%	2.29%	2.16%	2.10%	2.03%
Remaining portfolios	2.52%	2.43%	2.34%	2.25%	2.20%	2.16%	2.03%	1.97%	1.90%

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

Risk adjustment in respect of non-financial risk

The RA represents the compensation, which the Company demands for bearing the uncertainty regarding the amount and timing of the cash flows arising from non-financial risks, which include insurance risk and other non-financial risks, such as lapse risk, and expenses risk. The RA 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Significant estimates and judgments (cont.)

1. Insurance contracts (cont.)

Risk adjustment in respect of non-financial risk (cont.)

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 benefit of diversification 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.

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)

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 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;
- 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.

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.)

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 a risk of death, 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 a risk of death, 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.)

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Reclassification

Reclassifications were made to the notes to the Financial Statements. The reclassification did not have an effect on equity, profit and loss and comprehensive income.

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 six months ended on:			
June 30, 2025	1.6	2.1	(7.5)
June 30, 2024	1.9	2.1	3.6
For the three months ended on:			
June 30, 2025	1.3	1.0	(9.3)
June 30, 2024	1.6	1.1	2.1
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, segment activity is described separately for the Retirement Activity.

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 2024 Financial Statements, 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 (Agencies) Segment

The Brokers & Advisors (Agencies) Segment includes the activity of the pension arrangement agencies and other insurance agencies in the group.

NOTE 3 - OPERATING SEGMENTS (cont.)

7. Financing (Credit) 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. On January 1, 2024, Phoenix Financing and Construction was transferred from the Company to Gama, such that, as of that date, the segment includes the operating results of Phoenix Financing and Construction. 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 six-month period ended June 30, 2025									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	1,023,222	1,311,807	2,474,866	-	-	-	-	-	-	4,809,895
Expenses from insurance services	745,892	861,326	2,059,287	-	-	-	-	-	-	3,666,505
Income from insurance services before reinsurance contracts held	<u>277,330</u>	<u>450,481</u>	<u>415,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,143,390</u>
Reinsurance expenses	108,760	103,211	521,504	-	-	-	-	-	-	733,475
Reinsurance revenues	100,759	54,017	560,223	-	-	-	-	-	-	714,999
Revenues (expenses), net from reinsurance contracts held	<u>(8,001)</u>	<u>(49,194)</u>	<u>38,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,476)</u>
Income from insurance services	<u>269,329</u>	<u>401,287</u>	<u>454,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124,914</u>
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	4,272,772	126,545	-	-	1,674,136	-	-	-	-	6,073,453
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	40,369	-	-	-	65,689	-	106,058
Impairment gains for financial assets	-	-	-	429	-	-	-	8,885	-	9,314
Other investment income, net	403,114	81,979	177,897	33,187	8,823	4,864	-	918,576	(34,428)	1,594,012
Share in profits of equity-accounted investees	7,793	15,508	11,959	-	14,550	386	22,684	2,530	-	75,410
Total income from other investments, net	<u>410,907</u>	<u>97,487</u>	<u>189,856</u>	<u>73,127</u>	<u>23,373</u>	<u>5,250</u>	<u>22,684</u>	<u>977,910</u>	<u>(34,428)</u>	<u>1,766,166</u>
Total investment income, net	<u>4,683,679</u>	<u>224,032</u>	<u>189,856</u>	<u>73,127</u>	<u>1,697,509</u>	<u>5,250</u>	<u>22,684</u>	<u>977,910</u>	<u>(34,428)</u>	<u>7,839,619</u>

	For the six-month period ended June 30, 2025									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Finance expenses, net arising from insurance contracts	4,692,857	284,469	150,695	-	-	-	-	-	-	5,128,021
Finance income, net arising from reinsurance contracts	12,655	64,990	44,550	-	-	-	-	-	-	122,195
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(46,274)	(1,674,136)	-	-	-	-	(1,720,410)
Net investment and finance income	<u>3,477</u>	<u>4,553</u>	<u>83,711</u>	<u>26,853</u>	<u>23,373</u>	<u>5,250</u>	<u>22,684</u>	<u>977,910</u>	<u>(34,428)</u>	<u>1,113,383</u>
Income, net from insurance and investment	<u>272,806</u>	<u>405,840</u>	<u>538,009</u>	<u>26,853</u>	<u>23,373</u>	<u>5,250</u>	<u>22,684</u>	<u>977,910</u>	<u>(34,428)</u>	<u>2,238,297</u>
Revenues from management fees	-	-	-	446,853	473,820	2,267	-	14,788	(42,476)	895,252
Revenues from Wealth & Investments	-	-	-	-	206,000	-	-	-	-	206,000
Revenues from credit and acquiring	-	-	-	-	-	-	249,956	-	(13,224)	236,732
Revenues from fees and commissions of Brokers & Advisors (Agencies)	-	-	-	-	-	533,065	-	-	(156,673) (f)	376,392
Other operating expenses	20,961	16,327	14,784	362,575	427,837	318,043	90,053	136,024	(214,327) (f)	1,172,277
Other revenues (expenses)	(26,447)	(1,351)	(844)	(12,008)	(9,141)	6,317	(4,059)	8,878	(1,955)	(40,610)
Other finance expenses	-	-	-	20,577	75,469	20,271	79,977	169,716	(34,429)	331,581
Operating income	<u>225,398</u>	<u>388,162</u>	<u>522,381</u>	<u>78,546</u>	<u>190,746</u>	<u>208,585</u>	<u>98,551</u>	<u>695,836</u>	<u>-</u>	<u>2,408,205</u>
Other comprehensive income (loss) before income tax	<u>1,709</u>	<u>2,262</u>	<u>4,246</u>	<u>-</u>	<u>(3,361)</u>	<u>-</u>	<u>(18,114)</u>	<u>(366)</u>	<u>-</u>	<u>(13,624)</u>
Other comprehensive income before income tax	<u>227,107</u>	<u>390,424</u>	<u>526,627</u>	<u>78,546</u>	<u>187,385</u>	<u>208,585</u>	<u>80,437</u>	<u>695,470</u>	<u>-</u>	<u>2,394,581</u>
Total segment assets	<u>99,251,150</u>	<u>9,937,632</u>	<u>7,686,128</u>	<u>3,349,980</u>	<u>43,153,505</u>	<u>1,453,371</u>	<u>5,533,795</u>	<u>17,138,626</u>	<u>(2,559,004)</u>	<u>184,945,183</u>
Total segment assets for yield-dependent contracts	<u>80,748,797</u>	<u>2,167,342</u>	<u>-</u>	<u>-</u>	<u>38,817,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,733,691</u>
Total segment liabilities	<u>99,029,406</u>	<u>9,937,632</u>	<u>7,559,279</u>	<u>2,135,883</u>	<u>41,360,897</u>	<u>853,426</u>	<u>4,456,279</u>	<u>9,617,067</u>	<u>(2,559,004)</u>	<u>172,390,865</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 six-month period ended June 30, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	1,027,343	1,250,068	2,265,167	-	-	-	-	-	-	4,542,578
Expenses from insurance services	873,667	819,348	1,688,341	-	-	-	-	-	-	3,381,356
Income from insurance services before reinsurance contracts held	153,676	430,720	576,826	-	-	-	-	-	-	1,161,222
Reinsurance expenses	147,642	98,776	463,041	-	-	-	-	-	-	709,459
Reinsurance revenues	103,632	55,699	263,711	-	-	-	-	-	-	423,042
Net expenses from reinsurance contracts held	(44,010)	(43,077)	(199,330)	-	-	-	-	-	-	(286,417)
Income from insurance services	109,666	387,643	377,496	-	-	-	-	-	-	874,805
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	4,306,621	500,464	-	-	1,988,627	-	-	-	-	6,795,712
Income (losses) from other investments, net:	-	-	-	-	-	-	-	-	-	-
Interest revenues calculated using the effective interest method	47,685	-	4,125	56,282	-	-	-	33,349	-	141,441
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(15,070)	-	(15,070)
Other investment income (losses), net	(8,910)	92,338	143,891	(2,716)	7,367	7,995	-	43,005	(28,151)	254,819
Share in earnings (losses) of equity-accounted subsidiaries	(3,549)	18,278	15,097	-	8,341	1,863	-	(66)	-	39,964
Total income from other investments, net	35,226	110,616	163,113	53,566	15,708	9,858	-	91,358	(28,151)	451,294
Total investment income, net	4,341,847	611,080	163,113	53,566	2,004,335	9,858	-	91,358	(28,151)	7,247,006
Finance expenses, net arising from insurance contracts	4,243,607	587,492	100,411	-	-	-	-	-	-	4,931,510
Finance income (expenses), net arising from reinsurance contracts	(2,276)	(13,429)	33,024	-	-	-	-	-	-	17,319

	For the six-month period ended June 30, 2024									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(46,322)	(1,988,627)	-	-	-	-	(2,034,949)
Net investment and finance income	95,964	10,159	95,726	7,244	15,708	9,858	-	91,358	(28,151)	297,866
Income, net from insurance and investment	205,630	397,802	473,222	7,244	15,708	9,858	-	91,358	(28,151)	1,172,671
Revenues from management fees	-	-	-	398,182	356,687	3,788	533	12,588	(46,288)	725,490
Revenues from Wealth & Investments	-	-	-	-	186,000	-	-	-	-	186,000
Revenues from credit and acquiring	-	-	-	-	-	-	208,292	-	-	208,292
Revenues from fees and commissions of Brokers & Advisors (Agencies)	-	-	-	-	-	427,023	-	-	(117,039) (f)	309,984
Other operating expenses	35,442	14,953	13,615	327,656	375,356	263,963	72,732	63,117	(170,305) (f)	996,529
Other revenues (expenses), net	12,438	2,744	(3,723)	(14,413)	(1,981)	(2,658)	(4,059)	2,756	(388)	(9,284)
Other finance expenses	-	-	-	16,182	10,283	19,431	61,321	149,768	(21,708)	235,277
Profit before income tax	182,626	385,593	455,884	47,175	170,775	154,617	70,713	(106,183)	147	1,361,347
Other comprehensive income (loss) before income tax:	948	178	6,433	-	-	-	-	-	-	7,559
Total comprehensive income (loss) before income tax	183,574	385,771	462,317	47,175	170,775	154,617	70,713	(106,183)	147	1,368,906
Total segment assets	90,669,647	10,036,523	8,136,572	3,077,697	31,894,754	1,311,728	4,515,046	13,087,614	(2,447,997)	160,281,584
Total segment assets for yield-dependent contracts	74,464,358	3,103,886	-	-	27,333,075	-	-	-	-	104,901,319
Total segment liabilities	89,103,116	11,092,449	8,093,024	1,787,910	29,673,273	678,655	3,652,443	8,067,586	(2,579,361)	149,569,095

(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 June 30, 2025									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	511,305	662,974	1,274,304	-	-	-	-	-	-	2,448,583
Expenses from insurance services	307,376	428,520	1,234,379	-	-	-	-	-	-	1,970,275
Income from insurance services before reinsurance contracts held	203,929	234,454	39,925	-	-	-	-	-	-	478,308
Reinsurance expenses	40,561	52,872	270,780	-	-	-	-	-	-	364,213
Reinsurance revenues	52,723	22,368	497,446	-	-	-	-	-	-	572,537
Revenues (expenses), net from reinsurance contracts held	12,162	(30,504)	226,666	-	-	-	-	-	-	208,324
Income from insurance services	216,091	203,950	266,591	-	-	-	-	-	-	686,632
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	3,639,593	109,955	-	-	1,516,314	-	-	-	-	5,265,862
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	24,609	-	-	-	31,776	-	56,385
Impairment losses for financial assets	-	-	-	309	-	-	-	1,132	-	1,441
Other investment income, net	368,178	36,601	126,736	25,610	9,213	2,893	-	866,706	(20,349)	1,415,588
Share in earnings (losses) of equity-accounted subsidiaries	(1,966)	1,784	5,262	-	3,659	1,773	12,620	1,815	-	24,947
Total income from other investments, net	366,212	38,385	131,998	49,910	12,872	4,666	12,620	899,165	(20,349)	1,495,479
Total investment income, net	4,005,805	148,340	131,998	49,910	1,529,186	4,666	12,620	899,165	(20,349)	6,761,341
Finance expenses, net arising from insurance contracts	4,087,167	244,065	130,916	-	-	-	-	-	-	4,462,148
Finance income, net arising from reinsurance contracts	12,464	73,065	40,013	-	-	-	-	-	-	125,542

	For the three-month period ended June 30, 2025									
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors (Agencies)	Financing (Credit)	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	-	-	-	(29,744)	(1,516,314)	-	-	-	-	(1,546,058)
Income (loss) from investments and finance, net	(68,898)	(22,660)	41,095	20,166	12,872	4,666	12,620	899,165	(20,349)	878,677
Income, net from insurance and investment	147,193	181,290	307,686	20,166	12,872	4,666	12,620	899,165	(20,349)	1,565,309
Revenues from management fees	-	-	-	225,338	244,320	1,004	-	7,704	(27,435)	450,931
Revenues from										
Wealth & Investments	-	-	-	-	109,000	-	-	-	-	109,000
Revenues from credit and acquiring	-	-	-	-	-	-	125,544	-	(6,418)	119,126
Revenues from fees and commissions of Brokers & Advisors (Agencies)	-	-	-	-	-	267,108	-	-	(85,025) (f)	182,083
Other operating expenses	8,613	7,329	7,418	188,432	218,086	156,047	46,206	107,593	(120,293) (f)	619,431
Other revenues (expenses)	(13,599)	(683)	(470)	(6,089)	1,313	(9,405)	(2,029)	(2)	(1,416)	(32,380)
Other finance expenses	-	-	-	11,221	66,959	11,679	42,250	95,217	(20,350)	206,976
Operating income	124,981	173,278	299,798	39,762	82,460	95,647	47,679	704,057	-	1,567,662
Other comprehensive income before income tax	(2,448)	(2,923)	(1,932)	-	(3,503)	-	(18,114)	(366)	-	(29,286)
Other comprehensive income before income tax	122,533	170,355	297,866	39,762	78,957	95,647	29,565	703,691	-	1,538,376
Total segment assets	99,251,150	9,937,632	7,686,128	3,349,980	43,153,505	1,453,371	5,533,795	17,138,626	(2,559,004)	184,945,183
Total segment assets for yield-dependent contracts	80,748,797	2,167,342	-	-	38,817,552	-	-	-	-	121,733,691
Total segment liabilities	99,029,406	9,937,632	7,559,279	2,135,883	41,360,897	853,426	4,456,279	9,617,067	(2,559,004)	172,390,865

(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 June 30, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Revenues from insurance services	512,793	628,725	1,140,297	-	-	-	-	-	-	2,281,815
Expenses from insurance services	431,566	404,299	804,249	-	-	-	-	-	-	1,640,114
Income from insurance services before reinsurance contracts held	81,227	224,426	336,048	-	-	-	-	-	-	641,701
Reinsurance expenses	75,109	48,592	229,362	-	-	-	-	-	-	353,063
Reinsurance revenues	45,633	22,741	106,319	-	-	-	-	-	-	174,693
Net expenses from reinsurance contracts held	(29,476)	(25,851)	(123,043)	-	-	-	-	-	-	(178,370)
Income from insurance services	51,751	198,575	213,005	-	-	-	-	-	-	463,331
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	883,515	(28,504)	-	-	664,457	-	-	-	-	1,519,468
Income (losses) from other investments, net:	-	-	-	-	-	-	-	-	-	-
Interest revenues calculated using the effective interest method	24,947	-	2,016	40,522	-	-	-	16,122	-	83,607
Reversal of net losses from impairment of financial assets	-	-	-	-	-	-	-	(108)	-	(108)
Other investment income, net	(190,468)	30,137	46,630	(10,197)	(4,901)	3,476	-	(150,792)	(21,288)	(297,403)
Share in earnings (losses) of equity-accounted subsidiaries	871	2,996	8,494	-	4,098	1,283	-	(2,946)	-	14,796
Total income from other investments, net	(164,650)	33,133	57,140	30,325	(803)	4,759	-	(137,508)	(21,288)	(198,892)
Total investment income, net	718,865	4,629	57,140	30,325	663,654	4,759	-	(137,508)	(21,288)	1,320,576
Finance expenses, net arising from insurance contracts	657,391	(143,879)	40,875	-	-	-	-	-	-	554,387
Finance income (expenses), net arising from reinsurance contracts	(2,269)	(71,653)	15,593	-	-	-	-	-	-	(58,329)

	For the three-month period ended June 30, 2024									
	Life Insurance	Health insurance	P&C Insurance	Retirement	Wealth & Investments	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	(a)	(b)	(c)	(d)	(e)					
	Unaudited NIS thousand									
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(30,263)	(664,457)	-	-	-	-	(694,720)
Income (loss) from investments and finance, net	59,205	76,855	31,858	62	(803)	4,759	-	(137,508)	(21,288)	13,140
Income, net from insurance and investment	110,956	275,430	244,863	62	(803)	4,759	-	(137,508)	(21,288)	476,471
Revenues from management fees	-	-	-	198,847	202,132	2,359	333	11,838	(30,407)	385,102
Revenues from Wealth & Investments	-	-	-	-	90,000	-	-	-	-	90,000
Revenues from credit and acquiring	-	-	-	-	-	-	106,088	-	-	106,088
Revenues from fees and commissions of Brokers & Advisors (Agencies)	-	-	-	-	-	220,088	-	-	(45,596) (f)	174,492
Other operating expenses	17,244	7,160	6,338	166,519	201,711	129,349	31,976	45,800	(81,897) (f)	524,200
Other revenues (expenses), net	6,133	774	(3,723)	(6,154)	(1,030)	195	(2,029)	3,722	(46)	(2,158)
Other finance expenses	-	-	-	9,621	2,265	15,895	32,640	90,452	(15,513)	135,360
Profit before income tax	99,845	269,044	234,802	16,615	86,323	82,157	39,776	(258,200)	73	570,435
Other comprehensive income (loss) before income tax:	3,953	664	3,381	-	-	-	-	-	-	7,998
Total comprehensive income before income tax	103,798	269,708	238,183	16,615	86,323	82,157	39,776	(258,200)	73	578,433
Total segment assets	90,669,647	10,036,523	8,136,572	3,077,697	31,894,754	1,311,728	4,515,046	13,087,614	(2,447,997)	160,281,584
Total segment assets for yield-dependent contracts	74,464,358	3,103,886	-	-	27,333,075	-	-	-	-	104,901,319
Total segment liabilities	89,103,116	11,092,449	8,093,024	1,787,910	29,673,273	678,655	3,652,443	8,067,586	(2,579,361)	149,569,095

(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 (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	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	216,814	788,353	1,343,482	-	-	-	-	-	-	2,348,649
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	(52,152)	(81,382)	(477,601)	-	-	-	-	-	-	(611,135)
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 (losses), 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 (losses), net	10,517,368	944,463	406,807	118,619	3,705,069	18,212	-	1,220,152	(67,791)	16,862,899

For the year ended December 31, 2024										
	Life Insurance (a)	Health insurance (b)	P&C Insurance (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors (Agencies)	Financing (Credit)	Not attributed to operating segments	Adjustments and offsets	Total
	Unaudited NIS thousand									
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
Decrease (increase) in liabilities for investment contracts due to the yield component	-	-	-	(97,061)	(3,666,507)	-	-	-	-	(3,763,568)
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 (Agencies)	-	-	-	-	-	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 six-month period ended June 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 six-month period ended June 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	95,733	387,295	540,194	1,023,222
Expenses from insurance services (*)	89,436	278,142	378,314	745,892
Income from insurance services before reinsurance contracts held	6,297	109,153	161,880	277,330
Reinsurance expenses	914	33,478	74,368	108,760
Reinsurance revenues	713	31,995	68,051	100,759
Revenues (expenses), net from reinsurance contracts held (7)	(201)	(1,483)	(6,317)	(8,001)
Income (loss) from insurance services	6,096	107,670	155,563	269,329
Total investment income, net (6)	409,298	4,259,492	14,889	4,683,679
Finance expenses (revenues), net arising from insurance contracts	442,432	4,302,249	(51,824)	4,692,857
Finance income (expenses), net arising from reinsurance contracts	(1,360)	10,262	3,753	12,655
Income (loss) from investments and finance, net	(34,494)	(32,495)	70,466	3,477
Income (loss), net from insurance and investment	(28,398)	75,175	226,029	272,806
Other operating expenses	3,652	7,239	10,070	20,961
Other revenues (expenses), net	(169)	(28,240)	1,962	(26,447)
Investment income (loss), net recognized in other comprehensive income	1,352	366	(9)	1,709
Total comprehensive income (loss) before tax	(30,867)	40,062	217,912	227,107
(*) Of which:				
Claims and other insurance service expenses incurred	102,399	339,831	396,428	838,658
Changes relating to past service – adjustment for liabilities for incurred claims	(12,962)	(25,491)	(63,767)	(102,220)
<u>Breakdown of assets and liabilities as of June 30, 2025</u>				
Total liabilities, net for insurance contracts	13,529,809	78,179,158	(371,323)	91,337,644
Of which: Insurance contracts	-	-	363,720	363,720
Of which: CSM balance for insurance contracts	42,576	1,526,977	1,178,666	2,748,219
Total assets, net for reinsurance contracts	4,478	132,392	79,041	215,911
Of which: CSM balance for reinsurance contracts	1,528	132,409	111,546	245,483
<u>Additional information regarding the 6-month period ended June 30, 2025</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	21,381	1,632,584	432,850	2,086,815
(***) Of which: Savings component	19,141	1,508,135	-	1,527,276
Variable management fees (5)	-	262,331	-	262,331
Fixed management fees	471	238,934	-	239,405
Annualized premium for insurance contracts – new business	-	1,440	34,364	35,804
One-time premium for insurance contracts	-	533,403	-	533,403

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 six-month period ended June 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 six-month period ended June 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	91,704	405,781	529,858	1,027,343
Expenses from insurance services (*)	116,079	359,059	398,529	873,667
Income from insurance services before reinsurance contracts held	(24,375)	46,722	131,329	153,676
Reinsurance expenses	840	73,914	72,888	147,642
Reinsurance revenues	112	52,491	51,029	103,632
Net expenses from reinsurance contracts held (7)	(728)	(21,423)	(21,859)	(44,010)
Income (loss) from insurance services	(25,103)	25,299	109,470	109,666
	-	-	-	-
Total investment income, net (6)	20,290	4,302,180	19,377	4,341,847
Finance expenses, net arising from insurance contracts	(224,821)	4,348,273	120,155	4,243,607
Finance income (expenses), net arising from reinsurance contracts	(1,973)	(5,667)	5,364	(2,276)
Income (loss) from investments and finance, net	243,138	(51,760)	(95,414)	95,964
Income, net from insurance and investment	218,035	(26,461)	14,056	205,630
Other operating expenses	3,796	21,324	10,322	35,442
Other revenues, net	1,333	7,483	3,622	12,438
Investment income (loss), net recognized in other comprehensive income	1,210	282	(544)	948
Total comprehensive income before tax	216,782	(40,020)	6,812	183,574
(*) Of which:				
Claims and other insurance service expenses incurred	91,604	320,386	465,638	877,628
Changes relating to past service – adjustment for liabilities for incurred claims	24,475	38,611	(102,401)	(39,315)
<u>Breakdown of assets and liabilities as of June 30, 2024</u>				
Total liabilities, net for insurance contracts	12,971,741	72,238,501	125,103	85,335,345
Of which: Insurance contracts	-	-	-	-
Of which: CSM balance for insurance contracts	68,387	2,229,635	1,308,231	3,606,253
Total assets, net for reinsurance contracts	4,211	140,002	95,523	239,736
Of which: CSM balance for reinsurance contracts	3,347	208,432	227,802	439,581
<u>Additional information regarding the 6-month period ended June 30, 2024</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	23,631	1,581,748	409,741	2,015,120
(***) Of which: Savings component	21,668	1,445,050	-	1,466,718
Variable management fees	-	-	-	-
Fixed management fees	447	228,084	308	228,839
Annualized premium for insurance contracts – new business	-	2,318	24,319	26,637
One-time premium for insurance contracts	-	329,972	-	329,972

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 June 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 June 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	47,801	193,626	269,878	511,305
Expenses from insurance services (*)	43,586	91,619	172,171	307,376
Income from insurance services before reinsurance contracts held	4,215	102,007	97,707	203,929
Reinsurance expenses	461	3,307	36,793	40,561
Reinsurance revenues	343	22,623	29,757	52,723
Revenues (expenses), net from reinsurance contracts held (7)	(118)	19,316	(7,036)	12,162
Income from insurance services	4,097	121,323	90,671	216,091
Total investment income, net (6)	372,038	3,619,683	14,084	4,005,805
Finance expenses (revenues), net arising from insurance contracts	513,680	3,666,485	(92,998)	4,087,167
Finance income (expenses), net arising from reinsurance contracts	113	9,615	2,736	12,464
Income (loss) from investments and finance, net	(141,529)	(37,187)	109,818	(68,898)
Income (loss), net from insurance and investment	(137,432)	84,136	200,489	147,193
Other operating expenses	1,819	1,709	5,085	8,613
Other revenues (expenses), net	(169)	(15,392)	1,962	(13,599)
Investment income (loss), net recognized in other comprehensive income	(1,967)	(556)	75	(2,448)
Total comprehensive income (loss) before tax	(141,387)	66,479	197,441	122,533
(*) Of which:				
Claims and other insurance service expenses incurred	52,978	167,763	193,795	414,536
Changes relating to past service – adjustment for liabilities for incurred claims	(9,391)	9,254	(44,881)	(45,018)
<u>Breakdown of assets and liabilities as of June 30, 2025</u>				
Total liabilities, net for insurance contracts	13,529,809	78,179,158	(371,323)	91,337,644
Of which: Insurance contracts	-	-	363,720	363,720
Of which: CSM balance for insurance contracts	42,576	1,526,977	1,178,666	2,748,219
Total assets, net for reinsurance contracts	4,478	132,392	79,041	215,911
Of which: CSM balance for reinsurance contracts	1,528	132,409	111,546	245,483
<u>Additional information regarding the 3-month period ended June 30, 2025</u>				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	10,610	719,442	216,991	947,043
(***) Of which: Savings component	9,480	658,397	-	667,877
Variable management fees	-	262,331	-	262,331
Fixed management fees	228	120,137	-	120,365
Annualized premium for insurance contracts – new business	-	795	17,724	18,519
One-time premium for insurance contracts	-	176,735	-	176,735

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 June 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			
Breakdown of results for the three-month period ended June 30, 2024, recognized in profit or loss				
Revenues from insurance services	44,932	199,071	268,790	512,793
Expenses from insurance services (*)	60,763	180,256	190,547	431,566
Income from insurance services before reinsurance contracts held	(15,831)	18,815	78,243	81,227
Reinsurance expenses	436	37,426	37,247	75,109
Reinsurance revenues	(50)	24,579	21,104	45,633
Net expenses from reinsurance contracts held (7)	(486)	(12,847)	(16,143)	(29,476)
Income (loss) from insurance services	(16,317)	5,968	62,100	51,751
Total investment income (losses), net (6)	(159,727)	877,290	1,302	718,865
Finance expenses (revenues), net arising from insurance contracts	(365,721)	917,982	105,130	657,391
Finance income (expenses), net arising from reinsurance contracts	(1,072)	(4,308)	3,111	(2,269)
Income (loss) from investments and finance, net	204,922	(45,000)	(100,717)	59,205
Income (loss), net from insurance and investment	188,605	(39,032)	(38,617)	110,956
Other operating expenses	1,847	10,375	5,022	17,244
Other revenues, net	657	3,690	1,786	6,133
Investment loss, net recognized in other comprehensive income	3,192	707	54	3,953
Total comprehensive income before tax	190,607	(45,010)	(41,799)	103,798
(*) Of which:				
Claims and other insurance service expenses incurred	46,755	164,472	225,682	436,909
Changes relating to past service – adjustment for liabilities for incurred claims	14,008	14,771	(53,224)	(24,445)
Breakdown of assets and liabilities as of June 30, 2024				
Total liabilities, net for insurance contracts	12,971,741	72,238,501	125,103	85,335,345
Of which: Insurance contracts	-	-	-	-
Of which: CSM balance for insurance contracts	68,387	2,229,635	1,308,231	3,606,253
Total assets, net for reinsurance contracts	4,211	140,002	95,523	239,736
Of which: CSM balance for reinsurance contracts	3,347	208,432	227,802	439,581
Additional information regarding the 3-month period ended June 30, 2024				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	11,537	767,205	207,908	986,650
(***) Of which: Savings component	10,575	699,655	-	710,230
Variable management fees (5)	-	-	-	-
Fixed management fees	223	111,218	156	111,597
Annualized premium for insurance contracts – new business	-	1,050	12,010	13,060
One-time premium for insurance contracts	-	151,304	-	151,304

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			
Breakdown of results for the year ended December 31, 2024, recognized in profit or loss				
Revenues from insurance services	185,511	794,911	1,074,714	2,055,136
Expenses from insurance services (*)	237,857	779,566	820,899	1,838,322
Income from insurance services before reinsurance contracts held	(52,346)	15,345	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	(53,388)	(10,333)	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	190,297	(38,693)	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	177,153	(86,692)	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
Breakdown of assets and liabilities as of December 31, 2024				
Total liabilities, net for insurance contracts	13,453,669	75,663,928	(125,935)	88,991,662
Of which: Insurance contracts	-	-	117,980	117,980
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
Additional information for the year ended December 31, 2024				
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 (5)	-	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 June 30, 2024, the estimated management fees which were not collected due to negative yield in respect of participating policies amounted to approx. NIS 264 million.
6. Total net investment income (losses) in policies which include a yield-dependent savings component, include 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 six-month period ended June 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						
<u>Breakdown of results for the six-month period ended June 30, 2025, recognized in profit or loss</u>						
Revenues from insurance services	210,718	-	489,788	229,166	382,135	1,311,807
Expenses from insurance services (*)	122,835	4,927	294,902	208,741	229,921	861,326
Income from insurance services before reinsurance contracts held	87,883	(4,927)	194,886	20,425	152,214	450,481
Reinsurance expenses	47,735	-	41,074	-	14,402	103,211
Reinsurance revenues	21,340	1,343	21,242	-	10,092	54,017
Revenues (expenses), net from reinsurance contracts held (6)	(26,395)	1,343	(19,832)	-	(4,310)	(49,194)
Income (loss) from insurance services	61,488	(3,584)	175,054	20,425	147,904	401,287
Total investment income (losses), net	118,005	91,759	18,340	-	(4,072)	224,032
Finance expenses (revenues), net arising from insurance contracts	270,129	93,665	(14,390)	2	(64,937)	284,469
Finance income (expenses), net arising from reinsurance contracts	54,143	3,253	9,969	-	(2,375)	64,990
Income (loss) from investments and finance, net	(97,981)	1,347	42,699	(2)	58,490	4,553
Income (loss), net from insurance and investment	(36,493)	(2,237)	217,753	20,423	206,394	405,840
Other operating expenses	1,636	-	6,058	4,905	3,728	16,327
Other expenses, net	-	-	(394)	(289)	(668)	(1,351)
Investment income (loss), net recognized in other comprehensive income	1,791	136	407	-	(72)	2,262
Total comprehensive income (loss) before tax	(36,338)	(2,101)	211,708	15,229	201,926	390,424
_(*) Of which:						
Claims and other insurance service expenses incurred	129,443	847	305,898	224,771	226,475	887,434
Changes relating to past service – adjustment for liabilities for incurred claims	(6,608)	4,081	(19,739)	(16,030)	(27,866)	(66,162)
<u>Breakdown of assets and liabilities as of June 30, 2025</u>						
Total liabilities, net for insurance contracts	6,747,325	1,869,446	955,248	272,913	(763,247)	9,081,685
Of which: Insurance contracts	-	-	-	-	822,720	822,720
Of which: CSM balance for insurance contracts	2,488,517	-	3,433,061	114,593	1,457,191	7,493,362
Total assets, net for reinsurance contracts	1,577,154	50,129	508,817	-	(54,756)	2,081,344
Of which: CSM balance for reinsurance contracts	841,005	-	364,120	-	51,304	1,256,429
<u>Additional information regarding the 6-month period ended June 30, 2025</u>						
Gross premiums net of reimbursement of premiums (3) (**)	159,737	-	397,590	243,665	339,006	1,139,998
Annualized premium for insurance contracts – new business (4) (**)	-	-	23,639	30,469	33,038	87,146

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the six-month period ended June 30, 2024					
	Long-term care		Health - other			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	Total
Unaudited NIS thousand						
<u>Breakdown of results for the six-month period ended June 30, 2024, recognized in profit or loss</u>						
Revenues from insurance services	210,604	-	480,577	216,887	342,000	1,250,068
Expenses from insurance services (*)	127,298	1,215	272,589	210,973	207,273	819,348
Income from insurance services before reinsurance contracts held	83,306	(1,215)	207,988	5,914	134,727	430,720
Reinsurance expenses	41,756	-	42,210	-	14,810	98,776
Reinsurance revenues	18,501	(2,686)	30,030	-	9,854	55,699
Revenues (expenses), net from reinsurance contracts held (6)	(23,255)	(2,686)	(12,180)	-	(4,956)	(43,077)
Income (loss) from insurance services	60,051	(3,901)	195,808	5,914	129,771	387,643
Total investment income (losses), net	117,431	478,514	21,440	-	(6,305)	611,080
Finance expenses (revenues), net arising from insurance contracts	(163,893)	481,548	154,083	6,700	109,054	587,492
Finance income, net arising from reinsurance contracts	(36,155)	7,880	(8,598)	-	23,444	(13,429)
Income (loss) from investments and finance, net	245,169	4,846	(141,241)	(6,700)	(91,915)	10,159
Income (loss), net from insurance and investment	305,220	945	54,567	(786)	37,856	397,802
Other operating expenses	1,456	-	6,474	3,815	3,208	14,953
Other revenues, net	266	-	1,056	833	589	2,744
Investment income (loss), net recognized in other comprehensive income	147	9	34	-	(12)	178
Total comprehensive income (loss) before tax	304,177	954	49,183	(3,768)	35,225	385,771
<u>(*) Of which:</u>						
Claims and other insurance service expenses incurred	141,395	2,722	275,904	215,695	202,943	838,659
Changes relating to past service – adjustment for liabilities for incurred claims	(14,099)	(1,507)	(4,974)	(4,720)	(25,792)	(51,092)
<u>Breakdown of assets and liabilities as of June 30, 2024</u>						
Total liabilities, net for insurance contracts	5,895,429	2,932,927	1,279,686	268,744	(287,225)	10,089,561
Of which: Insurance contracts	-	-	-	-	399,867	399,867
Of which: CSM balance for insurance contracts	2,338,358	-	3,609,566	149,105	1,428,141	7,525,170
Total assets, net for reinsurance contracts	1,477,887	45,558	480,892	-	(54,308)	1,950,028
Of which: CSM balance for reinsurance contracts	775,370	-	326,458	-	51,038	1,152,866
						-
<u>Additional information regarding the 6-month period ended June 30, 2024</u>						
Gross premiums net of reimbursement of premiums (3) (**)	157,766	-	373,276	232,477	314,519	1,078,038
Annualized premium for insurance contracts – new business (4) (**)	-	-	8,807	10,420	17,367	36,594

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended June 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						
<u>Breakdown of results for the three-month period ended June 30, 2025, recognized in profit or loss</u>						
Revenues from insurance services	105,772	-	244,703	114,848	197,651	662,974
Expenses from insurance services (*)	55,067	(267)	148,285	101,304	124,131	428,520
Income from insurance services before reinsurance contracts held	50,705	267	96,418	13,544	73,520	234,454
Reinsurance expenses	24,310	-	21,361	-	7,201	52,872
Reinsurance revenues	8,580	(536)	7,913	-	6,411	22,368
Revenues (expenses), net from reinsurance contracts held (6)	(15,730)	(536)	(13,448)	-	(790)	(30,504)
Income (loss) from insurance services	34,975	(269)	82,970	13,544	72,730	203,950
Total investment income (losses), net	66,511	75,008	7,055	-	(234)	148,340
Finance expenses (revenues), net arising from insurance contracts	355,354	78,371	(80,966)	(2,703)	(105,991)	244,065
Finance income (expenses), net arising from reinsurance contracts	63,477	2,069	11,690	-	(4,171)	73,065
Income (loss) from investments and finance, net	(225,366)	(1,294)	99,711	2,703	101,586	(22,660)
Income (loss), net from insurance and investment	(190,391)	(1,563)	182,681	16,247	174,316	181,290
Other operating expenses	819	-	2,725	2,463	1,322	7,329
Other revenues (expenses), net	-	-	(394)	(289)	-	(683)
Investment income (loss), net recognized in other comprehensive income	(2,406)	(155)	(573)	-	211	(2,923)
Total comprehensive income (loss) before tax	(193,616)	(1,718)	178,989	13,495	173,205	170,355
_(*) Of which:						
Claims and other insurance service expenses incurred	63,107	416	153,393	109,507	116,119	442,542
Changes relating to past service – adjustment for liabilities for incurred claims	(8,040)	(683)	(10,059)	(8,203)	(8,593)	(35,578)
<u>Breakdown of assets and liabilities as of June 30, 2025</u>						
Total liabilities, net for insurance contracts	6,747,325	1,869,446	955,248	272,913	(763,247)	9,081,685
Of which: Insurance contracts	-	-	-	-	822,720	822,720
Of which: CSM balance for insurance contracts	2,488,517	-	3,433,061	114,593	1,457,191	7,493,362
Total assets, net for reinsurance contracts	1,577,154	50,129	508,817	-	(54,756)	2,081,344
Of which: CSM balance for reinsurance contracts	841,005	-	364,120	-	51,304	1,256,429
<u>Additional information regarding the 3-month period ended June 30, 2025</u>						
Gross premiums net of reimbursement of premiums (3) (**)	79,916	-	200,400	120,321	118,755	519,392
Annualized premium for insurance contracts – new business (4) (**)	-	-	13,102	16,877	16,433	46,412

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

	For the three-month period ended June 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						
<u>Breakdown of results for the three-month period ended June 30, 2024, recognized in profit or loss</u>						
Revenues from insurance services	96,463	-	246,325	107,018	178,919	628,725
Expenses from insurance services (*)	66,548	(1,417)	129,028	97,785	112,355	404,299
Income from insurance services before reinsurance contracts held	29,915	1,417	117,297	9,233	66,564	224,426
Reinsurance expenses	19,815	-	20,892	-	7,885	48,592
Reinsurance revenues	7,773	(2,988)	11,989	-	5,967	22,741
Revenues (expenses), net from reinsurance contracts held (6)	(12,042)	(2,988)	(8,903)	-	(1,918)	(25,851)
Income (loss) from insurance services	17,873	(1,571)	108,394	9,233	64,646	198,575
Total investment income (losses), net	31,030	(30,829)	6,399	-	(1,971)	4,629
Finance expenses (revenues), net arising from insurance contracts	(356,395)	(28,302)	125,359	5,241	110,218	(143,879)
Finance income, net arising from reinsurance contracts	(75,308)	4,305	(15,026)	-	14,376	(71,653)
Income (loss) from investments and finance, net	312,117	1,778	(133,986)	(5,241)	(97,813)	76,855
Income (loss), net from insurance and investment	329,990	207	(25,592)	3,992	(33,167)	275,430
Other operating expenses	697	-	3,476	1,451	1,536	7,160
Other revenues, net	75	-	298	235	166	774
Investment income (loss), net recognized in other comprehensive income	532	43	128	-	(39)	664
Total comprehensive income (loss) before tax	329,900	250	(28,642)	2,776	(34,576)	269,708
(*) Of which:						
Claims and other insurance service expenses incurred	71,486	1,392	137,423	105,863	100,619	416,783
Changes relating to past service – adjustment for liabilities for incurred claims	(4,938)	(2,809)	(8,961)	(8,077)	(5,414)	(30,199)
<u>Breakdown of assets and liabilities as of June 30, 2024</u>						
Total liabilities, net for insurance contracts	5,895,429	2,932,927	1,279,686	268,744	(287,225)	10,089,561
Of which: Insurance contracts	-	-	-	-	399,867	399,867
Of which: CSM balance for insurance contracts	2,338,358	-	3,609,566	149,105	1,428,141	7,525,170
Total assets, net for reinsurance contracts	1,477,887	45,558	480,892	-	(54,308)	1,950,028
Of which: CSM balance for reinsurance contracts	775,370	-	326,458	-	51,038	1,152,866
<u>Additional information regarding the 3-month period ended June 30, 2024</u>						
Gross premiums net of reimbursement of premiums (3) (**)	79,053	-	187,483	117,997	161,383	545,916
Annualized premium for insurance contracts – new business (4) (**)	-	-	5,818	3,963	7,710	17,491

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			Total
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	
Unaudited						
NIS thousand						
<u>Breakdown of results for the year ended December 31, 2024, recognized in profit or loss</u>						
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 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, 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
<u>(*) Of which:</u>						
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)
<u>Breakdown of assets and liabilities as of December 31, 2024</u>						
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
<u>Additional information for the year ended December 31, 2024</u>						
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

(**) Reclassified. For details, see Note 2, Section F above.

NOTE 3 - OPERATING SEGMENTS (cont.)

C. Additional data regarding the Health Insurance Segment, by main portfolio groups (cont.)

- (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, that 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 six-month period ended June 30, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the six-month period ended June 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	416,556	1,013,222	1,045,088	2,474,866
Expenses from insurance services (*)	379,714	844,240	835,333	2,059,287
Income from insurance services before reinsurance contracts held	36,842	168,982	209,755	415,579
Reinsurance expenses	7,416	4	514,084	521,504
Reinsurance revenues	26,964	1,687	531,572	560,223
Revenues (expenses), net from reinsurance contracts held	19,548	1,683	17,488	38,719
Income from insurance services	56,390	170,665	227,243	454,298
Total investment income, net	81,140	44,766	63,950	189,856
Finance expenses, net arising from insurance contracts	63,117	12,415	75,163	150,695
Finance income (expenses), net arising from reinsurance contracts	7,708	1	36,841	44,550
Net investment and finance income	25,731	32,352	25,628	83,711
Income, net from insurance and investment	82,121	203,017	252,871	538,009
Other operating expenses	3,535	6,181	5,068	14,784
Other revenues (expenses), net	(253)	(591)	-	(844)
Investment income, net recognized in other comprehensive income	1,815	997	1,434	4,246
Total comprehensive income before tax	80,148	197,242	249,237	526,627
(*) Of which:				
Claims and other insurance service expenses incurred	321,172	656,752	812,566	1,790,490
Changes relating to past service – adjustment for liabilities for incurred claims	4,732	(19,984)	(250,935)	(266,187)
<u>Breakdown of assets and liabilities as of June 30, 2025</u>				
Total liabilities, net for insurance contracts	2,543,218	960,459	3,710,080	7,213,757
Total assets, net for reinsurance contracts	280,656	1,817	1,863,269	2,145,742
<u>Additional information regarding the 6-month period ended June 30, 2025</u>				
Gross premiums net of reimbursement of premiums (**)	451,817	1,067,538	1,122,335	2,641,690

(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 six-month period ended June 30, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
Breakdown of results for the six-month period ended June 30, 2024, recognized in profit or loss				
Revenues from insurance services	365,463	943,865	955,839	2,265,167
Expenses from insurance services (*)	281,126	820,278	586,937	1,688,341
Income from insurance services before reinsurance contracts held	84,337	123,587	368,902	576,826
Reinsurance expenses	15,490	-	447,551	463,041
Reinsurance revenues (expenses)	4,171	(29)	259,569	263,711
Net expenses from reinsurance contracts held	(11,319)	(29)	(187,982)	(199,330)
Income from insurance services	73,018	123,558	180,920	377,496
Total investment income, net	71,916	35,756	55,441	163,113
Finance expenses, net arising from insurance contracts	41,334	11,191	47,886	100,411
Finance income, net arising from reinsurance contracts	8,692	-	24,332	33,024
Net investment and finance income	39,274	24,565	31,887	95,726
Income, net from insurance and investment	112,292	148,123	212,807	473,222
Other operating expenses	2,239	5,874	5,502	13,615
Other revenues (expenses), net	(2,027)	(1,198)	(498)	(3,723)
Investment income, net recognized in other comprehensive income	2,761	1,372	2,300	6,433
Total comprehensive income before tax	110,787	142,423	209,107	462,317
(*) Of which:				
Claims and other insurance service expenses incurred	300,527	699,304	437,159	1,436,990
Changes relating to past service – adjustment for liabilities for incurred claims	(59,458)	(66,050)	(81,840)	(207,348)
Breakdown of assets and liabilities as of June 30, 2024				
Total liabilities, net for insurance contracts	2,857,628	1,047,180	3,735,607	7,640,415
Total assets, net for reinsurance contracts	493,220	(20)	1,939,241	2,432,441
Additional information regarding the 6-month period ended June 30, 2024				
Gross premiums net of reimbursement of premiums (**)	378,343	1,017,372	958,625	2,354,340

(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 84% 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 June 30, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended June 30, 2025, recognized in profit or loss</u>				
Revenues from insurance services	213,497	518,694	542,113	1,274,304
Expenses from insurance services (*)	189,294	424,761	620,324	1,234,379
Income from insurance services before reinsurance contracts held	24,203	93,933	(78,211)	39,925
Reinsurance expenses	3,248	4	267,528	270,780
Reinsurance revenues	21,598	1,686	474,162	497,446
Revenues (expenses), net from reinsurance contracts held	18,350	1,682	206,634	226,666
Income from insurance services	42,553	95,615	128,423	266,591
Total investment income, net	56,502	31,391	44,105	131,998
Finance expenses, net arising from insurance contracts	56,468	9,252	65,196	130,916
Finance income (expenses), net arising from reinsurance contracts	7,921	1	32,091	40,013
Net investment and finance income	7,955	22,140	11,000	41,095
Income, net from insurance and investment	50,508	117,755	139,423	307,686
Other operating expenses	1,544	3,193	2,681	7,418
Other revenues (expenses), net	(141)	(329)	-	(470)
Investment income, net recognized in other comprehensive income	(816)	(431)	(685)	(1,932)
Total comprehensive income before tax	48,007	113,802	136,057	297,866
(*) Of which:				
Claims and other insurance service expenses incurred	156,312	326,981	590,286	1,073,579
Changes relating to past service – adjustment for liabilities for incurred claims	8,322	(13,384)	(130,653)	(135,715)
<u>Breakdown of assets and liabilities as of June 30, 2025</u>				
Total liabilities, net for insurance contracts	2,543,218	960,459	3,710,080	7,213,757
Total assets, net for reinsurance contracts	280,656	1,817	1,863,269	2,145,742
<u>Additional information regarding the 3-month period ended June 30, 2025</u>				
Gross premiums net of reimbursement of premiums (**)	220,141	544,412	626,689	1,391,242

(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 June 30, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
<u>Breakdown of results for the three-month period ended June 30, 2024, recognized in profit or loss</u>				
Revenues from insurance services	177,508	473,851	488,938	1,140,297
Expenses from insurance services (*)	117,545	423,518	263,186	804,249
Income from insurance services before reinsurance contracts held	59,963	50,333	225,752	336,048
Reinsurance expenses	6,919	-	222,443	229,362
Reinsurance revenues	(1,467)	(18)	107,804	106,319
Revenues (expenses), net from reinsurance contracts held	(8,386)	(18)	(114,639)	(123,043)
Income from insurance services	51,577	50,315	111,113	213,005
Total investment income, net	25,370	12,586	19,184	57,140
Finance expenses, net arising from insurance contracts	11,512	6,774	22,589	40,875
Finance income (expenses), net arising from reinsurance contracts	3,202	-	12,391	15,593
Net investment and finance income	17,060	5,812	8,986	31,858
Income, net from insurance and investment	68,637	56,127	120,099	244,863
Other operating expenses	1,024	2,776	2,538	6,338
Other revenues (expenses), net	(2,027)	(1,198)	(498)	(3,723)
Investment income, net recognized in other comprehensive income	1,454	721	1,206	3,381
Total comprehensive income before tax	67,040	52,874	118,269	238,183
(*) Of which:				
Claims and other insurance service expenses incurred	146,536	347,329	213,275	707,140
Changes relating to past service – adjustment for liabilities for incurred claims	(49,350)	(25,177)	(80,795)	(155,322)
<u>Breakdown of assets and liabilities as of June 30, 2024</u>				
Total liabilities, net for insurance contracts	2,857,628	1,047,180	3,735,607	7,640,415
Total assets, net for reinsurance contracts	493,220	(20)	1,939,241	2,432,441
<u>Additional information regarding the 3-month period ended June 30, 2024</u>				
Gross premiums net of reimbursement of premiums (**)	200,342	505,763	500,894	1,206,999
(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 84% 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		
	insurance	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

	For the year ended December 31, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	Unaudited			
	NIS thousand			
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	(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)
Breakdown of assets and liabilities as of December 31, 2024 (***)				
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
(3) Additional information for the year ended December 31, 2024				
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.

(***) Reclassified.

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment

	For the six-month period ended June 30, 2025		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	56,341	16,786	73,127
Decrease (increase) in liabilities for investment contracts due to the yield component	(46,274)	-	(46,274)
Net investment and finance income	10,067	16,786	26,853
Revenues from management fees	253,843	193,010	446,853
Other operating expenses	200,605	161,970	362,575
Other expenses, net	(7,378)	(4,630)	(12,008)
Other finance expenses	8,089	12,488	20,577
Total comprehensive income before income tax	47,838	30,708	78,546

	For the six-month period ended June 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	49,845	3,721	53,566
Decrease (increase) in liabilities for investment contracts due to the yield component	(46,322)	-	(46,322)
Net investment and finance income	3,523	3,721	7,244
Revenues from management fees	226,601	171,581	398,182
Other operating expenses	175,146	152,510	327,656
Other expenses, net	(8,255)	(6,158)	(14,413)
Other finance expenses	6,864	9,318	16,182
Total comprehensive income before income tax	39,859	7,316	47,175

	For the three-month period ended June 30, 2025		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	37,862	12,048	49,910
Decrease (increase) in liabilities for investment contracts due to the yield component	(29,744)	-	(29,744)
Net investment and finance income	8,118	12,048	20,166
Revenues from management fees	128,962	96,376	225,338
Other operating expenses	104,669	83,763	188,432
Other expenses, net	(3,712)	(2,377)	(6,089)
Other finance expenses	4,659	6,562	11,221
Total comprehensive income before income tax	24,040	15,722	39,762

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment (cont.)

	For the three-month period ended June 30, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	30,706	(381)	30,325
Decrease (increase) in liabilities for investment contracts due to the yield component	(30,263)	-	(30,263)
Income (loss) from investments and finance, net	443	(381)	62
Revenues from management fees	113,792	85,055	198,847
Other operating expenses	89,140	77,379	166,519
Other expenses, net	(3,301)	(2,853)	(6,154)
Other finance expenses	4,524	5,097	9,621
Total comprehensive income (loss) before income tax	17,270	(655)	16,615

	For the year ended December 31, 2024		
	Provident	Pension	Total
	Unaudited		
	NIS thousand		
Total investment income, net	100,946	17,673	118,619
Decrease (increase) in liabilities for 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 six months ended June 30		For the three-month period ended June 30, 2025		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	1,674,136	1,988,627	1,516,314	664,457	3,666,507
Increase in liabilities in respect of investment contracts due to the yield component	(1,674,136)	(1,988,627)	(1,516,314)	(664,457)	(3,666,507)
Income (loss) from investments and finance, net	-	-	-	-	-
Revenues from management fees	141,149	96,691	70,312	46,897	213,776
Other operating expenses	104,746	76,900	51,835	39,852	173,123
Income for the period	36,403	19,791	18,477	7,045	40,653
Total segment assets	39,097,958	27,491,685	39,097,958	27,491,685	32,957,985
Total segment assets for yield- dependent contracts	38,817,552	27,333,075	38,817,552	27,333,075	32,751,129
Total segment liabilities	38,817,552	27,333,075	38,817,552	27,333,075	32,751,129
<u>Additional information regarding investment contracts</u>					
Proceeds from investment contracts	6,373,253	3,404,125	2,667,873	1,940,067	9,740,419
Annualized receipts for investment contracts – new business	35,651	26,437	15,083	17,325	51,835
One-off proceeds for investment contracts	6,258,571	3,302,328	2,610,634	1,889,710	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 the completion of the transaction and as a result of assuming control in Gvanim, the Company recorded in the first quarter an income from assuming control of approx. NIS 16 million. 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 91 million, of which approx. NIS 40 million is in respect of goodwill.

NOTE 5 - FINANCIAL INSTRUMENTS

A. Assets for yield-dependent contracts

- Following is a breakdown of assets held against insurance contracts and investment contracts presented at fair value through profit and loss:

	As of June 30		As of
	2025	2024	December 31
		Unaudited	2024
	NIS thousand		
Debt instruments:			
<u>Illiquid debt instruments:</u>			
Deposits with banks and financial institutions	55,295	60,599	58,570
Illiquid corporate bonds	818,714	657,334	780,091
Loans (including investees)	6,676,326	7,172,820	6,841,646
Other illiquid debt instruments	550,622	372,497	454,397
Total illiquid debt instruments	8,100,957	8,263,250	8,134,704
<u>Liquid debt instruments:</u>			
Government Bonds	11,022,862	7,537,760	10,356,314
Liquid corporate bonds	15,136,243	13,838,206	14,892,326
Total liquid debt instruments	26,159,105	21,375,966	25,248,640
Total debt instruments	34,260,062	29,639,216	33,383,344
Capital instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	2,597,489	2,408,959	2,557,461
<u>Liquid equity instruments:</u>			
Liquid shares	21,716,002	17,593,589	19,757,414
Total equity instruments	24,313,491	20,002,548	22,314,875
Other investments:			
Other investments	36,485,009	32,660,901	36,220,407
Derivative instruments	4,071,428	1,318,164	1,859,326
Total other financial investments	40,556,437	33,979,065	38,079,733
Total financial investments	99,129,990	83,620,829	93,777,952

- 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.

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.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

A. Assets for yield-dependent contracts (cont.)

2. Fair value of financial assets by level: (cont.)

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 as the new revaluation supplier, following a comprehensive tender conducted in accordance with the provisions of the law. The Company is looking into the implications of the decision and is preparing to implement the change in accordance with the guidelines to be received from the Capital Market Authority, including the implication regarding the measurement and classification of fair value hierarchies.

The Company holds the financial instruments measured at fair value according to the following classifications:

	As of June 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,478,273	2,622,684	8,100,957
Liquid debt instruments	20,246,694	5,912,411	-	26,159,105
Capital instruments	21,652,398	63,604	2,597,489	24,313,491
Other investments	13,774,828	4,852,642	21,928,967	40,556,437
Total financial assets	<u>55,673,920</u>	<u>16,306,930</u>	<u>27,149,140</u>	<u>99,129,990</u>

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,439,057	2,824,193	8,263,250
Liquid debt instruments	15,647,770	5,728,196	-	21,375,966
Capital instruments	17,478,667	114,922	2,408,959	20,002,548
Other investments	11,333,816	941,853	21,703,396	33,979,065
Total financial assets	<u>44,460,253</u>	<u>12,224,028</u>	<u>26,936,548</u>	<u>83,620,829</u>

	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	<u>51,866,557</u>	<u>14,110,557</u>	<u>27,800,838</u>	<u>93,777,952</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**

	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
Total gains (losses) recognized in profit or loss (*)	60,863	(9,071)	(45,849)	5,943
Purchases	603,377	202,656	2,653,281	3,459,314
Proceeds from interest and dividend	(48,026)	(59,618)	(683,876)	(791,520)
Sales	(791,096)	(93,939)	(2,414,355)	(3,299,390)
Transfers to Level 3 (**)	97,191	-	-	97,191
Transfers from Level 3 (**)	<u>(123,236)</u>	<u>-</u>	<u>-</u>	<u>(123,236)</u>
Balance as of				
June 30, 2025 (unaudited)	<u>2,622,684</u>	<u>2,597,489</u>	<u>21,928,967</u>	<u>27,149,140</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2025	<u>(47,798)</u>	<u>(70,896)</u>	<u>(618,583)</u>	<u>(737,277)</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 January 1, 2024 (audited)	2,694,773	2,104,471	19,230,673	24,029,917
Total gains (losses) recognized in profit or loss (*)	157,583	10,992	1,694,144	1,862,719
Purchases	467,948	313,928	2,277,188	3,059,064
Proceeds from interest and dividend	(69,659)	(20,294)	(438,386)	(528,339)
Sales	(407,656)	(138)	(1,060,223)	(1,468,017)
Transfers from Level 3 (**)	(18,796)	-	-	(18,796)
Balance as of June 30, 2024 (unaudited)	2,824,193	2,408,959	21,703,396	26,936,548
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30 2024	68,890	(9,054)	1,022,496	1,082,332
(**) 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 April 1, 2025 (unaudited)	2,690,504	2,661,432	23,483,853	28,835,789
Total gains (losses) recognized in profit or loss (*)	(48,582)	(64,852)	(1,171,458)	(1,284,892)
Purchases	198,874	111,025	1,218,971	1,528,870
Proceeds from interest and dividend	(24,619)	(42,026)	(250,163)	(316,808)
Sales	(290,684)	(68,090)	(1,352,236)	(1,711,010)
Transfers to Level 3 (**)	97,191	-	-	97,191
Balance as of June 30, 2025 (unaudited)	2,622,684	2,597,489	21,928,967	27,149,140
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2025	(111,264)	(106,967)	(1,373,548)	(1,591,779)
(**) 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.

	Fair value measurement at the reporting date			
	Financial assets			Total financial assets
	Illiquid debt instruments	Capital instruments	Other investments	
Balance as of April 1, 2024 (unaudited)	2,724,147	2,265,590	20,332,627	25,322,364
Total gains (losses) recognized in profit or loss (*)	86,408	(14,257)	1,152,981	1,225,132
Purchases	263,179	170,336	1,037,178	1,470,693
Proceeds from interest and dividend	(48,131)	(12,572)	(180,870)	(241,573)
Sales	<u>(201,410)</u>	<u>(138)</u>	<u>(638,520)</u>	<u>(840,068)</u>
Balance as of June 30, 2024 (unaudited)	<u>2,824,193</u>	<u>2,408,959</u>	<u>21,703,396</u>	<u>26,936,548</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30 2024	<u>32,287</u>	<u>(26,907)</u>	<u>988,939</u>	<u>994,319</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	
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 (**)	<u>(18,796)</u>	<u>-</u>	<u>-</u>	<u>(18,796)</u>
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 June 30, 2025:

Group of assets	Fair value	Measurement method	Key unobservable input	Weighted discount rate
Unaudited				
NIS thousand				
Illiquid debt instruments	2,622,684	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 8.38%, weighted
Capital instruments	2,597,489	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	21,928,967	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 June 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	71,374	595,000	666,374
Treasury deposits*	-	961,725	961,725
Designated bonds	9,038,616	-	9,038,616
Illiquid corporate bonds	176,670	47,752	224,422
Loans (including investees)	3,771,842	2,655,977	6,427,819
Other illiquid debt instruments	32,081	-	32,081
Total illiquid debt instruments	13,090,583	4,260,454	17,351,037
<u>Liquid debt instruments:</u>			
Government Bonds	3,801,009	-	3,801,009
Liquid corporate bonds	3,105,472	-	3,105,472
Total liquid debt instruments	6,906,481	-	6,906,481
Total debt instruments	19,997,064	4,260,454	24,257,518
Balance of credit loss provision	-	34,893	34,893
Capital instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	693,574	-	693,574
<u>Liquid equity instruments:</u>			
Liquid shares	2,810,246	-	2,810,246
Total equity instruments	3,503,820	-	3,503,820
Other investments:			
Other investments	6,569,306	-	6,569,306
Derivative instruments	772,780	-	772,780
Total other financial investments	7,342,086	-	7,342,086
Total financial investments	30,842,970	4,260,454	35,103,424

* 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 June 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	128,741	871,000	999,741
Treasury deposits*	-	931,785	931,785
Designated bonds	8,696,282	-	8,696,282
Illiquid corporate bonds	158,221	78,457	236,678
Loans (including investees)	3,949,951	2,538,690	6,488,641
Other illiquid debt instruments	21,127	-	21,127
Total illiquid debt instruments	12,954,322	4,419,932	17,374,254
<u>Liquid debt instruments:</u>			
Government Bonds	3,056,010	-	3,056,010
Liquid corporate bonds	2,594,260	-	2,594,260
Total liquid debt instruments	5,650,270	-	5,650,270
Total debt instruments	18,604,592	4,419,932	23,024,524
Balance of credit loss provision	-	68,838	68,838
Capital instruments:			
<u>Illiquid debt instruments:</u>			
Illiquid shares	591,853	-	591,853
<u>Liquid equity instruments:</u>			
Liquid shares	1,907,318	-	1,907,318
Total equity instruments	2,499,171	-	2,499,171
Other investments:			
Other investments	5,504,412	-	5,504,412
Derivative instruments	425,109	-	425,109
Total other financial investments	5,929,521	-	5,929,521
Total financial investments	27,033,284	4,419,932	31,453,216

* 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
Capital 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 financial 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.

	As of June 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,444,027	1,607,940	4,051,967
Designated bonds	-	-	9,038,616	9,038,616
Liquid debt instruments	5,596,766	1,309,715	-	6,906,481
Capital instruments	2,758,437	51,809	693,574	3,503,820
Other investments	436,193	704,857	6,201,036	7,342,086
Total financial assets	8,791,396	4,510,408	17,541,166	30,842,970

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,589,988	1,668,052	4,258,040
Designated bonds	-	-	8,696,282	8,696,282
Liquid debt instruments	4,448,889	1,201,381	-	5,650,270
Capital instruments	1,865,366	41,952	591,853	2,499,171
Other investments	494,445	161,045	5,274,031	5,929,521
Total financial assets	6,808,700	3,994,366	16,230,218	27,033,284

	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

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

	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
Total gains (losses) recognized in profit or loss (*)	39,517	338,120	(9,732)	(40,011)	327,894
Purchases	583,437	44,220	124,220	1,283,612	2,035,489
Proceeds from interest and dividend	(55,381)	(193,652)	(9,218)	(240,857)	(499,108)
Sales	(510,316)	(52,885)	(20,702)	(346,948)	(930,851)
Transfers to Level 3 (**)	47,184	-	-	-	47,184
Balance as of June 30, 2025 (unaudited)	<u>1,607,940</u>	<u>9,038,616</u>	<u>693,574</u>	<u>6,201,036</u>	<u>17,541,166</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2025	<u>(6,325)</u>	<u>144,424</u>	<u>(19,476)</u>	<u>(226,372)</u>	<u>(107,749)</u>

(**) Transfers to/from Level 3 stem mainly from securities whose rating changed.

	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
Total gains (losses) recognized in profit or loss (*)	91,639	(11,414)	(3,312)	325,536	402,449
Purchases	306,024	10,576	97,400	492,961	906,961
Proceeds from interest and dividend	(62,556)	(191,679)	(1,323)	(107,024)	(362,582)
Sales	(553,292)	(10,596)	(26,517)	(471,365)	(1,061,770)
Transfers to Level 3 (**)	11,838	-	-	-	11,838
Transfers from Level 3 (**)	(2,784)	-	-	-	(2,784)
Balance as of June 30, 2024 (unaudited)	<u>1,668,052</u>	<u>8,696,282</u>	<u>591,853</u>	<u>5,274,031</u>	<u>16,230,218</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30 2024	<u>35,710</u>	<u>(202,738)</u>	<u>(7,363)</u>	<u>240,407</u>	<u>66,016</u>

(**) Transfers to/from Level 3 stem mainly from securities whose rating 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 April 1, 2025 (unaudited)	1,605,827	8,901,386	658,128	5,853,246	17,018,587
Total gains (losses) recognized in profit or loss (*)	3,081	339,547	(24,263)	(278,073)	40,292
Purchases	138,202	10,647	82,812	899,143	1,130,804
Proceeds from interest and dividend	(30,328)	(193,652)	(7,042)	(95,095)	(326,117)
Sales	(156,026)	(19,312)	(16,061)	(178,185)	(369,584)
Transfers to Level 3 (**)	47,184	-	-	-	47,184
Balance as of June 30, 2025 (unaudited)	<u>1,607,940</u>	<u>9,038,616</u>	<u>693,574</u>	<u>6,201,036</u>	<u>17,541,166</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2025	<u>(24,283)</u>	<u>145,851</u>	<u>(31,538)</u>	<u>(351,950)</u>	<u>(261,920)</u>

(**) Transfers to Level 3 stem mainly from securities whose rating changed.

	Financial assets				Total financial assets
	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	
			NIS thousand		
Balance as of April 1, 2024 (unaudited)	1,724,010	9,029,259	547,402	4,987,426	16,288,097
Total gains (losses) recognized in profit or loss (*)	36,219	(141,278)	(8,937)	238,123	124,127
Purchases	132,730	10,576	53,388	232,902	429,596
Proceeds from interest and dividend	(30,108)	(191,679)	-	(42,550)	(264,337)
Sales	(194,799)	(10,596)	-	(141,870)	(347,265)
Balance as of June 30, 2024 (unaudited)	<u>1,668,052</u>	<u>8,696,282</u>	<u>591,853</u>	<u>5,274,031</u>	<u>16,230,218</u>
(*) Of which: Total unrealized gains (losses) for the period recognized in profit and loss in respect of assets held as of June 30, 2024	<u>24,062</u>	<u>(332,418)</u>	<u>(9,714)</u>	<u>217,244</u>	<u>(100,826)</u>

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 NIS thousand	Other investments	Total financial assets
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 to/from Level 3 stem mainly from securities whose rating changed and from securities issued for the first time.

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of June 30, 2025:

Group of assets	Fair value	Measurement method	Key unobservable input	Weighted discount rate
Unaudited				
NIS thousand				
Illiquid debt instruments, excluding designated bonds	1,607,940	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 6.87%, weighted
Capital instruments	693,574	Multiplier/ DCF estimation	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 13.10%, weighted
Other investments	6,201,036	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 June 30, 2025		As of June 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:

Illiquid debt instruments:

Deposits with banks and

financial institutions

595,000 595,000 871,000 871,000 874,002 874,002

Treasury deposits

961,725 1,569,171 931,785 1,413,392 945,773 1,549,472

Illiquid corporate bonds

47,752 46,640 78,457 70,607 49,779 48,540

Loans (including investees)

2,655,977 2,683,271 2,538,690 2,537,765 2,587,868 2,577,185

Total financial assets

4,260,454 4,894,082 4,419,932 4,892,764 4,457,422 5,049,199

C. Credit assets for factoring, acquiring and financing

	As of June 30 2025	As of June 30 2024	As of December 31 2024
		Unaudited	
	NIS thousand	NIS thousand	NIS thousand
Trade receivables and checks for collection	1,539,449	1,088,384	1,351,253
Credit vouchers	22,718	19,509	23,294
Loans and checks for collection	2,046,452	1,484,786	1,801,357
Credit vouchers for sale	1,456,285	1,885,051	1,841,439
Credit loss provision	(58,410)	(32,239)	(47,109)
Total	5,006,494	4,445,491	4,970,234

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities

1. Breakdown of financial liabilities

	Balance as of June 30, 2025	
	Carrying value	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Loans from banks (1)	2,144,024	2,144,024
Short-term credit from banking corporations	863,190	863,190
Loans from non-bank entities	366,675	366,675
Bonds (2)	3,880,415	3,613,832
Subordinated Notes - Tier 2 capital (3)	4,622,320	4,624,656
Notes - Additional Tier 1 capital (3)	380,394	377,700
Trade receivables for credit cards	1,542,036	1,542,036
Repo in respect of non-yield-dependent contracts (4)	210,281	210,281
Lease liabilities (5)	195,685	-
Other (6)	102,401	102,401
Total financial liabilities presented at amortized cost	14,307,421	13,844,795
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo in respect of non-yield-dependent contracts (4)	743,592	743,592
Repo in respect of yield-dependent contracts (4)	1,213,186	1,213,186
Total financial liabilities presented at fair value through profit or loss	1,956,778	1,956,778
Total loans and credit	16,264,199	15,801,573
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	1,965,831	1,965,831
Derivatives held for non-yield-dependent contracts	390,209	390,209
Liability for short sale of liquid securities (7)	1,262,963	1,262,963
Total held-for-trading financial liabilities	3,619,003	3,619,003

(1) For a change in loans from banks – see Note 10(o).

(2) For a change in the bonds – see Note 10(b).

(3) The notes were issued for the purpose of complying with the capital requirements. For a change in Tier 2 capital, see Note 10(i).

(4) 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.

(5) Disclosure of fair value was not required.

(6) Mainly a provision in respect of an option to acquire an investee, including a CLN transaction to guarantee a return in a consolidated company and an undertaking to acquire portfolios.

(7) As of the balance sheet date, the amount of the exposure to these transactions in respect of non-yield-dependent contracts is NIS 1,262,960 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 June 30, 2024	
	Carrying value	Fair value
	Unaudited	
	NIS thousand	
<u>Financial liabilities presented at amortized cost:</u>		
Short-term credit from banking corporations	1,361,109	1,361,109
Loans from non-bank entities	1,257,668	1,257,668
Bonds	2,477,250	2,396,038
Subordinated notes (1)	4,100,623	3,961,901
Notes - Additional Tier 1 capital (1)	367,088	340,861
Trade receivables for credit cards	1,798,528	1,798,528
Repo in respect of non-yield-dependent contracts (2)	169,591	169,591
Lease liabilities (3)	180,064	
Other (4)	44,034	44,034
Total financial liabilities presented at amortized cost	11,755,955	11,329,730
<u>Financial liabilities presented at fair value through profit or loss:</u>		
Repo in respect of non-yield-dependent contracts (2)	577,152	577,152
Total financial liabilities presented at fair value through profit or loss	577,152	577,152
Total loans and credit	12,333,107	11,906,882
<u>Held-for-trading financial liabilities</u>		
Derivatives held for yield-dependent contracts	958,494	958,494
Derivatives held for non-yield-dependent contracts	337,362	337,362
Liability for short sale of liquid securities (5)	1,319,852	1,319,852
Total held-for-trading financial liabilities	2,615,708	2,615,708

- (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 1,294,527 thousand, and in respect of yield-dependent contracts – NIS 25,325 thousand.

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

1. Breakdown of financial liabilities (cont.)

	As of December 31, 2024	
	Carrying value	Fair value
	Audited	
	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 in respect of 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 in respect of non-yield-dependent contracts (2)	721,182	721,182
Repo in respect of 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 June 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	1,956,778	-	1,956,778
Derivatives	192,104	2,152,808	11,128	2,356,040
Liability for short sale of liquid securities	1,262,963	-	-	1,262,963
Total held-for-trading financial liabilities	1,455,067	2,152,808	11,128	3,619,003

	As of June 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS thousand			
Total financial liabilities presented at fair value through profit or loss	-	577,152	-	577,152
Derivatives	263,673	1,022,786	9,397	1,295,856
Liability for short sale of liquid securities	1,319,852	-	-	1,319,852
Total held-for-trading financial liabilities	1,583,525	1,022,786	9,397	2,615,708

	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

NOTE 5 - FINANCIAL INSTRUMENTS (cont.)

D. Financial liabilities (cont.)

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.

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.

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) Liability for repo

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.

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 recognized economic equity and the solvency capital requirement.

The recognized economic equity capital is determined as the sum of the core 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 risks 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 Report, 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.)

According to the above, the Company made an estimate of its economic solvency ratio as of March 31, 2025 (hereinafter - the "**Estimate**"); the Estimate is not audited or reviewed by the independent auditor. The calculation (of the Estimate) was carried out in accordance with the guidelines of the Solvency II-based Economic Solvency Regime, and 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**"), which was published on October 14, 2020. The Company carries out the Estimate and publishes the quarterly disclosure in addition to the publication of a mandatory solvency ratio reports as required under the Provisions of the Economic Solvency Regime.

In accordance with the Solvency Ratio Report as of December 31, 2024, and the estimated quarterly solvency ratio as of March 31, 2025 as stated above, Phoenix Insurance has surplus capital, both when calculation is made having no regard to the Provisions for the Transitional Period and when it is made taking into account the Provisions for the Transitional Period.

The calculation as of December 31, 2024 made by Phoenix Insurance was reviewed by Phoenix Insurance's independent auditors, in accordance with International Standard on Assurance Engagements (ISAE 3400) - The Examination of Prospective Financial Information. This standard is relevant to audits of solvency calculations and does not constitute part of the auditing 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, that 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.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

A. Principles of the Solvency II-based Economic Solvency Regime (cont.)

Economic solvency ratio (cont.)

In their special report, the independent auditors noted that they did not review the appropriateness of the Deduction During the Transitional Period as of December 31, 2024, except for verifying that the Deduction amount does not exceed the expected discounted amount of the risk margin and the capital required for solvency 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 required capital, which affects both the calculation of the expected capital release and the release of the expected risk margin as detailed in the provisions on calculation of risk margin. Furthermore, attention is drawn to 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 December 31, 2024.

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%.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

1) Capital distribution target (cont.)

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.

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/ 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 June 30, 2025, the balance of assets in the Phoenix Insurance's books of accounts is approx. NIS 625 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 June 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 March 31, 2025.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS (cont.)

B. Dividend (cont.)

3) Dividend distributions in the reporting period (cont.)

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, at the same time as the approval of Phoenix Insurance's financial statements as of June 30, 2025, Phoenix Insurance's Board of Directors decided - given the Company's distributable retained earnings and solvency ratio, to distribute a NIS 460 million cash dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

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.

NOTE 6 - SHAREHOLDERS' EQUITY AND CAPITAL REQUIREMENTS

(cont.)

- 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 10E, 10J and 11H.
- G.** For details regarding the share buyback during the reporting period, see Note 10D.
- H.** For details regarding the Company's dividend distribution policy, see Note 10K.

NOTE 7 - INCOME (LOSS) FROM INSURANCE SERVICES AND REINSURANCE

	For the six-month period ended June 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):				
The contractual service margin (CSM) amount recognized in profit or loss for services provided	161,269	375,748	-	537,017
Change in risk adjustment (RA) for non-financial risk resulting from past risks	26,210	32,227	-	58,437
Claims and other expected insurance service expenses incurred	775,562	735,869	-	1,511,431
Other (*)	13,948	(945)	-	13,003
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	46,233	29,171	-	75,404
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,023,222	1,172,070	-	2,195,292
Contracts to which the Premium Allocation Approach (PAA) was applied	-	139,737	2,474,866	2,614,603
Total revenues from insurance services	<u>1,023,222</u>	<u>1,311,807</u>	<u>2,474,866</u>	<u>4,809,895</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	838,658	887,434	1,790,490	3,516,582
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(102,220)	(66,162)	(266,187)	(434,569)
Losses (reversal of losses) for groups of onerous insurance contracts	(36,781)	(1)	(1,396)	(38,178)
Amortization of insurance acquisition cash flows	46,235	40,055	536,380	622,670
Total expenses from insurance services	<u>745,892</u>	<u>861,326</u>	<u>2,059,287</u>	<u>3,666,505</u>
Income from insurance services before reinsurance contracts held	<u>277,330</u>	<u>450,481</u>	<u>415,579</u>	<u>1,143,390</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):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	27,588	44,263	-	71,851
Change in risk adjustment (RA) for non-financial risk resulting from past risks	13,731	2,773	-	16,504
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	74,023	56,113	-	130,136
Other (*)	(6,582)	62	-	(6,520)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	108,760	103,211	-	211,971
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	521,504	521,504
Total reinsurance expenses	<u>108,760</u>	<u>103,211</u>	<u>521,504</u>	<u>733,475</u>
Reinsurance revenues: (**)				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	65,306	69,223	671,850	806,379
Changes relating to past service - adjustment for assets for incurred claims	11,392	(15,206)	(113,076)	(116,890)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	24,061	-	1,449	25,510
Total reinsurance revenues	<u>100,759</u>	<u>54,017</u>	<u>560,223</u>	<u>714,999</u>
Total (expenses) revenues, net for reinsurance contracts held	<u>(8,001)</u>	<u>(49,194)</u>	<u>38,719</u>	<u>(18,476)</u>
Income from insurance services	<u>269,329</u>	<u>401,287</u>	<u>454,298</u>	<u>1,124,914</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 six-month period ended June 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):				
The contractual service margin (CSM) amount recognized in profit or loss for services provided	198,321	383,074	-	581,395
Change in risk adjustment (RA) for non-financial risk resulting from past risks	26,658	28,977	-	55,635
Claims and other expected insurance service expenses incurred	750,987	700,619	-	1,451,606
Other (*)	17,460	4	-	17,464
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	33,917	18,892	-	52,809
Total contracts to which the Premium Allocation Approach (PAA) was not applied	1,027,343	1,131,566	-	2,158,909
Contracts to which the Premium Allocation Approach (PAA) was applied	-	118,502	2,265,167	2,383,669
Total revenues from insurance services	<u>1,027,343</u>	<u>1,250,068</u>	<u>2,265,167</u>	<u>4,542,578</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	877,628	838,659	1,436,990	3,153,277
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(39,315)	(51,092)	(207,348)	(297,755)
Losses (reversal of losses) for groups of onerous insurance contracts	1,437	1	3,334	4,772
Amortization of insurance acquisition cash flows	33,917	31,780	455,365	521,062
Total expenses from insurance services	<u>873,667</u>	<u>819,348</u>	<u>1,688,341</u>	<u>3,381,356</u>
Income from insurance services before reinsurance contracts held	<u>153,676</u>	<u>430,720</u>	<u>576,826</u>	<u>1,161,222</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):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	31,369	41,128	-	72,497
Change in risk adjustment (RA) for non-financial risk resulting from past risks	19,666	2,831	-	22,497
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	92,035	54,288	-	146,323
Other (*)	4,572	529	-	5,101
Total contracts to which the Premium Allocation Approach (PAA) was not applied	147,642	98,776	-	246,418
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	463,041	463,041
Total reinsurance expenses	<u>147,642</u>	<u>98,776</u>	<u>463,041</u>	<u>709,459</u>
Reinsurance revenues: (**)				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	107,510	76,710	280,480	464,700
Changes relating to past service - adjustment for assets for incurred claims	(3,878)	(21,011)	(17,205)	(42,094)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	-	-	436	436
Total reinsurance revenues	<u>103,632</u>	<u>55,699</u>	<u>263,711</u>	<u>423,042</u>
Total expenses, net for reinsurance contracts held	<u>(44,010)</u>	<u>(43,077)</u>	<u>(199,330)</u>	<u>(286,417)</u>
Income from insurance services	<u>109,666</u>	<u>387,643</u>	<u>377,496</u>	<u>874,805</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 June 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):				
The contractual service margin (CSM) amount recognized in profit or loss for services provided	78,545	186,148	-	264,693
Change in risk adjustment (RA) for non-financial risk resulting from past risks	13,298	16,027	-	29,325
Claims and other expected insurance service expenses incurred	389,049	372,783	-	761,832
Other (*)	6,938	(2,155)	-	4,783
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	23,475	15,474	-	38,949
Total contracts to which the Premium Allocation Approach (PAA) was not applied	511,305	588,277	-	1,099,582
Contracts to which the Premium Allocation Approach (PAA) was applied	-	74,697	1,274,304	1,349,001
Total revenues from insurance services	<u>511,305</u>	<u>662,974</u>	<u>1,274,304</u>	<u>2,448,583</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	414,536	442,542	1,073,579	1,930,657
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(45,018)	(35,578)	(135,715)	(216,311)
Losses (reversal of losses) for groups of onerous insurance contracts	(85,617)	-	2,143	(83,474)
Amortization of insurance acquisition cash flows	23,475	21,556	294,372	339,403
Total expenses from insurance services	<u>307,376</u>	<u>428,520</u>	<u>1,234,379</u>	<u>1,970,275</u>
Income from insurance services before reinsurance contracts held	<u>203,929</u>	<u>234,454</u>	<u>39,925</u>	<u>478,308</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):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	9,664	22,203	-	31,867
Change in risk adjustment (RA) for non-financial risk resulting from past risks	4,977	1,463	-	6,440
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	27,231	28,414	-	55,645
Other (*)	(1,311)	792	-	(519)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	40,561	52,872	-	93,433
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	270,780	270,780
Total reinsurance expenses	<u>40,561</u>	<u>52,872</u>	<u>270,780</u>	<u>364,213</u>
Reinsurance revenues: (**)				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	18,735	30,524	519,560	568,819
Changes relating to past service - adjustment for assets for incurred claims	9,927	(8,156)	(23,136)	(21,365)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	24,061	-	1,022	25,083
Total reinsurance revenues	<u>52,723</u>	<u>22,368</u>	<u>497,446</u>	<u>572,537</u>
Total (expenses) revenues, net for reinsurance contracts held	<u>12,162</u>	<u>(30,504)</u>	<u>226,666</u>	<u>208,324</u>
Income from insurance services	<u>216,091</u>	<u>203,950</u>	<u>266,591</u>	<u>686,632</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 June 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):				
The contractual service margin (CSM) amount recognized in profit or loss for services provided	98,767	191,033	-	289,800
Change in risk adjustment (RA) for non-financial risk resulting from past risks	13,291	14,531	-	27,822
Claims and other expected insurance service expenses incurred	370,378	343,329	-	713,707
Other (*)	12,503	4,935	-	17,438
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	17,854	9,946	-	27,800
Total contracts to which the Premium Allocation Approach (PAA) was not applied	512,793	563,774	-	1,076,567
Contracts to which the Premium Allocation Approach (PAA) was applied	-	64,951	1,140,297	1,205,248
Total revenues from insurance services	<u>512,793</u>	<u>628,725</u>	<u>1,140,297</u>	<u>2,281,815</u>
Expenses from insurance services (**)				
Claims and other insurance service expenses incurred	436,909	416,783	707,140	1,560,832
Changes relating to past service - adjustment for liabilities for incurred claims (LIC)	(24,445)	(30,199)	(155,322)	(209,966)
Losses (reversal of losses) for groups of onerous insurance contracts	1,248	(625)	3,174	3,797
Amortization of insurance acquisition cash flows	17,854	18,340	249,257	285,451
Total expenses from insurance services	<u>431,566</u>	<u>404,299</u>	<u>804,249</u>	<u>1,640,114</u>
Income from insurance services before reinsurance contracts held	<u>81,227</u>	<u>224,426</u>	<u>336,048</u>	<u>641,701</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):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	15,975	19,894	-	35,869
Change in risk adjustment (RA) for non-financial risk resulting from past risks	9,831	1,424	-	11,255
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	44,622	26,643	-	71,265
Other (*)	4,681	631	-	5,312
Total contracts to which the Premium Allocation Approach (PAA) was not applied	75,109	48,592	-	123,701
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	229,362	229,362
Total reinsurance expenses	<u>75,109</u>	<u>48,592</u>	<u>229,362</u>	<u>353,063</u>
Reinsurance revenues: (**) (*)				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred	50,289	37,720	142,882	230,891
Changes relating to past service - adjustment for assets for incurred claims	(4,656)	(14,979)	(36,951)	(56,586)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	-	-	388	388
Total reinsurance revenues	<u>45,633</u>	<u>22,741</u>	<u>106,319</u>	<u>174,693</u>
Total expenses, net for reinsurance contracts held	<u>(29,476)</u>	<u>(25,851)</u>	<u>(123,043)</u>	<u>(178,370)</u>
Income from insurance services	<u>51,751</u>	<u>198,575</u>	<u>213,005</u>	<u>463,331</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 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):				
The 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				
Reinsurance revenues: (**)				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in assets for remaining coverage (ARC):				
The contractual service margin (CSM) amount recognized in profit or loss for services received	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>
Reinsurance revenues: (**)				
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 six months ended June 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	4,272,772	126,545	-	1,674,136	6,073,453
Income (losses) from other investments, net:					
Other investment income, net	403,114	81,979	177,897	1,027,766	1,690,756
Share in profits of equity-accounted subsidiaries closely related to the investing activity	7,793	15,508	11,959	40,150	75,410
Total income from other investments, net	<u>410,907</u>	<u>97,487</u>	<u>189,856</u>	<u>1,067,916</u>	<u>1,766,166</u>
Total investment income, net recognized in the income statement	<u>4,683,679</u>	<u>224,032</u>	<u>189,856</u>	<u>2,742,052</u>	<u>7,839,619</u>
Total investment income (losses), net recognized in other comprehensive income	<u>1,709</u>	<u>2,262</u>	<u>4,246</u>	<u>(21,841)</u>	<u>(13,624)</u>
Total investment income (losses), net	<u>4,685,388</u>	<u>226,294</u>	<u>194,102</u>	<u>2,720,211</u>	<u>7,825,995</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	4,178,397	86,507	-	-	4,264,904
Effects of the risk mitigation option for VFA contracts	77,060	-	-	-	77,060
Interest accrued (a)	312,694	131,457	121,833	-	565,984
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	133,455	72,419	28,862	-	234,736
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(8,749)	(5,914)	-	-	(14,663)
Total finance expenses, net arising from insurance contracts	<u>4,692,857</u>	<u>284,469</u>	<u>150,695</u>	<u>-</u>	<u>5,128,021</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	17,960	49,341	28,014	-	95,315
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	9,072	31,835	16,536	-	57,443
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(7,856)	(865)	-	-	(8,721)
Loss on exchange rate differences and other	(6,521)	(15,320)	-	-	(21,841)
Total finance income, net arising from reinsurance contracts	<u>12,655</u>	<u>64,990</u>	<u>44,550</u>	<u>-</u>	<u>122,195</u>
Increase in liabilities in respect of investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,720,410)</u>	<u>(1,720,410)</u>
Total net investment and finance income and investment revenue from other comprehensive income	<u>5,186</u>	<u>6,815</u>	<u>87,957</u>	<u>999,801</u>	<u>1,099,759</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the six months ended June 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	4,306,621	500,464	-	1,988,627	6,795,712
Income (losses) from other investments, net:					
Other investment income, net	38,775	92,338	148,016	132,201	411,330
Share in gains (losses) of equity-accounted subsidiaries closely related to the investing activity	(3,549)	18,278	15,097	10,138	39,964
Total income from other investments, net	<u>35,226</u>	<u>110,616</u>	<u>163,113</u>	<u>142,339</u>	<u>451,294</u>
Total investment income, net recognized in the income statement	<u>4,341,847</u>	<u>611,080</u>	<u>163,113</u>	<u>2,130,966</u>	<u>7,247,006</u>
Investment income, net recognized in other comprehensive income	<u>948</u>	<u>178</u>	<u>6,433</u>	<u>-</u>	<u>7,559</u>
Total investment income, net	<u>4,342,795</u>	<u>611,258</u>	<u>169,546</u>	<u>2,130,966</u>	<u>7,254,565</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	4,235,895	471,000	-	-	4,706,895
Effects of the risk mitigation option for VFA contracts	77,238	-	-	-	77,238
Interest accrued (a)	343,599	184,252	108,857	-	636,708
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(413,125)	(67,760)	(8,446)	-	(489,331)
Total finance expenses, net arising from insurance contracts	<u>4,243,607</u>	<u>587,492</u>	<u>100,411</u>	<u>-</u>	<u>4,931,510</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	17,247	57,974	8,050	-	83,271
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	415	(71,403)	24,974	-	(46,014)
Loss on exchange rate differences and other	(19,938)	-	-	-	(19,938)
Total finance income, net arising from reinsurance contracts	<u>(2,276)</u>	<u>(13,429)</u>	<u>33,024</u>	<u>-</u>	<u>17,319</u>
Increase in liabilities in respect of investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,034,949)</u>	<u>(2,034,949)</u>
Total net investment and finance income and investment revenue from other comprehensive income	<u>96,912</u>	<u>10,337</u>	<u>102,159</u>	<u>96,017</u>	<u>305,425</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the three months ended June 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	3,639,593	109,955	-	1,516,314	5,265,862
Income (losses) from other investments, net:					
Other investment income, net	368,178	36,601	126,736	939,017	1,470,532
Share in gains (losses) of equity-accounted subsidiaries closely related to the investing activity	(1,966)	1,784	5,262	19,867	24,947
Total income from other investments, net	<u>366,212</u>	<u>38,385</u>	<u>131,998</u>	<u>958,884</u>	<u>1,495,479</u>
Total investment income, net recognized in the income statement	<u>4,005,805</u>	<u>148,340</u>	<u>131,998</u>	<u>2,475,198</u>	<u>6,761,341</u>
Investment losses, net recognized in other comprehensive income	<u>(2,448)</u>	<u>(2,923)</u>	<u>(1,932)</u>	<u>(21,983)</u>	<u>(29,286)</u>
Total investment income, net	<u>4,003,357</u>	<u>145,417</u>	<u>130,066</u>	<u>2,453,215</u>	<u>6,732,055</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	3,560,971	73,103	-	-	3,634,074
Effects of the risk mitigation option for VFA contracts	67,106	-	-	-	67,106
Interest accrued (a)	155,580	60,841	66,036	-	282,457
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	307,117	114,126	64,880	-	486,123
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(3,607)	(4,005)	-	-	(7,612)
Total finance expenses, net arising from insurance contracts	<u>4,087,167</u>	<u>244,065</u>	<u>130,916</u>	<u>-</u>	<u>4,462,148</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	9,372	23,991	19,028	-	52,391
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	12,428	62,230	18,585	-	93,243
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(4,713)	(220)	-	-	(4,933)
Loss on exchange rate differences and other	(4,623)	(12,936)	2,400	-	(15,159)
Total finance income, net arising from reinsurance contracts	<u>12,464</u>	<u>73,065</u>	<u>40,013</u>	<u>-</u>	<u>125,542</u>
Increase in liabilities in respect of investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,546,058)</u>	<u>(1,546,058)</u>
Total net investment and finance income and investment revenue from other comprehensive income	<u>(71,346)</u>	<u>(25,583)</u>	<u>39,163</u>	<u>907,157</u>	<u>849,391</u>

NOTE 8 - INCOME (LOSS) FROM INVESTMENTS AND FINANCE, NET (cont.)

	For the three months ended June 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	883,515	(28,504)	-	664,457	1,519,468
Income (losses) from other investments, net:					
Other investment income, net	(165,521)	30,137	48,646	(126,950)	(213,688)
Share in profits of equity-accounted subsidiaries closely related to the investing activity	871	2,996	8,494	2,435	14,796
Total income from other investments, net	<u>(164,650)</u>	<u>33,133</u>	<u>57,140</u>	<u>(124,515)</u>	<u>(198,892)</u>
Total investment income, net recognized in the income statement	<u>718,865</u>	<u>4,629</u>	<u>57,140</u>	<u>539,942</u>	<u>1,320,576</u>
Investment income, net recognized in other comprehensive income	<u>3,953</u>	<u>664</u>	<u>3,381</u>	<u>-</u>	<u>7,998</u>
Total investment income, net	722,818	5,293	60,521	539,942	1,328,574
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	895,176	(33,000)	-	-	862,176
Effects of the risk mitigation option for VFA contracts	14,080	-	-	-	14,080
Interest accrued (a)	171,446	91,283	52,368	-	315,097
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(423,311)	(202,162)	(11,493)	-	(636,966)
Total Finance expenses (revenues), net arising from insurance contracts	<u>657,391</u>	<u>(143,879)</u>	<u>40,875</u>	<u>-</u>	<u>554,387</u>
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	8,683	28,640	1,883	-	39,206
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	(528)	(100,293)	13,710	-	(87,111)
Loss on exchange rate differences and other	(10,424)	-	-	-	(10,424)
Total finance income (expenses), net arising from reinsurance contracts	<u>(2,269)</u>	<u>(71,653)</u>	<u>15,593</u>	<u>-</u>	<u>(58,329)</u>
Increase in liabilities in respect of investment contracts due to the yield component	<u>-</u>	<u>-</u>	<u>-</u>	<u>(694,720)</u>	<u>(694,720)</u>
Total net investment and finance income and investment revenue from other comprehensive income	<u>63,158</u>	<u>77,519</u>	<u>35,239</u>	<u>(154,778)</u>	<u>21,138</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 Unaudited	Remaining operating segments	Total
	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 gains (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>
Investment income (losses), net recognized in other comprehensive income	<u>(6,512)</u>	<u>(1,048)</u>	<u>(2,468)</u>	<u>(16,041)</u>	<u>(26,069)</u>
Total investment income, net	<u>10,510,856</u>	<u>943,415</u>	<u>404,339</u>	<u>4,978,220</u>	<u>16,836,830</u>
Finance expenses, net arising from insurance contracts:					
Change in liabilities in respect of insurance contracts arising from changes in the fair value of underlying items of VFA contracts	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>
Increase in liabilities in respect of 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 and investment revenue from other comprehensive income	<u>281,043</u>	<u>(61,697)</u>	<u>194,807</u>	<u>1,214,652</u>	<u>1,628,805</u>

- 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 six- 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 - "**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 lawsuit's chances of success, 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 rejected 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 1-5 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 rejected - 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 / all) of which are more likely than not to be rejected, 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 2.93 billion; in respect of all 54 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 rejected 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 should be 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 rejected.

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 rejected, 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 its books of accounts 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 amounts which were 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 should be 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 rejected.

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 certified the claim 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 should be 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.)

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.

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*

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
1. (cont.)			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. Phoenix Insurance is studying the Attorney General's position and its supporting arguments. An initial assessment shows that if the Attorney General's arguments are allowed, in whole or in part, this is not expected to have a material effect on the financial statements. Phoenix Insurance will continue to examine this matter. The Motion for Clarifications and Position are subject to the Court's decision. A hearing is scheduled for September 21, 2025.

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* (cont.)

Serial No.	Date, ¹ court, ² defendants and claimed amount ³	Main arguments	Details
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.	In November 2022, the Court rejected 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

Certain legal and other proceedings are conducted 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.

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.

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 million. The causes of action against the Group in these proceedings are different.

F. Complaints

Complaints are filed against the Group from time to time, including complaints to the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**") in relation to policyholders' rights under insurance policies and/or the law. These complaints are handled on an ongoing basis by the Group's Public Complaints Department. The Commissioner's decisions with regard to these complaints, to the extent that a decision has been made in respect thereof, are sometimes issued as sweeping decisions relating to a group of policyholders. Before issuing a final version of his decisions, the Commissioner usually issues a draft decision.

Furthermore, as part of the Commissioner's inquiries with the Group, following complaints and/or audits on his behalf, demands are made from time to time to receive various data regarding the Group's handling of insurance policies in the past and/or a demand to reimburse funds to groups of policyholders and/or other guidelines. In addition, the Commissioner has the power, among other things, to impose financial sanctions on the Group in accordance with the data which were and/or will be transferred thereto following inquiries as described above.

NOTE 9 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

F. Complaints (cont.)

In addition to the motions to certify claims as class actions filed against the Group and the legal and other 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 income 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	The amount claimed in NIS thousand (unaudited)
<u>Certified class actions:</u>		
A specific amount was attributed to the Company	3	589,743
The claim pertains to several companies and no specific amount was attributed to the Company	2	328,000
No claimed amount was specified.	5	-
<u>Pending motions to certify lawsuits as class actions:</u>		
A specific amount was attributed to the Company	12	2,180,274
The claim pertains to several companies and no specific amount was attributed to the Company	7	1,094,845
No claimed amount was specified.	25	-
<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 claimed amount was specified.	-	-
<u>Claims and other demands</u>	14	37,154

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as detailed above as of June 30, 2025 and December 31, 2024, amounted to approx. NIS 528,866 thousand (of which a total of approx. NIS 231,922 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	
<u>For the six-month period ended June 30, 2025:</u>		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(124)	(105)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(35)	-
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)	(12)	-
	<u>(171)</u>	<u>(157)</u>
<u>For the six-month period ended June 30, 2024:</u>		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	414	518
Effect of the revision of demographic assumptions and other changes:	-	(307)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(4)	-
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)	33	-
	<u>443</u>	<u>(54)</u>
<u>For the three-month period ended June 30, 2025:</u>		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(296)	(258)
<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:		(52)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	(46)	-
	<u>(390)</u>	<u>(310)</u>
<u>For the three-month period ended June 30, 2024:</u>		
<u>Life Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	423	563
Effect of the revision of demographic assumptions and other changes:	-	(272)
<u>Health Insurance Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	102	-
Effect of the revision of demographic assumptions and other changes:	-	(230)
<u>Property and Casualty Segment</u>		
Effects of changes in interest rates and other financial assumptions (including inflation assumptions)	25	-
	<u>550</u>	<u>61</u>

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)	(986)

* 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 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.

C. In February 2025, Midroog announced that it was reiterating both the Company's rating and that of its bonds issued at Aa2.il, with a stable outlook.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- D. On January 29, 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. During the reporting period, the Company purchased approx. 733 thousand shares at a total cost of approx. NIS 52 million. Subsequent to the purchase, the Company holds approx. 12,042 thousand Company shares. For details regarding increasing the approved share buyback plan, see Note 11I.
- E. On March 12, 2025, the Company's Board of Directors approved a dividend distribution in respect of income for 2024, in the amount of NIS 565 million. The dividend per share of NIS 1 p.v. is NIS 2.25. The dividend was paid on March 27, 2025.
- F. 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.)

G. 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, 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 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.)

- H. 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.
- I. 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 gross consideration arising to The Company from the 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.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

I. (cont.)

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.

J. On May 28, 2025, the Company's Board of Directors approved a dividend distribution in the amount of approx. NIS 230 million. The dividend per share of NIS 1 p.v. is NIS 0.91. The record date for the distribution is June 12, 2025; the dividend will be paid on June 22, 2025.

K. 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.

L. 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.

NOTE 10 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

L. New collective agreement for the 2025-2027 (cont.)

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 shares (RSU), 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.

- M.** 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.
- N.** 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 iIAA rating with a stable outlook by Maalot and Aa2.il rating with a stable outlook by Midroog.
- O.** 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%.
- P.** 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.** 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 500,000 thousand.
- B.** 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. Total gross consideration arising from the issuances totals approx. NIS 600,000 thousand. The Bonds were assigned an Aa2il rating with a stable outlook by Midroog and an ilAA rating by Maalot, in respect of an expansion of two series of subordinated notes, Series P and/or Q. The bonds were recognized as Tier 2 capital in Phoenix Insurance, and were listed on the Tel Aviv Stock Exchange.
- C.** 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.

NOTE 11 - SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (cont.)

- D.** 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 supersedes 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). As of the report publication date, the Company holds approx. 78% of Phoenix Agencies' shares, and subsequent to the completion of the transaction, the Company will hold approx. 95% of Phoenix Agencies' shares. Completion of the Transaction is subject to conditions precedent, the principal of which are: Obtaining the Israel Tax Authority's approval, the Competition Commissioner's approval and the TASE's approval for the listing of the Offered Shares (hereinafter - the "**Completion Date**"). 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. On the transaction completion date, and effective as of the agreement's signing date, the Company will acquire and receive from Oz the entire share capital of Hagoz, and Oz will sell and transfer the entire share capital of Hagoz in consideration for the Company's shares and cash as detailed below: Approx. NIS 381.5 million will be paid in cash plus interest as agreed, which will accrue through the completion date. The remaining consideration will be paid by way of allocating ordinary Company shares of NIS 1 p.v. each in accordance with the revised Company share value as of the transaction completion date (the share allocation is out of the 2021 treasury shares allocation). As of the report publication date, the main conditions precedent for the transaction's completion had been met. As a result of the above, on the transaction completion date, the Company is expected to reduce its equity by approx. NIS 290 million.
- E.** 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.
- F.** 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.
- G.** In July 2025, Maalot reiterated the Company's iIAA rating and Phoenix Insurance's iIAAA rating with a stable outlook.

NOTE 11 - SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (cont.)

- H.** On August 24, 2025, the Company's Board of Directors approved a dividend distribution in the amount of approx. NIS 400 million. The dividend per share of NIS 1 p.v. is NIS 1.59. The record date is September 1, 2025, and the dividend paid on September 8, 2025.
- I.** Further to Note 10D, in August 2025, the Company's Board of Directors approved the expand of the Company's share buyback plan by a further NIS 100 million, such that the plan will total NIS 200 million.
- J.** On August 24, 2025, Midroog reiterated the Phoenix Insurance's rating at Aaa.il, with a stable outlook.
- K.** 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 June 30, 2025, and for the six 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 2,073,511 thousand as of June 30, 2025, and the Company's share in of their earnings amounted to approximately NIS 135,945 thousand and NIS 37,552 thousand for the six 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,
August 24, 2025

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	As of June 30		As of
	2025	2024	December 31
	Unaudited (*)		2024
	NIS thousand		Unaudited (*)
Assets			
Cash and cash equivalents	189,058	33,518	65,494
Investment in Restricted Tier 1 capital of Phoenix Insurance	1,274,899	1,222,680	1,248,061
Loans and capital notes to investees	54,012	12,611	52,835
Other financial investments measured at fair value	198,130	134,915	85,891
Other financial investments measured at depreciated cost	109,622	6,620	42,094
Receivables and debit balances	44,574	22,198	45,102
Deferred tax assets	10,180	22,386	15,024
Dividend receivable from Phoenix Insurance	-	-	573,751
Current tax assets	-	14	14
Total current assets	1,880,475	1,454,942	2,128,266
Investments in investees	11,555,733	9,641,893	10,200,568
Loans and capital notes to investees	719,566	1,196,307	1,073,102
Other financial investments measured at depreciated cost	592,303	-	-
Property, plant and equipment	3,627	-	-
Investment property	12,000	-	-
Total non-current assets	12,883,229	10,838,200	11,273,670
Total assets	14,763,704	12,293,142	13,401,936
Current liabilities			
Loans and credit	232,300	24,537	173,160
Liability in respect of current taxes	12,248	-	-
Payables and credit balances	29,862	28,736	19,749
Total current liabilities	274,410	53,273	192,909
Non-current liabilities			
Loans and credit	2,305,080	1,870,018	1,719,133
Total liabilities	2,579,490	1,923,291	1,912,042
Equity attributable to Company's shareholders			
Share capital	316,903	314,728	315,764
Premium on shares and capital reserves	950,647	865,504	899,856
Treasury shares	(429,051)	(310,101)	(376,885)
Capital reserves	(207,635)	(96,093)	(185,645)
Retained earnings	11,553,350	9,595,813	10,836,804
Total equity	12,184,214	10,369,851	11,489,894
Total equity and liabilities	14,763,704	12,293,142	13,401,936

(*) See Note 2A below.

Benjamin Gabbay
Chairman of the Board

Eyal Ben Simon
CEO

Eli Schwartz
EVP, CFO

Approval date of the financial statements: August 24, 2025

The attached additional information is an integral part of the Company's separate interim financial information.

					For the year ended December 31	
	Note	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
		2025	2024	2025	2024	2024
		Unaudited				
		NIS thousand				
Other investment income, net		98,029	65,290	61,028	38,734	126,937
Revenue from management fees of investees		14,788	12,588	7,704	6,359	23,010
Other revenue	2C	9,240	-	-	-	-
Total revenues		122,057	77,878	68,732	45,093	149,947
General and administrative expenses		15,144	19,210	4,960	11,781	32,072
Finance expenses		57,517	45,098	35,086	30,098	87,093
Total expenses		72,661	64,308	40,046	41,879	119,165
Net income before income tax		49,396	13,570	28,686	3,214	30,782
Expenses for income tax		9,206	2,314	6,248	2,314	9,676
Company's share in the profits of investees, net of tax		1,469,634	870,890	934,549	371,084	2,369,925
Profit for the period attributable to the Company's owners		1,509,824	882,146	956,987	371,984	2,391,031

The attached additional information is an integral part of the Company's separate interim financial information.

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2025	2024	2025	2024	2024
	Unaudited				
	NIS thousand				
Profit for the period attributable to the Company's owners	<u>1,509,824</u>	<u>882,146</u>	<u>956,987</u>	<u>371,984</u>	<u>2,391,031</u>
Other comprehensive income:					
Items of other comprehensive income not subsequently carried to profit or loss:					
The Group's share in other comprehensive income (loss) of investees	<u>(13,624)</u>	<u>7,559</u>	<u>(29,286)</u>	<u>7,998</u>	<u>-</u>
Total other comprehensive income (loss) not to be subsequently carried to profit or loss, net of tax	<u>(13,624)</u>	<u>7,559</u>	<u>(29,286)</u>	<u>7,998</u>	<u>-</u>
Items of other comprehensive loss subsequently carried or will be carried to profit or loss:					
Group's share in other comprehensive loss of equity-accounted investees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,339)</u>
Other comprehensive income (loss) for the period, net	<u>(13,624)</u>	<u>7,559</u>	<u>(29,286)</u>	<u>7,998</u>	<u>(22,339)</u>
Total comprehensive income for the period	<u><u>1,496,200</u></u>	<u><u>889,705</u></u>	<u><u>927,701</u></u>	<u><u>379,982</u></u>	<u><u>2,368,692</u></u>

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total equity
	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
Income for the period	-	-	-	1,509,824	-	-	-	-	-	1,509,824
Total other comprehensive loss	-	-	-	-	-	-	-	-	(13,624)	(13,624)
Comprehensive income (loss)	-	-	-	1,509,824	-	-	-	-	(13,624)	1,496,200
Share-based payment	-	38,887	-	-	-	-	11,621	-	-	50,508
Acquisition of treasury shares	-	-	(52,166)	-	-	-	-	-	-	(52,166)
Exercise of employee options	1,139	11,904	-	-	-	-	(13,043)	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,654	-	-	-	(1,654)	-	-
Dividend	-	-	-	(794,932)	-	-	-	-	-	(794,932)
Transaction with minority interest	-	-	-	-	(5,290)	-	-	-	-	(5,290)
Balance as of June 30, 2025	<u>316,903</u>	<u>950,647</u>	<u>(429,051)</u>	<u>11,553,350</u>	<u>(473,109)</u>	<u>11,000</u>	<u>59,220</u>	<u>210,866</u>	<u>(15,612)</u>	<u>12,184,214</u>

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

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total equity
	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
Income for the period	-	-	-	882,146	-	-	-	-	-	882,146
Total other comprehensive income	-	-	-	-	-	-	-	-	7,559	7,559
Comprehensive income	-	-	-	882,146	-	-	-	-	7,559	889,705
Share-based payment	-	(3,023)	-	-	-	-	12,638	-	-	9,615
Acquisition of treasury shares	-	-	(116,235)	-	-	-	-	-	-	(116,235)
Exercise of employee options	1,388	8,182	-	-	-	-	(9,570)	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,005	-	-	-	(2,005)	-	-
Dividend	-	-	-	(265,000)	-	-	-	-	-	(265,000)
Acquisition of minority interests	-	-	-	-	(4,598)	-	-	-	-	(4,598)
Transaction with minority interest	-	-	-	-	(22,511)	-	-	-	-	(22,511)
Balance as of June 30, 2024 (unaudited) (*)	<u>314,728</u>	<u>865,504</u>	<u>(310,101)</u>	<u>9,595,813</u>	<u>(422,204)</u>	<u>11,000</u>	<u>72,575</u>	<u>226,936</u>	<u>15,600</u>	<u>10,369,851</u>

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

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total equity
	Unaudited									
	NIS thousand									
Balance as of April 1, 2025	316,118	917,054	(397,659)	10,825,523	(469,870)	11,000	59,749	211,638	13,674	11,487,227
Income for the period	-	-	-	956,987	-	-	-	-	-	956,987
Total other comprehensive loss	-	-	-	-	-	-	-	-	(29,286)	(29,286)
Comprehensive income (loss)	-	-	-	956,987	-	-	-	-	(29,286)	927,701
Share-based payment	-	25,157	-	-	-	-	8,692	-	-	33,849
Acquisition of treasury shares	-	-	(31,392)	-	-	-	-	-	-	(31,392)
Exercise of employee options	785	8,436	-	-	-	-	(9,221)	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	772	-	-	-	(772)	-	-
Dividend	-	-	-	(229,932)	-	-	-	-	-	(229,932)
Transaction with minority interest	-	-	-	-	(3,239)	-	-	-	-	(3,239)
Balance as of June 30, 2025	<u>316,903</u>	<u>950,647</u>	<u>(429,051)</u>	<u>11,553,350</u>	<u>(473,109)</u>	<u>11,000</u>	<u>59,220</u>	<u>210,866</u>	<u>(15,612)</u>	<u>12,184,214</u>

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total equity
	Unaudited (*)									
	NIS thousand									
Balance as of April 1, 2024	313,664	863,725	(193,866)	9,222,826	(416,732)	11,000	69,668	227,939	7,602	10,105,826

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total equity
	Unaudited (*)									
	NIS thousand									
Income for the period	-	-	-	371,984	-	-	-	-	-	371,984
Total other comprehensive income	-	-	-	-	-	-	-	-	7,998	7,998
Comprehensive income (loss)	-	-	-	371,984	-	-	-	-	7,998	379,982
Share-based payment	-	(3,439)	-	-	-	-	9,189	-	-	5,750
Acquisition of treasury shares	-	-	(116,235)	-	-	-	-	-	-	(116,235)
Exercise of employee options	1,064	5,218	-	-	-	-	(6,282)	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	1,003	-	-	-	(1,003)	-	-
Acquisition of minority interests	-	-	-	-	(4,598)	-	-	-	-	(4,598)
Transaction with minority interest	-	-	-	-	(874)	-	-	-	-	(874)
Balance as of June 30, 2024	<u>314,728</u>	<u>865,504</u>	<u>(310,101)</u>	<u>9,595,813</u>	<u>(422,204)</u>	<u>11,000</u>	<u>72,575</u>	<u>226,936</u>	<u>15,600</u>	<u>10,369,851</u>

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

The attached additional information is an integral part of the Company's separate interim financial information.

	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total equity
	NIS thousand									
<u>Balance as of January 1, 2024 (audited)</u>	313,340	860,345	(193,866)	8,976,662	(395,095)	11,000	69,507	228,941	8,041	9,878,875
Net income for the year	-	-	-	2,391,031	-	-	-	-	-	2,391,031
Other comprehensive income (loss)	-	-	-	225	-	-	-	(12,535)	(10,029)	(22,339)
Total other comprehensive income (loss)	-	-	-	2,391,256	-	-	-	(12,535)	(10,029)	2,368,692
Share-based payment	-	13,653	-	-	-	-	19,417	-	-	33,070
Acquisition of treasury shares	-	-	(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)
Acquisition of minority interests	-	-	-	-	(83,394)	-	-	-	-	(83,394)
Transaction with minority interest	-	-	-	-	10,670	-	-	-	-	10,670
<u>Balance as of December 31, 2024 (unaudited) (*)</u>	<u>315,764</u>	<u>899,856</u>	<u>(376,885)</u>	<u>10,836,804</u>	<u>(467,819)</u>	<u>11,000</u>	<u>60,642</u>	<u>212,520</u>	<u>(1,988)</u>	<u>11,489,894</u>

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

The attached additional information is an integral part of the Company's separate interim financial information.

					For the year ended December 31	
Appendix	For the six months ended June 30		For the three months ended June 30		December 31	
	2025	2024	2025	2024	2024	
	Unaudited					
					NIS thousand	
<u>Cash flows for operating activities</u>						
		1,509,824	882,146	956,987	371,984	2,391,031
	(a)	<u>(1,478,921)</u>	<u>(870,712)</u>	<u>(954,702)</u>	<u>(364,750)</u>	<u>(2,390,012)</u>
		<u>30,903</u>	<u>11,434</u>	<u>2,285</u>	<u>7,234</u>	<u>1,019</u>
<u>Cash flows provided by investing activities:</u>						
		48,419	8,494	(801)	8,494	183,948
		369,581	29,521	293,098	-	343,052
		(25,000)	(25,000)	-	(25,000)	(125,000)
		-	141,150	-	141,150	141,150
	(b)	91,197	-	-	-	-
		<u>(143,020)</u>	<u>(106,091)</u>	<u>(2,586)</u>	<u>82,035</u>	<u>(91,364)</u>
		<u>341,177</u>	<u>48,074</u>	<u>289,711</u>	<u>206,679</u>	<u>451,786</u>
<u>Cash flows used for financing activities</u>						
		(794,932)	(265,000)	(229,932)	(265,000)	(535,000)
		(52,166)	(116,235)	(31,392)	(116,235)	(183,019)
		598,582	-	-	-	-
		-	(43,480)	-	(43,480)	(68,017)
		-	(5,011)	-	(5,011)	(5,011)
		<u>(248,516)</u>	<u>(429,726)</u>	<u>(261,324)</u>	<u>(429,726)</u>	<u>(791,047)</u>
<u>Increase (decrease) in cash and cash equivalents</u>						
		123,564	(370,218)	30,672	(215,813)	(338,242)
<u>Balance of cash and cash equivalents at beginning of period</u>						
		<u>65,494</u>	<u>403,736</u>	<u>158,386</u>	<u>249,331</u>	<u>403,736</u>
<u>Balance of cash and cash equivalents at end of period</u>						
		<u>189,058</u>	<u>33,518</u>	<u>189,058</u>	<u>33,518</u>	<u>65,494</u>

(**) For details, see Note 2A.

The attached additional information is an integral part of the Company's separate interim financial information.

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2025	2024	2025	2024	2024
			Unaudited		
	NIS thousand				
Adjustments required to present cash flows provided by (used for)					
<u>operating activities:</u>	(a)				
<u>Items not involving cash flows:</u>					
Losses (gains), net on financial investments	(58,839)	115	(37,225)	10,887	(7,429)
<u>Revenue and expense items not involving cash flows:</u>					
Accrued interest and appreciation of bonds	31,505	24,209	22,781	19,015	46,484
Expenses for income tax	9,206	2,314	6,248	2,314	9,676
Company's share in the profits of investees, net of tax	(1,469,634)	(870,890)	(934,549)	(371,084)	(2,369,925)
<u>Changes in other on-balance sheet line items, net:</u>					
Change in receivables and debit balances	60,578	(7,419)	6,869	(11,761)	(30,325)
Change in payables and credit balances	(8,410)	15,524	5,946	8,972	13,922
Change in loans to investees	(42,317)	(34,595)	(24,428)	(23,123)	(52,445)
<u>Cash paid and received during the period for:</u>					
Taxes received (paid), net	(1,010)	30	(344)	30	30
Total cash flows for operating activities	<u>(1,478,921)</u>	<u>(870,712)</u>	<u>(954,702)</u>	<u>(364,750)</u>	<u>(2,390,012)</u>
<u>The merger of Phoenix Investments and Platinum into the Company</u>	(b)				
Working capital (excluding cash and cash equivalents)	(13,840)	-	-	-	-
Property, plant and equipment, net	(3,627)	-	-	-	-
Investment property	(12,000)	-	-	-	-
Financial investments	(21,602)	-	-	-	-
Financial liabilities	15,000	-	-	-	-
Investment in an associate	127,268	-	-	-	-
	<u>91,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Significant non-cash activities:</u>	(c)				
Dividend declared and not yet paid	-	-	-	265,000	-
Dividend in kind receivable from subsidiaries	-	-	-	-	573,751
Dividend in kind received	204,270	-	-	-	-
Transfer of assets in exchange for issuance of shares	204,270	-	-	-	-
<u>Breakdown of amounts included in operating activities</u>	(d)				
Interest paid	24,334	19,801	18,533	9,995	39,510
Interest received	4,997	18,773	3,214	16,486	47,821
Dividend received	176	112	99	77	230

The attached additional information is an integral part of the Company's separate interim financial information.

NOTE 1 - GENERAL

The Interim Separate Financial Information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 and does not include all the information required under Regulation 9C and the Tenth Addendum to the Securities Regulation (Periodic and Immediate Reports), 1970, "Separate Financial Information of the Corporation". This Separate Financial Information should be read in conjunction with the separate financial information as of the date and year ended December 31, 2024 and in conjunction with the Condensed Consolidated Interim Financial Statements as of June 30, 2025 (hereinafter - the "**Consolidated Financial Statements**").

Definitions

"The Company" - Phoenix Financial Ltd.

"Investee companies" - Consolidated companies and companies the Company's investment in which is included, whether directly or indirectly, in the financial statements based on the equity method.

NOTE 2 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- A. During the Reporting Period, the Company's merger with Phoenix Investments and Platinum was completed. In addition, the Company transferred to Phoenix Capital Partners Ltd. - a new privately-owned subsidiary established and wholly-owned by the Company - the entire Wealth & Investment Activity carried out in Phoenix Investments prior to the merger date and ownership interests 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. For further details, see Note 1C to the Consolidated Financial Statements.

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 Phoenix 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.

As a result of the aforesaid, the total net assets transferred to the Company (including approx. NIS 421 million in loans and capital notes provided to Phoenix Investments) total approx. NIS 127 million, against a change in investments in investees.

NOTE 2 - SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (cont.)

- B. In February 2025, the Company advanced an additional loan - totaling NIS 25 million - to Phoenix Advanced Investments; the loan bears an interest of approx. 5%, in accordance with Section 3(j) to the Income Tax Ordinance [New Version]; the interest is payable at the end of each quarter; the loan is for a period of 5 years and will be repaid in one lump sum.
- C. During the reporting period, approx. NIS 9 million in compensation was received in respect of a financial claim filed by the Company and Phoenix Consumer Check Credit Ltd. against Isracard Ltd. (hereinafter - the "**Parties**") in connection with the non-execution of a joint venture in the field of consumer credit; on February 24, 2025, the Tel Aviv-Jaffa District Court approved a settlement agreement signed between the Parties, in which the claim against Isracard Ltd. was settled.
- D. On December 30, 2024, Phoenix Insurance's board of directors approved the grant of a loan to Gold Mortgages for the purpose of providing loans to customers, as a dividend in kind. The loan was effectively granted on January 1, 2025.
- E. For other significant events during the reporting period, see Note 10 to the Consolidated Financial Statements.

NOTE 3 - EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

For significant events subsequent to the reporting date, see Note 11 to the Consolidated Financial Statements.

To

The Board of Directors of Phoenix Financial Ltd.

Dear Madam/Sir,

Re: Shelf Prospectus of Phoenix Financial Ltd. (hereinafter -
the "Shelf Prospectus") published on July 08, 2025

We hereby inform you that we agree to the inclusion (including by way of reference) of our reports, as listed below, in a shelf offering based on the Shelf Prospectus in the subject:

1. The Review Report dated August 24, 2025, on the Condensed Consolidated Financial Information of Phoenix Financial Ltd. as of June 30, 2025, and for the six- and three-month periods then ended.
2. Special report dated August 24, 2025, on the Separate Interim Financial Information in accordance with Regulation 38D to the Securities Regulations (Periodic and Immediate Reports), 1970 of Phoenix Financial Ltd. as of June 30, 2025 and for the six- and three-month periods then ended.

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 and Provident Fund 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 Disclosure attached to the quarterly report for the period ended March 31, 2024 (hereinafter - the **"Most Recent Annual Report Over Internal Control"**), the Board of Directors and management assessed the internal control in the corporation. Based on this assessment, the Corporation's Board of Directors and management have concluded that the said internal control, as of June 30, 2025, is 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 Over 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 second 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.

August 24, 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 second 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.

August 24, 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 June 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.

August 24, 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 June 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.

August 24, 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".