Phoenix

Phoenix Financial Ltd.

Annual Report for 2025

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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Letter from the Chairman of the Board

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

Board members

Benjamin Gabbay – Chairman of the Board

Stella Cohen

Prof. Zohar Goshen

Inbal Kreiss (Independent Director)

Rachel Levine (External Director)

Zubin Rossi Taraporevala

Hanadi Said (External Director)

Dr. Ehud Shapira (Independent Director)

Mishael Vaknin (External Director)

The year 2025 marked a pivotal shift from a period of uncertainty toward recovery, with the Israeli economy on the rise. Against this backdrop, Phoenix continued to advance its strategic growth, strengthening its core activities and investing in future growth engines, all while maintaining financial stability and disciplined, responsible capital management. This integrated approach enables the Group to continue its development, drive competitive disruption, lead innovation in the financial sector, and deliver sustained value to its clients and shareholders.

During the year, Israel entered a gradual phase of recovery, after the all abductees returned home. Despite geopolitical challenges, the Israeli economy continued to expand, with most economic and financial indicators showing clear improvement. The local capital market delivered strong results, outperforming multiple leading global markets, and foreign investors bounced back with significant levels of activity in Israel. The upward trajectory in total financial assets held by the public continued, driven in part by accelerated activity in investments and long-term savings.

During the year, Phoenix further strengthened its position as one of Israel's leading financial groups, driving competitive disruption and generating value for its clients. The past year was characterized by strong performance, driven by the Group's continued strategic growth, as reflected in its high-growth Asset Management and Property and Casualty Insurance, in addition to ongoing investments in tech innovation, with focus on digital and AI solutions. Collectively, these initiatives create a competitive advantage while boosting efficiency and the quality of service provided to the Group's clients. In addition, strong investment performance contributed to the Group's profits and created significant value for its planholders and policyholders with savings and investment policies.

This year too, the Group maintained strong financial resilience and disciplined capital management, which provide it with the flexibility to allocate capital toward growth initiatives, mergers and acquisitions, dividend distributions, and share buybacks. In this context, the Company continued to distribute quarterly dividends in line with its policy and to execute share buybacks under its approved annual plan, which together amounted to approximately 50% of the Group's earnings for the reporting year. As of 2026, the Company is revising its dividend policy and will increase the dividend distribution rate from at least 40% to at least 45% of the comprehensive income. In addition, the Company expects that the total distribution in 2026 (dividend and share buybacks) will amount to approx. 55% of the comprehensive income.

This activity, along with robust corporate governance that relies on a professional and experienced board of directors and an effective control system, strengthens investors' confidence and supports the continued creation of value for shareholders. Phoenix would like to thank its Israeli shareholders and global investors for their trust in the Phoenix group and the Israeli economy.

During the year, the Company published guidance for 2028, reflecting its aspiration to continue to pursue accelerated growth and strengthen its position as a leading financial group in Israel. The Company's board of directors believes that the Company's strategy, together with its financial strength, human capital, and advanced tech capabilities, positions it well to achieve these objectives and to continue generating significant, long-term value for its clients and shareholders. Looking ahead, Phoenix is well positioned to capitalize on structural market trends and the opportunities they present and has begun building capabilities across the key strategic pillars for the next wave of value creation.

On behalf of the Board of Directors, I would like to express my sincere appreciation to the Company's management and employees for their professionalism, dedication, and commitment throughout the year. Together, we will continue to act with determination to strengthen the Company's position in the Israeli financial market, capitalize on the opportunities before us, and create long-term value for our clients and shareholders.

On the eve of Passover, we look ahead with a sense of responsibility and confidence in the ability of Israeli society to continue to strengthen and grow. We express our full support for the Israel Defense Forces and the security services in their ongoing activities as part of Operation Lion's Roar and convey our deep appreciation to IDF soldiers - both regular and on reserve duty - as well as to all security personnel who work with dedication to defend the State. We hope that Israeli society will continue to act with a sense of mutual responsibility, unity, and shared purpose, strengthening one another for the future and resilience of the State of Israel and its economy.

We hope for quieter days, prosperity, and continued growth in Israel and across the region.

Benjamin Gabbay
Chairman of the Board

Part 1
Description of the Corporation's Business

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

Phoenix Financial Ltd.

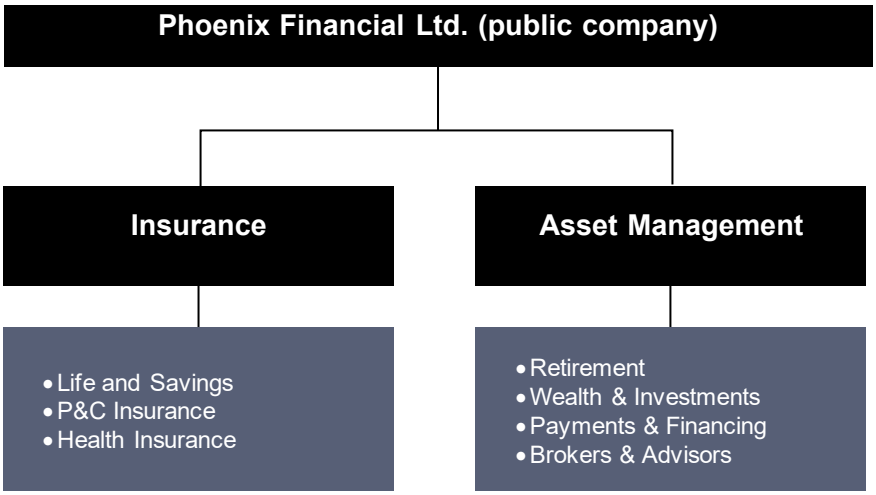
Description of the Corporation's Business

Description of the Corporation's Business - Consolidated

This chapter of the Periodic Report contains a description of the Company's operations and business development in 2025 (hereinafter - the "**reporting year**" or the "**reporting period**").[1]

For simplification purposes, the Group divides the presentation of its operating results into two key activities: The first - Insurance; and the second - Asset Management.

Activity structure:



The said activities are divided in the Report into seven reporting segments. **The insurance activity** is divided into three reporting segments - Life and Savings, Property and Casualty, and Health insurance. The **Asset Management Activity** is divided into four further reporting segments - Retirement, Wealth & Investments, Payments & Financing and Brokers & Advisors. The various segments shall be named hereinafter in the Report on the Company's Business as "activities" or "segments". Furthermore, the Company has established a new wholly-owned company, Phoenix Services, as detailed in Section 1.2.13 below, which commenced operations subsequent to the report date and at this stage, its activity does not amount to a segment.

[1] Pursuant to Regulation 8C of the Securities Regulations, the provisions of Regulation 8(b) 8A and 8B of the Securities Regulations do not apply to information in the periodic report of a corporation which consolidated or proportionately consolidated an insurer or where the insurer is its associate, insofar as this information pertains to the insurer.

In its **insurance** activity, the Company operates through Phoenix Insurance Company Ltd.;

In the **Asset Management Segment**, the Company operates in the various subsegments mainly through Phoenix Pension & Provident Ltd., Phoenix Investment House Ltd., Phoenix Capital Partners Ltd., Phoenix Insurance Agencies 1989 Ltd., Phoenix Gama Ltd. - a wholly owned reporting corporation of the Company.

As of the report date, the Group has approx. NIS **610** billion in assets under management. For details of the assets under management, see Section 4.4.3 below.

The report was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970, and with respect to the Group's insurance, pension and provident fund operations - in accordance with circulars and guidance issued by the Commissioner of Capital Market, Insurance and Savings Authority.

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

Chapter A to this report - "Description of Company's Business", should be read together with all other parts of the Periodic Report, including the Report of the Board of Directors and the notes to the Financial Statements.

Forward-looking information

This report contains forward-looking information, as defined by the Securities Law, 1968. Among other things, this information contains forecasts, goals, estimates and assessments relating to future events or matters, including reference to risk factors and developments other than those described in the report, the materialization of which is uncertain and may be affected by various factors which are beyond the Company's control.

Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company.

It is clarified that actual future results may differ than those described in this report. Forward-looking information in this report refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as it appears in the report, insofar as it becomes aware of any additional information in connection with such information.

Reference to forward-looking information in this report generally includes terms such as "assessment," "expectation," "intention" and the like.

Monetary values in this chapter and in the Report of the Board of Directors are generally in NIS million (unless otherwise stated). Monetary values stated in the financial statements are generally in NIS thousand (unless otherwise stated).

The Company's business and terms specific to the insurance and finance industries

The Company's business are in sectors that require considerable professional knowledge and contain numerous professional terms. To clarify the information presented in this report wherever possible, the description of the Group's operations makes use of these professional terms, accompanied by the clearest possible explanations and notes.

The description presented in this report is for the purpose of the report alone and does not constitute advice or a recommendation with respect to the insurance policies, provident funds, mutual funds, and alternative investment products, pension funds and other areas of activity detailed in this report, nor should it be used to interpret the insurance plans or rules and miscellaneous regulations.

The binding terms and conditions of the Company's policies, provident funds, pension funds, mutual funds, alternative investment products and other products are those terms and conditions specified in the policies, pension fund and provident fund articles, and in the various agreements made in the Company's other areas of activity.

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Glossary of Terms

The insurance industry has a specific jargon. The following terms, among others, will be used in this report:

"Designated bonds"	-	CPI-linked government bonds issued by the Israeli government to insurance companies and pension funds at a pre-determined interest rate and for pre-determined terms. In life insurance - Life insurance linked ("Hetz") bonds were issued, and in pension - "Miron" and "Arad" bonds.
"Institutional entity"	-	An insurer and management company, as defined by the Supervision Law.
"**Financial Statements**" and/or "**Financial Report**"	-	The Company's financial statements as of December 31, 2025
"Insurance premiums"	-	The amounts paid by a policyholder to an insurer under an insurance contract (policy), which is not an investment contract.
"Contributions towards benefits"	-	The amount deposited by (or for) a planholder with a pension fund or provident fund.
"Fees"	-	A common term for registration fees, policy fees, levy fees and credit fees. These amounts are included in the insurance premiums and are intended to cover the insurer's expenses.
The "Commissioner"	-	The Commissioner of the Capital Market, Insurance and Savings Authority.
"Management company"	-	A company engaged in the management of provident funds or pension funds and which has received a license to do so from the Commissioner of Capital Markets, Insurance and Savings in the Ministry of Finance, in accordance with Section 4 of the Provident Funds Law as defined below.
"Insurance contracts"	-	As defined in Note 1 to the Financial Statements in the "Definitions" section.
"Investment contracts"	-	As defined in Note 1 to the Financial Statements in the "Definitions" section.
"Yield-dependent contracts"	-	As defined in Note 1 to the Financial Statements in the "Definitions" section.
"Prohibition on Money Laundering Law"	-	Prohibition on Money Laundering Law, 2000.
"Reduction of Concentration Law"	-	Law for Economic Competition and Minimizing Market Concentration, 2013.
"Companies Law"	-	The Companies Law, 1999.

"Advice Law"	-	The Law Regulating the Practice of Investment Advice, Investment Marketing and Investment Portfolio Management, 1995.
"Advice and Marketing Law"	-	The Financial Services Supervision Law (Pension Advice and Marketing), 2005.
"Supervision Law"	-	Financial Services Supervision Law (Insurance), 1981.
"Joint Investments in Trust Law"	-	Joint Investments in Trust Law, 1994.
"Insurance Contract Law"	-	The Insurance Contract Law, 1981.
"Securities Law"	-	Securities Law"-the Securities Law, 1968.
"**CRAV Law**" or "**Road Accident Victims Compensation Law**"	-	Compensation for Road Accident Victims Compensation Law, 1975.
"Provident Funds Law"	-	The Financial Services Supervision Law (Provident Funds), 2005.
"Underwriting"	-	The process of approving an insurance offer and setting the premium, in accordance with actuarial assumptions, for the data specified in the insurance offer and additional information available to the insurer.
"**International Financial Reporting Standards**" or "**IFRS**"	-	International Financial Reporting Standards that include International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations of International Financial Reporting Standards (IFRICs) and International Accounting Standards (SICs).
"Policyholder" and/or "planholder"	-	A life insurance policyholder and a planholder in pension funds or provident funds.
"Pension product"	-	A provident fund, pension fund, advanced education fund, or insurance policy which is an equity provident fund or an annuity provident fund, a life insurance plan or permanent health insurance plan included in the above plans or sold along with one of them, according to the definitions set out in the Advice and Marketing Law.
"Financial asset"	-	As defined by the Advice Law (Securities, Structured Products and Participation Units in Mutual Funds).
"Motor Vehicle Insurance Ordinance"	-	Motor Vehicle Insurance Ordinance [New Version], 1970.
"Income Tax Ordinance"	-	Income Tax Ordinance [New Version], 1961.

"Individual"	-	Policyholders who are private individuals or small business customers, with whom the insurance company contracts on an individual basis.
"Premium"	-	The insurance premiums and other payments that the policyholder must pay the insurer in accordance with the terms and conditions of the policy, including fees.
"Accrual"	-	In long-term savings - the amounts accrued for planholders in a provident fund or pension fund or in a life insurance policy with a savings component.
"Collective"	-	A group of people (usually from a single workplace, or members of an organization or having supplier-customer relationship with a corporation or organization), with whom the insurance company enters into a single agreement that insures all group members (rather than into individual contracts with each member of the Group).
"Insurance fund"	-	An insurance plan approved as a provident fund for pension, severance pay or annuity, both under the Provident Funds Law and Provident Fund Regulations.
"Provident fund"	-	A provident fund (as defined by the Provident Funds Law), which is not a pension fund, but rather constituting a "pure" savings instrument in which the saved funds and the return payable in respect thereof are paid to the saver upon reaching retirement age, or at another time. For this purpose, the definition does not include "pension fund" or "insurance fund", as defined above and below.
"General fund"	-	An annuity provident fund which is not eligible for investment in designated bonds.
"Mutual fund"	-	A joint investment trust fund, as defined in Section 3 of the Joint Investments in Trust Law.
"Pension fund"	-	An annuity provident fund as defined by the Provident Funds Law, which is not an insurance fund and constitutes a savings instrument intended to pay the saver a monthly annuity after his/her retirement and for the rest of his/her life; a pension fund usually provides life insurance and permanent health insurance.
"Old pension fund"	-	A pension fund established prior to January 1 1995.
"New pension fund"	-	A pension fund established as from January 1 1995.
"Supplementary Healthcare Services" or **"SHABAN"**	-	Additional health services that supplement the basic Healthcare Services Basket. The programs operated by the health maintenance organizations, including SHABAN, are regulated by the Ministry of Health.

"Retention"	-	The maximum amount of risk retained by an insurer after transferring some of the risk to a reinsurer.
"Insurance benefits"	-	Amounts to be paid upon the occurrence of an insured event according to the terms and conditions of the policy.
"**Investment Regulations**" and/or "**Investment Rules**"	-	Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012 and/or the Supervision of Insurance Business Regulations (Mode of Investment of the Capital and Reserves of an Insurer and Management of its Liabilities), 2001.
"Provident Fund Regulations"-	-	Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 1964.
"Securities Regulations"	-	Securities Regulations (Periodic and Immediate Reports), 1970.

For the sake of convenience, in this report, the following abbreviations shall have the meaning assigned to them, as follows:

The "**Company**" and/or the "**Corporation**" and/or "**Phoenix Financial**"	-	Phoenix Financial Ltd.
The "**Group**" and/or the **"Phoenix group"**	-	Phoenix Financial and its investees.
"Phoenix Insurance"	-	Phoenix Insurance Company Ltd.
"Agam Leaderim"	-	Agam Leaderim Insurance Agency (2003) Ltd.
"**Phoenix Investment House**"	-	Phoenix Investment House Ltd.) and Companies Under its Control
"Phoenix Pension & Provident"	-	Phoenix Pension & Provident Ltd.
"Phoenix Gama"	-	Phoenix Gama Ltd.
"Phoenix Services"	-	Phoenix Services 2025 Ltd.
The **"Stock Exchange"** or **"TASE"**	-	The Tel Aviv Stock Exchange Ltd.
"Phoenix Capital Raising"	-	Phoenix Capital Raising (2009) Ltd.
"Phoenix Capital Partners"	-	Phoenix Capital Partners Ltd.
"Phoenix Agencies"	-	Phoenix Insurance Agencies 1989 Ltd.
"Phoeniclass"	-	Phoeniclass Ltd.
"Oren Mizrach"	-	Oren Mizrach Insurance Agency Ltd.
"Phoenix IEC Central Pension Fund"	-	Phoenix IEC Central Severance Fund Ltd.
"**KSM**"	-	KSM Mutual Funds Ltd.
"**TASE member**"	-	Excellence Investment Management and Securities Ltd.
The "Capital Market, Insurance and Savings Authority"	-	Capital Market, Insurance and Savings Authority

Part A

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

1.1. The Group's Activity and Description of the Development of its Business

Phoenix Financial Ltd. was incorporated in 1949 and has been a publicly-traded company since 1978. As of the report publication date, the Company's shares are traded on a number of indices, mainly Tel Aviv 35.Since the reporting year, the Company's shares are also traded on the MSCI Israel index.Bonds issued by the Company are listed in the Tel Bond Linked Yeter, Tel Bond Linked, and Tel Bond Maagar indices.

1.1.1. Company without a control core

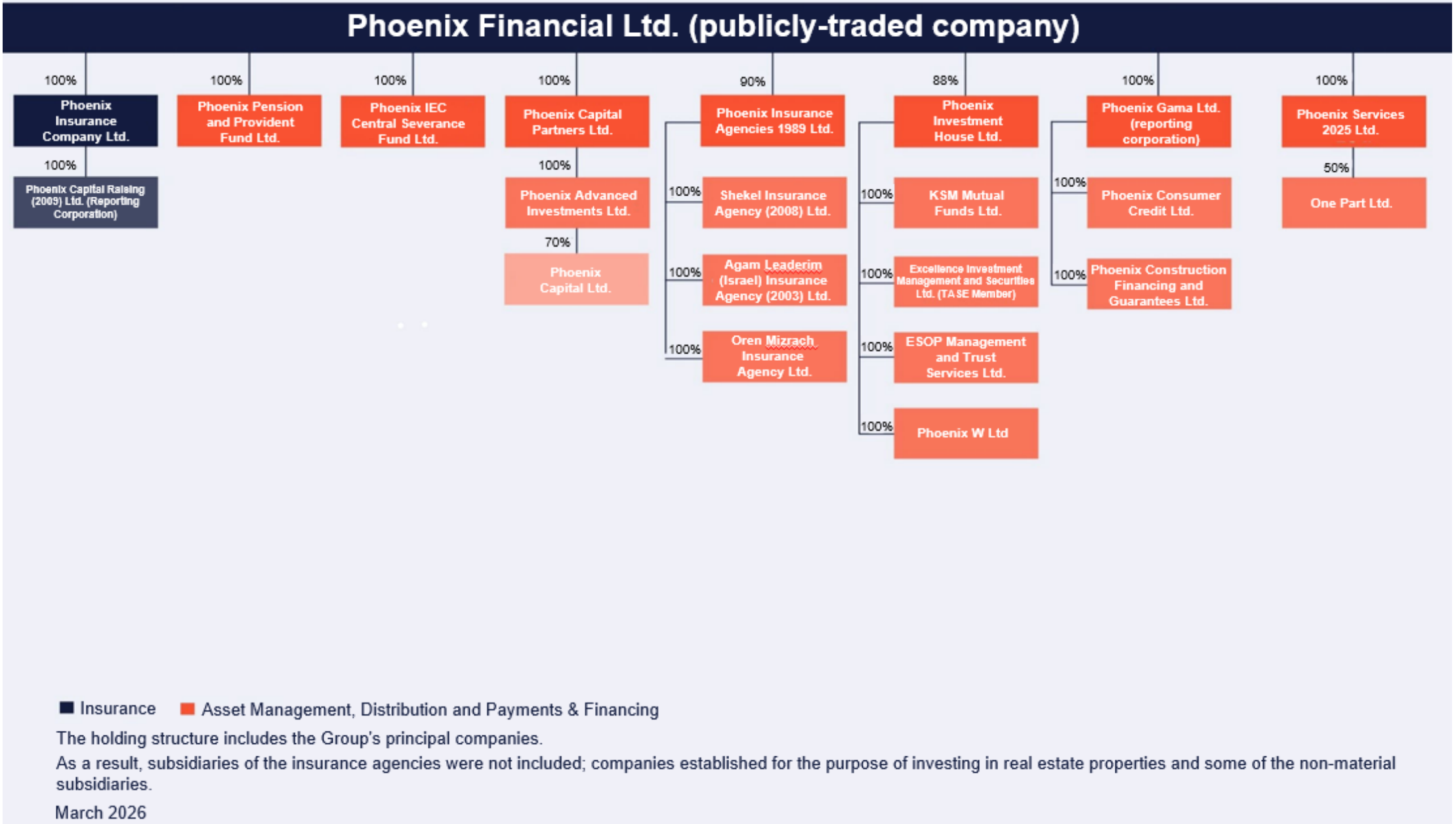
As from July 17, 2024, the Company does not have a control core.

Following the Company's becoming a company without a controlling core, it set up an appointment committee, which will recommend new directors to the Company following the resignation of directors, who served on behalf of the controlling shareholders, in accordance with guidelines set by the Company's Board. Further to the above, at the beginning of the reporting year, the Company's general meeting approved the appointment of four new directors. For further details regarding corporate governance in the Company and in the Group's institutional entities, see below in Section 5.1, Corporate Governance Aspects and Section 6.1, Sustainability.

In addition, on February 26, 2025, the Company received a letter from the Commissioner regarding the Outline for Exercising the Company's Means of Control in the Subsidiaries: Phoenix Insurance and Phoenix Pension & Provident Funds. For more information regarding the Commissioner's Letter, see Chapter E below regarding Corporate Governance Aspects.

1.1.2. The Group's Structure

The following chart illustrates the principal holdings of the Company, close to the report publication date. A full list of the Company's investees at the report date is included in Part Four of the Periodic Report, under Regulation 11 of the Securities Regulations.



The holding structure includes the Group's principal companies.

As a result, subsidiaries of the insurance agencies were not included; companies established for the purpose of investing in real estate properties and some of the non-material subsidiaries.

March 2026

1.2. Key Milestones in the Development of the Group's Business during the reporting year and until the Report Publication Date

General

1.2.1. 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 rate risks of all of its assets and liabilities.

Interest rates - during the reporting year, the Bank of Israel decreased the interest rate from 4.5% to 4%. In addition, in the reporting year and in the fourth quarter thereof there was a decrease in the NIS yield curve in the short-term and a decrease in the illiquidity premium; in addition to their effect on the assets, these changes resulted in a change in insurance liabilities, for further details, see Section 6.4 to the Report of the Board of Directors and Note 21A to the Financial Statements.

Capital market - during the reporting year, despite volatility during the year, there were hikes in financial markets in Israel and across the world, with the NIS appreciating. This increase affects the returns on Nostro assets and planholders' assets. It is noted that, as of the report publication date, the Company collects variable management fees. For details regarding the effects on investment revenues and variable management fees, see Section 6.4 to the Report of the Board of Directors.

Inflation - during the reporting year, the inflation rate increased by 2.6% compared to an increase of 3.2% in the corresponding period last year.

In the period subsequent to the report date and until immediately prior to the financial statements publication date financial markets in Israel and across the world continued to rise alongside a decrease of 0.1% in inflation in January and February 2026; concurrently, there was an increase in the risk-free interest rate curve and the liquidity premium. 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 first quarter of 2026, and therefore the above does not constitute an assessment of the Company's results in the first quarter of 2026.

For further details regarding the changes in the interest rate and in the interest rate curve, the capital markets and inflation rates, see Section 4 to the Report of the Board of Directors; for effects on the Company's financial results and sensitivity tests, see Section 6 to the Report of the Board of Directors, and Notes 21 and 41 to the Financial Statements. As to the effect of the changes in the shekel yield curve and in capital markets on Phoenix Insurance's solvency ratio, see Section 2.1.9 to the Report of the Board of Directors, and Section 8 in the Phoenix Insurance's Economic Solvency Ratio Report as of June 30, 2025.

1.2.2. Impacts of the Iron Swords War, Operation Rising Lion and Operation Lion's Roar

On October 7, 2023, the Iron Swords War broke out and after approximately two years of fighting against the Hamas in Gaza at varying levels of intensity, in October 2025 an agreement was signed to return the hostages, stop the war and the IDF's withdrawal to agreed borders within the Gaza Strip.

Concurrently, 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, 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. Throughout the Operation, the Company switched to a remote work format and continued to provide all services as usual.

The ceasefire resulted in positive developments in Israel's credit rating, after the downgrading of the rating and the rating outlook in late 2023 and during 2024. On November 7, 2025, the rating agency S&P published an announcement regarding the upgrading of Israel's rating outlook from negative to stable. According to the announcement, the ceasefire agreement between Israel and Hamas reduced Israel's immediate security risk. On January 30, 2026, the rating agency Moody's also upgraded Israel's credit rating outlook from negative to stable, in view of the decrease in Israel's geopolitical risk and the Israeli economy's robustness in the face of the geopolitical developments.

Following the abovementioned upgrading of Israel's rating outlook by Moody's, the latter also upgraded Phoenix Insurance's international rating from Baa1 with a stable outlook to A3 with a stable outlook.

Subsequent to the reporting period, on February 28, 2026, Israel and the United States launched Operation Lion's Roar, in which Iranian regime targets were attacked across the country. The operation led to extensive firing of missiles and drones by Iran towards Israel and other countries in the Middle East, and later also to an escalation in fighting on the northern border following the joining of Hezbollah to the fighting. During the operation, a special situation was declared in the home front, Ben Gurion Airport was alternately closed, and the economy operates in a limited capacity in accordance with the Home Front Command's guidance. The Company operates in accordance with the Home Front Command's guidance and continues to provide all of its services in an orderly manner with no disruption to its operational continuity.

Due to its activity, the Phoenix group is exposed to a slowdown and to additional risks arising from the War. For further details on sensitivity and exposure to risk factors, see also Note 41 to the Financial Report.

At this stage there is uncertainty regarding the full implementation of the ceasefire agreement in Gaza and the continuation of the fighting under Operation Lion's Roar. Therefore, at this stage it is impossible to assess the likelihood of the resumption of the

War, its potential duration, the full extent of its effect if it is, indeed, resumed, and the effects of Operation Lion's Roar on the Company and its results in the medium term. However, as of the report publication date the Company believes that the Operation's effect is immaterial.

Insurance Activity

1.2.3. Updating the minimum capital target

In August 2025, Phoenix Insurance's Board of Directors updated the minimum solvency ratio target without taking into account the Provisions during the Transitional Period by 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.

1.2.4. Effect of actuarial studies

During the reporting year, several studies were conducted including a lapse study regarding all of the Company's insurance products, costs of risks associated with medication and critical illness products, and claim management expenses, which did not have a material effect on the income for the reporting year. However, these studies have a material effect in future years, due to, among other things, their effect on the CSM balance.

Asset Management

1.2.5. Restructuring in Wealth & Investments and Payments & Financing

As part of the implementation of the strategic plan regarding the Wealth & Investments and Payments & Financing Activity, and the Company's wish to concentrate each of activities under separate arms, on July 30, 2024, the Company's Board of Directors passed an in-principle resolution regarding a restructuring, which included statutory mergers in accordance with the Eighth Part of the Companies Law, and the transfer of activities and assets of various group companies, as detailed in Sections 1.2.6 and 1.2.7 below

1.2.6. Establishment of Phoenix Capital Partners

In the reporting year, Phoenix Capital Partners (a privately-held and wholly-owned subsidiary) commenced operations (hereinafter - "**Phoenix Capital Partners**"), which is engaged in the institutional entity's investment management and in the management of alternative assets for qualified customers. Phoenix Capital Partners was established as a result of several internal structural changes as detailed below.

During 2024 and in the reporting year, statutory mergers were completed between the Company and Phoenix Investments and Finances Ltd., a wholly-owned (100%) privately-held subsidiary of the Company (hereinafter - "**Phoenix Investments**" and the "**First Merger**") and between the Company and Platinum Finance & Factoring Ltd., a wholly-owned (100%) privately-held subsidiary of the Company (hereinafter - "**Platinum**" and the "**Second Merger**"). As a result of the mergers all of the assets and liabilities of Phoenix Investments and Platinum (which served as the target entities in the mergers, as this term

is defined in the Companies Law) were transferred to the Company (which served as the surviving entity in the mergers, as this term is defined in the Companies Law) and ceased to exist as separate companies.

In February 2025, the Company completed all the actions required to finalize each of the mergers. Accordingly, see the Company's report dated February 25, 2025 (Ref. No.: 2025-01-012796).

On completion of the First Merger, during the reporting year, the Company transferred to Phoenix Capital Partners the entire Wealth & Investment activity, which was previously carried out by Phoenix Investments; its holding in all of Phoenix Advanced Investments Ltd.'s shares (hereinafter - "**Phoenix Advanced Investments**"); and its 19.9% stake in the shares of Phoenix Underwriting Ltd.

In addition, subsequent to the report date, Phoenix Capital Partners established a wholly-owned subsidiary, Phoenix Wealth Management Ltd. (hereinafter - "**Phoenix Wealth Management**"), which will engage in the provision of financial advisory- and investment management services to wealthy customers, including comprehensive financial planning, customized investment solutions and management of investment portfolios in accordance with the customer's needs, objectives and individual risk level, with ongoing professional support. Furthermore, under the implementation of the Company's strategy, in January 2026 Phoenix Capital Partners completed the acquisition of asset management company Fidelis.

1.2.7. Consumer Credit

On January 1, 2025, Phoenix Consumer Credit shares were transferred to Phoenix Gama in exchange for issuance of shares in accordance with the value ratios. For further details, see Section 2.6.1 below.

1.2.8. Phoenix Investment House – Shareholders Agreement

In November 2024 and February 2025, addendum were signed to the shareholders agreement of Phoenix Investment House Ltd. - the Company, Mssrs. Boaz Nagar (Chairman of the Board of the Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of the Investment House and KSM Mutual Funds Ltd.); (for Boaz and Avner jointly, hereinafter - the "**Partners**"), which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Partners' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. I.e., the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. For further details regarding the arrangements relating to the put and call options awarded to the Investment House Partners, see the Company's immediate report of March 15, 2022 (Ref. No.: 2022-01-025548).

1.2.9. Restructuring in Phoenix Agencies

As of the report publication date, the Company holds, directly and indirectly, approx. 90% of the issued share capital of Phoenix Agencies, following several transactions carried out in the reporting year, as detailed below:

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 had a stake of approx. 17.19% in Phoenix Agencies. The transaction included allocation of shares and cash payment totaling approx. NIS 763 million. As part of the restructuring, Mr. Yitzhak Oz continues 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. For further details, see the Company's immediate reports dated July 14, 2025, July 15, 2025 and August 28, 2025 (Ref. Nos.: 2025-01-052174, 2025-01-052179 and 2025-01-064884) and Section 2.7 below.

On December 25, 2025, a share exchange agreement (hereinafter - the "**Share Exchange Agreement**") was signed between Phoenix Agencies, and minority shareholders in Oren Mizrach Insurance Agency Ltd. (hereinafter - "**Oren Mizrach**"). Under the Share Exchange Agreement, minority shareholders' holdings in Oren Mizrach shares were converted into holdings in Phoenix Agencies shares through a merger by way of share exchange.

Upon completion of the transactions, the Company holds, directly and indirectly, approx. 90% of the issued share capital of Phoenix Agencies, while Phoenix Agencies holds 100% of the issued share capital of Oren Mizrach.

Further developments in the reporting year and subsequent to the reporting year

1.2.10. Publishing Market Guidance

The Company periodically reviews its plans and objectives in light of market trends and Company's performance. In view of the Company's progress in achieving most of the targets ahead of schedule, in November 2025 it published new mid-term guidance for 2028. From time to time the Company revises work plans, in accordance with the Company's strategy and market developments, and will examine and update the work plans and targets according to the circumstances. For further details, see Section 5 to the Report of the Board of Directors below and the immediate report dated November 26, 2025 (Ref. No.: 2025-01-092698).

1.2.11. Sustainability and ESG

In 2024, the Company decided to incorporate ESG into this Periodic Report. For more information, see Section 6.1.It is noted that this chapter includes a dedicated external assurance of the independent auditor.

1.2.12. Application of IFRS 17 and IFRS 9

As from the first quarter of 2025, the Company applied for the first time IFRS 17 (hereinafter - the "**Standard**") and IFRS 9 (hereinafter - "**IFRS 9**") (hereinafter - the "**IFRSs**") in its Financial Statements.

1.2.13. Phoenix Services

Subsequent to the report date, Phoenix Services 2025 Ltd. (hereinafter - "**Phoenix Services**") - a wholly-owned subsidiary of the Company - commenced operations with the aim of expanding the Company's core activities into selected related B2B and B2C services and making customer-focused activities into a structural growth engine over time.

Subsequent to the establishment of Phoenix Services, the Company's holding stake in One Part Ltd. (hereinafter - "**One Part**") was transferred to it; prior to the transfer date, One Part was held in equal parts by the Company and partners. One Part is engaged in the importation and marketing of automotive bodywork in Israel.

1.2.14. Engagement in an agreement to acquire BUYME's shares

On February 12, 2026, Phoenix Services entered into a share acquisition agreement with Iplanet Technologies Ltd. (hereinafter - the "**Seller**"), Telemesser Ltd. (hereinafter - "**Telemesser**") and BUYME Technologies Ltd. (hereinafter - "**BUYME**"), under which Phoenix Services will acquire from the Seller BUYME shares, constituting 64.85% of BUYME's issued and paid-up share capital, fully diluted, subject to the fulfillment of the conditions precedent detailed below, at a company value of NIS 840 million, and - in addition - option arrangements were set between the parties, upon the exercise of which Phoenix Services will wholly-own BUYME.

BUYME is a privately-held company incorporated in Israel and engaged in the provision of marketing services through the issuance of gift vouchers using various digital platforms redeemable in a range of merchants with which BUYME entered into engagements. The acquisition of BUYME by Phoenix Services forms part of the Company's strategy, inter alia, to develop the group's digital activities in a way that enhances the Group subsidiaries' competitiveness, including, among other things, by offering better value propositions to the group's customers.

The completion of the transaction is subject to the fulfillment of conditions precedent, which include, among other things, obtaining the Competition Commissioner's approval and the required bank approvals for the transaction, which have yet to be issued as of the report publication date. For further details, see the immediate report dated February 12, 2026 (Ref. No.: 2026-01-014752).

The Company's assessments with regard to the conditions precedent and the third-party approvals required for the transaction, and with regard to the synergetic advantages of the transaction and the increase in the group subsidiaries' competitiveness, constitute forward-looking information as defined by the Securities Law, 1968. These assessments may not materialize or materialize later than currently expected by the Company, due to, among other things, non-fulfillment of the

conditions for obtaining the abovementioned approvals or delay in obtaining them, and due to market conditions.

Debt raising

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

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

For details regarding the raising of debt in the Company and its subsidiaries – see Section 4.12.3 below.

Ratings

Following are the current credit ratings of the Group companies:

Company	Local rating - Maalot	Local rating - Midroog	Global rating - S&P	Global rating - Moody's
Phoenix Financial	AA	Aa2.il		
Phoenix Insurance	AAA	Aaa.il	A-	A3
Phoenix Pension & Provident		Aa3.il		
Phoenix Investment House	AA-			
Phoenix Gama	AA			
Phoenix Agencies	AA+			

For details regarding the Company's and the Subsidiaries' ratings – see Section 4.12.5 below.

Company's share capital

1.2.16. Dividend distribution policy and actual dividend distribution

1.2.16.1. The Company's dividend distribution policy

On May 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. In addition, subsequent to the report date, in March 2026, the Company's Board of Directors approved an additional change to the distribution policy such that the dividend distribution rate will not fall below 45% (instead of 40% through the resolution date) of the Company's distributable comprehensive income as per the Company's annual (audited) Consolidated Annual Financial Statements for the relevant year, starting in 2026 (hereinafter - the "**Revised Policy**"). In this context, it is noted

that amounts which were used or will be 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).

1.2.16.2. Dividend distribution and retained earnings

For 2024, the Company distributed a cash dividend of approx. NIS 835 million.

Subsequent to the report date, on March 25, 2026, concurrently with the approval of the Company's Financial Statements as of December 31, 2025, which are included in this Periodic Report, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 360 million. Total cash dividend in respect of 2025 profits is NIS 1,310 million, which represents a dividend per share of approx. NIS 5.2. 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. The Company shall publish, as required, a supplementary report in respect of said adjustment on the record date.

It is noted that, according to the Company's Financial Statements as of December 31, 2025, which are included in this Periodic Report, the Company has positive retained earnings of approx. NIS 12,187 million, taking into account the NIS 360 million dividend, as stated in this section.

For further details regarding the distribution of dividends from subsidiaries to the Company, see Section 4.12.2 below.

1.2.16.3. 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 4-7), detailed in Section 4.12.2 below. For further details, see Note 24 to the Financial Statements.

1.2.17. Share buyback

In January 2025, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 100 million, for a period of one year (hereinafter - the "**2025 Plan**"). In August and September 2025, the Company's Board of Directors approved the increase of the 2025 Plan by a further cumulative amount of NIS 200 million, such that the 2025 Plan totals NIS 300 million. As of the report publication date, the Company exercised the 2025 Plan in its entirety.

In December 2025, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 300 million, for a period of one year (hereinafter - the "**2026 Plan**"). As part of the Plan for 2026, as of the report publication date, the Company made buybacks totaling approx. NIS 1.6 million.

As of the report publication date, there are approx. 10,171,851.5 dormant shares constituting 3.86% of the Company's issued and paid up share capital. For further details, see the Company's immediate reports dated December 31, 2025 and January 2, 2026 (Ref. Nos.: 2025-01-105456 and 2026-01-000804, respectively).

For details regarding non-inclusion of the share buyback in the dividend calculation, see Section 1.2.16 above.

1.2.18. 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, options and RSUs (hereinafter, in this section - "**Options**") to employees, officers, and service providers of the Company and companies under its control. All allocations made by the Company under its option plan and under subsidiaries' option plans are carried out in accordance with the limitations of the Officer Compensation in Financial Corporations Law (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016.

On March 2025, the Company's Compensation Committee and Board of Directors approved an additional allocation of 1,283,996 illiquid 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 (illiquid) options 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, according to, among other things, the collective bargaining agreement. For further details, see the Company's reports dated June 15, 2025, July 1, 2025, and July 31, 2025 (Ref. Nos.: 2025-01-042485, 2025-01-047198 and 2025-01-056979).

On March 22, 2026 and March 25, 2026, concurrently with the approval of the financial statements, the Company's Compensation Committee and Board of Directors approved an additional allocation of 341,048 illiquid options and an additional allocation of up to 149,134 restricted share units (RSUs) to officers and managers of the Company and its subsidiaries without cash consideration. In this context, the allocation of 18,270 (illiquid) options to the Company's CEO was approved. The allocation to the Company's CEO is subject to approval by the Company's general meeting.

1.2.19. Allocation of options by subsidiaries

In March 2025, the Company's Compensation Committee and Board of Directors approved the allocation of (illiquid) options of Phoenix Capital Partners to Company and subsidiaries' officers and executives, without cash consideration; the allocation was pre-approved by Phoenix Capital Partners' competent organs. The allocations to the Chairman of the Company's Board and its CEO were approved by the Company's general meeting which took place on April 21, 2025. The allocation of options was made as part of the allocation to officers and managers in the Phoenix group who had an effect on and contributed to the activity of Phoenix Capital Partners.

Subsequent to the reporting period, in March 2026, the Company's Compensation Committee and Board of Directors approved the allocation of (illiquid) options of Phoenix Capital Partners, Phoenix Agencies and Phoenix Investment House (hereinafter - the "**Allocating Companies**") to officers and executive in the Company and in subsidiaries, without cash consideration; the allocation was pre-approved by the competent organs in the Allocating Companies. Allocations to the Company's Chairman and CEO are subject to the approval by the general meeting of the Company, scheduled to be held during April 2026. The allocation of options was made as part of the allocation to officers and managers in the Phoenix group who had an effect on and contributed to the activity of the Allocating Companies. For further details regarding the option plans and allocations made by virtue hereof, see Note 33 to the Financial Statements.

1.2.20. Shareholders' meetings

1.2.20.1. Annual meeting

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

1.2.20.2. Extraordinary meetings

In January 2025, an extraordinary general meeting of the Company was held, the agenda of which included the appointment of four new directors to the Company's Board of Directors: Prof. Zohar Goshen, Mr. Zubin Taraporevala, Ms. Inbal Kreiss (who was classified as an independent director) and Ms. Hanadi Said (an external director). For further details, including the directors' statements issued as part of the meeting summons report, see immediate reports dated: December 10, 2024 and January 14, 2025 (Ref. Nos.: 2024-01-623250 and 2025-01-004151, respectively).

In April 2025, an extraordinary general 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).

Subsequent to the report date, in March 2026, an Extraordinary general meeting of the Company was held, the agenda of which included the renewal of Ms. Rachel Levin's tenure as an external director in the Company, the approval of the provision of indemnity and exemption letters and insurance coverage under the terms generally accepted in the Company, replacing the Company's Articles of Association and approving the compensation policy for 2026-2028. For further details, including the director's statement issued under the Meeting Summons, see the immediate reports dated: February 2, 2026 and March 10, 2026 (Ref. Nos.: 2026-01-011526 and 2026-01-020945, respectively).

1.2.21. Legal proceedings

For details regarding legal proceedings, see Note 29A to the Financial Statements.

1.2.22. Human capital

For details regarding the Company's human capital and changes therein, see Section 4.6 below.

1.3. Areas of Activity

As described at the beginning of the Description of the Corporation's Business chapter, the Group is engaged, through its subsidiaries, in two key activities: Insurance (Life and Savings, Property and Casualty, and Health Insurance), and Asset Management and Payments & Financing (Retirement, Wealth & Investments and Gama), holding of insurance agencies, provision of credit and other financial services, including the setting up and sale of alternative investments. The Group's key material operating segments are as detailed below:

1.3.1. Life and Savings Segment

The Life Insurance Segment includes life insurance policies, permanent health insurance policies, and savings policies, focusing mainly on retirement savings under various categories of insurance policies, classified as Wealth & Investment, and insurance coverage of various risks, such as: life, disability and permanent health insurance. For further details, see Section 2.1 below.

1.3.2. Property and Casualty

Property and Casualty Insurance includes all insurance subsegments, except for life insurance, long-term savings, and health insurance. The principal insurance coverages provided in this segment are property and liability insurance. The Group operates in the Property and Casualty Insurance Segment in the following key subsegments - compulsory motor insurance, motor property insurance, and other property and casualty insurance.

1.3.3. Compulsory Motor Insurance Subsegment

Comprises the Group's activity in providing insurance coverage pursuant to the statutory provisions of the Motor Insurance Ordinance [New Version], 1970, resulting from the use of a motor vehicle, and provides cover for bodily injury (to the driver of the vehicle, passengers in the vehicle or pedestrians) resulting from the use of a motor vehicle, under the CRAV Law.

1.3.4. Motor Property Insurance

Focuses on cover for property loss to insured vehicles and includes the Group sale of policies for property damages to insured vehicles, including cover for motor property loss (for example, due to accident and/or theft) and cover for third-party loss caused by the insured vehicle.

1.3.5. Other Property and Casualty Insurance:

This includes the Group's activity in the sale of a variety of policies in three key subsegments: property (non-motor) insurance - which provides policyholders with cover against physical damage to his/her property (for example, insurance for homes and small businesses); liability insurance which is generally sold together with property insurance for businesses and provides cover for the policyholder's liability towards third parties (for example, third-party liability, employers' liability, professional liability, including directors' and officers' liability, and product liability for faulty products, investment insurance for home buyers (Sales Law guarantees), credit insurance, pet insurance, and Other Property and Casualty Insurance Subsegments (for example, personal accidents insurance, engineering insurance - including contract works and marine insurance). For further details, see Section 2.2 below.

1.3.6. Health Insurance

This segment includes the Group's activity in illnesses and hospitalization insurance, for individuals and groups, as well as dental insurance. The policies sold in these subsegments cover the range of damages sustained by the policyholder due illnesses and/or accidents (excluding death). Furthermore, this segment also includes the Group's activity in long-term care insurance and critical illness insurance, as well as travel insurance and sick leave insurance. For further details, see Section 2.3 below.

1.3.7. Retirement

The Group manages various types of pension funds and provident funds through Phoenix Pension & Provident (which confer rights according to bylaws), including advanced education funds. For further details, see Section 2.4 below.

1.3.8. Wealth & Investments

Activity in this segment takes places through Phoenix Capital Partners, Phoenix Investment House and Phoenix Advanced Investments (which is held by Phoenix Capital Partners), consists mainly of financial asset management services such as the marketing and management of investments for customers, underwriting and investment banking,

management of mutual funds, provision of stock exchange and trading services, investment policies and wealth management. In addition, the Phoenix group manages private funds under this area of activity, which are aimed at qualified investors. For further details, see Section 2.5 below.

1.3.9. Payments & Financing

This segment includes: **credit cards** - acquiring-aggregator; **business credit** – loans and credit to businesses, supplier financing (invoice financing), business guarantees, factoring of payment card vouchers, financing against post-dated checks (checks discounting), financing against liens on real estate properties; **construction financing** - Sale Law guarantees and construction financing. **Consumer Credit -** Consumer credit activity. The activity is mostly conducted by Phoenix Gama, which is wholly-owned by the Company as well as through its subsidiaries. For further details, see Section 2.6 below.

1.3.10. Brokers & Advisors

This area of activity includes insurance brokerage services provided by the Phoenix group through insurance agencies held by a subsidiary of the Company - Phoenix Insurance Agencies (1989) Ltd. (hereinafter - "**Phoenix Agencies**"), which markets insurance, pension and provident product of various institutional entities in the market. For details regarding the material agencies held by Phoenix Agencies, see Section 2.7 below.

1.4. Additional operations that do not constitute areas of activity

In addition, and as part of its activity in the segments described above, the Group is engaged in a range of investment activities, including investments in securities, bonds and other financial assets (both liquid and illiquid), financing, credit, financial derivatives, real estate, holding companies, and Phoenix Services. The investing activity is conducted mainly against various insurance reserves, and against the own funds required for the insurance activity and capital surpluses of Phoenix Insurance and other Group companies. For details regarding the Company's investment activities, see Section 4.4 below.

Part B

Description of the Group's business by operating segment

2.1. Life and Savings

The Group is engaged, among other things, in areas of the Life Insurance Segment, which include life insurance policies, permanent health insurance policies and savings policies (hereinafter - "**investment policies**"), which are classified in this report under Wealth & Investments.

2.1.1. Life insurance

2.1.1.1. General

Life insurance policies provide an option to obtain insurance coverage without a savings components (including protection in the event of death, disability insurance and disability insurance), as well as an option to combine insurance coverage with savings or even contributions for savings alone. The policyholder can redeem the savings upon retirement or at another date. The policyholder may choose the composition that best suits his/her needs from among the insurance products (hereinafter - "**life insurance**") and savings components (hereinafter - "**savings**"). Policies may be individual or sold as insurance funds in accordance with the Provident Fund Regulations (hereinafter - "**executive insurance**"). The savings for retirement age under executive insurance are designed exclusively for payment of an annuity (excluding the severance pay component). Until December 31, 2007, policyholders could choose between an annuity or capital track (from which the savings could be withdrawn as one lump sum). Policies with a savings component can be divided into several key categories, differentiated by the methods employed by insurance companies to invest the funds, the types of coverages and the management fees or expenses collected by the insurance companies.

2.1.1.2. Key characteristics of life insurance instruments

2.1.1.2.1. **There are a number of instruments for the management of life insurance policies:** (a) individual policies that include only risk-weighted components; (b) executive insurance and funds for self-employed - policies with a savings component that may incorporate insurance coverage and include policies, which are subject to Provident Fund Regulations and (c) policies which are not subject to Provident Fund Regulations (individual insurance).

2.1.1.2.2. Executive insurance provides to savers tax incentives and include various provisions which protect the policyholders in accordance with labor laws. Executive insurance may be transferred between the different insurance companies.

2.1.1.2.3. **The insurance coverage**: Life insurance policies that combine life insurance and savings provide considerable flexibility in determining the various components and scope of the insurance coverage. As of the reporting year, the Company does not market life insurance policies that combine life insurance and savings.

2.1.1.2.4. **Manner of engagement and payment obligations of the institutional entity**: In life insurance, the insurance company's obligation towards the policyholder is a contractual undertaking written into to the insurance contract (the policy). In an insurance

contract, the insurance company undertakes to pay the insurance benefits in case of an insured event.

2.1.1.2.5. **Returns**: in life insurance policies sold since 1991 and in provident funds, the accrued funds are invested in the free market in various investment channels, according to the saver's choice.

2.1.1.3. Description of life insurance products

Following are details regarding the Group's various life insurance products:

Type of policy[2]	Product description	Marketing period	Main premium components	Linkage terms and annuity recipients
"Mixed" policies - guaranteed return	The insurance amount is predetermined and paid to the beneficiaries in the event of the premature death of the policyholder or to the policyholder at the end of the policy period (usually at the age of 65).	By the end of 1990	Life insurance and savings and riders for the policyholder, to the extent purchased.	The insurance amounts, the savings accrued in these policies and the annuities they pay are CPI-linked. The basis for guaranteeing the return is the insurance companies' investment in respect of a significant part of the accrual in designated government (Hetz) bonds, which guarantee linkage to the CPI plus interest ranging from 4% to 6.2%. The Annuity Conversion Factor in these policies is guaranteed and based on the life expectancy as known at the time they were marketed.
Guaranteed return "pension" policies	The amount of the monthly pension that will be paid at the end of the insurance period is predetermined in the policy. The amount of pension specified in the policy is paid out when the policyholder reaches the age specified in the policy.			
Classic guaranteed return policies	The insurance amount is predetermined and paid to the beneficiaries in the event of the premature death of the policyholder or to the policyholder at the end of the policy period (usually at the age of 65).			
"Preferred" policies ("Yielding")	Policies that combine a savings component, which may be withdrawn as a monthly annuity or as a lump sum upon reaching retirement age, in accordance with the Provident Fund Regulations and life insurance, and death risk, where the policyholder determines how the premium shall be split between the life insurance component and savings component and may change the ratio in accordance with the policy's terms conditions and subject to approval by the Company.			

[2] No management fees are collected in respect of these products. Company's gains from these products arise from interest differences between the bonds and actual returns.

Type of policy[3]	Product description	Marketing period	Main premium components	Linkage terms and annuity recipients
"Mixed" policies - participating	The insurance amount is predetermined and paid to the beneficiaries in the event of the premature death of the policyholder or at the end of the policy period (usually at the age of 65).	Between 1991 and 2003	Life insurance and savings and riders for the policyholder, to the extent purchased.	The savings accumulated in these policies as well as the annuity that they pay are not CPI-linked but rather depend on the income attained by the insurance company in the various investment channels. The Annuity Conversion Factor in these policies is based on the known life expectancy when they were marketed.
Participating "Pension" policies	The amount of the monthly pension that will be paid at the end of the insurance period is predetermined in the policy. The amount of pension specified in the policy is paid out when the policyholder reaches the age specified in the policy.			
Classic participating policies	The amount specified in the policy is paid at the end of the policy period; however, if the policyholder dies before that date, his/her beneficiaries receive the redemption amount according to the policy's terms and conditions.			
Participating "Preferred" ("Yielding", "Abundant") policies	Policies that combine a savings component, which may be withdrawn as a monthly annuity or as a lump sum upon reaching retirement age, and life insurance with and death risk, where the policyholder determines how the premium shall be split between the life insurance component and savings component and may change the ratio in accordance with the policy's terms conditions and subject to approval by the Company. The ratio between the accrued assets and the annuity that the policyholder may receive (hereinafter - the "**Annuity Conversion Factor**") in these policies is specified and guaranteed.			

[3] The insurance company is entitled to fixed management fees at a rate of 0.6% per annum of total assets, plus a 15% rate of the real return less the fixed management fees (hereinafter - "**variable management fees**"). If real losses have accrued, the insurance companies are not entitled to variable management fees until the accrued loss is covered.

Type of policy[4]	Product description	Marketing period	Main premium components	Linkage terms and annuity recipients
Policies that include "Track", "Track for Life", "New Track" and "Track for Managers and Employees" and "Track for Self-Employed" coverages	Characterized by separation and full transparency regarding the various premium components: The savings amount accumulated in "Track" policies is invested in various investment tracks, as selected by the policyholder from a range of investment tracks offered. In policies sold until the end of 2012, the Annuity Conversion Factor is specified and guaranteed, whereas in policies sold as from 2013, the Annuity Conversion Factor is guaranteed only for policyholders who took out the policy when they were aged 60 or more, except for individual policies, in which the Annuity Conversion Factor is not guaranteed at all.	Since 2004	Life insurance component, savings component and management fees.	The savings accumulated in these policies as well as the annuity that they pay are not CPI-linked but rather depend on the income attained by the insurance company in the various investment channels. The Annuity Conversion Factor in these policies is based on the known life expectancy when they were marketed. In policies sold on or after January 1, 2013, the conversion factor will only be determined when the policyholder retires, based on the mortality tables in force at that time, unless the policyholder was more than 60 years of age when the insurance policy commenced.

[4] The insurance company is entitled to fixed management fees in respect of the accrual and to management fees in respect of the premium. For details regarding the maximum management fee rates, see the table in Section 2.1.2 below.

Type of policy	Product description	Marketing period	Main premium components	Linkage terms and annuity recipients
Pure risk life insurance	Life insurance in the event of death with no savings component. This insurance guarantees the beneficiary a lump sum or payment in installments to beneficiaries in the event of death. The policy period varies from one to several years. This insurance is sold as a rider (additional coverage) to other life insurance policies or as a stand-alone policy.	N/A	Risk component only	The insurance amount and the premium are CPI-linked
Permanent health insurance	Guarantees payment of a monthly compensation amount after a waiting period, which starts when the policyholder becomes incapacitated (partially or fully); the policy pays out until the earlier of the end of its term or when the policyholder is once again able to work. Usually, the waiting period is three months. In addition to paying out a monthly compensation amount, the insurance benefits include releasing the policyholder from payment of the premium for other insurance coverages (death, disability, etc.), if any, and from payment of a premium in respect of the policy's savings component, thereby retaining the policyholder's rights throughout this period.			

Type of policy	Product description	Marketing period	Main premium components	Linkage terms and annuity recipients
Investment policies	These policies are for private individuals for savings purposes, which are not approved as provident funds. This policy is not subject to the Provident Fund Regulations.[5]	Since 2004	Savings component	The savings accumulated in the policies is not linked to any index but rather depends on the gains that the insurance company will obtain in the different investment tracks.
		Collective policies		
Collective life insurance	Life insurance designed for groups of policyholders, as prescribed in the Supervision of Insurance Business Regulations (Collective Life Insurance), 1993. Additional types of insurance may also be included. The premium is paid as a lump sum for the Group's planholders.	N/A	Risk component only	N/A
		Other		
Other types of insurance	Insurance coverage such as accidental disability, accidental death, professional disability, etc., which account for a small part of total premiums and are immaterial to the Company's business performance.	N/A	Risk component only	N/A

[5] According to the Provident Fund Regulations, the remaining policies described above are approved as an insurance fund, and entitle the employer and employee or the self-employed planholder to various tax benefits.

2.1.2. Profitability structure

Basic profitability in the life insurance subsegment arises from two sources: Insurance income and investment income.

The insurance income arises from underwriting and management of insurance contracts and represents the revenue arising from the insurance activity provided to the policyholders throughout the term of the contract.

The investment income arises from returns on investments, changes in the interest rate curve and illiquidity premium. Accordingly, investment income has a direct effect on profitability from operating activities. However, the effect on profitability varies between policies where the savings component is non-yield-dependent, and policies where the savings component is yield-dependent, as follows:

In policies which include a non-yield-dependent savings component, investment income is carried directly to profit and loss. On the other hand, in policies which include a yield-dependent savings component, most of the investment income is carried to deferred future income (CSM) and recognized in the income statement over the coverage period.

In this context, it is noted that the CSM component is affected by other factors, such as: The development of actuarial assumptions, regulatory effects, including demographic changes such as longevity, mortality and morbidity, and annuity takeup rates.

For further details regarding the accounting profit policy in life insurance, see Note 2 to the Financial Statements.

As from January 1, 2025, in view of the change in accounting standards and the application of IFRS 17, the Company measures the normalized investment results based on a nominal risk-free interest plus a fixed spread. By October 1, 2025, the spread rate stood at 2.25% and as from October 1, 2025 - 2.5%. For further details regarding the application of IFRS 17, see Section 2 to the Report of the Board of Directors.

2.1.3. Impact on competition between the various products

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

In recent years, a trend has developed following proactive steps on behalf of the Commissioner regarding contributions for Pension Products, resulting in pension funds becoming the key Pension Product marketed to the general public by the institutional entities. These proactive measures included: An amendment to Regulation 19 to the Income Tax Regulations, which caps contributions to executive insurance, according to which, as of the date of this report, one can make contributions into a new executive insurance policy only after maximizing the Contribution Cap to a comprehensive pension fund; the default pension funds reform, which caused the erosion of management fees in the pension fund product; the cancellation of guaranteed conversion factors in life insurance products which

incorporate a savings component, which had an adverse effect on the product's attractiveness; all of the above steps resulted in a substantial decrease in enrollment to savings products in the life insurance subsegment, alongside a substantial increase in transfers from the executive insurance product to pension funds and transfers of savings funds from executive insurance to provident products.

In addition, profitability may also be affected after in 2024, the Minister of Finance appointed the Team for Reducing the Gaps between Investment Instruments in Short and Medium-Term Savings in order to assess the existing regulation of the investment instruments in short and medium-term savings (investment policies, investment provident funds, and mutual funds), and to map the regulatory and tax gaps therein. In February 2025, the Ministry of Finance published a draft for public comment of the interim report prepared by a taskforce appointed by the Minister of Finance, which includes the interim recommendations. At this stage, it is impossible to assess the report's effect, if any, on the Company and Phoenix Insurance. For details, see Section 4.1.3.2 below.

2.1.4. Other financial products (individual savings products)

In the reporting year the total amount of the public's investments in savings products - such as investment policies which constitute an alternative to liquid savings products and classified in this report under the Wealth & Investments segment - continued to grow. This trend also arises from a higher awareness among savers, which seek to save through various investment channels, including individual savings products.

The Company believes that the trends in the long-term savings subsegment may lead to the following:

- Pension funds will continue to be a leading product among pension savings products, and accordingly an increasing number of customers nearing retirement age will enroll to immediate or deferred annuity products.
- Growth in investment policy products and life insurance products will continue.

2.1.5. New products

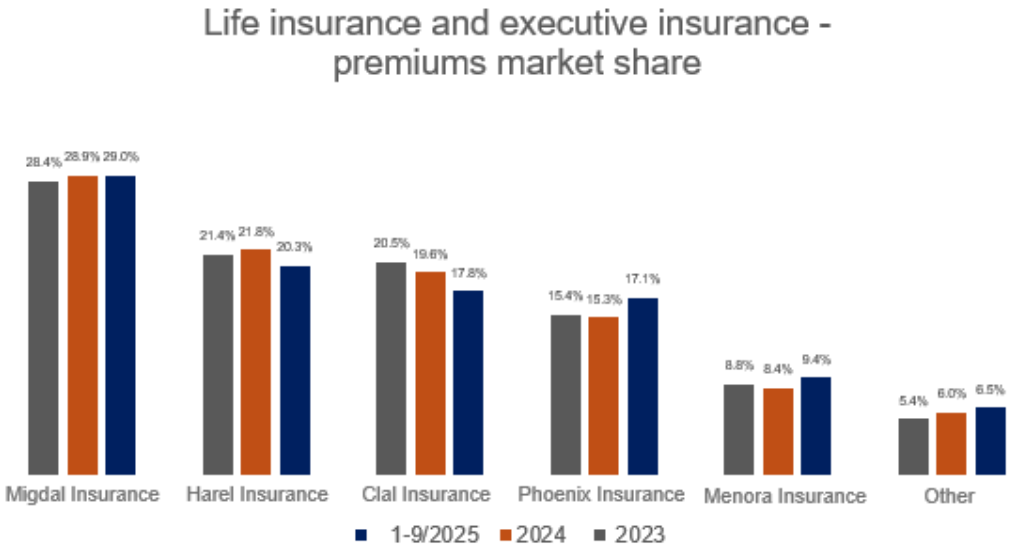
Setting-up a new investment track under the Phoenix Invest investment policy - In February 2025, a new investment track was set up specializing in tracking share indices. This track is fully exposed to the Israeli equity market.

2.1.6. Competition

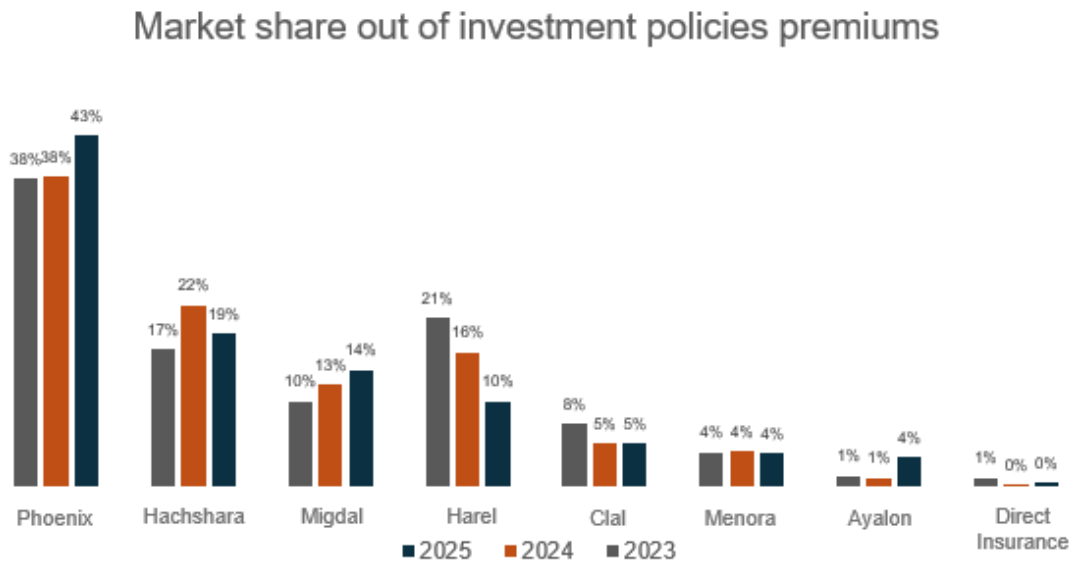
Life insurance

Five key insurance companies operate in Israel in the Life Insurance and Savings Segment - Phoenix, Migdal, Clal, Harel, and Menora, as well as several smaller insurance companies. According to the figures of the Capital Market, Insurance and Savings Authority, these five companies collected approx. 95% of the premiums in this segment in the first three quarters of 2025.

The market shares of the five key insurance companies in Israel out of total premiums for life insurance and executive insurance from 2023 to September 2025 are as follows, by percentage:

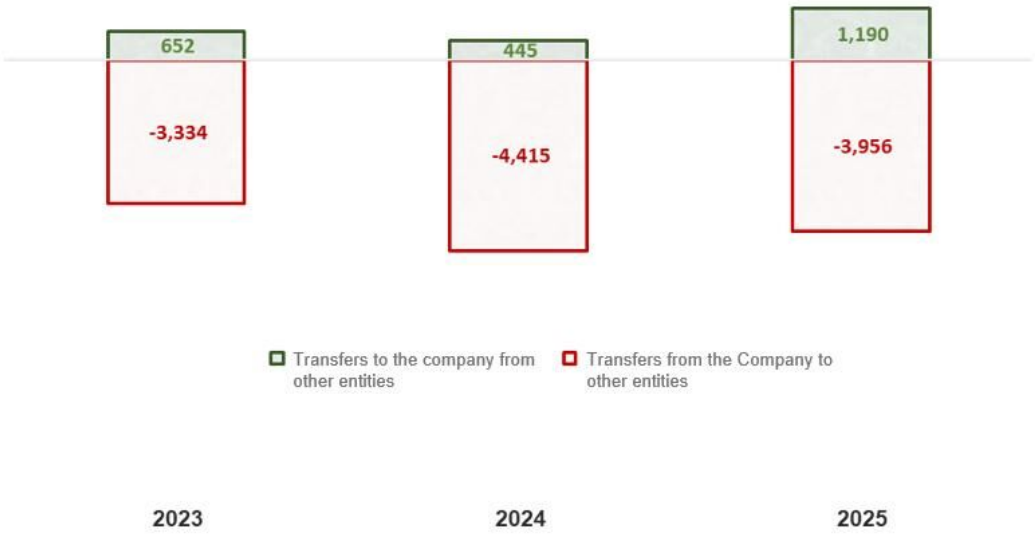


Insurance companies' market shares out of total investment policies premiums in 2023 to 2025 are as follows (in percentages):



The competition between the companies is reflected mainly in returns on investments, discounts on risk products and management fees paid by policyholders, the quality of service, level and method of compensation in the various distribution channels, and in the development of additional distribution channels.

Following is information regarding the transfer of funds from and to Phoenix Insurance in executive insurance products, from 2023 to 2025: It is noted that in the reporting year there has been a decrease in the number of outbound transfers compared to 2024 alongside an increase in the number of inbound transfers.



* External transfers only (excluding transfers within the Group)

Effect of legislative changes on competition in the area of activity

Regulatory provisions in recent years have led to increased competition between the various entities operating in the life insurance and savings market. Following are the main provisions:

- Restrictions on contributions and transfer of funds to executive insurance, according to which enrollment to insurance policies, which are subject to the Provident Fund Regulations, will only be possible after maximizing the Contribution Cap into the first tier of non-insurance annuity fund (pension fund or provident fund).
- Lowering of prices of life insurance products.
- Lowering of the management fees in alternative long-term savings products, due to - for example - fixed management fees in selected funds.

The Company believes that these changes may enhance existing trends in the Long-Term Savings Subsegment, as described above in connection with boosting competition.

How the Group deals with competition

The Group is taking action to address the growing competition in the industry, mainly through the following measures:

- Continued development and improvement of the investment function and quality of investment management.

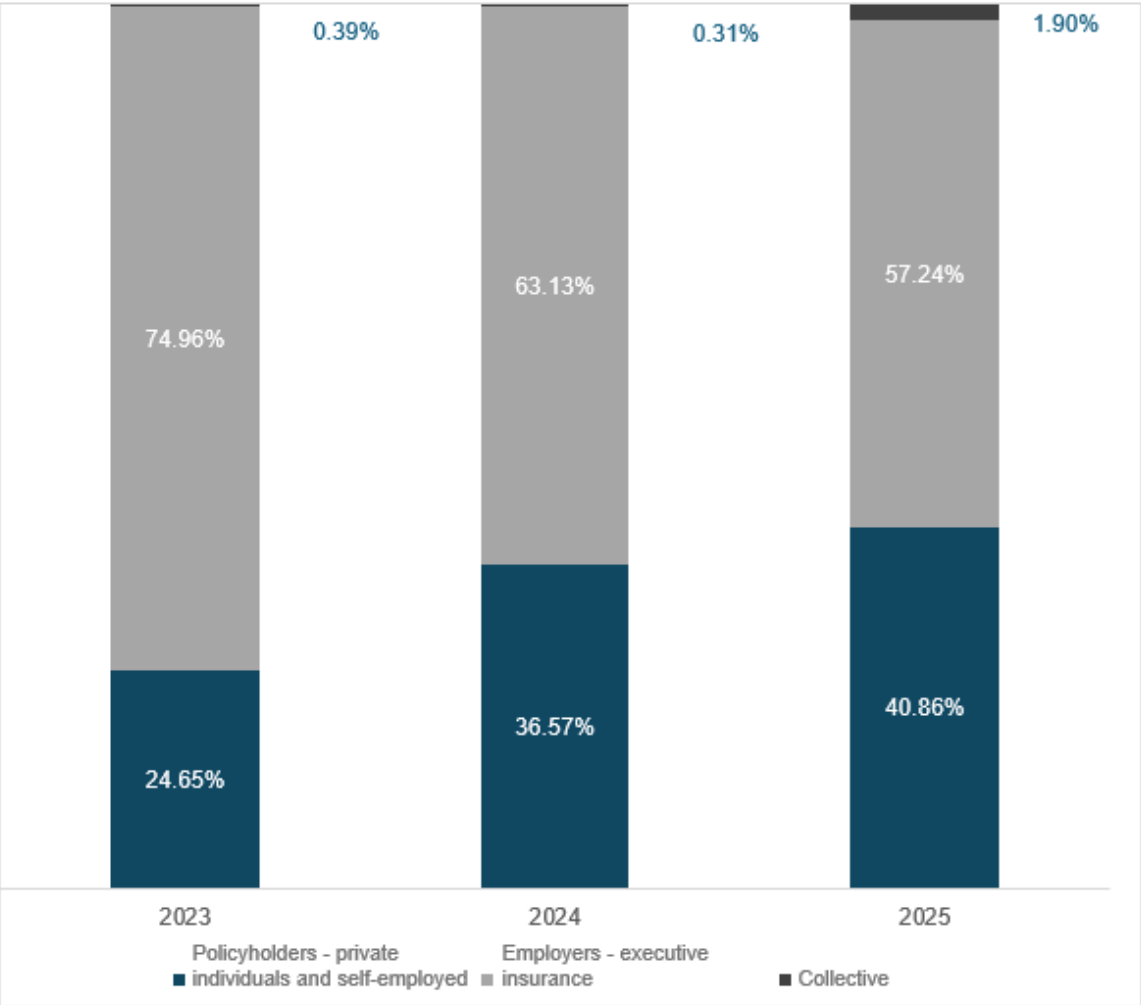
- Increasing total assets under management by allocating management and financial resources to advertising, marketing and distribution channels, as well as brand-name enhancement.
- Organizational and operational streamlining in the Company's structure, and in the different units in the subsegment.
- Increased use of technological and digital means in the provision of services, marketing and distribution of the industry's products, including through artificial intelligence tools.
- Investment policy – collaboration with leading global partners, streamlining and improving processes and digitization.
- Extension of the policy period for policyholders aged 75 to 80 in life insurance products.
- Wider use of the app for Group customers, which provides a response regarding all of the customer's products and services, including in life insurance and savings, with the option to carry out a range of transactions through the app. For details regarding the app, see Section 4.7.2.B below.

2.1.7. Customers

Life insurance, investment policies, and executive insurance

Phoenix Insurance markets its products to a broad range of customers who can be divided into three main categories - salaried employees planholders, individual and self-employed policyholders, and groups. Phoenix Insurance has no significant dependence on any single customer. The following table provides a breakdown of premiums and contributions towards benefits among life insurance customers, by percentage:[6]

[6] Including insurance contracts and investment contracts (investment contracts are individual policies without an insurance component).



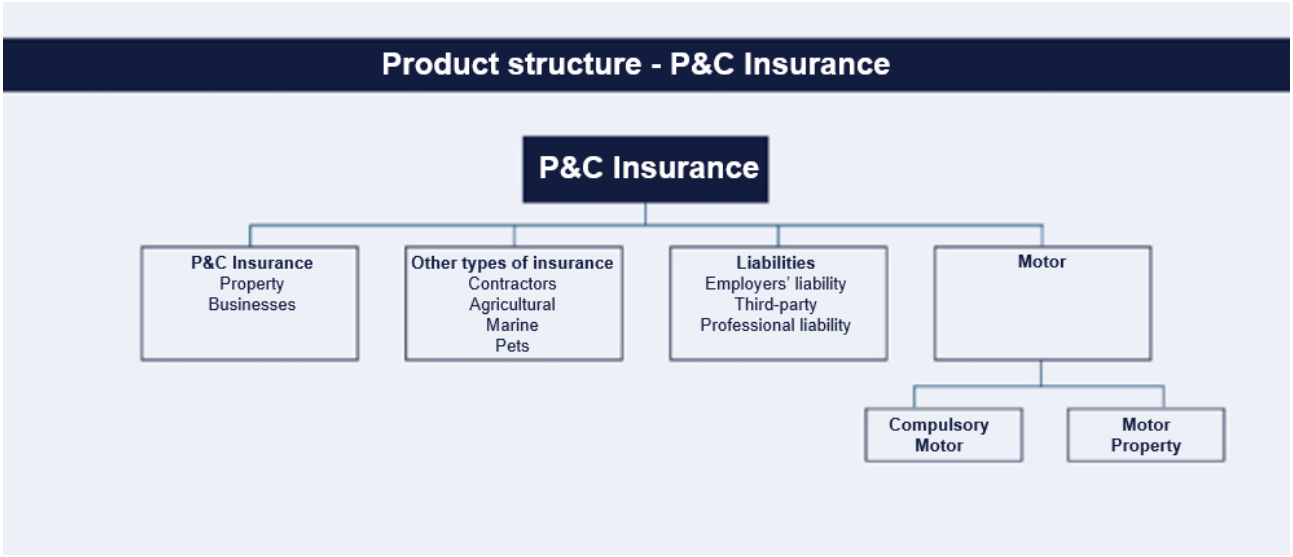
The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results may differ from that which is described herein. Forward-looking information refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as presented here, insofar as it becomes aware of any additional information in connection with such information.

2.2. Property and Casualty

Key subsegments of Property and Casualty Insurance

This area of activity includes the Group's operations in the Compulsory Motor Insurance Subsegment, the Motor Property Insurance Subsegment and Other Property and Casualty Insurance, which includes the remaining Property and Casualty Insurance subsegments, such as property, liability, engineering, marine and aviation insurance.

Most policies in this segment are taken out for a period of up to one year, and they provide indemnity to the policyholder in the event of damage, in accordance with the insurance coverage purchased.



2.2.1. Compulsory motor insurance

Compulsory motor insurance provides coverage for bodily injury resulting from the use of a motor vehicle.

2.2.1.1. Products and services

This subsegment consists of a single product - insurance coverage for bodily injury incurred as a result of road accidents, under the Motor Insurance Ordinance (New Version), 1970 (hereinafter - the "**Motor Insurance Ordinance**") for the motor vehicle owner and the driver against any liability they may incur under the Road Accident Victims Compensation Law, 1975 (hereinafter - the "**CRAV Law**") and against any other liability they may incur due to bodily injury caused by or as a result of the use of a motor vehicle to the driver, passengers, or pedestrians hit by the motor vehicle. For information regarding the CRAV Law, see Section (b) below.

Characteristics of compulsory motor insurance:

1. Insurance obligation - The Motor Insurance Ordinance stipulates that a motor vehicle may not be used without a valid compulsory motor insurance policy.
2. Standard policy - a uniform wording, dictated by the Commissioner in the Motor Vehicle Insurance Ordinance.

3. Absolute liability - with no need to prove blame.

4. Exclusivity of entitlement - only a person injured in a road accident under the CRAV Law is entitled to file a claim.

5. Limit of compensation - the policy has no limit of liability. However:

   - Salary cap for calculating loss of earnings — up to three times the national average wage (net).

   - Compensation cap for non-pecuniary damage — in accordance with the amount stipulated by law.

6. Differential rates - The insurance premiums are differential, based on a closed list of parameters which were set by the Capital Markets Authority.

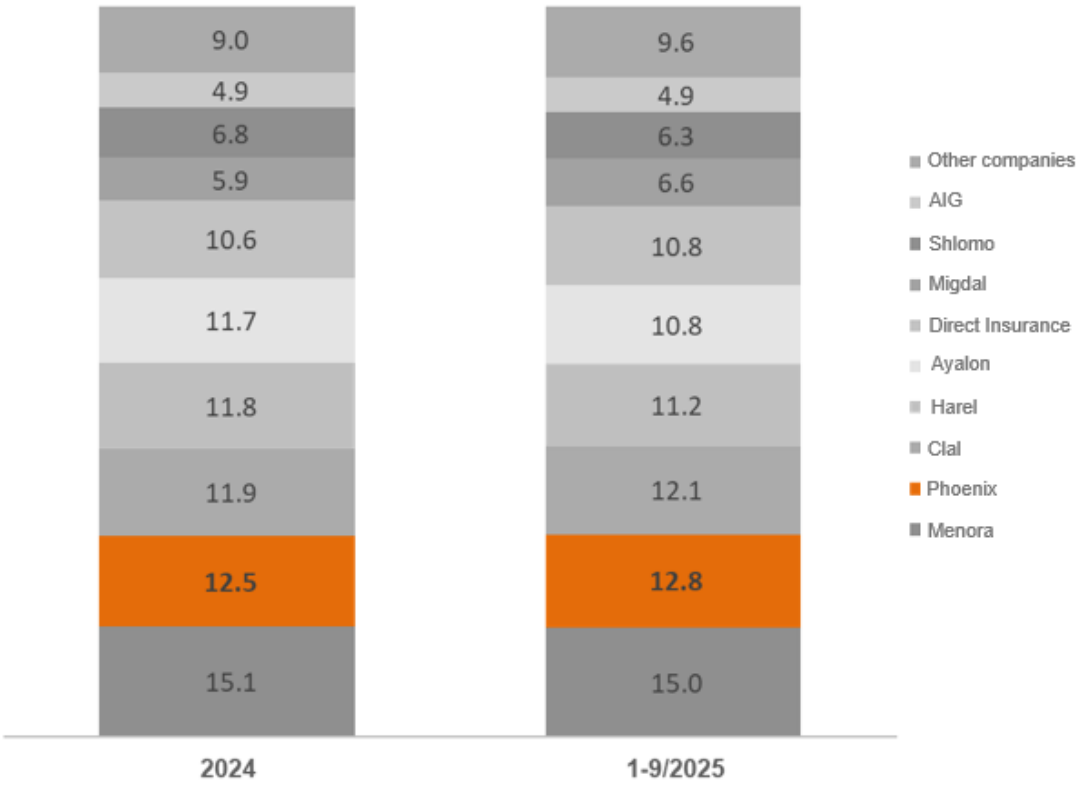
2.2.1.2. Competition

The compulsory motor insurance subsegment is characterized by intensive competition resulting from the uniformity of the insurance coverage and a limited market size. All insurance companies operate in this subsegment, and in recent years several new direct insurance companies were established which operate in this subsegment. In view of the above, the competition focuses mainly on the following variables:

- The insurance tariffs;
- Rates of fees and commissions to insurance agents;
- Correct breakdown and pricing of the policyholders population;
- Development of digital tools for sale and service – for policyholders and agents.

Most customers purchase the compulsory motor insurance and the motor property insurance from the same company, and therefore customers usually look at the price with respect to both products together (compulsory motor insurance and motor property insurance).

Following is information about the market share of the Company and key competitors in the Compulsory Motor Subsegment, by gross premiums by percentage (activity in Israel only):*



* In 2024, gross premium was reported according to IFRS 4, in 2025 – gross premium was reported according to IFRS 17.

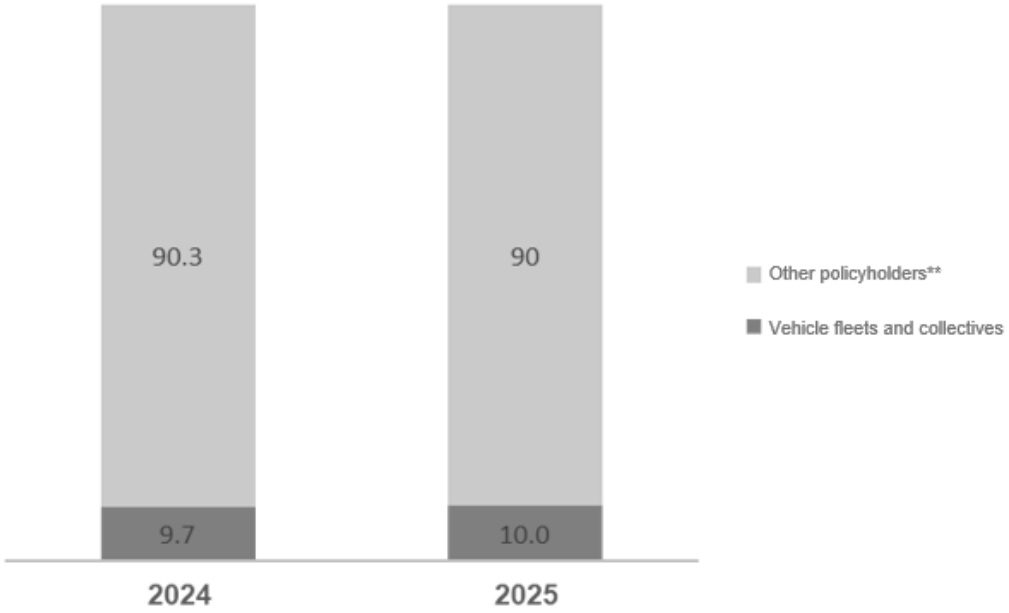
The Company works to increase its market share, while maintaining the portfolio's quality and profitability through, among other things, controls, development of digital sale platforms and direct marketing under the Phoenix Smart brand.

2.2.1.3. Customers

A. Phoenix Insurance is not dependent on any single customer in the Compulsory Motor Insurance Subsegment.

B. Phoenix Insurance has no single customer that accounts for 10% or more of its total revenue.

C. Phoenix Insurance's customers consist of private customers, business customers, groups and car fleets.



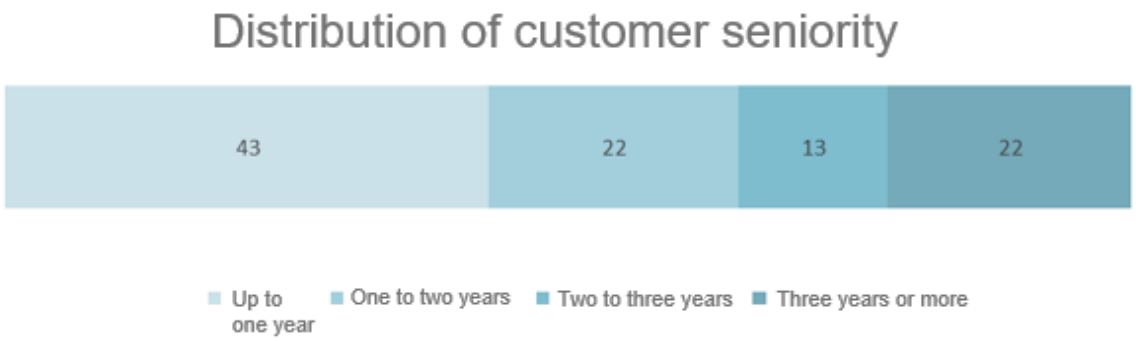
* The figures are based on insurance policy commencement dates.

** Mainly individual policyholders.

Customer loyalty and retention:

The renewal rate in terms of premiums in the Compulsory Motor Insurance Subsegment in 2025 stood at approx. 70.5%, compared to approx. 69.2% in 2024.

Following are details regarding customer loyalty in the Compulsory Motor Insurance Subsegment in terms of premiums turnover in 2025, by percentage:



2.2.2. Motor property insurance

Motor property insurance consists of coverage for damage to property caused to the insured vehicle as well as coverage for the policyholder's liability in respect of damage caused to third-party property resulting from the use of a motor vehicle.

2.2.2.1. Products and services

Motor Property Insurance Subsegment (AKA - CASCO) is one of the key and most common insurance subsegments in the property and casualty insurance segment and is characterized by intensive competition. Motor property insurance covers property damage caused to the insured vehicle (hereinafter - "**comprehensive insurance**") and damage caused to third-party's property as a result of the use of the insured vehicle (hereinafter -

"**third-party insurance**"). In this chapter, comprehensive insurance signifies coverage given both in respect of property damage caused to the insured vehicle and in respect of property damage that the insured vehicle may cause to third-party's property.

This subsegment is divided into two categories:

A. Private and commercial vehicles up to 3.5 tons (hereinafter - "**light commercial vehicles**") – subject to the terms of the standard policy.

B. Vehicles other than light commercial vehicles (e.g. trucks, taxis, motorbikes, tractors, mechanical-engineering equipment, etc.). The terms and conditions of the standard policy do not apply to these vehicles.

Characteristics of motor property insurance:

A. Motor property insurance is voluntary insurance which is not mandatory under law.

B. Standard Policy - by virtue of the Supervision of Insurance Business Regulations (Contract Terms and Conditions for Insuring a Private Vehicle), 1986. The terms and conditions of the standard policy include, among other things, coverage in the event of an accident, theft, fire, malicious damage, natural disaster damages, property damage caused to a third party, etc.

C. The Company offers a range of riders for the basic coverage, such as: Coverage for risks of earthquake, riots and strikes, headlights and side mirrors, and related services - towing services, replacement vehicle in the event of an accident or theft and coverage for broken windscreen. In addition, the Company offers dedicated coverages for electric vehicles, including, among other things, towing to a charging station when the vehicle's battery is depleted, coverage against damage to the charging equipment, etc.

2.2.2.2. Competition

The Motor Property Insurance Subsegment is characterized by intensive competition arising from the uniformity of basic coverage and the establishment of new direct insurance companies in recent years. The competition focuses on the following variables:

- Insurance rates
- Quality of service
- Riders to the standard policy
- Rates of fees and commissions for agents
- Data-based breakdown and pricing
- Development of digital sale and service tools – for policyholders and agents

Following is information about the market share of the Company and key competitors in this subsegment, by gross premiums, by percentage (activity in Israel only):*

* In 2024, gross premium was reported according to IFRS 4, in 2025 – gross premium was reported according to IFRS 17.

Phoenix Insurance works to increase its market share, while maintaining the portfolio's quality and profitability, through data-based pricing, development of new products, recruitment of agents, development of digital sale platforms and direct marketing under the Phoenix Smart brand.

In November 2025, the Capital Market Authority issued Phoenix Insurance a demand to revise motor property insurance tariffs. In its demand, the Authority noted that in its opinion there are gaps between the risk inherent in the subsegment and the actual premium charged, and therefore Phoenix Insurance was required to submit an up-to-date actuarial appendix which includes a weighted tariff which corresponds to the risk level. Phoenix Insurance provided the Authority with all the information and data requested and submitted the required documents and clarifications in accordance with the set schedules. As of the report approval date, Phoenix Insurance is waiting for the Authority's position with regard to the submitted tariff.

In its letter of demand, the Authority noted that if the tariff is not approved by April 30, 2026, Phoenix Insurance will not be allowed to continue offering the relevant insurance plan in its present format. As stated above, Phoenix Insurance is currently in a Tariff Approval process as detailed above.

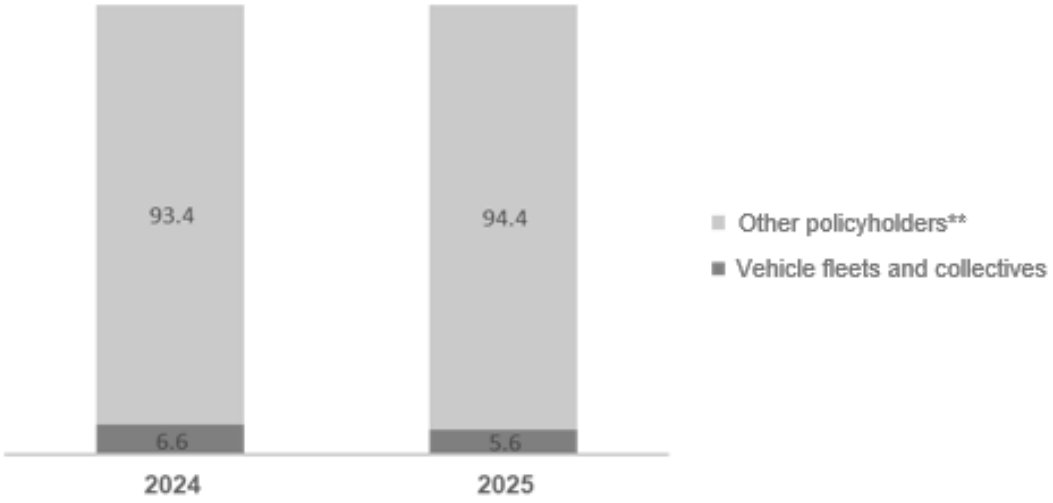
Phoenix Insurance estimates that this is an industry-wide move, and that similar demand letters were also sent to other insurance companies, some of which may also be engaged in a dialogue with the Authority regarding this matter.

2.2.2.3. Customers

A. Phoenix Insurance is not dependent on any single customer in the motor Property Insurance Subsegment.

B. Phoenix Insurance has no single customer that accounts for 10% or more of its total revenue.

C. Phoenix Insurance's customers in the motor Property Insurance Subsegment consist of private customers, business customers, groups and car fleets.



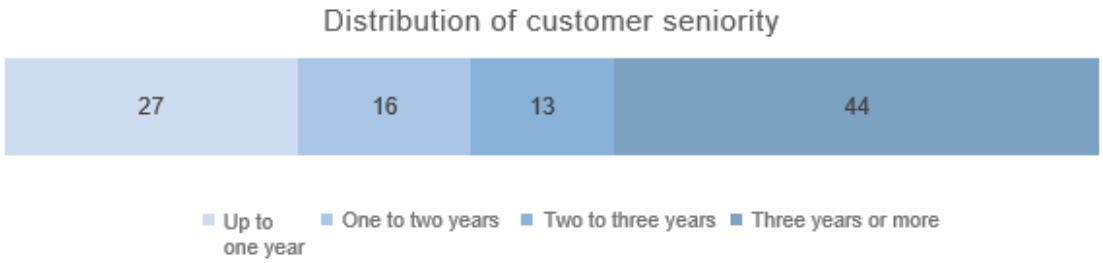
* The figures are based on insurance policy commencement dates. The definitions for vehicle fleets and collectives were taken from the Codex of Regulations (Consolidated Circular).

** Mainly individual policyholders.

Customer loyalty and retention

In 2025, the renewal rate in the Motor Property Insurance Subsegment, in terms of premiums for policies which were in force in the previous year was approx. 63.7%, compared to approx. 71.1% in 2024.

Following are details regarding customer loyalty in the motor Property Insurance Subsegment in terms of premiums turnover in 2025, by percentage:



In the motor Property Insurance Subsegment, customers who also had compulsory motor insurance policies in 2025, 2024 and 2023 accounted for 99%, 97% and 96%, respectively, of all the policies in this subsegment in the relevant years.

2.2.3. Other Property and Casualty Insurance

Phoenix Insurance offers a wide range of property and casualty insurance products to private and business customers, while customizing the coverages to each policyholder's unique needs. The subsegment is characterized by intensive competition, ongoing product development, regulatory changes and an increasing use of digital tools to improve pricing, sales and services. Other Property and Casualty Insurance consists of a broad range of insurance coverages that can be divided into three key main subsegments:

- Property insurance
- Liability insurance
- Other types of insurance

2.2.3.1. Products and services

Property insurance

Phoenix Insurance offers a wide range of property insurance, comprising mainly home insurance, private dwelling insurance covering the mortgage period, and business insurance.

A. Home insurance: Based on the standard policy and includes extended coverages which the policyholder can add, such as: Private dwelling insurance and contents insurance, coverage for jewelry and valuables, employers' liability, third party liability, and terrorism damage in addition to government compensation. Contents terrorism coverage is provided in addition to rights under the Property Tax and Compensation Fund Law.

B. Small and large businesses insurance: Coverage for property, buildings, contents and physical damage due to fire risks and associated risks, and an option to purchase coverage for consequential damage due to loss of income. Phoenix offers umbrella insurance plans, which incorporate additional coverages such as money insurance, goods in transit insurance and electronic equipment insurance. Furthermore, it offers its EXTRA series of policies, which are dedicated policies for specific business categories (offices, shops, workshops and synagogues). In large businesses, the policy is customized to the needs of the policyholder and sometimes insurance advisors on behalf of the policyholder support this process.

In addition, businesses are offered coverage for cybercrimes, which includes, among other things, coverage for privacy violations, crisis management expenses, cyber extortion, loss of income, and data recovery costs.

Liability insurance

A. **Employer liability insurance:** This insurance covers the employer's liability for bodily injury to the employee, due to accident or illness which occurred during the course of their work or as a result thereof, based on the date on which the event occurred. Coverage is usually residual in excess of payouts by the National Insurance Institute, and the liability limit may be modified in accordance with the policyholder's needs.

The insurance is provided as a standalone policy or under a set of business insurance policies, an umbrella policy, or a contractor's insurance policy.

B. **Third-party liability insurance:** This insurance covers the policyholder's legal liability towards a third party for bodily injury or property damage caused due to their negligence, including consequential damage, based on the date of the event. The liability limit is adapted to the nature of the policyholder's activity and the risk level. The insurance is sold as a standalone policy or under a set of business insurance policies, an umbrella policy, or a contractor's insurance policy.

C. **Other liability insurance**: the company offers additional policies, including professional liability insurance, directors and officers' liability insurance, and product liability insurance.

These products offer tail coverage, although such policies usually also refer to the date on which the event occurred (policies based on the date on which the claim was filed with a retroactive date).

D. **Other types of insurance**

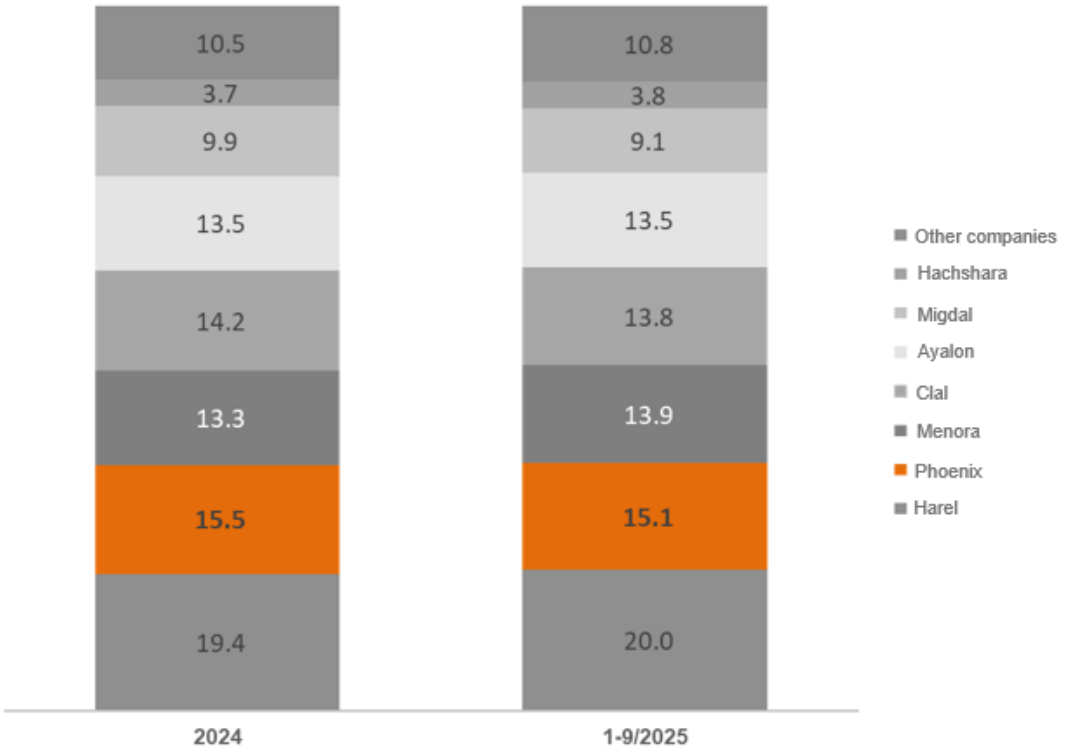
Phoenix Insurance markets additional types of insurance, including contractors' insurance (for the duration of a project or open policies for one insurance year in respect of all projects during that period), insurance covering mechanical-engineering equipment, mechanical breakdown insurance, refrigerated inventory insurance, cargo in transit and shippers' liability insurance, fidelity insurance, agricultural insurance, investment insurance for home buyers (Sales Law guarantee), credit insurance, electronic equipment insurance, insurance covering production and cancellation of events, clinical trials insurance, flight cancellation insurance, money insurance, goods in transit insurance, works of art, marine, aviation, terrorism acts and cyber insurance, as well as pet insurance.

2.2.3.2. Competition

The Other Property and Casualty Insurance subsegment is characterized by intense competition, which is reflected in the customization of insurance policies to policyholders' needs, development of unique products, competitive pricing and provision of discounts, and development of digital tools to improve sales and service capabilities both for policyholders and for agents.

Most Israeli insurance companies compete with Phoenix Insurance in the Other Property and Casualty Insurance Subsegment.

Following are details regarding the market share of the various companies in the Other Property and Casualty Insurance Subsegment, by percentage:*



* In 2024, gross premium was reported according to IFRS 4, in 2025 – gross premium was reported according to IFRS 17.

Phoenix Insurance addresses the competition by improving the availability and quality of services, enhancing the development of expertise in unique and new niches where specialization and reputation can be developed, developing advanced digital tools for policyholders and agents, tailoring coverages to customers' needs, and improving pricing quality. Competition in this segment is impacted, among other things, by trends in the global reinsurance market.

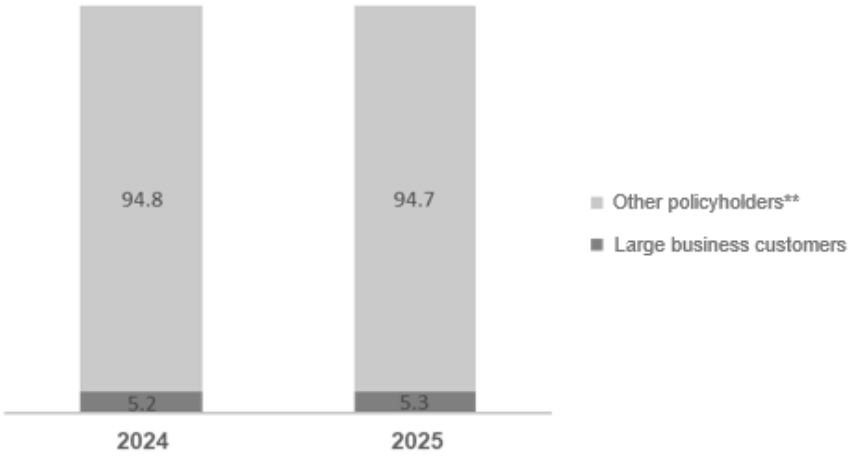
2.2.3.3. Customers

A. Phoenix Insurance is not dependent on any single customer in the other Property and Casualty Insurance subsegment.

B. Neither does the Company have a single customer in the other property and casualty subsegment which accounts for 10% or more of its revenue.

C. The Company's customers in the Other Property and Casualty Insurance Subsegment are mostly private customers, in addition to companies and merchants.

Breakdown of premiums from customers (gross), by percentage:*

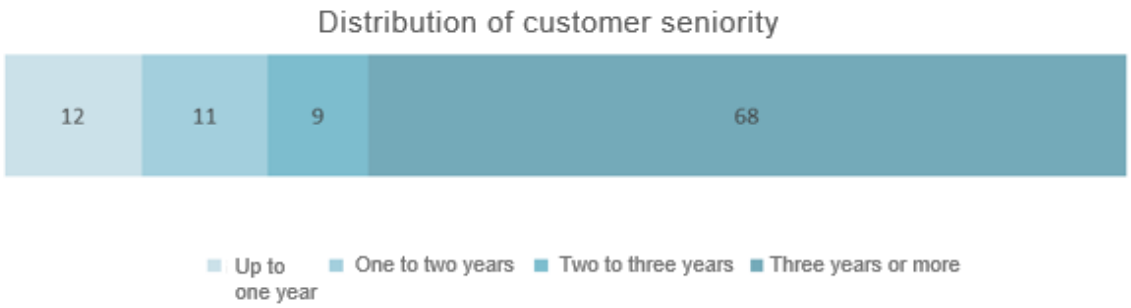


* The figures are based on the commencement dates of the insurance policies. "Large business customers" signify policyholders which account for at least 1% of the premiums in the segment.

** Mainly individual policyholders.

The renewal rate in the other property and casualty insurance subsegment is relatively high due to the customization of policies to customers' needs, specialization and professionalism by the insurance companies and the importance of maintaining continuity of insurance coverage. In the Home Insurance Segment, the renewal rate in 2025 was approx. 86.8%, compared with approx. 88.6% in 2024 (in terms of premiums received in the current year in respect of policies which were in effect in the previous year).

Following are details regarding customer loyalty in the Home Insurance Segment in terms of premiums in 2025, by percentage:



2.2.4. For more information on the principal legal frameworks of the Property and Casualty Insurance Segment, see Section 4.1.7 below.

The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results may differ from that which is described herein. Forward-looking information refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as presented here, insofar as it becomes aware of any additional information in connection with such information.

2.3. Health Insurance

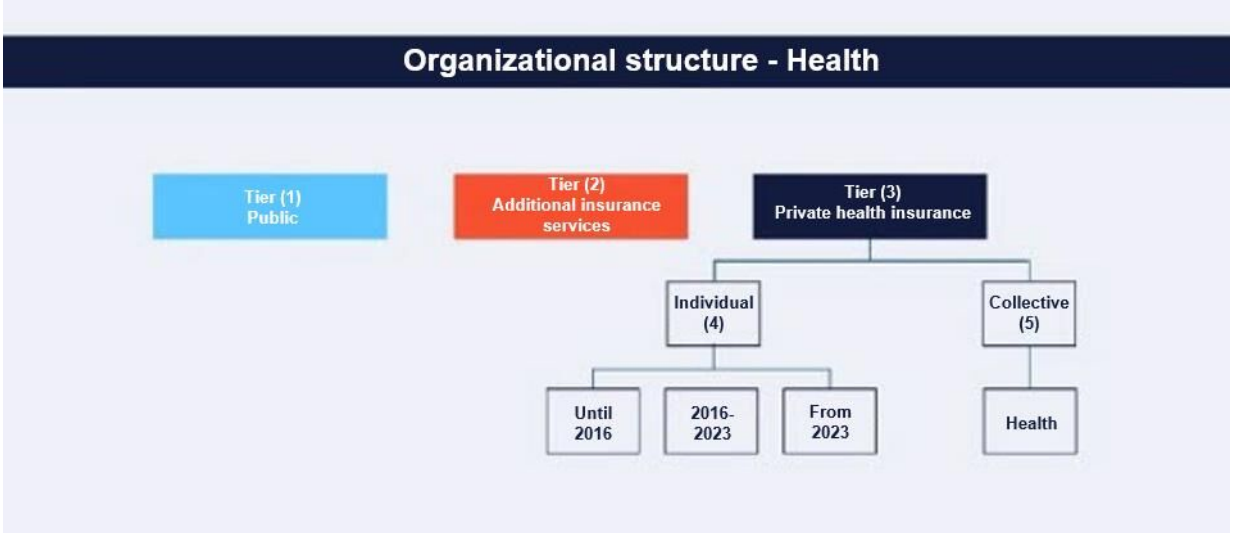
2.3.1. Products and services

2.3.1.1. General

Health insurance policies are designed to indemnify or compensate policyholders for medical expenses incurred as a result of decline in health, illness or accident. The illnesses and hospitalization subsegment also includes long-term care insurance, critical illness insurance, dental insurance, travel insurance, and personal accidents insurance.

2.3.1.2. Segment's structure and key markets

The Israeli health insurance market is divided into three levels:



Comments to chart:

(1) The first level comprises the basic basket of health services (hereinafter - the "**Healthcare Services Basket**"), which is provided mainly by health maintenance organizations to all Israeli residents by virtue of the National Health Insurance Law, 1994 (hereinafter - the "**Health Insurance Law**").

(2) The second level, which is an extension of or an alternative for the Healthcare Services Basket, is the supplementary health services (hereinafter - the "**SHABAN**"), which are provided to the public only by health maintenance organizations. This level is subject to the limitations stipulated in the Health Insurance Law.

(3) The third level comprises private health insurance purchased directly from insurance companies and subject to underwriting considerations applied by insurance companies when they issue such insurance to policyholders. Private health insurance is offered both in the form of personal health insurance policies (**individual insurance policies**) and in the form of collective policies (**collective insurance**). The Group's activity in the Health Insurance Segment includes both individual and collective insurance policies.

Private health insurance (individual and collective) serve as an addition to the health services provided by the state as part of the basic Healthcare Services Basket. Among other things, private healthcare services include the use of drugs, which are not included in the Healthcare Services Basket, advanced medical treatments and surgical procedures both in Israel and abroad, new medical technologies, which are not included in the Healthcare Services Basket, transplants, etc. In addition, private healthcare services are readily available and tailored to the specific needs of different population groups.

The different levels of the health insurance sector in Israel are highly regulated and closely supervised. The legislative arrangements in this sector have changed considerably and, in some cases, are influenced by government policies relating to healthcare, including the expansion or curtailing of the services provided as part of the Healthcare Services Basket.

(4) Individual insurance - these are generally insurance plans offered for long periods (for the policyholder's entire life or up to a pre-determined age), even if the policyholder's medical condition changes during this period.

Most health insurance plans marketed from February 2016 and thereafter are subject to provisions according to which the insurance period is renewed every two years (for the Policyholder's entire life or up to a pre-determined age) (hereinafter - the "**Renewable Policies**").

Some of the Renewable Policies are characterized with the accumulation of considerable reserves during those periods. Changes in actuarial assumptions and forecasts with respect to future risk may result in material changes in provision amounts, due to the considerable weight of the abovementioned reserves.

(5) Collective insurance - The terms and conditions of the collective insurance agreements are decided in negotiations between the insurer and the Policyholder representing the collective, and they apply to all individuals included in the relevant group. Such agreements are usually signed for pre-determined periods of several years (but no more than five years) and sometimes include a mechanism for adjusting the premium during the policy period. Due to this difference, the tariffs paid for collective insurance are generally lower than those paid for similar coverages in individual policies. Some collective insurance agreements provide insurance continuity at the end of the term of the collective insurance agreement or at the end of the policyholder's membership in the collective (right of continuity).

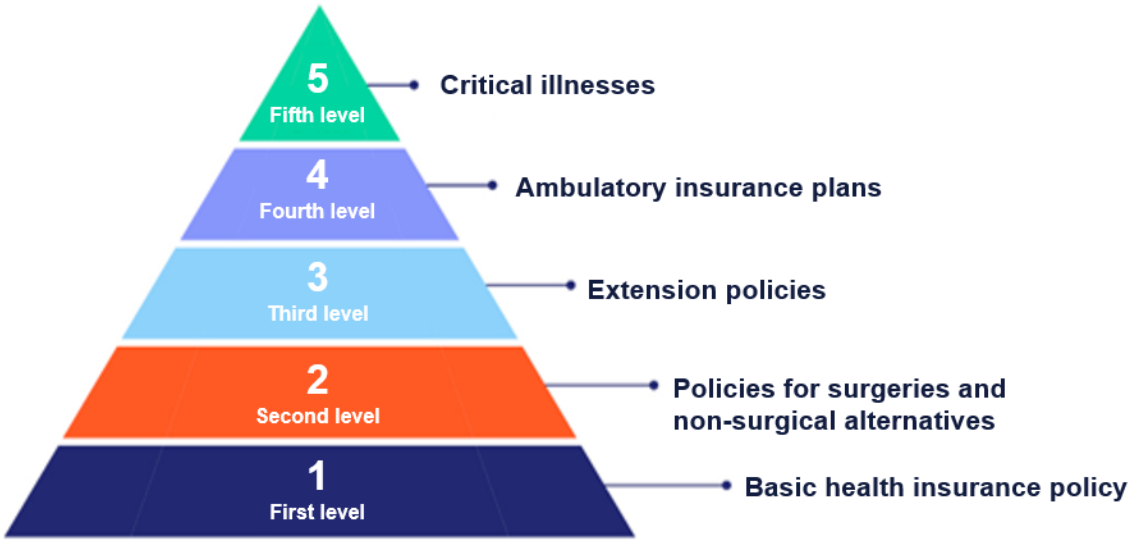
In recent years, changes were made in the third level – private health insurance purchased from insurance companies as described above. These changes were also reflected in the reporting year.

The reform in private health insurance: On October 1, 2023 (hereinafter - the "**effective date**"), the **reform in health insurance** of the Capital Markets Authority entered into effect, which introduced substantial changes to the content and scope of the products, to the manner in which they are marketed, and even to the way they are managed. The reform focuses mainly on the introduction of tiers for private insurance policies; creation of standard policies; prevention of overlapping insurance; and setting fixed rebate rates for a period of at least 10 years.

The reform applies to individual health insurance policies entered into as from the effective date, and to collective health insurance policies that will be taken out or renewed as from the Effective Date, such that individual health insurance policies will be divided into 3 groups:

Policies marketed until 2016	Policies marketed in 2016-2023	Policies sold as from October 2023
• Non-renewing policies. • Their premiums can be updated with the Commissioner's approval.	• Policies which are renewed every two years - the renewal takes place in June every two years. • The last renewal took place in June 2024. • The provisions of the Economic Arrangements Law apply to them, as detailed below.	• Policies which are renewed every two years. • The reform and the provisions of the Economic Arrangements Law apply to them, as detailed below.

Under the Capital Market, Insurance and Savings Authority's reform, five tiers were established for health insurance policies:



* Tier 1 - a policy covering transplants and special treatments abroad; policy covering medicines which are not included in the Israeli healthcare basket; a policy covering surgical procedures and alternative treatments to surgical procedures abroad; Tier 2 - policies covering surgical procedures and alternative treatments to surgical procedures in Israel; Tier 3 - expansion policies for the basic tier, the second tier or the fifth tier; Tier 4 - ambulatory policies; Tier 5 - critical illness policy.

The Economic Arrangements Law for Budget Years 2023 and 2024: In addition to the Capital Market Authority's reform which affected the market for private health insurance policies purchased from insurance companies as detailed above, the Health Chapter in the Economic Plan Law (Legislative Amendments for Implementing Economic Policies for Budget Years 2023 and 2024), 2023 (hereinafter - the "**Economic Arrangements Law**"), has also introduced changes regarding policies covering surgical procedures and alternative treatments to surgical procedures in Israel. The provisions of the Economic Arrangements Law were also applied in the reporting year, as detailed below.

The objective of the Economic Arrangements Law was to reduce the incidence of overlapping insurance in the surgical procedures subsegment in Israel between Supplementary Healthcare Services (hereinafter - the "**SHABAN Plans**") of health maintenance organizations and private health insurance policies - with the aim of reaching a situation where most of private surgical procedures in Israel will be conducted by the health management organizations as part of the SHABAN Plans.

In accordance with the provisions of the Economic Arrangements Law, in June 2024 Phoenix Insurance signed-on - as a default insurer - policyholders who hold a "First Shekel" surgical procedures in Israel policy (hereinafter - the "**Original Policy**") and who also have SHABAN coverage in place - to a Supplementary SHABAN surgical procedures policy instead of the Original Policy, unless a policyholders informed - prior to their transfer - that they wish to stay with the Original Policy.

Policyholders who were transferred to a supplementary SHABAN insurance policy under the Economic Arrangements Law had the option of reverting to the Original Policy at their request without reassessment of existing medical conditions and without a qualification period through the end of May 2025. The directive did not have a material effect in the reporting year.

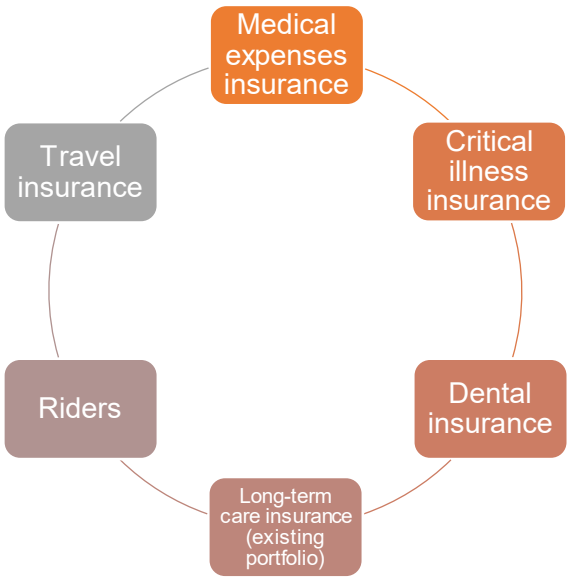
In addition, under the Economic Arrangements Law, HMOs have a recovery right towards insurance companies, as follows: Where a policyholder who has a "surgeries in Israel - First Shekel" policy files a claim for a surgery performed in Israel by virtue of his/her rights under the SHABAN Plan, and such a surgical procedure is also covered by the insurer's insurance policy, the insurer pays the health maintenance organization through which the surgical procedure was carried out a total equal to the price of the surgical procedure paid by the health maintenance organization as per the Ministry of Health's price list. Furthermore, an appeal mechanism is in place whereunder the insurer can appeal against such payment demand by the health maintenance organization. The directive did not have a material effect in the reporting year.

For information regarding other legislative changes relating to the Health Insurance Segment in the reporting year, see Section 4.1.11 below.

2.3.1.3. Description of health insurance plans/principal health services offered

Phoenix Insurance provides private healthcare services through a broad range of coverages, adopting a holistic view of policyholders' needs and taking into account - and adapting to - the coverages provided to Israeli residents under the public healthcare system.

Phoenix Insurance has both insurance plans and riders in the Health Insurance Segment, and its broad range of products as a whole enables policyholders to benefit from alternative, supplementary, or complementary coverage to the services provided under the basic



Healthcare Services Basket or the SHABAN plans in the Health Insurance Segment.

Details of the plans detailed in the figure:

Medical expenses insurance – Phoenix Insurance has in place medical expenses insurance plans, which include standard policies for the following products: A policy covering surgical procedures and alternative treatments to surgical procedures in Israel; a policy covering transplants and special treatments abroad; a policy covering medicines which are not included in the Israeli Healthcare Services Basket; and a policy covering surgical procedures and alternative treatments to surgical procedures abroad. The medical expense policies marketed by Phoenix Insurance also offer coverage for alternative treatments, medical services which involve the use of advanced technologies, ambulatory medical services, etc.

Critical illness insurance – Phoenix Insurance markets critical illness insurance which includes a pre-determined payout upon diagnosis of a critical illness and guarantees payment of a lump sum if the policyholder is diagnosed with one of the critical illnesses listed in the policy.

Travel insurance - Phoenix Insurance sells Phoenix Smart Travel Insurance, which is a modular travel insurance policy comprising a uniform basic policy and optional riders, which enable to adapt it to the traveler's needs, according to their travel style and existing medical condition.

Dental insurance - Phoenix Insurance's dental insurance coverage is sold only under collective insurance, and comprises policies which provide coverage for dental treatments, including, among other things, conservative dentistry, orthodontics, implants, and periodontal dentistry.

Long-term care insurance (existing portfolio) - Phoenix Insurance does not market individual long-term care policies in view of the risks involved in such insurance in its present form, and the complexity of the reinsurance that this segment requires. In addition, Phoenix Insurance does not offer insurance coverage under collective long-term care insurance policies of HMOs' members. Accordingly, in the reporting year, Phoenix's existing individual long-term care policies are under an existing portfolio (policyholders who hold individual long-term care policies which were previously marketed by Phoenix Insurance). These policies are designed to cover the costs incurred by individuals who are unable to perform activities of daily living (ADLs),[7] and require special care. Long-term care insurance plans entitle policyholders to receive monthly benefits upon the occurrence of an insured event, in accordance with the insurance amount purchased by the policyholder and the policy period, for long-term care in the policyholder's home or in a nursing home.

Riders – Under riders, coverage may be provided with respect of services which are not marketed - in whole or in part - under the ambulatory insurance plans. Phoenix Insurance has a range of riders in various areas, including: Child development, online doctor, complementary medicine.

2.3.2. Profitability structure

In the Health Insurance Segment, profitability is generated, among other things, by applying a proper and strict underwriting process to policyholders, proper pricing of the various products, while taking into account the costs of inputs of the various health indices, and efficient medical procurement activity. It is noted that the profitability of individual insurance has a higher inherent risk due to, among other things, the prolonged coverage period (normally a significant number of years) and the lack of flexibility with respect to making changes both to the policy's terms and to the insurance prices. This is especially relevant for policies marketed since February 2016, with respect to which the Commissioner has the power to demand that changes are made to the insurance terms and conditions with respect to existing policyholders on renewal dates. Accordingly, in September 2022, the Capital Market Authority published a circular regarding the "Updating of Tariffs in Renewable Health Insurance Policies", which sets conditions whereby the insurance companies will be allowed to update the premium without first obtaining the Commissioner's approval. These terms were designed to balance out the need to update the terms and tariffs of medical expenses insurance policies, against the need to protect policyholders' interests.

Segment results are also affected by interest rates and capital market fluctuations, which have a major effect on investment revenues, and on long-term insurance reserves, primarily in the long-term care subsegments. In addition, the results of this subsegment have a significant effect on Phoenix Insurance's solvency ratio. For further details, see Section 2.1.5 to the Report of the Board of Directors.

[7] Activities of Daily Living (ADLs) are six basic daily activities; one's inability to do all or some of those activities defines his/her need for long-term care.

The changes which took place in health insurance - approval of new tariffs in accordance with the capital market reform with respect to the health products in 2023, provisions regarding transfer of policyholders with surgical procedure insurance policies in Israel from "first shekel" policies as from 2016 to a "Supplementary SHABAN" surgical procedure policy, and changes in the rules for providing discounts in health insurance and critical illness policies, which apply both to new sales and the existing portfolio, have reduced the cancellation rate of the Phoenix Insurance's health insurance policies, which was also maintained in the reporting year.

As from January 1, 2025, IFRS 17 was applied. For further details regarding the application of IFRS 17, see Section 2 to the Report of the Board of Directors.

2.3.3. New products

In the reporting year, Phoenix Insurance added to the **Restore to Health plan - compensation for a critical illness** - coverage for reimbursement of counselling costs by a psychologist after a critical illness diagnosis to the policyholder and his/her nuclear family members (spouse, parents, children up to the age of 25).

In the reporting year, Phoenix Insurance has set up and launched a **network of specialist consultants** under an arrangement therewith, enabling Phoenix Insurance's policyholders to see a specialist, who works under the arrangement, while paying a reduced deductible, with high availability and no need to file a claim.

In addition, Phoenix Insurance continued to streamline and improve the digital claim filing process and adopted processes in this context designed to map the insurance cases, which qualify for insurance benefits, prevent incorrect filings, to expand the options for controls over claim approval and denial. All these lead to an improved customer experience, streamlined claim settlement procedures, and operational cost savings.

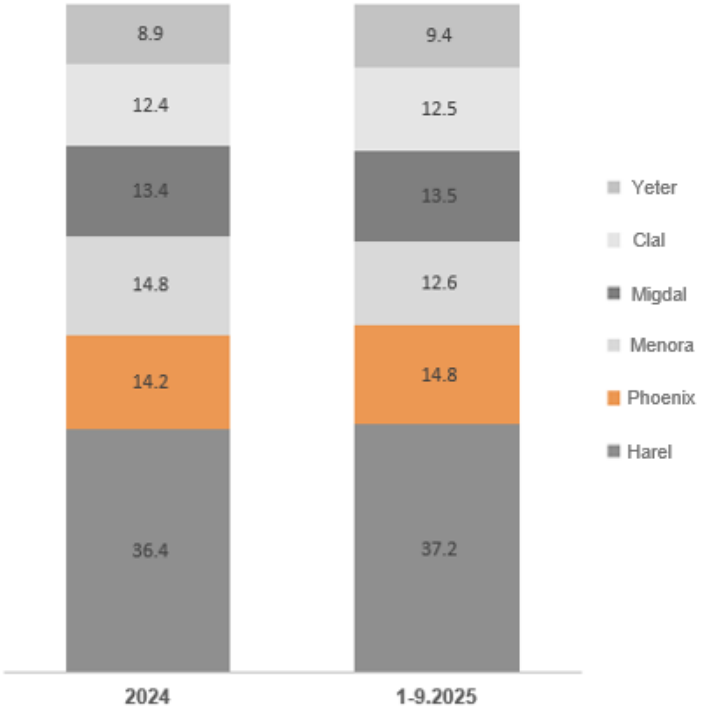
2.3.4. Competition

The key competitors in this segment are Harel, Clal, Migdal, and Menora, and the Supplementary Healthcare Services of the health maintenance organizations (SHABAN). In collective insurance, which are usually decided upon through a tender process, the large number of participants intensifies competition, which is reflected, among other things, in the erosion of rates.

The standard policies, which entered into effect in 2016 and 2023, and the Authority's calculator for comparing prices of health insurance policies between different companies intensify competition in the field.

As detailed in the following table, Phoenix Insurance has the second largest market share among Israeli insurance companies.

Following[8] is information about the market share of the Company and key competitors in the Health Insurance Segment, by earned gross premiums, net of repayment of premiums, by percentage:



2.3.5. Customers

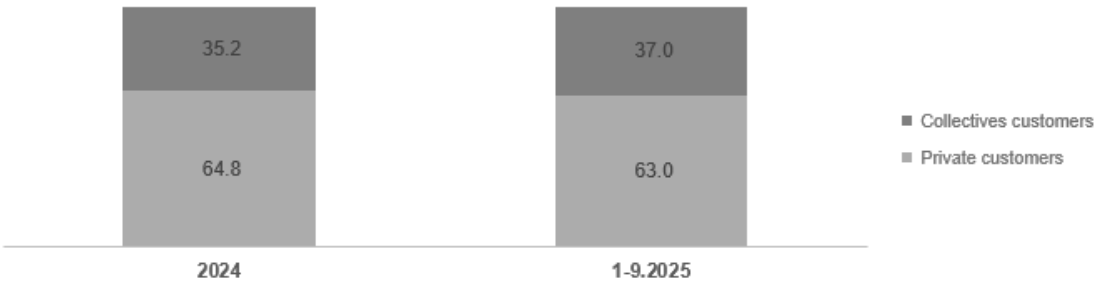
Health insurance customers can be divided into two main categories:

A. **Private individuals**: Illnesses and hospitalization insurance plans for individual customers are typically whole-life insurance plans. Under individual policies, the policyholder may cancel the policy at any time.

B. **Collective insurance**: Phoenix Insurance enters into collective insurance policies with entities, workers' unions, and major Israeli corporations, under which it provides employees of these companies and their families with health and dental insurance. The term of illnesses and hospitalization insurance plans for customers in collective insurance is fixed, mostly up to 5 years. Entities that enter into collective insurance plans normally use the services of expert external insurance consultants, and their insurance policies are more diversified, in accordance with the customer's specific requirements. Additionally, collective insurance rates are lower (at the policyholder level) due to volume discounts, due to the fact that the policy period is fixed, as well as since agreements often include a price adjustment mechanism. Under collective insurance plans, all policyholders are normally not tested for pre-existing medical conditions and are exempt from a qualifying period.

[8] The figures in this table are based on a sectors report from the Commissioner's website.

Following is a breakdown of premiums from customers (gross) in 2024-1-9.2025, by percentage -



In the reporting year, the Group did not have a single customer, total revenue from which constitute 10% or more of the total amount of Group's revenue from health insurance premiums.

The rate of policy cancellation for private long-term insurance policies in the Health Insurance Segment, in terms of premiums[9] is 7.3%, 7.2%, and 10.8% in 2025, 2024 and 2023, respectively, and in individual long-term care - approx. 2.4%.

The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results may differ from that which is described herein. Forward-looking information refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as presented here, insofar as it becomes aware of any additional information in connection with such information.

2.4. Retirement

2.4.1. General

The Group manages various types of pension funds and provident funds through Phoenix Pension & Provident.

In addition, the Group manages - through Phoenix IEC Central Severance Fund Ltd. (hereinafter - "**Phoenix IEC**") - the central provident fund for annuity for employees of the Israel Electric Corporation Ltd.[10]

9 Individual insurance policies only. Excluding critical illness insurance, LTC insurance and foreign travel insurance.

10 The management of the central provident fund for annuity of employees of the Israel Electric Corporation Ltd. is carried out in accordance with the management services agreement signed with the Israel Electric Corporation Ltd. As of the report date, the Management Agreement is effective through the end of 2030.

As of the report date, the Company directly holds 100% of the shares of Phoenix Pension & Provident, and 100% of the shares of Phoenix IEC Central Pension Fund.

Key characteristics of the pension and provident instruments:

Generally, long-term saving instruments, including pension funds and provident funds, are designed for medium- and long-term savings and to enable savers to prepare financially for retirement. Accordingly, the government encourages the use of these products through tax incentives, the regulation of provisions under labor law, and in some cases also through a guaranteed return.

Characteristic	Description
The insurance coverage	Pension funds combine insurance coverage and savings. The insurance coverage is intended for events of retirement, disability, or death. Provident funds, on the other hand, offer only a savings component. Nevertheless, as from July 2013, provident funds may offer their planholders insurance coverage as part of collective and individual policies.These coverages are not an inherent part of the pension product; rather, they are offered as an additional option for planholders, in accordance with on their needs.
Manner of engagement and payment obligations of the institutional entity	In a pension fund and/or provident fund, the planholder undertakes to comply with the fund's rules and regulations which define the rules for entitlement to payment, the rate of payment, etc. In a pension fund, there is mutual guarantee between the planholders. The actuarial assumptions which form the basis for planholders' rights in pension funds are reviewed from time to time according to actual circumstances, and if these assumptions change, due to the fund's actuarial surplus or deficit, the planholders' rights change accordingly, and they bear jointly any surplus or deficit, as the case may be. A reinsurer mechanism may be activated in the pension fund, enabling the transfer of a component of the insurance risks to an external entity with expertise in this field. This engagement contributes to reducing the fund's exposure to irregular events and claims. The reinsurance premium is based on the risk premium set under the provisions of the legislative arrangement. In a provident fund, there is no mutual responsibility between the planholders.
Returns - designated bonds	**Economic Efficiency Law**: In November 2021, the Economic Efficiency Law was published with the aim of ensuring stability in the returns of pension funds. The law stipulated that the mechanism, whereby 30% of pension funds' assets will be invested in designated bonds, will be replaced by a new mechanism. According to the new mechanism, the state provides pension funds with an undertaking to supplement a real annual return of 5.15% instead of 4.86% for assets accrued as from the amendment's effective date. The assets of the pension funds with

respect to which an undertaking was provided to supplement the return will be invested in the capital market.

Amendment to Yield Imputation Regulations: In December 2025, Supervision of Financial Services Regulations (Provident Funds) (Yield Imputation in a Comprehensive New Pension Fund) (Amendment), 2025 was published. The Supervision of Financial Services Regulations (Provident Funds) (Imputation of Return in a Comprehensive New Pension Fund), 2017 established provisions regarding the method of imputation of return to planholders and pensioners in a comprehensive new pension fund, including establishment of a different allocation of the designated bonds according to three classes: (1) Planholders who are 50 years old or less, (2) planholders who are 50 years old or more and (3) Pension recipients. Regulation 8 of the regulations sets forth a temporary order according to which the different allocation to planholders who are 50 or more and to planholders who are 50 or less entered into effect from January 1, 2025. During the temporary order period, allocation of eligibility to supplementation of return to planholders who are 50 years old or less will be identical to that of planholders who are 50 years old or more; the amendment also extended the temporary order by further three years, until December 31, 2028. For details regarding this matter, see Section B.1.h) below.

Management fees	For details regarding restrictions on management fees, see the table in Section 2.4.2.3 below.

2.4.2. Products and services

2.4.2.1. Pension Subsegment

General

The Group's activity in the Pension Subsegment is carried out through Phoenix Pension & Provident.

The pension fund (hereinafter - the "**fund**") offers planholders the option of long-term pension savings (old-age pension), alongside disability (disability annuity) and life (survivors' pension) coverages, in accordance with the provisions of the relevant bylaws.

The pension fund provides the following insurance coverages:

(1) **Old-age pension**: a monthly annuity paid to planholders from the date of their retirement throughout their life.

(2) **Disability annuity**: An annuity paid to a planholder whose ability to work has been impaired, subject to a decision of the fund's medical committee and its articles of association. The annuity amount is determined as a percentage of the qualifying income for disability and survivors benefits, as defined by the fund's rules and regulations and in accordance with the degree of disability. Furthermore, a planholder recognized as disabled is entitled to a proportionate "release" from further contributions to the fund so long as he/she remains eligible. This means that the fund continues to credit his/her account with contributions during that period, as if he/she had made the contributions themselves, in accordance with the degree of his/her disability.

(3) **Survivors pension**: a pension paid to a planholder's survivors (widow/er and orphans up to the age of 21) who died while he/she was insured or after his/her retirement, in accordance with the relevant fund's bylaws. Similar to the disability annuity, the survivors pension rate is derived from the qualifying income for disability and surviving relatives, as defined in the fund's bylaws.

There are three categories of pension funds - old pension funds (under special/ordinary administration), new comprehensive pension funds, and new general pension funds:

(1) **Old Pension funds** - Following a 1995 reform aimed at reducing the funds' deficits and achieving a balance between assets and liabilities, the old funds stopped enrolling new policyholders and the rate of designated bonds held therein was restricted. Currently it is customary to distinguish between two categories: balanced funds (10 in number) and funds under special administration by the government (8 in number).

(2) **New comprehensive pension funds** - as of the report publication date, there are 9 comprehensive pension funds operating in Israel.

These new pension funds started operating in 1995 following the aforementioned reform, whereby new planholders will be enrolled in new pension funds to be established as of that. The new comprehensive pension funds are entitled to various

benefits from the government, including tax benefits as per the Income Tax Ordinance, the Provident Funds Law and the Provident Fund Regulations.

Contributions into a new fund are capped at the equivalent of 20.5% of double the average wage in Israel. The maximum management fees which may be charged are 6% of the contributions and 0.5% of the accrual.

As of June 2018, the new comprehensive pension funds operate according to unified rules and regulations that apply to all of the aforesaid pension funds.

(3) **New general (supplementary) pension funds** - As detailed above, contributions into a new comprehensive pension fund are capped at the equivalent of 20.5% of double the average wage in Israel. Savers who wish to contribute higher amounts, may do so in new general pension funds, without limit. These funds are not eligible for designated bonds, and accordingly they are also not eligible for the guaranteed return available in a comprehensive fund; it is also noted that a new general fund does not have to provide the abovementioned insurance coverages, and therefore, there is an insurance track which does not offer insurance coverage for disability and survivors benefits but only old-age benefits. When a general fund allows an insurance coverage, the coverage is selected by the planholder. There is a salary cap regarding insurance coverage for disability and survivors benefits, which is limited to up to 4 times the average wage in Israel.

As of the report publication date, there are 9 new general pension funds operating in Israel. The maximum management fees, which may be collected in the general pension fund are 4% of the accrual and 1.05% of the contributions.

Risk management and claim payments

Claim payouts in the pension fund are paid out of the pension fund's assets – i.e., out of planholders' assets, such that the planholders themselves bear the risks of the claims. It is noted that the new funds are required to apply a quarterly actuarial balancing out mechanism to match the fund's liabilities to its assets.

Following are key data regarding the pension funds under the Phoenix group's management in the reporting year:

Fund	Type of fund	Fund description	Contributions towards benefits for 2025 in NIS million*	Assets as of December 31, 2025, in NIS million
Phoenix Comprehensive Pension	Comprehensive pension	Comprehensive pension fund established in 1995. The pension fund operates various insurance tracks offering various levels of insurance coverage and various types of payouts upon reaching retirement age; the fund also offers planholders several investment tracks to choose from.	10,895	133,674
Phoenix Supplementary Pension (previously named - "Phoenix General Pension")	New general	New general fund established in 2000. The fund operates in conjunction with the comprehensive pension fund and contributions in excess of the aforesaid cap are deposited with it.	1,378	9,251
Amit Yessod (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995.	9	1,981
Magen (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995. It was transferred to the management of Phoenix Pension & Provident in 2021 as part of the merger between Halman Aldubi Provident and Pension Funds Ltd. into Phoenix Pension & Provident.	2	564
Attorneys' Pension Fund (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995. It was transferred to the management of Phoenix Pension & Provident in 2021 as part of the merger between Halman Aldubi Provident and Pension Funds Ltd. into Phoenix Pension & Provident.	5	783
Total			**12,290**	**146,233**

Following are key data regarding the pension funds under the Phoenix group's management in 2024:

Fund	Type of fund	Fund description	Contributions towards benefits for 2024 in NIS million*	Assets as of December 31, 2024, in NIS million
Phoenix Comprehensive Pension	Comprehensive pension	Comprehensive pension fund established in 1995. The pension fund operates various insurance tracks offering various levels of insurance coverage and various types of payouts upon reaching retirement age; the fund also offers planholders several investment tracks to choose from.	10,474	106,756
Phoenix Supplementary Pension (previously named - "Phoenix General Pension")	New general	New general fund established in 2000. The fund operates in conjunction with the comprehensive pension fund and contributions in excess of the aforesaid cap are deposited with it.	1,042	3,153
Amit Yessod (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995.	9	1,859
Magen (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995. It was transferred to the management of Phoenix Pension & Provident in 2021 as part of the merger between Halman Aldubi Provident and Pension Funds Ltd. into Phoenix Pension & Provident.	2	552
Attorneys' Pension Fund (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995. It was transferred to the management of Phoenix Pension & Provident in 2021 as part of the merger between Halman Aldubi Provident and Pension Funds Ltd. into Phoenix Pension & Provident.	7	742
Total			**11,534**	**113,063**

Following are key data regarding the pension funds under the Phoenix group's management in 2023:

Fund	Type of fund	Fund description	Contributions towards benefits for 2023 in NIS million	Assets as of December 31, 2023, in NIS million
Phoenix Comprehensive Pension	Comprehensive pension	Comprehensive pension fund established in 1995. The pension fund operates various insurance tracks offering various levels of insurance coverage and various types of payouts upon reaching retirement age; the fund also offers planholders several investment tracks to choose from.	9,662	84,712
Phoenix Supplementary Pension (previously named - "Phoenix General Pension")	New general	New general fund established in 2000. The fund operates in conjunction with the comprehensive pension fund and contributions in excess of the aforesaid cap are deposited with it.	1,042	4,248
Amit Yessod (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995.	10	1,753
Magen (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995. It was transferred to the management of Phoenix Pension & Provident in 2021 as part of the merger between Halman Aldubi Provident and Pension Funds Ltd. into Phoenix Pension & Provident.	2.5	551
Attorneys' Pension Fund (Pension Fund for Senior Planholders)	Old - balanced	An old balanced pension fund, which was closed to new planholders in 1995. It was transferred to the management of Phoenix Pension & Provident in 2021 as part of the merger between Halman Aldubi Provident and Pension Funds Ltd. into Phoenix Pension & Provident.	8	718
Total			**10,725**	**91,982**

* The contributions towards benefits are current contributions only, and do not include transfers of accruals in respect of planholders' transitioning to the pension funds from other pension funds.

Profitability structure

Management companies in the Pension Subsegment generate their revenue from management fees they collect from contributions and accruals, and the profitability is the difference between the management fees and the management company's actual operating and marketing expenses. It is noted that in recent years, there has been an erosion in management fees as a result of various reforms and increased competition in the industry. In this context, in September 2024, the Commissioner published a document dealing with the results of the fourth procedure for determining selected pension funds, which includes a notice as to the Commissioner of the Capital Market, Insurance and Savings' selecting four new pension funds that will be used as select funds (default funds), rate of management fees to be collected and the terms attached thereto for four years, in respect of the period spanning from November 1, 2024 to October 31, 2028.

Amounts paid out by pension funds in respect of claims (including payment of annuities) have no direct effect on the management company's profitability, since the insurance is mutual and the risks arising from the claims are borne by the planholders.

In the pension funds, the return on investment of the planholders' funds is credited to the planholders (net of direct expenses) and it indirectly affects the total management fees from accruals collected by the management company.

Management fees as a percentage of contributions towards benefits are not affected by the accrual amounts and from the results of the investments, but rather only by the contribution amounts. Furthermore, there are investment gains on the management company's nostro portfolio.

2.4.2.2. Provident Funds Subsegment

General

Provident funds offer savers (hereinafter - "**planholders**") an additional option for long-term or mid-term savings, entitling them to various tax benefits and the option (under certain conditions) to withdraw accrued funds as a lump sum.

Provident funds and advanced education funds are managed through Phoenix Pension & Provident.

In addition, the central provident fund for annuity of Israel Electric Corporation employees is managed through Phoenix IEC Central Pension Fund. The purpose of this fund is to pay annuities to eligible IEC employees, as defined by the fund's rules and regulations. The group of eligible employees is a defined and closed group, and the rights of those employees are derived from the number of their years of service and the salary used to calculate their pension rights. The fund has an actuarial balancing out mechanism, under which the IEC's actuarial obligation is assessed against the fund's assets on a monthly basis, and funds are transferred in order to ensure balancing-out in accordance with the fund's bylaws and the provisions of the law.

Following are the types of provident funds managed by the Group:

Type of fund	Nature of fund
Provident fund for savings - retirement benefits fund	Long-term provident fund. In these funds, both the employer and the employee make regular monthly contributions deducted from the employee's salary, whereas for self-employed planholders, only the planholder contributes into the fund.
Advanced education fund	Mid-term fund. The funds are designed for the employee's training or any other purpose in accordance with the fund's rules and regulations, and the provisions of the law.
Personal severance pay provident fund	Fund for varying periods, depending on the periods of employment and planholder's preferences.
Central severance pay fund	A fund in which employers accumulate funds to guarantee the payment of severance pay to their employees. In these funds, the planholder is the employer, which accumulates the funds in its own name on behalf of all of its employees (these funds were closed to contributions in 2011).
Sick pay fund	A provident fund designated to accrue funds by the employer in order to secure its employees' rights to receive sick pay.
Minimum Guaranteed Return Provident Fund	A fund that guarantees a minimum rate of return to its planholders in accordance with the fund's rules and regulations. These funds are no longer open to new planholders.
Self-Directed provident funds and advanced education funds	Through which the planholder or a portfolio manager acting on his/her behalf can manage these self-employed planholders' saving funds which are defined in the regulations, as well as funds deposited with advanced education funds, subject to investment restrictions to be observed by the management company charged with the management of the savings. As from June 2017, the amount of contributions towards benefits in a self-directed provident fund is capped; as of the report date, this amount stands at approx. NIS 6.3 million per year.
Investment provident fund	In each calendar year, the contribution amount is capped at NIS 70,000 (CPI-linked). As of the report publication date, the contribution cap stood at NIS 83,641.
Child long-term investment provident fund for savings	Provident funds with which the National Insurance Institute of Israel has been depositing every month - since January 2017 - NIS 50 for every child entitled to a child allowance until the child reaches the age of 18. The parents can increase the sum of the savings by further NIS 50 out of the child allowance funds paid by the National Insurance Institute. Until the child reaches the age of 21, the National Insurance Institute will pay the management fees in respect of the savings with the provident fund; thereafter, the fees will be paid by the planholder. As from January 1, 2024, the contribution amount for child allowance stands at NIS 57 per month (accordingly, the amount by which parents may increase the savings amount was also revised). As of January 1, 2016, the deposit amount was changed to NIS 58.
Central provident fund for annuity	A provident fund designed for a single planholder - an employer planholder; the objective of such a fund is to pay annuity to the employees of that employer planholder, who are entitled to receive an annuity. The employer pays annuity payments through the fund to eligible employees, as defined by the fund's bylaws, in accordance with the employer's actuarial undertaking to the eligible employees, calculated in accordance with labor agreements and the rules set in the fund's bylaws and the regulatory provisions.

Companies managing provident funds generate their revenue from the management fees they collect on the assets. For details regarding the management fees in the provident funds managed by the Group, see the table in Section 2.4.2.3 below. Given that the management company does not charge management fees as a percentage of income, the effect of the return on management fees revenues is indirect, and stems from the effect of the return on total assets under management, which forms the basis for collecting the management fees.

Following are details regarding the provident funds managed by Phoenix Pension & Provident in the reporting year:

Fund	Type of fund	Year founded	Contributions towards benefits in 2025 (in NIS million)	Net accrual in 2025 (in NIS million)	Assets under management as of December 31, 2025 (in NIS million)
Phoenix Provident	Benefits and severance pay	1979	1,066	4,025	39,232
Phoenix Advanced Education	Advanced education	2000	3,891	3,139	43,451
Phoenix Merkazit LePitzuim	Severance pay	1965	0	(29)	1,370
Phoenix Investment Provident Fund	Savings provident fund	2016	2,137	1,557	8,792
Phoenix Gmula Minimum Guaranteed-Return	Benefits and severance pay	1974	3	(48)	1,129
Phoenix Provident Multi Track Severance Pay	Severance pay	2016	0	0	337
Phoenix Investment Provident Fund for Savings for Each Child	Savings provident fund	2017	264	647	2,315
Phoenix Sick Pay Fund	Sick pay provident fund	2004	-		4
Phoenix Self-Managed Advanced Education	Self-directed advanced education fund	2011	222	205	1,706
Phoenix Self-Managed Provident Fund	Self-directed provident fund	2011	154	272	1,126
Total			**7,737**	**9,768**	**99,460**

Following are details regarding the provident funds managed by Phoenix Pension & Provident in 2024:

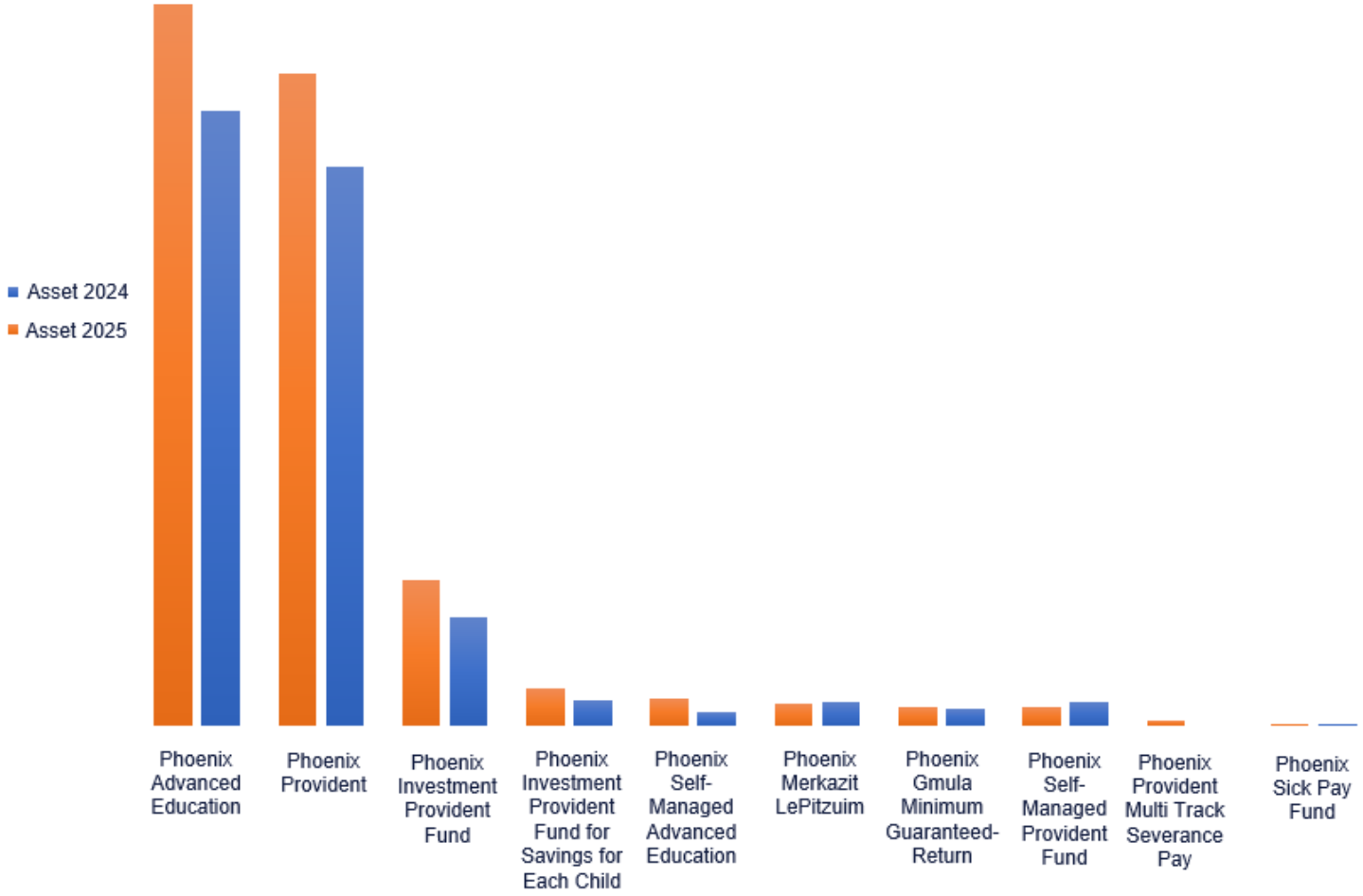
Fund	Type of fund	Year founded	Contributions towards benefits in 2024 (in NIS million)	Net accrual in 2024 (in NIS million)	Assets under management as of December 31, 2024 (in NIS million)
Phoenix Provident	Benefits and severance pay	1979	594	(1,940)	33,644
Phoenix Advanced Education	Advanced education	2000	3,581	(338)	37,002
Phoenix Merkazit LePitzuim	Severance pay	1965	1,740	(77)	6,594
Phoenix Investment Provident Fund	Savings provident fund	2016	194	1,121	1,476
Phoenix Gmula Minimum Guaranteed-Return	Benefits and severance pay	1974	4	0	1,102
Phoenix Provident Multi Track Severance Pay	Severance pay	2016	-	(247)	0
Phoenix Investment Provident Fund for Savings for Each Child	Savings provident fund	2017	-	125	1,537
Phoenix Sick Pay Fund	Sick pay provident fund	2004	-	-	3
Phoenix Self-Managed Advanced Education	Self-directed advanced education fund	2011	66	167	851
Phoenix Self-Managed Provident Fund	Self-directed provident fund	2011	1	(4)	1,410
Total			**6,179**	**(1,193)**	**83,619**

In 2025, net accrual increased compared with 2024 - from negative accrual of NIS 1,193 million to a positive accrual of NIS 9,768 million in 2025. In 2025, monies transferred to the Group's provident funds totaled NIS 11,212 million (2024 - transfers totaling NIS 10,725 million), whereas monies transferred from the Group's provident funds to other funds totaled NIS 6,502 million (2024 - transfers totaling NIS 14,170 million).

Following are details regarding the provident funds managed by Phoenix Pension & Provident in 2023:

Fund	Type of fund	Year founded	Contributions towards benefits in 2023 (in NIS million)	Net accrual in 2023 (in NIS million)	Assets under management as of December 31, 2023 (in NIS million)
Phoenix Provident	Benefits and severance pay	1979	552	(1,949)	29,069
Phoenix Advanced Education	Advanced education	2000	3,298	231	31,926
Phoenix Merkazit LePitzuim	Severance pay	1965	-	(8)	1,190
Phoenix Investment Provident Fund	Savings provident fund	2016	949	588	4,589
Phoenix Gmula Minimum Guaranteed-Return	Benefits and severance pay	1974	6	(33)	1,063
Phoenix Provident Multi Track Severance Pay	Severance pay	2016	-	-	259
Phoenix Investment Provident Fund for Savings for Each Child	Savings provident fund	2017	183	137	1,219
Phoenix Sick Pay Fund	Sick pay provident fund	2004	-	-	3
Phoenix Self-Managed Advanced Education	Self-directed advanced education fund	2011	28	7	605
Phoenix Self-Managed Provident Fund	Self-directed provident fund	2011	-	(257)	1,319
Total			**5,016**	**(1,284)**	**71,242**

Following is a figure presenting the change in assets under management between the reporting year and 2024, in NIS thousand in provident funds managed by Phoenix Pension & Provident:



Data on the main annuity provident funds managed by the Group:

2025

Fund	Type of fund	Year founded	Contributions towards benefits in 2025 (in NIS million)	Net accrual in 2025 (in NIS million)	Assets under management as of December 31, 2025 (in NIS million)
Central provident fund for annuity of Israel Ports Development and Assets Ltd. employees	Central provident fund for annuity	2020	13	(235)	3,230
Central provident fund for annuity of System Operator Company Ltd. employees		2020	0	(3)	353
Central provident fund for annuity of Ashdod Port Company Ltd. employees		2021	0	(4)	44
Central provident fund for annuity of Israel Electric Corporation employees		2005	92	(1,318)	41,240*
Total			**109**	**(1560)**	**44,851**

* Assets under management presented are before the transfer of a payment of approx. NIS 1.43 billion, which is expected to be made during the second quarter of 2026 from the fund to the IEC in respect of actuarial surplus in the fund.

2024

Fund	Type of fund	Year founded	Contributions towards benefits in 2024 (in NIS million)	Net accrual in 2024 (in NIS million)	Assets under management as of December 31, 2024 (in NIS million)
Central provident fund for annuity of Israel Ports Development and Assets Ltd. employees	Central provident fund for annuity	2020	9	(235)	3,230
Central provident fund for annuity of System Operator Company Ltd. employees		2020	0	(1)	379
Central provident fund for annuity of Ashdod Port Company Ltd. employees		2021	0	(12)	74
Central provident fund for annuity of Israel Electric Corporation employees		2005	15	(1,333)	39,415
Total			**26**	**(1581)**	**43,098**

2023

Fund	Type of fund	Year founded	Contributions towards benefits in 2023 (in NIS million)	Net accrual in 2023 (in NIS million)	Assets under management as of December 31, 2023 (in NIS million)
Central provident fund for annuity of Israel Ports Development and Assets Ltd. employees	Central provident fund for annuity	2020	4	(219)	3,296
Central provident fund for annuity of System Operator Company Ltd. employees		2020	0.3	(0.3)	360
Central provident fund for annuity of Ashdod Port Company Ltd. employees		2021	1	(32)	81
Central provident fund for annuity of Israel Electric Corporation employees		2005	479	(806)	38,410
Total			**484.3**	**(1,057.3)**	**42,147**

Structure of profitability

In the Provident Funds Subsegment, the profitability of the management company arises mainly from the difference between actual revenues from management fees and the management company's selling, operating and service costs. In recent years, management fees have eroded due to various regulatory reforms and higher competition in the industry.

The return on investment of the planholders' funds is credited to the planholders and it indirectly affects the total management fees from accruals collected by the management company. On the other hand, management fees as a percentage of contributions towards benefits are not affected by the results of the investments, but rather only by the contribution amounts.

For data regarding maximum management fees, see the table in Section 2.4.2.3 below.

In this context, it is noted that Phoenix Pension & Provident manages, among other things, a guaranteed-return provident fund - "Gmula". According to the rules and regulations of this fund, the maximum rate of management fees that may be charged in the fund's guaranteed return tracks is 2% of the accrual. Since this is a minimum guaranteed-return fund, the management company is required to ensure that planholders are credited by the amount of the guaranteed return. The annual calculation is performed with respect to the annual return achieved. To the extent that returns are obtained in excess of the guaranteed return and in excess of the relevant management fee rates charged by the company, these excess returns are credited to the fund through a dedicated fund that accumulates a surplus which is used in years in which the guaranteed return is not achieved.

Summary information about the Group's pension and provident funds:

Reporting year

In NIS million	Old	Pension funds - comprehensive	Pension funds - supplementary	Provident funds for retirement benefits and severance pay	Advanced education Funds	Central severance pay fund	Investment provident fund	Child long-term investment provident fund for savings	Central funds for annuity	Other	Total
Assets under management	3,328	133,654	9,251	42,066	44,576	8,792	2,315	1,707	3,611	4	249,305
Contributions towards benefits	16	10,895	1,378	1,291	4,045	2,137	264	0	14	0	20,041
Net accrual (decrease)	(130)	11,119	1,799	4,249	3,344	(29)	1,557	647	(345)	0	22,211
Rate of fixed management fees		0.15%		0.60%	0.63%	0.48%	0.60%	0.23%			-
Rate of management fees on contributions	6.20%	1.55%	1.29%	0.14%	-	-	-	-			-

2024

In NIS million	Old	Pension funds - comprehensive	Pension funds - supplementary	Provident funds for retirement benefits and severance pay	Advanced education Funds	Central severance pay fund	Investment provident fund	Child long-term investment provident fund for savings	Central funds for annuity	Other	Total
Assets under management	3,153	106,756	6,491	33,643	36,999	6,594	1,476	1,537	3,683	4	200,336
Contributions towards benefits	19	10,473	1,215	594	3,581	1740	194		9	-	17,825
Net accrual (decrease)	(109)	1,384	8,038	(1,936)	(340)	1121	125	(77)	(248)		7,958
Rate of fixed management fees	0.03%	0.15%	0.14%	0.60%	0.63%	0.60%	0.01%	0.56%		0.82%	
Rate of management fees on contributions	6.63%	1.55%	1.29%	0.14%	-	-	-	-			

2023

In NIS million	Old	Pension funds - comprehensive	Pension funds - supplementary	Provident funds for retirement benefits and severance pay	Advanced education Funds	Central severance pay fund	Investment provident fund	Child long-term investment provident fund for savings	Central funds for annuity	Other	Total
Assets under management	1,753	84,712	4,248	31,451	32,531	3,738	4,590	1,219	3,738	3	167,983
Contributions towards benefits	10	9,662	1,042	558	3,328	-	949	183	6	-	15,738
Net accrual (decrease)	(42)	15,981	1,572	(2,240)	239	(252)	589	137	(8)	0	15,976
Rate of fixed management fees		0.16%	0.33%	0.57%	0.63%	0.48%	0.60%	0.23%			-
Rate of management fees on contributions	6.20%	1.60%	1.60%	0.17%	-	-	-	-			-

2.4.2.3. Following are the main restrictions placed on management fees according to the various pension and provident channels in accordance with the provisions of the law:

	Non-annuity provident funds (savings provident funds)	Advanced education funds, provident funds which are not non-annuity provident funds (which are not savings provident funds), self-directed funds and Gmula**	General pension fund	Comprehensive pension fund	Investment provident fund	Child long-term investment provident fund for savings
Maximum management fees until December 31, 2012	2% of accrual + 0% of contributions	2% of accrual + 0% of contributions	2% of accrual + 0% of contributions	0.5% of accrual + 6% of contributions	N/A	N/A
Maximum management fees for 2013 (transitional period)	1.1% of accrual + 4% of contributions	Without change	1.1% of accrual + 4% of contributions	Without change	N/A	N/A
Maximum management fees as from 2014	1.05% of accrual + 4% of contributions (*)	No change (*)	1.05% of accrual + 4% of contributions	Without change	N/A	N/A
Maximum management fees	Without change	Without change	Without change	Without change	1.05% of the accumulated balance; 4% of contributions	0.23% of the accumulated balance***
Maximum management fees collected from planholders with whom the fund lost contact and deceased planholders	0.3% of accrual	0.3% of accrual	0.3% of accrual	0.3% of accrual	0.3% of the accumulated balance	0.23% of the accumulated balance***
Maximum management fees collected for annuity recipients for pension funds marketed until January 31, 2022	-	-	0.6% of annuity	0.5% of annuity	-	-
Maximum management fees collected from annuity recipients in respect of pension funds marketed as from February 2022	-	-	0.3% of annuity	0.3% of annuity	-	-

(*) Notwithstanding that which is stated in the table, as of 2016, the management fees collected from a planholder's accrual in all his/her accounts with a provident fund which is not an insurance fund will be no lower than NIS 6 per month.

(**) In the case of Phoenix Gmula provident fund, the fund's rules and regulations stipulate that the maximum management fees that may be collected in guaranteed return tracks will be up to 2% of the accrual.

(***) Collected from the National Insurance Institute rather than from planholders.

2.4.2.4. Impact on competition between the various products

There are several products in the long-term savings market, with the pension fund product being the main one among long-term savings products. The pension product's becoming a leading product over the past few years stemmed, among other things, from regulatory provisions, such as: The selected funds reform, the cancellation of guaranteed conversion factors in life insurance products, and the cancellation of the capital provident funds. Furthermore, the addition of the restriction as to signing-up and transfer to executive insurance intensified the said trend even further.

Since advanced education funds offer dedicated tax benefits to those who make contributions into such funds, and since the minimum savings period is relatively short (6 years), there are no real alternatives to this savings channel.

Investment provident fund have several advantages, including: exposure to illiquid investments, attractive management fees, the option of switching to other investment tracks without a taxable event, and tax benefits upon reaching retirement age, as well as the option to transfer to other management companies without paying tax. The reporting year saw a continued trend whereby the volume of public investments in investment provident funds that constitute an alternative to other liquid savings products continued to grow.

It is also noted that, in 2024, the Minister of Finance instructed the setting up of a "Team for Reducing the Gaps between Investment Instruments in Short and Medium-Term Savings" in order to assess the existing regulation of the investment instruments in short and medium-term savings (investment policies, investment provident funds, and mutual funds), and to map the regulatory and tax gaps therein. In February 2025, the Ministry of Finance published a draft for public comment of the interim report prepared by a taskforce appointed by the Minister of Finance, which includes the interim recommendations. At this stage, it is impossible to assess the effect of the report, if any, on the Company. For details, see Section 4.1.3.1 below.

The Company believes that the trends in the long-term savings subsegment may lead to the following:

1. The continuation of the trend according to which the pension fund is a main product among long-term savings products, especially in view of the addition of restrictions on transfers and enrollment to executive insurance, which will be possible only after maximizing the Contribution Cap into the first tier of non-insurance annuity fund (pension fund or provident fund) and against the backdrop of the legislation regarding a return supplementation mechanism, as detailed in Section 2.4.1 below.

2. Continued increase in competition in the investment provident fund product.

2.4.2.5. Acquisition and merger of the track funds of Slice Gemel Ltd. (under authorized management)

On September 30, 2024, the Company entered into an agreement with Slice Gemel Ltd. (hereinafter - "**Slice**"), according to which the Company will purchase from Slice the savings provident fund, the advanced education fund, the investment provident fund, and the child long-term investment provident fund under its management (hereinafter - the "**Funds**") in consideration for NIS 5 million and subject to the consideration adjustment mechanism as

detailed in the agreement, upon obtaining the approval of the court and approval of the Capital Market Authority, the conditions precedent to the agreement have been met and the full consideration has been paid in accordance with the mechanism set forth in the agreement. The mergers plan, as defined by the agreement, was completed on February 28, 2025; on this date, the funds were transferred to the management of the Company and they were merged into existing funds under its management. Total assets under management in the funds as transferred to the management of the Company on February 28, 2025 amount to approx. NIS 1.15 billion.

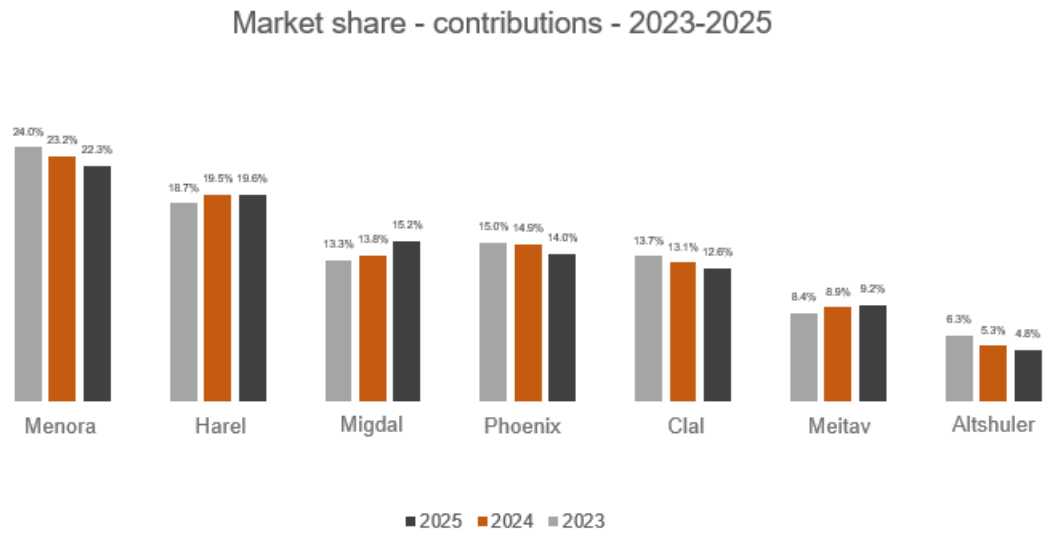
2.4.3. Competition

2.4.3.1. Market data

Pension - in 2025, total contributions paid into comprehensive pension funds for the entire market amounted to approx. NIS 88.6 billion, compared to approx. NIS 80.1 billion in 2024.

The main companies operating in the pension sector are presented in the Market share - contributions - 2023-2025 figure.

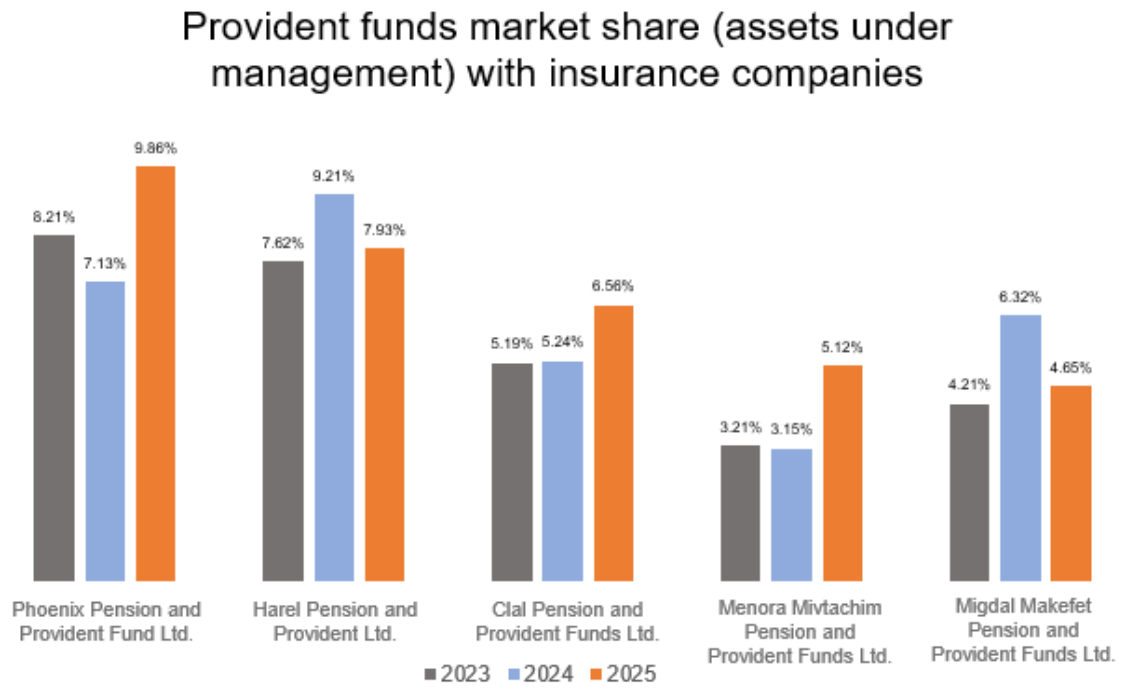
Following is data on the market share of the principal competitors in the pension market in 2025-2023 out of total premiums of the new comprehensive pension funds (according to the Capital Market, Insurance and Savings Authority's website "Pension Net"; figures are based on contribution amounts), by percentage:

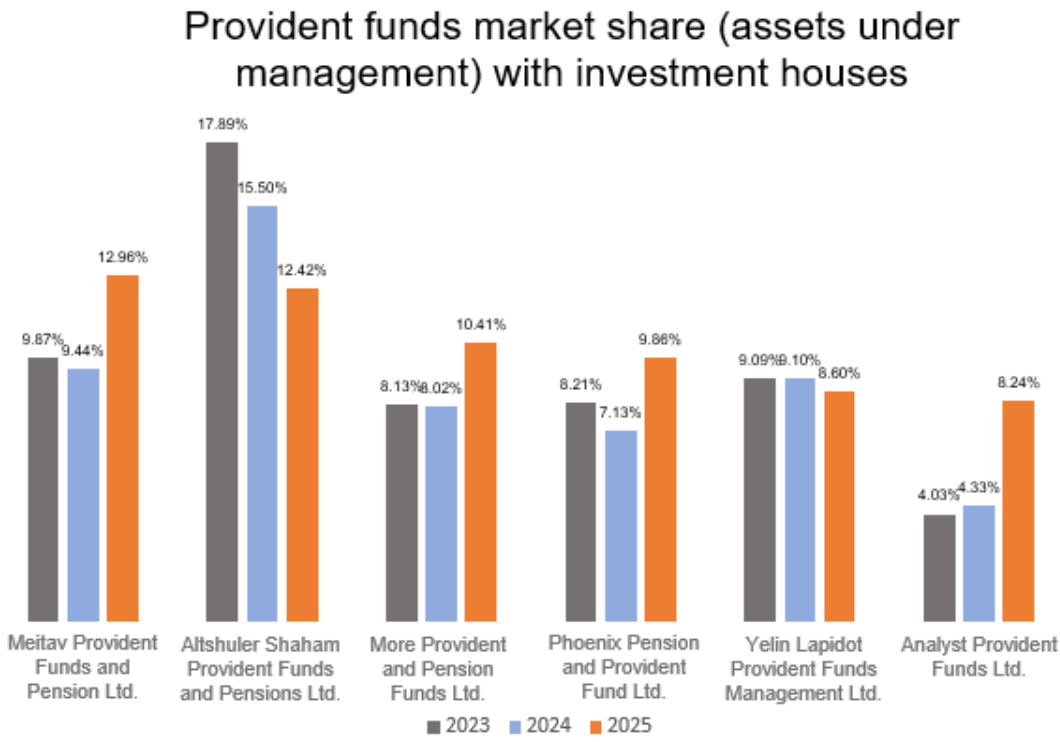


The pension funds subsegment is characterized by fierce competition, which increased as a result of the introduction of the selected pension funds. As a result of greater public awareness of the importance of saving towards retirement, and as a result of changes in alternative products, the public is more aware of the management fees rates collected on the deposits and accruals of pension funds planholders, as well as of the quality of investment management in the pension funds and the returns attained therein - all of which constitute important factors in the process of selecting a fund; there is also greater awareness of the quality of service rendered to customers.

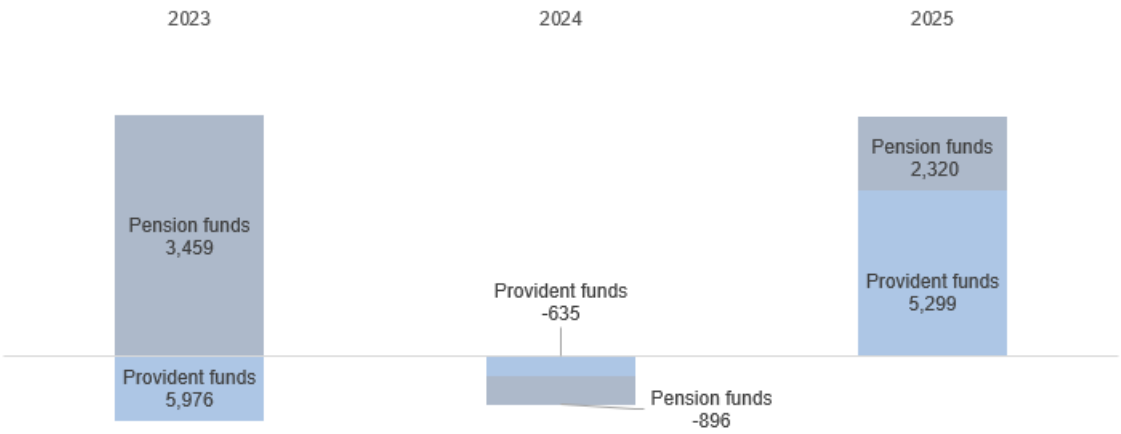
Provident funds - In 2025, total assets under management by the segment was approx. NIS 1.009 billion, compared with approx. NIS 850 billion as of December 31, 2024.

Following is a list of the management companies with the highest amounts of assets under management in the provident funds segment, and a description of the development of their share in total provident fund assets in 2023 to 2025 based on the Capital Market, Insurance and Savings Authority's figures ("Gemel Net"), by percentage:





Following is a summary of the net transfer of money (from/to the Company) in the Retirement subsegments from 2023 to 2025:



Following is detailed information regarding the transfer of money from and to the Company in the Retirement subsegments from 2024 to 2025:

Money transferred to the Group's pension funds in 2025 (including transfers for unification of accounts) totaled approx. NIS 27,258 million and, on the other hand, money transferred from the Group's pension funds to other funds totaled approx. NIS 19,629 million.

2025

In NIS thousand	Provident funds	Pension funds	Total
Transfers to the company from other entities			
Transfers from other insurance companies	1,479,267	2,461,259	3,940,526
Transfers from pension funds	548,030	12,058,403	12,606,433
Transfers from provident funds	10,107,572	603,113	10,710,684
Total transfers to the company	**12,134,869**	**15,122,775**	**27,257,643**
Transfers from the Company to other entities			
Transfers to other insurance companies	216,209	24,049	240,258
Transfers to pension funds	123,535	12,157,075	12,280,610
Transfers to provident funds	6,496,472	611,767	7,108,239
Total transfers from the Company	**6,836,216**	**12,792,891**	**19,629,107**
Net transfers	**5,298,653**	**2,329,883**	**7,628,536**

2024

In NIS thousand	Provident funds	Pension funds	Total
Transfers to the company from other entities			
Transfers from other insurance companies	49,970	1,970,729	2,020,699
Transfers from pension funds	18,513	7,559,230	7,577,743
Transfers from provident funds	341,436	372,520	713,956
Total transfers to the company	**409,918**	**9,902,479**	**10,312,397**
Transfers from the Company to other entities			
Transfers to other insurance companies	33,034	23,975	57,009
Transfers to pension funds	18,875	10,379,564	10,398,439
Transfers to provident funds	992,587	395,500	1,388,086
Total transfers from the Company	**1,044,496**	**10,799,039**	**11,843,534**
Net transfers	**(634,578)**	**(896,560)**	**(1,531,137)**

2023

In NIS thousand	Provident funds	Pension funds	Total
Transfers to the company from other entities			
Transfers from other insurance companies	582,662	2,062,916	2,645,578
Transfers from pension funds	215,861	10,325,987	10,541,848
Transfers from provident funds	3,981,229	291,752	4,272,981
Total transfers to the company	**4,779,753**	**12,680,654**	**17,460,407**
Transfers from the Company to other entities			
Transfers to other insurance companies	216,209	51,853	268,062
Transfers to pension funds	123,535	4,690,645	4,814,180
Transfers to provident funds	6,496,472	263,235	6,759,707
Total transfers from the Company	**6,836,216**	**3,111,431**	**11,841,949**
Net transfers	**(2,056,463)**	**9,397,441**	**5,618,458**

2.4.3.2. Effect of legislative changes on competition in the area of activity

Regulatory provisions in recent years have led to increased competition between the various entities operating in the pension savings market. Following are the main provisions:

- Lowering the management fees in alternative long-term savings products. For example, as a result of fixed management fees in select funds.
- Provisions which increase the possibility for planholders' transitioning to new pension funds close when approaching retirement age.
- Amendment to the Transfer of Funds between Provident Funds Regulations; the amendment makes it possible to transfer funds from one investment provident fund to another or to an annuity pension fund.
- The guaranteed return reform in comprehensive pension funds.
- The reform pertaining to direct expenses, and the requirement to present an expected annual cost allows customers to easily compare costs between companies and investment tracks.
- Changes and adjustments to investment tracks in the different savings products, in view of the reform in investment tracks in long-term savings products.
- Restrictions on contributions and transfer of funds to executive insurance, according to which enrollment to insurance policies, which are subject to the Provident Fund Regulations, will only be possible after maximizing the Contribution Cap into the first tier of non-insurance annuity fund (pension fund or provident fund).

  The Company believes that these changes may enhance existing trends in the provident and pension asset management segment, as described above in connection with boosting competition. The weighted effect of these trends may have an adverse effect on profitability in the provident and pension asset management segment.

2.4.3.3. How the Group deals with competition

The Group is taking action to address the growing competition in the industry, mainly through the following measures:

- Continued development and improvement of the investment function and quality of investment management.
- Leveraging economies of scale by increasing total assets under management through allocating financial resources to advertising, marketing and distribution channels, as well as brand-name enhancement.
- Synergy between the different companies in the Group and the provision of comprehensive solutions to the Group's customers, while achieving organizational streamlining and operational efficiency in the Company's structure and in the different units in the subsegment.
- Increased use of technological and digital means in the provision of services, marketing and distribution of the industry's products, including through artificial intelligence tools. Including: Automating the signing-up process and the issuance of signing-up documents while cutting the time for completion of the process; automating investment track switching processes (in pension funds), such that they are fully digital; taking out a fund loan using a digital form;

  Furthermore, Phoenix launched an app for Group customers, which provides a response regarding all of the customer's products and services in the Phoenix group, with the option to carry out a range of transactions through the app. For details regarding the app, see Section 4.7.2.(b) below.
- Setting up new investment tracks that provide a range of investment alternatives to customers.
- Service and marketing using diverse distribution channels.
- Phoenix is working on retaining its planholders and reducing switching to competing comprehensive pension funds while simultaneously working to enroll new customers through a customer retention function.
- Management of the relationship with the distribution channels both in terms of customer recruitment and in terms of portfolio retention.

2.4.4. Customers

Pension funds

Following is a breakdown of Phoenix Pension & Provident' customers,[11] by percentage:

	2025	2024	2023
Salaried employee planholders	97	97	97
Planholders - private individuals and self-employed	3	3	3
Total	**100**	**100**	**100**

[11] In Phoenix Comprehensive Pension and Phoenix Supplementary Pension.

Provident funds

Following is the breakdown of planholder categories in provident funds, by percentage:

	Advanced education fund			Fund for retirement benefits and severance pay			Investment provident fund			Child long-term investment			Provident		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Employee	86	87	87	91	91	50	0	0	0	0	0	0	56	60	58
Self-employed	14	13	13	9	9	50	100	100	100	100	100	100	44	40	42
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

For more information regarding the main legal frameworks of the Pension and Provident Segment, see Section 4.1.8 below.

The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results may differ from that which is described herein. Forward-looking information refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as presented here, insofar as it becomes aware of any additional information in connection with such information.

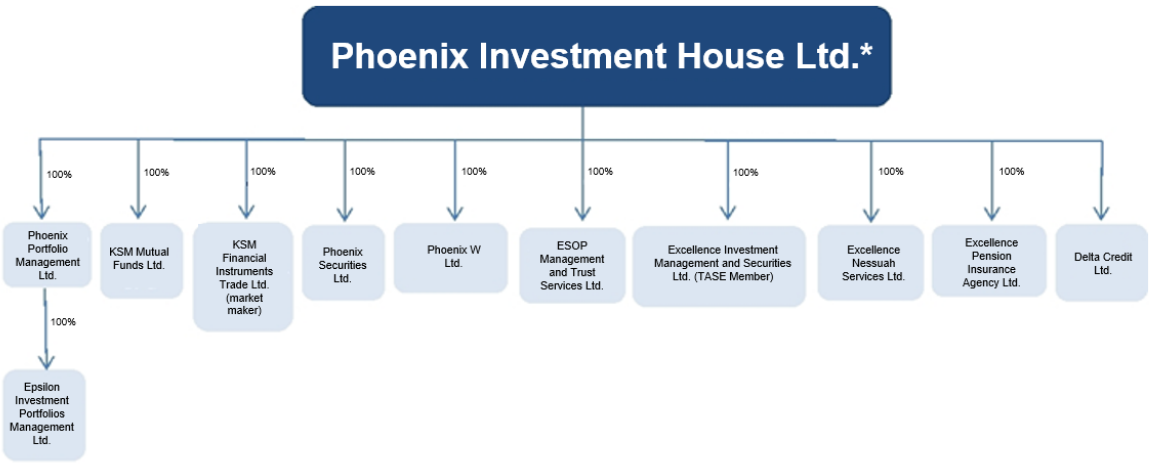
2.5. Wealth & Investments

2.5.1. General information about the segment

2.5.1.1. Segment structure and changes therein

The Phoenix group's Wealth & Investments activity is conducted, inter alia, through Phoenix Investment House Ltd. (hereinafter - "**Phoenix Investment House**" and/or the "**Investment House**").

The following is a chart of the holdings structure in Phoenix Investment House:



* Material companies only. The Investment House has other companies, which are inactive or whose area of activity is secondary. It is clarified that Phoenix Investment House Ltd. and all of its subsidiaries are privately-held companies.

** Directly and indirectly, including through a trustee or a wholly-owned company.

As of the report publication date, the Company has a stake of approx. 88.52% in Phoenix Investment House's shares. Phoenix Investment House operates through companies under its control in a variety of activities in the capital market sector: 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); wealth management services; marketing of alternative products as well as sale of related products.

In addition, the Group operates in the field of asset management – Investment House and Wealth - in the development of alternative investment products and their distribution also through other Group entities; this activity falls under Phoenix Advanced Investments Ltd. (hereinafter - "**Phoenix Advanced Investments**"), which outlines the segment's policy and its development through subsidiaries and/or related companies, as detailed below.

Significant external changes that affect this area of activity are the scope and nature of activity in the capital market as well as regulatory changes. For further details, see Section 2.5.3 below.

In addition, following the change in trading days on the TASE from Monday to Friday, there was a change which affects - first and foremost - TASE Members who are required to adapt their operating, trading and control functions to the revised activity days. Phoenix Investment House has prepared in advance to the change in trading days and acted to make the required operational, technological and organizational adaptations, and continues to work regularly to improve its preparedness even after the changes entered into effect in order to maintain operational continuity and stability.

2.5.1.2. Holding structure of Phoenix Investment House

The Company holds approx. 88.52% of the shares of Phoenix Investment House and the minority interests hold approx. 11.48% of the shares of Phoenix Investment House, with the partners' share - Avner Hadad (who serves as CEO of the Investment House) and Boaz Nagar (who serves as Chairman of the Investment House) (hereinafter in this chapter, Boaz and Avner jointly - the "**Partners**") - being 7.44%.

Furthermore, options arrangements were established between the Company and minority interests to execute transactions, from 2026 to 2029, between the Company and the partners in connection with their holdings in the Investment House's shares at the market price to be determined, in accordance with an agreed-upon mechanism, based on valuations. The said arrangements enable the Company to pay the Partners the consideration - in case of exercising the option by the Partners - in cash or by allotting them shares of the Company by way of a private placement, provided the options are exercised and at the Company's discretion. The options arrangements shall expire on the date of an initial public offering of Phoenix Investment House.

In November 2024 and February 2025, amendments were signed to the shareholders agreement of Phoenix Investment House Ltd. - the Company and the Partners, which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Partners' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. I.e., the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. For further details regarding the arrangements relating to Investment House options awarded to the Partners, see the Company's immediate report of March 15, 2022 (Ref. No.: 2022-01-025548).

2.5.2. Restrictions, legislation, standards and specific constraints

Phoenix Investment House's operations in various areas of the capital market are subject to substantial regulation. The following is a list of key provisions that apply to the Investment House's operations:

2.5.2.1. Regulation of mutual funds

Mutual funds management is regulated under the provisions of the Joint Investments in Trust Law and regulations promulgated thereunder, and the ETFs activity is also regulated under the Tel Aviv Stock Exchange regulations and guidelines, including with regard to

listing ETFs. This subsegment is regulated by the Israel Securities Authority. The law and regulations include, among other things: provisions about the approvals required to set up a mutual fund; holdings through means of control of the fund manager; terms and conditions for the qualifications of employees and/or people who take part making decisions concerning the management of a fund's investment portfolio; requirements pertaining to the composition of the board of directors of the fund manager; qualification of its members; appointment of board of directors' committees; obligation to publish a prospectus; obligation to publish the fund's annual report; duties of the fund's manager and trustee; allowed transactions, types of assets and maximum rates of such assets that the fund's manager may hold; material transactions or transactions that involve a conflict of interest and approval thereof; actions which the fund's manager, trustee and related parties thereof may not carry out; definition of actions that constitute breaches that carry monetary sanctions (administrative compliance); civil or criminal offenses and related sanctions; minimum equity; obligation to have insurance coverage; and other various restrictions in respect of changes in the fund's investment policy.

The law also regulates the fund manager's disclosure and reporting requirements, including monthly reports to the Israel Securities Authority about each fund's assets, liabilities, payments made out of its assets, and further details, as well as reports issued on an ongoing basis.

On June 26, 2024, the Bill for Encouragement of Capital Market Activity (Legislative Amendments), 2024 (hereinafter - the "**Bill for Encouragement of Capital Market Activity**") was published, which includes four main legislative amendments, designed to encourage capital market activity, diversify investment and financing channels and improve the capital market. Under the bill, it was proposed to amend the Joint Investments in Trust Law, 1994 (hereinafter - the "**Investments in Trust Law**"), in order to create a legal infrastructure for setting up private mutual funds, in which a fund manager will be allowed to buy and hold for a fund - in addition to assets that mutual funds may currently hold - also unlisted securities and assets, which are not securities, and to implement hedging strategies in the fund

On April 1, 2023, a temporary provision entered into effect applicable to fund managers and trustees, regarding assets which may be acquired and held in escrow in a hedge fund (hereinafter - the "**temporary provision**"). Initially, the provision was to expire in September 2024, and in July 2024 its term was extended to October 1, 2025. In September 2025, the Israel Securities Authority extended the term of the temporary provision through April 1, 2027. This provision sets, among other things, conditions for the collection of carried interest, the method of calculating the fund's return on deductions, and the disclosure to be made in respect thereof. As stated above, the Bill for Encouragement of Capital Market Activity is currently being promoted, which - once enacted - is expected to provide a permanent regulatory framework for hedge funds in escrow, which - as stated above - operate under a temporary provision.

Furthermore, the bill seeks to regulate the applicability of the Law Regulating the Practice of Investment Advice, Investment Marketing and Investment Portfolio Management, 1995 (hereinafter - the "**Regulation of Practice of Investment Advice Law**") and adapt the definitions of investment marketing and advice to the current reality.

In February 2025, the Ministry of Finance published a draft for public comment of the interim report prepared by a taskforce appointed by the Minister of Finance to narrow regulatory gaps in short- to mid-term voluntary savings instruments. One of the bill's key elements, which pertains to the cancellation of tax arbitrage, is the separation of the tax benefit from the instrument through which the saver opts to save. That is to say, the tax deferral will be given to the saver through a dedicated investment account (hereinafter - the "**investment account**"), and will not be linked to the type of instrument. The saver will be able to utilize the entire benefit through one of the instruments, or divide it between the various instruments, in accordance with their preferences. In the investment account, the saver will be presented with all voluntary investment and savings instruments for which a tax benefit is given to the saver.

2.5.2.2. Regulation of investment marketing and portfolio management

Investment portfolio management and investment marketing are regulated by the provisions of the Advice Law, its regulations, directives, as well as circulars of the Israel Securities Authority. According to the Advice Law, a corporation engaged in the management of investment portfolios and investment marketing, as well as those it employs as investment portfolio managers and/or in providing investment marketing services to customers, must hold a portfolio management license and/or an investment marketing license from the Israel Securities Authority. The Advice Law and the regulations promulgated thereunder also apply to the relationships between the license holder and its customers, and imposes various duties as to the nature of the engagement, the dealings between the license holders and customers, the provision of services to customers, as well as meeting minimum capital and insurance coverage requirements.

2.5.2.3. Regulation of TASE services:

Following are the main statutes that govern the operations of the TASE Member:

A. TASE Rules and Regulations: The TASE Member is subject to the provisions of the TASE Rules and Regulations and the guidelines set thereunder, which relate, among other things, to: terms of qualifications for TASE membership; TASE members' obligations vis-a-vis the TASE, its members, and their customers; permitted areas of activity; requirements for appointing various control functions; provisions regarding monitoring and control over compliance with the TASE Rules and Regulations; various provisions for IT management, etc.

B. TASE clearing house bylaws: In addition to its membership in the TASE, the TASE Member is part of the TASE clearing house and thus subject to the Clearing System's bylaws. Furthermore, since some of its customers trade options and derivatives on the MAOF clearing house, and since the TASE Member is not a member of the MAOF clearing house, the Member operates in this clearing house through a supporting member, and as such is subject to the MAOF clearing house bylaws applicable to TASE members who are not members of the Clearing System.

C. The Advice law and the regulations promulgated thereunder: Since the TASE Member holds an investment marketing license, it is subject to the provisions of the Advice Law, regulations promulgated thereunder, guidelines and circulars of the Israel Securities Authority.

D. The Prohibition on Money Laundering Law and ordinances promulgated thereunder: The TASE Member is subject to the provisions of the Prohibition on Money Laundering Law and the Prohibition on Money Laundering Ordinance (Identification, Reporting and Record-Keeping Obligations of Portfolio Managers to Prevent Money Laundering and Financing of Terrorism), 2010. These provisions stipulate, among other things, the duties of to identify the account holder and duties concerning control and reporting with respect to customers of the TASE Member.

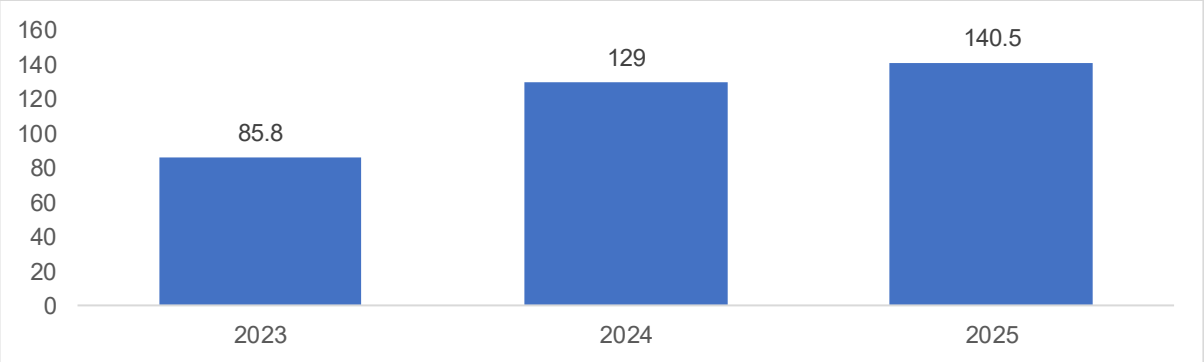
E. Regulation of Engagement in Trading Services Law: On June 3, 2025, the Ministerial Committee on Legislation approved the Draft Regulation of Engagement in Trading Services Law, 2025 (hereinafter - the "**Regulation of Engagement in Trading Services Law**") and on June 12, 2025, the abovementioned resolution was granted the status of a government resolution. The law still requires the Knesset's approval. According to the Israel Securities Authority's position, broker-dealer's activity in Israel is currently only partially regulated: The existing model results in substantial supervisory and enforcement gaps in the field and prevents its development and expansion. In the Authority's opinion, in the absence of a general licensing obligation on broker-dealer's activities, entities which are not TASE Members or banking corporations and engage in broker-dealer activities, are not subject to any supervision and regulation in Israel, with all the implications that this entails. Under the draft bill, the Authority seeks to enact a series of provisions which, among other things, will: (1) Regulate the licensing obligation of the entities falling within the scope of the definition of a broker and a dealer; (2) Regulate extensive powers to the Authority to set provisions and supervise the licensed entities in accordance with the Law; (3) Regulate exemptions to the licensed entities from various requirements set in parallel provisions and also establish additional provisions for the purpose of the activity.

F. Interim Report on Compensation Models in the Public's Securities Activity: In September 2025, an interim report on compensation models in the public's securities activity was published, which proposes a comprehensive reform of compensation and fee models in the Israeli capital market. According to the inter-ministerial taskforce which prepared the report, the purpose of the outline presented therein is to increase transparency and competition for the benefit of the consumer, while simplifying the fee structure and making it comparable between the various entities (banks versus non-bank TASE Members). Among other things, the report highlights the need for direct payment by the customer for the services it consumes in practice. The taskforce's recommendations are currently being formulated and reviewed before the final report is prepared, and they are not legally binding at this stage. The implementation of the proposed outline will require regulatory and legislative changes.

2.5.2.4. For additional legislative arrangements in the Wealth & Investments segment, see Section 4.1.12 below.

2.5.3. Changes in the scope of operations and profitability of the subsegment

On December 31, 2025, assets under management by the Investment House totaled approx. NIS 140.5 billion, compared to approx. NIS 129 billion as of December 31, 2024. The increase in assets under management arose mainly from market returns and capital raising in the tracking funds.



Market trends in the reporting year and their effect on the Investment House's areas of activity

A. Mutual funds

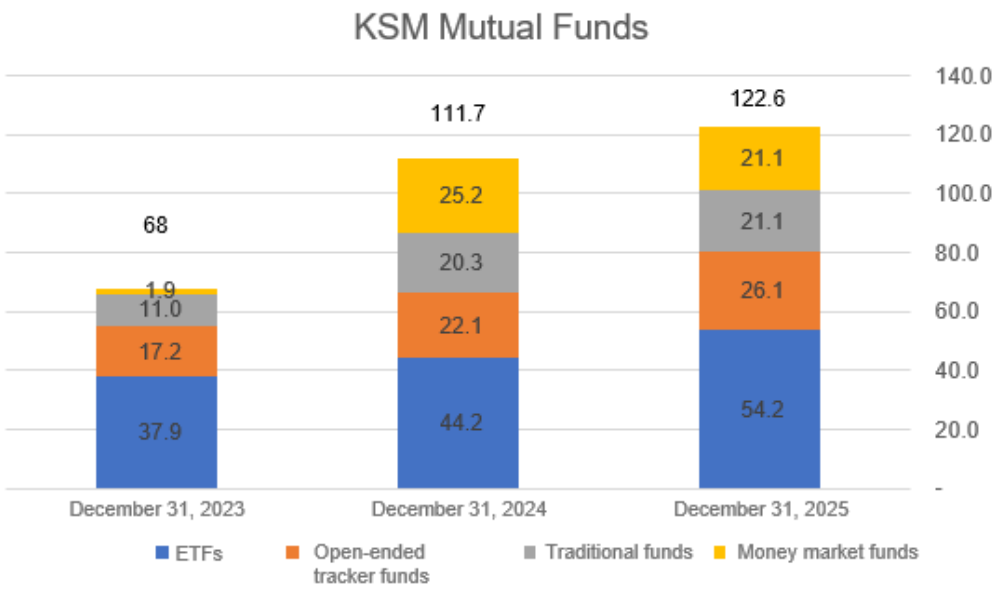
The scope of activity in this industry is derived from the situation in the capital market, the range of instruments issued, the number of issues and total amount of investments therein, and from changes in the public's preferences as to investments specializing in foreign markets and in Israel, commodities and financial derivatives.

The reporting year was characterized by fund raising across all subsegments of the funds industry: while the passive funds raised approx. NIS 19 billion, the traditional active funds redeemed NIS 31 billion, and the money market funds raised NIS 24 billion.

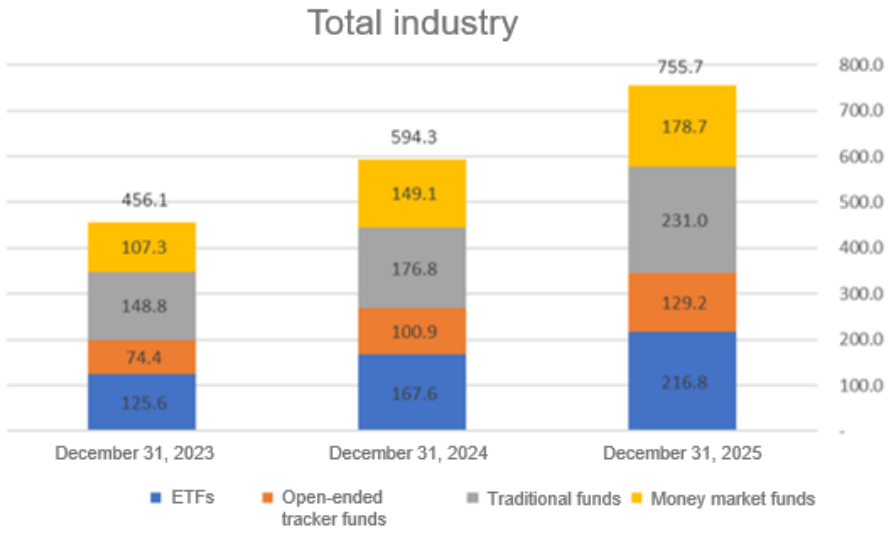
As of the end of the reporting year, Phoenix Investment House manages, through the fund manager, 450 funds in most of the existing investment channels: 130 managed funds, 169 ETFs, and 151 open-ended tracker funds. The increase in the value of funds arises from market returns and capital raising.

Following are details regarding total assets under management by the mutual funds sector in Israel and in KSM Mutual Funds (in NIS billion):

KSM Mutual Funds:



Sector total:



B. Investment marketing and investment management for customers

Total assets under management in investment portfolios (including financial assets issued by the Investment House and acquired into the managed portfolios) as of December 31 of each of the last three years was as follows (in NIS billion):

	2025	2024	2023
Asset under management	23.7	22.3	21.7

C. Market making

In 2025, trade in the TASE was characterized by considerable volatility and uncertainty against the backdrop of the ceasefire with Hamas and Operation Rising Lion alongside economic recovery due to the end of the fighting.

The average daily turnover in the equity market on the TASE rose substantially to NIS 3.45 billion - a rise reflecting an increase of 57% compared to last year; in the corporate bond market the average daily turnover was approx. NIS 1.1 billion - a rise reflecting a more moderate increase of approx. 12%.

D. Stock exchange and trading services

During the reporting year, trading volumes on the TASE increased by approx. 19% compared with 2024. This increase arose mainly from an increase in trading volumes in stocks.

In the reporting year, the TASE Member's trading volumes increased by 13% compared with 2024; this increase stemmed mainly from the increase in trading volumes in shares.

The profitability generated by the TASE Member is exposed to changes in the Bank of Israel interest rate and in the Federal Reserve's interest rate. Following global macroeconomic developments that have been taking place since the second quarter of 2022, inflation rates in Israel and across the world have increased. Consequently and in order to curb the rise in prices, central banks in Israel and across the world started raising interest rates. Since the third quarter of 2025, inflation rates in Israel and across the world subsided to some extent. Therefore, central banks in Israel and across the world started cutting interest rates. The current interest rate affects the Investment House's finance income.

2.5.4. Critical success factors

The critical success factors in this operating segment are: securing high returns on investments for customers compared with competitors in the same investment channels or alternative investment channels; a professional and high-skilled workforce; a savvy marketing function; a high-level digital infrastructure; a high level of service to customers; rapid response to market events and developments; familiarity and relationships with financial institutions abroad; expanding the product mix while adapting it to market needs; innovation; adapting the nature of operations to regulatory changes; ongoing, close work relationships with institutional investors and customers; reliable, advanced IT systems and software.

2.5.5. Main entry and exit barriers

2.5.5.1. The principal entry barriers for this operating segment are: the relevant legislation, including restrictions and conditions for obtaining the permits and licenses required to engage in the activity; the need to meet equity requirements or provide other collateral based on the provisions of the relevant laws, such as insurance coverage; finding professional and skilled employees; relationships with financial institutions and investment funds overseas; obtaining approvals from the authorities to issue products to the public (TASE and the Israel Securities Authority).

2.5.5.2. The main exit barriers from this area of activity are the sale of activities that in some case require obtaining licenses, control permits and other approvals. Furthermore, in some of the activities, the relevant company has long-term agreements for the provision of

services in that operating segment (including commitments under various tenders), and exiting the area of activity requires termination of such agreements. The main exit barrier from the field of alternative investments is the funds that raised and operate significant investment amounts; such funds should be operated; they are required to report to investors and/or their management should continue over years.

2.5.5.3. Alternatives for products in the segment and changes therein

Alternatives to investment management (portfolio and mutual funds) are savings channels which do not require ongoing investment management (for example, bank deposits), self-management of investments in securities, direct management through bank advisory services or any other type of investment advisory services, and purchase of ETFs. Furthermore, long-term savings products offered by insurance companies and provident funds' management companies (for example, investment provident funds, savings policies, etc.) also serve as an alternative. Alternatives for ETFs and tracker funds are managed mutual funds that strive to outperform the indices, and foreign index funds traded on foreign exchanges, whose activity is similar to that of ETFs traded on the TASE. For details regarding the "Team for Reducing the Gaps between Investment Instruments in Short and Medium-Term Savings", see Section 4.1.3.2 above.

2.5.5.4. Competitive structure in the segment and changes therein

The subsegments in which Phoenix Investment House operates in the capital market are characterized by numerous competitors and fierce competition from investment houses, banks and other entities operating in the capital market. For details regarding competition in this area of activity, see Section 2.5.11 below.

The Investment House offers its customers a digital platform for onboarding new customers and management of portfolio management customers, with customers given the option to manage their investments by opening accounts with the TASE Member or through their accounts with banking corporations. Competition in the field of alternative investments intensified in recent year, with the introduction of investment houses and institutional entities into the field in addition to private entities that have already been active players.

2.5.6. Products and services

The following are the key subsegments comprising the Wealth & Investments Segment - financial services provided by the Company:

2.5.6.1. Investment marketing for customers

This subsegment includes the following activities of the Investment House through the Group Companies, including: TASE Member, Phoenix W, Phoenix Portfolio Management, and Epsilon Investment Portfolios Management: Provision of investment marketing services in Israel and abroad and other activities, including the marketing of financial assets.

2.5.6.2. Management of investment portfolios

Phoenix Investment House, through Phoenix Portfolio Management and Epsilon Investment Portfolios Management, provides investment marketing services and manages investment portfolios for private customers, corporations and institutional entities from various

economic sectors through a range of investment channels. Phoenix Portfolio Management and Epsilon Investment Portfolios Management hold an investment portfolio management and investment marketing license under the Advice Law. The management of the investment portfolios is carried out by a professional team comprised of qualified investment managers, licensed to manage investment portfolios through most of Israeli banks and TASE Members, which are not banks, and a number of foreign entities.

Revenues from portfolio management operations of Phoenix Portfolio Management and Epsilon Investment Portfolios Management stem from management fees collected from customers that receive investment marketing and management services.

2.5.6.3. Management of mutual funds

Mutual fund management operations are regulated by the Joint Investments in Trust Law and the regulations promulgated thereunder, and in the case of ETFs - the operations are also regulated by the TASE Rules and Regulations. Mutual funds are established under an agreement between the fund manager and a trustee, which specifies the fund's investment policy, the maximum fees which the fund manager and trustee may charge, etc. The sale of mutual fund units is made in accordance with a prospectus in which fund units are offered to the public. Publication of such a prospectus requires a permit from the Israel Securities Authority, and the subscription period for the units offered under the prospectus is limited to one year from the date of issuing the prospectus; this period is renewed for one further year by the fund manager's publication of a prospectus once a year. Furthermore, ETFs are traded on the TASE and can be purchased and sold during trading on the TASE. Most revenue stem from management fees charged by each fund. In tracker funds (including ETFs), the fund manager is also entitled to set variable management fees that may be positive or negative depending on the performance of the fund versus the asset which the fund tracks in accordance with the provisions of the Joint Investments in Trust Law and the regulations promulgated thereunder.

For details regarding the number of funds managed by KSM and total assets under management, see Section 2.5.3 above.

2.5.6.4. The fund manager's engagement with external consultants and investment managers in investment management agreements for the mutual funds

As of the report date, KSM Mutual Funds receives advisory services from external fund management consultants, including Phoenix Capital Partners Ltd.[12] (hereinafter - "**Phoenix Capital Partners**"). As of December 31, 2025, Phoenix Capital Partners serves as an advisor of 4 funds.

In the reporting year, the agreement between KSM Mutual Funds and Alliance Bernstein (Luxembourg) S.a.r.l. - a New York-based foreign mutual funds management company (hereinafter - "**AB**") - was terminated; under the agreement, KSM Mutual Funds served as the representative and marketer of AB's funds in Israel in the retail segment, and will also offer units of Class A foreign funds managed by AB to the Israeli public. In addition, in the

reporting year, the agreement under which AB served as an investment advisor to funds under the foreign shares category of KSM Mutual Funds has ended.

2.5.6.5. Index tracking services provided by KSM

KSM provides index tracking services to managers of others' funds including for the index-tracking pension savings plans launched by Phoenix Insurance and by Phoenix Pension & Provident. As of the end of 2025, 17 investment baskets are being managed, with total assets under management of approx. NIS 53.5 billion.

2.5.6.6. REIT fund management

2.5.6.7. REIT1 Ltd. (hereinafter - "**REIT**") is an investment fund investing in real estate; REIT is traded on the TASE. In April 2006, REIT entered into an agreement with REIT 1 Management Services Ltd. (hereinafter - "**REIT Management**"), approx. 47.5% of the issued share capital of which was held by the Investment House; under the agreement, REIT Management will provide REIT with advisory services in respect of the REIT's management. The other shareholders in REIT Management were given an option exercisable through the end of June 2025. During the reporting year, a notice was given of the exercise of the option and as of the report date, Phoenix Investment House no longer holds REIT Management shares.

2.5.6.8. Investment underwriting

The Group holds (through Phoenix Capital Partners Ltd.) a 19.9% stake in Phoenix Underwriting Ltd., a company which provides underwriting services.

2.5.6.9. Stock exchange and trading services

Phoenix Investment House provides its customers, through the TASE Member, brokerage services in all trading channels including foreign and Israeli shares, bonds in Israel, bonds abroad (through Excellence Nessuah Financial Products Ltd.), derivatives, foreign securities, coordination of issues, coordination of tender offers, and distribution of securities for interested parties in companies. In addition, the TASE Member renders analysis services in markets in Israel and abroad, and deposit services for various periods in shekels and foreign currency.

During the reporting year, the TASE Member stopped providing market-making services for securities listed on the TASE upon the revision of the TASE Rules and Regulations regarding market-making activities.

In addition, the TASE Member extends its customers credit for securities activities. During the past year, the amount of credit extended to customers increased from approx. NIS 784 million in 2024 to approx. NIS 987 million in the reporting year.

During the past year, there was an increase in the TASE Member's number of retail customers, which is 90 thousand. In the past year, the TASE Member continued to invest substantial marketing and sales efforts by expanding the marketing channels.

As part of executing the activities described above, the TASE Member provides acquiring and operating services in respect of securities and funds, in accordance with and subject to the provisions of the TASE Rules and Regulations applicable to non-bank TASE members.

2.5.6.10. ESOP Management and Trust Services

Phoenix Investment House provides its customers a range of services in the field of equity compensation through ESOP. ESOP specializes in equity management and operation of equity compensation plans for private companies, publicly-traded companies and specifically global companies and their employees, and provides a comprehensive package of services throughout the company's life, from establishment through exit. Its main services include:

A. Trustee services to employee compensation plans governed by the provisions of Section 102 to the Income Tax Ordinance [New Version], 1961 (hereinafter - the "**Income Tax Ordinance"**).

B. Trust (including a tax trust) in merger and acquisition transactions (hereinafter - "**M&A transactions**") including paying agent and escrow services.

C. Source code escrow - as part of which the source code of various software is deposited with ESOP.

D. In addition, ESOP provides a suite of solutions and services for the management of its customers' equity, such as valuations under Section 409A of the Internal Revenue Code, management of cap tables including simulations and waterfall calculations by value, accounting expense in respect of options for financial reporting purposes, etc.

In consideration for the trust services, ESOP is entitled to trustee's fees and other various payments as set out in the trust agreement to which ESOP is a party. It is noted that for the purpose of providing the trust services, ESOP uses accounts with the TASE Member, and most of its customers' accounts are managed with the TASE Member.

2.5.6.11. Phoenix W Ltd.

Phoenix W Ltd. (hereinafter - "**W**") is a wholly-owned company of Phoenix Investment House. W provides a range of family office services to its customers. W provides capital management, investment and financial planning services to a range of customer types. W holds an investment marketing license from the Israel Securities Authority.

2.5.6.12. Delta Credit Ltd.

Delta Credit is a wholly owned company of Phoenix Investment House. Delta Credit holds an extended credit license from the Capital Market Authority, for the purpose of expanding the Group's credit capabilities.

2.5.7. Alternative Investments in the Phoenix group - Phoenix Advanced Investments

As part of implementing the Group's strategy of enhancing the area of alternative assets offered to qualified investors, in recent years the Group began to develop and distribute alternative investment products. In addition to the activity of Phoenix Capital Partners described in Chapter 4.4 (Investments), Phoenix Capital Partners outlines, through its wholly-owned subsidiary - Phoenix Advanced Investments Ltd. (hereinafter - "**Phoenix Advanced Investments**"), the strategy of the Alternatives Subsegment, which mainly includes making investment solutions accessible alongside, and in collaboration, with the world's leading investment managers. As of the report date, total assets under management in respect of alternative investment products was approx.[13] NIS 6.4 billion.

2.5.7.1. Following are the key companies and activities under Phoenix Advanced Investments:

Phoenix Capital Ltd. - The Company holds - directly and indirectly - 83.25% of Phoenix Capital Ltd. (hereinafter - "**Phoenix Capital**"). Phoenix Capital serves as the general partner in alternative investment funds.

Phoenix RealTech Ltd. - Phoenix RealTech is a subsidiary held by Phoenix Capital and Phoenix Advanced Investments. Phoenix RealTech serves as a General Partner of alternative investment funds focusing mainly on underlying assets and backed by real estate properties. The Company holds - directly and indirectly - approx. 91.6% of Phoenix RealTech Ltd.

Smart Capital - The Company holds - directly and indirectly - approx. 72.4% of the share capital of Smart Capital Alternative Solutions S.V. Ltd. (hereinafter - "**Smart Capital**"). Smart Capital offers qualified investors access to international alternative funds under the management of leading global investment entities.

Phoenix Alternative Ltd. - Phoenix Alternative Investment House Ltd. and its subsidiary, Excellence General Partner for Management Ltd. serve as a management company and a general partner company (respectively) of alternative funds. Those companies are mainly engaged in the establishment and management of dedicated Israeli limited partnerships, which serve as feeders for leading Israeli funds for qualified investors.

2.5.7.2. As of the report date, companies of Phoenix Advanced Investments group companies described above offer qualified investors investment options in the field of PE, Secondary, infrastructure, private debt and real estate-backed private debt.

[13] The investments offered to qualified investors are almost exclusively managed in foreign currency, mainly the USD. Dollar-denominated assets under management in the reporting year increased from approx. USD 1.6 billion to approx. USD 2 billion.

2.5.7.3. Investment marketing company

In February 2025, Phoenix Marketing Advanced Investments Ltd. (hereinafter - the "**Investment Marketing Company**") - a wholly-owned subsidiary of Phoenix Advanced Investments - received an investment marketing license from the Israel Securities Authority.

2.5.7.4. Fidelis

In September 2025, Advanced Investments signed an agreement for the acquisition of Fidelis Partners Holdings Ltd.'s shares in stages, and the transaction was completed in February 2026. Fidelis is an Israeli family office specializing in wealth and investment management for wealthy Israeli customers. In the first stage, the Company acquired 30% of Fidelis' shares and under the agreement, the remaining Fidelis shares will be acquired over a period of 8 years, at the end of which Advanced Investments will hold the entire share capital of Fidelis.

2.5.8. Breakdown of revenue and profitability of products and services

Following are details regarding the Investment House's income by subsegments included in the Company's Investment House and Wealth Segment, costs attributable to these subsegments, and their operating income, as of December 31, 2023, 2024, and 2025 (in NIS millions).

General

During 2024, the Investment House's management changed the way the Investment House analyzes its segments from the viewpoint of the Chief Operating Decision Maker (CODM). Due to the above, the comparative figures were presented accordingly. The distribution is as follows:

Asset Management Segment	-	This segment's activity includes marketing and investment management in Israel and abroad and management of mutual funds and ETFs, alternative investment activities and structured products.
Financial Services Segment	-	This segment's activity includes the execution of transactions on the Stock Exchange for private customers, private and public corporations for institutional customers, management and trust services, employee options, market making activity for ETFs, insurance agency activity, business brokerage, securities brokerage, underwriting and distribution.
Other Segment	-	The activity of this segment includes other activities.

	Assets under management			Financial Services			Other		
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2025	December 31, 2024	December 31, 2023
Total revenue	525	443	290	481	422	362	8	6	4
Variable costs which do not constitute revenue in the Other Subsegment	166	149	86	-	-	-	-	-	-
Fixed costs that do not constitute revenue in the Other Subsegment	161	177	152	277	234	180	12	10	7
Total costs	327	326	238	277	234	180	12	10	7
Operating income	198	117	52	204	188	182	(4)	(4)	(3)
Total on-balance sheet assets	866	1,069	1,026	2,172	2,074	1,551	170	245	136

* Data are presented in NIS millions.

Total assets under management by Phoenix Investment House

The composition of assets under management by Phoenix Investment House in NIS million:

Activity	December 31, 2025	December 31, 2024
Mutual funds	122,572	112,520
Management of investment portfolios*	17,935	17,294
Structured products	82	110
Total	**140,589**	**129,924**

* Excluding financial assets issued by Excellence and managed in the investment portfolios.

2.5.9. Customers

- Mutual funds are marketed to the general public.
- Customers in the investment portfolio management subsegment include institutional customers, various types of corporations (companies, non-profit organizations, local authorities, kibbutzim, etc.), as well as private customers. The relationships between the Investment House and its customers in the Investment Management Segment are mostly long term relationships. However, there is no minimum engagement period, and the parties may terminate the engagement at any time, subject to the provisions of the agreement and the law.
- Customers in the trading and stock exchange services subsegment are institutional entities in Israel and abroad, qualified customers, various types of corporations, and private individuals.
- Customers in the area of alternative products are sophisticated customers as per the First Addendum to the Securities Law, which are corporations and private customers in Israel.
- The customers in the trust services subsegment are Israeli or foreign private customers and corporations (both private companies and publicly-traded companies), which wish to benefit from ESOP's basket of services, including trust services in M&A transactions, trust services for equity-based employee benefit plans, source code escrow services, ESOP as an agent, etc..
- Customers in the wealth management area of activity are private customers, with a minimum capital available for investment.

2.5.10. Marketing and distribution

- The investment portfolio management and investment marketing activity functions through a network of independent agents, private providers of potential customers and a number of telemarketing representatives engaged in recruiting customers through proactive telephone calls.
- Marketing of mutual funds mainly carried out through investment advisors at the branches of the various banks, institutional entities and portfolio managers, as well as through advertising on various media channels.
- Marketing of the trading activity is mainly carried out through advertising in digital media, including on the Investment House's website and other websites, apps, etc.
- Phoenix Investment House is an app which gives customers access to investment accounts and relevant financial information and serves as an additional service channel and a tool for ongoing monitoring of investment activity. The app's main focus is the management of a digital investment account in which customers of the TASE Member are given access to information regarding their securities account with the TASE Member and other services.
- The TASE Member provides its customers with an advanced technological infrastructure for conducting securities trading, based on two main systems: Extrade

Pro and Global Extrade. Users can continuously access these systems both through a web interface and through a dedicated smartphone app. The systems serve as a platform, which provides customers with access to market information and analytical tools, alongside the ability to independently and securely perform a range of trading transactions and account-management actions.

- ESOP's marketing activity is mainly carried out by advertising on digital media channels, including through the Investment House's website and ESOP's website, conferences, events, etc.
- The marketing and distributing of the alternative products, which are marketed to qualified investors by Phoenix Advanced Investments, is mostly carried out by agents and/or wealth management agents, with whom the Group works, in addition to direct marketing.
- The marketing and distribution of the family office services is carried out through different marketing channels and is based on the Investment House's existing customers.

2.5.11. Competition

In Israel, there are numerous organizations specializing in portfolio management for others and in the provision of investment marketing services.

The main competitors of the TASE Member, Phoenix Portfolio Management and Epsilon Portfolios are the large financial entities. The Investment House believes that it is one of the leaders in the fields of TASE Member and portfolio management in Israel. It appears that most of the competition in this area in future years will take place in the digital sphere, with market players investing substantial resources in such platforms.

The mutual funds sector is also characterized by a large number of competitors and by fierce competition. Competition is primarily against other mutual fund managers and alternative products. In recent years, competition has become fiercer and is manifested, inter alia, in competition on management fees, good performance measured according to returns, and risk indicators which will lead, inter alia, to higher ratings.

Regarding the active funds - The banks' rating systems are extremely important to the competition in this industry, as investment advisors and customers base their investment decision process on such ratings. To the best of Phoenix Investment House's knowledge, the banks have several rating systems based on various models, which include different parameters with respect to the mutual funds, which are determined exclusively by each bank.

Competitors in the TASE Member's market are bank and non-bank TASE members. As of the report date, there are 11 TASE members which are Israeli banks, 8 non-bank TASE members, 3 foreign banks, and 3 remote members. Competition between TASE members focuses on fees and commissions rates, quality of service and analytics, and a range of services offered to customers.

The Investment House's market share varies by type of activity. Recent years saw an evident trend of reduction of the rates of fees and commissions which are collected, and addition of regulatory requirements.

2.5.12. Property, plant and equipment and facilities

In 2024, Excellence Nessuah Services Ltd. (hereinafter - "**Excellence Nessuah**") entered into a lease agreement (hereinafter - the "**Masada 3 Agreement**") with Masada 3 Limited Partnership of the Phoenix group, to lease new offices at an area of approx. 8,100 sq.m in Phoenix-Art building, at 3 Masada St., Bnei Brak (hereinafter - the "**Phoenix Art Building**", respectively). The first lease term started on January 1, 2025 for 7-year period with an option to extend the lease.

In accordance with the Masada 3 agreement, the Investment House transferred its offices to Phoenix Art Building.

2.5.13. Human resources

2.5.13.1. Benefits and the nature of employment agreements

As of the reporting year, Phoenix Investment House employs 563 employees, compared to 542 employees in 2024. The majority of the Investment House's employees have written personal employment contracts in place. The majority of the Investment House's employees employed in professional positions receive, in addition to their base salary, annual bonuses at varying rates. The Investment House's executives are eligible for bonuses calculated as a variable rate of the annual financial performance of specific consolidated companies. Certain employees of the Investment House are eligible for bonuses calculated according to transaction volumes, or according to other preset criteria.

The Investment House gives its employees bonuses according to their bonus agreements. Bonuses to the Investment House employees are determined by the its profits, the profits of its subsidiaries, and additional components according to each employee's position and purview, subject to applicable statutory restrictions, if any.

In 2023, the Investment House adopted an option plan, by virtue of which options may be allocated - exercisable into shares of the Investment House - to officers and employees of the Investment House and the Phoenix group. Accordingly, such options were allocated in accordance with Section 102 under the capital gains track to employees and officers of the Investment House, and to employees and officers of the Phoenix group, who serve as officers in the Investment House or are involved in its activity.

2.5.14. Suppliers

2.5.14.1. The TASE member has an agreement with service organization FMR Computers and Software Ltd. (hereinafter - "**FMR**"), according to which the TASE Member receives software development services, computer-assisted data processing, including generation of reports, and computer processing based on information received directly from the TASE. The agreement is extended from time to time. The said agreement is a material engagement for the TASE Member and other non-bank TASE Members; as of the report publication date, the TASE Member cannot provide its services without the FMR system. In

the reporting year, the service agreement with FMR was extended through June 2028. At the same time, the TASE Member is looking into other options.

2.5.14.2. Phoenix Portfolio Management and Epsilon Investment Portfolios Management have an agreement with Danel Financial Solutions Ltd. (hereinafter - "**Danel System**"), which provides IT systems used for day-to-day operations. The companies use the Danel System to review compliance with their customers' investment policy and with their policies, to calculate the portfolios' exposures, manage various control reports, to produce periodic statements for its customers, etc.. Danel System is the main system used by the employees of the two companies in the portfolio management activity. This constitutes a material agreement for the two companies regarding portfolio management activity.

2.5.14.3. In March 2022, the TASE Member entered into an agreement with E&A Financial Software Ltd. (hereinafter - the "**Trade One System**"), a new trading system available to the TASE Member's customers. The Trade One system has been offered to all customers of the TASE Member. As of the report date, the Trade One system is the main system that will be used by customers of the TASE Member as part of their day-to-day trading activity.

2.5.14.4. KSM Mutual Funds entered into agreements with index developers for the purpose of issuing tracker funds, Kav Manche, and in agreements for operating mutual funds with First International Bank and other banks. For details, see Section 2.5.17.2 below.

2.5.15. Investments

2.5.15.1. Subsequent to the report date, Phoenix Investment House acquired 16.55% of the shares of a company which manages ETFs listed on the Polish Stock Exchange (hereinafter - the "**Polish ETF Company**") by investing in the company and purchasing shares from unrelated parties, with an option to acquire additional shares which may increase the Investment House's holding stake by more than 50%. The minority interests in Phoenix Investment House are among the shareholders of the Polish ETF Company.

2.5.16. Financing

Phoenix Investment House finances its operations using its own sources, banking sources, and non-banking sources. The Investment House's main operations in the securities subsegment usually require liquid cash assets, which are mainly financed by its own capital, bank credit and loans. The Investment House does not have restrictions on obtaining credit facilities. In order to acquire Psagot's activity, the Company took long-term loans from banks and the parent company.

Under the Investment House's operating activities, liquidity risk management constitutes a key component of financial stability. Liquidity risk is the risk that the Investment House will not be able to meet its financial obligations on time, which may adversely affect its rating and reputation.

The Investment House has implemented a liquidity model, which assesses the sources and uses under stress scenarios and against restrictions approved by the relevant Boards of Directors at Phoenix Investment House.

The liquidity risks at the level of the subsidiaries KSM Mutual Funds and the TASE Member, which deposit balances of funds and securities under their management with banks and TASE Members, arises from withdrawal of substantial amounts which may adversely affect the value of financial assets. Additional liquidity risks in the Company may arise from a situation in which the TASE member may find it difficult to meet its financial obligations in volatile market situations, e.g.: unexpected customer withdrawals, unexpected demand for credit, and uncertainty about the availability of sources.

To reduce exposure, procedures and/or policies were put in place to manage this risk; the procedures and policies are monitored regularly and reported to relevant forums. The TASE Member also defined an orderly liquidity model, which sets limits to minimum liquid assets at a monthly, weekly and daily level, and a daily control is in place regarding compliance with the liquidity requirements in accordance with the model. Furthermore, the TASE Member maintains financial flexibility through a credit facility set with Phoenix group for use under stress scenarios. The mutual funds defined a liquidity model based on the liquidity of assets in each fund, which defines the minimum daily liquidity level required in each fund.

Following is the balance of Phoenix Investment House's outstanding liabilities (in NIS millions):

	As of December 31, 2025	As of December 31, 2024	As of December 31, 2023
Short-term credit and loans	381	388	179
Short-term credit and loans from banking corporations	337	344	169
Short-term credit and loans from affiliates	44	44	10
Short-term credit (CPs)	160	-	-
Long-term loans from banking corporations	121	152	94
Long-term loans from affiliates	184	223	261

Short-term credit - credit is used for transactions in financial instruments, the TASE Member's and Delta Credit's credit operations, and for Excellence's operating activities, and bears variable interest ranging from Prime to Prime minus 0.7%. For USD-denominated credit at an interest of SOFR plus 1%.

Long-term credit - the credit is taken for the acquisition of Psagot's mutual fund and portfolio management activity; it bears variable interest in the range of Prime minus 0.5% to Prime; part of the credit bears fixed effective interest rate ranging between 4.6% to 6.25%.

In the reporting year, the Investment House utilized, from time to time, available credit facilities according to its current needs and liquidity (the Investment House did not fully utilize its available credit facilities). The available credit facilities do not limit the Investment House in its current activity.

Short-term credit (CPs) – The credit was taken in order to support the main growth engines of the TASE Member and related companies, to enable compliance with capital requirements alongside raising cheap financing sources, which will support further expansion of activity, bearing Bank of Israel Interest + 0.25%.

2.5.17. Material agreements

2.5.17.1. Operation of funds

As of the report publication date, some of the Mutual Funds of KSM Mutual Funds are operated by KSM Mutual Funds (for ETFs and some tracker funds), and some are operated by First International Bank of Israel Ltd. (for managed funds and some tracker funds). In addition, various banks provide brokerage services and custodian services. Furthermore, Bank Hapoalim Ltd. provides TASE member services to the mutual funds operated by KSM Mutual Funds.

KSM Mutual Funds' management believes that, although it is not dependent on either of these suppliers (as services are rendered by a number of suppliers under competitive terms), switching to a new service provider may involve significant costs and a relatively long implementation period. The Investment House is potentially exposed to operational risks due to the need to routinely adapt operations to ever-evolving regulatory requirements; the Investment House is also exposed to operational risks from malfunctions in its computer and/or communications systems with the operating bank, which may cause interruptions in transfer and withdrawal orders in the segment products, and indirectly undermine the Investment House's reputation.

2.5.17.2. Agreements between index developers and KSM Mutual Funds

Issuance of tracker funds on a securities index requires a license from the index developer, which is also responsible for the index being calculated and published, and the fund manager undertook to indemnify the index developer for expenses and damages caused to them due to claims and proceedings related to the tracker funds.

It is noted that, in recent years, there has been an increase in payments for licenses to index developers. The growth stems from the expansion of products and the increase in the license fee amount, which are calculated according to total assets under management.

2.5.17.2.1. In October 2018, an agreement between KSM Mutual Funds and a sister company thereof (hereinafter - the "**Market Maker**") - for the provision of money making services in respect of ETF units managed by the Money Maker - entered into force. Pursuant to the agreement, the Market Maker provides money making services to ETF units. The Market Maker is required to comply with the rules set in Chapter I of the Part Three of the TASE Rules and Regulations, and the guidance provided therein with respect to market making, as revised from time to time. At the end of each trading day, the Market Maker works with the ETF's manager to redeem and create the fund's units in consideration for the assets comprising the tracker asset of the ETF, including other assets creating an exposure for these assets, as well as cash (hereinafter, jointly - the "**asset mix**"). The asset mix and the manner of its transfer between the Money Maker and the ETF manager are detailed in the prospectus of each ETF and/or in KSM Mutual Funds' reports to the public.

2.5.17.2.2. Liquidity agreement between Phoenix Insurance and the TASE member - In 2017, Phoenix Insurance signed a master credit facility agreement extending no more than NIS 400 million in credit to the TASE Member; the funds will be used to bridge liquidity

timing differences that may arise if customers of the TASE Member withdraw their deposits and the TASE Member does not have sufficient funds to cover such withdrawals.

2.5.17.2.3. In October 2023, the Israel Securities Authority published a directive entitled Investment Management in a Tracker Fund (hereinafter - the "**Directive**"). Under the Directive, rules were set regarding the assets serving as tracked assets in tracker funds, and provisions were set for the publication of various data regarding ETFs, including indicative value, quote spreads of the market maker in ETFs, as well as a tracking error and a tracking difference. In view of the above, and for the purpose of posting on its website information on passive funds in accordance with the Directive, in July 2024 KSM Mutual Funds entered into an agreement with Kav Manche - Bursa Graph Ltd. (hereinafter - "**Kav Manche**"), a company operating in the field of development and operation of a website and system for searching publicly-available information pertaining to the capital market and financial instruments. The services which Kav Manche will provide include, among other things, posting on KSM Mutual Funds' website the information published in accordance with the abovementioned Directive and calculating the posted information.

2.5.17.2.4. For details regarding the agreement between the TASE Member, a subsidiary of the Investment House, and FMR Computers and Software Ltd., see Section 2.5.14.1 above.

2.5.17.2.5. For details regarding the agreement between the portfolio management company and Danel Financial Solutions Ltd., see Section 2.5.14.2 above.

2.5.17.2.6. As from August 2021, an agreement between Phoenix Investment House and Phoenix IEC Central Pension Fund entered into effect regarding the provision of index-tracking execution and trading services, and additional ancillary services, through passive funds. This service is provided for certain assets of the fund under the passive investment track.

2.5.18. Legal proceedings

For further details, see Note 37B to the Financial Statements.

2.5.19. Business targets and strategy

As part of the Company's strategic plan, in the reporting year Phoenix Investment House focused its activity in the area of activity of KSM Mutual Funds, the TASE Member, portfolio management and ESOP. In order to establish a growth strategy, Phoenix Investment House works to utilize economies of scale and expand the provision of financial services in all of its areas of activity.

During the reporting year, Phoenix Investment House placed an emphasis on improving its performance in the field of mutual funds management. Phoenix Investment House works to increase its market share in passive and active funds, both through organic growth (by utilizing the combined sales function of the passive and active funds); it also works to establish its position as a leading investment house in the field of short-term to mid- asset management.

Furthermore, Phoenix Investment House works to expand its activity in the field of brokerage services to individuals and corporations through the TASE member by way of

recruiting new customers, while providing them a digital services offering which integrates all Group's areas of activity into the Investment House; Phoenix Investment House also works to increase total assets under management in portfolio management and Wealth Management.

Phoenix Investment House takes steps for and invests in purchasing and/or development of new digital platforms and operational systems in order to improve the service provided to its customers, expand the service and product mix available to customers and mitigate operational risks.

With regard to the Alternatives Subsegment, under the Company's strategic plan, during the reporting year Phoenix Advanced Investments Ltd. focused its activity on marketing investments in alternative funds. In order to establish a growth strategy, Phoenix Advanced Investments is working to diversify its product mix in collaboration with the world's largest investment management companies. The Company is working to expand its distribution function, in order to establish its position as a leading platform for asset marketing for wealth customers in Israel.

2.5.20. Risk management and compliance, control and supervision mechanisms

Phoenix Investment House has corporate governance activities for risk management, which includes three defense lines:

The first line of defense - the Investment House's business and operating units which undertake risks as part of their activities and participate in the processes of identifying and assessing risk, taking preventative measures, mitigating risks, and monitoring and reporting them. The second line of defense - the risk management department of each of the subsidiaries. The third line of defense - the board of directors, the committees of the board of directors and the internal auditing function.

Following is the structure of the Phoenix Investment House's risk management, control and monitoring function:

The risk management function is comprised of risk managers in the subsidiaries who report to the CEO of the relevant subsidiary and receive professional support from the head of financial models in Phoenix Investment House. The Risk Management Department of each subsidiary manages operational risks and financial risks (market, liquidity and credit risks) and the business continuity of the relevant company, in collaboration with the IT Systems Department. The department operates alongside the Legal Department, which is charged with managing legal and regulatory risk in Phoenix Investment House. Phoenix Investment House also has a group-level Compliance and Risk Department that is an independent headquarters unit which serves as an additional line of defense in the areas of risk and compliance; it will work to strengthen the compliance and controls function in order to pursue an integrated perspective, and to tighten the Phoenix Investment House's command and control capability.

In the framework of its risk-management function, the Investment House has a control function that examines, among other things, credit activities, risks and investments, including through credit and investment controllers.

In addition, the TASE Member has a compliance officer, who is in charge of compliance and Prohibition on money laundering. His role includes, among other things, monitoring the compliance of the relevant organs with the provisions of the laws applicable thereto, including the TASE Rules and Regulations and its guidelines.

IT risks, including cyber protection and information security are managed by the IT Department and the head of information security.

Phoenix Investment House appointed an officer in charge of privacy protection, whose role is to mitigate the privacy protection risks and report to subsidiaries' managements and boards of directors.

Phoenix Investment House conducts periodic risk and compliance surveys in accordance with the provisions of the relevant regulations and/or proactive surveys in order to increase the efficiency of its activities and maintain monitoring and control thereon. The risk surveys include mapping and identifying of risks in the Investment House's different areas of activity and the scope of exposure arising therefrom, as well as recommending steps to mitigate the risks. The risk and compliance surveys are presented to the Audit Committee and boards of directors of the companies whose activities were surveyed; based on the surveys, multiannual work plans are prepared to close the gaps and minimize risks in the audit, control, compliance and risk management areas.

Phoenix Investment House has an internal audit division that forms part of the Group's internal audit function and includes an internal auditor who is responsible, inter alia, for implementing annual and multi-year work plans for the internal audit function, and monitors implementation of findings and reporting.

In Phoenix Advanced Investments, the management of the various risks is coordinated under the Chief Risk Officer, the internal audit function, and the Group's Compliance Department. In addition, a dedicated control manager was appointed for this activity.

Some of the Investment House's subsidiaries have internal compliance programs for securities, as a direct result of the Improvement of the Israel Securities Authority's Compliance Procedures (Legislation Amendments) Law, 2011, and the Increasing Compliance in the Capital Market (Legislative Amendments) Law, 2011. Changes in these plans are approved by the Board of Directors of the relevant subsidiary from time to time. In addition, Phoenix Investment House adopted a Compliance Program in the field of competition laws.

2.5.21. Discussion of risk factors

The following table summarizes the key risk factors which may affect the course of the Investment House's business in its various areas of activity. Risks are described according to their nature - macroeconomic risks, industry-specific risks, and risks which are specific to the Investment House. The risks are ranked according to the assessment as to their effect on The Investment House's business as a whole made by The Investment House's management. For details, see Note 41 to the Financial Statements.

Type of risk	Summary description	The extent of effect on Phoenix Investment House's business
Macroeconomic risks	The economic conditions, including employment levels	Moderate
	Market risks	Moderate
Industry-specific risks	Market failure and illiquidity	High
	Decline in scope of activity and in the value of assets under Phoenix Investment House's management	Moderate
	Customer credit	Moderate
	Dependency on third parties and dependency on a supplier	Moderate
	Operational risks and trading errors	High
	Business continuity	High
	Regulatory risks and regulatory changes	High
	Legal risks and class actions	High
	Compliance risks	Moderate
	Competition	High
	Cyber risks	High
	Risks of implementation of AI systems	Moderate
Phoenix Investment House's specific risks	Human capital	Moderate
	Reputational risk	High
	Independent operation of ETFs	High

The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results may differ from that which is described herein. Forward-looking information refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as presented here, insofar as it becomes aware of any additional information in connection with such information.

2.6. Payments & Financing

2.6.1. General information about the segment

The Company's Payments & Financing Segment

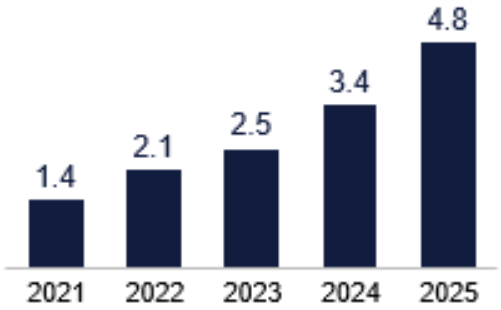
The Company operates in the Payments & Financing Segment through a number of Group companies, the main one of which is Phoenix Gama, which is wholly-owned by the Company.

Furthermore, the Group has a number of other credit entities that use the Group's nostro funds, and which are not included in the Payments & Financing Segment as of the report date, including mortgages for senior citizens[14] and other entities.[15]

As part of the execution of the strategic plan in the Payments & Financing Segment, and the wish to concentrate the Group's credit activity under a single arm in order to establish a significant credit activity arm within the Group, as from 2024, the activity was restructured, with Phoenix Construction Financing becoming wholly owned by Phoenix Gama as of January 1, 2024; in addition, Phoenix Retail Credit will be transferred under Phoenix Gama in 2025, as from January 1, 2025; for further details, see Section 1.2.7 above.

As of the report date, the total amount of the Group's credit activities managed by Phoenix Gama and its subsidiaries is approx. NIS 4.8 billion, as described in the following chart:

Total credit portfolio, in NIS billion:



Phoenix Gama - General

Phoenix Gama Ltd.[16] is a privately-held company wholly-owned by the Company, which provides payment services as an acquiring aggregator and credit services to companies, businesses, individuals, as well as credit for real estate and construction financing. Phoenix Gama's bonds and commercial papers are listed on the Tel Aviv Stock Exchange and accordingly it is classified as a reporting corporation. The following are the main activities of Phoenix Gama.[17]

[14] For details regarding Phoenix Mortgages (Gold), see Section 4.4.6.3 below.
[15] For details regarding the TASE Member in Phoenix Investment House, see Section 2.5.6.9.
[16] On March 24, 2026, Phoenix Gama changed its name from Gama Management and Clearing Ltd. to Phoenix Gama Ltd.
[17] For detailed information regarding all aspects of Phoenix Gama's activity, see Gama's 2025 report: (report dated February 26, 2026, Ref. No.: 2026-01-018361).

Phoenix Gama serves as the Group's credit arm and accordingly its areas of activity have expanded in recent years from financial payment services and credit services to SMEs in Israel to additional credit-related areas and customer types. Phoenix Gama's service offerings also includes credit for construction financing as from 2025, its service offerings are also expected to expand to credit to private customers following the transfer of Phoenix Retail Credit as a subsidiary of Phoenix Gama.

Phoenix Gama and its subsidiaries have approx. 26,700 thousand customers (of which approx. 20 thousand companies and businesses with the rest being private customers) (companies, businesses and a few private customers) which conducted transactions with it in the 12 months prior to the report date, to which Phoenix Gama provides financing solutions to address their credit needs and offers payment services and financial solutions. Phoenix Gama's business customers come from a range of sectors, including real estate, commerce, services, retail and industry in Israel.

Phoenix Gama has a customer base comprising thousands of business customers in the Payments & Financing, which includes trading and retail companies, including leading chain stores and Israeli commerce and services companies.

Phoenix Gama has independently-developed IT systems it uses to manage its activity during its years of activity and to provide services and information to customers, including systems for payment cards reconciliations. Alongside its credit card acquiring activity (as an aggregator) and credit card factoring, Phoenix Gama also offers credit to be used for its customers' business activity. Phoenix Gama works to leverage the synergy between its range of credit and finance products to generate added value to its customers, such as in the form of various types of credit offerings adapted to various dedicated objectives in accordance with the customers' various needs.

Phoenix Gama has a high credit rating reflecting its robustness and stability. Phoenix Gama has first been assigned a credit rating by Moody's in 2006, when it was a privately-held company. The latest assignment of rating took place on June 3, 2025, when Midroog assigned an Aa2 rating to Phoenix Gama's Bonds with a stable outlook, which was reiterated by Midroog on February 23, 2026. Furthermore, in January 2025, Phoenix Gama was also assigned a rating by S&P Maalot, and on January 13, 2026, S&P Maalot reiterated an ilAA long-term rating for Phoenix Gama and its bonds, with a stable outlook, and a short-term rating of ilA-1+.

Phoenix Gama issued marketable commercial papers (including during the reporting year), and as from the issuance date of the commercial papers, and as long as Phoenix Gama's securities include Commercial Papers, its activity is subject to capital adequacy and liquidity requirements, as set by the Commissioner under directives entitled Additional Equity and Liquidity Requirements Applicable to a Credit Provider with a Substantial Public Debt of August 28, 2023. Accordingly, as from June 16, 2024, Phoenix Gama is a corporation under prudential regulation as defined in Section 21(b)(8) to the Banking Law (Licensing), 1981.

Phoenix Gama subsidiaries

As of the report date, Phoenix Gama has four wholly-owned subsidiaries (100%) named: Gama Direct Personal Finance Ltd. (hereinafter - "**Gama Financing**") and Control Credit Adjustments Ltd. (hereinafter - "**Control**"), Phoenix Construction Financing, and Phoenix

Consumer Credit, which were incorporated in Israel. In addition, Phoenix Gama has a 50% stake in Caspogama Advanced Payment Solutions (2014) Ltd. and a 19.9% stake in EL AL Frequent Flyer Ltd.[18]

Gama's areas of activity

Both Phoenix Gama and Gama Financing hold an expanded license for the provision of credit and an extended license for the provision of services in financial assets from the Capital Market, Insurance and Savings Authority (hereinafter - the "**Capital Markets Authority**") in accordance with the Financial Services Supervision Law (Regulated Financial Services), 2016 (hereinafter - the "**Financial Services Law**"). Furthermore, in January 2025, the Bank of Israel confirmed that Phoenix Gama meets the criteria for assignment of an identification code for participation in regulated payment systems, and accordingly Gama was assigned an identification code (previously known as "bank code").In November 2025, Phoenix Gama completed the connection to MASAV's controlled payment systems, having obtained the approval of the Capital Market, Insurance and Savings Authority for the connection; as of the report date, it is an active user of the systems. Connecting to MASAV's payment systems enables Phoenix Gama to develop additional payment products and services, which are synergistic with its existing products and which will complement the range of products Phoenix Gama will be able to provide to its customers.

Phoenix Gama operates - on its own and through its subsidiaries in the following operating segments:

1. **Credit cards**

   As part of this activity, Phoenix Gama (itself and through Gama Finance) operates as an acquiring aggregator; i.e., it aggregates payment card debit and credit transactions for thousands of merchants, with the acquirer fee paid by the merchant being agreed upon between the merchant and Phoenix Gama.

   Furthermore, as part of its payment cards activity, Phoenix Gama provides merchants with the service of factoring payment card vouchers.

   The Company's revenues from its stake in EL AL Frequent Flyer are allocated to this segment.

2. **Credit for businesses**

   Under this activity, Phoenix Gama (itself and through Gama Finance) provides financing to business customers (including customers from the Credit Card Subsegment), most of which is provided against collateral, in respect of all or part of the loan amount, including a lien, usually a first-degree lien on assets, land and real estate; assignment or delivery of post-dated checks issued by third parties (an activity also known as checks discounting), and supplier financing (invoice financing); in addition, Gama also provides guarantees.

[18] In addition, as of the report publication date, additional shares - constituting 5% of EL AL Frequent Flyer Ltd.'s share capital - are held by the Company.

3. **Construction Financing**

This activity is carried out by Phoenix Construction Financing, a wholly-owned company of Phoenix Gama. Under this activity, Phoenix Construction Financing operates in the field of financing real estate development projects and land financing (mainly housing projects), as well as combination transactions, urban renewal, NOP 38/2 and raze and rebuild projects.

As of the report date, Phoenix Construction Financing also provides credit portfolio management services in the area of activity owned by Phoenix Insurance, and management and operation services regarding Sale Law policies and various guarantees provided by Phoenix Insurance, in consideration for annual management fees, all in accordance with a management services agreement signed between Phoenix Construction Financing and Phoenix Insurance, as detailed in Section 2.6.12 below (the material agreements section).

4. **Consumer credit**

This activity is carried out through a wholly-owned subsidiary of Phoenix Gama - Phoenix Consumer Credit. Phoenix Consumer Credit aims to expand the supply of credit to consumers, broaden the options available to them, increase competition, and offer customers loans through a short, transparent and flexible digital process. Credit is usually advanced without collateral, all in accordance with the customer's needs and Phoenix Gama's underwriting policy.

The following table provides data as to Phoenix Gama's overall annual transaction turnover in 2023-2025, in NIS million:

2025	2024	2023
47,897	43,558	38,718

Financial information about Gama's areas of activity:

Breakdown of financial data as of December 31, 2025 or 2025 (as the case may be) (in NIS thousand)

	Acquiring and factoring credit vouchers subsegment	Credit for businesses	Construction Financing	Consumer credit	Unattributed and adjustment	Total
Finance income	614,397	197,665	151,569	12,151	(446,099)	529,684
Finance expenses	446,099	108,180	50,759	4,775	(446,099)	163,714
Net finance income	168,298	89,485	100,810	7,377	-	365,970
Expenses for doubtful and bad debts	740	7,808	7,468	6,843	-	22,859
Selling and marketing expenses	167,558	81,677	93,342	534	-	343,111
General and administrative expenses	60,127	-	-		-	60,127
Pre-tax income in the period	227,685	81,677	93,342	534	-	403,238
Income taxes	69,132	56,242	14,883	23,809	-	164,066
Net income	3,491	2,840	533	1,432	-	8,296
Comprehensive income	155,062	22,595	77,926	(24,707)	-	230,876
Total assets	1,527,179	2,213,369	1,792,008	309,230	-	5,841,786

Breakdown of financial data as of December 31, 2024 or 2024 (as the case may be) (in NIS thousand)

	Acquiring and factoring credit vouchers subsegment	Credit for businesses	Construction Financing	Unattributed and adjustment	Total
Finance income	565,152	197,855	106,062	(413,974)	455,095
Finance expenses	413,974	103,160	26,564	(413,974)	129,724
Net finance income	151,178	94,695	79,498	-	325,371
Expenses for doubtful and bad debts	364	11,380	7,311	-	19,055
Selling and marketing expenses	-	-	-	6,096	6,096
General and administrative expenses	-	-	-	135,577	135,577
Pre-tax income in the period				-	164,643
Income taxes	-	-	-	47,653	47,653
Net income					116,990
Comprehensive income					116,990
Total assets	**1,933,207**	**1,988,914**	**1,168,180**	-	43,557,807

The nature of adjustments made to the financial data as of December 31, 2025 and December 31, 2024 is as follows:

In the Credit Card Activity - the breakdown of finance income presented in the table reflects Gama's turnovers with the merchants and financing entities in gross terms (without deducting finance expenses)

2.6.2. Key Developments in Phoenix Gama's Activity

Investments in the Gama's Equity and Transactions Involving its Shares

On January 1, 2025, Phoenix Gama allocated 449,069 shares to Phoenix Financial against the acquisition of all shares of Phoenix Consumer Credit by Phoenix Gama, such that Phoenix Consumer Credit became a wholly-owned subsidiary of Phoenix Gama.

On March 31, 2025, Phoenix Gama allocated 25,210,499 shares to Phoenix Financial, against the acquisition of Phoenix Financial's entire stake in EL AL Frequent Flyer Ltd.'s shares - approx. 19.9%.

Dividend distribution policy

According to Phoenix Gama's dividend distribution policy, the quarterly dividend rate will not be lower than 30% of the annual net income as per Gama's latest reviewed or audited consolidated financial statements, provided that the dividend distribution shall meet the requirements of the law, including dividend distribution tests prescribed by the Companies Law.

2.6.3. General environment and effect of external factors on Phoenix Gama's activity

The Israeli corporate credit market - covering the provision of credit to wholesale and retail companies and businesses from all operating segments of the Israeli economy - is mainly controlled by banking corporations and institutional entities. Other market players include the credit card companies, credit funds and non-bank credit companies. The consumer credit market is also controlled by the banking system; other market players include credit card companies, institutional entities (mainly credit backed by advanced education funds and provident funds) and non-bank financing companies.

In recent years, regulators introduced many regulatory measures aimed at regulating the field of financial services in Israel in general and the field of non-financial credit in particular, while increasing competition in these fields and providing consumers with a regulated alternative alongside or in collaboration with the services currently provided by banking corporations and institutional entities, while creating a licensing regime for market players in order, inter alia, to enable the connection of non-banking entities to the existing payments systems while keeping out entities that lack a reliable, stable infrastructure in order to protect the payments system and the interests of customers. Furthermore, the abovementioned regulatory measures are designed to exclude from the market companies, which do not operate in accordance with the standards set in the regulation in order to protect the interests of customers, and/or companies and entities involved in illegal activity.

In recent years regulators have also introduced regulatory measures aimed at increasing competition among entities providing the most common financial and banking services (following the recommendations of the "Strum Committee"); those new regulatory measures included, among other things, legislation whose aim was to increase competition and reduce concentration in the Israeli banking market, as well as to increase the competition in the acquiring market by regulating the activity of acquiring aggregators - a field in which Phoenix Gama operates under agreements with CAL and Isracard, alongside the legislation already in place, regulating the credit card factoring market.

Furthermore, in recent years we witnessed a trend of expansion in technological financial services and solutions; those included local and international payment apps, the entry of multinationals such as Apple Pay and Google Pay to the payments market, and the provision of credit through online platforms. This trend expanded the services offering and the potential of creating other regulated market players that will operate as an alternative to, alongside or in collaboration with banking corporations and institutional entities. This potential expansion of the means of payment offered to merchants is in line with Phoenix Gama's activity to date; Phoenix Gama's objective is to provide merchants solutions that will maximize value for them by providing them a one stop shot providing as many financial services and financing solutions as possible.

Under said regulation, on June 14, 2022, the Open Banking Reform began to come into force gradually, in accordance with **the Financial Information Service Law, 2021** (hereinafter - the "**Financial Information Service Law**"), that allows entities holding the required license to obtain, at the consent of the customer, online access to financial information about the customer from sources of financial information for the purpose of providing various services to the customer, including offering products or financial services to the customer. At the same time, the Financial Information Service Law requires sources of information that hold financial information pertaining to the customer to give financial information service providers online access to the customer's financial information (provided that the customer has given his/her consent).

In accordance with the Financial Information Service Law, an entity holding a license to provide credit, such as Phoenix Gama, may act as a provider of financial information services after obtaining the Capital Markets Authority's approval.

Furthermore, in accordance with an amendment to the Financial Information Service Law, which entered into effect in June 2025, an entity holding a license to provide credit, such as Phoenix Gama, is considered a source of information, which must provide access to credit-related financial information, including that of corporations. In addition, as from December 2026, a payment company (licensed to provide payment services) will be required to provide information regarding acquiring of payment-card transactions.

In addition, in June 6, 2023 The Regulation of Engagement in Payment Services and Payment Initiation Law, 2023 was published, which prescribes a new supervision and licensing regime for non-bank providers of payment services, which are not supervised by The Bank of Israel. The purpose of the law is to enable the entry of new market players into the payments market, including international entities, and to enter into law the payments services offering they will be allowed to offer, and thereby increase the competition in this field and allow the development of innovative financial products and services, that will contribute to the promotion of the Israeli payments markets, increase its efficiency and lead

to economy-wide cost savings as part of the execution of payment transactions, including of payment initiation services. The new law supplements the Payment Services Law, 2019, which enshrined the protections available to those who make payments and to beneficiaries with respect to payment services.

Concurrently with the regulation of the payment services as described above, the Bank of Israel also promotes processes and actions designed to increase the number of market players using the payment systems under its supervision and also allows the creation of channels for development of payment transfers in addition to the traditional means currently available through the banking corporations or credit card companies, including faster payments through MASAV payment accounts. In order to increase the number of market players and payment means as detailed above, the Bank of Israel also assigns identification codes to non-bank entities, which comply with the criteria for participating in the Bank of Israel's regulated payment systems. In January 2025, the Bank of Israel confirmed that Phoenix Gama meets the criteria for assignment of an identification code for participation in regulated payment systems, and accordingly Phoenix Gama was assigned an identification code. In November 2025, Phoenix Gama completed the development of the infrastructure required for connecting to MASAV's controlled payment systems, and as of the report date it is an active user thereof.

In November 2024, the Minister of Finance and the Governor of the Bank of Israel appointed an interministerial taskforce for assessing the measures to increase competition in the banking system for the retail sector (households and SMEs). The taskforce's mandate was to assess recommendations for encouraging small non-bank market players, and specifically payment companies, to obtain a bank license, such that they would be able to receive deposits from the public and advance credit to the retail sector. On March 31, 2025, the taskforce published an interim report for public comments, and after an assessment of the responses, on July 23, 2025 it published a summary report with final recommendations, which focused on removing restrictions and lowering entry barriers, which limit the introduction of new market players - including non-bank entities - into the banking system, including barriers pertaining to a bank's holding structure and requirements for obtaining a bank license - alongside maintaining the stability of the banking system, protecting its customers and addressing potential conflicts of interest. Most of the recommendations focused on increasing the number of potential market players which would be able to apply for a bank license; enabling a small bank to develop a flexible business model (including offering services which are currently not included in the banks' closed list of permitted occupations); adapting regulatory requirements to the scope and complexity of the banks' activities; allowing a financial holding company to simultaneously control an institutional entity and a bank whose assets will be capped at a certain amount set in the report, while ensuring that conflicts of interest between the bank and the institutional entity are avoided. The adoption of the recommendations requires legislative amendments and adjustments to the regulatory framework applied to banks by the Bank of Israel; under the discussions pertaining to the Economic Arrangements Law and the 2026 budget, the legislative amendments required for the implementation of the report's recommendations were introduced into the Knesset's legislative procedures and are under deliberation in the Committee on Public Projects, under Chapter I to the Law: Promoting Competition in the Banking Sector. If the draft bill is approved, non-bank entities will be encouraged to obtain a small-bank license, which will enable them to hold deposits and advance credit, thereby

facilitating a substantial development in the competitive capabilities of non-bank entities in the banking system with regard to services to the retail sector.

The Company believes that in the coming years all trends detailed in this chapter are expected to affect the trajectory of growth in the non-bank credit market, the payments market, and the provision of various financial services. Accordingly, on the one hand these developments may allow further growth in Phoenix Gama's activity, both in terms of the range of products it will be able to offer its customers, and in terms of the synergy between those products. On the other hand, the said regulation may also intensify the threat by competitors, both in terms of the number and range of market players, including the entry of international market players, and in terms of the number and range of the payment products available in the market, which may, for example, decrease the use of traditional means of payment, such as payment cards, which is Phoenix Gama's main focus of activity in the Credit Cards Subsegment.

2.6.4. General information about Phoenix Gama's areas of activity

Credit cards

The two key services in this subsegment are acquiring aggregator of payment cards and factoring of payment card vouchers. The services are provided to merchants, through Phoenix Gama and subsidiary Gama Finance. As of the date of this report, Phoenix Gama has a material acquiring aggregation agreement in place with CAL, and an immaterial acquiring aggregation agreement with Isracard.

Under Phoenix Gama's acquiring aggregation agreement with CAL, it was decided that Phoenix Gama will work to provide to merchants acquiring services as an aggregator through CAL. In view of Section 7B to the Banking Law (Service to Customers), 1981 (hereinafter - the "**Banking Law (Service to Customer)**") an acquirer is prohibited from terminating its agreement with the aggregator on unreasonable grounds. On February 27, 2025, Phoenix Gama and CAL signed a renewal of the acquiring aggregation agreement for further five years through December 31, 2029.

In order to provide the vouchers factoring services outside its activity as a acquiring aggregator, Phoenix Gama has in place agreements with the leading acquirers in Israel: CAL (including Diners), Isracard (including Premium Express Ltd. - American Express brand name) and Max; those agreements allow Phoenix Gama to provide payment card vouchers factoring services to merchants that have in place agreements with any of the said acquirers, with the latter undertaking - as part of the agreements - to pay Phoenix Gama the acquiring proceeds assigned to Phoenix Gama by the merchant. This activity falls under the category of factoring services under Section 7A to the Banking Law (Service to Customer), which imposes requirements on acquirers regarding engagements with providers of factoring services; under these requirements, the acquirers are not allowed to discriminate against a provider of voucher factoring services, including the acquirer's own factoring activity; acquirers are also not allowed to refuse an engagement between a provider of voucher factoring services and a merchant or to refuse an application to engage in execution of voucher factoring services, for unreasonable reasons.

In this area of activity, Phoenix Gama also offers its customers, and sometimes also merchants, which do not receive acquiring aggregator and factoring services from Phoenix Gama, a credit vouchers correlation service through the subsidiary Control, which allows the customer to achieve correlation between the payment cards transactions it executed and its receipts as per its books of accounts, including journal entries for its bookkeeping software.

Changes in the scope of operations and profitability of the subsegment

Phoenix Gama's acquiring aggregation agreement with CAL triggered competition in terms of the acquirer fees paid by merchants to acquirers and aggregators and to entities providing the acquiring services; the said agreement caused a decrease in acquirer fees and reduced many merchants' costs relating to transactions conducted with payment cards, especially small and medium merchants.

On the other hand, the significant increase in interest rates in Israel since mid-2022 also led to an increase in the costs incurred by merchants in respect of factoring of debit vouchers, such that in order to reduce the finance costs, some of the merchants limit the use of factoring of debit vouchers, whether by limiting the number of payments in transactions with their customers, or by partially or fully relinquishing those services.It is noted that the changes in interest rates during 2025 and through the report publication date, did not result in a substantial change in the use of debit-voucher factoring services.

Notwithstanding the above, in the reporting year Phoenix Gama increased the scope of activity in this subsegment.

Development in the subsegment's market, or changes in its customers' characteristics

The payment card vouchers acquiring and factoring market benefited from organic growth over the years as a result of population growth and improved living standards. Furthermore, in view of regulatory measures encouraging reduced use of cash and technological advancements, we are witnessing a transition from payment in cash to payment using other means of payments, such as payment cards, including digital means.In addition, the volume of activity in the market tends to increase during periods of sales promotions and peak retail events, such as Black Friday, during which there is usually an increase in transaction turnovers.

In addition, the Strum Reform and the changes in triggered in the market resulted with a less concentrated acquiring market and an increase in the market share of new players in the field of payment acquiring - acquiring aggregators, led by Phoenix Gama.

Technological changes that may have a material effect on the subsegment

The adoption of the EMV standard has made the use of payment cards by merchants even more secure. This process allowed the introduction of other innovative technologies and payment methods, such as contactless payments. In addition, the development of other innovative technologies in the field of payment cards accelerated the transition to e-commerce, including using technologies that secure the payment, such as 3d Secure. The payment cards market adopts new clearing technologies, both in physical terminals and through the Internet and e-commerce, alongside the development of advanced digital

payment options such as local and international payment apps (such as Apple Pay and Google Pay) and local and international digital wallets that offer various payment apps, through which transactions may be conducted both in physical terminals and online.

Currently, payment apps and digital wallets - including Apple Pay and Google Pay - operate through payment cards; accordingly, Phoenix Gama's acquiring and factoring services are also required for payments made using such methods. The introduction of technological and regulatory changes which allow direct payment from one account to another mature into a viable product, rather than through a payment card, specifically in terms of payments for goods and services bought physically from merchants and online payments for retail goods and services, may adversely affect payment card activity in Israel and consequently - Phoenix Gama's revenue and profit in this field.

Phoenix Gama continues to take steps to integrate its capabilities with the new means of payment and payment apps, in order to become a one stop shop offering a comprehensive solution for merchants encompassing all means of payment.

The development of authentication technologies allowed the regulator, which supervises Phoenix Gama's activity - the Capital Markets Authority - to adopt a policy that allows the recruitment of new customers using remote authentication, even in cases where customer authentication is required as part of the know your customer process for anti-money laundering purposes; this allows a more efficient and faster customer recruitment process in terms of resources invested by companies.

Credit for businesses

Under Phoenix Gama's growth strategy, and in view of its strengths and capabilities, Phoenix Gama serves as the Group's credit arm. As part of the above, Phoenix Gama transitioned from product-based management to customer-based management, bearing in mind all of the customer's needs and focusing on unique value propositions comprising a range of credit solutions, which are tailored to each customer. To this end, and in view of changes in the organizational structure in Phoenix Gama, and as a result thereof, Phoenix Gama also started reporting its activity under the Credit for Businesses segment, which includes all credit products offered to business customers. Under the activity in this segment, Phoenix Gama (itself and through Gama Finance) provides financing solutions for the business sector in Israel. Financing is provided to meet all credit needs of the business customer, and includes working capital financing, investment financing (including real estate investments), bridge loans to achieve development and growth, including provision of guarantees for business needs (hereinafter - "**Credit for Businesses**").

Segment structure and changes therein

The main players in the segment are banking corporations, institutional entities, credit card companies and non-banking financing entities.

Changes in the scope of operations and profitability of the subsegment

In view of the market's opening to competition, the regulation of the non-bank market, and the marketing activities of the various actors, Phoenix Gama estimates that the competition in these fields will continue to develop alongside a continued growth in non-bank activities.

The Company views the Credit for Businesses subsegments as one of Phoenix Gama's growth engines in the coming years, in particular in its capacity as the Company's credit arm, and therefore it works to expand its activity in this segment, both in terms of the size of its credit portfolio and types of credit products, and in terms of its customer mix, including credit to corporations. However, the intensification of competition in this segment both on the part of the banks and in view of the multiple non-bank players as stated above, affects the spreads in execution of the transactions.

Without derogating from the above, the effects of the substantial increase in interest rate in Israel since the second half of 2022 and the high interest levels during the reporting year - which led to an increase in the cost of financing for businesses - increased the risk associated with the segment, and also led to subsidence in demand for financing for investment in business development – also due to the effects of the Iron Swords War and the ensuing uncertainty, which caused businesses to cut costs and suspend development or investments, which require finance costs and are not necessary for conducting their operating activities. Due to the above, Phoenix Gama and the market as a whole experienced a reduction in the potential for providing credit at a given risk appetite, and consequently competition increased.

Technological changes that may have a material effect on the subsegment

The Company is of the opinion that the implementation of the open banking reform and the underwriting capabilities arising therefrom, which rely on technological capabilities of receiving information and analyzing it in real time, are expected to affect on the area of activity, both in terms of customers' switching between financing entities, and in terms of a more accurate underwriting capability, based on reliable real time information regarding the customer's position, that will enable resources savings during the underwriting process.

Construction Financing

Activity in the construction financing segment is carried out by a wholly-owned subsidiary of Phoenix Gama - Phoenix Construction Financing. The activity in this field is an integral part of the diverse set of financing solutions offered by Phoenix Gama and allows it to expand the basket of credit services its can provide its customers and its circle of real estate customers as well as the synergy between all the financing services and financial solutions, which Phoenix Gama can provide to Group's customers.

Segment structure and changes therein

A number of entities operate in the Construction Financing Subsegment, which provide construction financing services, including banks and insurance companies, non-banking credit companies, private financing funds, etc. The scope of activity in this subsegment has been on the rise in recent years for various reasons, such as an increase in the volume of transactions in the industry (and hence, an increase in the financing needs of the developers), an increase in financing rates, and accessibility of sources of financing to developers in the industry.

Changes in the scope of operations and profitability of the subsegment

In the reporting year, Phoenix Construction Financing increased the scope of its activity in the subsegment, and approved new transactions, some of which are expected to come to

fruition in 2026; the scope of activity also increased through the utilization of existing credit facilities of projects which received financing. The transactions are approved under strict underwriting processes and in accordance with Phoenix Gama's risk appetite.

Consumer credit

The activity of the Payments & Financing Segment is carried out through Phoenix Consumer Credit - a wholly-owned subsidiary of Phoenix Gama. Phoenix Consumer Credit aims to expand the supply of credit to consumers, broaden the options available to them, increase competition, and offer customers smart and personalized loans through a short digital process.

The credit advanced is general-purpose credit, which is designed to provide financing solutions for various purposes in accordance with customers' various financial, such as - for example - financing a trip abroad, home renovations or tuition fees, covering a bank overdraft, etc. The credit can be advanced with and without collateral, all in accordance with the customer's needs and the quality of the requested credit. As of the report date, substantially all of the credit portfolio is unsecured credit.

Phoenix Consumer Credit has the ability to carry out a fully-digital and rapid underwriting process within a few minutes in a way which allows it to offer solutions tailored to the customer's needs (for example, the loan's duration and the monthly repayment amount), while assessing the borrower's financial capabilities, using a customer-rating-based underwriting model, at an attractive price which reflects the estimated level of risk in this underwriting process.

Segment structure and changes therein

Banking corporations dominate most of the consumer credit activity, offering the broadest range of credit options compared to other market players. Other market players are the credit card companies, which offer unsecured consumer credit and car finance, and other non-bank credit companies, some of which advance loans to specific sectors in the retail market.

Changes in the scope of operations and profitability of the subsegment

The volume of retail credit activity in non-bank companies has increased in recent years, due to, among other things, the various regulatory and operational restrictions imposed on the banking system with respect to credit advanced to customers. In addition, technological developments which enabled the offering of fast and accessible digital solutions by non-bank credit companies, and specifically credit card companies, have substantially increased the volume of activity and improved the positioning of non-bank credit as a viable alternative to traditional bank financing offering attractive conditions.

Development in the subsegment's market, or changes in its customers' characteristics

The credit market is constantly evolving, growing and changing. Competition, crises and regulation have a substantial effect on this market.

2.6.5. Critical success factors in the area of activity and Changes therein

The following success factors may be listed in connection with Phoenix Gama's activity:

- **Goodwill**

  The reputation of Phoenix Gama and its managers is of crucial importance due to the nature of Phoenix Gama's activity. Phoenix Gama is a long-standing market player; over the years, it created a reputation as a reliable and professional company, which is financially stable and robust, and as a generator of competition in the business sector in Israel.

- **Liquidity and service availability**

  As a rule, services of the type provided by Phoenix Gama require liquidity levels that will allow the conducting of a large number of transactions, the recruitment of new customers and the provision of services to customers with large-scope activities. Liquidity is also a crucial factor when it comes to the availability of the service and to Gama's ability to provide quick, simple and efficient solutions that meet its customers' needs.

- **High-quality underwriting mechanisms in the field of compliance**

  Supported by a professional, long-serving and highly qualified team - which also includes the Analysis Unit, Phoenix Gama implements its underwriting and risk assessment policies. Phoenix Gama conducts ongoing controls over and monitoring of credit and money laundering risks, relying for that purpose on its knowhow and capabilities in this area.

- **Nationwide deployment of personnel on the ground**

  As of the report date, Phoenix Gama has a broad network of experienced and professional account managers with good knowledge of Phoenix Gama's customers, the market and competitors, most of whom also have many years of experience in Phoenix Gama, which are deployed nationwide and enable the provision of personal, professional and readily available services and a quick response time. A fast response time is a key consideration for customers.

- **High level of service**

  Phoenix Gama has a high-quality and efficient customer services function which combines human response with automated services.

- **Familiarity with the market and customized solutions**

  Gama's extensive and in-depth familiarity with the market allows it to understand the unique needs of its sub-markets, thereby giving it the insight required to customize solutions that meet the unique needs of its different customers.

- **Supportive technological systems**

  Over the years, Phoenix Gama has developed a dedicated technological system, which combines its vast experience and knowledge of its customers' needs. The system enables Phoenix Gama to provide customers with professional services, which are customized to their needs; it also enables Phoenix Gama to develop, where needed, new and additional products, which allow it to increase the value proposition to its customers and to serve as a one-stop-shop for all financial services they require in the Payments & Financing Segment, and in the credit card acquiring subsegment.A digital consumer credit platform which integrates all components of the credit value chain - sales, underwriting, loan origination, service, operation and collection.

2.6.6. Major entry and exit barriers in areas of activity

The following success factors may be listed in connection with Phoenix Gama's activity:

- **Requirement to comply with regulatory threshold**

  Generally, the engagement in Phoenix Gama's various areas of activity requires companies to comply with the provisions of the Financial Services Law and regulations promulgated thereunder, including when Phoenix Gama's volumes of activity are concerned, which require an extended financial service provider license for financial assets and an extended credit provision license, a permit to hold means of control in a financial service provider, and compliance with the relevant requirements of the Financial Services Law, as well as directives of the Capital Markets Authority published by it from time to time under its power to oversee Regulated Financial Services, which are regulated under this law.It is noted that as from June 2026, Phoenix Gama will be required to obtain a license from the Israel Securities Authority for its acquiring aggregation activity, which includes compliance with multiple requirements both in terms of equity, risk management, corporate governance, etc., by virtue of the provisions of the Regulation of Engagement in Payment Services and Payment Initiation Law. As of the report publication date, Phoenix Gama's permit from the Israel Securities Authority to engage in its activity as an acquiring aggregator has been extended.

- **Funding sources -**

  Phoenix Gama's various areas of activity require financial resources, including equity and the ability to raise funds from external sources under terms and conditions which will enable Phoenix Gama to offer competitive propositions relative to its competitors.

2.6.7. Customers

Credit cards

During the 12 months prior to December 31, 2025, approx. 19,000 customers conducted transactions with Phoenix Gama.

Phoenix Gama has a large, diverse customer base. Accordingly, in the opinion of Phoenix Gama and its managers, it is not dependent on a single customer or on a small number of customers, the loss of whom will have a material impact on this area of activity.

Phoenix Gama's customers in this subsegment are Israeli retailers, chain stores and service providers operating in various sectors, such as household electrical and electronics, food, fashion and clothing, tourism, auto-repair shops, air-conditioning, jewelry, medicine, homeware and gifts, coffee shops and restaurants and service providers. Phoenix Gama's customers in this subsegment are mainly limited liability companies and licensed dealers.

Credit for businesses

During the 12 months prior to December 31, 2025, approx. 2,900 customers conducted transactions with Phoenix Gama.

Phoenix Gama has a large, diverse customer base. Accordingly, in the opinion of Phoenix Gama and its managers, it is not dependent on a single customer or on a small number of customers, the loss of whom will have a material impact on this area of activity.

Phoenix Gama's customers in this subsegment are Israeli companies and businesses from various industries, including customers, which operate in the field of credit cards.

Construction Financing

As of the report date, Phoenix Gama's credit portfolio in this subsegment consists of dozens of projects; Phoenix Gama also manages the credit provided by Phoenix Insurance to dozens of other projects.

Phoenix Gama's customers in this area of activity are real estate developers active in project construction (mainly residential) in Israel, including some of the leading, most substantial companies in Israel's real estate market. Due to the said customer diversification, in the opinion of Phoenix Gama and its managers, it is not dependent on a single customer or on a small number of customers, the loss of whom will have a material impact on this area of activity. In addition, Phoenix Gama has no customer which accounts for 10% or more of Phoenix Gama's revenue as per its consolidated financial statements.

Consumer credit

During the 12 months prior to December 31, 2025, approx. 6,500 customers conducted transactions with Phoenix Gama in this field.

Phoenix Gama's primary target audience in this field comprises customers of the banking system and of the non-bank credit card companies, all in accordance with the compliance with Phoenix Gama's risk appetite and credit policy. Consumer credit is, by nature, a decentralized field characterized by many customers; therefore, as of the report date, there is no - nor is there expected to be - dependence on a single customer. In addition, Phoenix Gama has no single customer which accounts for 10% or more of Phoenix Gama's revenue as per its consolidated financial statements.

2.6.8. Competition

Credit cards

Phoenix Gama's key competitors are the acquiring companies that bring forward payments to merchants or conduct factoring of payment card vouchers, both directly and through subsidiaries (Isracard and its subsidiary Tzameret Mimunim, Max and its subsidiary Max It Discounting Ltd., CAL and its subsidiary Iatzil Finance).

The acquiring market in Israel has been active for decades. Through 2017, there were three main players in the market - Isracard, CAL and Max. Since 2017, following the Strum reform and subsequent legislative amendments, Phoenix Gama entered into an acquiring aggregation agreement with CAL and started substantial activities as an acquiring-aggregator. Phoenix Gama has generated competition in this market.

The turnover of transactions cleared through Gama as an acquiring aggregator in 2025 amounted to approx. NIS 23.2 billion (compared with approx. NIS 19.6 billion in 2024 and approx. NIS 16.2 billion in 2023). The total turnover reflects a continued and consistent increase in the number of merchants conducting their acquiring activities via Phoenix Gama, as well as the increase in business activity in Israel. Phoenix Gama is mainly active in the retail market and does not serve as an acquiring aggregator in the market of payments to the government, municipalities, institutional accounts (such as electricity, municipal taxes), fees, etc. Phoenix Gama does not have the data required to assess its market share in the relevant market.

Credit for businesses

Competition in this field in which Phoenix Gama is active has been intensifying following the entry of new players. The banks are the main players, as are institutional entities, credit funds and various non-banking financing companies.

Phoenix Gama is unable to quantify its market share in this field, since it does not have access to its competitors' data or to the data of other players in this field; however, it believes that its market share is very small.

Construction Financing

Competition in the field has been intensifying following the introduction of new players. Phoenix Construction Financing's main competitors are the banks, which are the primary players in the real estate financing market, both in terms of their market share and in terms of the number and types of transactions they finance. In addition to the banks, insurance companies, funds and non-bank credit companies also operate in this field. The Company believes that its ability to compete is facilitated by Phoenix Construction Financing's position as an active and well-established player in the sector with dozens of returning customers, which reflects the trust it has earned by virtue of its reputation, prices, the quality and range of the services it offers, along with its professional expertise, its experience and long-serving staff and the synergy of all Phoenix group companies, which enables Phoenix Construction Financing - as part of Phoenix group - to serve as a one-stop-shop for its customers and to issue (through the Company) various Sale Law policies and guarantees.

Phoenix Gama is unable to quantify Phoenix Construction Financing's market share in this field, since it does not have access to its competitors' data or to the data of other players in this field; however, it believes that its market share is small in relation to the current market size. Phoenix Gama continues its efforts to increase its market share in this segment.

Consumer credit

Competition in this field has been intensifying following the introduction of new players. Phoenix Consumer Credit's main competitors are the banks, which are the primary players in the consumer credit market, both in terms of their market share, the number and types of transactions they finance, and the underwriting information available to them regarding customers. Other competitors are the credit card companies, which have a relationship with the customers who hold a credit card they issued and posses real-time information regarding the customers' financial behavior. Furthermore, many non-banking credit companies also operate in this sector, some of which specialize in specific areas of activity.

2.6.9. Seasonality

Credit cards

This subsegment is mostly related to the activity of the Israeli retail market, and as such it is impacted by changes in trade volumes; thus, for example, sales increase before the Jewish holidays (the High Holidays and Passover) and, as a result, the volume of Gama's activities in this subsegment increases accordingly or declines during crisis periods, such as war, security events or exceptional economic events.

Credit for businesses

This subsegment is not affected by seasonality, and the latter is not expected to substantially affect the volume of Phoenix Gama's activity.

Construction Financing

This subsegment is not affected by seasonality, and the latter is not expected to substantially affect the volume of Phoenix Construction Financing's activity.

Consumer credit

This segment is not significantly affected by seasonality and accordingly, seasonality is not expected to have a material effect on the volume of activity.

2.6.10. Specific regulation

Phoenix Gama is subject to regulatory requirements and restrictions by virtue of the regulations relevant to all its areas of activity, as detailed below:

1. **Financial Services Law**

   The Financial Services Law stipulates, among other things, that entities engaged in the provision of financial services are required to have the relevant license; the said law also imposes restrictions and sets provisions applicable to those entities in

connection with the management of their business activity in the field of provision of financial services.

The process of obtaining a license for the provision of financial services may take time, and companies wishing to obtain such a license are required to adopt procedures (as stated in the licensing procedure for service providers in financial assets or the provision of credit published by the Capital Market Authority) and provide minimum equity in accordance with the provisions of the Financial Services Law.

The Commissioner of the Capital Market, Insurance, and Savings is charged with the application of the provisions of the Financial Services Law. In its capacity as the official charged with the application of the provisions of the said law, the Commissioner has extensive regulatory, compliance, and administrative review powers, including the power to impose monetary sanctions. Providers of financial services are required to comply with the Commissioner's directives and guidance as published from time to time.

In order to comply with and implement the provisions of the law, Phoenix Gama has adopted procedures and work processes and is also required to comply with the requirements of the Commissioner, as published from time to time. Failure to comply with the provisions of the law and/or the Commissioner's Directives may expose Phoenix Gama to financial sanctions, and in some cases even to revoke Phoenix Gama's license.

As of the report date both Phoenix Gama and Gama Financing hold an expanded license for the provision of credit and an extended license for the provision of services in financial assets. Furthermore, during the reporting period, Phoenix Gama received the Capital Market Authority's approval to renew Phoenix Consumer Credit's license through 2030.

2. Prohibition on Money Laundering Law

The purpose of the Prohibition on Money Laundering Law, 2000 (hereinafter - "**Prohibition on Money Laundering Law**") is to prevent money laundering in Israel through, inter alia, institutional entities and financial services providers. The regulation in this subsegment imposes two types of requirements on Phoenix Gama:

1) Requirements whereby risk management is not subject to discretion (hereinafter - "**Requirements of the First Type**"), such as: Quantitative monthly report to the Israel Money Laundering and Terror Financing Prohibition Authority (hereinafter - the "**Money Laundering Authority**"), management of a computerized database that includes, among other things, the details of customers, guarantors, beneficiaries, etc., know your customer procedure (KYC) and customer authentication in the manner stipulated in the Prohibition on Money Laundering Ordinance (Identification, Reporting and Record-Keeping Obligations of Credit Providers to Prevent Money Laundering and Financing of Terrorism), 2018;

2) Requirements subject to the exercise of discretion in risk management ("**Requirements of the Second Type**"), for example, a special report to the Money Laundering Authority regarding any "unusual transaction" of a customer (according to a long and open list of criteria), ongoing control over the customer's activity,

adaptation of controls to the existing familiarity with the customer, monitoring and assessing ongoing transactions / actions which are predicted to be unusual or have an increased potential risk.

3. Banknote Ordinance

A deferred receivable is a bill that has the characteristics set in the Banknote Ordinance. The Banknote Ordinance regulates the endorsement of a receivable (check) by one person to another, such that the rights attached to the receivable are transferred to the endorsee as well as the rights of a "holder in due course" of a banknote.

4. Law for Reducing the Use of Cash

In accordance with the recommendations of the Locker Committee, the Law for Reducing the Use of Cash, 2018 outlines a policy for reducing and limiting the use of cash as a means of payment in the Israeli economy, with the main objectives being taking action against "black capital", economic crimes and money laundering, and expanding the tools available to the government in its efforts to achieve those objectives.

Furthermore, the law sets restrictions on endorsement of checks whose amount is higher than NIS 10,000; however, the said restrictions do not apply to endorsement in favor of a regulated financial entity; nevertheless, restrictions have been placed as to the number of endorsements and the identity of the endorsers. The Minister of Finance may stipulate that such endorsement shall be carried out only with respect to services they prescribed; however, as of the report date, no such restrictive provisions were prescribed.

5. The Fair Lending Law

The Fair Credit Law applies to loans extended by lenders to individuals or licensed dealers (that is to say - it does not apply to loans extended to corporations other than those types of corporations specified by the Minister of Justice).

The objective of the Fair Credit Law is to protect consumers in the credit market and increase the competition in this field by setting the maximum cost of a loan, which is not linked to the consumer price index, and by prescribing that the actual cost of the loan, as defined in the Fair Credit Law, shall not exceed the said maximum cost.

It is also prescribed that the maximum rate of arrears interest imposed on such loans shall not exceed 1.2 times the interest payable on the loans.

Furthermore, the Fair Credit Law prescribes disclosure requirements applicable to lenders in respect of each credit transaction; the aim of this provision is to protect borrowers.

6. Credit Data Law

The Credit Data Law, 2016 aims to reduce any asymmetry in connection with financial information, increase the competition in the retail credit market as well as the accessibility of credit, reduce the discrimination in the process of granting credit as well as the economic gaps, and create a database of non-identifying information to

be used by the Bank of Israel in carrying out its functions.

Phoenix Gama is registered both as a source of information and as an authorized user in connection with the Bank of Israel's credit database under the said law, and in light of this it transfers to the database information that the Bank of Israel manages, and on the other hand is entitled to receive information from the database, all in accordance with the provisions of the said law and the obligations imposed on Phoenix Gama due to that law.

7. Payment Services Law, 2019

The law, which came into force in October 2020, cancels the Payment Cards Law, 1986, and regulates, among other things, various aspects of the relationships between the provider of payment services and a payer, and between the provider of payment services and a beneficiary (the merchant), when means of payment are used; this law includes provisions whereby the provider of payment services shall transfer funds to the merchant immediately or within a reasonable period of time agreed upon with the merchant; the law also prescribes general provisions regarding the execution of payment orders and liability arrangements pertaining thereto. Phoenix Gama's work processes and set of agreements comply with the provisions of the law.

8. Regulation of Engagement in Payment Services and Payment Initiation Law, 2023

In June 2024, the Regulation of Engagement in Payment Services and Payment Initiation Law, 2023 (hereinafter - the "**Regulation of Engagement in Payment Services Law**") went into force. The Regulation of Engagement in Payment Services and Payment Initiation Law provides for a new supervision and licensing regime by the Israel Securities Authority, which will apply to providers of payment services, which are not supervised by The Bank of Israel; it prescribes a range of provisions regarding the activity of license holders. The law is designed to encourage competition in the field and allow Israeli and foreign non-banking entities to be market players alongside traditional banking institutions. In accordance with the Transitional Provisions of the Regulation of Engagement in Payment Services and Payment Initiation Law, Phoenix Gama, which currently holds a license for the provision of services in financial assets by virtue of the Financial Services Law, will be permitted to continue its engagement in the field of payment services without having to hold a license under the new law until June 2026. During 2024, the Israel Securities Authority published the licensing rules for providers of payment services and processors of basic payments, which require each license applicant to provide details regarding the applicant's reliability, description of the IT systems available to them, explanations regarding compliance with the capital requirements, which will be backed by evidence, etc. At present, Phoenix Gama believes that it will not be materially affected by the law; this without ruling out the possibility that the law will allow Phoenix Gama to expand the range of payment services it can provide to its customers, not only as a acquiring aggregator, and to the extent that Phoenix Gama sees fit, it will file a license application under the law even before the end of the transitional period.

The provisions of the Regulation of Engagement in Payment Services and Payment Initiation Law came into force gradually as from June 6, 2024 (hereinafter - the "**Effective Date**"). The new law will regulate a new supervision and licensing regime by the Israel Securities Authority, which will apply to providers of payment services, which are not supervised by The Bank of Israel; it prescribes a range of provisions regarding the activity of license holders. Phoenix Gama, which currently holds a license for the provision of services in financial assets by virtue of the Financial Services Law, will be allowed to continue its engagement in the field of payment services without having to hold a license under the new law for up to 24 months from the Effective Date (provided that it notifies this to the Israel Securities Authority and files a license application within 18 months from the Effective Date - a notice which was already filed by Phoenix Gama) (hereinafter - the "**Transitional Provisions**"). The Israel Securities Authority started publishing the first procedures regarding the supervision regime as per the law, and regarding the licensing process that will include an assessment of the applicant's business plan, a requirement to meet capital requirements, assessment of the technological means of the license holder, etc. At this time, Phoenix Gama believes that the law will not have a material effect thereon once it comes into force.

9. **In accordance with the Transitional Provisions, in January 2025 Phoenix Gama announced its intention to submit a payment services license application and on December 6, 2025, it submitted an application for a payment management services license both with respect to its existing activity as an acquiring aggregator and with respect to new activities comprising payment accounts, basic payment initiation and payment transfers. As of the report publication date, Phoenix Gama is still in the process of obtaining the license, and on February 24, 2026 its permit from the Israel Securities Authority to engage in its activity as an acquiring aggregator has been extended in accordance with the Transitional Provision set in Section 81(b) to the Regulation of Engagement in Payment Services and Payment Initiation Law.**

10. **Privacy Protection Law -**

The Privacy Protection Law and the regulations promulgated thereunder require each company with respect to the databases it owns and possesses, among other things, to assess its databases and determine the level of security required therein. Phoenix Gama has lawfully registered databases. Phoenix Gama operates in accordance with the regulations in order to ensure that the appropriate security level is maintained and that the information it holds is protected in accordance with the provisions of the law.

11. **Insolvency Law**

The provisions of the Insolvency and Economic Rehabilitation Law, 2018 focus or rehabilitation of corporations and debtors. The provisions of said law work for the benefit of debtors, but do not allow them to evade paying debts; therefore, Phoenix Gama believes that the law's impact on its activities shall not be material or different than its impact on other financial entities.

12. **Banking Law (Licensing) -**

Section 21 of the Banking Law (Licensing) prohibits corporations, which are not banking corporations to engage in: (1) Receipt of financial deposits and the provision of credit at the same time; and (2) issuance of securities that require a prospectus under section 15 to the Securities Law, and provision of credit at the same time. Under the section, various restrictions have been set affecting Phoenix Gama in connection with the securities it issued and may issue in the future, mainly binding provisions regarding capital adequacy and liquidity.

13. **Restrictions under the acquiring aggregator agreement**

In accordance with the provisions of the acquiring aggregator agreement, Phoenix Gama undertook not to conduct cross-border acquiring activities, i.e. - not to conduct acquiring transactions for foreign merchants, as this term is defined in the acquiring aggregator agreement.

14. **DSS V3.2.1 PCI Standard**

Phoenix Gama is PCI compliant. The purpose of the PCI standard is to secure the sensitive data handled by organizations operating in the payment card industry (data that allow the execution of transactions). The standard defines the security level required from entities handling payment cards numbers, with the level of security being in line with the amount of data. Phoenix Gama is classified to the highest security level.

The standard defines how data are to be saved and the requirements an entity needs to comply with in order to expose them. The standard requires entities to pass a strict annual assessment by a Qualified Security Assessor, at the end of which organizations receive an annual certificate saying that they are PCI compliant.

2.6.11. Financing

As of the report date, Phoenix Gama funds its activity using own sources, funds received from banks and institutional entities (mainly through direct loans, capital raising and by way of issuing bonds to institutional entities and commercial papers).

Details regarding the effective interest rate and average interest on loans received from banks and non-bank entities, divided into short-term and long-term loans:

For 2025

Item	Effective interest rate (within range)	Average interest rate (within the range)
Bank credit sources - Short-term loans	5.0%-5.5%	5.0%-5.5%
Bank credit sources - Long-term loans	5.0%-5.5%	5.0%-5.5%
Institutional entities - Short-term loans	7%-6%	7%-6%
Institutional entities - Long-term loans	5.5%-6%	5.5%-6%
Bonds (Series C)	5.91%	5.85%
Bonds (Series B)	3.22%	3.00%
Bonds (Series D)	5.46%	5.21%
Commercial Papers (Series 2)	4.5-5%	4.5-5%
Commercial Papers (Series 3)	4.5-5%	4.5-5%
Commercial Papers (Series 4)	4.5-5%	4.5-5%

For 2024

Item	Effective interest rate (within range)	Effective interest rate (within range)
Bank credit sources - Short-term loans	6%-5.5%	6%-5.5%
Bank credit sources - Long-term loans	5.5%-6%	5.5%-6%
Institutional entities - Short-term loans	6%-7%	6%-7%
Institutional entities - Long-term loans	7%-6%	7%-6%
Bonds (Series C)	5.91%	5.85%
Bonds (Series B)	3.22%	3.00%
Commercial Papers (Series 2)	5.5%-5%	5.5%-5%
Commercial Papers (Series 3)	4.5%-5%	4.5%-5%

Loans taken by Phoenix Gama from institutional and banking entities (in NIS thousand), interest rates payable thereon and their term:

Lender	Date of loan provision	Purpose of the loan	The loan amount - in NIS million	Balance as of December 31, 2025 (estimated value)	Balance as of December 31, 2024 (estimated value)	Loan period in years	Annual interest (within a range)	Collateral (*)
Institutional entity A	7/2023	Financing a real estate portfolio	100	-	89	3.0	Between Prime and Prime + 1%	Pledging of receivables
Institutional entity B	09/2021 and extension in 12/2024	Financing a real estate portfolio	200	200	200	3.0	Ranging from Prime minus 0.50% to Prime minus 0.50%	Pledging of receivables + financing agreements
Banking corporation A	09/24	Operating activity	350	350	350	2.5	Ranging from Prime minus 0.25% to Prime minus 0.75%	-
Banking corporation B	09/2024 and extension in 09/2025	Operating activity	350	350	350	2.7	Ranging from Prime minus 0.25% to Prime minus 0.75%	-
Banking corporation C	10/24	Operating activity	50	-	50	1.0	Between Prime and Prime - 0.5%	-
Banking corporation D	09/25	Operating activity	400	400	-	3.5	Ranging from Prime minus 0.25% to Prime minus 0.75%	-

(*) The amount of pledged receivables provided as collateral to the credit providers exceeds the balance of Phoenix Gama's outstanding debt to those credit providers. In the event that the collateral are realized, the institutional entities that provided the loan can use them to repay the debt owed to them, and the remaining balance of pledged receivables shall be used to repay Phoenix Gama's debts to its unsecured creditors.

Credit facilities

By virtue of a credit facility's instrument of approval of January 3, 2023, Phoenix Gama has in place a credit facility of approx. NIS 200 million from a bank; the facility will expire on December 31, 2026. The credit facility's instrument of approval sets out a number of preliminary conditions for the utilization of the credit facility, including, inter alia, a

requirement whereby the credit will be extended against receivables deposited with Phoenix Gama's accounts with that bank, with those receivables being pledged in favor of the said bank.

As of the report date, this facility has not been utilized.

On January 3, 2023, Phoenix Gama's Board of Directors approved the receipt of a fixed credit facility from another bank; the amount of the credit facility is NIS 100 million, and it is due to expire on April 30, 2026. The credit facility's instrument of approval sets out a number of preliminary conditions for the utilization of the credit facility, including, inter alia, a requirement whereby the credit will be extended against receivables deposited with Phoenix Gama's accounts with that bank, with those receivables being pledged in favor of the said bank.

As of the report date, this facility has not been utilized.

2.6.12. Material agreements

Acquiring aggregator agreement

On July 6, 2017, an agreement was signed for the first time between Phoenix Gama and CAL, according to which Phoenix Gama will act as an acquiring aggregator. Over the agreement term, several addenda and revisions were also signed. In view of the provisions of Section 7B to the Banking Law (Service to Customers), an acquirer is prohibited from terminating its agreement with the aggregator on unreasonable grounds.

By virtue of the agreement, Phoenix Gama shall provide acquiring aggregator services to merchants through CAL, which delivers to Phoenix Gama the transactions' proceeds less a variable fee, which is derived from the overall turnover of all merchants that worked with CAL using Phoenix Gama's acquiring aggregator services during that month. Phoenix Gama credits the merchants in accordance with the agreements between the merchants and Phoenix Gama.

The agreement sets out instances in which CAL will be allowed to terminate the agreement with immediate effect, including if the regulations or tariffs of the international payment cards organizations will be modified in a way that will impact the execution of the agreement; if the agreement between CAL and the other payment cards companies shall be changed in a manner which makes it impossible or difficult to execute the agreement; if an instruction or a decision to do so is issued by the Israel Competition Authority; if an issuer refuses to pay CAL the vouchers' consideration.

CAL is required to approve each of Phoenix Gama's engagements with merchants, provided that its decision is reasonable and lawful. The acquiring aggregation agreement with CAL expired on January 5, 2025, in accordance with the terms of the agreement, and on February 27, 2025, Phoenix Gama signed a renewal of the acquiring aggregation agreement for further 5 years, retroactively, from January 1, 2025 through December 31, 2029. Under the renewal of the agreement, the parties reached new commercial agreements, in order to expand the cooperation between the companies, and strengthened the ability to recruit new merchants to the aggregator services. The terms of renewal of the agreement are expected to lead to an increase in the volume of the acquiring activity in CAL by customers of merchants, which entered into an acquiring aggregator agreement with

Phoenix Gama, and to an increase in Phoenix Gama's revenues from the aggregator activity.

Furthermore, on November 29, 2022, Phoenix Gama entered into an acquiring aggregator agreement with Premium Express Ltd., as subsidiary of Isracard in connection with the American Express brand.

Agreement with Matrix IT ERP Solutions Ltd. (hereinafter - "Matrix")

For details regarding the agreement, see Section 2.6.16 below.

Engagements with payment card companies for the provision of payment card vouchers factoring services

On November 21, 1999, Phoenix Gama and Isracard entered into an agreement whereby Phoenix Gama shall provide payment card vouchers factoring services to merchants who use Isracard's acquiring services; under the said agreement, Isracard has undertaken to pay Phoenix Gama the vouchers' proceeds that will be assigned to Phoenix Gama by the merchants. Each of the parties may terminate the agreement by giving a 30-day advance notice.

On November 2, 2004, Phoenix Gama and Isracard entered into an agreement whereby Phoenix Gama shall provide payment card vouchers factoring services to merchants who use Max's acquiring services; under the said agreement, Max has undertaken to pay Phoenix Gama the vouchers' proceeds that will be assigned to Phoenix Gama by the merchants. Subject to the terms of the agreement, it shall be renewed automatically every two years, unless one of the parties has informed the other (by giving it a 60-day advance notice) that it does not wish to extend the term of the agreement.

On March 1, 2011, Phoenix Gama and CAL entered into an agreement whereby Phoenix Gama shall provide payment card voucher factoring services to merchants who use CAL 's acquiring services; under the said agreement, CAL has undertaken to pay Phoenix Gama the vouchers' proceeds that will be assigned to Phoenix Gama by the merchants. The agreement was signed following a previous agreement signed between the parties. Subject to the terms of the agreement, it shall be renewed automatically every two years, unless one of the parties has informed the other (by giving it a 60-day advance notice) that it does not wish to extend the term of the agreement.

It is noted that in August 2011, subsequent to the signing of the said agreements, Section 7A to the Banking Law (Service to Customers) was enacted, whereby an acquirer shall only be allowed to refuse entering into engagement with entity providing payment card vouchers factoring services for reasonable reasons and as provided by law; therefore, the expiry of Phoenix Gama's said agreements is subject to the provisions of said law.

Agreements for assignment by way of sale of payment card transaction vouchers to banks

In 2015-2016 Phoenix Gama entered into separate agreements with Bank Leumi le-Israel B.M., Bank Hapoalim Ltd., Israel Discount Bank Ltd., and Mizrahi Tefahot Bank Ltd., for the execution of assignment transactions by way of sale of Phoenix Gama's rights to receive funds in respect of the factoring of payment card transaction vouchers, which were assigned to Phoenix Gama by merchants.

As part of the agreements with the banks, it was agreed that Phoenix Gama shall irrevocably assign to each of the banks, by way of sale, its rights to receive funds in respect of vouchers cleared for certain merchants by a certain acquirer, in connection with management and factoring agreements signed between Phoenix Gama and the merchants, whereby the merchants assigned to Phoenix Gama their rights to receive funds from the acquiring services entities in respect of payment card transaction vouchers executed with cardholders. Pursuant to the provisions of the agreements with the banks, Phoenix Gama gave the acquirers an irrevocable order to deposit the proceeds in respect of the vouchers directly with the bank. Phoenix Gama makes a representation to each bank regarding the nature of the vouchers, and insofar as the representations are found to be incorrect in respect of any of the vouchers, Phoenix Gama will refund the voucher's proceeds to the bank that purchased it. Based on past experience, Phoenix Gama believes that its exposure in respect of those representations is very negligible. In practice, the volume of vouchers that banks return to Phoenix Gama is negligible.

Each such bank has the right not to approve the factoring request submitted to it by Phoenix Gama and not to buy the consideration, provided that they notify Phoenix Gama on the same day on which the factoring request was submitted.

Each of the agreements with the banks may be terminated by each of the parties, at any given time and for any reason, by giving a 30-day advance notice.

In consideration for the sale of the rights, each such bank shall pay Phoenix Gama, upon the execution of the factoring, 100% of the net consideration amount, less any refunds from the previous considerations, and less the discount fees, which will be calculated on the basis of the annual interest set in the agreement. The discount fees will be calculated as from the date of factoring until the expected repayment of the considerations by the acquirers.

In accordance with each of the agreements, the relevant bank has the option to limit the scope of voucher purchases from Phoenix Gama.

Each of the acquirers has agreed to the assignment of the vouchers from Phoenix Gama to the relevant bank and the payment of the funds due to it in respect of the vouchers to account of the relevant bank. The agreement by Isracard's acquirer is limited in time and extended by Isracard from time to time, usually for a period of one year.

Subject to the agreements for the sale of the payment card transaction vouchers, Phoenix Gama entered into agreements with each of the said banks for the purpose of regulating Phoenix Gama's activities with the relevant bank.

Agreement for the provision of credit management services and Sale Law guarantees between Phoenix Insurance and Phoenix Construction Financing

On February 8, 2024, a management services agreement was signed between Phoenix Construction Financing and Phoenix Insurance (hereinafter - the "**Management Services Agreement**") by virtue of which Phoenix Construction Financing provides management services to the credit portfolio under the construction financing activity of Phoenix Insurance and manages and operates - for Phoenix Insurance - the provision of Sale Law policies and various guarantees, in consideration for annual management fees.

As part of the abovementioned management services, Phoenix Construction Financing manages the transaction analysis, whether Phoenix Insurance's participation is expressed in the provision of credit alongside Phoenix Construction Financing or in the issuance of the policies alone, approval of each transaction in accordance with the authorizations hierarchies in Phoenix Insurance, conducting legal negotiations to formulate an agreement at terms generally accepted in the subsegment, transaction financing, current management of financing services in a financed project and collateral management.

In addition, on February 8, 2024, a master Cooperation Agreement was signed between Phoenix Construction Financing and Phoenix Insurance (hereinafter - the "**Cooperation Agreement**"), which sets the principles of collaboration between the companies with respect to existing projects and future projects. In accordance with the provisions of the agreement, it was determined that in future projects which will be assessed by Phoenix Construction Financing for the purpose of providing credit, insofar as the credit for those projects meets certain criteria set in the Cooperation Agreement, Phoenix Insurance will receive a proposal to collaborate in the provision of financing for the project together with Phoenix Construction Financing. It was also stipulated that in all projects financed by Phoenix Construction Financing, Phoenix Insurance will be asked to provide a Sale Law policy. The Company's participation in the provision of credit to future projects will be assessed in accordance with the parameters set in the Cooperation Agreement and Phoenix Insurance's policies and at its discretion. The Cooperation Agreement also set decision-making mechanisms regarding various events over the life of a financed project.

The Cooperation Agreement is valid until the end of 2026, but its provisions will remain in force even after its termination with regard to projects signed or approved through the end of the agreement term.

Phoenix Consumer Credit's agreement with Matrix

In June 2023, Phoenix Consumer Credit and Matrix signed an agreement for the provision - by Matrix - of an end-to-end solution enabling the setting up, maintaining, operating, management and development of consumer credit origination activities.

Subsequent to the completion of the launching stage, in November 2024, the services provided are development, customization, supply, installation on cloud infrastructure, implementation, integration, management, operation, training, support and maintenance while complying with the full set of relevant regulatory provisions.

The payment to Matrix is composed of a payment with respect to Software as a Service agreement (SaaS) (integrating all components of the credit value chain - sales, underwriting, loan origination, service, operation and collection), and ongoing annual development services.

Agreement with Phoenix Insurance and Phoenix Pension & Provident

On May 11, 2025, a loan-servicing agreement was signed between Phoenix Consumer Credit, Phoenix Insurance and Phoenix Pension & Provident Ltd., under which Phoenix Consumer Credit provides a system for the sale of credit and head office services for the underwriting, advancement and servicing of loans against the accrued savings balance of planholders and policyholders, subject to the applicable regulation, in accordance with the Service Level Agreement (SLA) set between the parties, in order to streamline Phoenix

Provident's function charged with provision of loans to retail customers and to increase the digitization of its origination and servicing processes with respect to such loans - in order to improve the service experience of Phoenix Provident's customers.

In respect of these services, Phoenix Consumer Credit is entitled to consideration from Phoenix Provident and Phoenix Insurance in accordance with the settling of accounts mechanism set between the parties, which is also designed, among other things, to serve as indemnity with respect of the development expenses incurred by Phoenix Consumer Credit in order to provide this infrastructure to Phoenix Provident and Phoenix Insurance.

This agreement expires on December 31, 2027, and will be renewed automatically for a period of three years, subject to its approval by the competent organs of Phoenix Consumer Credit and the Company.

Agreement with Phoenix Insurance

On May 11, 2025, Phoenix Consumer Credit and Phoenix Insurance signed a services provision agreement, under which Phoenix Insurance provides technological services to Phoenix Consumer Credit (including CTO services, technological staff and information security services), and head quarter, marketing, sales and advertising services (hereinafter in this section - "**Phoenix Insurance's Services**"), with Phoenix Consumer Credit bearing the actual costs of Phoenix Insurance's Services.

This agreement expires on December 31, 2027, and will be renewed automatically for a period of three years, subject to its approval by the competent organs of Phoenix Consumer Credit and the Company.

Agreement with the Company

The Company participates in Phoenix Gama's marketing expenses at immaterial amounts contingent on the volume of Phoenix Gama's marketing activities, noting that the marketing carried out by Phoenix Consumer Credit enhances Phoenix's brand, specifically as a financial group.

2.6.13. Marketing, distribution and support

Phoenix Gama's marketing, distribution and support activities are carried out through several channels: Phoenix Gama has a team of experienced customer portfolio managers, many of whom have been working for Phoenix Gama for many years; members of this team are deployed nationwide and engage in provision of services to customers and in customer retention through personal connections and in-depth understanding of the financing needs of the business, both in providing additional value propositions to customers and in recruiting new customers. Furthermore, Phoenix Gama has a marketing call center, which deals with incoming leads from Phoenix Gama's advertisements on various media channels, recruits new customers and expands the value proposition of Phoenix Gama to existing customers.

The branding as "Phoenix Gama" reflects the fact that Phoenix Gama is a wholly-owned subsidiary of the Company, and consequently the financial strength and robustness arising from this status.

Phoenix Gama subsidiaries - Phoenix Construction Financing and Phoenix Retail Credit are used to conduct dedicated marketing activity for the credit subsegments, which is suitable for the relevant target audience, through professional conferences, collaborations, campaigns, exposure in the various media, etc.

2.6.14. Intangible assets

Phoenix Gama has set out an in-house computing function charged with the running of Phoenix Gama's IT systems which are based on Matrix's systems. Every year, Phoenix Gama invests great efforts in upgrading, developing and maintaining the IT systems and technological infrastructures and adapting them to its needs.

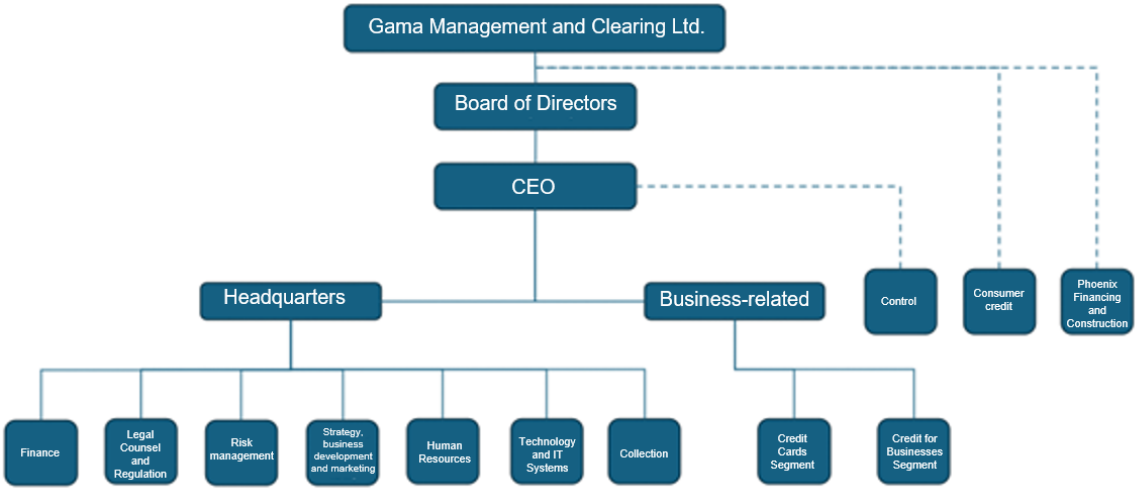
Phoenix Gama maintains a remote disaster recovery site and practices the use of that site that will be used as its main site in case of an emergency (the shutdown of the main site).

Phoenix Gama has six verbal registered trademarks.

2.6.15. Human capital

As of the report date, Phoenix Gama's workforce comprises 230 employees and managers (including service providers and IT employees under a service agreement with Matrix) working full- or part-time. Labor relations in Phoenix Gama are good.

Description of Phoenix Gama's organizational structure



Benefits and the nature of Phoenix Gama employees' employment agreements

Phoenix Gama's employees are employed through personal agreements. The employees' terms of employment include, among other things, salary (Phoenix Gama employees are paid overtime or a "global compensation" component), contributions towards pension and advanced education fund. The employees are also entitled to paid sick leave, paid annual leave and recreation pay as is generally accepted in Phoenix Gama and based on the number of years they have been employed by Phoenix Gama.

Phoenix Gama periodically awards an annual discretionary bonus to its employees subject to meeting business targets and taking into account its actual business results.

In November 2023, Phoenix Gama's Compensation Committee and Board of Directors approved a new equity compensation plan (as a privately-held company) for officers, managers and employees of Phoenix Gama and the Phoenix group, by virtue of which the Company's Board of Directors approved the award of options to Phoenix Gama's shares, to employees and officers of Phoenix Gama and the Company, on January 31, 2024 and March 4, 2024.

On June 13, 2024, Phoenix Gama granted the request of the National Labor Federation in Eretz-Israel and recognized it as the representative workers union of Phoenix Gama employees. Accordingly, during September 2024, Phoenix Gama commenced negotiations for a collective agreement in Phoenix Gama. As of the report date, negotiations are still underway with the National Labor Federation, which has not yet reached understandings with Phoenix Gama, which enable the signing of a collective agreement.

2.6.16. Suppliers and Service Providers

As of the report date, Phoenix Gama has an engagement with a material supplier - Matrix IT ERP Solutions Ltd. (hereinafter - "**Matrix**").

In 1998, Matrix granted Phoenix Gama a non-exclusive license to use a software it developed. Over the years software were developed which are used exclusively by Phoenix Gama as part of its payment card factoring activities. The development is conducted, inter alia, through Matrix's software developers who work at Phoenix Gama's offices.

In July 2005 Matrix signed a document titled "Continued Joint Work Relations" in which it clarified that the systems and code which were developed for Phoenix Gama are exclusive to Phoenix Gama and Phoenix Gama has exclusive rights of use therein, such that those systems and code shall not constitute part of Matrix's systems, without first obtaining Phoenix Gama's written consent.

2.6.17. Legal proceedings

As of the report date, Phoenix Gama or its subsidiaries are not parties to material legal proceedings.

2.6.18. Objectives and strategy

It is the Company's business strategy to turn Phoenix Gama into the Group's credit arm, and into a leading credit firm with a broad credit product offering to a wide range of customers. Phoenix Gama works consistently to develop from a leading credit entity operating mainly in the fields of credit cards and business financing, to the Group's credit arm serving other customer segments, both through organic growth and through the inclusion of additional substantial credit activities.

Under this activity, at the beginning of 2024 Phoenix Gama entered into the construction financing activity by accepting Phoenix Construction Financing, and as from 2025 – into the consumer credit activity by accepting Phoenix Retail Credit. Concurrently, Phoenix Gama works to strengthen and enhance its direct relationship with its extensive customer base of business customers and recruit new customers while providing additional value propositions in a range of credit products as a one-stop-shop, thereby increasing the added value it

generates to its customers; all this alongside further expansion of its traditional credit card activity, both in the field of credit voucher factoring and as an acquiring aggregator.

In addition, Phoenix Gama works to substantially expand its retail customer base in its subsidiary operating in the Payments & Financing Segment, and to expand its credit product offering.

Phoenix Gama strives to achieve a relative advantage based on concentration and leveraging of its knowledge, customer base, experience, technological infrastructures and through realization of synergies, the Group's robustness and its access to funding sources.

Alongside the expansion of it activity, Phoenix Gama also places an emphasis on its profitability strategy while consistently aiming to adjust prices to risks in all of its products, and at the same time maintaining its risk appetite.

Phoenix Gama has been consistently investing in improving its technological infrastructures, the risk management aspects of its activity, and specifically the credit risk, improving and streamlining the work processes, corporate governance, recruiting professional and experienced employees - all in order to achieve the strategic objective of sustainable and controlled growth over time.

2.6.19. Credit risk management

In general, as of the reporting year, Phoenix Gama is engaged in the provision of credit to licensed businesses and corporation through a range of products, with credit to private individuals accounting for a marginal portion of this activity. As part of its activity, Phoenix Gama is exposed to the risk that borrowers will fail to repay the credit or become insolvent. Phoenix Gama works to reduce the said exposures based on its experience, while implementing an underwriting, control and risk-monitoring methodology it developed over the years. The provision of credit is reviewed by a skilled and experienced team, which includes a combination of analysts and persons who are familiar with the customer and their business activities; the provision of credit is approved in accordance with a credit policy approved by the Board of Directors of Phoenix Gama, which sets an authorization hierarchy for approval of credit transactions. In this context, it is noted that following the incorporation of Phoenix Construction Financing into Phoenix Gama, the real estate activity has expanded substantially, in addition to the credit activity involving liens on real estate properties, which is detailed in this chapter, and accordingly the Company's exposure to the real estate sector has increased. However, the risk level with regard to this sector is adequately hedged and managed with appropriate mitigations both in view of the credit features in the closed-end financing activity, which is characterized by a very high level of control, and due to the fact that the credit, which is exposed to real estate, is backed by adequate collateral and the vast majority of such credit is backed by a first-degree lien.

2.6.20. Discussion of risk factors

The following table summarizes the key risk factors which may affect the course of Phoenix Gama's business in its various areas of activity. Risks are described according to their nature - macroeconomic risks, industry-specific risks, and risks which are specific to Phoenix Gama. The risks are ranked according to the assessment as to their effect on

Phoenix Gama's business as a whole made by Phoenix Gama's management. For details, see Note 41 to the Financial Statements.

Following are the risk factors listed above, and Phoenix Gama's assessment of their potential effect on Phoenix Gama and its activity:

Risk factor	High effect	Moderate effect	Minor effect
Macroeconomic risks			
Deterioration in the Israeli economy	X		
Interest rate change			X
Liquidity and funding sources	X		
CPI risk and foreign currency risk			X
Industry-specific risks			
Increased competition		X	
Technological changes		X	
Compliance risks		X	
Regulatory changes	X		
Legal risks		X	
Specific risks			
Credit Risk	X		
Fraud and embezzlement		X	
IT systems, information security and cybersecurity and AI risks	X		
Goodwill		X	
Liquidity risk		X	
Collection risk		X	
Operational risk		X	

It should be emphasized that there are other risk factors which are specific to each of Phoenix Gama's areas of activity which are not detailed above but which could affect them.

The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results

2.7. Brokers & Advisors

2.7.1. General information about the segment

The Company operates in the field of Insurance Agencies Segment through Phoenix Agencies 1989 Insurance Ltd. (hereinafter - "**Phoenix Agencies**"). The Insurance Agencies Segment is regulated by the Commissioner of the Capital Market, Insurance and Savings.

Phoenix Agencies operates as an independent arm, which incorporates most insurance agencies held by the Group, and as such it takes steps to maximize and develop the activities of the subsidiary agencies while being involved in their management and, if necessary, meeting their financing needs. The insurance agencies incorporated under Phoenix Agencies provide brokerage and marketing services for pension, insurance and financial products of several insurance companies, investment houses and institutional entities, in accordance with the independent considerations of the insurance agencies and for the benefit of their policyholders and planholders.

It is noted that in September 2025, S&P Global Ratings Maalot assigned - for the first time - an ilAA+ long-term rating and an ilA+1- short-term rating with a stable outlook to Phoenix Agencies.

2.7.2. Holding structure and shareholder agreements in Phoenix Agencies

The Company directly and indirectly holds approx. 90% of the shares of Phoenix Agencies.

Mr. Oren Cohen, who serves as CEO of Phoenix Agencies, holds - directly and indirectly - approx. 4.5% of Phoenix Agencies' shares. In addition, Oren Cohen holds options which confer, upon full exercise of which (and regardless of net exercise), additional 2.75% of the Company's share capital. The remaining shares are held by other minority shareholders.

The Company's transaction with Hagoz

In July 2025, the Company signed an agreement with Mr. Yitzhak Oz (hereinafter - "**Oz**"), the Chairman of the Board of Directors of Phoenix Agencies and the person who at that time held the entire share capital of Hagoz (2015) Ltd. (hereinafter - "**Hagoz**"), whereunder the Company will acquire from Oz his entire holding stake in Hagoz, which at that time had a holding stake of approx. 17.19% in Phoenix Agencies, against an allocation of Company's shares and a cash payment totaling approx. NIS 763 million. For further details, see the Company's immediate reports dated July 14, 2025, July 15, 2025 and August 28, 2025 (Ref. Nos.: 2025-01-052174, 2025-01-052179 and 2025-01-064884).

As of the report date, Mr. Yitzhak Oz serves as Chairman of the Board of Directors of Phoenix Agencies.In addition, Yitzhak Oz holds options which confer, upon full exercise of which (and regardless of net exercise), additional 3.5% of the Company's share capital and RSUs totaling approx. 0.8% of the equity.

The share exchange transaction with Oren Mizrach shareholders

On December 25, 2025, a share exchange agreement (hereinafter - the "**Share Exchange Agreement**") was signed between Phoenix Agencies, and minority shareholders in Oren Mizrach Insurance Agency Ltd. (hereinafter - "**Oren Mizrach**").

Under the Share Exchange Agreement, the minority shareholders' holdings in Oren Mizrach shares were converted into holdings in Phoenix Agencies shares through a merger by way of share exchange. Upon completion of the transaction, the Company holds, directly and indirectly, approx. 90% of the issued share capital of Phoenix Agencies, while Phoenix Agencies holds 100% of the issued share capital of Oren Mizrach.

2.7.3. The material agencies held by Phoenix Agencies

For a figure presenting the material agencies held by Phoenix Agencies, see Section 1.2 above.

Following are data regarding the agencies and the material activities held by Phoenix Agencies (hereinafter - the "**Material Agencies**"):

2.7.3.1. Agam Leaderim

Agam Leaderim is a wholly-owned subsidiary agency of Phoenix Agencies and also the parent company of other insurance agencies.

Agam Leaderim is a pension and finance arrangement management agency, focusing on life insurance, long-term savings, financial and health insurance products. Agam Leaderim operates through dedicated departments and through agencies and ventures it owns together with other partners. Among Agam Leaderim's professional departments and areas of activity are the fields of pension and provident funds, finance, health, retirement services to retiring employees and a center providing advice and personal response to queries from senior managements of various employers. Agam Leaderim provides comprehensive services to employers and employees. Services to employees are provided starting with the employee's onboarding, throughout his/her service with the employer, and until he/she retires or moves to another workplace; services include analysis and examination of all existing pension plans and setting up a pension solution tailored to meet the employee's needs. Agam Leaderim provides comprehensive operational pension services to employers, including collection and acquiring services in respect of contributions towards pension and automated reporting, as well as a controls and feedback system between the financial institution and the employer.

2.7.3.2. Shekel Insurance Agency (2008) Ltd. (hereinafter - "**Shekel**")

A subsidiary agency wholly owned by Phoenix Agencies, which includes several other agencies. Shekel is a pension and finance arrangement management agency, focusing mainly on life insurance, long-term savings, financial and health insurance products; Shekel cooperates with insurance companies and investment houses in Israel which are engaged in its areas of activity.

Shekel operates through dedicated departments and through agencies and ventures it owns with other partners. Among Shekel's professional departments and areas of activity are the

fields of pension and provident funds, finance, health insurance, retirement services for retiring employees and a center providing advice and personal response to queries from senior management of various employers. Shekel provides comprehensive services to employers and employees. Services to employees are provided starting with the employee's onboarding, throughout his/her service with the employer, and until he/she retires or moves to another workplace; services include analysis and examination of all existing pension plans and setting up a pension solution tailored to meet the employee's needs. Services to employers include comprehensive operational pension services; as part of these services, Shekel provides collection and acquiring services with respect to contributions towards pension and automated statements, including a control and feedback system between the financial institution and the employer.

2.7.3.3. Oren Mizrach Insurance Agency Ltd.

A wholly-owned subsidiary agency of Phoenix Agencies following a share exchange agreement signed at the end of the reporting year as detailed above. Oren Mizrach owns additional agencies and also operates through sub-agents. The agency operates in all property and casualty insurance, pension insurance and financial products subsegments.

In June 2025, a reorganization was carried out under which a merger agreement was signed between Oren Mizrach, Webprice Insurance Agency Ltd. (hereinafter - "**Webprice**") and Quality Pension Insurance Agency (2017) Ltd. (hereinafter - "**Quality**"), both of the latter of which were also indirectly controlled by Phoenix Agencies. Under the Merger Agreement, Webprice and Quality transferred their entire assets and liabilities to Oren Mizrach – the surviving entity in the merger. It is also noted that in October 2025, Oren Mizrach signed an agreement to acquire all shares of Wobi Insurance Agency Ltd. for a total of approx. NIS 140 million. The transaction's completion is subject to regulatory approvals, which have not yet been received as of the report publication date.

2.7.3.4. Additional agencies

In addition to the main agencies listed above, Phoenix Agencies operates through other insurance agencies, which are sometimes held jointly with other shareholders (which, in most cases, run the agencies). These agencies are engaged in brokerage in the fields of pension, property and casualty, life and other insurance.

2.7.4. Volume of activity

A. The area of activity's structure and changes therein

Phoenix Agencies operates in the field of insurance agencies in Israel. The key regulatory provisions relevant to the agencies activity are detailed in Section 2.7.9 below.

During the reporting year, there was an increase in revenue and profits in Phoenix Agencies' areas of activity, including, among other things, as a result of its high technological capabilities, level of service and unique services provided by its key agencies. In addition, various subsidiary agencies of Phoenix Agencies have the ability to utilize synergies in their areas of activity including through of mergers and acquisitions and collaborations. During the reporting year, the various group agencies completed transactions to increase their

holding stakes in insurance agencies or existing portfolios, and to acquire new portfolios and agencies.

For details regarding revenues, costs and income attributed to this area of activity, see Note 3 to the Financial Statements.

In February 2022, as part of the economic plan for 2023-2024, it was decided to set up an inter-ministerial team for assessing institutional entities' holdings in insurance agencies. The team was appointed in April 2023 and was tasked with assessing the effect of institutional entities' holdings in corporations that constitute insurance agents on the activity of those agencies and their objectivity in the process of marketing products, the measures that should be applied to deal with those effects and the desired arrangement as to existing holdings of institutional entities in insurance agencies. In January 2025, the report of the taskforce for assessing the holding of insurance agencies by institutional entities. The taskforce did not reach a conclusion regarding the concerns with respect to the holding of institutional entities and its effect on the quality of service received by the end consumer or on competition in the insurance and savings industry. The taskforce concluded that these concerns, which arise from the ownership relationship between an insurance company and an insurance agency, are a specific case of a much broader problem concerning the compensation model and the incentive structure of insurance agents in general. The regulators, which were represented in the taskforce, were of the opinion that the current compensation model of insurance agents has an adverse effect on consumers, and that it should be amended such that it will lead to an insurance agent's being objective and will better suit the customer's needs. In light of the above, the team recommended two key steps: (1) changing the insurance agents' compensation model; and (2) imposing enhanced disclosure requirements on the agencies.

With regard to the issue of institutional entities' holdings in insurance agencies, the team has not recommended any restrictions other than recommending the imposition of enhanced disclosure requirements on agencies owned by an institutional entity, including the incorporation of the name of the institutional entity in the agency's name, as well as its offices and commercial logo.

B. Critical success factors in the area of activity and Changes therein

The following success factors may be listed in connection with the Brokers & Advisors Segment:

- High technological level as well as effective early adoption of new technologies.
- A range of diverse distribution channels.
- Retaining each agency's comparative advantage in its field, including the field of arrangement management.
- High-quality, fast, flexible and reliable customer service system.
- Significant financial capabilities.
- Flexibility and agreements with all Israeli insurance companies with the aim of providing optimal solutions to customers.
- Management with experience in the field of agencies.

C. Major entry and exit barriers in area of activity

The following entry and exit barriers apply to the Brokers & Advisors Segment:

- Compliance with regulatory and legal requirements (see Section 2.7.9 below).
- Having in place the technological and professional platforms to support the area of activity.
- Experience, reputation and professional knowhow, as well as skilled manpower.
- Substantial financial capabilities.
- Obtaining a license from the Commissioner in accordance with the Supervision Law.
- Obtaining a control permit from the Commissioner in accordance with the Supervision Law.

2.7.5. Products and services

A. The agencies held by Phoenix Agencies are engaged in brokerage and distribution activities in the fields of property and casualty, pension, life and other insurance. The agencies offer their agents insurance products of a range of insurance companies, including those of the Company.

B. In the opinion of Phoenix Agencies, as of the report date no significant changes are expected to take place in the scope and range of products and services offered by the agencies held by Phoenix Agencies. However, there is a trend whereby agencies are entering, in accordance with the law, to the area of distribution of other products.

C. In the opinion of Phoenix Agencies, as of the report date, Phoenix Agencies' market share in this area of activity is not expected to decrease.

2.7.6. Customers

Customers of the Brokers & Advisors Segment comprise two primary groups:

A. In the field of agencies under arrangement, Phoenix Agencies' customers are employees and employers who are customers of the agencies held by Phoenix Agencies.

B. In other agencies held by Phoenix Agencies, customers are both business and retail customers from all sectors of the economy.

As of the report date, Phoenix Agencies is not dependent on a single customer, the termination of activity with which, will have a material effect on the area of activity.

2.7.7. Competition

The competition in the insurance agencies sector is fierce and exists among all the insurance agencies in the sector across the relevant fields, in a manner which benefits customers. In this context, it is noted that the rate of fees and commissions received in respect of the various products through agencies controlled by Phoenix Agencies as of

2024, out of the total fees and commissions in the insurance agencies industry was approx. 6.86%,[19] without taking into account direct sales of insurers and investment houses in the market as a whole.

The main competitors of the agencies under arrangement (Shekel and Agam) are the insurance agencies engaged in the field of pension in general and the other arrangement agencies in particular, the most significant of which are Mivtach Simon, and Tmura. Furthermore, the financial and pension agents, who work through "insurance agents hubs" also compete with the agencies under arrangement for their end customers.

The main methods used by Phoenix Agencies to address the competition, and key factors that affect its competitive position include, among other things, a constant improvement of service levels, ongoing streamlining and adoption of new technologies allowing the provision of fast, professional and effective services to employees and employers.

2.7.8. Seasonality

The activity of Phoenix Agencies is not significantly affected by seasonality. Nevertheless, as a rule, the fourth quarter generates the highest profitability in the fields of pension, provident funds and finance.

2.7.9. Specific regulation

The Brokers & Advisors Segment is supervised by the Commissioner and is subject to many legal provisions, including the Supervision Law, the Provident Funds Law, the Pension Advice Law and regulations promulgated thereunder, as well as the Commissioner's Directives, which aim to protect policyholders and planholders. These directives relate both to regulatory requirements applicable to insurance agencies and to requirements stemming from their relationships with their customers. Violation of the provisions of the law, including the Commissioner's Directives, may constitute an administrative violation, in respect of which a monetary sanction is imposed; in some instances, an administrative violation may even constitute a criminal offense.

Following is a summary of the legal provisions applicable to the Brokers & Advisors Segment, as well as material bills and drafts published during the reporting year and through the report's publication date:

2.7.9.1. Legislative arrangements

2.7.9.1.1. **The Supervision Law** regulates, among other things, the issues of insurance agencies' licensing, permits of control and holding of means of control, receipt of business and payment of brokerage fees and commissions for insurance brokerage services. Pursuant to the provisions of the Supervision Law, it is forbidden to engage in insurance brokerage services and receive fees and commissions for such services without first obtaining a license from the Commissioner as required by law. The Supervision Law regulates, among other things, the receipt of an insurance agent license, including a corporate agent license, a control permit and a permit to hold means of control in a corporate agent. The Supervision Law also sets provisions regarding the safeguarding of

[19] The information is based on the data from the Commissioner's Report for 2024.

policyholders' interests, such as the prohibition on providing a misleading description of an insurance transaction.

2.7.9.1.2. **The Pension Advice Law** regulates the granting of a license to provide pension advice and market pension products; the law includes provisions on providing operating services to employers, including restrictions applicable to insurance agents who render operating services to an employer for whose employees it provides pension advice. Furthermore, the law regulates the requirements, prohibitions and restrictions applicable to the marketing of pension products, including the insurance agent's duty to ensure that the pension product suits the customer's needs; under the law, the agent also has a duty of care and a fiduciary duty to its customers. The law also sets provisions on payment to agents, including prohibition on direct collection of a fee or commission from a customer in addition to a fee or commission paid by an institutional entity.

2.7.9.1.3. **The Provident Funds Law** provides for, among other things, the right of an employee - for whom an employer makes contributions towards pension - to select the license holder to market the pension products or carry out transactions in his/her provident fund. Furthermore, an amendment to the law enacted in 2017 prohibits a management company from paying insurance agents any fees and commissions the calculation of which is tied to the rate of management fees collected by the management company from planholders.

2.7.9.1.4. **The Insurance Contract Law** and amendments thereto, regulate, among other things, the insurance agent's position in the relationship between an insurer, policyholder, and an insurance agent, and sets, among other things, presumptions as to the insurance agent's being an agent of the insurer.

2.7.9.2. Commissioner's circulars, positions and procedures:

2.7.9.2.1. **The circular titled Services Rendered to Customers by Agents and Advisors** stipulates provisions on rendering adequate customer service by a license holder and stipulates the rules and conditions, inter alia, for collecting fees and reimbursement of expenses paid directly by the customer. In addition, the circular prescribes provisions regarding the following matters: Separation of service and marketing of unsupervised products; purchase of an insurance or pension portfolio; collection of payment from a customer; disclosure to the customer regarding services that may be obtained independently; purchase of the contact details of a potential customer (leads); and prohibition on advertising withdrawal of funds or tracing of funds services.

2.7.9.2.2. **The Signing-On to Insurance Plans circular** sets provisions regulating conduct of insurance companies and insurance agents when signing on policyholders to an insurance plan. Among other things, the circular prescribes provisions regarding the following topics: A requirement whereby the insurance policies meet the insurance candidate's needs, including by checking the list of insurance products he/she has in place by submitting a query to the Har Habituach website; a special sales procedure for senior citizens (in cases where the signing on process is not carried out as part of a face to face meeting with the insurance candidate); requiring the performance of enhanced assessment of needs upon the cancellation of a policy and switching to another company also in the various P&C Insurance (property) subsegments; and requiring that any conversation aimed at signing on customers will be recorded.

2.7.9.2.3. **The Explanation Document Circular - Amendment** sets a uniform wording for the explanation document to be delivered to customers by an agent marketing pension products, among others, while providing pension advice or marketing pension products, as part of his/her duty under the Pension Advice Law to ensure that the pension product suits the customer's needs and to explain his/her recommendation in writing. Furthermore, the Circular sets guidance on a license holder's duty, in the process of ensuring that the pension product meets the customer's needs, and of providing fair disclosure as to the considerations guiding his/her recommendation.

2.7.9.2.4. **The Power of Appointment to a License Holder Circular** sets a uniform format for a power of appointment form, by which a customer may appoint a license holder to receive information about pension savings managed for him/her in an institutional entity, or take in his/her name actions as part of pension advice or marketing, including through the central pension acquiring system (as defined by the Pension Advice Law). In November 2025, a Draft Power of Appointment to a License Holder Circular was published. The draft circular proposes to cancel the current circular and replace it with a new one. The new draft circular stipulates the order of the work process for awarding a power of appointment to a license holder. The changes included in the draft stipulate, among other things, provisions regarding the obligation of the license holder to clearly explain to the customer the meaning of the power of appointment and to ensure that the customer understood this; provisions regarding the manner in which a customer may sign a power of appointment; new rules for authentication of a power of appointment, retaining documents and the manner of transmitting them to institutional entities; and shortening to two years the maximum period of a lasting power of appointment.

2.7.9.2.5. **The Institutional Entity's Engagement with a License Holder Circular** regulates the engagement between insurance agents and institutional entities in view of the Supervision Law and the Pension Advice Law's provisions prohibiting agents from brokering between customers and institutional entities, if the agent and the institutional entity do not have an agreement in place that includes the terms and conditions set in the said laws.

2.7.9.2.6. **The Circular titled Involvement of an Entity which is not a License Holder in the Marketing and Sale of Insurance Products other than Collective Insurance** regulates engagements between regulated entities and external entities with regard to setting rules about an external entity's involvement in the marketing or sale of an individual insurance product, such that such activities shall not be in violation of the law.

2.7.9.2.7. **The Insurance Circular entitled Riders and Marketing Thereof** stipulates, among other things, provisions on the marketing of service contracts through insurance agents.

2.7.9.2.8. **The Clarification on Pension Marketing Procedure when Accepting Candidates to a Pension Plan** stipulates that a transaction carried out for a customer with respect to a pension product, including the signing on of a customer to a pension plan, shall only be carried out after a pension marketing procedure has been followed as set out in the Pension Advice Law. The clarification further stipulates that an institutional entity may only pay a distribution fee if a pension insurance agent conducted such a transaction as part of a pension marketing procedure. The clarification applies to signing on new planholders to a pension plan as from February 4, 2018.

2.7.9.2.9. **Rules for Adequate Internship Circular** - The circular set forth provisions and rules for the supervisor and the trainee; such provisions and rules shall constitute threshold requirements for appropriate traineeship as part of the legal requirements for receiving an insurance agent license, a pension advisor license or a pension marketing agent license.

2.7.9.2.10. In March 2025, a **Circular Regarding Annual Report on Fees and Commissions and Corporation Details - Amendment** was published The Circular stipulates a regular and automated reporting format of corporate license holders (insurance agencies) to the Commissioner of the Capital Market and includes information regarding the details of corporate license holders and data regarding the scope of their activities by insurance subsegments. The draft Circular prior to the amendment does not apply to banking corporations with a pension advisor license, but only to insurance agencies. Under the Circular, regular and automated reporting by license holders, which are a banking corporation, was regulated. In addition, the files of the report to the Commissioner were revised and details were added to them regarding the following: (1) Conflicts of interest between the insurance agency and its customers - in this context, insurance agencies will be required to report on "unregulated investments", i.e., investments in products which are not insurance products or pension products under the management of the institutional entities. This includes, among other things, investment in alternative investment funds; (2) direct payments from customers; (3) agreements between the insurance agency and suppliers to which it outsourced a material activity, which include, among other things, agreements for obtaining contact details of potential customers (leads) and agreements with customer service centers. Finally, a requirement was added to attach a statement confirming the reliability of the data reported to the Commissioner by a corporate license holder and a holder of a banking corporation license.

2.7.9.2.11. For additional regulatory provisions in the field of agencies, see Section 4.9 below.

2.7.10. Material agreements

For details regarding material agreements with Phoenix Agencies' shareholders, see Section 2.7.2 above.

2.7.11. Marketing and distribution

The marketing and distribution of the products of agencies held by the Company is carried out in accordance with the Commissioner's Directives, as detailed in Section 2.7.9 above. The arrangement agencies provide, as aforesaid, end-to-end services to employers and employees. Services to employees are provided starting with the employee's onboarding, throughout his/her service with the employer, and until he/she retires or moves to another workplace; services include analysis and review of all existing pension plans and setting up a pension solution tailored to meet the employee's needs, including marketing of pension and financial products and health insurance. The arrangement agencies receive fees and commissions from insurance companies for the abovementioned marketing and brokerage services.

Services to employers include end-to-end operational pension services, including collection and acquiring services with respect to contributions towards pension and automated statements, including a controls and feedback system between the financial institution and employer. The arrangement agencies collect handling fees from employers for these services. Marketing and distribution of the other products is carried out in the manner generally accepted in the industry, through licensed insurance agents.

2.7.12. Human capital

For details regarding the number of employees engaged in this field, including any material changes in the workforce, see Section 4.6 below.

2.7.13. Suppliers and service providers

As part of its current activities, Phoenix Agencies engages with a range of service providers. To the best of Phoenix Agencies' knowledge, it is not dependent on a primary supplier.

2.7.14. Legal proceedings

As of the report date, Phoenix Agencies is not a party to material legal proceedings.

2.7.15. Investments

Phoenix Agencies grants shareholders' loans to some of its investee agencies based on predetermined milestones, for the purpose of funding the acquisition of agencies and insurance portfolios.

2.7.16. Financing

Phoenix Agencies finances its operations using its own sources, banking sources, and non-banking sources. During the reporting year, the Company worked to diversify its sources of financing and raised commercial papers totaling NIS 200 million in a private placement from several institutional entities. The proceeds of the issuance were used to repay existing credit and for the Company's operating activities.

It is noted that in September 2025, S&P Global Ratings Maalot assigned - for the first time - an ilAA+ long-term rating and an ilA+1- short-term rating with a stable outlook to Phoenix Agencies.

Following are the balances of Phoenix Agencies' liabilities (in NIS million):

	As of December 31, 2025	As of December 31, 2024	As of December 31, 2023
Short-term credit and loans from banking corporations	10	86	-
Short-term credit (CPs)	200	-	-
Long-term loans from banking corporations	187	200	300
Long-term loans from related parties	100	100	100

2.7.17. Objectives and strategy

The Company views the agencies arm an independent arm that operates to maximize the profit from the agencies activity.

In addition, as an independent arm, the Group's agencies work with all other insurance companies engaged in their area of activity, in accordance with independent considerations and for the benefit of the policyholders.

Phoenix Agencies aspires to expand its activities in the agencies' areas of activity and to improve its profitability through organic growth; improving its ongoing activity by, among other things, streamlining the agencies' work, providing high-quality customer services and adopting technological solutions; and through mergers and acquisitions and collaborations with other parties.

2.7.18. Risk factors

For details regarding the risk factors in this area, see Note 41 to the Financial Statements.

The information presented above in this chapter includes forward-looking information, as defined by the Securities Law, 1968. This information contains, inter alia, forecasts, targets, assessments and estimates relating to future events or matters, including reference to various risk factors and developments as described in the report, the materialization of which is uncertain and may be impacted by various factors which are beyond the Company's control. Forward-looking information is not a proven fact and is based, in part, on the Company's estimates, which are based on various, diverse data and entities that have not been verified or confirmed by the Company. It is hereby clarified that actual results may differ from that which is described herein. Forward-looking information refers exclusively to the date on which the report was written, and the Company is under no obligation to revise and/or change any information pertaining to forward-looking information as presented here, insofar as it becomes aware of any additional information in connection with such information.

Part C

Additional Information about Insurance Areas of Activity Not Included in the Areas of Activity

N/A

Part D

Additional information at Company level

4.1. Restrictions and regulation to which the Group's activity is subject

4.1.1. Regulation and supervision - general

As described in this chapter, the Group's activities in its areas of activity are subject to the general provisions of the law and the specific provisions of the law applicable to each of the Group's areas of activity. The Group companies are regulated by various regulators, including the Capital Market, Insurance and Savings Authority (hereinafter - the **Authority**" or the "**Commissioner**"), who monitors the activity of the Group's institutional entities and insurance agencies. The Authority is an independent authority which reports to the Ministry of Finance, and its roles include: 1. Protecting and safeguarding the interests of policyholders, planholders and customers of the regulated entities. 2. Ensuring the stability and proper management of the regulated entities. 3. Promoting competition in the financial system in general, and in particular - in the fields of capital market, insurance and savings. 4. Encouraging technological and business innovation for the regulated entities, in view of the Authority's purviews as per Sections 1-3 above. Furthermore, the Group's activity under the Investment House is regulated by the Israel Securities Authority (for details see Section 4.1.14 below) and the activity of the Group's credit arm under Phoenix Gama is regulated by the Capital Market Authority (for details see Section 4.1.13 below). Furthermore, in its capacity as a publicly-traded company, the Group is also subject to the provisions of the securities laws and is regulated in that context by the Israel Securities Authority; in addition, the Group is subject to the provisions of the companies laws applicable to publicly traded companies. Furthermore, the Group is subject to the provisions of privacy and information protection laws and is regulated in that respect by the Privacy Protection Authority. Group companies are subject, from time to time, to administrative enforcement proceedings and the imposition of penalties. Following is a summary of the legal provisions applicable to the Group as well as bills and drafts that have a material effect on the Group, published during the reporting year and through the report publication date. It is noted that the provisions listed in this report do not constitute an exhaustive list of all legal provisions applicable to the Company, rather - they are only the key ones. There are many other regulations and guidelines governing the way Group entities operate, and those regulations and guidelines may be viewed on the websites of the relevant regulators.

4.1.2. Legislative arrangements

4.1.2.1. **The Insurance Contract Law, 1981** mainly regulates the relationship between an insurer and policyholders, including the status of the insurance agent.

4.1.2.2. **Financial Services Supervision Law (Insurance), 1981** and the regulations promulgated thereunder regulate, among other things, the Commissioner's purviews, licensing of insurers and insurance agents, holding of means of control in an insurer and in an agent which is a corporation, supervising of insurance businesses and the safeguarding policyholders' interests. The Supervision Law includes a list of provisions the breach of which constitutes a criminal offense; the law expands the scope of the CEO's responsibility to prevent the breaches. Furthermore, in accordance with the Supervision Law, the

Commissioner has is authorized to impose monetary sanctions and civil fines of significant amounts without filing an indictment.

4.1.2.3. The **Law for Economic Competition and Minimizing Market Concentration, 2013** (hereinafter - the "**Market Concentration Law**" or the "**Law**"), which was published in December 2013, is composed of three key chapters: (1) restricting the control in "pyramid-shaped" companies to two tiers and imposing enhanced corporate governance rules on such companies; (2) separation between significant financial corporations (such as banks, insurance companies, investment funds, etc.) and significant non-financial entities as defined by the Market Concentration Law, which prohibits a significant non-financial corporation from controlling and holding means of control in an insurer which is a significant financial entity; and (3) aggregate concentration considerations and sectoral competition considerations in the allocation of rights to use government resources (essential infrastructures and privatized assets) to concentrated entities.

A list of concentrated entities, a list of significant non-financial entities, and a list of the significant financial entities is published from time to time on the Ministry of Finance's website.

Phoenix Insurance and Phoenix Pension & Provident are included in the list of the significant financial entities published by the Committee for the Reduction of Concentration, due to their definition as significant financial entities.

The Law allows reporting entities to have a holding structure of no more than two tiers. The Company is a first-tier company.

The Market Concentration Law sets restrictions and conditions for separating significant financial entities from significant non-financial entities. Under the said restrictions, the Market Concentration Law limits an institutional entity's holding to no more than 10% of the means of control in any significant non-financial corporation; they also prohibit a controlling shareholder of a significant non-financial corporation, a person related to such a controlling shareholder or an officer in a significant non-financial corporation from serving as a director in a significant financial corporation.

4.1.2.4. 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.

4.1.2.5. In August 2025, the **Privacy Protection Law (Amendment No. 13), 2024** entered into effect. Following are the key changes included in the Amendment: (1) Adaptation of the law's definitions to the technological developments and the arrangements in place in modern privacy protection legislation; and (2) substantially reducing the requirement to register databases in the Database Register. Alongside the reduction in the scope of the requirement to register databases, the Amendment stipulates a requirement to notify the Authority of the management of databases, the registration of which is not required, but - on the other hand - include "particularly sensitive" information as defined in the Amendment; (3) Expansion of the disclosure requirement pertaining to information that entities are required to provide to a data subject when requesting them to provide data in order to process it in a database, such that it will include a requirement to inform the data subject of the consequences of refusing the processing of the personal data, and of their rights to peruse the personal data and amend it in accordance with the law; (4) Expanding the supervisory and enforcement powers of the Privacy Protection Authority - including the power to instigate an administrative inquiry; the power to order the termination of the breaching activity; the imposition of financial sanctions of substantial amounts; filing a claim for compensation without proof of damage from a controlling shareholder or database holder; revising the list of criminal offenses to include offenses of processing personal information from an unauthorized database and contacting a person to obtain personal information with the intention of misleading them for the purpose of processing the information in the database; (5) Requirement to appoint a Data Protection Officer (DPO) in certain entities

4.1.2.6. 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 series of organizations in 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. It is noted that in June 2025, the Company appointed its Head of Compliance as its Data Protection Officer.

4.1.2.7. In February 2026, the Privacy Protection Authority published a pronouncement entitled the **Consent in Privacy Protection Law.** In the pronouncement, the Authority presents and clarifies its position regarding the application of the consent principle in light of the evolving digital reality, and regarding the scope of the Privacy Protection Law, 1981. It is clarified that the pronouncement reflects the legal interpretation, which the Authority will apply in exercising its various statutory powers, including monitoring compliance with the provisions of the law and imposing an administrative penalty or a financial sanction for breaching its provisions. The pronouncement deals, among other things, with the following matters: informed consent; the statutory duty of disclosure; authorization granted of one's

free will; express or implied consent; passive (opt-in) or active (opt-out) consent; and withdrawal of consent.

4.1.2.8. 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. 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 and the resources needed by the Capital Market Authority to oversee them. 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.

4.1.3. Government committees and bills published further to their recommendations

4.1.3.1. In January 2025, the **report of the taskforce for assessing the holding of insurance agencies by institutional entities**. The taskforce was set up pursuant to a Government Resolution of February 2023, following an emerging trend of acquisition of insurance agencies by institutional entities. The taskforce was headed by the Director General of the Ministry of Finance. The taskforce assessed the potential effects on competition and consumers as a result of an institutional entity's holdings in insurance agencies, in view of the concern that an institutional entity's holding in an insurance agency may lead to the agency's bias in favor of the institutional entity which has an interest therein, thereby adversely affecting the policyholders. The taskforce concluded that the concerns arising from the ownership interest between an insurance company and an insurance agency are a specific case of a much broader problem concerning the compensation model of insurance agents. The regulators, which were represented in the taskforce, were unanimous that the current compensation model of the insurance agents has an adverse effect on consumers, and that it should be amended such that it will lead to an insurance agent's being objective and will better suit the customer's needs. In light of the above, the team recommended two key steps: (1) changing the insurance agents' compensation model; and (2) imposing enhanced disclosure requirements on the agencies owned by institutional entities.

4.1.3.2. In February 2025, the Ministry of Finance published a draft for public comment of the interim report prepared by a taskforce appointed by the Minister of Finance **to narrow regulatory gaps in short- to mid-term voluntary savings instruments.** The following are the main recommendations of the taskforce (majority position): (1) Cancellation of the tax arbitrage between the three instruments which were assessed and even between additional savings products serving the same purpose for the savers It is proposed to apply a uniform

tax deferral system to all products regardless of the investment product the saver opted for, without adversely affecting the range of instruments available in the market, such that every saver will be required to open a dedicated investment account in which all their savings products will be managed and in which netting for the purpose of the said tax benefit will take place; (2) promoting an adequate infrastructure for the setting up of a single platform for viewing and managing all the savers' savings and investment instruments. This platform will be called "Savings and Investment Platform" and it will serve as a user interface both for the savers and for the brokers and advisors who provide them with services; (3) creating an infrastructure for the provision of financial brokerage services while relying on the principle of holism and creating a compensation model that results in a correlation between the interests of the broker and those of the saver; (4) reducing tax benefits provided in this area, inter alia by cutting down the current benefit with respect to the amounts under management by investment provident funds and savings policies. The Capital Market Authority's minority position strongly disagrees with that of the majority, whereby any tax arbitrage does not lead to results that adversely affect any of the instruments, and in its opinion the implementation of the recommendations will lead to higher savings costs without any real benefit. In addition, although the taskforce's objective is to discuss regulatory arbitrage between short- and medium-term investment products, its main proposal is to grant a tax benefit to private investors in the capital market at the expense of a tax benefit for voluntary pension and Child Savings and to incentivize the public to invest through an "investment account" in complex and expensive financial instruments and assets compared to investment provident funds and savings policies, which are not suitable for the needs and characteristics of most savers, contrary to the tax policy in Israel, and without an in-depth discussion as to whether a tax benefit is required at this time for investors in the capital market.

4.1.3.3. In July 2025, the final report of the **Interministerial Taskforce for Assessing 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.

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

an institutional entity from engaging in brokerage or marketing with respect to investment and savings products produced under that controller. This memorandum was incorporated into the Draft Economic Arrangements Law, which was published in January 2026.

4.1.3.4. 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. For more information, see Section 2.5.2.3 below.

4.1.3.5. In September 2025, the interim report of the joint working team of the Israel Securities Authority, the Bank of Israel, and the Budget Department of the Ministry of Finance on **compensation models in public securities activity** was published for public comment. The interim report addresses the following matters: (1) a description of the existing fee model, distinguishing between fees charged directly to investors, fees charged between market participants, and costs charged by financial asset manufacturers; (2) the key problems and challenges in the current model, including difficulty for customers to compare offerings, limited accessibility of investment advisory services, double fees for similar services, etc.; (3) the principles on which a change to the existing compensation model will be examined, which include, among other things, creating alignment between the service actually provided and the compensation, establishing a uniform standard for similar products, increasing transparency of pricing models, etc.; and (4) a summary table of the proposed framework. For more information, see Section 2.5.2.3 below.

4.1.3.6. In December 2025, the **Interim Report of the Committee for Assessing the Disclosure Requirements in Periodic and Immediate Reports** was published together with a call for proposals. The committee, headed by Prof. Assaf Hamdani, was appointed by the Chairman of the Israel Securities Authority in February 2025 to assess the disclosure currently required under periodic reports, and specifically the Report of the Board of Directors and the Description of the Corporation's Business chapter, and the disclosure provisions pertaining to the publication of immediate reports. According to the report, the committee's key findings are: (1) The periodic reports include less relevant and/or immaterial excess information, whose value of investors is relatively low; (2) Investors, have the impression that the periodic reports do not always include "qualitative" analysis of the reporting corporation's financial statements and business results in a manner which reflects the management's approach; (3) From the investors' perspective, there is a demand for disclosure regarding quantitative, financial and operational indicators which reflect the corporation's financial position and business results (KPI's) in a manner which will enable comparison between corporations operating in a similar sector; (4) The structure of the periodic reports lacks internal logic and encourages repetition which makes it difficult for readers of the reports; (5) Too many immediate reports are published regarding immaterial

events; (6) There is a need for a disclosure platform which will be readable using technological means, such that the disclosure will be easily accessible and will enable easy and quick analysis of reports.

The Committee's key recommendations are: (1) Periodic reports should have an orderly and coherent structure, where each chapter has a distinct and clear purpose; (2) Generally, the reporting and disclosure requirements should focus on information, which is material for investors and relevant for the reporting corporation; (3) The various chapters in the periodic reports should not repeat information disclosed in the financial statements under accounting standards, and there is no need to repeat specific items of information in several different chapters of the periodic report; (4) The management report chapter (currently - the Report of the Board of Directors) should only be used to provide the management's assessments and analyses regarding the reporting corporation's financial position and business results; (5) As to immediate reports - the committee recommends to report only material information, reduce disclosure overload, and extend the deadlines for submission of reports to allow review and verification of the information. In addition, the Committee proposes to allow postponement of reporting on negotiations until a binding agreement is signed (except where material information leaks), and to apply materiality thresholds and a consolidated reporting frequency on holdings and technical changes; (6) The Committee recommends that the Israel Securities Authority adopt more technologically advanced reporting platforms.

4.1.3.7. In December 2025, the **Final Report of the Interministerial Taskforce for Assessing the Use of Artificial Intelligence in the Financial Sector** was published. In order to address the risks associated with artificial intelligence technology and to promote informed use thereof to encourage innovation in the financial sector, the final report makes several key recommendations on the subject: (1) Encouraging AI activity in the financial sector through responsible innovation - putting in place customized regulation where required, usually through soft and flexible regulatory tools; (2) Defining an artificial intelligence system - regulators will have the power to set guidance according to which regulated entities will be able to determine that a specific system - by its nature - does not fall within the scope of artificial intelligence; (3) Adopting a risk-based approach - the scope of regulation will be aligned with the nature of the financial service and its effect on the customer, investors or the public; (4) Providing explanations - the black box problem, according to which it is impossible to fully explain the outputs of AI systems is one of the complex challenges with regard to this technology. The report distinguishes between general explanations as to how the system works and specific explanations regarding specific decisions. The Committee recommended that a general requirement to provide explanations will apply, while a specific requirement to provide explanations will be determined in accordance with the nature of the decision, the existence of human involvement, etc.; (5) Human involvement - one of the most commonly-proposed tools to address the challenges inherent in artificial intelligence activity is human involvement and supervision. The report recommends a tiered model of human involvement, which will include a general human oversight requirement, and direct involvement in decisions on uses which will be classified as involving medium or high risk (such as material decisions); (6) notification and disclosure requirements - the public should be informed about the use of artificial intelligence systems or interaction with such systems in addition to disclosure requirements regarding the characteristics of artificial intelligence and its implications which

will be integrated into the existing disclosure requirements in the financial sector; (7) fraud and disinformation - the report addresses the effect of artificial intelligence advancements on fraud and disinformation risks in the financial sector, ranging from customer impersonation to broader system-wide effects, and recommends to regulators on how to update and expand the mechanisms for addressing these risks; (8) privacy and personal information protection – artificial intelligence technology relies on extensive collection and processing of information, including information, which drives AI systems. Accordingly, the report includes an overview of the challenges of protecting the right to privacy arising from the characteristics of AI systems and the sensitivity of financial information. The report includes proposals for tools and measures for addressing these challenges; among other things, the report recommends that financial regulators direct regulated entities to conduct risk assessments regarding the re-authentication of personal information, and adopt organization-wide tools for managing and mitigating the privacy risks involved in the development of artificial intelligence systems, such as a privacy impact surveys and the implementation of privacy design concepts, in addition to the appointment of a Data Protection Officer. It was also stipulated that various measures should be taken to establish informed consent by data subjects for the use of personal information in the development or use of AI tools, such as requiring opt-in consent when the use of the information deviates from the initial purpose for which it was collected.

In this context, it is noted that in April 2025, the Privacy Protection Authority published a draft for public comment of guidance entitled **Applicability of the Privacy Protection Law to Artificial Intelligence Systems**. The guidance draft defines for the first time the application of the Privacy Protection Law's provisions throughout the artificial intelligence (AI) systems' lifecycle, from the model training stage to actual use. The following are the main provisions of the guidance: (1) The Privacy Protection Law applies to artificial intelligence systems and their output; (2) one should ensure that there is a legal basis for the processing of personal information at each stage of the AI system's lifecycle; (3) one should obtain a person's consent to the processing of their personal information by an AI system; (4) the scraping of personal information on the web for the purpose of developing (training) artificial intelligence models, requires the informed consent of the data subject for this use; (5) owners of digital services, which allow personal data sharing on the internet, are obligated to take measures to prevent prohibited data scraping from their platforms; (6) in artificial intelligence systems, the right to request the correction of incorrect personal information may also apply to the correction of the algorithm, which generated the information; and (7) the Authority intends to ensure the enforcement of the mandatory appointment of a privacy protection officer and to continue promoting the methodology of a privacy impact assessment.

4.1.4. Provisions regarding regulation of corporate governance

4.1.4.1. Drafts

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 entered into effect on January 5, 2026.

As a result, in September 2025, the Capital Market Authority published a document concerning **preparations for the change in trading days on the Tel Aviv Stock Exchange**. According to the Commissioner's position, the change in trading days does not require legislative amendments, including to the definition of a business day and to the arrangements applicable to investment management. Sundays will remain business days, while Fridays will be considered trading days only, and not business days for purposes of the regulatory provisions under the responsibility of the Capital Market Authority. As a result, no change will apply to the time periods prescribed by law, including with respect to executing mobility actions, transfers between tracks, and fund redemptions. In addition, according to the document, the change in trading days on the stock exchange requires comprehensive internal preparations by institutional entities in the areas of operations, information systems, liquidity, and human resources, in order to ensure proper and continuous activity and in accordance with the provisions of the law. Institutional entities must formulate an orderly preparedness plan, to be approved by the Board of Directors and the Investment Committee, which will ensure continuous activity and protection of the rights of planholders and policyholders, and that will reference various matters as set forth in the document. The Institutional Entities must submit the formulated preparedness plan to the Authority, enabling it to monitor and supervise their readiness for the change in trading days and to identify any gaps requiring attention. Accordingly, the Company has formulated an orderly preparedness plan and operates in accordance with it.

4.1.5. Provisions regarding investment management by institutional entities

Legislative arrangements

A. **Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012** set a uniform framework for investment rules applicable to all institutional entities, including the nostro funds.

B. **The Code of Regulations on Management of Investment Assets** compiles and combines regulatory provisions which were included in the various circulars by virtue of the Commissioner's power pursuant to the Regulations; this power was given to the Commissioner with the aim of adapting some of the restrictions applicable to institutional entities to changing market conditions.

C. **Supervision of Financial Services Regulations (Provident Funds) (Direct Costs Due to Execution of Transactions), 2008** regulate the types of direct expenses an institutional entity may deduct from planholders' funds under its management in respect of investments it makes in addition to the management fees it collects from planholders.

Drafts

D. In September 2025, **a draft bill to amend the Income Tax Ordinance (No. …)** was published.**(Revenues of a Provident Fund), 2025.** The draft bill seeks to amend the provisions of the Income Tax Ordinance regarding provident fund investments that entitle the fund to an exemption from tax on its revenues, and to align them with the Capital Market Authority's investment requirements. The main provisions of the proposed law establish a framework under which, as a rule, the exemption conditions

will be expanded as long as provident funds make investments in accordance with the Capital Market Authority's directives, provided that this expansion does not undermine the tax principles underlying the exemption. This memorandum was incorporated into the Draft Economic Arrangements Law, which was published in January 2026.

E. In December 2025, the **Economic Plan Law Memorandum (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2025, Chapter _: Establishment of a Central Credit Register for Corporations** was published, which constitutes a chapter in the Draft Economic Arrangements Law for 2026. The memorandum proposes to amend the Credit Data Law, 2016, in order to enable the establishment of a central Credit Register for corporations, such that the provisions of the law will apply to the register for corporations in a manner adapted to its characteristics while accounting for the differences between it and the database for individuals. Following are the key provisions proposed in the memorandum: (1) It is proposed to modify the objectives of the law for the establishment and management of a Central Credit Register for corporations; among other things, it is proposed to clarify that the information regarding individuals included in the database will be anonymized, while the information regarding corporations will be identifiable; (2) It is proposed to regulate the transfer of credit data regarding a person with an interest in a corporation, in recognition of the fact that these data are required for an optimal credit risk assessment. To this end, it is proposed to add to the law definitions of a person with an interest in a corporation, to include a borrower in a credit transaction to which the corporation is a party, a guarantor to the corporation's undertakings, a corporation or an individual which the corporation guarantees its undertakings, and controlling shareholders as defined in the memorandum; (3) It is proposed to determine that the customer's right to request the exclusion of data regarding them in a database will not apply to a customer which is a corporation and to cancel the requirement to notify a customer, which is a corporation, of the commencement of data collection in respect thereof; It is proposed to determine that a credit indicator model will be adapted to the business nature of the corporations such that all data regarding the customer will be delivered to the credit bureaus from the Bank of Israel.

F. In December 2025, the **Economic Plan Law Memorandum (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2025, Chapter _: Improvement of the Central Credit Register** was published, which constitutes a chapter in the Draft Economic Arrangements Law for 2026. Under the Credit Data Law, 2016, the Bank of Israel has set up a credit data system, which, among other things, collects data from sources of information, which are credit providers, and from government authorities regarding the credit undertakings of individuals who are Israeli citizens and residents, and information regarding the manner by which these undertakings are repaid, and provides to credit providers information regarding customers, in accordance with the provisions of the law, in order to improve the credit market in Israel. According to the explanatory notes, since the sharing of the information began in accordance with the provisions of the law, several topics have emerged which require the amendment of the law, to ensure the continued effective operation of the system, for the benefit of the customers. The proposed law is designed to regulate various topics for this purpose, and, among other

things, to establish provisions which will regulate the manner in which the database works, provisions which will expand the uses of information received from the database, to allow the improvement of the credit market in Israel, and various other provisions which are required in view of lessons learned from the database's activities in recent years.

G. In December 2025, the **Economic Plan Law Memorandum (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2025, Chapter _: Promotion of Competition in the Guarantee Provision Market** was published, which constitutes a chapter in the Draft Economic Arrangements Law for 2026. According to the explanatory notes, the guarantees market in Israel is a relatively centralized market where activity is carried out primarily by banking corporations. One of the barriers for the introduction of other players in this market, including non-bank entities, is the statutory provisions requiring the submission of a bank guarantee in matters regulated by the relevant laws (such as: the Planning and Construction Law, the Political Parties (Financing) Law, the Sale Law (Apartments), etc.). Limiting the guarantee to a bank guarantee gives banking corporations an advantage over other entities, which are also allowed to provide a guarantee under their license. The memorandum proposes to make indirect amendments to several laws whose provisions require the provision of a bank guarantee, such that in addition to bank guarantees it will be allowed to provide an insurer's guarantee and the guarantee of a holder of a credit provision license and a holder of a deposit and credit services license as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016 and a guarantee of a prudential payment service provider as defined in the Banking Law (Licensing), 1981.

4.1.6. Provisions on accounting reports, reporting and presentation rules and reports to be submitted to the Commissioner

The Supervision Law and the regulations promulgated thereunder stipulate, among other things, provisions regarding the content, details and accounting principles to be applied in the preparation of insurance companies' financial statements, including the accounting treatment applied to insurer's assets and liabilities.

The principal accounting principles used by the Group in the drawing up of the financial statements are described in Note 2 to the Company's financial statements.

From time to time the Commissioner publishes circulars and directives pertaining to reporting rules for both insurers and management companies, and to the accounting rules that should be applied to financial statements of insurers and management companies.

In June 2020, the Capital Market, Insurance and Savings Authority published a paper titled "**Roadmap for the Adoption of International Accounting Standard (IFRS) 17 - Insurance Contracts"**. The roadmap lists the steps required to ensure the preparedness of Israeli insurance companies for the implementation of IFRS 17 - Insurance Contracts - and the timetables for the implementation of these steps. The steps set out in the roadmap are designed to increase the level of regulatory certainty as to the planned implementation date of the standard and as to the main steps insurance companies will need to take in

order prepare for the implementation. The roadmap sets key milestones, the achievement of which will be required as part of the preparations made by insurance companies. These milestones pertain to several aspects of preparedness: (1) IT systems; (2) project management; (3) accounting policies; (4) quantitative tests; and (5) disclosure to the public.

Further to the above, several revisions were published to the Roadmap, and in June 2023, the Commissioner published the **Third Revision to the Roadmap**, which postponed the date of application of the standard in Israel to January 1, 2025, and which revised the milestones for the implementation of the standard accordingly.

In January 2025, a Fifth Revision to the Roadmap was published. Under the document, the information which entities are required to report under a QIS-3 quantitative impact survey was revised and optional expedients were set for implementing the standard in the first application year. It is determined that a company wishing to implement one or more of the expedients listed in the document, will be required to inform the Authority in advance.

In January 2025, a **Revision to the Consolidated Circular Regarding a Report to the Public - Sample Interim Financial Statements of an Insurance Company Under IFRS 17** was published. The purpose of the Circular is to revise the structure of disclosure required in the quarterly financial statements of an insurance company to comply with the provisions of the standard, with reference, among other things, to specific disclosures in the first year of standard's application. According to the explanatory notes, the proposed disclosure's structure was formulated based on the structure of the disclosure included in the sample financial statements published by international accounting firms, and information observed in quarterly financial statements for the first year of application of foreign companies, which started implementing the standard in 2023.

In November 2025, the Capital Market Authority published the **updated consolidated circular regarding reports to the Commissioner, including reporting forms adapted to International Financial Reporting Standard (IFRS) 17.** The purpose of this circular is to align the reporting requirements ancillary the financial statements of insurance companies with the changes arising from the implementation of IFRS 17 and IFRS 9.

The Company started implementing the New Standards in January 1, 2025. For more information regarding this matter, see Note 2AA to the Financial Statements.

4.1.7. Actuary and risk management, including provisions regarding Solvency II-based Economic Solvency Regime

1. General

As part of its insurance activities, an insurer is required to hold assets against its insurance liabilities.

From time to time, the Commissioner publishes circulars providing guidance on actuarial assessments used in life, health and property and casualty insurance.

Most of the actuarial rules, methods and assumptions used to determine the Group's insurance liabilities are listed in Section 2.1 of the Report of the Board of Directors,

Notes 2 and 22 to the financial statements, and the actuary's statements in the Life, Health and Property and Casualty Segments, which are attached to the financial statements.

2. Duty to appoint an actuary, actuaries' work methods and required qualifications

The Supervision Law stipulates that an insurer, including an insurer which serves as a pension fund's management company, must appoint an actuary for each of its insurance segments; the actuary's roles include, among other things, making recommendations to the Board of Directors and CEO as to the amount of the insurer's insurance liabilities or the actuarial balance sheet of the pension fund it manages, as applicable.

In September 2022, an amendment to the provisions of the **Consolidated Circular - Supervising Actuary and Chief Actuary.** As part of the circular, it was decided that an insurer will appoint only one chief actuary that will head the insurer's actuarial science function; the said actuary will report directly to the insurer's CEO and will also serve as a member of management. The circular also prescribes that the chief actuary will be required to submit to the Board of Directors and CEO of the insurer and to the Commissioner a periodic actuarial report at least once a year, in which it will review the implementation of the solvency directives, and specifically the processes, the actuarial calculations and the results derived therefrom, and the key activities of the actuarial science function in the discussed period (hereinafter - the "**Chief Actuary's Report**"). The circular sets out a transitional provision whereby the effective date of the circular's provision whereby an insurer will appoint only one chief actuary, in the case of an insurer which had two serving chief actuaries prior to the effective date, it shall be January 1, 2024 - the date on which IFRS 17 comes into force. It is noted that in June 2023, the date of the standard's implementation in Israel was postponed to January 1, 2025. In December 2024, the Company received the approval of the Capital Market Authority according to which it may implement the Circular's directive concerning the appointment of a single Chief Actuary in the Company, as from December 31, 2025.

In August 2025, the Capital Market Authority published an **amendment to 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.

3. Duty to appoint a Chief Risk Officer, his/her roles and required qualifications

An institutional entity is required to appoint a Chief Risk Officer and set up a risk management function. The Chief Risk Officer's roles include, among other things,

identifying the Company's material risks, quantifying and estimating their effect and reporting to the management and the Board of Directors.

4. Provisions regarding the implementation of Solvency II-based Economic Solvency Regime

Phoenix Insurance is subject to the Solvency II-based Economic Solvency Regime in accordance with the provisions Commissioner's Circular 2020-1-15 - "**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 capital 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 required capital. In accordance with the provisions of the Economic Solvency Regime, the economic solvency ratio report as of the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date.

Increasing the economic capital in accordance with the transitional provisions - the Company opted for the alternative provided by the Economic Solvency Regime regarding the transitional provisions, whereby the economic capital may be increased by gradually deducting from the insurance reserves until 2032 (hereinafter - the "**Deduction during the Transitional Period**"). With regard to the Deduction during the Transitional Period, a letter was addressed to insurance companies managers titled "Principles for calculating Deduction during the Transitional Period in the Solvency II-based Economic Solvency Regime" (hereinafter - the "**Letter of Principles**"). Pursuant to the Letter of Principles, the Deduction during the Transitional Period shall be calculated by dividing insurance policies issued through December 31, 2016 into homogeneous risk groups. The aforesaid deduction shall be calculated as the difference between insurance reserves (retention) as per the economic balance sheet, including the risk margin attributed thereto (net of the difference between the fair value and the carrying amount of designated bonds) and the insurance reserves (retention) as per the Financial Statements. This difference shall be deducted on a linear basis until December 31, 2032. The deduction balance at each reporting date (hereinafter - the "**Deduction Value during the Transitional Period**") shall be proportionate to the expected increase in the solvency ratio calculated excluding expedients during the Transitional Period.

In February 2025, a clarification letter was published regarding the **solvency ratio target**. An insurance company which implements an economic solvency regime may distribute a dividend, if subsequent to the distribution the company has a solvency ratio of at least 100%, and subject to the full ratio target set by the company's board of directors. The letter includes examples of inappropriate practices in the process of determining the capital target. Accordingly, it was written that insurance companies

should look into the methodology for conducting sensitivity tests designed to determine the capital target, in order to verify that the capital target is sufficient and ensures the company's resilience given the company's exposure to the various risk factors, and taking into account the following appropriate practices: (1) Assessing various sensitivity tests to changes in demographic and operational assumptions, as well as combined scenarios, including changes in the business environment according to the specific risk profile of the insurance company; (2) conducting sensitivity tests both with regard to the current solvency ratio and with regard to the future solvency ratio; (3) determining the intensity of the sensitivity tests, noting the potential change in risk factors, according to the economic environment and the historical volatility of the risk factors. In addition, it was noted that deviation from these proper practices may amount to non-compliance with the directives of the Board of Directors Circular and give rise to concerns regarding the proper management of the Company. In these cases, the Commissioner will consider the use of the powers vested in them by law, including supervisory and control actions and issuing instructions to rectify deficiencies. The Company implements all appropriate practices.

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.

For details regarding Phoenix Insurance's commitment to publish data in connection with its economic solvency ratio on a quarterly basis in respect of the quarter preceding the reporting data, see Section 2.1.6 to the Report of the Board of Directors.

4.1.8. The principal legal frameworks of the Retirement Segment

1. <u>Legislative arrangements</u>

A. **The Financial Services Supervision (Provident Funds) Law,** 2005 (the "**Provident Funds Law**") regulates the establishment of management companies, the manner in which they are to be managed and ways in which they operate; the law lists the terms and conditions for obtaining a license to

manage a management company and sets provisions on obtaining permits to control and hold stakes in management companies. The law also regulates the relationship between a planholder and the management company and even determines the rights of a planholder in a provident fund.

B. **Financial Services Supervision (Consulting, Marketing and Pension Acquiring System) Law**, 2005 (the "**Pension Advice Law**") regulates the practice of engaging in advice on and marketing of pension products, including provisions on the duty to obtain a license and the terms and conditions of such a license, prohibitions and restrictions on the practice of providing advice on and marketing of pension products, supervision of license holders, and the Commissioner's right to set proper conduct provisions and provisions designed to safeguard policyholders' interests, including the imposition of sanctions, civil fines and criminal sanctions. The law also sets provisions dealing with the licensing procedure of a company operating a pension acquiring system, and the mechanisms for supervising such a company (the "**Clearing System"**). The Clearing System is used to transfer information about pension products of planholders in the various institutional entities, transfer applications to make changes in the pension products and information about direct contributions by employers; the Clearing System is also used to make actual transfers of funds.

C. **The Prohibition on Money Laundering Law, 2000, and the Prohibition on Money Laundering (Obligations of Identification, Reporting and Record Keeping by Insurers, Insurance Agents and Management Companies to Prevent Money Laundering and Financing of Terrorism) Ordinance, 2017**, require insurers, insurance agents and management companies to identify and verify customers' details. The said law and ordinance set, among other things, provisions regarding the requirement to conduct a "know your customer" procedure when issuing a life insurance contract and opening a provident fund account, the requirement to check whether the customer is included in the list of active terrorist groups and individuals as defined by the ordinance, and the requirement to submit regular and special reports to the Israel Money Laundering and Financing of Terrorism Prohibition Authority.

D. **The Income Tax Ordinance (New Version), 1961** confers upon provident funds, pension funds and insurance funds a special status with regard to income tax credits and deductions and various exemption provisions; this status is designed to encourage the public to save for retirement through provident and insurance funds.

E. **Income Tax Regulations (Rules for the Approval and Management of Provident Funds), 1964** regulate certain aspects of the management of provident funds, including contributions to be made into such funds, the use of their funds, payments to planholders and provisions with regard to reports issued to planholders. The Regulations apply to pension funds, provident funds and insurance plans approved as insurance funds (executive insurance and insurance for the self-employed).

F. The **Supervision of Financial Services Regulations (Provident Funds) (Insurance Coverages in Provident Funds), 2013** regulate the insurance coverages that a management company is allowed to purchase for planholders in an annuity provident fund under its management, the terms and conditions of such insurance coverage, and the terms and conditions for group insurance in an advanced education fund and in a non-annuity provident fund.

G. The **Supervision of Financial Services Regulations (Provident Funds) (Self-Directed Provident Funds), 2009** allow savers to manage the investment of their pension savings by themselves. This arrangement enables savers to benefit from tax benefits in respect of contributions made into provident funds and/or advanced education funds, and at the same time, to control the manner in which their funds are invested, either personally or through a portfolio manager who follows the savers' instructions.

H. 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 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.

I. In December 2025, **Supervision of Financial Services Regulations (Provident Funds) (Imputation of Return in a Comprehensive New Pension Fund) (Amendment), 2025** was published. The Supervision of Financial Services Regulations (Provident Funds) (Imputation of Return in a Comprehensive New Pension Fund), 2017 established provisions regarding the method of imputation of return to planholders and pensioners in a comprehensive new pension fund, including establishment of a different allocation of the yield supplementation entitlement according to three classes: (1) Planholders who are 50 years old or less, (2) planholders who are 50 years old or more and (3) Pension recipients. Regulation 8 of the regulations sets forth a temporary order according to which the different allocation to planholders who are 50 or more and to planholders who are 50 or less will enter into effect from January 1, 2025. During the temporary order period, allocation of eligibility to supplementation of return to planholders who are 50 years old or less will be identical to that of planholders who are 50 years old or more. Under the amendment, the temporary order was extended by three further years through December 31, 2028.

2. **Drafts**

A. 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; (6) 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.

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

tax purposes and for capital-declaration purposes to a member or policyholder who transferred funds from their account to another provident fund during the year.

C. In November 2025, the Capital Market Authority published **a draft clarification regarding the procedure for withdrawing funds from a provident fund.** The purpose of the clarification is to address the growing phenomenon of entities persuading planholders to withdraw pension savings with maximum tax, sometimes unlawfully, while engaging in forgery, impersonation, and charging excessive fees. Accordingly, institutional entities must ensure, among other things, that any request to withdraw funds is submitted by the planholder himself, includes all details required to examine his eligibility, and complies with the provisions of the law. It is proposed to determine that institutional entities will be required to take various measures to clarify the entitlement to withdrawal of funds, as detailed in the draft.

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

D. In November 2025, the Capital Market Authority published the **draft circular on Power of Appointment to a License Holder Circular**. The draft circular proposes to cancel the current circular and replace it with a new one. The purpose of the new circular is to rearrange the order of its provisions such that they will correspond to the stages of the process of awarding a power of appointment to a license holder, remove provisions which are not required under this circular, and clarify and define provisions regarding the authorization process, including how a license holder may meet a customer for the purpose of signing a power of appointment, the license holder's duty to explain to the customer the meaning of awarding a power of appointment, to provide the customer with a copy and to retain a copy.

E. In November 2025, the Capital Market Authority published a **draft Uniform Format for Transferring Information and Data in the Pension Savings Market - Revision**. The draft circular proposes to amend the circular as follows: (1) It is proposed to gradually switch to API-based interfaces, in order to, among other things, ensure alignment with international standards, shorten information transfer time frame, and enable the provision of additional services through this technology; and (2) it is proposed to put in place new and dedicated service

interfaces aimed at assisting the public to utilize its tax rights. These services are designed, among other things, to assist with the implementation of the provisions of Amendment 190 to the Income Tax Ordinance and the provisions of circulars published on the subject of annuities allowable for tax purposes.

4.1.9. The principal legal frameworks of the life and savings area of activity

Many of the provisions of the law that apply to the field of asset management - pension and provident funds as listed in Section 4.1.8 above, also apply to life and savings.

4.1.10. The principal legal frameworks of the Property and Casualty Insurance Segment

4.1.10.1. Legislative arrangements

A. <u>Property and casualty insurance</u>

Supervision of Financial Services Regulations (Insurance) (Calculation of Insurance Reserves in Property and Casualty Insurance, 2013 deal with the manner of calculating insurance reserves such that they adequately and properly reflect the insurer's insurance liabilities.

For further details on these regulations and the Commissioner's Directives, see Note 2 to the Financial Statements.

B. <u>Compulsory motor insurance</u>

1. **The Motor Insurance Ordinance (New Version), 1970** (the "**Motor Insurance Ordinance**") stipulates that every person using or allowing others to use a motor vehicle must have a valid insurance policy in accordance with the Motor Insurance Ordinance. Pursuant to the Motor Insurance Ordinance, a compulsory motor insurance policy covers the motor vehicle's owner and the driver against any liability they may incur under the Road Accident Victims Compensation Law, 1975 (hereinafter - the "**CRAV Law**") and against any other liability they may incur due to bodily injury caused by or as a result of the use of a motor vehicle to the driver, passengers, or pedestrians hit by the motor vehicle as a result of the use thereof.

2. The **Road Accident Victims Compensation Fund** (**"Karnit"**) is a corporation established under the CRAV Law; its purpose is to compensate victims who are eligible for compensation by virtue of that law, but are unable to claim compensation from an insurance company due to one of the following circumstances: the identity of the driver who caused the accident is unknown; the driver does not have compulsory motor insurance, or the insurance does not cover the liability; the vehicle's insurer is under liquidation or an administrator was appointed for the insurer.

3. In accordance with the **Economic Efficiency Law (Legislative Amendments for the Implementation of the Economic Plan for 2009 and 2010), 2009** (hereinafter - the "**Economic Efficiency Law**") as from 2010, the insurance liability in respect of the provision of medical services, which are included in the basket of services set out in the Second Addendum to the National Health Insurance Law, and in the National Health Insurance Ordinance (Medications in the Health Services Basket) was transferred from the insurance companies to the health maintenance organizations; accordingly, the premium component relating to the said insurance liability in respect of medical services is transferred to the health maintenance organizations.

4. **The Motor Insurance Regulations (Creation and Management of Databases), 2004**, determine the activity of a database operator, which is in charge of the management of the database and the generation of reports used, among other things, to assess the risks in the Compulsory Motor Insurance Subsegment, and to determine the cost of pure risk on the basis of which compulsory motor insurance tariffs are determined (hereinafter - the "**Base Tariff**").

   The Motor Insurance Regulations (Residual Insurance Arrangement and Mechanism for Determining the Tariff), 2001, stipulate the residual insurance arrangement (the "Pool"), which is based on a co-insurance by all insurers. The purpose of the residual insurance is to cover the compulsory motor insurance risk of those who are rejected by commercial insurance companies due to exceptional risk levels (mainly motorbikes and all terrain vehicles). Each insurance company's share in the residual insurance is determined every year based on its proportionate share - during the past year - in the Compulsory Motor Insurance Subsegment. The Pool operates as an insurer, and its rates are determined by the Commissioner. Phoenix's proportionate share in the Pool's losses in the reporting year was 12.66%.

5. **The National Insurance Law (Combined Version) 1995 (hereinafter - the "National Insurance Law") authorized the National Insurance Institute (**the **"NII")** as a corporation operating as an insurance entity by virtue of that law. Pursuant to Section 328 of the National Insurance Law, where the NII has a liability to pay an annuity to a victim, and at the same time a liability arises to a third-party to pay compensation to that victim in respect of the same event, the NII may receive indemnification from the said third party in respect of annuities it has paid or is required to pay. In 2015, following negotiations held between the Israeli Insurance Association and NII, pursuant to the approval of the Competition Commissioner, the parties reached a draft subrogation agreement, which regulates the NII's indemnification right and lists, among other things, the circumstances in which the Company may reject the subrogation demand and indemnification rates. Following the above, in July 2015, the Company signed a subrogation agreement with the National Insurance Institute.

Further to the said agreement, in March 2018, the **Economic Efficiency Law (Legislative Amendments for the Achievement of Budgetary Targets 2019), 2018** was published, whereby the individual subrogation right available to the National Insurance Institution by virtue of Section 328 of the National Insurance Law in respect of road accidents occurring as from January 1, 2014, will be revoked, and - as a result - the agreements signed to regulate this right will be terminated. The bill prescribes that In lieu of this right of individual right of subrogation, a netting arrangement shall apply, under which a fixed amount will be remitted to the National Insurance Institute from the insurance companies each year to cover their liability according to parameters determined by law and/or regulations. At the end of the day, the said bill was not passed as a binding law. Nonetheless, following the said bill and after negotiations between the insurance companies and the National Insurance Institute, in July 2021 a new arrangement was signed with the National Insurance Institute. In accordance with the arrangement, the insurers transferred to the National Insurance Institute an advance in respect of road accidents that took place in 2014 to 2022; the previous subrogation agreement of 2015 continues to apply in respect of those years. It was also agreed that in respect of road accidents occurring as from January 2023, the subrogation agreement shall not apply; on the other hand, in 2023-2024, 10% of the insurance premiums collected each year will be transferred to the to the National Insurance Institute; in respect of road accidents occurring as from 2025, the percentage will increase to 10.95% in lieu of the National Insurance Institute's right to bring a restitutionary claim against an insurer liable to payment in respect of damage.

6. For information regarding **The National Insurance Regulations (Discounting), 1978**, which deal with the discounting of annuities, see Note 41 to the financial statements.

C. Motor property

1. **Regulations Concerning Supervision of Insurance Business (Contract Terms and Conditions for Insuring a Private Vehicle), 1986**, stipulate the wording of a standard policy that includes the minimum terms and conditions for provision of insurance coverage for private and commercial vehicles weighing up to 3.5 tons. According to the regulations, policyholders may only be given benefits in addition to the terms and conditions of the standard policy, and the scope of their coverage, risks, property and liabilities may only be expanded - not reduced.

Drafts

1. In January 2025, a draft position of the Commissioner was published regarding the **prohibition of discrimination based on the geographical location of policyholders and insurance applicants in motor insurance**. The draft was published against the backdrop of information obtained by the Capital Market Authority, which raises concerns that some insurance companies have practices that may discriminate against motor insurance applicants based on geographic area. The following are the principles which are proposed to be prescribed in the Commissioner's position: (1) Insurance companies must act

fairly and equitably in their dealings with insurance applicants, and not base their decisions on whether to issue insurance to a person in the motor insurance subsegments on considerations which are contrary to the provisions of the law, including provisions that prohibit discrimination on the basis of geographic area; (2) practices according to which insurance companies place additional requirements on insurance applicants in the motor insurance subsegments for the purpose of completing the underwriting process and purchasing insurance, only because of their address or area of residence, are prohibited, especially with regard to requirements that an insurance applicant will find difficult to comply with; (3) an insurance company may not perform "strict underwriting", in which an insurance applicant is required to present a certificate regarding a clear insurance history for a period longer than three years. According to the Commissioner's position, these practices are inconsistent with the provisions of the law, including the provisions of the Prohibition in Products, Services and Entry into Entertainment Venues and Public Spaces Law, 2000, the provisions of the Signing-On to Insurance Plans Circular, and the principle of equality and enhanced duty of good faith which applies to insurance companies.

D. **Other property and casualty insurance**

Regulations Concerning Supervision of Insurance Business (Contract Terms and Conditions for Insuring Homes and their Contents), 1986 stipulate the wording and terms and conditions of a standard policy and a minimum binding home and contents insurance coverage.

4.1.11. The principal legal frameworks of the health insurance area of activity

A. 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 its decision, the Commissioner of the Capital Market, Insurance and Savings instructed the insurance companies, subject to the provisions of the circular, an 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. In December 2025, the **Economic Plan Law Memorandum (Legislative Amendments for Implementing Economic Policies for the 2026 Budget Year), 2025, Chapter _: Maintaining Benefits of Long-Term Care Policyholders** was published, which constitutes a chapter in the Draft Economic Arrangements Law for 2026. The memorandum proposes, among other things, to amend the Financial Services Supervision Law (Insurance), 1981, and to set therein provisions which cap the maximum payment which a representative or an attorney may collect for handling a claim by virtue of a long-term care insurance plan, vis-à-vis the insurance company

or the appeals committee, at stages which do not require representation before the court or an alternative legal proceeding.

4.1.12. The principal legal frameworks of asset management - financial services

For details on the legal frameworks of the Investment House and Wealth Segment, see Section 2.5.2 of the report.

4.1.13. The principal legal frameworks of the Payments & Financing Segment

For details on the Payments & Financing Segment, see Section 2.5.2 below.

4.1.14. The principal legal frameworks of the Brokers & Advisors Segment

For details on the legal frameworks of the financial services segment, see Section 2.7.9 below.

4.2. Entry and Exit Barriers

4.2.1. Entry barriers

4.2.1.1. Insurance, pension funds and provident funds activity

In accordance with the provisions of the law, an entity wishing to engage in insurance (including the holding of pension and provident funds' management companies) is required to obtain an insurer license under the Supervision Law (hereinafter - an "**insurer license**"); the holding of more than five percent of a certain type of means of control in an insurer is conditional upon obtaining a permit from the Commissioner to hold such means of control (hereinafter - a "**holding permit**"), and control in an insurance agency is also conditional upon obtaining a control permit from the Commissioner (hereinafter - a "**control permit**").

When reviewing requests for insurer licenses, an insurer license, a holding permit and a control permit, the Commissioner takes into account, among other things, a broad range of considerations, including: the applicant's work plans; the suitability of officers' qualifications to their roles; financial means; experience and business background of the entities applying for the license or permit; the competition in the capital market, including the insurance industry and the level of service therein; the Government's economic policy; reinsurance arrangements; the workforce, etc. The Commissioner may set terms and conditions and restrictions in connection with issuing permits including the condition that the insurer has a fixed and stable control core, a prohibition on placing a charge on means of control included in the insurer's control structure, maintaining the framework of the control group, including setting provisions or restrictions on the sale or transfer of means of control to others.

Supervision of Financial Services Regulations (Insurance) (Minimum Equity Required for an Insurer License), 2018 determine the rate of equity required for obtaining an insurer license. The purpose of the regulations is, among other things, to reduce entry barriers to the Israeli insurance market and encourage the entry of companies relying on technology and innovation.

It is noted that, accordingly, additional insurance companies are active in the market which target a broad range of customers wishing to purchase insurance directly; so far, those insurance companies focused on selling motor insurance and travel insurance, mostly through digital means supported, inter alia, by call centers.

It is further noted that, pursuant to the Reduction of Concentration Law, restrictions are placed on investment in institutional entities by entities holding significant non-financial holdings. For more information on the Market Concentration Law, see Section 4.1.2.3 above.

4.2.1.2. Permit to hold means of control in institutional entities

In July 2013, the Commissioner and Banking Supervision Department published a joint document dealing with **Guiding Principles for General Criteria and Conditions for Entities Applying for a Permit to Control and Hold Regulated Financial Entities.** In the document, the Commissioner drafted a list of guiding principles that shall constitute the basis for a detailed framework of criteria and conditions for issuing a control permit; the details of this framework may vary according to the types of regulated entity. The considerations taken into account when assessing a permit application relate, among other things, to four principal areas: (1) personal and business honesty and integrity; (2) financial strength; (3) planned investment strategy; (4) the applicant's business experience, area of business of the applicant and the entities in respect of which a permit is requested, and the potential for conflicts of interest in the regulated entity.

Further to said document, in February 2014, the Commissioner published a document dealing with a **Policy for Control in an Institutional Entity** (hereinafter - the "**Policy Paper**"). The Policy Paper lists the Commissioner's Directives regarding control in an institutional entity and on the filing of an application for a control permit in an institutional entity. The directives pertain to applicants applying for a new control permit; however, they will also apply to holders of an existing control permit, with the necessary modifications to the permit they hold. It is noted that in the case of joint control, each entity in the controlling shareholders' group is required to obtain a control permit, and therefore, each such entity is required to file a control permit application.

The Policy Paper pertains, among other things, to the following issues: (1) the terms and conditions that pertain to an applicant applying for a join control permit; (2) the control structure and method of holding means of control in an institutional entity in the case of a non-financial entity, foreign banking corporation and a foreign institutional entity, an entity managing funds, partnership, trust and an institutional entity; (3) the minimum holding rate. In that context, it was determined, among other things, that the required holding rates are as follows: a stake of more than 30% in an institutional entity which is required to maintain a large amount of minimum capital, a stake of more than 40% in an institutional entity which is required to maintain a medium amount of minimum capital, and a stake of more than 50% in an institutional entity which is required to maintain a small amount of minimum capital;

(4) the funding of the corporations through which the institutional entity is held; (5) placing of charges on the means of control; (6) the financial strength of the applicant. It is noted that the Company holds institutional entities, which are required to maintain a large amount of minimum capital, and accordingly, the minimum holding rate required of its controlling shareholders is 30%.

Furthermore, in July 2019, the Commissioner published a paper dealing with a **Policy for Issuing - to Entities Managing Customers' Funds - Permits to Hold Means of Control in an Institutional Entity without a Controlling Shareholder**; the paper's objective is the set terms and conditions which an entity managing customers' funds is required to comply with in order to receive a holding permit for holding up to 7.5% of the means of control in an institutional entity without a controlling shareholder. It is noted that in accordance with the above, the Company holds permits to have a stake of up to 7.5% in institutional entities.

4.2.1.3. Equity

- **Insurance companies**

  A company engaged in insurance activity is required to comply with regulatory capital requirements and dividend distribution capital requirements which constitute a substantial entry barrier for operating in this sector.

  For further details about the capital requirements, including the application of a Solvency II-based economic solvency regime, the transitional provisions in connection with full application of the provisions, the restrictions on dividend distribution and the capital adequacy target, see Section 3.1 to the Report of the Board of Directors.

- **The management company - Phoenix Pension & Provident**

  The Company has undertaken to supplement, at any given time, Phoenix Pension & Provident's equity to the amount set in the Provident Fund Regulations.

- **TASE Member - Excellence Investment Management and Securities**

  Excellence Investment Management and Securities is the TASE Member. In accordance with the Articles of Association, the TASE Member is required, among other things, to comply with the equity and liquid assets requirement, in accordance with the TASE rules and guidelines. As of the date of the financial statements, the TASE Member meets the equity and liquid assets requirements as stipulated in the TASE Rules and Regulations.

- **Phoenix Gama**

  Phoenix Gama issued to the public liquid commercial securities, and accordingly binding provisions regarding capital adequacy and liquidity apply to its activities, as stipulated by the Commissioner. For more information, see Section 2.6.1 above. In addition, as a holder of a license for the provision of regulated financial services, Phoenix Gama is subject to minimum capital requirements in accordance with the provisions of the Financial Services Law.

4.2.1.4. Expertise, knowhow and experience

The Group's insurance and financial services activities require the possession of specific knowhow, mainly in the field of actuarial sciences and risk management; these activities also require familiarity with the relevant markets, including the reinsurance market. Furthermore, gaining experience in this area of activity, accumulating actuarial information and creating an extensive database serve a very important role in the setting prices and underwriting new businesses.

4.2.1.5. Minimum size (economies of scale)

In order to cover the high fixed operational costs required to operate investment and insurance systems, including meeting the range of regulatory requirements in the various areas of activity, actors need to have minimum revenue.

4.2.2. Exit barriers

The principal exit barriers from the Group's various areas of activity are also prescribed by the relevant laws.

4.2.2.1. The insurance, pension funds and provident funds activity

The liquidation or winding-up of an insurer's insurance businesses are regulated by the Commissioner, who may instruct an insurer to act in a certain manner when winding-up businesses, or ask the court to issue an order whereby the liquidation will be carried out by the court or under court supervision. A merger, split, discontinuance of management or voluntary liquidation require obtaining the Commissioner's advance approval. Where an application for issuing orders appointing a receiver or a temporary liquidator was filed in respect of a management company, and such orders were not canceled within the period set in the Provident Funds Law, or if management was not transferred to another management company within the period set in the law, the Commissioner may exercise his powers in an effort to maintain the stability of the provident fund, including by appointing an authorized manager in accordance with the rules set for insurance companies. In the life insurance and pension businesses and in the Property and Casualty Insurance business, which are long-tail businesses, the discontinuance of activities involves a run-off coverage arrangement in respect of all policyholders and planholders' rights.

The transfer of control in an institutional entity requires the acquired to obtain a control permit; for further details about criteria and general terms and conditions applicable to an entity applying for a permit to control and hold regulated institutional entities, see Section 4.2.1.2 above.

4.2.2.2. Financial Services

Regarding entry and exit barriers in the Investment House and Wealth Segment, see Section 2.5.5 above.

4.2.2.3. Payments & Financing

Regarding key entry and exit barriers in the Payments & Financing Segment, see Section 2.6.6 above.

4.2.2.4. Brokers & Advisors

Regarding key entry and exit barriers in the Brokers & Advisors Segment, see Section (c) above.

4.3. Critical success factors

4.3.1. General success factors

Success factors common to all of the Group's areas of activity:

1. The economic conditions, employment and interest rates, inflation and the condition of the capital market;
2. Quick adaptation to regulatory changes, including supervision of prices;
3. Competition in the area of activity;
4. Customer loyalty and portfolio retention;
5. Quality of investment management;
6. Quality and manner of risk management;

   Reducing and preventing fraud
7. Distribution channels, including their ability to boost demand and create new markets;
8. The product offering and ability to adapt the products to market conditions and customers' needs;
9. Quality of service to policyholders, planholders and agents;
10. Positioning the Company as a leader in the field, while creating a brand that will enhance its status among competitors;
11. Retaining and acquiring high-quality staff;
12. Technological innovation which includes the implementation of AI systems;
13. Level of IT systems, technology and cyber security;
14. Effectiveness of operations and the level of operating, marketing and selling expenses;
15. Exercising effective controls;
16. Strength and stability.

4.3.2. Unique success factors in insurance and savings and asset management - Retirement

The following factors may be attributed to these areas of activity:

1. Quality of underwriting;
2. Rate of management fees entities may collect under law and the actual rate collected;
3. Management of compensation in the distribution channels;
4. Quality of actuarial assumptions applied to pricing and to determining reserves;
5. Incidence and severity of the claims, including catastrophe events;
6. Quality of all aspects of claims management;
7. Effectiveness of protections and reinsurance costs;
8. Changes in underwriting risk factors;
9. Scope of tax benefits to the customer (in the life insurance and Long-Term Savings Subsegment);
10. Transition to effective digital processes and products;
11. Developments in medical and other technologies, inculcating medical inflation;
12. Quality of management of own capital and the investments in the Company's nostro portfolio;
13. Quality of investment management and the risks in the planholders' portfolios;

4.3.3. Unique success factors of other areas of activity

For information regarding critical success factors in the Wealth & Investments Segment - financial services - see Section B above.

For critical success factors in the Payments & Financing Segment, see Section 2.6.5 above.

For critical success factors in the Brokers & Advisors Segment, see Section b) above.

4.4. Investments[20]

4.4.1. Wealth & Investments

4.4.1.1. Structure of investment management

Phoenix Capital Partners Ltd. (hereinafter "**Capital Partners**") is a company in which there are investment managers with extensive knowledge and experience in the various investment channels managing the Phoenix group's insurance, pension and provident funds

[20] This section relates to the investment management of an insurer, pension fund and provident fund managed by a management company, rather than to Wealth & Investments of the Payments & Financing Segment.

investments, including investments against yield-dependent liabilities (funds of planholders and policyholders), non-yield-dependent liabilities (nostro funds), and the Group's share capital. In addition to the active management of the assets as detailed above, Phoenix Investment House manages the passive tracks under an agreement with Capital Partners for planholders and policyholders who have chosen to invest therein. Furthermore, Capital Partners entered into extensive Cooperation Agreements with a range of external investment managers, including some the largest and leading investment managers worldwide.

Furthermore, Capital Partners offers illiquid investments to qualified customers as detailed below in Section 2.5.7.

Investment management is carried out jointly for policyholders and planholders of Phoenix Insurance and Phoenix Pension & Provident (hereinafter - "**planholders' funds**") through Capital Partners. In that context, it is noted that Capital Partners does not manage the investments of Phoenix IEC Central Pension Fund, and accordingly Phoenix IEC Central Pension Fund is not considered part of the "Group of Investors" (as defined by the Investment Rules Regulations) together with Phoenix Insurance and Phoenix Pension & Provident with regard to investments in liquid securities.

The management of investments in liquid securities is carried out in separate teams - one charged with management of planholders' funds and the other charged with management of the nostro funds. In addition to those teams, there are a number of professional units that provide investment services with respect to illiquid assets, both to the team dealing with nostro funds and to the team dealing with planholders' funds, such as: Real estate, illiquid credit, investment funds, private transactions and infrastructures. The investments are supported by a knowledgeable and highly-experienced internal research department, and by research conducted by leading research bodies in Israel and abroad.

The management of planholders' funds is carried out through common committees, including a joint investment committee, a joint internal credit subcommittee, a joint advisory committee for technology investments, and a troubled debt forum. Investment management of nostro's funds is carried out through the Nostro Investment Committee. For further details on investment committees, see Section 4.4.1.6 below.

Illiquid transactions are offered simultaneously to the planholders' investment manager and to the nostro's investment manager in accordance with a predetermined split ratio. Any deviation from the split ratio requires advance written approval of the investment committees.

4.4.1.2. Institutional Entities' investment management policy

The investment policy defines the exposure ranges in relation of each of the different investment channels for each of the tracks. The investment policies are based, among other things, on the targets of work plans, work assumptions about macroeconomic conditions in Israel and around the world, trends in various markets and investment areas, estimates as to interest rates, foreign currency exchange rates, political and security conditions, unemployment rates, etc. The investment policies are brought for approval before the investment committees (planholders and nostro) and the boards of directors of Phoenix Insurance and Phoenix Pension & Provident at least once a year.

It is noted that, as part of the investment policy, the board of directors and investment committees also approve the credit policy for the management of the credit assets of the portfolios under management. The credit policy sets out work processes, authorization hierarchy and credit portfolio credit exposures, considering, among other things, maximum exposure limits to a single borrower, to a group of borrowers, to a specific subsegment, ensuring the existence of management, supervision and control mechanisms for risk management, etc.

The investment policy of the portfolios under management is reviewed continuously as part of the discussions of the investment committees. Furthermore, the control and risk management units continuously oversee the investment activity, with emphasis on the volumes of activity, exposure rates in each type of investment channel, compliance with the restrictions of the investment and credit policy and provisions of the law.

In accordance with the Commissioner's Directives, the Company publishes on its website information concerning its investment policies. For details on the Company's investment policy, see the Company's website at:

https://www.fnx.co.il/investors-relations-hebrew/investment-information-reports/the-expected-investment-policy

As stated above, Phoenix IEC Central Pension Fund is not part of the group of Institutional Investors, it has an independent investment policy, its investment decisions are made by an independent investment committee and its liquid holdings are not included among the holdings of Phoenix Pension & Provident and Phoenix Insurance.

4.4.1.3. For details regarding responsible investments, voting policies in general meetings and institutional activism, see Section 6.1 below.

4.4.1.4. Investment control

The Investment Control Department is a separate unit operating independently of the unit charged with initiating, performing, allocating, and assessing investment assets. The unit reports to the Investment Controller Department, which is part of Phoenix Insurance's Finance Division, and operates independently of the investment activity. The unit audits the investment activity on an ongoing basis in accordance with the regulations applicable to the Company's investment management activities. Accordingly, the Investment Controller Department is in charge of a range of reports that the Company is required to issue pursuant to regulatory provisions and internal requirements of the various corporate organs.

4.4.1.5. Personal self-directed policies (IRAs)

The investments in respect of self-directed individual retirement accounts (IRA) under insurance policies and provident funds are managed by the planholders or policyholders themselves as the case may be, or by portfolio managers acting on their behalf. Phoenix Insurance or Phoenix Pension & Provident merely serve as a platform and none of them has any involvement in investment management. Investment management by the planholder or the portfolio manager acting on their behalf is carried out in accordance with the Self-Directed Retirement Account Regulations.

4.4.1.6. Investment committees

Following are details regarding the external investment committees that manage the investments of the institutional entities:

Committee	Managing entity	Committee members	Convening dates	Committee's roles and activity
Participating Investment Committee	Policyholders and planholders of Phoenix Insurance and Phoenix Pension & Provident (hereinafter - the "**planholders' funds**").	All committee members are external to the Phoenix group, and do not work for the Group or provide it with services.	Generally, every two weeks	The ultimate organ with respect to the management of the planholders' funds. The committee sets the investment policy as part of the overall investment policy set by the Board of Directors with respect to each provident fund, investment track or insurance liability. In addition, the committee discusses the transactions presented for its approval in accordance with the Company's existing authorization hierarchy. In each meeting, a review of the market in Israel and abroad is held, which is delivered by internal investment managers, and periodically - by external consultants. The committee discusses existing and expected changes in the different markets. In addition, monitoring and analysis are carried out of the returns achieved, from the perspective of the target returns, the structure of the current portfolio, and the investment policy. Furthermore, the committee receives reports on an ongoing basis regarding transactions which were approved by a credit subcommittee, monitors transactions which were carried out, decisions made, etc.
Nostro Investments Committee	Phoenix Insurance (nostro funds)	Five members, including two external directors	At least once a month	Management of the investments of the insurer's own capital and the investment of funds to cover insurance liabilities, which are non-yield dependent (hereinafter - the "**nostro funds**"). The committee's roles are, among other things, setting the Company's investment policy as part of the overall investment policy set by the Board of Directors with respect to the nostro funds, approving illiquid transactions and credit according to the authorization hierarchy, which was approved by the Company's Board of Directors. The committee also receives monthly reviews and monitors the return on the nostro portfolio; it also receives reports regarding existing and expected changes in the various markets.
Credit Subcommittee	Joint committee for managing planholders' funds and nostro funds	All committee members are external to the Phoenix group, and do not work for the Group or provide it with services.	As needed	Among other things, the committee oversees the implementation of the policy of the board of directors and investment committees regarding credit granting, approves granting of credit according to the authorization hierarchy, and makes decision on how to handle troubled debts, according to the authorization hierarchy.
Technology Transactions Advisory Committee	Joint committee for managing planholders' funds and nostro funds	The committee is composed of external members with significant knowledge and experience in the field of technology, and from (external) representatives from the participating and nostro investment committees	As needed	The Technology Committee has been authorized by the investment committees to advise them on technology-related transactions, through a hierarchy of powers set by the investment committees.

4.4.2. Regulation of credit management

4.4.2.1. Credit risk management

The codex of regulations and the provisions of circulars dealing with management of investment assets include provisions on the management of credit by institutional entities, as follows:

4.4.2.1.1. Credit risk management relating to investment activity

The objective of the guidelines on credit risk management relating to investment activity is to ensure that institutional entities have managerial, professional and operational support as well as adequate control and supervision mechanisms. The circular sets rules and tools for determining a policy for providing credit as part of the overall investment policy set by the Board of Directors; in addition, the circular determines the powers of the investment committees and the credit committee, as well as supervision, control and reporting mechanisms.

4.4.2.1.2. Provision of illiquid debt by institutional entities

The Group is engaged in various types of financing, including various types of commercial debt (bonds and illiquid loans), structured financing including asset-backed bonds, other structured products, financial derivatives and compound assets, deposits, capital notes, and guarantees under the Sale Law and for building projects (the Sale Law guarantees and construction financing activity is solely under the nostro activities and is managed by Phoenix Construction Financing and Guarantees Ltd.).

4.4.2.1.3. Handling troubled debt and debt collection actions taken by institutional entities

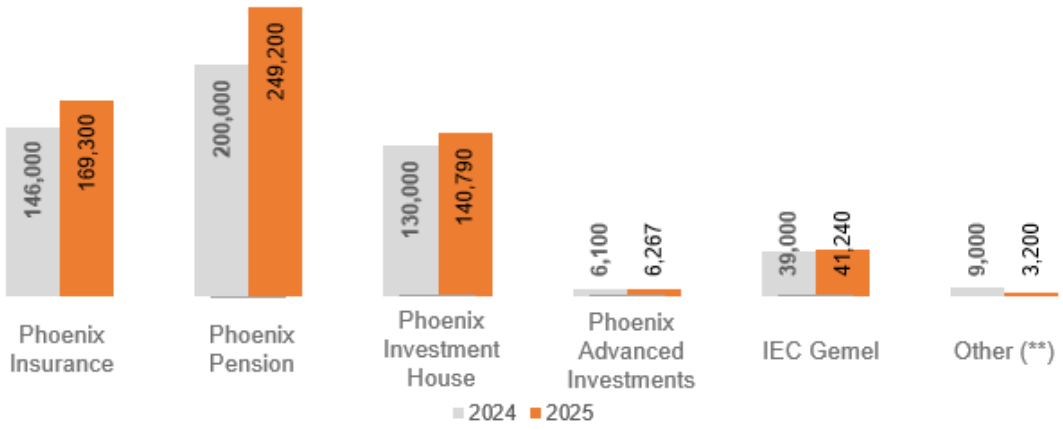
The Code of Regulations provides for the manner of handling troubled debts and debt collection actions taken by institutional entities aim to ensure that institutional entities will be proactive in collecting debts. Furthermore, the provisions are designed to define a framework for an institutional entity's ongoing monitoring and control of debts under its management, handling of troubled debt and reaching decisions as to the measures taken to collect the debt, its participation in a debt settlement arrangement process and the identity of the functions in charge of these actions. The Troubled Debt Forum is in charge of assessing the status of debts and their classification as troubled and/or other debt. Troubled debts shall be classified in accordance with the following categories: a) debt under special supervision; b) debt in arrears; c) doubtful account. The Troubled Debt Forum is in charge, among other things, of drawing up immediate and periodic reports and participating in all discussions held by competent organs in order to decide the handling of troubled debt, while making recommendations on provisions for debts in accordance with authorization hierarchies. The Internal Credit Committee is in charge of making recommendations as to the manner of handling troubled debts which are adjusted loans. Furthermore, troubled debts are monitored on an ongoing basis, the status of troubled debts is discussed, and a quarterly report is issued to the Board of Directors and its various committees regarding troubled debts and the developments in the debts' status and the handling status.

4.4.3. Breakdown of assets under management

Total assets under management by the Phoenix group as of the report date amount to NIS 610 billion, as detailed below:[21]

(*) For details regarding the separation between liabilities with respect to insurance contracts and investment contracts, see Notes 17 and 18 to the Financial Statements.

Following are the assets under management broken down by management entities (customer and nostro funds):



(*) The assets of Phoenix Investment House also include the nostro funds.

For details on the Group's investment in real estate properties or disposal of such properties during the reporting year, see Note 12 to the Group's Financial Statements.

For further details about the Group's investments, see also Notes 8, 21 and 28 to the Financial Statements.

[21] NIS billion; the figures were rounded for convenience of presentation.

4.4.4. Investment revenue and its effect on the profits of the insurance and management companies

The investment revenues that offsets insurance reserves and share capital has a material effect on the income of the insurance company and management companies. A substantial part of the Group's asset portfolio is invested in liquid securities traded in the capital market. Therefore, returns in various investment channels in the capital market have a material effect both on the returns achieved for the Group's customers and on the Group's income. As of January 1, 2025, due to the change in the accounting standards and the application of IFRS 17, the Company measures its normalized investment results using nominal risk-free interest plus a 2.25% spread. As from October 1, the spread has been revised to 2.5%. For further details regarding the application of IFRS 17, see Section 2 to the Report of the Board of Directors.

As of the report publication date, the variable management fees collected by the Company totals approx. NIS 759 million.

The extent of the effect on income also depends on the characteristics of the insurance liabilities (nostro, participating) and the terms and conditions of management fees for products against which the relevant reserve is held, as outlined below (in this matter, see also under Section 5 to the Report of the Board of Directors).

Product	Crediting of the return	Effect on income of the insurer and management companies
Participating policies issued through December 31, 2003	The return on investments is credited to policyholders, while the insurer is entitled to fixed management fees and to variable management fees from the real return achieved after deducting the fixed management fees.	In these products, the financial results of the insurance company are affected by volatility in the return credited to policyholders in view of the fact that the variable management fees are collected from the real return achieved after deducting the fixed management fees.
Yield-dependent insurance policies issued in 2004 and thereafter	Return on investments is credited to policyholders while the insurer is only entitled to fixed management fees	In these products, the effect of the investment results on the insurance company's income is reduced to the effect derived from total assets under management, on which the insurer's fixed management fees are based.
Medium and long savings products (pension, provident and advanced education funds)	The return on investments of planholders' funds is credited to planholders	The return indirectly affects the total management fees from accruals collected by the management company but fees as a percentage of the contributions (contributions towards benefits) are not affected by the results of the investments, but rather only by the contribution amounts. Furthermore, in connection with a guaranteed-return provident fund, the profitability of the management company may be eroded if the provident fund did not achieve the guaranteed return.
Life insurance policies which are not yield-dependent (in respect of that portion of the life insurance portfolio which is not backed by designated bonds)	The return on investment is credited to the insurer	In these property and casualty insurance polices and in the equity portfolio, the linkage of assets does not fully correspond to the linkage of the liabilities. Therefore, changes in capital markets, interest rates, the consumer price index and foreign currency exchange rates may have a material effect on the Group's financial performance, especially due to the sizable reserves managed by the Group.

4.4.5. Offering illiquid investments

In addition, Capital Partners manages alternative investments, either independently, (through its subsidiary, Phoenix Advanced Investments, based on the investment platform of the subsidiary and its employees; for further details, see Section 2.5.7 above) and alongside the investments of the institutional entity, in accordance with the related fund outline detailed in the Capital Market, Insurance and Savings Authority's Circular No. 2021-9-9, entitled Collaboration with a Related Fund). Distribution of related funds and other alternative funds is carried out through dedicated employees at Capital Partners and/or the subsidiaries.

4.4.6. Material investments in investees

In addition to the institutional entities held by the Group, it also holds other investments, the principal of which as of the report date are: Wholly owns Phoenix Gama; wholly owns Capital Partners; holds approx. 90% of Phoenix Agencies; holds approx. 88% of Phoenix Investment House, through Phoenix Investments; holding of a 25% stake in EL AL Frequent Flyer Ltd. (through Phoenix Gama and directly through the Company); and a 67% stake in the issued and paid up share capital of Phoeniclass Ltd. (comprised from a 49% holdings of the Company and an 18% holding of Phoenix Investments in respect of equity rights only). For further details regarding the holding in Phoeniclass, see Section 4.4.6.1 below.

As of December 31, 2025, the Group's investment in associates totals approx. NIS 1,484 million, including shareholders' loans. For further details, see Note 8 to the Financial Statements.

Following is a general summary description of the Company's material subsidiaries and affiliates, the activities of which were not included in the description of the areas of activity and/or other sections in this chapter.

4.4.6.1. Phoeniclass

Phoeniclass Ltd (hereinafter - "**Phoeniclass**") and the Kibbutzim College of Education entered into a combination transaction agreement in respect of a land plot in north Tel Aviv, owned by Kibbutzim College, including the land on which the Kibbutzim College's existing buildings are situated. As part of the transaction, and in exchange for the rights to built 450 residential units on the land plot, Phoeniclass will execute the residential project, transfer to the Kibbutzim College some of the sales proceeds, which will be used to fund a new complex for the College, and will bear some of the cost of building public spaces that will be handed over to the Tel Aviv municipality for commercial and public use (hereinafter - the "**Project**"). Phoeniclass is working to promote the Project's licensing and planning procedures, and its execution. Under the steps taken to promote the licensing procedures, in September 2025 the Project received from the local committee a building permit for Phase A – Building No. 1, comprising 134 housing units, and in December 2025 a mediation agreement was signed with the Kibbutzim College and a financing agreement for the construction of Building No. 1 was signed with a financing bank.

In addition, Phoeniclass is working to reach an agreement with Building No. 1's construction contractor and has even started marketing and selling the Project's apartments.

4.4.6.2. Ad 120 Residence Centers for Senior Citizens Ltd.

As of the report publication date, Phoenix Insurance holds - directly and indirectly - 32% of the issued and paid-up share capital of Ad 120 Residence Centers for Senior Citizens Ltd. (hereinafter - "**Ad 120**"), subsequent to the signing - in November 2025 - of an agreement between Phoenix Insurance and Shapir Housing and Building Ltd. for the sale of 15% of Ad 120's share capital. Ad 120 develops, builds and managers high-end senior housing facilities. It is noted that the Company continues to classify its holdings in Ad 120 against its liabilities for life and savings, health and P&C insurance.

4.4.6.3. Phoenix Mortgages (Gold)

Phoenix Insurance holds 51% of the issued and paid up share capital of Phoenix Mortgages (Gold) Ltd. (hereinafter - "**Phoenix Mortgages**"), whose activity focuses on granting loans to people over 60 against a first-degree pledge on their apartment. On December 30, 2024, Phoenix Insurance's Board of Directors decided to distribute its shares in Phoenix Mortgages as a dividend in kind to the Company. The distribution described above is subject to Phoenix Mortgages' obtaining from the Commissioner an expanded credit provision license (as defined by the Financial Services Supervision Law (Regulated Financial Services), 2016, and will be carried out after receipt of the license as detailed above. Phoenix Mortgages (Gold) has filed with the Supervisor of Regulated Financial Service Providers an application for a financial services provider license, which has not yet been granted as of the report publication date. For further details, see the immediate report dated December 31, 2024 (Ref. No.: 2024-01-628752).

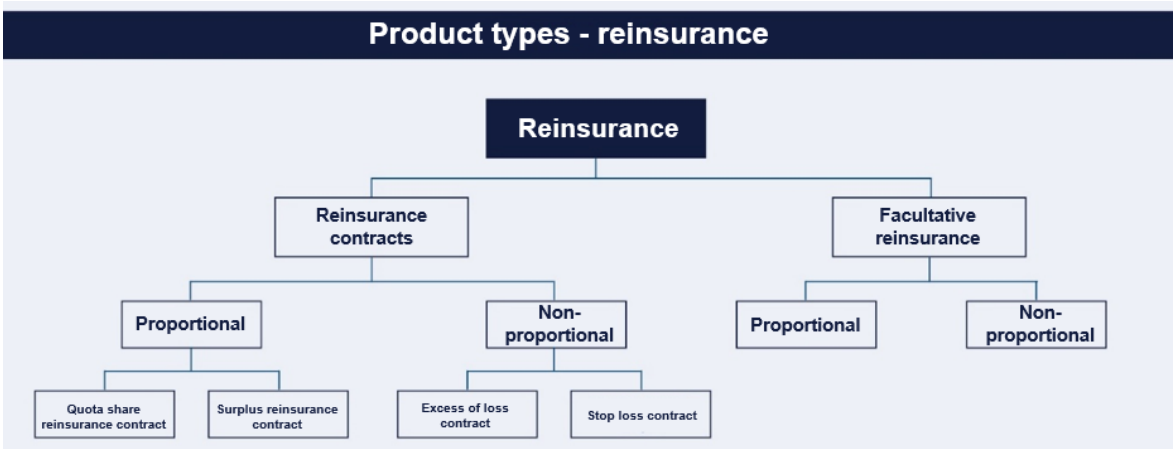
4.5. Reinsurance

4.5.1. General

Israeli insurance companies normally cover a substantial proportion of the insurance risk they assume by entering into engagements with reinsurers. The maximum amount of risk retained by an insurer after transferring some of the risk to the reinsurer is called "retention". Reinsurance has several advantages:

1. It allows insurance companies to diversify the risks to which they are exposed;
2. It allows insurance companies to improve their ability to assume additional risks and at higher insurance amounts;
3. It allows insurance companies to enhance their ability to protect their share capital from exceptional events (catastrophe events, including multiple natural disasters: earthquake, fire, etc.), and to manage it optimally.

Despite the above, reinsurance agreements do not prejudice the contractual rights of policyholders, nor do they exempt insurance companies from their obligations towards policyholders. Therefore, the stability of reinsurers impacts insurance companies. Furthermore, the terms of engagement with reinsurers impact the profitability of insurance companies. It is noted that settling accounts with reinsurers may take many years.



There are two types of reinsurance - contractual and facultative:

Contractual reinsurance is drafted as part of a reinsurance treaty, which is signed every year between the insurance company and the reinsurer; in this type of reinsurance, the reinsurer assumes all risks or businesses to be transferred to it by the ceding insurer, under the agreed terms and conditions, without the need to approve each and every risk or business.

Reinsurance comprises proportional reinsurance and non-proportional reinsurance. The difference between the two types of reinsurance is reflected in the type of relationship between the assumption of risk (the coverage of a claim) and the premium; in proportional reinsurance, the share of the risk assumed by the reinsurer is generally identical in proportion to the reinsurer's share in the premium, whereas in non-proportional insurance - the risk assumed by the reinsurer is not directly proportional to its share in the premium. Thus, for example, in a proportional reinsurance contract where the reinsurer undertakes to pay 75% of each claim in the property subsegment, that reinsurer will also receive 75% of the premium in respect of the subsegment (excluding the fees component), whereas in a non-proportional reinsurance contract, where the reinsurer's share of each claim in the compulsory motor subsegment shall be the portion above USD 100 thousand and below USD 1 million, that reinsurer's share in the premium will be a fixed and predetermined percentage of all premiums or exposure in the subsegment, or a predetermined premium amount.

A. Proportional reinsurance

Quota share reinsurance contract: the reinsurer undertakes a fixed percentage of coverage of each claim in a specific subsegment against an identical fixed proportion of the premium.

Surplus reinsurance contract: the reinsurer undertakes a variable percentage of coverage of each claim up to an agreed cap against an identical proportion of the premium.

B. Non-proportional reinsurance

Excess of loss contract: this is insurance for an individual claim, whereby the ceding insurer agrees to absorb all aggregate losses up to a predetermined retention amount, and the reinsurer agrees to absorb the excess losses above the predetermined retention amount (mostly up to the predetermined limit) against a predetermined

proportion of all premiums in that subsegment or a predetermined premium amount. One of the contracts that fall under this category of non-proportional reinsurance contracts is the contract protecting against catastrophes.

Stop loss contract: the reinsurer indemnifies the ceding insurer to the extent that the percentage or total amount of losses in a certain subsegment over a certain period (usually a year) exceeds a predetermined percentage or total amount, in return for a predetermined percentage of all premiums in this subsegment.

Facultative reinsurance is taken out to cover risks arising from specific policies. Facultative reinsurance shall apply in one of the following cases: (1) when the insurance amount exceeds the reinsurance capacity; or (2) the risk or area of activity is excluded from the contract with the reinsurer; or (3) when it is estimated that the business is relatively risky. In facultative reinsurance, the reinsurer decides separately and in advance for each risk or area of activity whether it wishes to share the risk and at what percentage.

Generally, the rate of reinsurance in the Life Insurance Segment is significantly lower than the rate of reinsurance in property and casualty insurance. This is due to the fact that most of the premium in life insurance is in respect of a savings component, which is not reinsured. Furthermore, in life insurance there is more reliable statistics as to the risks. The scope of reinsurance purchased also varies among Property and Casualty subsegments; in the case of subsegments with homogeneous risk, where the level of risk is highly diversified within the portfolio (such as in the motor subsegment - compulsory and property), there is a lower level of reinsurance, whereas in more heterogeneous subsegments, with lower risk diversification levels and higher risk (such as in other property insurance), a higher rate of reinsurance is undertaken.

4.5.2. The reinsurers market and the manner of engagement with reinsurers

The market of reinsurers which have ratings which are relevant for Phoenix Insurance (reinsurers with a financial rating higher than A-), comprises more than 200 insurers. Phoenix Insurance works continuously with approx. 130 reinsurers. The reinsurers' capacity depends mainly on the materialization of insurance risks, which they assumed during the past few years. Thus, for example, the occurrence of catastrophes around the world causes a decrease in reinsurers' capacity.

A potential deterioration in the condition of the reinsurance market may have a number of consequences: firstly, an insurance company that entered into reinsurance contract is directly exposed to the reinsurer's ability to meet its obligations upon the occurrence of an insurance event; secondly, a decline in the strength of a reinsurer may cause the insurance company to seek replacing it with another reinsurer, which will involve further costs in connection with the original reinsurance and a risk that the original coverage terms will not be achieved; this will also require the recording of an accounting loss, since there is a concern that the reinsurer will not meet its obligations; thirdly, a deterioration in the condition of the reinsurance market may reduce the capacity of reinsurers, in a way that impairs the insurance company's ability to offer coverage in the ordinary course of its business; this

may also lead to an increase in reinsurance prices and to other changes in the terms of engagement with the reinsurer, in a way that will lead to additional costs or impair the quality of the insurance coverage. In addition to the above, if an insurance company does not have access to reinsurance at the required scope, it may lead to its failing to meet the regulatory capital requirements it is subject to.

The term of reinsurance engagements in property and casualty insurance is usually one year. The term of reinsurance engagements in life, health and long-term care insurance is usually the entire life of the policies issued within a defined period. Except for coverage for the catastrophe risk which is also on an annual basis.

Reinsurance prices are affected by factors such as the quality of the insurance portfolio (past performance of the insurance portfolio); relevant events in Israel and globally, the interest rate and the condition of capital markets worldwide.

In reinsurance, the ceding insurer pays reinsurers a premium, while reinsurers reimburse the ceding insurer in respect of claims, and pays it fees, mainly in respect of proportional reinsurance contracts.

The fees paid by reinsurers normally constitute a percentage of the premium transferred to reinsurers; in some cases, this rate is determined in advance (regardless of the results achieved), in other cases - the rate depends on the underwriting results of the ceded businesses. The fee amount may vary during the engagement period.

Sometimes, Phoenix Insurance receives - in addition to the basic fee - a profit fee payable as a percentage of the underwriting income in respect of the relevant risk (i.e., premium net of claims, reinsurer's expenses and fees).[22]

The reporting year was characterized by an increase in the supply of reinsurance worldwide due to strong underwriting results presented by the reinsurance market during the year.

The increase in the volume of capital in the international market and the ceasefire in Gaza, increased the supply of reinsurance in the domestic market. Consequently, upon the renewal of the agreements for 2026 prices have declined by approx. 10%-15%.

4.5.3. Description of the policy of exposure to reinsurers

The Capital Market, Insurance and Savings Authority Commissioner's Circular titled Management of Exposure to Reinsurers, published in 2003 sets out, among other things, provisions and guidelines on how to manage exposure to reinsurers, including a requirement for setting policies and exposure caps for reinsurers, as well as provisions on reporting to the Commissioner.

At least once a year, an insurer's board of directors is required to discuss its policy on exposure to reinsurers, and the insurer's assessments of the management of, and controls over, the exposure; the board is also required to set exposure limits to a single reinsurer and to a group of affiliated reinsurers. The Board of Directors will hold such a discussion after assessing the quality of the insurer's existing tools for management of, and controls over, exposure to reinsurers.

[22] In facultative reinsurance, there are normally no profit fees.

The policy of exposure to reinsurers must include, among other things, a policy for exposure to reinsurers in the Life, Property and Casualty, and Health Insurance Segments, as well as setting a maximum exposure framework for reinsurers, according to parameters set by the Board of Directors. Such parameters may be qualitative in nature, such as the reinsurer's international rating.

There are two types of exposures to reinsurers:

A. Exposure to outstanding balances, and exposure to the risk that the reinsurer fail to meet its existing and future obligations. This exposure is managed by ongoing monitoring of the reinsurer's position in the global market, as well as fulfillment of its financial obligations.

B. Exposure to a single sizable loss or an accumulation of losses due to a large-scale event. The accumulated losses are estimated based on the maximum probable loss ("**MPL**") per event, at a given probability.

Phoenix Insurance purchases reinsurance as part of the implementation of its risk management policy and due to business considerations. The purchase of reinsurance is carried out in policies or subsegments in which the Company believes that it will be more efficient to cede some or all of the risk.

Internal actuarial assessments, various models and past claims experience provide Phoenix Insurance with an indication as to the estimated level of reinsurance required.

In accordance with a policy set by the Board of Directors, Phoenix Insurance contracts reinsurers rated A- or higher, which are rated by one of four ratings agencies – Fitch, AM Best, Standard & Poor's and Moody's (in the short-tail subsegments, the Company may contract reinsurers rated BBB+ at a rate that shall not exceed 10% of the total exposure). Pursuant to a clarification published in 2012 by the Commissioner regarding the calculation of capital requirements of insurance companies, which addresses, among other things, the manner in which the rating of a reinsurer is determined for the purpose of calculating the capital requirements regarding reinsurers, the external rating to be taken into account for the capital requirement will be that of a rating agency that shall be selected in advance by each company (hereinafter - the "**default agency**"). If a rating of the default agency is not available, the lowest rating from among the rating agencies approved by the Commissioner will be taken into account. During that year, the Company's Board of Directors approved Standard & Poor's as its "default agency".

As a rule, Phoenix Insurance aims to contract with numerous reinsurers, in order to avoid a situation where it is dependent on a specific reinsurer, and in order to diversify the risks appropriately. In many of its reinsurance contracts, Phoenix Insurance requires that a downgrade clause be included, allowing it to terminate the contract if the reinsurer's rating is downgraded below a predetermined rating.

As part of the policy regarding the management of Phoenix Insurance's exposure to reinsurers , the Board of Directors of Phoenix Insurance set exposure limits for reinsurers, both with respect to the open balances and with respect to exposure to earthquake at rates of Phoenix Insurance's capital according to the reinsurer's rating.

4.5.4. Life Insurance

Phoenix Insurance enters into quota share and surplus proportional reinsurance agreements with various reinsurers in order to protect itself against the risk in the life insurance portfolio (but not the savings component). Previously, modified financial reinsurance agreements (hereinafter - "**Mod-Re**") were also drawn up in respect of policies that included a savings component. Several large collective insurance policies have a proportional reinsurance agreement.

Phoenix Insurance's reinsurance agreements in respect of life insurance policies are normally drawn up for unlimited periods and may be canceled by giving advance notice for future policies only. The reinsurers pay Phoenix Insurance a fee composed of two components: a fee calculated as a function of the premium ceded to them, and a profit fee based on the insurance results for that year.

Following are reinsurers that account for more than 10% of total reinsurance premiums in the life insurance and Long-Term Savings Subsegment:

2025			
Reinsurer	**Reinsurance premium (in NIS million)**	**% of total reinsurance premium**	**S&P rating (as of December 31, 2025)**
Munich Re	142	63%	AA-
Swiss Re	42	19%	AA-

2024			
Reinsurer	**Reinsurance premium (in NIS million)**	**% of total reinsurance premium**	**S&P rating (as of December 31, 2024)**
Munich Re	156	60%	AA-
Swiss Re	46	17%	AA-

Following are ratings of reinsurers in life insurance and long-term savings:

Rated by S&P*	No. of reinsurers in 2025	No. of reinsurers in 2024**
Rated AA and above	3	3
Rated A to AA (not included)	9	9
Rated A-		1

* For reinsurers not rated by S&P, the lowest rating issued by the following three rating agencies was used: AM Best, Moody's and Fitch. For further details about the Group's investments, see also Notes 17, 18 and 41 to the Financial Statements.

** 2024 data are presented according to IFRS 4.

Catastrophe contract

In the reporting year (as in previous years), the Company purchased a non-proportional reinsurance contract, to cover the risk of bodily injury, death and disability resulting from a catastrophe event. The contract purchased is an excess-of-loss-type contract that protects the accumulation of Phoenix Insurance's self-insured retention from life insurance, personal accidents and travel insurance policies. Following the Iron Swords War, war and terrorism coverages were excluded in the reinsurance contract as of 2024. For further details, see Note 41 to the Company's Financial Statements.

Reinsurance agreement - mass lapse scenario in the Life and Health Insurance Segments

Phoenix Insurance has in place a mass lapse reinsurance agreement, the objective of which is to provide Phoenix Insurance with partial protection against a mass lapse scenario in its Life and Health Insurance Segments as part of the Economic Solvency Regime.

Reinsurance agreement - proportional reinsurance for disability insurance products

Phoenix Insurance has a proportional reinsurance agreement involving an existing portfolio of disability insurance businesses, with a reinsurer rated AA- by an international rating agency.

Reinsurance Treaty for the Supplementary Pension Fund -

As from 2026, Phoenix Insurance did not renew the reinsurance for the fund's planholders. The insurance was renewed with a reinsurer with an -AA rating and includes war and terrorism coverage.

4.5.5. Health Insurance

Phoenix Insurance has quota share reinsurance agreements to protect some of the risk-weighted components in the health insurance portfolio. A number of large collective insurance policies have a proportional reinsurance agreement in respect of some of the coverage components.

Reinsurance agreements in respect of health insurance policies are normally drawn up for unlimited periods and may be canceled by giving advance notice for future policies only. The reinsurers pay Phoenix Insurance a fee that may be composed of two components (and varies in accordance with the terms and conditions of the various agreements): a fee calculated as a function of the premium ceded to them, and a profit fee based on the insurance results for that year. It is noted that in the reporting year no reinsurance was purchased in the Health Insurance Segment between ceding business, as a result of shortage of supply on behalf of reinsurers.

The rating of reinsurers that account for more than 10% of total reinsurance premiums in the health insurance area of activity:

2025			
Reinsurer	**Reinsurance premium (in NIS million)**	**% of total reinsurance premium**	**S&P rating (as of December 31, 2025)**
Swiss Re	93	66%	AA-
Gen Re	32	22%	AA+

2024			
Reinsurer	**Reinsurance premium (in NIS million)**	**% of total reinsurance premium**	**S&P rating (as of December 31, 2024)**
Swiss Re	92	59%	AA-
Gen Re	32	20%	AA+
Munich Re	21	14%	AA-

Reinsurers in the Health Insurance Segment:

Rated by S&P*	No. of reinsurers in 2025	No. of reinsurers in 2024**
Rated AA and above	1	2
Rated A to AA (not included)	6	5
Rated A-	2	2

* For reinsurers not rated by S&P, the lowest rating issued by the following three rating agencies was used: AM Best, Moody's and Fitch.

** 2024 data are presented according to IFRS 4.

For further details about payments to reinsurers and further details, see also Notes 17, 18 and 41 to the Company's Financial Statements.

4.5.6. P&C Insurance

Compulsory motor insurance

Phoenix Insurance's liabilities in the Compulsory Motor Insurance Subsegment are backed by an "excess-of-loss" reinsurance contract. As a result of the said arrangement, the exposure per claim or per event is limited. As is normally acceptable in contracts of this type, the Company does not collect fees and commissions from reinsurers.

For further details about payments to reinsurers and other data, see also Notes 32 and 35 to the Company's financial statements.

Motor property

Motor property insurance is characterized by a high level of risk spread, and a relatively homogeneous risk. As a result, the reinsurance rate in this subsegment is low, and only catastrophic damages such as earthquakes, fires and natural disasters are covered. For further details about payments to reinsurers and other data, see also Notes 32 and 35 to the Company's financial statements.

Other property and casualty insurance

Generally speaking, Phoenix Insurance enters into reinsurance contracts in the Property and Casualty Insurance Segment on an annual basis. Phoenix Insurance purchases reinsurance for most of the subsegments in which it operates: fire, property, engineering (including contractors), personal accidents and liability, including directors and officers' liability, cyber and marine insurance. For an overall explanation about reinsurance, and for details regarding the various types of coverages generally accepted in reinsurance, see Notes 32 and 35 to the Financial Statements.

Property Subsegments

- Industrial and commercial property insurance and home insurance: protected under a proportional combined contract - quota share and surplus. Large businesses are reinsured under facultative contracts. Proportional insurance contracts provide protection up to a maximum amount for a catastrophe event, which varies among the various reinsurers. In respect of the self-retention portion, Phoenix Insurance purchases insurance protection covering catastrophe events at a rate of 2% of the

aggregate insurance amounts. In the Home Insurance Segment, in addition to the existing contract, there is also a quota share contract.

- Industrial and commercial property insurance and home insurance: protected under a proportional combined contract - quota share and surplus treaty. In respect of the self-retention portion, Phoenix Insurance purchases insurance protection covering catastrophe events at a rate of 2% of the aggregate insurance amounts.
- The excess of loss amount covering catastrophe events, which applies to the self-retention portion in property, commercial or industrial, home and engineering insurance, is determined as a percentage of the cumulative self-retention amounts based on accepted catastrophe actuarial models.

Earthquake coverage

In the reporting year, reinsurers' estimated exposure to earthquake under proportional reinsurance on the basis of MPL of 2% amounted to approx. NIS 13.1 billion. Phoenix Insurance's self-retention aggregate exposure, as derived from and measured according to its proportional reinsurance agreements, was approx. NIS 91.9 billion as of the end of the reporting year. It order to hedge this exposure, non-proportional protection of 2.0% of the accumulated retention exposure was purchased, which represents expected damage as a result of an earthquake with an incidence of more than once every 500 years. In the Company's opinion, following the purchase of protection, the maximum amount Phoenix Insurance would have borne upon the occurrence of a catastrophe event, under 2% MPL, is approx. NIS 105 million for property insurance.

The reinsurer, whose share of total earthquake exposure exceeds 10% is Swiss Re with 13.62% of total earthquake exposure as of December 31, 2025. For further details about reinsurance, including reinsurers' balances, see Notes 11, 25 and 41 to the Financial Statements.

Liability Subsegments

Liabilities: includes employers' liability, third party liability, product liability and professional liability. The protective insurance contract is an excess of loss contract in respect of amounts in excess of the self-retention amount, with caps per risk and per event. Since 2021, a quota share contract was taken out in addition to he existing contract.

Directors and officers' liability: this subsegment is protected under an excess of loss contract in respect of amounts in excess of the self-retention amount, with a cap in place per policy. In 2021, a separate quota share agreement was put in place for the finance industry.

Various subsegments

Personal accidents: There is protection against the risk arising from aggregate losses under the catastrophe agreement.

Marine and cargo: protected under a combined proportional insurance contract, quota share and surplus, with a cap per delivery, in combination with a non-proportional reinsurance contract for aggregate retained losses in the cargo subsegment.

Ship hull, yachts and third party: protected by a proportional quota contract with a cap per covered vessel.

Cyber: Protected under a quota contract with ceilings for single loss and annual accumulated losses.

Property and casualty insurance

No reinsurer accounts for more than 10% of total reinsurance premiums for 2025 and 2024.

Rating of reinsurers in property and casualty insurance:

Rated by S&P*	No. of reinsurers in 2025	No. of reinsurers in 2024
Rated AA and above	12	13
Rated A to AA (not included)	111	110
Rated A-	29	33
Rated BBB+	1	2
Not rated	8	8
Total	**161**	**166**

* For reinsurers not rated by S&P, the lowest rating issued by the following three rating agencies was used: AM Best, Moody's and Fitch.

Following is a summary of reinsurance premiums and results by subsegment (in NIS millions):

P&C Insurance -

	2025	2024
Reinsurance premiums -		
Compulsory motor insurance	3	25
Motor property	-	-
Other	1,320	1,243
Total reinsurance premiums	**1,323**	**1,268**
Profit (loss) results		
Compulsory motor insurance	(32)	9
Motor property	--	--
Other	(183)	378
Total reinsurance income for the year	**(215)**	**387**

* The premium includes all types of reinsurance arrangements for catastrophe risk coverage (quota share reinsurance, facultative reinsurance and excess reinsurance to cover the aggregate retention).

The decrease in premiums in the Compulsory Motor Insurance Subsegment stems from a change in the volume of quota share reinsurance contract.

The increase in reinsurance premiums in the Other Subsegment arises mainly from a change in the renewal dates of a large policy in the property loss insurance subsegment whose insurance coverage period is longer than one year.

The attributed loss in compulsory motor insurance is due to revision to the actuarial model in respect of previous years and a change in the scope of a quota share reinsurance contract.

The loss in the Other Insurance Subsegments in 2025 arises from an exceptionally large claim in property loss insurance, which is fully covered by facultative reinsurance.

4.6. Human capital

4.6.1. General

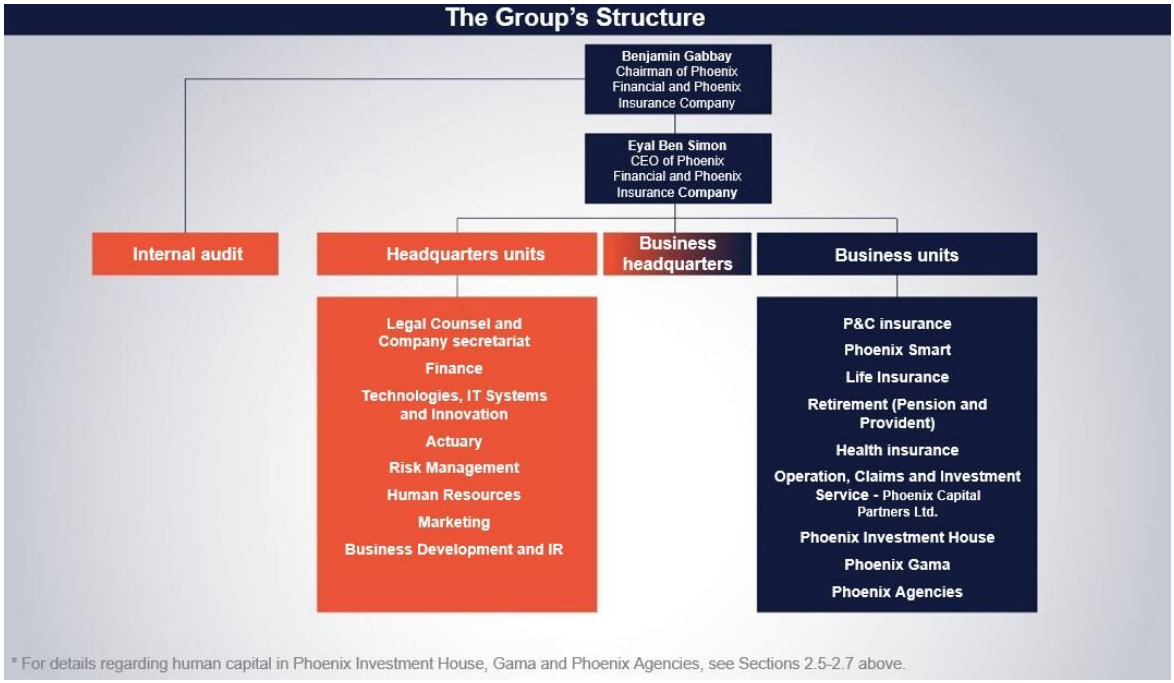
The Phoenix group employs approx. 5,200 employees and views the human capital as its main growth driver. The Company attaches great importance to its employees' development, alongside their health and well-being, both during and after working hours.

The Company complies with the provisions of the law and even beyond compliance in all matters concerning employment terms, including safeguarding human rights, non-discrimination, and prevention of inequality among Company and contract workers. The Company places great importance on the promotion of diversity and on investment in and development of employees.

Most Group employees are employed by Phoenix Insurance, and some are employed by other consolidated companies.

The Group's structure

Following are details of the organizational structure of Group's head office units and key business units:



The Company's Board of Directors sets the Group's policy and supervises the performance of the CEO and management.

4.6.2. The Group's workforce

Following is a breakdown of the Group's workforce by areas of activity as of December 31, 2024-2025:

	December 31, 2025	December 31, 2024
The Group's management	12	13
Headquarters units	28	27
Property and Casualty	224	237
SMART	283	291
Long-term savings and life insurance	273	228
Health Insurance*	155	142
Service, operations and claims function	1,000	1,031
IT systems and additional head office units in Phoenix Insurance and Phoenix Pension & Provident	839	866
Phoenix Capital Partners**	68	96
Total for Group, excluding Phoenix Investment House, Gama, and Phoenix Agencies employees	**2,882**	**2,931**
Phoenix Investment House***	548	542
Phoenix Agencies and agencies under its control****	1,542	1,528
Gama	200	203
Total - Group	**5,172**	**5,204**

For details about directors and officers, see Regulations 26 and 26A in Chapter Five of the Periodic Report - Additional Details about the Company.

For details regarding changes in the Board of Directors and senior management the Company and Phoenix Insurance, see Note 42 to the Company's financial statements.

4.6.3. Key events in the reporting year

During the reporting year, the relocation of approx. 3,000 Phoenix group employees to the new Phoenix Campus at the 1000 Complex in Rishon LeZion was completed. Under the preparations for the move to the new campus, the Company places an emphasis on the retention of its human capital. Under the above, tailored retention plans were implemented for key employees and employees holding critical positions, and equity compensation was awarded to all relevant employees. As of the report date, there have been no substantial changes in the churn rates compared to previous years. Furthermore, steps were taken during the relocation process to ensure business continuity, primarily in the operating and service units.

The relocation to the new campus reflects the implementation of the Company's values and represents a structural and substantive change in the way it conducts itself. The campus was designed based on the of principles of collaboration, agility, transparency and excellence, and enables a modern and efficient work environment. The flexible work arrangements, shared spaces, and the physical proximity between teams support a stronger inter-departmental dialogue and enhance collaborations. This design supports the improvement of work processes, increases knowledge-sharing and is better aligned with Company's needs. For further details regarding the Phoenix Campus, see Section 4.9 below.

4.6.4. Collective bargaining agreement

Phoenix Insurance Company and Phoenix Pension & Provident are parties to a collective agreement. All other employees are employed under personal agreements. The Company also has employees who are employed through an outsourcing arrangement due to business considerations. For details regarding the workers union in Phoenix Gama, see Chapter 2.6 above.

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 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 retain employees, encourage excellence and create an incentivized work environment in congruence with the Company's success.

For further details, see Section 1.2.18 above and the Company's report dated May 18, 2025 (Ref. No.: 2025-01-034497).

4.6.5. Benefits and the nature of employment agreements

Phoenix Insurance is a member of the Association of Life Insurance Companies of Israel Ltd., which is a member of the Coordinating Bureau of Economic Organizations; therefore, all collective agreements signed by the Coordinating Bureau of Economic Organizations apply to Phoenix Insurance.

4.6.6. Compensation policy

A. Under law, the Company and the Institutional Entities have a compensation policy in place for officers and senior employees. The compensation plan takes into account the provisions of the Law for Compensation of Officers in Financial Corporations (Special Approval and Disallowing the Deduction of Exceptional Bonus for Tax Purposes), 2016 (hereinafter - the "**Officer Salary Law**"), that applies to compensation paid in a financial corporation and its approval; the said law provides, among other things, that an employee of a financial corporation may not receive a compensation which is more than 35 times higher than the lowest compensation paid to an employee of the corporation in the year prior to the engagement date (for this purpose, an "employee" shall include employees of a manpower contractor employed by the financial corporation). The law also sets out approval procedures in respect of compensation paid to an employee of a financial corporation who is paid more than NIS 2.5 million, linked as of the law's publication date. Furthermore, the compensation policy is mainly based on multi-year results, return on capital achieved by the Group, and a series of personal parameters adapted to the various officers, which are based on the work plans to be set by the Board of Directors each year.

In March 2026, the Company's general meeting approved a compensation policy for 2026-2028.

For additional details about the Company's Compensation Policy, see the immediate report of the Company dated February 2, 2026 (Ref. No. 2026-01-011526) and the following link:

Officers and employees compensation policy for 2026-2028

B. **Option plan for employees and officers**

The Company has an option plan and restricted share units (RSUs) for employees and officers. Pursuant to the plan, the Company awards, from time to time and without consideration, options or RSUs (hereinafter - the "**Options**") to employees and officers of the Company and companies under its control.

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 as stated above.

It is also noted that during the reporting year, the Company also awarded options to officers and employees of the subsidiary Phoenix Capital Partners. It is noted that the abovementioned option award takes into account the caps set in the Officer Salary Law as detailed above.

For further details with respect to the allocation of options to Company employees and officers and the allocation of options in subsidiaries subsequent to the reporting year, see Section 1.2.18 above.

Under the Company's overall compensation policy and in accordance with the collective agreement, all employees who have served over one year are entitled to an annual bonus, based on an individual and group performance review. The bonus constitutes a variable component of salary and serves to recognize and reward contributions towards achieving the group's objectives and targets, in addition to the fixed salary component.

C. **Incentive plan for investment employees**

Pursuant to the Commissioner's circular, which ordered that a compensation policy be set for investment employees, and in accordance with the aforesaid compensation policy, the Group has a multi-year plan to compensate investment employees; this plan is designed to balance out the fixed and variable compensation components, and to reflect the level of risk involved in achieving the returns in the various investment channels. The plan is based on a series of parameters and profitability targets, which are based, as a general rule, on cumulative three-year results, the results in the various investment channels compared to competitors, taking into consideration the relative risk level of the various channels with respect to several parameters, as well as the relative risk level. For details regarding the compensation plan for investment employees, see:

https://www.fnx.co.il/fnx-insurance-ltd/reward-policy-in-the-group/compensation-policies-of-the-investment-division-staff

D. **Insurance, indemnity and exemption for officers and senior employees**

The Company purchased a liability insurance policy covering its directors and officers and provided officers with indemnification and exemption letters. For details regarding the indemnification and exemption letters and the insurance policy covering officers, see Regulation 22 in Part 5 of the Periodic Report and Note 36 to the Financial Statements.

In October 2025, following the approval of the Compensation Committee, the Company renewed by one further year the D&O liability insurance policy for the Company and its subsidiaries for an annual insurance period starting on November 3, 2025, in accordance with Regulation 1B1 to the Companies Regulations (Exemptions for Interested Party Transactions), 2000. Subsequent to the renewal, the maximum coverage amount stood at USD 200 million.
On March 9, 2026, the Company's general meeting approved the compensation policy for 2026-2028, under which the maximum coverage amount was increased to USD 250 million.

For details regarding training, safe work environment, health and well-being, the Code of Ethics, diversity and inclusion, and employee promotion, see Chapter F on sustainability below.

4.7. Marketing and distribution

4.7.1. General

In order to enhance Phoenix group's presence and fully utilize the diversity of its products and capabilities across group companies, the Company has implemented a brand consolidation strategy and accordingly uses a monolithic brand which represents the Group's capabilities and meets customer expectations across its various areas of activity. Accordingly, the Company branded most of the Group's activity arms under the brand "Phoenix", with the understanding that the Group's many customers, in all segments, perceive the "Phoenix" brand name as a highly valuable and financially robust partner, which is highly committed to its customers

In the reporting year, the Company continued to establish and consolidate its transition from an insurance group to a financial group.

4.7.2. Distribution channels

The Group's key distribution channels are as follows:

A. **Insurance agents**

Marketing and distribution in the insurance businesses are carried out by private insurance agents, and arrangement agencies. Most agents have agreements in place with several insurance companies in order to meet customers' diverse needs. Key considerations for agents in selecting an insurance company to contract with: rate of

fees and commissions, quality of service provided by the insurance company, product and service innovation, and suitability of the insurance company's products to the needs of the agents' customers. The key considerations for insurance companies in selecting agents are as follows: the agent's areas of activity, expertise and relative advantages, potential for business collaboration with the insurance company, agent's profitability, fees and commissions charged by the agent, quality of the agent's sales, retention of the agent's portfolio, the agent's customer base and their reliability.

The Company operates an advanced online portal through which it provides marketing, business and sales-related information to agents in connection with their entire activities, as well as professional and operational information. The information is also offered to the agent through a dedicated mobile app.

The Company operates a sales call center that provides services to Phoenix' agents (Fnx4u); the call center supports the Company's sales activities, for and in collaboration with agents.

B. **Apps**

The Company has a range of apps for customers and agents:

A. The Phoenix group's app serves approximately half a million customers, which can be used to purchase motor insurance, travel insurance, home insurance and mortgage insurance. In addition, one can use the app to take a loan against savings, and there is also an option to take consumer credit; deposit funds with savings and investment products; make changes to investment tracks; receive information regarding the customer's existing products; and perform various transactions, such as filing claims, etc.

B. A travel insurance app, under which one may purchase travel insurance and receive services where necessary such as a medical event, cash refund in respect of baggage, etc. In February 2026, this app was merged into Phoenix group's app, under the Company's decision to merge the product apps into a single app.

C. Young driver app, which allows to activate insurance for young drivers based on actual driving time.

D. Phoenix Investment House app - The TASE Member operates under a Phoenix Investment House app in which TASE Member's customers are given access to information regarding their securities account with the TASE Member, viewing their portfolio composition, accessing their personal digital mailbox, and filing various applications to the TASE Member, including an application to convert foreign currency, submitting a notice of deposit of funds in order to allocate those funds to their account with the TASE Member, updating personal details, filing an application to close an account, signing documents, receiving notifications regarding corporate events and contacting customer service.

C. **Digital marketing channel**

The Company also operates a direct digital marketing channel through which it sells property and casualty products. Digital sales of insurance products is carried out

through sales interfaces on the Company's website and through a call center. This activity is marketed under Phoenix Smart brand name.

D. **Customer service call center**

The Company operates a customer call center, which aims to provide swift response to customers' inquiries, including inquiries in connection with the reports issued by the Company to its customers, questions regarding insurance policies, etc. Customers can contact the Company through all widely used digital communication channels, such as WhatsApp, text messages, email and, of course, by phone.

In accordance with the Company's service and customer-experience strategy, it provides its customers with an extensive, advanced and accessible set of digital channels, including a website and a dedicated app for all products and services. These channels provide comprehensive and personalized services, allowing customers to access information and execute transactions independently across their entire portfolio, 24/7. Furthermore, the Company launched - using artificial intelligence technology - a digital service representative – "Roni", which provides a 24/7 response through WhatsApp and assists customers to obtain information and execute transactions across products and services.

Furthermore, the Company's website is used to send customers personal information and allows customers to perform transactions using the "personal zone". The Company operates a wide range of self-service functions that can be accessed through the Company's website. In addition, the Company provides marketing information to existing and potential customers.

E. **Social media platforms**

The Company operates in social media platforms LinkedIn, Facebook and Instagram, where it has a community of more than 100 thousand followers; it also generates dedicated content on YouTube and other digital media platforms. By maintaining direct contact with its customers through social media platforms, the Company generates a dialogue on insurance issues and other aspects relating to investments, health, savings and property, answers questions, handles service-related complaints and provides answers to questions relating to Company's products and services.

4.7.3. The banks - pension advice

The banking corporations serve as a distribution channel in the field of long-term savings, in their capacity as pension advisors. The scope of activity in this channel is immaterial.

4.7.4. Regulation of the activity of pension agents/marketers/advisors

The agents' activities are also regulated by the Commissioner. Agents' activities are regulated under the Insurance Contract Law and Supervision Law, and with regard to pension products and marketers of pension products - also under the Advice and Marketing Law.

4.7.5. Insurance and savings and asset management - Retirement

As of the report date, the insurance, pension and provident funds marketing function is composed of the agents function (working in accordance with distribution agreements signed with the Company, as described above.

The agents function & fees and commissions

Phoenix Insurance and Phoenix Pension & Provident pay agents fees and commissions at variable rates. The fees and commissions rates are determined by product type, an agent's productivity, profitability of the agent's portfolio, and is also based on specific negotiations with agents and other characteristics of each agent. The insurance agents work with sales managers who are employed by Phoenix Insurance, who provide guidance on sales-related issues and help solve issues stemming from current activities.

The fees and commissions paid over the life of these policies are usually determined as a percentage of the premium; in "track" savings policies and in provident funds, they are usually determined as a percentage of the accrual. Fees and commissions are also paid in respect of the agent's sales activity immediately prior to the policies' purchase date.

Following is the average rate of fees and commissions out of gross premiums in life insurance (by percentage; insurance contracts):

	2025	2024
Average rate of fees and commissions on premiums	8.37	7.71

Following is the average life insurance fees and commissions rate in the first year out of the new annualized premium (by percentage):[23]

	2025	2024
Average rate of fees and commissions out of the new annualized premium	38.76	52

Pension advisors

Phoenix Pension & Provident has in place agreements for the distribution of its products with most commercial Israeli banks. Under the agreements, distribution of provident and pension products is carried out in exchange for a distribution fee at the maximum rate allowed under the Advice Regulations.

The agreements are for an unlimited period; they may be canceled by each party by giving the other party advance notice.

Phoenix Insurance has not yet signed distribution agreements for the distribution of its insurance products with the banks.

[23] Annualized premium - the annual premium as if paid for a whole year in advance in one lump sum when the insurance is taken out, rather than being paid in installments.

4.7.6. Property and Casualty

Marketing in the Property and Casualty Insurance Segment is carried out by agents, and through a direct channel under the "Phoenix Smart" brand name. In the reporting year, there was no single agent whose sales constituted more than 10% of the sales of individual policies in this subsegment.

Average rate of fees and commissions out of gross premiums, by percentage:

	2025	2024
Compulsory motor insurance	4.1	5.00
Motor property	14.6	13.5
Other property and casualty insurance	17.3	16.9

4.7.7. Health Insurance

In the Health Insurance Segment, marketing is mostly carried out by agents and supported by the Fnx4u customer call center.In the field of collective health insurance, marketing is carried out by agents, with employees responding to queries of representatives of the relevant organizations (advisors and/or agents) requesting price quotes. In travel insurance, marketing is carried out by agentsand Phoenix Smart, both through digital channels and sales representatives.

Following is the average rate of fees and commissions out of gross premiums in the health insurance area of activity (by percentage):

	2025	2024
Average rate of fees and commissions on premiums	19.89	18.4

The structure of fees and commissions paid to Agents in respect of selling an individual health insurance policy is basically similar to the structure of the fees and commissions paid in the Life Insurance Segment in respect of the risk products. For details regarding the abovementioned structure of fees and commissions, see Section 4.7.5 above. For collective insurance policies marketed by Agents, the Company normally pays the Agents fees and commissions calculated as a percentage of the paid premium.

4.8. Suppliers and service providers

4.8.1. General

The Company is engaged with an extensive and diverse network of service providers as well as several suppliers, the engagement with whom is on an outsourcing basis. These suppliers provide a broad range of services, including in the Insurance Segment, Retirement Segment, Payments & Financing Segment, IT services and technical support, financial and legal consulting services, and marketing and advertising services

The Company makes sure that it works with a large number of suppliers in the different segments, which gives it operational flexibility and mitigates the business risk. This approach ensures that in the event of a malfunction or issue with a particular supplier, the Company's operating activities will not be adversely affected.

In addition, with regard to material suppliers with whom the engagement is on an outsourcing basis, the Company operates in accordance with the provisions of the Institutional Entities Circular 2018-9-19 entitled Outsourcing in Institutional Entities.

Furthermore, the Company performs ongoing controls over suppliers and service providers with whom it enters into an engagement. Under these controls, the Company's suppliers are required, depending on the relevance of the services they provide, to comply with information security procedures, including protection of sensitive customer information.

The Company works to ensure that its suppliers, depending on the relevance of the services they provide, comply with the regulatory requirements and the relevant legal provisions. The Company also ensures that there is no conflict of interest between the suppliers and the Company.

4.8.2. Suppliers and service providers in the insurance areas of activity

As part of their activities, Group companies engage numerous suppliers and service providers in the various insurance areas of activity, mainly for settlement of claims. Group companies select their suppliers and service providers according with the quality and nature of the services offered by them, their availability and areas of expertise. Engagements with these suppliers and service providers include, among other things, payment based on global rates, payment by transaction, by percentage of the risk, and by hourly rate or per opinion. To the extent possible, the Group avoids being dependent on a single supplier, as the term is defined in the Commissioner's circular on revising provisions in the periodic reports of insurance companies, and works to diversify its pool of suppliers.

In the Motor Property Subsegment, the Company provides its customers with services such as: towing, replacement car in case of an accident or theft, as well as replacing car windscreens and windows, headlights, mirrors, etc. Each agreement with a service provider sets annual or periodic rates to be paid by Phoenix Insurance to the service provider. The suppliers of towing and replacement car services are Drachim Road Side and Towing Services Ltd. and Shagrir Vehicle Services Group Ltd.

In home insurance, as of September 2017 (following the amendment to the provisions of the Consolidated Circular with regard to water damages), the Company entered into an agreement with Natav Claims Management Ltd. for the provision of management services. Pursuant to the agreement and, in accordance with the amendment to the Consolidated Circular, the policyholder selects the plumber from a list of suppliers included in the arrangement with Phoenix Insurance; the list is published on the website. In business insurance, Aminut Express Services Ltd. continues to provide services in connection with pipe damage.

In the field of customer services, in February 2015, the Company and Teleclal Ltd. entered into agreement for the provision of customer call center services, in addition to the Company's own call center, with the aim of improving the quality of services provided to the Company's customers.

In the field of spare-part supply, Phoenix Insurance entered into a spare-part supply agreement with One Part Ltd. One Part is held in equal shares by Phoenix Services and partners. For more information, see Section 1.2.13 above.

4.8.3. Suppliers and service providers in Asset Management and Payments & Financing - Retirement

Phoenix Pension & Provident has agreements in place with the following key suppliers and service providers:

A. Agreement for the provision of fund physician and medical committees services to pension fund planholders claiming disability. In 2021, Phoenix Pension & Provident entered into an agreement with another supplier in this field - Medical Premium Touch.

B. Agreement between Phoenix Pension & Provident and Bank Mizrahi Tefahot Ltd. for operating planholders' accounts in the provident funds under its management.

C. Agreement with Malam Payroll Ltd. entered into an agreement for receiving services in the field of systems for management of tax and pension calculation for pension funds planholders.

D. Phoenix Pension & Provident and Malam Provident Fund and Pension Ltd. entered into an agreement for the provision of operating services for planholders' accounts in provident funds and in the self-directed advanced education fund.

4.8.4. IT suppliers and service providers

The Group has agreements with several hardware and software suppliers; the Group also has maintenance service agreements with these suppliers. In addition, the Group enters into agreements with various suppliers for the provision of development and maintenance services. The types of agreements with these suppliers include engagement at a fixed price per project, engagement on an hourly basis and engagement based on a price per unit. The Group also has agreements in place with various suppliers which provide it with services comprising, inter alia, of: development, maintenance, operation, storage and processing of information, information systems or infrastructure, from time to time or on a regular basis at the suppliers' premises.

In view of the knowhow accumulated by suppliers during the course of the service period, the Group may naturally become dependent - in the short-term - on a specific supplier of IT services, since replacing a supplier in this field involves the investment of costs and time. Such dependency may arise, for example, due to the need to execute a project within a short period of time in order to address changes in regulation or software, or in a project involving an area where the supplier has advantage over others due to specific expertise it acquired.

4.9. Property, Plant & Equipment

The Group's property, plant and equipment mainly includes office buildings, computers, software (which is presented under the "other assets" line item in the financial statements) and equipment. For further details, see Note 7 to the Financial Statements.

4.9.1. The key properties used in the Group's activities

Phoenix Campus in Rishon LeZion: In 2020, Phoenix won its bid in a tender held by the Rishon LeZion municipality for the purchase of a plot of land in the 1000 Compound zoned for business and commercial use and for execution of construction work. The tender covers an area of 60 dunams, with rights to approx. 355 thousand sq. m. Under the tender, the winner undertook to self-use up to 50 thousand sq. m within 5 years of winning the tender.

During September 2025, Phoenix completed the relocation to the new campus.

Masada 3, Bnei Brak (Phoenix Art): The Masada 3 Partnership has the rights to be registered as owner of 26 floors of office space, with a total gross area of 43 thousand sq. m, warehouses with a total area of 700 sq. m, and 576 parking spaces in the underground parking lot. The Partnership leases to Phoenix Gama offices in the 9th and 10th floor of a building at the total area of 3,240 sq.m, warehouses at the area of 140 sq.m and up to 110 parking spaces. In addition, Phoenix Investment House leases offices on floors 4-8 at a total area of approx. 7,000 sq.m, warehouses at a total area of approx. 220 sq.m, 300 parking spaces in the first year, and as from the second year - 180 parking spaces. Two large companies rent space in the building: one rents an area of 822 sq.m on the ground floor, an area of approx. 20 thousand sq.m on floors 16-26, warehouses with an area of approx. 400 sq.m and approx. 500 parking spaces; and the other rents - on floors 12-15 - an area of 4,290 sq.m and approx. 70 parking spaces.

Beit HaVered in Derech Hashalom, Givatayim: Phoenix Insurance has the right to be registered as owner of 22 floors of office space at 53 Hashalom Road, Givatayim, with a total gross area of 28,000 sq. m, warehouses with a total area of 700 sq. m, and 547 parking spaces in the underground parking lot. As from the above date of the relocation to Rishon LeZion, the property in question was classified as investment property. For further details regarding the decision of Phoenix Insurance's Board to transfer of rights in the building and parking lot from Phoenix Insurance to the Company by way of distributing a dividend in kind, see Section 4.12.2 above.

Offices at 7 Palyam St., Haifa: The Company manages its activities in the north of Israel in offices it leases in a building located at Palyam Street, with a total area of 1320 sq. m and 10 parking spaces.

Office floor in the Dona building, Jerusalem: The Company owns one floor and 16 parking spaces in the Dona building at 20 Beit Hadfus St., Jerusalem. The entire floor, with an area of approx. 800 sq.m, is used as Phoenix Insurance's Jerusalem branch.

For details regarding Phoenix Investment House's property, plant and equipment, see above in Section 2.5.12 to the Report.

4.9.2. IT systems

The Company's IT systems are positioned as a strategic Group asset for implementing the strategic plan. Accordingly, the Company is working towards a gradual transition from decentralized systems to a partially-centralized model, based on a uniform data and cybersecurity interface, a Group-level data layer with a single customer ID and centralized

AI infrastructures, while maintaining information security and privacy protection alongside operational flexibility in the subsidiaries.

In 2025, the Group invested in software and computers NIS 433 million. The Company's total current IT expenses amounted to approx. NIS 712 million - an increase of approx. NIS 75 million stemming mainly from an increase in depreciation expenses and current automation expenses, and from the addition of expenses in respect of companies consolidated for the first time in the reporting year. For further details, see Note 5, Note 7 and Note 36 to the Financial Statements.

Phoenix's IT Division provides all IT services to the Company and its subsidiaries through the Company's employees and, when necessary, through various subcontractors and software suppliers as well. The Group's IT function serves most of Phoenix's employees nationwide and supports the Agents and their employees across Israel, who use various communications infrastructures.

It is noted that the IT services of Phoenix Gama, Phoenix Investment House and Phoenix Agencies and those of the insurance agencies it holds are generally managed independently.

The Phoenix group's core IT infrastructures provide services to 10,000 users, including the Company's employees and Agents. The Company has a central IT center and also operates another backup site, which includes all the IT infrastructures and systems required for the Company's operations at times of emergency, allowing for business continuity in the event that the main site is out of order. The storage systems in which all of the Company's data is saved in the main site are regularly synchronized with the backup site. The backup site is also used to develop and test the Company's systems. Further to regulatory requirements and in order to enhance the Phoenix group's information survivability, an additional backup site was set up (featuring a third copy of the information).

The Phoenix group's main IT systems are as follows: the core life insurance systems were internally developed by the Phoenix group. In recent years, the Group is in the process of improving its systems to support the expansion of its services and to continue to support its business processes and regulatory requirements in future years. The life insurance system manages policyholders, policies, products, coverage, underwriting, Agents' agreements, fees and commissions, collection, redemptions and loans. Life insurance claims and most of the health claims are managed using a SAP-based central claims system. Phoenix group operates the provident funds and advanced education funds through an operating entity.

The core property and casualty insurance systems are also mostly based on internal-use software combined with a dedicated system for managing P&C insurance policies using the same technological infrastructure. The system operates in conjunction with systems that manage policyholders, Agents, fees and commissions, collection, payments and claims.

The core insurance systems are supported by various document and work process management systems, systems managing the activity with reinsurers, as well as risk management and actuarial systems. Most of the systems are supported by widely-known and widely-used software products, which are employed by Phoenix in order to provide the required business response. The Company operates a DWH system, which provides information on all of Company's operational systems.

The finance and procurement activities are based on SAP software package, which is linked to all of the organization's systems, thereby serving as a single source of information. The investment system is based on software by Danel, a dedicated BI system, a contracts system and Bloomberg. The Company manages its service centers using a CRM system; the system provides a central platform for management of inquiries received in the various service centers from customers, agents and employers.

In the reporting year, the Cyber Security Unit focused on further enhancement of corporate protection systems, including increasing employees' awareness of cyber risks, response to privacy protection requirements and handling gaps detected in the risk surveys. Furthermore, the Company purchased third party captive insurance in respect of cyber incidents. The insurance is a self-insurance under the management of a third party, that provides services for the management of an incident by a crisis-management expert.

4.9.3. Vehicles

The vehicles used by the Group are mainly operated through operating leases. For additional information regarding the Company's fleet, see Section 6.1 below.

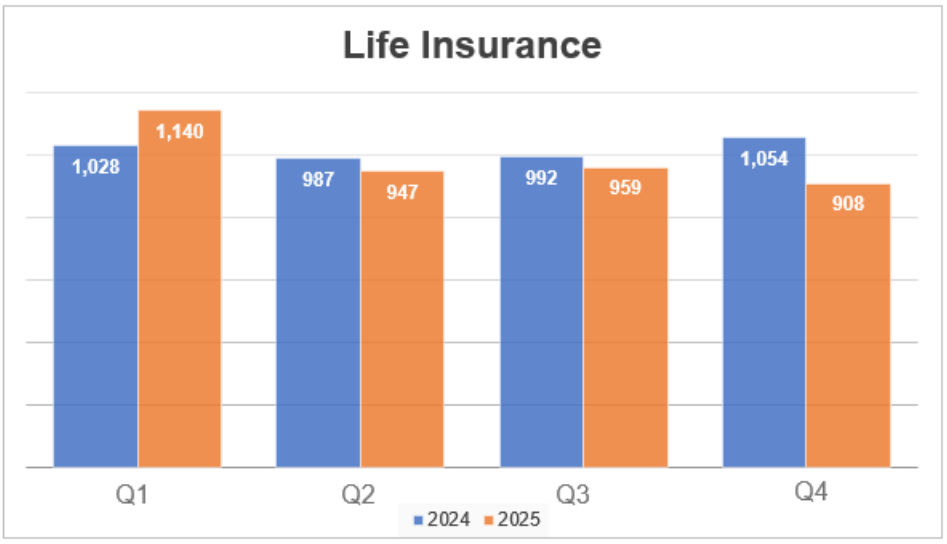
4.10. Seasonality

Following is a breakdown of seasonality in the Company's activity, by areas of activity, as reflected during the reporting year:

4.10.1. Life Insurance

Generally speaking, revenue from life insurance premiums are not significantly affected by seasonality. Nevertheless, in view of the tax benefits available on contributions towards life insurance, a significant proportion of new sales are carried out towards the end of the year.

Following is a breakdown of gross life insurance premiums, in NIS million, by quarter:

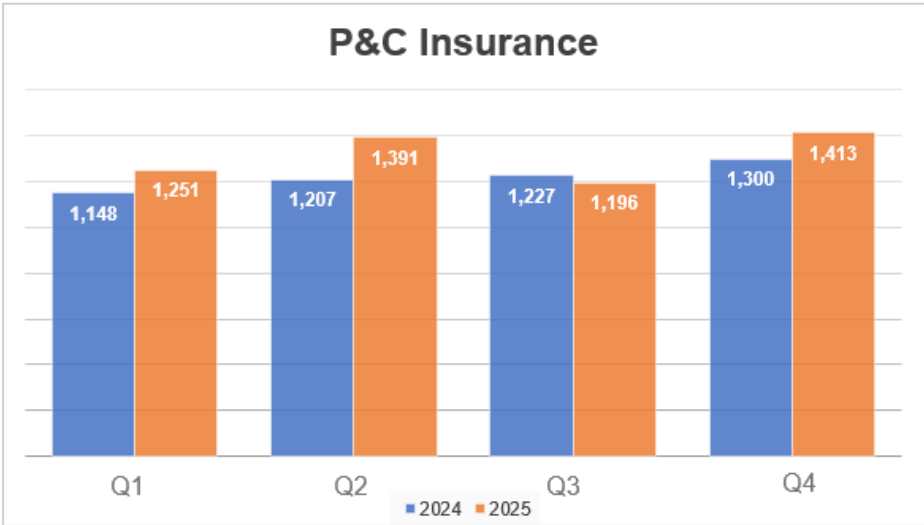


4.10.2. P&C Insurance

The seasonality of premiums is particularly noticeable in the first quarter; this is mainly due to renewal of motor insurance policies of various groups of employees and businesses' vehicle fleets, whose renewal dates normally fall in January; seasonality is also caused by renewal of business insurance policies, which are typically renewed in January or April. The effect of premiums' seasonality on income is mainly offset by the unearned premium reserve mechanism.

It should be noted that a severe winter may trigger an increase in claims, mainly in the Property Subsegment.

Following is a breakdown of gross property and casualty insurance premiums, in NIS million, by quarter:



4.10.3. Health Insurance

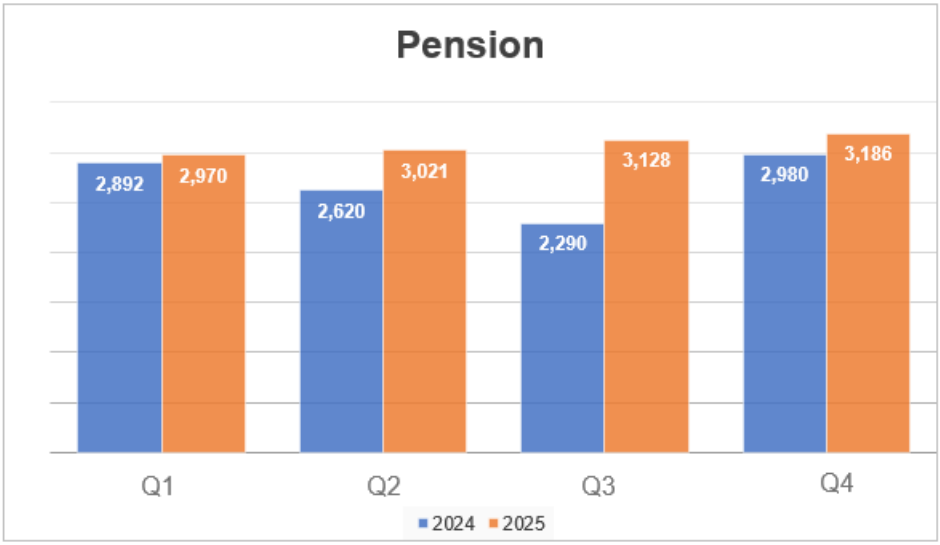
The breakdown of premium data by quarter shows that seasonality does not materially affect the distribution of health insurance premiums during the calendar year.

4.10.4. Retirement

4.10.4.1 Pension

Contributions towards pension benefits are not significantly affected by seasonality. However, due to the fact that contributions to a pension fund receive tax benefits, there is an increase in contributions towards the end of the year, mainly by the self-employed.

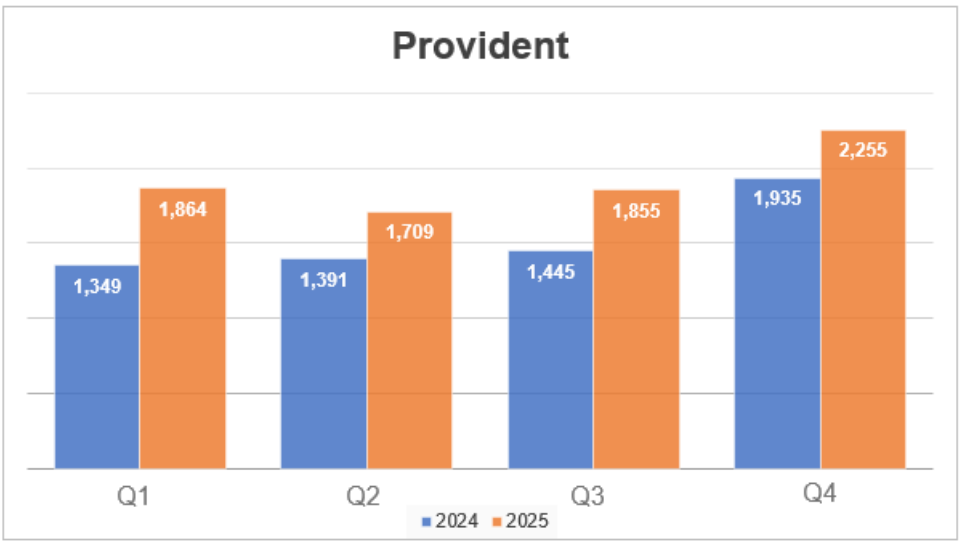
Following is a breakdown of gross pension contributions, in NIS million, in pension funds, by quarter:



4.10.4.2 Provident

The Provident Subsegment is not characterized by seasonality. Contributions towards benefits to provident funds and advanced education funds are made on a monthly/ periodic basis (for self-employed planholders) and are not affected by seasonality, except in December of each year where there is an increase in contributions to provident funds, investment provident funds and advanced education funds - mainly on the part of self-employed planholders.

Following is a breakdown of gross pension contributions, in NIS million, in provident funds, by quarter:



4.10.5. The Payments & Financing Segment

Following is a breakdown of the areas of activity of the Payments & Financing Segment and the seasonality which characterizes them:

Area of activity	Seasonality
Credit cards	This subsegment is mostly related to the activity of the Israeli retail market, and as such it is impacted by changes in trade volumes; thus, for example, sales increase before the Jewish holidays (the High Holidays and Passover) and, as a result, the volume of Gama's activities in this subsegment increases accordingly or declines during crisis periods, such as war, security events or exceptional economic events.
Credit for businesses	This subsegment is not affected by seasonality, and the latter is not expected to substantially affect the volume of Phoenix Gama's activity.
Construction Financing	This subsegment is not affected by seasonality, and the latter is not expected to substantially affect the volume of Phoenix Construction Financing's activity.
Consumer credit	**This segment is not significantly affected by seasonality and accordingly, seasonality is not expected to have a material effect on the volume of activity.**

4.10.6. Brokers & Advisors

The activity of Phoenix Agencies is not significantly affected by seasonality. Nevertheless, as a rule, the fourth quarter generates the highest profitability in the fields of pension, provident funds and finance.

4.10.7. Phoenix Investment House

The activity of the Investment House is not characterized by seasonality. The volume of assets under management, management fees revenues and trading-services activity are mainly affected by the state of the capital market, the interest rate environment and regulatory changes, and no seasonal pattern has been identified during the year.

4.11. Intangible assets

4.11.1. General

The Company owns trademarks pertaining to its name's logo "Phoenix", and a number of other names and brands.

Phoenix uses several brand names in the insurance, investments and finance segments, such as: Phoenix, Phoenix Smart, Phoenix Investments Insurance and Finance, Phoenix Invest, Phoenix Advanced Investments, Phoenix Investment House, Phoenix Pension & Provident, etc.. The brand names benefit from the public recognition and the reputation

created and accumulated by Phoenix over more than 75 years of activity, both among policyholders and among insurance professionals.

In order to enhance awareness of the Company's brand names, Phoenix uses various mass communication channels such as: commercial TV, regional and national radio stations, websites and dedicated Internet pages, apps and digital platforms, such as Google, Instagram, YouTube, Facebook, LinkedIn, etc..

4.11.2. Artificial intelligence

For details regarding the use of artificial intelligence technologies in the Group, see Section 6.3.5.10 to Chapter F - Sustainability.

4.11.3. Online and digital activity

The Group operates a marketing website used to provide to the public information about the Group, its product offerings, general information about various insurance coverages, information targeted to specific groups or population segments and regulatory information. Phoenix policyholders can use the website to search for service providers with whom the Company has arrangements to provide services to its customers (such as: auto repair shops, physician, appraisers, etc.).

Customers can use the website to purchase compulsory and comprehensive motor insurance, travel insurance, home insurance, mortgage (life) insurance, savings products, investments, etc. Policyholders can use the website to digitally open claims for most insurance products and download and fill out a wide range of forms; the public can contact the Company through its range of communication channels to obtain information or carry out transactions, using online chat, email, as well as text and WhatsApp messaging.

The Group also operates a personal zone for its policyholders, through which policyholders can obtain information and carry out transactions easily and conveniently at any time and without waiting; these include: Viewing insurance details, changing investment tracks, depositing and withdrawal of funds, obtaining a copy of policies, viewing the status of processes, applications and claims, printing out various certificates, updating personal details and continuously monitoring balances in savings and investment products, viewing reports, etc. The website is accessible to people with disabilities, and allows access to information using various aids. The website is also mobile-optimized.

In addition, the Group operates a dedicated Facebook page, where information is available about its products and activities; the Facebook page can be used to contact the Company's various service channels in order to receive information and support in performing various transactions. The Company is also active in other digital media platforms, such as Google, YouTube, Instagram, etc. It is noted that other Group companies have their own websites.

The Company also has a dedicated website for its agents (an agents' portal) through which they can receive information about their activity with the Company as well as information about policyholders.

Furthermore, the Group operates the following apps for its customers: Phoenix group app, the travel app, which was merged into the Group app as from February 2026, the young driver app and Phoenix Investment House's app. For further details regarding the Group's apps, see Section 4.7.2.B above.

The Group also operates an intra-organizational app for Phoenix group employees, which is used to deliver content and messages to group's employees.

Domain names

Phoenix owns the domain names of websites of Phoenix (such as the domain name of Phoenix' home page), and other domain addresses, which are relevant for Phoenix's activity.

4.11.4. Databases

Various group companies have databases, which are essential for conducting their businesses in accordance with the Privacy Protection Law, 1981.

4.11.5. IT

The Company develops - through its employees and suppliers - copyright-protected software for internal use. For further details about IT systems, see also Section 4.9.2 above.

4.11.6. Goodwill and excess cost

As of December 31, 2025, the Company has goodwill and excess of cost - from acquisition of insurance agencies, from the life and savings activity, asset management - provident and pension activity, asset management - Investment House and Wealth activity and Credit - totaling approx. NIS 3,071 million (approx. NIS 2,734 million as of December 31, 2024), net of amortization. These are mainly attributed to goodwill, fees and commissions portfolios and future management fees. At the end of 2025, the Company tested the recoverability of its goodwill and did not conclude that its value was impaired. For further details, see Note 2 to the Financial Statements.

4.12. Financing

4.12.1. General

The Group finances its activity, inter alia, from external sources, including issuance of notes, bonds, as well as short-term and long-term bank and non-bank loans.

Total financial liabilities as of December 31, 2025 is approx. NIS 19,947 thousand and approx. NIS 17,189 million, compared to approx. NIS 17,189 million as of December 31, 2024. The increase stems mainly from debt raising carried out in the reporting year, increase in interest rates and linkage rates, and increase in the scope of derivatives.

Average interest rate

The average interest rates on loans from bank and non-bank sources in 2025, which are not earmarked for specific use by the Group, are listed in the following table:

	Average interest rate on loans not earmarked for specific use (by percentage)			
	Average rate	Subordinated notes	Long-term loans	Short-term loans
Banking sources - USD-linked	4.64			**4.64**
Bank sources - non-linked	5.66		5.58	**5.91**
Non-bank sources - CPI-linked	2.70	2.70		
Non-bank sources - non-CPI-linked	**5.87**	**4.63**	**5.25**	7

For further details regarding the subordinated notes and bonds issued, see Note 27 to the Company's Financial Statements.

4.12.2. Dividend distribution by subsidiaries

The cash flow from dividends of subsidiaries in the reporting period totaled approx. NIS 1,812 million. This cash flow supports liquidity, financial resilience, share buybacks, and a regular quarterly dividend distribution of NIS 1.310 million for the reporting period, as well as share buybacks of approx. NIS 302 million (NIS 1,612 million in total) by the Company, as detailed in the following chart:

Phoenix Insurance's distribution policy

In May 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.

Decisions regarding dividend distributions by Phoenix Insurance

On January 29, 2026, the Phoenix's Board of Directors approved the distribution of a dividend in kind for Phoenix Insurance's shares in El Al Frequent Flyer Ltd. (hereinafter - "**El Al Club**"), which constitute approx. 5.1% of the issued and paid-up share capital of El Al Club, as a dividend in kind. This distribution shall be in lieu of a cash dividend (at the distribution's value) which is distributed upon publication of this report in accordance with Phoenix Insurance's distribution policy. The value of the asset is based on an external valuation, and as of December 31, 2025 - stands at approx. NIS 147 million. The distribution described above was carried out in February 2026.

Subsequent to the balance sheet date, on March 25, 2026, concurrently with the approval of Phoenix Insurance's Financial Statements as of December 31, 2025, Phoenix Insurance's Board of Directors resolved to distribute a cash dividend totaling approx. NIS 273 million, after taking into account the abovementioned distribution of a dividend in kind.

The two abovementioned resolutions reflect a cumulative dividend distribution - in cash and in kind - totaling approx. NIS 420 million in respect of the fourth quarter of 2025, which are consistent with Phoenix Insurance's dividend distribution policy.

The total cash dividend which was and which will be distributed by Phoenix Insurance in respect of the reporting year is NIS 1,113 million and assets in kind totaling approx. NIS 147 million, all in accordance with Phoenix Insurance's dividend distribution policy.

Status of the dividend distribution in kind of December 2024, which was ratified in January 2026

In December 2024, Phoenix Insurance decided to distribute a dividend in kind of approx. NIS 1.4 billion for several assets instead of a cash dividend, some of which was in excess of Phoenix Insurance's distribution policy: As of the report publication date, some of the assets totaling approx. NIS 790 million have been distributed.

In January 2026, after preliminary discussions at the Nostro Investment Committee and the Risk Management Committee, the Board of Directors of Phoenix Insurance ratified the resolution to distribute the following assets:

A. Distribution to the Company of the interest of Phoenix Insurance and Hadar Green Company Properties and Investments Ltd. - a wholly-owned company of Phoenix Insurance - in assets known as block 6154, parcels 931 and 932 in Givatayim, as a dividend in kind. As of December 31, 2025, the balance of assets in the Phoenix Insurance's books of accounts is approx. NIS 578 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 not been obtained.

B. 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 book value of the asset in Phoenix Insurance's books of accounts. As of December 31, 2025 - approx. NIS 9 million. The above distribution is subject to receipt - from the

Supervisor - of an expanded credit provision license (as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016 by Phoenix Mortgages. As of the report publication date, the abovementioned license has been issued.

It is noted that the abovementioned Board of Directors' resolution regarding the distribution of the dividend in kind was passed given the scope of distributable retained earnings under the Companies Law, 1999 (hereinafter - the "**Companies Law**"), and the rate of the solvency ratio, and after the Board of Directors also assessed compliance with the solvency criterion (as per in Section 302(a) to the Companies Law), the profit criterion (as per Section 302(b) to the Companies Law), and compliance with the economic solvency target as set by the Board of Directors.

It is noted that Phoenix Insurance's Board instructed Phoenix Insurance's management 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 materialization of these actions may not materialize, in whole or in part, or may materialize in a materially different manner than 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 detailed in Phoenix Insurance's Report on the Corporation's Business or failure to obtain the approvals as detailed above.

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

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

Phoenix Insurance responded to the draft audit report, and it believes that it had acted lawfully under the resolution to distribute the dividend in kind. As of this date, the Company has not yet received a final report.

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

External dividend-distribution restrictions on Phoenix Insurance

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

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

4.12.3. Debt raising

Phoenix Financial

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

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 total consideration arising to the Company from the two expansions amounted to NIS 600,000 thousand.

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 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, 2025-01-052557, 2025-15-053077, 2025-15-053162, 2025-01-053451 and 2025-01-053847, respectively).

Partial redemption of Bonds (Series 4)

In July 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).

Partial redemption of Bonds (Series 6)

In December 2025, a partial redemption of the principal of Bonds (Series 6) totaling approx. NIS 185,000 thousand was carried out. For further details, see the immediate report dated December 31, 2025 (Ref. No.: 2025-01-105488).

Initial issuance of convertible Bonds (Series 7)

Subsequent to the reporting period, in January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand. The bonds shall be convertible into the Company's ordinary shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder. For further details, see the immediate reports dated December 22, 2025, January 7, 2026, January 12, 2026, January 13, 2026 (Ref. Nos.: 2025-15-101986, 2025-15-102106, 2026-01-005009, 2026-01-003317, 2026-01-005682).

Phoenix Insurance

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 of Phoenix Capital Raising 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).

Issuance of a debt by Phoenix Capital Raising for Phoenix Insurance by way of series expansion

In July 2025, Phoenix Capital Raising completed an additional debt issuance by expanding bond series - Bonds (Series P and Q). Bonds (Series P) totaling NIS 440,819 thousand p.v. and Bonds (Series Q) totaling NIS 137,243 thousand p.v. Total gross consideration arising to Phoenix Insurance from the issuances totaled approx. NIS 600,000 thousand. 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 of Phoenix Capital Raising dated July 28, 2025 and July 30, 2025 (Ref. Nos.: 2025-01-055977 and 2025-01-056908, respectively).

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

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

Issuance of Restricted Tier 1 capital (RT1) by Phoenix Capital Raising for Phoenix Insurance

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

Phoenix Investment House

In October 2025, Phoenix Investment House completed a private placement of private commercial papers to institutional entities totaling approx. NIS 51 million. This issuance is in addition to the private placement of private commercial papers totaling NIS 110 million which was completed in May 2025, and in total Phoenix Investment House during the reporting year raised approx. NIS 161 million. The credit was taken in order to support the

main growth engines of the TASE Member and related companies, to enable compliance with capital requirements alongside raising cheap financing sources, which will support further expansion of activity, bearing Bank of Israel Interest + 0.25%.

Phoenix Pension & Provident

In November 2025, Phoenix Pension & Provident completed a private placement of private commercial papers to institutional entities totaling NIS 200 million in par value. The commercial paper was used to reduce a bank credit facility and for the Company's operating activities. For further details, see the immediate report dated November 2, 2025 (Ref. No.: 2025-01-082279).

Phoenix Agencies

In September 2025, Phoenix Agencies completed a private placement of private commercial papers to institutional entities totaling NIS 200 million in par value. The proceeds of the issuance were used to repay existing credit and for the Company's operating activities. For further details, see the immediate report dated September 7, 2025 (Ref. No.: 2025-01-067380).

4.12.4. Credit limitations

Bonds (Series 4)

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 bondholders' consent in advance and placed on that date a lien of the same rank in favor of the holders of Bonds (Series 4). Furthermore, with respect to Bonds (Series 4), the Company assumed restrictions on distribution of dividends and expansion of the bonds series; the Company has also undertaken to comply with various financial covenants. For further details, see Sections 5.6 and 5.10 and Appendix 1 to the deed of trust attached to the shelf offering report published on May 7, 2019 (Ref. No. 2019-01-039576).

Bonds (Series 5)

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 the Bonds (Series 5) are not repaid in full, unless it obtained the bondholders' consent in advance and placed on that date a charge of the same rank in favor of the holders of Bonds (Series 5). Furthermore, with respect to Bonds (Series 5), the Company assumed upon itself restrictions on distribution of dividends and the expansion of the bonds series; the Company has also undertaken to comply with various financial covenants. For further details, see Sections 5.7 and 5.9 and Appendix 1 to the deed of trust which was attached to the shelf offering report published on February 20, 2020 (Ref. No. 2020-01-014890).

Bonds (Series 6)

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 bondholders' consent in advance and placed on that date

a lien of the same rank in favor of the holders of Bonds (Series 6). Furthermore, with respect to Bonds (Series 6), the Company assumed restrictions on distribution of dividends and expansion of the bonds series; the Company has also undertaken to comply with various financial covenants. For further details, see Sections 5.7, 5.9 and Appendix 1 to the deed of trust attached to the shelf offering report published on January 5, 2022 (Ref. No. 2022-01-003042).

Bonds (Series 7)

As part of the deed of trust of the Company's Bonds (Series 7), 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 Bonds (Series 7) holders. Furthermore, with respect to Bonds (Series 7), the Company assumed restrictions on distribution of dividends and expansion of the bonds series; the Company has also undertaken to comply with various financial covenants. For further details, see Sections 5.7, 5.9 and Appendix 1 to the deed of trust attached to the shelf offering report published on January 12, 2026 (Ref. No.: 2026-01-005009).

Apart from the aforesaid undertakings, the Company is not subject to any credit restrictions.

4.12.5. Credit rating – companies and debt raising

Following is a breakdown of the ratings assigned to Group companies and the debt raisings of Group companies:

Rated company	Rating agency	Details
The Company	Midroog	▪ In January 2025, Midroog announced the assignment of Aa2.il rating to the expansion of Series 5 and 6 Bonds by up to NIS 700 million p.v. ▪ In February 2025, Midroog announced that it is reiterating the Company's rating and that of the bonds issued by it at Aa2.il, with a stable outlook. ▪ In July 2025, Midroog announced the assignment of Aa2.il rating to the expansion of Series 5 and 6 Bonds by up to NIS 500 million p.v. ▪ In December 2025, Midroog announced the assignment of Aa2.il rating to Bonds (Series 7) totaling up to NIS 400 million p.v., with a stable rating outlook. ▪ In February 2026, Midroog announced that it is reiterating the Company's rating and that of the bonds issued by it at Aa2.il, with a stable outlook.
	Maalot	▪ In January 2025, Maalot S&P announced the assignment of ilAA rating to the expansion of Series 5 and Series 6 Bonds by up to NIS 700 million p.v.

		▪ In July 2025, S&P Maalot reiterated the Company's ilAA rating with a stable outlook. ▪ In July 2025, S&P Maalot announced the assignment of ilAA rating to the expansion of Bonds (Series 5 and Series 6) by up to NIS 500 million p.v. ▪ In December 2025, S&P Maalot announced the assignment of ilAA rating to the Bonds (Series 7) by up to NIS 400 million p.v.
Phoenix Insurance	Maalot	▪ In March 2025, Maalot S&P announced the assignment of an ilAA rating to the issuance of Subordinated Notes (Series P and Q) totaling up to NIS 800 million p.v. ▪ In July 2025, Maalot S&P announced the assignment of an ilAA rating to the issuance of Subordinated Notes (Series P and Q) totaling up to NIS 600 million p.v. by way of series expansion. ▪ In July 2025, S&P Maalot reiterated Phoenix Insurance's ilAAA rating with a stable outlook. ▪ In September 2025, Maalot S&P announced the assignment of an ilAA- rating to additional Tier 1 capital Subordinated Notes (Series R) totaling up to NIS 500 million p.v.
Phoenix Insurance	Midroog	▪ In March 2025, Midroog announced the assignment of an Aa2.il (hyb) rating with a stable outlook to the issuance of Subordinated Notes (Series P and Q) totaling up to NIS 800 million p.v. ▪ In July 2025, Midroog announced the assignment of an Aa2.il (hyb) rating with a stable outlook to the issuance of Subordinated Notes (Series P and Q) totaling up to NIS 600 million p.v. by way of series expansion. ▪ On August 24, 2025, Midroog reiterated Phoenix Insurance's Aaa.il rating, with a stable outlook. ▪ In October 2025, Midroog announced the assignment of an Aa3.il (hyb) rating with a stable outlook to additional Tier 1 capital Subordinated Notes (Series R) totaling up to NIS 500 million p.v.
	Moody's (Global rating)	▪ In March 2025, global credit rating agency Moody's reiterated Phoenix Insurance's Baa1 rating and changed the outlook from negative to stable. ▪ In July 2025, international credit rating agency Moody's reiterated Phoenix Insurance's existing Baa1 rating with a stable outlook. For further details, see report dated July 10, 2025. ▪ In February 2026, Moody's announced that it upgrades Phoenix Insurance's rating from the Baa1 with a stable outlook to A3 with a stable outlook.

	S&P (global rating)	▪ 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.
Phoenix Investment House	Maalot	▪ In May 2025, Maalot S&P set, for the first time, a long-term rating of ilA+ with a stable outlook and a short-term rating of ilA-1 for Phoenix Investment House. ▪ Subsequent to the financial statements date, in March 2026, S&P Maalot upgraded Phoenix Investment House's rating to ilAA- with a stable outlook.
Phoenix Pension & Provident	Midroog	▪ In November 2025, Phoenix Pension & Provident was assigned an Aa3.il issuer rating for the first time, with a stable outlook by Midroog Ltd. ▪ In November 2025, Midroog assigned a P-1.il rating for the commercial papers issued by Phoenix Pension & Provident.
Phoenix Agencies	Maalot	▪ In September 2025, S&P Maalot set, for the first time, a long-term rating of 'ilAA+' and a short-term rating of '+1-ilA' with a stable outlook for Phoenix Agencies
Phoenix Gama	Midroog	▪ On February 23, 2026, Midroog reiterated the rating of Phoenix Gama's bonds to Aa2 with a stable outlook.
	Maalot	▪ In January 2025, Phoenix Gama was assigned a rating by S&P Maalot, and on January 13, 2026, S&P Maalot reiterated an ilAA long-term rating for Phoenix Gama and its bonds, with a stable outlook, and a short-term rating of ilA-1+.

4.13. Risk factors

This section deals with the key risk factors to which the Group is exposed.

For details regarding the risk factors, risk management policy, work processes, methods employed in risk management, existing controls and the roles of the Chief Risk Officer, see Note 35 to the Financial Statements.

4.13.1. Table of risk factors embodied in the Group's key activities

The following table lists the key risk factors to which the Company is exposed and their potential effect:

Risk factors	The effect of risk factors on the Group's activity		
	High effect	Moderate effect	Low
Macroeconomic risks			
State of the economy and employment levels	✓		
Geopolitical risk	✓		
Breakdown of market risks:			
Interest rate risk	✓		
Credit Risk		✓	
Equity instruments risk (shares and funds)	✓		
Foreign exchange rate risk		✓	
Inflationary risk		✓	
Real estate risk		✓	
Credit Risk		✓	
Industry-specific risks			
Insurance risks (including longer life expectancy, pension uptake, illness and lapses)	✓		
Sustainability risks (ESG), including climate change			✓
Catastrophe risk (including earthquakes, epidemics, war, etc.)		✓	
Legislative and regulatory changes	✓		
Legal precedents		✓	
Competition	✓		
Reinsurance availability and stability risk		✓	
Risks specific to the Company			
Liquidity Risk			✓
Risk of asset-liability mismatch		✓	
Operational risks		✓	
IT risk	✓		
Privacy protection and information security risks	✓		
AI Risks (including implementation of systems and embezzlement and fraud using AI systems against the Company)		✓	
Pricing and underwriting risks		✓	
Claims and class actions and the Commissioner's powers	✓		
Compliance risks		✓	
Outsourcing risks			✓
Business development risks, including the Alternative Investments activity		✓	
Damage to reputation	✓		

The potential effect of the risk factors on the Group is based on the estimates of the Group's management, taking into consideration the scope and nature of its activities as of the report date. It is possible that in practice the impact will be different, due to changes in the characteristics of the Group's activity or in market conditions.

For details regarding the key risk factors with respect to the asset management - Investment House and Wealth activity, see Section 2.5.21 above. For details regarding the key risk factors with respect to the credit activities, see Section 2.6.20 above.

4.14. Material agreements

4.14.1. Reinsurance agreements

For details regarding the Company's engagements with reinsurers, see Section 4.5 above.

4.14.2. Agreements regarding holdings in investees

For more information about these agreements, see Section 4.4.5 above.

4.14.3. Software agreements

4.14.3.1. Cloud services

In 2022, the Company contracted two suppliers in the field of cloud services: 1. Amazon Web Service (AWS): The supplier of the cloud services that will be used by the Group for all future technological needs of the Phoenix. The agreement is an enterprise agreement and is not limited in time; and 2. Snowflake: provider of managed cloud data warehouse services to be used by Phoenix to realize its cloud data platform. The agreement is for a defined term and can be renewed by the Company.

4.14.3.2. Agreement with FMR

For details regarding the agreement between the TASE Member, a subsidiary of the Investment House, and FMR Computers and Software Ltd., see Section 2.5.14.1 above.

4.14.3.3. Agreement with Danel

For details regarding the agreement between the portfolio management company and Danel Financial Solutions Ltd., see Section 2.5.14.2 above.

4.14.4. **Collective bargaining agreement** - for details regarding the collective agreement of Phoenix Insurance with the workers' committee, see Section 4.6.4 above.

4.14.5. **Phoenix Investment House -** For details regarding Phoenix Investment House's material agreements, see Section 2.5.17 above.

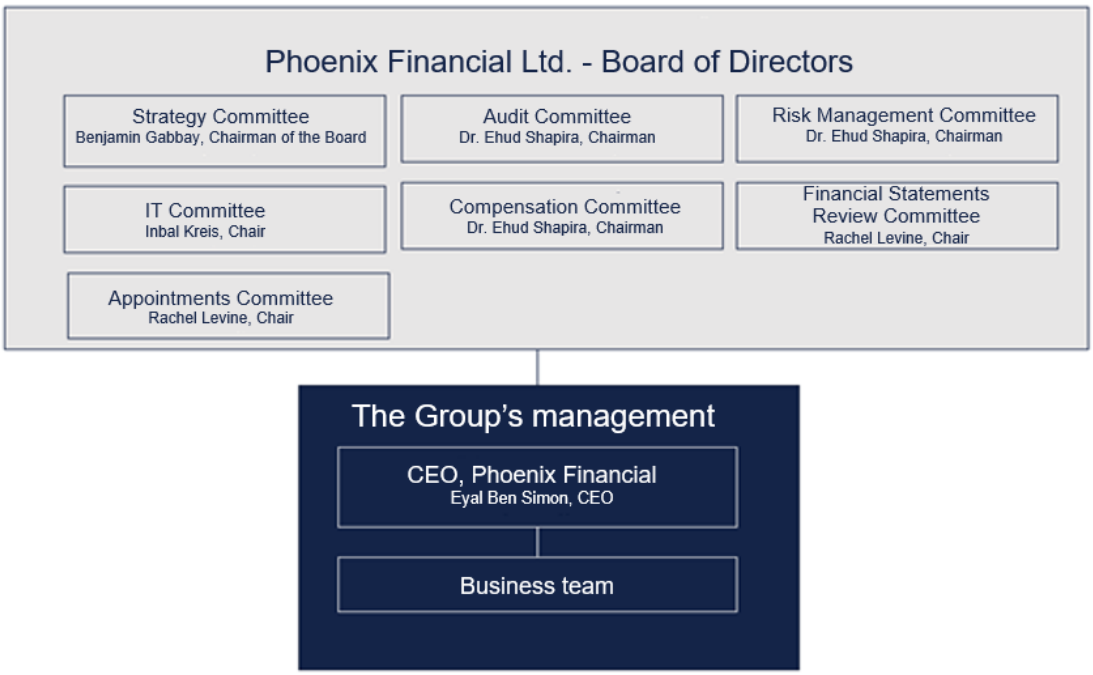
4.14.6. **Gama -** For details regarding Gama's material agreements, see Section 2.6.12 above.

4.14.7. **Agencies** - For details regarding material agreements in the agencies activities, see Section 2.7 above.

Part E

Corporate Governance Aspects

5.1. Structure of the Board and its committees



The Company adopted a Board of Directors work procedure, which lists, among other things, the roles of the Board of Directors and its committees. The main functions of the Board of Directors are to determine the Company's short- and long-term policies and its action plans and prioritize them; it is also in charge of supervising and monitoring - on an ongoing basis - the Company's activity and management.

In 2025, the Board of Directors held 24 meetings, and attendance rate stood at an average 96% (the minimum meeting attendance requirement for each director is at least 66%).

The Board of the Company has several committees that oversee different business activities, including the Audit Committee, Financial Statements Committee, Compensation Committee, Strategy Committee - which is also responsible for ESG aspects, IT Committee, and Risk Management Committee.

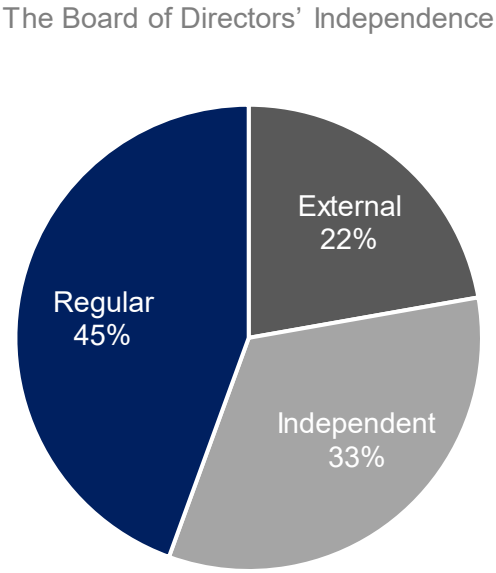
Each committee has defined areas of responsibility and powers with which it is entrusted.

In addition, the Group's institutional entities have an independent joint Planholders Investments Committee, which is charged with the management of planholders and policyholders' funds, which have not affiliation with the Group. The Board of Directors, Chairman of the Board of Directors and members of management do not take part in decision making in the group. For more information regarding the Planholders Investment Committee, see Section 4.4.1.6 above.

5.2. Composition of and changes in board members

As of the report date, the Company's Board of Directors has 9 serving directors, 56% of whom are independent directors (including EDs), and 44% of whom are women. The

external directors are Ms. Rachel Levine and Ms. Hanadi Said and the independent directors are Dr. Ehud Shapira, Ms. Inbal Kreiss and Mishael Vaknin.[24]



In 2024, following the Company's becoming a company without a control core and the resignation of directors who were identified with or appointed on behalf of the Former Controlling Shareholders, the Board of Directors decided on the following guiding principles with regard to the appropriate composition of the Board, which will match the Company's diverse activities:

1. Board members should collectively possess a wide range of competencies, expertise, reputation and integrity, knowledge in the various areas in which the Group operates, as well as business experience which is expected to be beneficial for effective supervision of the Company's business. It was also resolved that, in accordance with the Company's strategic objectives and roadmap, the Board of Directors, in tandem with management, will further work to reinforce the Company's corporate governance as it was until now, while meeting corporate governance standards in Israel and abroad. As part of this process, the Company's Board of Directors must include Board members with an international business orientation, as was the case before the Company became a company without a controlling core.

2. At least 33% of the Board of Directors will include female representation.

3. The Company's Board of Directors will consist of a majority of independent directors (including external directors).

In order to act in accordance with the guidelines set by the Board of Directors, the Board decided to establish an appointment committee whose role will be to identify and recommend several candidates to serve as Company directors. The Appointment Committee members are as follows: Ms. Rachel Levine (External Director serving as

[24] External directors and independent directors are required to declare, among other things, that they or their relatives have no affinity to the Company or its controlling shareholder, and that their duties or occupations are not likely to give rise to a conflict of interest with their position as director.

Chairperson of the Committee), Dr. Ehud Shapira (Independent Director) and Mr. Benjamin Gabbay, Chairman of the Board. The Board of Directors also gave its approval for the Committee to employ an external placement consultant to identify and recommend candidates to serve as directors.

The Company's directors and independent directors are elected every two years, and its external directors are elected in accordance with the law (every 3 years).

The Appointment Committee met several times where it determined the needs of the Board of Directors and assessed the candidates, conducted introductory meetings with shortlisted candidates, and has formulated its recommendation as to candidates considering the adequate and appropriate composition of the Company's Board of Directors and its committees, in accordance with the experience and expertise of the candidates. Among the Appointment Committee's considerations when recommending candidates - in addition to professional considerations - were the candidates' ability to work as part of a team and their experience in corporate governance issues.

At the end of the said process, the recommendation was brought before the Company's Board of Directors, which - on December 9, 2024 - discussed the process and recommendations of the Appointment Committee with respect to 4 candidates for the position of directors in the Company and adopted its recommendation.

On January 14, 2025, a general meeting of shareholders was held in which four new directors were elected individually (rather than as a group): Prof. Zohar Goshen, Mr. Zubin Taraporevala, Ms. Inbal Kreiss (who was classified as an independent director) and Ms. Hanadi Said (an external director). For further details, including the directors' statements issued as part of the meeting summons report, see immediate reports dated: December 10, 2024 and January 14, 2025 (Ref. Nos.: 2024-01-623250 and 2025-01-004151, respectively).

In addition, on May 20, 2025, the Appointment Committee held a dedicated meeting in which it assessed the appointment of Mr. Mishael Vaknin as an independent director in the Company. After assessing his extensive experience in the fields of finance, corporate governance, business and technology, the Committee unanimously recommended to the Board that he be appointed as an independent director.

Further to the above, on May 28, 2025, the Company's Board approved the Appointment Committee's recommendation to appoint Mr. Mishael Vaknin as an independent director in the Company.

On July 3, 2025, a general meeting of the shareholders was held in which Mr. Vaknin's appointment as an independent director in the Company was approved. For further details, including Mr. Vaknin's statement as per the meeting's summons, see immediate reports dated May 29, 2025 and July 4, 2025 (Ref. No.: 2025-01-038624 and 2025-01-048650, respectively).

5.3. Commissioner's Directives regarding appointment of directors in Phoenix Insurance and Phoenix Pension & Provident

On February 26, 2025, the Company received a letter from the Commissioner of the Capital Market, Insurance and Savings (hereinafter - the "**Commissioner**"), which is mainly relevant to the process of appointing directors in subsidiaries, which are the institutional entities it holds - Phoenix Insurance Company Ltd. and Phoenix Pension & Provident Ltd. (hereinafter - the "**Institutional Entities**").

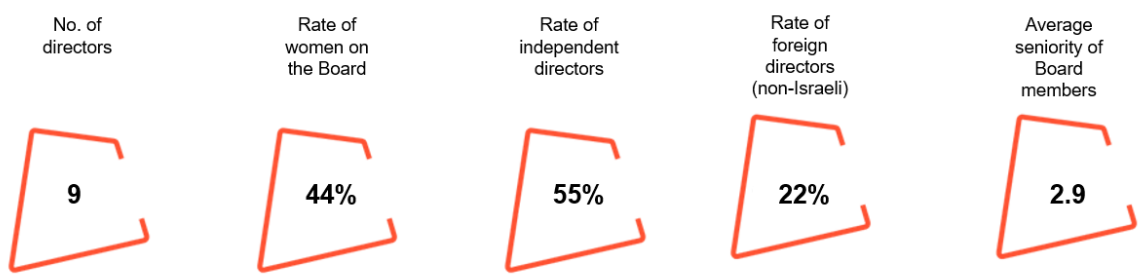
In accordance with the Commissioner's Directives, the appointment of directors in the Institutional Entities will be carried out by an external committee, headed by a retired Supreme Court or District Court judge; the committee will comprise two members proposed by the Chairperson of the Committee, who are also prominent figures in the Israeli economy or who serve as senior staff members in higher education institutions (or who previously served as such) in the relevant fields; two directors who serve as external directors or as independent directors in the Phoenix group's institutional entity, which is the subject matter of the committee's discussion.

The letter also stipulated additional arrangements regarding the putting forward of candidates for service in the Board of Directors, the appointment of a Chairperson of the Board of Directors and the appointment of a CEO. In addition, the letter stipulated a transitional period for the appointment of directors for Phoenix Insurance and Phoenix Pension & Provident.

The outline also prescribed, as transitional provisions, that the Company, Phoenix Insurance and Phoenix Pension & Provident shall act to appoint three directors in Phoenix Insurance and one director in Phoenix Pension & Provident, within 120 days from the date of the Commissioner's letter. This is to be achieved through a search committee of Phoenix Insurance or Phoenix Pension & Provident, as the case may be, and through a resolution of their general meeting. The outline clarifies that apart from these appointments, changes to the Boards of the Phoenix group's Institutional Entities will be carried out only after the appointment of the committee. Phoenix Insurance and Phoenix Pension & Provident acted in accordance with the Commissioner's Letter and the appointment of such directors.

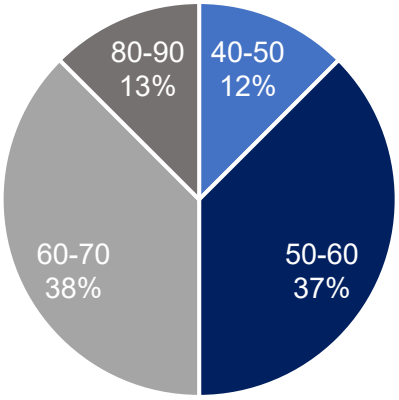
For further details, see the immediate report dated February 26, 2025 (Ref. No.: 2025-01-013308).

5.4. Composition of the Board of Directors



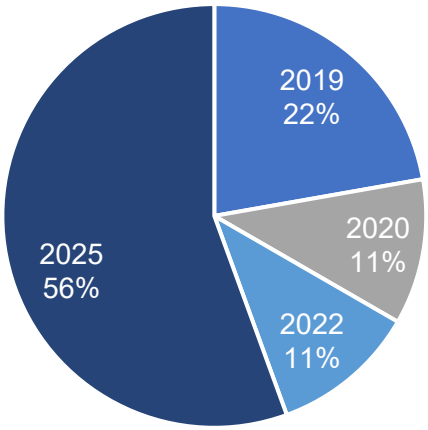
- The Company's Board of Directors reflects its being a global company, held, among other things, by international investors, with 22% of the directors not residing in Israel and 44% holding an additional nationality apart from their Israeli nationality.
- Phoenix's Board of Directors comprises members from a range of age groups across different generations.

Breakdown of Board members by age



- The average tenure of Board members is 2.9 years

Breakdown of the Board by year of commencement of term of office



- The Company places a special emphasis on its Board members' knowledge, skills and expertise at the time of their election to the Board. The Company's areas of activity and strategic objectives require financial and accounting capabilities, and an understanding of risk management processes alongside the Company's commitment to comply with the regulatory provisions of a range of government agencies. Following is the proportion of Company directors who declared themselves to possess an expertise by areas deemed critical to the Company:
  - 88% of the board members have expertise in financial accounting

- 44% of the board members have expertise in risk management
- 33% of the board members have expertise in insurance / asset management

5.5. Information about the Company's Internal Auditor

5.5.1. Details of the internal auditor:

The Company's Chief Internal Auditor is Ms. Michal Leshem (CPA), who began her term in office on September 1, 2020.

The Chief Internal Auditor meets the criteria set in Section 3(a) of the Internal Audit Law, 1992, the provisions of Section 146(b) of the Companies Law, and the provisions of Section 8 of the Internal Audit Law.

Ms. Leshem serves as the Internal Auditor of Phoenix Insurance and Phoenix Capital Partners.

The internal audit work is carried out through employees of the Company's internal audit function, and through outsourced services. The Chief Internal Auditor reports to the Chairman of the Board.

As part of the Group's internal audit function, the Chief Internal Auditor of Phoenix Pension & Provident is Elad Cohen, CPA. The Internal Auditor of Phoenix Investment House and its subsidiaries is Hagit Kamesh Zluf (CPA). Hila Hoisman (CPA) of accounting firm Deloitte Israel and Co. serves as Gama's internal auditor, by way of outsourcing. The internal auditor of Phoenix IEC is Shay Luterbach (CPA) of the Vardi Luterbach & Co. CPAs firm.

5.5.2. The work plan:

The internal audit function's work plan for 2025 was derived from the multi-year plan for 2024-2027, which is based on a risk survey held in order to set the audit targets in key areas; the survey was held at the end of 2023 and discussed by the Audit Committee in early 2024.

The work plan also includes focal points in accordance with the changes in the Company's business activity and structure, regulation, and risk levels. Material activities are audited more frequently. Additional activities may be audited more frequently, in accordance with the Chief Internal Auditor's assessment, based on guidance issued by one or more of the following: the Board of Directors, Audit Committee and management. The work plan allows the Chief Internal Auditor to exercise discretion in deciding to deviate therefrom. The Chairman of Board of Directors, the CEO and the Audit Committee may expand the scope of the plan or request specific changes. Material changes in the annual work plan are reported to the Audit Committee.

The scope and nature of the work of the Chief Internal Auditor and her team were determined taking into consideration the scope of the Group's activities and its various areas of activity.

The Chief Internal Auditor submits to the Audit Committee a detailed periodic report about the auditing activity in the reporting period.

Interested party transactions are discussed and approved by the competent organs as required by law. As part of the work plan, the Internal Audit Division also reviews approved interested party transactions. Other material transactions, including approval of such transactions, are reviewed from time to time as part of the work plan and in accordance with generally accepted auditing principles.

Hours invested and audit of investees:

	No. of hours invested	
	The Company's internal auditor	Other internal auditors
Phoenix Financial	1,250	-
Phoenix Insurance	23,811	-
Phoenix Capital Raising	80	-
Phoenix Pension & Provident*	5,137	-
Phoenix Gama	-	1,575
Phoenix IEC Central Severance Fund Ltd.	-	1,150
Phoenix Investment House**	6,070	-
Total hours	**36,348**	**2,725**

* Phoenix Pension & Provident - including 1,420 hours carried out by the operating entities (Bank Mizrahi and Malam).

** Phoenix Investment House Ltd. and its subsidiaries.

In 2025, the internal audit activities in all Group companies amounted to 39,073 hours, as detailed above.

5.5.3. Conducting the audit

The internal audit was conducted in accordance with the provisions of the Internal Audit Law, 1992, and the Companies Law, 1999, as well as in accordance with generally accepted practices while adapting the application of the guidelines and professional standards issued by the Chartered Institute of Internal Auditors (IIA).

The Board of Directors, through its Audit Committee, oversees the Internal Audit Division's work procedures, practices and results. The Board of Directors is of the opinion that the internal auditor's work practices are appropriate and in line with the composition and scope of the Group's activities.

5.5.4. Access to information

During the course of the audit work, the Chief Internal Auditor was provided with documents and information as required. The Chief Internal Auditor and her team were given full, ongoing and unrestricted access to IT systems and financial data, where such access was required to perform their work.

5.5.5. Chief Internal Auditor's report

The Chief Internal Auditor's reports are submitted in writing. Generally, upon issuance of the internal audit reports by the internal audit function, and as part of the current work process, the reports are discussed with the audited functions. Internal audit reports are submitted on

an ongoing basis to the Chairman of the Board, the Company's CEO, Legal Counsel, Chief Risk Officer and the Company and/or the subsidiaries' audit committees, as applicable. In 2025, the Company's Audit Committee held 13 meetings, and the audit committees of the Group's institutional entities held 30 meetings,[25] of which approx. 22 meetings discussed the internal audit reports.

5.5.6. The Board of Directors' assessment of the Chief Internal Auditor's work

In the opinion of the Board of Directors, the scope, nature and continuity of the Chief Internal Auditor's work and her work plan are reasonable under the circumstances, and are sufficient to achieve the Group's internal control objectives.

5.5.7. Compensation

The Chief Internal Auditor is a Group employee, having the status of a VP and employed on a full-time basis; she receives a monthly salary including related social benefits. The Chief Internal Auditor has an individual compensation plan that includes the right to take part in the Company's options plan, and an entitlement to an annual bonus based on Company's targets, as part of the overall compensation policy adopted by the Company and its institutional entities.

During the reporting year, the Chief Internal Auditor was awarded approx. 53,050 RSUs and 4,070 non-marketable option warrants exercisable into ordinary shares of NIS 1.00 p.v. each of the Company; the option warrants were awarded as part of the compensation plan applicable to Company and Group employees and officers. The total cost of the internal auditor's salary in 2025 amounted to approx. NIS 2.7 million.

In the opinion of the Board of Directors, the Chief Internal Auditor's terms of employment are reasonable and fair and reflect the Chief Internal Auditor's meeting her personal targets and contribution to the Company and Group. The Board of Directors has found that the compensation policy paid to the Chief Internal Auditor is in line with the compensation policy of the Company and its institutional entities, and does not give rise to any concern that her professional judgment would be compromised.

5.5.8. Information about the independent auditor

The Company's independent auditors are Kost Forer Gabbay & Kasierer ("**Kost**" and/or "**EY**"). Kost serve as the independent auditors of most of the Group's material companies.

The engagement partner dealing with the Company on behalf of Kost is Yael Assaf (CPA).

The auditors' fees are determined based on the scope of the work carried out in a publicly-traded Company and institutional entity which is an insurance company, and in the other Group companies.

[25] Phoenix Insurance - 14 meetings, Phoenix Pension & Provident 11 meetings, and IEC Gemel 5 meetings.

5.5.9. The independent auditor's fees are approved by the Company's Board of Directors.

Following is a breakdown of the independent auditors' fees in NIS thousand (excluding VAT) for services rendered by them in 2024-2025:

2025					
		Audit services*	Special tax services	Other services	Total
The company and its wholly owned companies**	EY	2,500	338	436	3,274
	Other	843	-	245	1,088
Phoenix Insurance and companies under its control	EY	6,045	447	636	7,128
	Other	-	-	-	-
Phoenix Investment House and its consolidated companies	EY	868	120	-	988
Total		**10,256**	**905**	**1,317**	**12,478**

(*) The audit services include fees in respect of SOX audit, preliminary audit in preparation for the implementation of IFRS 17 and a solvency audit.

(**) Excluding Phoenix Insurance, Phoenix Investment House and companies under their control.

2024					
		Audit services*	Special tax services	Other services	Total
The company and its wholly owned companies**	EY	2,452	219	192	2,863
	Other	536	148	218	902
Phoenix Insurance and companies under its control	EY	6,343	249	1,043	7,635
	Other	-	-	-	-
Phoenix Investment House and its consolidated companies	EY	750	271	110	1,131
Total		**10,081**	**887**	**1,563**	**12,531**

(*) The audit services include fees in respect of SOX audit, preliminary audit in preparation for the implementation of IFRS 17 and a solvency audit.

(**) Excluding Phoenix Insurance, Phoenix Investment House and companies under their control.

5.6. Effectiveness of internal control over financial reporting and disclosure

5.6.1. Securities Regulations

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

As from the publication date of the ISOX amendment, and as set out in the Company's previous Reports of the Board of Directors, the Company has been working on an ongoing basis to implement the required procedure in the 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 Commissioner's circulars 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 Control over Financial Reporting and Disclosure.

The processes relating to the institutional entities are also addressed in the Commissioner's circulars, for more information, see Section 5.6.2 below.

5.6.2. The Insurance Commissioner's circulars

Alongside the process described in Section 5.6.1 above, the Phoenix group's institutional entities apply the provisions of Management's Responsibility Circulars pertaining to controls and procedures regarding disclosure and internal control 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 above-mentioned 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.

- 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 the Report. Based on this assessment, the CEOs and CFOs of the institutional entities in the Phoenix group concluded that, as of the end of the period, the controls and procedures as per 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 December 31 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 conducting a process of improving and streamlining processes and/or internal controls and/or customer service. The reports and statements relating to the relevant processes are attached to the Financial Statements of the Phoenix group's institutional entities, in accordance with the provisions of Management's Responsibility Circulars.

5.6.3. Disclosure on the financial statements' approval process in a reporting entity

Pursuant to the Israel Securities Authority's directive on 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 guidance 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 managers' 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.

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 Statement Review Committee, other than the Audit Committee, that 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.

Benjamin Gabbay, Chairman of the Board **Eyal Ben Simon, CEO**

Date: March 25, 2026.

Part F

ESG

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The statements in this chapter include information, data, and descriptions pertaining to sustainability aspects of the Company's activity. Some of the data presented are immaterial at the level of the Company, but are included in this report in order to present a full picture of the Company's overall treatment of sustainability issues, for the implementation of generally accepted reporting principles in this field, and to allow understanding of the general context of the activity of the Company in this area.

6.1. ESG strategy

In recent years, the Company has developed from an insurance company into a leading finance company, generating competition in the Israeli market in a range of areas. The Company's sustainability strategy is integrated with its business strategy, focused on creating economic value by leveraging opportunities emerging from trends and changes, along with extensive corporate responsibility. This is achieved through precision and focus of resources on material topics, in order to maximize value creation and positive impact.

6.1.1. Creating economic value by realizing opportunities from significant trends and changes

Opportunities and risks arising from climate change and the energy sector – The Company develops products and services within growth trends, such as targeted insurance for electric vehicles, with a brand-based underwriting strategy and dynamic pricing; insurance for charging stations, in a supplementary insurance package for clients in an evolving field; and comprehensive insurance for renewable energy facilities and storage systems, from construction to operation, for a wide range of clients. Concurrently, the Company is developing capabilities in physical climate risk management, with an emphasis on natural hazard risks relevant to Israel, such as flooding and fires, with the aim of developing advanced underwriting tools and managing the Company's exposures. The Company also identifies opportunities and performs financial investments in relevant companies and infrastructures, including efficient renewable energy, desalination and irrigation, adaptation, agriculture, waste management, and transportation.

Promoting competition in financial services, supported by growing demand for advanced financial management – As an institutional organization managing NIS 610 billion, the Company benefits from a size advantage enabling it to expand its product range, invest in technologies and capabilities, and build collaborations with leading international financial organizations, which are made accessible to its extensive client base. The Company's activity in the area of credit, both retail and business, generates competition and is expanding the range of financing sources and lending options available to clients. The same is true for its activity as a non-bank stock-exchange member, which creates intensive competition in this field.

Dialogue on corporate governance - As an institutional investor, we have the ability to influence the shaping and improvement of the corporate governance of our material portfolio companies, among others, through dialogue and by voting at general meetings. The Company has adopted a policy of independent, transparent voting at the shareholder assemblies of the companies in which it invests. This policy is focused on pragmatic communication matched to the characteristics of the portfolio companies, with the aim of

contributing directly to the improvement of their corporate governance and indirectly to the development of the capital market and corporate governance in Israel.

6.1.2. Responsible action based on the Company's values

As a company serving Israeli clients, our success is influenced by the thriving and growth of Israel's economy and society. The Company aspires to broad corporate responsibility, based on four key values:

Collaboration – The Company supports the community and society of Israel through collaborations, donations, and assistance for new and growing non-profits with a significant impact on Israeli society, in several fields: education in peripheral regions, with an emphasis on technology; restoration of conflict-zone communities; and strengthening culture and the arts. The Company has formulated a model for supporting strategic non-profit organizations through integration with its unique capabilities.

Excellence – The Company aspires to excellence in client service, including digital services, simple accessible information in a range of channels, client empowerment through the accessibility of information, and creation of a unique value proposition. Towards that end, it invests in innovation, technology implementation, digitization, and the use of advanced AI tools, both client-facing and internal. Concurrently, the Company invests in responding to clients' needs and in focusing on the client experience at the organizational level.

Transparency – The Company reports on the financial, social, and environmental aspects of its activities to investors and stakeholders, in accordance with prevalent international standards, within its periodic reports. The Company conducts dialogue with stakeholders through its investor website, analyst reviews, in-person and online investor calls, and local and international ESG ratings.

Agility – The Company sees its employees as partners on its journey, and, accordingly, promotes an organizational culture and work environment supporting its values and business goals. This is achieved by instilling a culture of excellence, investing in executive and employee development, introducing performance-based equity compensation at every level of the organization, and expanding employee well-being and health programs.

6.1.3. Material topics

In preparation for its first ESG Report, released in 2022, the Company performed a materiality analysis. The materiality analysis was revalidated in 2023 and approved by the sustainability committee, board of directors, and management of the Company. The members of the board of directors participated in the work process, ranking the material topics, with the Company's ESG Forum. A rating questionnaire was designed, to determine priorities, with the assessment of the material topics on a quantitative scale (1–5) by each rater. The rating results were processed and analyzed to form a materiality matrix, with rater groups (internal and external) weighted to provide a balanced reflection of the importance of each topic for the Company and the stakeholders.

Concurrently, in-depth interviews were held with leading local and foreign investors, ESG rating agencies (local and foreign), and suppliers, to understand their perceptions of the

importance of each of the topics. In addition, the Company reviewed the analysts' questions and feedbacks under local and global ESG ratings to ascertain that the analysis was consistent with the requirements of the market and of investors. Beyond that, insights from the Company's client interfaces were included in the process (for example, based on analysis of feedback and complaints); where necessary, external sources reflecting the public's expectations for financial companies were also used.

In view of its commitment to alignment with advanced international standards, the Company performed an in-depth analysis of material topics, in accordance with the double materiality principle. This process is carried out in full every four years, with periodic validation every two years. Accordingly, the Company examined both the impact of the material topics on its own operations and the impact of its operations on people and the environment.

As part of its continual improvement efforts, the Company is aligned with leading international reporting standards (GRI, SASB) and has performed industry-level benchmarking in reference to Israeli and international companies, in the area of insurance and in other areas of activity relevant to the structure of the Group, to examine trends and run comparisons on topics relevant to the sectors in which the Group operates.

In the reporting year, the topics were validated against changes carried out at the Company and market trends, including in relation to the current requirements of strategic ESG rating agencies, and the topics were reaffirmed. Accordingly, it was found that there was no need for a substantial update of the list of topics; however, the comments on the material topics were updated, throughout the sections of the report.

The Company's materiality matrix is ranked by the importance of the topics for the Company and for its stakeholders; the matrix serves as a key tool in formulating ESG strategy, planning targets, and formulating work plans, and is embedded in the Company's mechanisms for evaluating risks and opportunities.

Transparency

Internal significance

Transparency is a key element of risk management and value creation. The Company sees transparency as a strategic tool for strengthening trust, complying with regulation, and ensuring responsible management of its business operations. Transparency enables the managers and employees of the Company to make data-driven decisions, understand the business and regulatory risks, and act in accordance with the Company's ethical principles. For the board of directors, transparency strengthens oversight over performance and ensures sound risk management.

External significance

Regulators, investors, clients, and business partners expect clear, accurate, reliable reports on the Company's performance and the impacts of its activities. For the Company's clients, transparency ensures clear information about financial products, policies, and risk management. For investors, transparency provides certainty regarding the attainment of ESG standards and financial metrics, and allows informed decision-making. For regulators, transparency contributes to compliance with the requirements of the law and reduces legal exposures.

Performance

This topic is managed on an enterprise-wide basis at the Company, in accordance with the reported area. Several functions are involved, including the investor relations and business development department, the legal department, and the corporate secretariat. Over the last few years, the Company's transparency has been expressed in reports and actions, including in the area of sustainability, such as:

- Publication of an annual ESG Report, beginning in 2021, in Hebrew and English.
- Carbon emissions measurement (Scope 3 – financed emissions) intermittently as from 2022.
- Inclusion of an audit of sustainability aspects by an external auditor, beginning in 2023, to enhance data reliability.
- Inclusion of sustainability reporting in the Company's annual report, beginning in 2024.

Targets for increasing transparency

In accordance with its work plan for 2025, which addresses greater transparency towards shareholders and stakeholders, the Company has set two goals: 1) to launch a new, upgraded investor website, showcasing the Company, accessible from anywhere in the world: Phoenix Financial Investor Relations; 2) to expand its international ESG ratings: the Company was rated by MSCI for the first time this year, and now has three leading international ESG raters.

Climate change and the concomitant risks

Internal significance

The climate crisis is one of the most complex risks faced by nations and companies, with impacts reaching beyond businesses' operational activities to a broader effect on the financial sector as a whole. The Company considers climate risk management an essential component in managing and strengthening its organizational resilience, recognizing that rather than just an environmental challenge, climate risks also represent a financial and strategic challenge. The adaptation of business models to an evolving environment is crucial to generating long-term value, maintaining the Company's stability and responding to stakeholders' expectations.

External significance

Investors, clients, and regulators expect companies to apply sustainable strategies to mitigate their impact on the environment and address the challenges arising from climate change. The impacts of climate risks are forward-looking, difficult and complex to evaluate accurately. Accordingly, climate risk may affect operating expenses and the potential for growth and investments, pricing of insurance premiums, and insurance policy formulations.

Performance

- Systemic climate risk management, with the implementation of operational measures to improve organizational resilience. For more extensive information on climate risk management, see below.

- The Company aspires to minimize its impact on the environment, in its operational activities as well as in the effect of the investments and insurance policies in which it is involved. For more extensive information on the Company's performance in the area of environmental impacts, see the section "Carbon footprint."

Objectives

The Company aims to continue mapping the effects of climate risks on its operations, cultivating aligned strategies, and improving its readiness for potential future impacts, by implementing adapted solutions and staying current on regulatory requirements pertaining to climate impacts. Over the last year, the Company mapped transition risks in its investment portfolio and continued to improve its information infrastructures for detecting and mapping exposures to physical risks caused by climate change. Concurrently, the Company relocated its offices to the Phoenix Campus in the city of Rishon LeZion. The new campus is an important element in the Company's sustainability policy, reinforcing the commitment to environmental efficiency and innovation at the core of its strategic planning through reduction of emissions and resource consumption, by means of green infrastructures, smart environmental planning, and the implementation of resource-management technologies.

Information security & privacy protection

Internal significance

Digital innovation, and particularly artificial intelligence, carry significant advantages but also involve risks in various areas, primarily information security and privacy protection. Because the Company is responsible for sensitive personal data about its clients, information security and the protection of clients' privacy are crucial to its operations.

External significance

Clients, business partners, investors, and regulators require financial companies to meet high standards in the protection of information and privacy. Harm or leakage of information hurts companies' reputation and may lead to economic and regulatory damages.

Performance

- Implementation of advanced tools for monitoring, detecting, and addressing cybersecurity threats 24/7, and comprehensive management infrastructures for information security and cybersecurity incidents.
- Performance of management drills and annual technological surprise drills to assess the preparedness of cybersecurity teams, while activating an incident response team dedicated to cybersecurity events.
- Management of cybersecurity risks by a chief information security officer (CISO) under the Technology Division.
- Quarterly steering committees review threats and provide status updates on the execution of work plans. A quarterly forum and steering committee on privacy protection, with the participation of senior executives.

- A privacy protection enforcement plan, audited by the internal auditor and an expert consultant on cyber defense.
- Compliance with strict information-security standards, including PCI and ISO 27001.
- A Company-level cybersecurity policy applicable to all activities.

Objectives

The Company's privacy protection policy was updated during the reporting year, in line with the regulatory developments in this area in Israel as well as the developments in the artificial-intelligence field. The new policy is publicly available to clients on the Company's website and app. The Company also continued its strict management of cybersecurity risks.

6.1.4. Objectives and indicators

The Company manages ESG goals to generate business value in its areas of operation, alongside corporate responsibility targets, including climate goals. These indicators have been managed at the Company for several years; targets for each indicator are derived from the materiality analysis, business strategy, and goals, and from the Company's forecasts for 2027 in various areas.

In insurance, the Company has established an indicator for value creation via growth of premiums and revenues from green products and services, with a growth target of 50% relative to 2023 by 2027. The Company attained the target during the reporting year, with approx. NIS 315 million in revenue from premiums on green products.

In asset management, the Company applies qualitative measurement to its activities, with the aim of strengthening communication on corporate governance and solidifying its position in the Israeli market. Investment managers at the Company conduct dialogue with investee companies, with an emphasis on corporate governance, according to the circumstances and characteristics of each event; the voting policy is used to express the Company's position through votes at general shareholder assemblies. Representatives of the Company also participate in seminars, collaborate on corporate-governance aspects at research centers, and serve as key speakers at conferences.

The positive impact on Israeli society and responsible conduct as a leading company are measured using the indicators:

Community: Community support at a rate of 0.8%-1.0% of comprehensive income.[26] During the reporting year, the Company's support for Israeli society constituted 1% of its core earnings, a total of NIS 27 million.

Environment: Measurement of the Company's carbon footprint is the main indicator in the area of the environment and climate. The Company has set internal targets to reduce energy consumption, as well as a target of reducing its operational carbon footprint (Scopes 1+2) by 15% compared with the baseline year of 2019. In the reporting year, the volume of

[26] Comprehensive income, assuming a real return of 3%, excluding investment performance and variable management fees above and below a real 3%, interest effects, and special events.

emissions (Scope 1 + 2) of the Company was 10.5 tCO_2e, up by approx. 5% from the preceding year.

Clients: The service level index of the Capital Market, Insurance, and Savings Authority serves as an objective indicator of client satisfaction for the Company; the Company has set a goal of being above the industry average in all 12 categories. According to the latest index, published in August 2025 in respect of 2024, the Company met its target and was above the industry average, with an average score of 81 in service level.

Employees: The employee engagement index is measured through an internal survey conducted once every few years, or through a survey by BDI, an objective external party that has run the Best Workplaces survey in all sectors of the Israeli economy for several years. The Company has set a goal of being above average, or in the upper half, of the insurance and finance industry for 2027. In the reporting year, the Company was ranked 10th on the BDI index, of 18 rated companies in the finance and insurance industry.

Shareholders and stakeholders: Transparency in ESG aspects is measured through ESG ratings. The Company has set a goal of leading the industry in the weighted strategic rankings on which it holds active dialogue with the rating agencies. In the reporting year, the Company communicated proactively with two local rating agencies and three international rating agencies. The Company is in the lead in most of the strategic ratings in the insurance industry in Israel.

In March 2026, the Company's General Meeting approved a compensation policy for 2026-2028. The current compensation plan includes a measurable annual ESG metric[27] at a rate of 5%. The update was derived from the materiality analysis and the awareness that management of significant ESG issues, such as climate change, transparency, corporate governance, and privacy protection, is essential to the creation of long-term value. Including ESG indicators in management compensation highlights the value created through ESG and commitment by management to embedding ESG values in all of the Company's operations. For further information, see the compensation policy on the Company's website.

6.1.5. Effective corporate governance in ESG

The Company has a sustainability manager, reporting to the deputy CEO, head of business development and investor relations. Concurrently, a designated ESG committee has been established; in January 2025, the sustainability committee was merged with the strategy committee, to promote and develop sustainability issues as an integral element of Company strategy.

Sustainability and climate issues are presented and managed in the committee, including sustainability and climate strategy, approval of metrics and targets for sustainability aspects, receiving updates on the execution of the annual work plan, and approval of policy papers (code of ethics, financial inclusion, environmental policy, etc.). Depending on the topic, the committee coordinates and cooperates with other committees: the risk management committee, in connection with ESG risks, with an emphasis on climate risks; and the investment committee, which is responsible for establishing responsible investment policy.

[27] The Company's ESG rating by Maala; rating target – at least Platinum category.

The board of directors also discusses gender equality issues, human-capital management strategies, and more.

In the reporting year, the various committees held discussions on the following subjects: sustainability strategy; the Company's ESG ratings; donations policy and strategy; investment dialogue policy; review of climate and geopolitical risks; approval of updates to the Company's code of ethics; update of the environmental policy; and approval of the financial inclusion policy.

6.1.5.1. Promoting ESG-related knowledge

In the reporting year, actions were taken to impart knowledge on ESG risks, with an emphasis on climate risks, and a review of trends, including the following: periodic reviews of trends in electric vehicles, in Israel and globally; a comprehensive review of trends in the renewable energy market in Israel for the relevant business units; training for the claims department at the insurance company on climate risks, aimed at improving the accuracy and quality of documentation of natural hazard damages; training for the survey department emphasizing climate risks; a review of regulation and trends in Europe and their effect on the Company's operations; risks in business insurance via reinsurance, including reputational effects; and more.

Concurrently, the sustainability manager and senior representatives of the Company participated in meetings, webinars, courses, conferences, and panels with regulators, umbrella organizations, and the media, to help raise awareness and expand knowledge on sustainability within and beyond the Company.

6.1.5.2. Dialogue with shareholders and stakeholders

The Company maintains constant and ongoing communication with a variety of shareholders and stakeholders who are impacted by its operations and have an impact on it - shareholders, suppliers, clients, reinsurers, agencies, employees, regulators, and the community.

The Company conducts regular dialogue with investors, on a quarterly basis, to present strategy and performance, listen to a variety of opinions, and ensure that the strategy and activity are focused on creating value. The dialogue takes place continuously and openly, taking into account insider information constraints. The Company holds quarterly conference calls; publishes data on past performance and future goals, dividend policy, and buyback plans; allows direct meetings; and maintains a dedicated investor relations website, updated regularly. For international investors, the Company releases presentations, reports, and stock-exchange filings in English and also holds investor calls in English. The Company also conducts investor surveys and elicits structured feedback, including references to sustainability and ESG issues. In the reporting year, the Company held several calls with investors who expressed interest in its ESG activities. The Company was ranked among the top ten dividend distributing companies in the reporting year.

The Company's transparency in reporting was reflected in its high rating and its industry leadership in sustainability. The Company proactively initiates dialogue with local and international rating agencies. This helps to focus the work plans on existing gaps and narrow

them. These processes are conducted in addition to credit and insurance risk rating by leading Israeli and international rating agencies.

International ESG ratings

As of July 2025, the Company has a score of 59 on the CSA, second place among all ranked companies in Israel and the highest of the 6 Israeli insurance groups rated by S&P within the insurance industry. This score reflects a 19-point increase in the last two years.

The Company is in the lead in the Israeli insurance industry with a rating of 24.1, Medium Risk, as of December 2025.

The Company was initial listed on the MSCI Israel index for the first time this year, and, accordingly, to the MSCI ratings. At its introduction into the index, prior to the dialogue with the Company, it was assigned a rating of BBB. The Company is in the process of studying the rating methodology and communicating with the rating agency to fairly reflect its activities.

Israeli ESG rating

The Company is in the highest rating category at Maala, Platinum Plus, as of July 2025.

The Company is the leader among all rated companies in Israel, with a score of 83 out of 100, as of July 2025.

6.1.6. ESG risk management

The overall responsibility to establish and monitor the management framework lies with the Board of Directors and management. The Company has also established a risk management committee, to examine its risk management across all of its activities. For details regarding the committee, see Note 35, Risk Management.

Risk management is carried out at the Company level by the Chief Risk Officer, who reports to the Company's CEO, and independently at each subsidiary level. The Chief Risk Officer is directly responsible for risk management at Phoenix Insurance and Phoenix Pension & Provident Fund (hereinafter jointly - the "**Institutional Entities**"), and receives reports on the risks inherent in the operations of the principal subsidiaries from the companies' risk officers.

6.1.6.1. Risk management policy for the identification of emerging risks at institutional entities

As part of the requirements set by the Board of Directors and management of the Institutional Entities and according to the directives of the Capital Market, Insurance and Savings Authority regarding the principles for performing an Own Risk and Solvency Assessment for an Insurance Company (ORSA) and in view of the Institutional Entities

Circular (Investment Considerations regarding Environmental, Social and Corporate Governance Aspects and Material Emerging Risks (such as Cyber Risks, Climate Risks and Technological Risks) No. 2021-9-13 of 2021 November, the Institutional Entities have developed a policy to identify emerging material ESG, climate, cyber, and disruptive technology risks, which is revised each year and approved by the Institutional Entities' boards of directors.

The field of ESG comprises a number of aspects embodied in activities and processes taking place in the Institutional Entities and the risks it poses to the Companies may constitute "risk drivers" for the materialization of the traditional types of financial risks managed by these management companies. In other words, ESG risk is a risk for a financial loss to the Company arising from current or future effects of environmental, social and governance factors on counterparties, or on invested assets of the Company, alongside direct effects of these factors on the Company. ESG risks affect both financial investments (due to their influence on investment portfolios) and insurance.

Each year, the Institutional Entities examine and adjust the policy for identifying material emerging risks in the Insurance Company and in the Pension and Provident Company: ESG, climate-related, cyber and disruptive technology (hereinafter - the "**Policy**"); under this policy, the Company works to identify, assess and mitigate emerging ESG risks, and in particular physical climate risks and transition risks that stem, among other things, from legislative and regulatory changes in the field of environmental protection in Israel and across the world. Under this policy, the Company continued - even during the reporting year - to work on the gradual multi-year implementation of the identification, assessment, and management of material emerging risks, in terms of financial investments as well as insurance. For details regarding the processes carried out in the reporting year to promote the identification and assessment of emerging climate risks, see Section 6.2.4.

The Company attaches great importance to the involvement of the Board of Directors, risk management committee and the investment committees in the risk management process. For more extensive information on climate risks, see Section 6.2.4, Climate risk management.

6.1.6.2. The Responsible Underwriting Approach in P&C Insurance

Phoenix Insurance embeds ESG risks in its underwriting processes, recognizing that responsible risk management contributes to the Company's stability, through risk prevention, as well as to the identification of opportunities. The Company's exposure to risk is usually indirect, through the risks borne by the Insurance Company on behalf of its insured clients.

In view of the importance accorded by the Company to ESG risks, with an emphasis on emerging risks, and their potential effect on Phoenix Insurance itself and on the insured companies, the underwriting and pricing process in corporate insurance (property and liability) includes the examination of various risks, including catastrophe risks such as earthquakes, climate risks, cybersecurity risks, and past legal claims. Phoenix Insurance assesses the risk level of every company that is a candidate for insurance, with reference to its geographical location, type of business activity, and the environmental and social risks present. ESG risks are embedded in the underwriting process for large businesses (property and liability), not only as a risk management means but also as a tool for promoting

adaptation processes at the insured companies. Phoenix Insurance believes that the inclusion of these considerations contributes to better risk management and helps the insured companies confront the challenges of the future.

Phoenix Insurance performs surveys to examine risk management at the insured companies (large businesses).Risk survey processes are performed when a new client enrolls in insurance, as well as at renewal. Every company that applies for insurance undergoes a survey process, addressing the risk level of the sector in which it operates, the geographical location of the property, and an ESG risk review according to the sector and the nature of the business, including environmental risks in its vicinity. To that end, Phoenix Insurance has an independent surveying department, and where needed a surveyor from the dedicated surveying team is dispatched in order to identify and look closely at the risks. The surveyor examines all of the environmental risks at the insured property and in its surroundings, including climate risks; social risks to employees, clients, suppliers, and the public due to the company's activities; and risks in the company's work processes, in aspects that emerge as risks, such as safety procedures, investigations, actions to prevent and mitigate risks, etc. For example, Phoenix Insurance recommends that every company, according to its risk level, install advanced fire-extinguishing systems, use appropriate personal protective equipment and clothing for employees working outdoors, and add protection to hazardous material containers. The survey is sent to the underwriting department, where it is used for risk pricing, including ESG and climate risks; and dialogue is conducted regarding recommendations to maintain and improve risk management and protective measures at the company applying for insurance.

Businesses in the area of energy and gas – Based on the Petroleum Repository of the Israeli Ministry of Energy (PRIME),[28] natural gas exploration and production activities in the Mediterranean Sea are performed using globally prevalent and accepted conventional methods, in light of the characteristics of the field, the extraction methods, and the absence of application of hydraulic cracking technologies. Accordingly, Phoenix Insurance does not insure Israeli companies engaged in production and drilling using unconventional methods, such as tar sands or oil shale.

In addition, according to a report by the Ministry of Energy, mining in Israel[29] is performed primarily in the areas of industrial minerals, mineral resources, and quarrying, and does not include industrial mining of coal, precious metals, or energy resources. Accordingly, Phoenix Insurance does not insure Israeli companies engaged in coal mining.

In employers' liability insurance Phoenix Insurance ensures that it assesses the risks to a business's employees based on the characteristics of the activity, the materials to which the employees are exposed in terms of health and safety, workplace and safety accidents of the organization and the manner in which the candidate company conducts itself from labor laws and human rights perspectives.

As of 2023, Phoenix Insurance includes targeted questions on ESG risk assessment and management, including climate risks, in the underwriting process for directors' and officers' liability insurance at companies. Directors at the insured companies have a key role in

[28] PRIME Data Base IL MoE
[29] IT Unit
203-energy.pdf

developing the companies' methods for coping with the challenges of the future, which include climate and ESG risks. Low awareness of such risks at the insured companies may lead to damage to these companies, legal claims against office holders, and consequently also higher exposure for Phoenix Insurance as their insurer.

Officers liability insurance policies exclude pollution. In exceptional cases, subject to a rigorous underwriting process, Phoenix Insurance may limit or eliminate this exclusion.

In today's world, the volume, flow, and availability of information through the plethora of existing and developing technological means, and the ability to use advanced technologies to manage risks remotely, have increased exposure to new risks, such as cyber risks. This exposure applies to both businesses and individual users. The risk is covered in varying ways under the various forms of insurance policies in the traditional insurance sectors, which do not explicitly address cyber risks – referred to as silent cyber coverage. Phoenix Insurance is tracking the development of these risks and working to reduce the exposure to them arising from its insurance business.

Phoenix Insurance offers its clients a number of insurance products that were designed to facilitate companies' dealing with climate change and with the transition to low-carbon economy, alongside raising awareness to emerging risks and making preparations for dealing with those risks. For more information, see Section 6.2, Climate Change.

6.1.6.3. Responsible investments – embedding ESG risks in investment decisions

The Company has NIS 610 billion in assets under management company as of the report date. The Company's goal is to maximize good risk-adjusted returns for its clients, taking several variables and risks into consideration, including ESG risks.

Responsible investments, where ESG risks are included in the investment management process, can stimulate positive environmental and social processes, along with effective risk management and the identification of good investment opportunities. The Company combines the broad examination of ESG risks with the examination of economic, business, tax, and other risks, in 100% of its decision-making processes regarding active investments, which make up approx. 85% of its investments, and in all markets (approx. 95% of the Company's investments are in developed markets) where the Company invests through marketable instruments – equities and bonds of public and government companies, as well as non-marketable investments – real estate, private and alternative investments, and private loans.

The Company has an internal research department with extensive knowledge and experience, which oversees responsible investment. The department is aided by research performed by leading Israeli and foreign research institutions. To examine ESG risks, the Company has engaged an external firm specializing in this field in Israel to perform ESG analysis of public companies in Israel, through designated analysts. Concurrently, the Company contracted with an international investment firm to examine ESG risks in its international portfolio and flag high-risk investments on a semi-annual basis. Less than 1% of Phoenix's investment portfolio is managed by external investment managers; they are also required to adhere to the Company's responsible investment policy and examine ESG risks in every investment.

In-depth analysis of companies based on these criteria, using a designated procedure, updated on an annual basis and approved by the investment committee, enables the Company to invest responsibly and embed ESG considerations in the core of its operations. The purpose of the procedure is to ensure that ESG risks are examined in every investment; in cases of risk above the established threshold, a structured process is required, including special approvals for the investment according to variable authorization hierarchies. The company's ESG rating and the information gathered are added to the background materials for the organs charged with examining and approving the transactions, including the investment committee and the credit committee. In the event of a high ESG risk assessment, as with other risks, the issues are discussed according to the authorization hierarchy prescribed by the procedure. For details regarding the Company's responsible investment policy, see the Company's website.

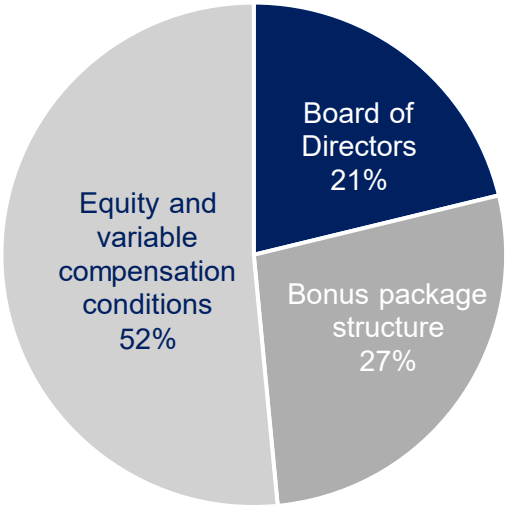
6.1.6.3.1 Discussion and voting as a leading investor

As an institutional investor, we sometimes have the ability to influence the shaping and improvement of the corporate governance of our material portfolio companies, among others, by voting at general meetings. The Company has adopted a policy for dialogue and independent, unique voting on corporate-governance issues at the general shareholder assemblies of its investee companies, emphasizing the need for specific adaptation to each event and case. For details regarding the Company's voting policy, see the Company's website.

In the reporting year, the Company participated in approx. 3,600 votes, mostly on technical matters. In 44 cases, the Company decided to contribute directly to the improvement of corporate governance in various areas, and succeeded in doing so, through focused dialogue according to the characteristics of each of the portfolio companies. For example: The Company has objected to and even proactively approached portfolio companies with regard to those topics, resulting in changes to the compensation policy and/or officers' terms of service, such that they are consistent with the principles set out in the Company's policy. The Company examined the appointment of external directors in depth, and objected to appointments that were not consistent with policy, based on qualitative and pertinent considerations.

Concurrently, over the last year the Company conducted dialogue with a company where it is an interested party, through a survey issued by that company, to provide the investors' viewpoint.

Distribution of corporate governance dialogue and voting topics in 2025



At the portfolio companies in Israel, dialogue on ESG topics is conducted on behalf of Phoenix by an external firm specializing in ESG risks, as needed and according to the situation; this process is performed with the rated companies to determine the risk level, as part of the analysis process involved in establishing ESG ratings for companies in Israel. This activity is part of a structured process designed to improve the quality of the information available to investors, provide deeper understanding of material risks, and encourage responsible and transparent conduct. According to the reports by the external firm, dialogue was conducted with 95 companies in Israel over the last year, compared with 60 companies in 2024. Approx. 30 companies presented significant improvement in ESG metrics following this dialogue.

In 2024–2025, focused intervention in climate issues and carbon emissions was performed at 28 companies in sectors with direct and indirect exposure: electricity production, heavy industry, chemicals, and finance. The dialogue focused on questions of emissions measurement and detection, climate risk management, and inclusion of climate considerations in strategic decision-making processes.

In addition, the external firm held dialogue regarding unusual events that had occurred at the companies during the year, targeted at understanding the circumstances of the event, the way it was handled, and the steps taken to prevent recurrence of similar incidents. This process made it possible to obtain in-depth information and boost the quality of dialogue with the companies.

6.2. Climate Change (TCFD)

Climate change has been identified as a disruptive event and a strategic pillar of the Company's approach to the creation of sustainable value. Further to the results of the materiality analysis validated in 2024, climate change was found to be a material topic for the Company; accordingly, identification, mapping, and qualitative assessment of climate risks were performed.

The Company has developed policy and established key performance indicators to monitor progress on mitigating negative impacts related to these risks, by reducing its carbon footprint and managing its exposure to the risks. Climate change, as a risk, is considered in this section as it pertains to the double materiality approach, i.e. both in terms of the effects of climate change on the Company and in terms of the effects of the Company on climate change, with reference to: (i) asset management; (ii) insurance activities; and (iii) internal actions of the Company and their impact on the environment.

The detailed report below is in line with the voluntary disclosure guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), which are focused exclusively on climate-related factors, despite the fact that these requirements and other ESG and climate risk disclosure regulations are not applicable to the Company.

6.2.1. The Company's climate strategy

The Company is working to promote a comprehensive climate strategy, derived from its sustainability strategy, focusing on three key areas: identification of business opportunities to create value; data-based risk management; and responsibility and transparency of the Company towards stakeholders.

Creation of business value – Identifying and taking advantage of opportunities (including in the energy market), and addressing new risks in all areas of activity: developing green products for clients, such as insurance for electric vehicles, charging stations, photovoltaic systems, energy storage facilities, and more;
and raising awareness of these issues among investment managers, to help them weigh in the climate risks of every investment and identify opportunities according to trends in the local and global markets.

Data-based risk management – Every year, the institutional entities identify, map, and qualitatively assess physical and transition risks, and work to improve capabilities for assessing exposure by preparing data infrastructures in information systems, integrating technological solutions for physical risks of floods and fires, and embedding climate considerations in the investment process and in asset evaluation.

Responsibility and transparency – The Company is working to reduce its carbon footprint, and reports on its preparations for climate change in accordance with the TCFD and ISSB guidelines, with continual improvement of its data quality, reporting infrastructures, and scenario analysis capabilities. The reports are presented to the strategy and risk management committees of the board of directors, accompanied by external auditing.

6.2.2. Climate-related indicators and objectives

The Company has comprehensive emission reduction targets, encompassing Scope 1 and 2 emissions resulting from its operations. At the operational and business level, the targets are based on absolute reduction of greenhouse-gas emissions in reference to the baseline year (2019), with a set target year (2027). The Company has committed to reporting on its progress towards the targets each year.

Disclosure	Measurement unit	Performance for 2022	Performance for 2023	Performance for 2024	Performance for 2025	Target for 2027
Improving carbon footprint (Scope 1+2)	TCO2	18%-	10%-	12%-	5%	15% - from the baseline year 2019
Premiums and revenues from green products[30]	NIS million	114	195	268	315	50% growth since 2023
Financing and investments supporting climate change and the energy transition	NIS million	6,500	10,000	12,000	13,700	TBD
Financed emissions intensity per NIS 1 million invested	CO2eq	32 tonnes CO_2eq	28.5 tonnes CO_2eq	-	-	TBD

6.2.3. The role of the Company's board of directors and management in managing and coping with climate change

The Company's board of directors supervises and delineates Company policy and is involved, among other matters, in the area of the climate through several subcommittees. The board of directors delineates and approves policy principles for climate risk management, and ensures that the policy is instituted and implemented in practice. In 2022, an ESG policy for emerging risks, including climate risks, was approved by the board of directors of the institutional entities, the sustainability committee of the board of directors of the Company, the risk management committee of the institutional entities, and the investment committees; this policy is validated and approved annually.

The function appointed by the board of directors to supervise the organization's conduct on climate aspects is the Strategy Committee. Alongside and in collaboration with this committee, the risk management committee is charged with examining climate aspects of risks at the level of the Company. In the reporting year, the risk management committee

[30] Products and services that promote decarbonization (mitigation and adaptation). Due to data automation limitations, revenue measurement of some products may be partial. Retroactive revision was applied to previous years due to the development of measurement capabilities for an additional product in 2025.

held two discussions on topics of climate risks and the Company's ways of coping with these risks; an additional discussion was held by the strategy committee. The investment committee is responsible for managing risks and exposures to climate aspects in the management of the Company's assets, and approves the Company's responsible investment policy annually.

Each of the committees has the authority to supervise the Company's preparations for climate risks, demand and receive reports on the extent of the exposure to climate risks, and review the progress on the work plan, at least once annually.

6.2.3.1. Climate-related training and study programs

Annual training and study programs are held for the members of the board of directors, including training on climate topics. Over the last few years, lectures and in-depth seminars have been provided for the members of the board of directors, including a review of present and future climate crisis impacts in the global and local arenas, decarbonization and the changes in the energy sector in Israel, and discussions of technological trends in areas such as cybersecurity and AI and their impacts. In the reporting year, discussions were held regarding the Company's annual climate risk survey and the progress on the work plan in this area, and on topics pertaining to the policy for dialogue with companies in which the Company invests, with the aim of clarifying the Company's policy and enhancing its transparency. The Company also holds annual professional training for financial analysts, through an external firm, on integrating ESG considerations (including environmental and climate issues) into the investment process. Concurrently, in the reporting year, training was held for approx. 25 claims adjusters and reviewers on the effects of climate change on Phoenix Insurance, the implications for the claims review and documentation process, and the way these risks are integrated into the processes.

6.2.3.2. Management involvement in climate issues

Senior management is responsible for implementing the approved policy and managing climate risks, as part of the process of making business decisions, including the examination of climate impacts on operations, insurance risks, investments, and business development plans. During the reporting year, designated discussions were held with members of management on topics such as trends in the field of electric vehicles and their effects on insurance risks, trends and opportunities in the field of renewable energy and storage, and operational impacts of the transition to the new campus on the quantity of emissions.

The business units bear responsibility for the implementation in practice of climate aspects within their purview, including the identification of risks, examination of effects on products and services, embedding of climate issues in pricing and risk management, and development of business opportunities related to the transition to a low-carbon economy. Each unit routinely informs Company management of its activities, progress, and challenges pertaining to preparations for climate change in its field.

This division of responsibilities allows the consistent integration of climate considerations into management, operation, and investment processes, with close supervision by the board of directors and operational implementation by management and the business units.

6.2.4. Climate risk management

Climate change constitutes a significant trend affecting business organizations. As a result of this trend, business organizations in Israel and worldwide are exposed to physical climate risks and transition risks; the Company therefore believes it is important to include climate risks in its overall risk management.

In accordance with the ESG policy approved by the board of directors, the institutional entities have adopted methodologies for identifying climate risks[31] and qualitatively assessing exposure, to manage the risk based on globally prevalent methodology, and have mapped, identified, and assessed emerging climate risks, as detailed in Section 6.1.6.1.

The institutional entities are focusing on expanding knowledge and expertise in the area of climate change and the derived climate risks, adjusting information systems and information gathering to the identification and mapping of climate risks, and improving the Company's capabilities in assessing exposures. In addition, the Institutional Entities routinely monitor regulation and innovation in the climate field, in order to cope with transition risks.

6.2.4.1. Methodology and methods for identifying major climate risks

Emerging climate risks are mapped, identified, and monitored on an annual basis using a risk map adapted to the institutional entities. The risks are divided into two main categories:

1. Physical risks

These risks may materialize due to global warming and rising temperatures on earth. In Israel, the physical effects would be a hotter, drier, higher, more extreme climate.[32] These risks are divided into two main risks on the exposure map:

- Chronic risks: Risks the ecological and physical impact of which materializes over the long term, with a sustained effect. For example, sea levels continue to rise persistently.
- Acute risks: These risks include the effects of extreme climate events. Global warming may lead to more severe and numerous extreme events, such as powerful storms, floods, fires, and severe heat waves.

2. Transition risks

Transition risks arise from regulatory, economic, technological, and social changes that result from the decarbonization of the economy. At the institutional entities, these risks may affect the investment and insurance portfolio.

In addition, financial risks with a potential effect on the institutional entities are mapped within the risk map, based on insurance risks (divided into general insurance, life insurance, and health insurance), market risks, credit risks, and operational risk. Risks are also examined based on different time ranges (short term – up to 3 years, medium term – 3 to 10 years, and long term – over 10 years). These time ranges were selected according to

31 Climate Financial Risk Forum (CFRF) – Climate Financial Risk Forum Guide 2020."
32 According to a report published by the Ministry of Environmental Protection: Israel's Preparedness for Climate Change, Report No. 1

international climate risk mapping methodologies, and differ from the time range in the Company's strategic plan.

The institutional entities are also working to map and manage climate risks throughout the value chain. As part of this process, risks are examined that pertain to operational activities, including assets, information systems, and reinsurers, as well as potential effects on the Company's clients, insurance products, and investments.

Over the last year, the Company focused on several key risks within the risk map, performing qualitative exposure assessment and risk management, including recommendations. The institutional entities focused on the following risks: flood and fire risks, and transition risks in regulatory reporting on climate topics, in and outside Israel.

6.2.4.2. Assessment of exposure to climate risks in the area of insurance:

Physical risks

The impacts of the climate crisis on the Middle East are apparent on several main levels, including heat and aridity; a significant increase in the severity and frequency of extreme weather events are already being felt, such as droughts, flooding, storms, and torrential rain; fires and sandstorms; damage to biodiversity; declining quality of potable water and water for agriculture; and growing environmental pollution.[33]

"Clear trends of change are already evident in Israel today; along with a decrease in the total number of rainy days, a rise in the frequency and power of brief, intense rain events has been recorded, particularly in the coastal plain and central regions. These trends are increasing the risk of flooding and floods, and pose significant challenges for drainage infrastructures, hydrological risk management, and preservation of the stability of ecological and agricultural systems."[34]

The following are possible effects of chronic and acute physical risks in the area of insurance:

General insurance: Natural hazard damages may lead to harm to buildings and private property; harm to public infrastructures, such as roads, bridges, and buildings; and harm to vehicles and businesses. Powerful floods may cause the destruction of transportation infrastructures, such as roads, bridges, and train tracks; temporary flooding may block access to such infrastructures and prevent the use of the infrastructures during certain periods, leading to profit loss. Extreme weather conditions can also lead to a rising incidence and frequency of liability claims due to an increase in traffic accidents, as well as liability insurance claims, including against officers. The company has reinsurance to mitigate the risk; for explanation and further information about the ways of coping with insurance risks, see Note 35 on risk management.

[33] Israel's Preparedness for Climate Change, Report No. 1, page 121.
[34] "2025 Annual Report – Preparations of the State of Israel for Climate Change and Preparations for Increased Intensity of Rain," page 3 of the report.

Health insurance: An increase in the frequency and power of extreme climate events, including heat waves, floods, intense rain, and fires, raises the risk of the outbreak of diseases and comorbidity.This results in increased risk of infectious disease outbreaks, exacerbation of respiratory illnesses, and rising incidence of other climate-related health problems. In addition, extreme events may lead to bodily harm and numerous claims in the various health-related products.

Life insurance: Natural hazard damages may cause immediate and direct danger to human life, such as due to a spreading fire, floods, or flooding, where there may be danger of drowning or impacts of rocks and objects carried by water currents, such as boulders, vegetation, cars, and other objects that can be swept away by powerful currents.[35] Such damages, if they recur regularly and continuously, may increase incidence, including in life insurance, disability, and personal accident policies. Note that an effect on the institutional entities is only expected in the case of extreme events.

During the reporting year, a qualitative assessment of exposure to physical risks in the key areas of activity of the Company was performed, based on the relevance of the risk, according to prevalent methodologies and articles published in and outside Israel.

With global warming and the rising incidence and severity of extreme climate events, the risk management division and the business segments are collaborating to improve the Company's capabilities in physical risk assessment and quantitative assessment of physical risks, through the improvement of data infrastructures and the examination of technological solutions for the identification of exposures. In the last few years, the Company has monitored the frequency and intensity of claims concerning natural hazard damages, by type (hail, storms, floods, fires, etc.), on an annual basis, and has examined the accuracy of the information in the systems. Concurrently, over the last year the Company mapped transition risks in its investment portfolio; for further information, see the section on the measurement of financed emissions and transition risks, below.

Transitional risks

The transition risks arising from the transition to low-carbon economy give rise to regulation and reporting risks associated with the imposition of requirements on international and Israeli companies regarding preparations to global warming. This trend has gained momentum in the countries of the European Union and in other countries (Britain, Japan, Singapore, and Brazil) over recent years. Examples include the SFDR and CSRD disclosure requirements in Europe, and the CBAM taxation mechanism in Europe.

Following the developments in international regulation in the area of the climate, the institutional entities expect an increase in the reporting burden in the coming years, from Israeli and global regulators as well as from credit and ESG rating agencies. To reduce this risk, as of 2023 the sustainability report has been affirmed by an external audit, and since this year the Company has prepared its climate reports based on the globally prevalent reporting frameworks (TCFD and ISSB), within its financial statements. The institutional entities routinely monitor the requirements of the reinsurers and the regulatory requirements in Israel and globally.

[35] "2025 Annual Report – Preparations of the State of Israel for Climate Change and Preparations for Increased Intensity of Rain," page 3 of the report.

The following table summarizes the main climate risks applicable to the institutional entities:

Type of risk	Description of risk	Examples of possible impacts	Processes to identify, assess, and manage the risk
Insurance risk (underwriting)	The risk of errors or inaccurate estimates in underwriting, arising, among other matters, from uncertainty regarding the future intensity and frequency of insurance claims. In addition, the availability and cost of premiums for reinsurers may be affected by natural damages and global warming. For more extensive information regarding insurance risks, including underwriting and pricing risks, and the ways of addressing these risks, see Note 35 to the Annual Financial Statements for 2025.	Physical risk – An increase in the incidence and intensity of claims in respect of natural damages, resulting in the short term from the materialization of acute risk, and in the long term from the materialization of chronic risk (e.g. an increase in claims and in the severity of property claims and liability due to floods, storms, fires, rising sea levels, etc.).	The Institutional Entities have a risk management policy on emerging ESG risks, which include emerging climate risks. Accordingly, identification, assessment, and management of climate risks were performed in the reporting year, as detailed above.
Market and credit risks	Economic effects resulting from the materialization of physical risk or transition risk, which may affect financial risks and asset values,	Physical risk – An increase in the incidence and severity of climate events, such as significant fires and flooding, may cause damage to infrastructures and impair the value of	The Company has a responsible investments procedure that is updated annually. Its purpose is to ensure that analysis of companies is

Type of risk	Description of risk	Examples of possible impacts	Processes to identify, assess, and manage the risk
	among other things, and may lead a third party to fail to meet its obligations. For more extensive information regarding market and credit risks, see Note 35 on risk management.	assets. These developments may lead to volatility in the value of assets and commodities, thereby influencing the capital market. Transition risk – Change in regulation may lead to a change in and effect on asset values or the activity of large companies, such as oil, gas, and coal companies, which may suffer from changes in regulation. For example, the imposition of a carbon tax in Israel could obligate companies to cope with regulation and pay additional taxes, which may affect their value; as another example, rising sea levels (a chronic risk) may lead to regulation in regions close to the coastline, which could affect asset values.	conducted in accordance with ESG risks; for details, see the section "Responsible investments," above. In addition, the transition risks affecting the Company's investment portfolio were assessed in 2025, in reference to the six main sectors. For more information, see below. For details regarding the way the Company copes with market and credit risks, see Note 35, Risk Management.
Operational risk	Operational risks refer to the materialization of climate risks that may damage buildings, infrastructures, and critical equipment used by the Company, leading to the impairment of the Company's routine functioning.	Physical risk – The materialization of physical risk resulting from an extreme event may lead to the need to handle massive numbers of claims, causing impairment of the service provided by the Company. Physical damage to the property of the Company or to infrastructure may lead to an increase in expenses incurred by the	The Group has a business continuity plan, as part of its preparedness for stress events, that includes coping with preparations for a stress event caused by natural damages. The Company also follows publications by the Ministry of Environmental Protection and the Meteorological

Type of risk	Description of risk	Examples of possible impacts	Processes to identify, assess, and manage the risk
		Company or damage to the Company's systems.	Service pertaining to coping with risks of flooding and fires. The Company's ways of coping with transition risk include the measurement of carbon emissions in its investment portfolio using the leading methodology, PCAF.
Legislative and regulatory risks	Regulatory risks refer to regulatory challenges (existing regulation and regulation being formulated) due to progressively rising standards and requirements related to climate change and compliance with ESG standards that may lead to higher costs, in response to the need to comply with regulation, or due to the need to carry out various business and operational adaptations.	Transitional risk – Legislation or regulation in the area of the climate may lead to higher costs for resource consumption, including unanticipated investments in infrastructures and information systems during a specified period. International climate legislation or regulation and a lack of uniformity in the Israeli market, may lead to reporting requirements from the Company's reinsurers that are not currently prevalent in Israel.	The Company monitors regulatory developments, in Israel and globally. Local regulation is still in the process of being formulated, whereas international regulation in this area is more advanced. The Company aspires to develop in accordance with its climate strategy, and is therefore including a ESG chapter and a TCFD report in its annual report.

6.2.4.3. Identification and assessment of climate risks in the area of asset management (investments and credit)

In 2023, the Company measured emissions in its asset portfolio. Asset portfolio emissions as measured according to the PCAF Standard and BDO's Methodology amounts to 12,334 thousand tonnes CO2eq. The emissions intensity is 28.5 tonnes of CO2eq per million NIS of investment made. The emissions intensity of the portfolio under management improved by approx. 10% compared with the baseline year 2022. For further information regarding the model and its construction, see the annual report for 2024.

In the reporting year, transition risk in the investment portfolio was assessed for the first time by an external accounting firm. The risk assessment referred to six main sectors, based on the carbon emission measurement from 2024. The goal was to examine the Company's exposure to transition risks in its investment portfolio. The results of the measurement were presented to the risk management committee and the strategy committee.

6.2.5. Business opportunities due to climate change

The changes and trends arising from climate change create many opportunities, as well as challenges. These are reflected in the creation of new products and services adapted to the evolving needs of the Company's clients.

6.2.5.1. Climate change: opportunities in insurance

Phoenix Insurance has a variety of insurance products to support private clients, companies, and businesses focused on value creation from climate change, with more than six innovative products and services offering solutions and ways of coping with climate change risks. The Company is seeking additional opportunities, and in 2024, set a goal of 50% growth in comparison to 2023 in the volume of premiums from the relevant products and services by 2027. Over the last year, the Company attained this goal, with a total premium from relevant products and services[36] of approx. NIS 315 million in the reporting year, an increase of approx. 60% relative to the baseline year.

Electric vehicles

Electric vehicles require new infrastructures and services which have an extensive effect on the vehicle insurance industry, and represent an opportunity for the Company in the area of insurance. More than 300,000 electric and hybrid plug-in vehicles were in use in Israel at the end of 2025, or approx. 7% of total vehicles on the road.

The Company routinely adjusts its vehicle insurance policies, offering extensive coverage suited to the unique characteristics of electric and hybrid plug-in vehicles, while operating advanced underwriting mechanisms. The Company has a unique collaboration in which it is the preferred insurer for Tesla. The Company continues to work to expand collaborations with additional manufacturers, importers, and other players in the electric-vehicle market, to enhance its market share and product profitability.

[36] Products and services defined by the Company as contributing positively to the environment are presented below. The measurement of revenues applies to products, the revenue from which can be measured, and does not include all products and services.

Electric vehicle charging stations

The Company has a policy designated specifically for electric charging stations. Insurance for EV charging stations provides a full insurance package: alongside coverage for damage to the station itself in the event of fire, break-in, or theft, the policy includes broad liability for third-party damage of up to NIS 10 million.

Phoenix Young - on-demand motor insurance

Motor insurance is based on a personal mileage bank which is activated only when the vehicle is driven by the driver, reducing the mileage. The policy is activated through a dedicated app using an innovative technology, which encourages safe driving by documenting safety incidents of the driver, such that the driver and car owner are able to view reports on speeding data, sharp turns, sudden braking, etc. In the reporting year, Phoenix Insurance insured more than 48,000 drivers in more than 4.7 million journeys, with approx. 48 million km traveled.

Renewable energy systems

Phoenix Insurance offers insurance coverage (contractor work, third party and employers' liability) to businesses that install rooftop PV systems on residential buildings, warehouses and agricultural land. Contractors are offered combined insurance packages: marine insurance to cover transportation of solar panels, insurance for storage of equipment, or permanent insurance after installation, including property and liability insurance, to cover the daily operation of the solar system. The insurance packages include marine insurance for transportation of turbines, storage and installation insurance coverage, and permanent insurance (property and liability) for operation of the facilities. These products assist in enabling the construction and ongoing management of renewable energy installations, mitigate the risk, and promote the transition to low-carbon economy in Israel.

Naturally occurring damage

The strategy regarding natural disasters – with emphasis on climate change – is focused on providing solutions that help clients respond to the changing climate through insurance for extreme weather events, which protects policyholders against fires, floods, hail, and other natural disasters. Israel experienced several extreme natural events over the last year (floods and flooding, heavy hail, and frost damage), and in the last five years more than 50% of claim payouts by the Company due to natural hazard damages (excluding fires) were due to storm events.

Adapted insurance products for climate innovation

Phoenix Insurance insures startup companies delivering innovative solutions to cope with climate change. Insurance packages are tailored to each client's needs, according to development stages, based on the risk assessment and the coverage needed.

Insurance for mass-transit systems and clean transportation

Phoenix Insurance insures companies promoting clean transportation by providing insurance for mass-transit systems such as the light rail in the Dan metropolitan area (Dankal), public-transportation companies, and Israel Railways.

6.2.5.2. Climate change and the energy transition: opportunities in asset management and investments

Climate change and the energy transition are global trends that create opportunities in the area of energy and infrastructures. The Company invests in essential assets and infrastructures that benefit from long-term structural demand, supportive regulation, and stable cash flows, to create value and maximize returns, such as renewable energy and storage, water desalination and purification, waste management, transportation, and more.The Company's investments in areas[37] influenced by climate change and the energy transition increased by approx. NIS 1 billion and totaled approx. NIS 14 billion in the reporting year.

- **Renewable energy and storage**

  These investments include solar energy, wind energy, pumped energy, storage facilities, and more. The Company invests in all stages of the project, commencing from the development and initiation stage to the investment in the shares of companies in that field. In the reporting year, the Company invested approx. NIS 1 billion in 5 projects in Israel of the renewable energy company EDF. These include two of the largest projects in Israel, based on BOT tenders of the Ministry of Finance. The first project is Ashalim 3, which will have installed capacity of 110 MW. The second is Dimona, with capacity of 300 MW. The overall investment will include projects in solar energy, stand-alone storage, and solar + storage. This investment joins earlier investments in renewable energy companies in Israel, such as Enlight, Doral, Nofar Energy, and others, operating in Israel and globally.

- **Desalination, irrigation, and water purification**

  The Company has investments in private companies such as IDE – a global leader in the development of water treatment solutions, alongside investment in publicly-traded companies and organizations such as Igudan – the largest wastewater treatment plant in Israel as well as one of the largest water recycling plants of its kind in the world, the water desalination facility in Ashdod, etc..

- **Climate change adaptation solutions**

  The Company invests in various fields affected by climate change, where companies are developing solutions, such as investments in funds focused on energy efficiency solutions with measurable economic value based on cost savings; investments in green building development, in Israel and globally, including direct investments in properties in Israel and globally with green building certifications based on leading standards (LEED/ BREEAM); investments in agriculture and food-tech, such as a company specializing in seed improvement for the global food industry and investments in land development for in-demand crops; investments in a company supplying adaptive means for firefighting in California; and more.

[37] The classification of the investment is determined by the nature of the project, or alternatively by the nature of the company, according to the information available to us (public information and/or internal information through dialogue with the investee company).

- **Financial products**

  KSM Mutual Funds Ltd., an indirect subsidiary of the Company engages in mutual funds. KSM offers its clients a selection of passive funds tracking investment indices related to climate change. In the reporting year, these funds managed approx. NIS 60 million.

  - **KSM ETF (4D) ISE Clean Edge Water – Tracks an index, which** consists of companies with the highest market capitalization in the water industry, listed on the NASDAQ, AMEX and NYSE.
  - KSM KTF (4D) Indxx Climate Change Solutions (4D and KSM ETF (4D) Indxx Climate Change Solutions - tracker funds tracking the Indxx Climate Change Solutions The index is designed to reflect the performance of companies working to mitigate and remedy climate change impacts.

6.2.6. Carbon footprint

The Company manages and is committed to coping with climate change, through actions taken within its core operations to increase energy efficiency, in accordance with its environmental policy. Its main impact is due to the emission of greenhouse gases (GHGs) as a result of energy consumption for heating and cooling, IT equipment and data centers, the vehicle fleet, and business travel. To mitigate these impacts and ensure that it is actively reducing its GHG emissions, the Company has established an environmental management system (EMS) for the Company as a whole. Annual environmental reporting makes it possible to track progress towards the goals set annually and the long-term targets for 2027. Performance is presented below, with GHG emissions in Scopes 1 and 2 and indirect emissions in Scope 3. The Company included the following categories in its Scope 3 measurement for the first time in this report, as part of the process of ongoing improvement: IT procurement (Category 2), and electricity consumption in income-producing real-estate properties (Category 13).

In the last quarter of the reporting year, the Company completed the construction stage of an innovative green campus located within the 1000 Complex in Rishon LeZion, on land owned by the Company. The campus is a key element of the Company's sustainability policy, reinforcing its commitment to efficiency and environmental innovation at the core of its strategic planning.

The campus consists of two connected office buildings, with total area of approx. 50,000 square meters. The campus is surrounded by spacious green areas, community leisure spaces, and a supportive environment designed according to the principles of a healthy modern work environment. The goal of this effort is to create an innovative work experience, allowing organizational flexibility, high productivity, and improved quality of life for some 3,000 employees who are relocating to the campus.

The campus was planned and built according to the LEED Gold[38] standard, a recognized global standard for sustainable construction and advanced environmental planning. The following principles are implemented at the campus: energy efficiency – smart systems for

[38] The Company is in the process of certification, and has not yet received confirmation under the standard.

managing energy and air conditioning with minimal consumption and reduced emissions; water management – installation of collection and reuse solutions, and water consumption reduction technologies, based on optimal landscape planning with water use monitoring systems; sustainable materials – use of materials with a low lifetime environmental footprint; a healthy environment for employees – natural ventilation and natural lighting, reducing environmental health issues and promoting employee health; accessibility to transportation – the campus is close to a train station and near the future light rail Green Line, and is equipped with electric vehicle charging stations, bicycle parking, and locker rooms for employees.

The reporting year was marked by construction and final testing stages; the use of the campus began in the last quarter. As part of the final construction stages, resource use was tested with regard to electricity, water, refrigerant gases, and fuel other than for the purpose of the Company's routine operations (such as building system controls, load testing, and more), which cannot be separated during data monitoring and gathering. The relocation to the campus was gradual, while the previous offices in Givatayim and additional branches were still maintained and operated.

Office relocation naturally involves difficulties, and a stabilization period is required for the new systems in the campus building. In addition, the construction of two additional buildings in the campus complex, which are supplied with energy from a unified meter, is still underway in 2026. The Company therefore expects 2026 to be a year of stabilization of the operational aspects of the consumption of energy, refrigerant gases, water, and fuel, until the full operation of the campus systems (building control, water recycling, and more), and until the electricity consumption of the different campus buildings is separated, as some of the buildings are designated for the Company's own use while others will serve as income-producing properties. After the stabilization period in 2026, the Company expects a significant decrease in energy consumption and resource usage, and consequently in greenhouse-gas emissions of the building, due to the campus's inherent environmental efficiency. The Company sees this period as a necessary step in the implementation of its strategy and commitment to sustainability in the long term.

6.2.6.1. Composition of the Company's carbon emissions[39]

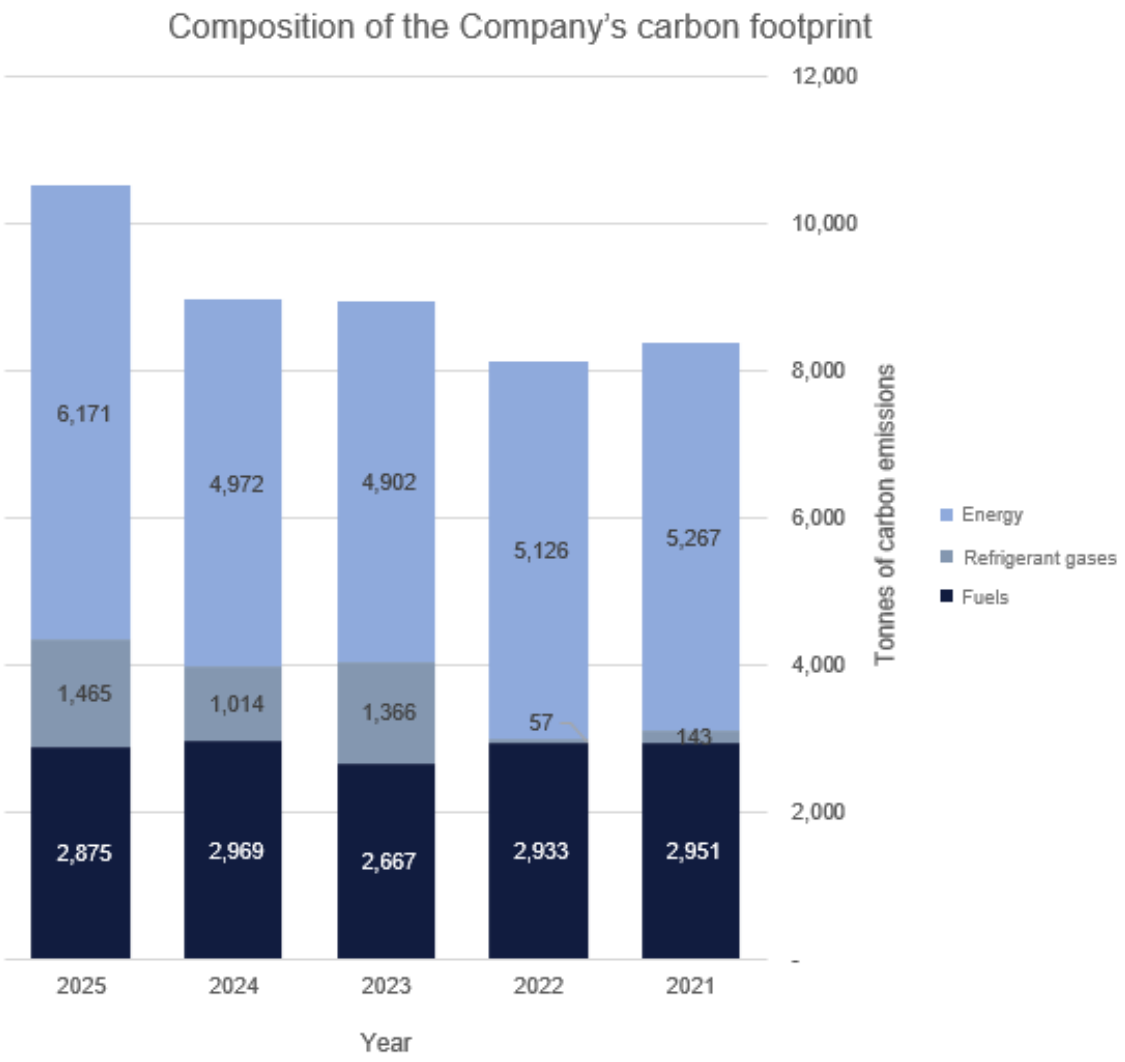
The Company has a goal of reducing its carbon footprint by 15%, cumulatively, from the baseline year[40] 2019 to 2027.

In 2019-2024 there was a 10% cumulative decrease in the Company's carbon footprint (Scopes 1+2). **In the reporting year, due to the relocation to the campus**, a 17% increase occurred in comparison to the preceding year, and the carbon footprint increased by 5% cumulatively relative to the baseline year.

[39] The consolidation approach to the Company's GHG emissions data is based on operational control. The entities included in Scope 1 and 2 calculations are Phoenix Insurance, Phoenix Provident and Pension Funds, Phoenix Capital Partners, Phoenix Investment House, Phoenix Gama, Phoenix Agencies, and the following agencies: Shekel Group, Agam Leaderim, Oren Mizrach (including Quality).

[40] 2019 was established as the baseline year for emissions measurements because it is the first year in which emissions data were consistently and fully gathered. In the baseline year, emissions totaled 10,176 tonnes CO_2e.

TCO2e	2022	2023	2024	2025
Scope 1	2,990	4,033	3,783	4,340
Scope 2	5,126	4,902	4,972	6,171
Total for Scopes 1+2	8,117	8,935	8,755	10,511
Emission intensity (per employee)	1.68	1.88	1.73	2.03
Scope 3	988	1,244	226	7,560[41]
Financed emissions in tCO_2 / NIS M	32	28.5	Not measured	In process



Scope 1

The Company's Scope 1 GHG emissions[42] are direct emissions from the consumption of fuels[43] by its vehicle fleet and different types of refrigerant gases[44] in various systems. The Company began measuring its emissions in this scope in 2019, at 4,472 tonnes of carbon.

[41] In the reporting year, the Company added three reported categories in Scope 3.
[42] The Company has no CO_2 emissions from biogenic sources in Scope 1, as it does not operate biomass-based energy sources or processes.
[43] Additional gases that may be emitted as part of the composition of fuels were not included, as they are immaterial to Scope 1 (less than 5% of Scope 1 emissions).
[44] The following refrigerant gases are included: R-22, R-410, R-134.

Refrigerant gases

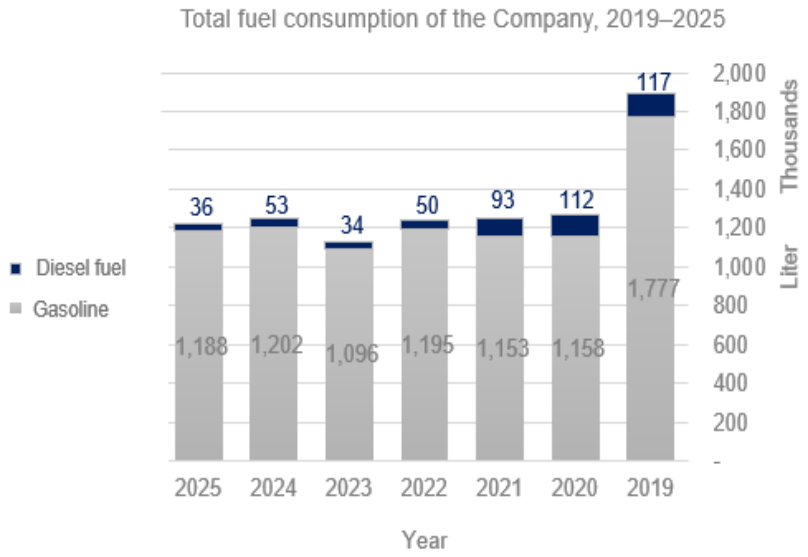
The volume of refrigerant gases in the reporting year is 1,465 tonnes of carbon. This volume does not reflect normal operational activities. The increase in consumption mainly resulted from the construction processes of the new campus in Rishon LeZion and the relocation period, which led to temporary double operations.

Transportation and mileage travelled

As part of its environmental responsibility policy and climate risk management, the Company monitors its fuel consumption[45] and the emissions from its operational and administrative vehicle fleets. The data are managed and reported according to GHG methodological principles and the prevalent sustainability reporting standards, such as GRI.

The Company's vehicle fleet includes vehicles used by employees and managers in the course of its operations. The Company works to minimize the fleet's environmental impact by increasing the percentage of vehicles with electric or hybrid motors. The Company has set a goal of 70% green vehicles[46] in its fleet by 2027, through gradual transition of eligible employees, as the default option. At the report date, approx. 65% of the Company's vehicle fleet is green. Approx. 70 charging stations for use by the Company's employees have been installed in the parking lot at its new campus.

In the reporting year, the Company's vehicles consumed 1.2 million liters of fuel, similar to 2024, reflecting a cumulative decrease of 33% in fuel consumption in 2019–2025. The calculation of emissions is based on international emission factors (DEFRA[47]); the volume of emissions from mileage in the reporting year is 2,875 tonnes of carbon, vs. 2,969 in the preceding year, a 3% decrease in comparison to 2024 and a cumulative 36% decrease relative to the baseline year 2019. Concurrently, average carbon emissions per vehicle decreased by 1% in comparison to 2024, to 3.69 tonnes per vehicle.



[45] Gasoline consumption in 2025 is equivalent to 39.89 GJ. Diesel fuel consumption in 2025 is equivalent to 1.32 GJ. The conversion was performed using the Ministry of Energy and Infrastructure information library.

[46] A green vehicle is a fully electric vehicle, a plug-in hybrid vehicle, or a hybrid vehicle.

[47] The calculations of emissions are based on the emission factor for gasoline for 2025, which is 2.339 kg CO_2e per liter, and on the emission factor for diesel fuel for 2025, which is 2.661 kg CO_2e per liter.

Scope 2[48]

Electricity Consumption

The Company routinely monitors electricity consumption at its office buildings. Consumption data are gathered from the energy management systems and from electricity suppliers' bills, and are reported according to GHG methodology and GRI standards. In the last year, the Company consumed electricity only from the national power grid. The calculation of emissions was performed using the location-based method, according to the average emission factor for the electric grid in Israel.

In the reporting year, the Company's total electricity consumption was 14.1 million kWh, compared with 11.3 million kWh in the preceding year. The increase in consumption mainly resulted from the campus construction process and the relocation period, which led to temporary double operations. The Company's Scope 2 emissions have been measured since 2019 (the baseline year), when the volume of emissions was 5,523 tonnes of carbon. In the reporting year, the Company's emissions in this scope stood at 6,171 tonnes of carbon, compared with 4,972 tonnes in the preceding year.

Energy Consumption	2022	2023	2024	2025
Electricity consumption (MWh)	10,930	10,452	11,378	14,120
Intensity per sq. m	175	172	177	199

Scope 3

The Company monitors its Scope 3 emissions using the GHG Protocol methodology,[49] in five categories of activities:[50] purchasing water and paper (Category 1); business travel and flights (Category 6); IT purchasing (Category 2); electricity consumption at income-producing real-estate properties (Category 13); and financed emissions in investments (Category 15). The Company also works to manage paper waste resulting from its activities (Category 5), in order to reduce the volume of waste and raise employee awareness.

Business flights

In the reporting year, the Company measured greenhouse-gas emissions from flights by managers and employees at Phoenix Financial, Phoenix Insurance, Phoenix Pension and Provident Funds, Phoenix Capital Partners, and Phoenix Investment House, as part of Scope 3, Category 6. The reporting includes flights from Israel to international destinations only. Each flight was calculated as a round trip. The emissions were calculated based on operational data (flight distance and ticket class), using relevant emission factors. 148

48 As the Company only acquires electricity from the grid, its energy consumption volumes using the location-based and market-based methods are identical.
Only CO_2e emissions were included. Other greenhouse gases were not included, as they are immaterial and account for less than 5% of total Scope 2 emissions.
The Company does not consume renewable energy, sell energy, or use steam. The heating and cooling systems at the Company's offices are operated using electricity only. The total energy consumption at the Company in 2025 is equivalent to 50,832 GJ based on the IEA conversion factor.
The calculation of emissions from electricity consumption is based on the DEFRA emission factor for 2025, which is 0.437.

49 The calculations in all of the Scope 3 categories were performed based on DEFRA emission coefficients, which are considered the prevalent methodology.

50 The Company began to measure additional Scope 3 categories in the reporting year. The Company's method is to begin measurement in the main activities of the companies Phoenix Insurance, Phoenix Pension and Provident Funds, and Phoenix Capital Partners, and expand the measurement to additional subsidiaries each year.

tonnes of carbon emissions were measured in this category in the reporting year, compared with 134 tonnes in the preceding year.

Paper purchasing and usage

The digital transformation promoted by the Company in recent years has led to more efficient processes, greater awareness among employees and suppliers, and reduced use of forms, printed documents, and office paper. The trend towards reduced paper usage at the Company's offices continued in the reporting year, with total consumption of approx. 13 tonnes of paper, compared with approx. 24 tonnes in 2024.

Concurrently, in digital mailing to clients, Phoenix Insurance and Phoenix Provident and Pension Funds succeeded in maintaining a high percentage of clients receiving digital mail, at 91% in the reporting year.[51] As a result, the Company was able to save approx. 5 tonnes of paper this year relative to the preceding year, an 11% reduction year-on-year and a cumulative decrease of approx. 38% in paper consumption for mail to clients relative to the baseline year 2021.

As a result of these actions, emissions from the production of paper we purchased in the reporting year are approx. 69 tonnes of carbon, a decrease of approx. 25% compared with the preceding year and a cumulative decrease of 60% relative to the baseline year 2021.[52]

Water purchasing and management

Water and wastewater are not material issues for the Company's business activities, as its water consumption is typical of office use. However, in recognition of the importance of water conservation, particularly in the Mediterranean climate, the Company has installed water collection and reuse solutions at its offices, as well as water consumption reduction technologies based on optimized landscape planning, with a water usage monitoring system that tracks water consumption and provides alerts of leaks, on each floor and in central air-conditioning systems. The Company assesses water consumption risks through monitoring and measurement of consumption volumes at every activity site where it has operational control.[53] In the reporting year, water consumption at the Company reached approx. 153,000 cubic meters. Emissions resulting from the use of water in the reporting year were approx. 29 tonnes of carbon.

Financed emissions in investments

Emissions from 100% of the asset portfolio in 2023, as measured according to the PCAF standard, were 12,334 thousand tonnes CO_2eq. The emissions intensity is 28.5 tonnes of CO2eq per million NIS of investment. For further information regarding the measurement method, see the annual report for 2024.

[51] Unique clients over the age of 18, excluding Phoenix Investment House, Phoenix Gama and the agencies.
[52] The baseline year was determined according to the first year in which paper consumption was measured at the Company.
[53] The Company has operational control at the campus building, where Phoenix Insurance, Phoenix Pension and Provident Funds, Phoenix Capital Partners, and the headquarters of Phoenix Agencies are located.

Waste management

During the Company's routine operations, paper use is the main source of waste, other than mixed office waste. The Company's business activities also generate electronic waste and packaging materials, but at a lower volume. The Company recycles waste in accordance with the Waste Collection and Clearing for Recycling Purposes Regulations, 1998, and works to raise employees' awareness of recycling of all forms of waste. Towards that end, the Company has contracted with third-party suppliers, who submit reports tracking waste removal and recycling confirmations. Approx. 48 tonnes of paper waste were recycled in the reporting year. By disposing of paper through recycling instead of landfilling, the Company succeeded in saving approx. 305 kg of greenhouse gases in the reporting year. In electronic waste, approx. 10 tonnes of waste were removed for recycling, primarily consisting of computers and peripheral equipment. As the Company's offices were located in commercial buildings alongside other tenants during most of the reporting year, the Company could not measure and monitor the volume of waste sent to landfills as a result of its operations.

IT purchasing

In the reporting year, the Company measured[54] greenhouse-gas emissions resulting from the purchasing of information-technology equipment as part of Scope 3 emissions, in accordance with the GHG guidelines, in Category 2, based on accounting classifications. The emissions at the Company totaled 385 tonnes of carbon; the calculation includes emissions higher in the value chain resulting from the production and transport of servers, desktop and laptop computers, computer screens, computer accessories, and communications infrastructures. The emissions were calculated using the spend-based method, based on the total actual purchasing costs in each category, multiplied by industry emission factors.In the absence of sufficient specific emissions data, average factors were used (EEIO).

Income-producing real-estate properties

In the reporting year, the Company[55] measured greenhouse-gas emissions from electricity consumption at seven income-producing real-estate properties, for the first time, as part of indirect Scope 3 emissions, in accordance with the GHG guidelines for Category 13, Downstream Leased Assets. The assets are managed through external management firms operating on behalf of all of the holders of the rights to the property, and tenants have independent control over their energy consumption. Emissions from electricity consumption at these properties in the reporting year totaled 6,928 tonnes of carbon.

6.3. Responsible management setting a personal example

The Company aims to create a better future for future generations, and for that purpose it has set its sights on the broadening of its investment and involvement in the Israeli economy and society. The Company's deep commitment to the Israeli economy and society is evident

[54] Phoenix Insurance, Phoenix Pension and Provident Funds, and Phoenix Capital Partners. Excluding Phoenix Investment House, Phoenix Gama, and Phoenix Agencies.

[55] Assets owned at more than 50% by Phoenix Real Estate, based on information reported by the management companies at properties that consume electricity from the grid, to the extent that the information was available.

in normal times and even more so at times of emergency.

In addition, the business activities impact employees and suppliers directly and indirectly, and contribute to growing the GDP, and to creating high-quality jobs and economic opportunities. Creating stable jobs with the potential for professional growth and career development, with 5,172 direct employees and approx. 200 contract workers. In the reporting year, purchasing totaled more than NIS 2 billion, from approx. 4,600 suppliers and service providers, of which approx. 98% are in the local economy.

6.3.1. Social outreach

The Company's support for Israeli society totaled NIS 27 million in the reporting year, or approx. 1% of its core earnings.[56] This support took the form of monetary donations, donations of products and equipment, wartime benefits for clients, donations of employee volunteering hours, and donation of real-estate spaces for social purposes.

Contribution and involvement in the community is very important to the success of the Company. In the reporting year, the Company focused its community engagement strategy on outreach to strategic educational non-profit organizations in peripheral regions, with an emphasis on technology, restoration in the conflict zones, and reinforcement of societal resilience through arts and culture.

The Company chose to assist strategic non-profits – organizations and social ventures with significant potential and strong management, where rapid growth could be created, to generate a material impact in Israel. The Company supports these organizations for long periods of at least three years; during that time, the Company helps build business guidance plans and offers employee volunteers, assistance with networking, exposure to opportunities, and additional donations.

In terms of educating future generations, our focus is to improve the starting point of children and youth in Israel's geographic periphery, with an emphasis on providing technological skills required for their future. Towards that end, the Company has adopted several strategic non-profit organizations and initiatives working to reduce social inequalities through technology. During the reporting year, the Company supported the non-profits Benetivei Udi (the Nitzanim program), Aharai and 8200 Alumni (Aharai Tech program), City on the Rise, and Machshava Tova (Path 2 Success program).

In the reporting year, more than two years after the outbreak of the October 7th war, hundreds of thousands of civilians and soldiers were in injury rehabilitation processes, and citizens were displaced from their homes, mostly due to the Rising Lion war of June 2025, and more recently due to the Roaring Lion war, which began in March 2026 and is still ongoing. The Company mobilized to provide emergency support to its employees, with a wide range of benefits and reliefs for working from home; to soldiers called up for reserve service and their spouses; to its clients, through benefits in services and products, and an aid fund of NIS 10 million; and to the general public, through various initiatives aimed at maintaining societal resilience. The Company created collaborations with several strategic non-profits working on restoration in Israel, including Shinua Hevrati, which operates on a

[56] Comprehensive income, assuming a real return of 3%, excluding investment performance and variable management fees above and below a real 3%, interest effects, and special events.

circular economy model, supplying products and equipment donated by businesses to non-profits and to public and social organizations in the conflict zones, and to civilians injured and/or evacuated from their homes due to the wars; IASA, which has founded an excellence center in Kiryat Shmona, on the northern border, with the aim of restoring the region and attracting the population to return; and the Good Energy Initiative, which operates the Shorashim project, aimed at reconnecting communities to the land in evacuated areas through community tree planting in deserted spaces.

At the same time, the Company sees the development of the capital market as an important element of the restoration and development of the Israeli economy. In the reporting year, the Company made a multi-annual commitment to donate to the foundation of the Phoenix Institute for Capital Market Research at Reichman University. The institute is an independent academic research facility serving as a bridge linking academia, practice, and regulation, with the aim of empowering high-quality applied research into the changes, challenges, and opportunities of the Israeli capital market. The institute's vision is to promote deep, innovative, multidisciplinary knowledge in the areas of finance and the capital market, and to contribute to a better understanding of market activity, decision-making mechanisms, and their economic and social consequences. The institute works to bring senior academic researchers together and create an open, advanced, multidisciplinary research space. The institute publishes studies, position papers, and policy papers to contribute to shaping in-depth professional and academic discourse with regulators, financial bodies, and the general public, as part of its commitment to a genuine, relevant impact on the Israeli capital market. The institute also hosts professional forums attended by senior regulators, industry representatives, and leading researchers, and leads research centers in the areas of accounting, financing, risk management, and financial innovation. The centers promote research on current issues, future challenges, and focus areas of knowledge in the capital market.

The Company's collection of Israeli art is one of the most comprehensive and distinguished in its field. Alongside the collections of Israel's leading museums, it contains works by many of the most important artists who worked in Israel and made their mark on the local art world. The collection had been in storage since 2006, until the Company's management decided to revive it in 2023 and make it accessible to the general public. Since its display, up to the reporting year, more than 100,000 visitors have viewed the collection.

Within its vision for the campus complex, the Company supports the local community and is creating a cultural and occupational center serving as an essential positive economic resource for the region. The art collection is exhibited as an integral part of the building, designed for permanent display. The campus is open to the public and functions simultaneously as a working space and a museum. Recently, an app was introduced offering an audio guide to the collection; guided tours are also available by appointment.

6.3.2. Innovation and simplicity in the client experience

In recent years, the Company has invested in improving service through digitization, automated systems and self-activity, along with increasing the availability and quality of the human response, combined with technological means.

In the reporting year, as part of its large-scale innovation processes aimed at improving the client experience, simplifying processes, and strengthening trust, the Company launched its

app. The app represents a leap forward in client experience, gathering all of the Company's products and service interfaces into a single digital platform for the first time, and offering clients full transparency, continuous access, and simple operation at every point in the interface. This effort is a significant element in accelerating the Company's digital transformation, reducing friction in processes, improving response times, and strengthening client relationships.

In addition, the Company recently introduced advanced artificial-intelligence technology in the form of an AI assistant offering 24/7 responsiveness via WhatsApp. The digital assistant helps clients receive information and carry out actions involving all products and services, with high availability at any time.

6.3.2.1. Leadership in service

The Company is committed to delivering professional, fair, transparent service, while continually improving its service systems and expanding its digital channels to create an advanced service experience. The Company monitors client inquiries regularly and measures them and how they are handled while focusing on client experience at the organizational level; attaining a score in the range of excellence in the Net Promoter Score (NPS) market research metric and the simplicity index. The Company's ombudsman unit is available through various communication channels and operates in accordance with binding regulation, responding to every message in writing within 30 days.

Each year, the Capital Market Authority ranks institutional entities according to the service they provide. The ratings are based on parameters such as claims payments, client satisfaction, ombudsman services, response times, and digital tools. According to the latest index published in August 2025, the Company was rated above the industry average, with an average score of 81 in service level.

In recent years the Company has worked to strengthen and deepen its partnership with insurance agents, through the expansion of its professional response, development of adapted solutions, and continuous dialogue based on trust and partnership. In the annual satisfaction survey by the Bureau of Insurance Agents in Israel for the reporting year, Phoenix Insurance won three excellence awards. Phoenix Insurance also received the highest number of votes from insurance agents, indicating high engagement of the agents with its activities.

6.3.3. Financial inclusion in products and services

The Company identifies business opportunities for growth through the expansion of the range of its financial services. The Company is committed to promoting financial inclusion and ensuring equitable access to financial services for all clients, including population groups underrepresented in Israeli society (people with disabilities, older adults, and the ultra-orthodox and Arab sectors), as well as population groups characterized by limited access to financial services in the economy (small and mid-sized businesses, women), by expanding the range of financial services it offers while tailoring services, knowledge, and tools to its clients. The Company has formulated a financial inclusion policy, available on its website, which formalizes its commitment to reducing financial barriers and promoting digital accessibility, with the aim of supporting economic growth and minimizing social inequalities.

The Company's management is responsible for the implementation of the policy, through the examination of opportunities for business development of financial products and services for clients. The business units bear responsibility for the implementation of the policy in practice, with each unit responsible within its field for the identification of risks, examination of effects on products and services, and development of business opportunities related to these products. Each unit routinely informs Company management of its activities, progress, and challenges pertaining to the development of relevant products and services.

The Company cooperates with external entities in order to expand the range of solutions available and improve access to financial services. In addition, the Company invests in dedicated training for employees in order to ensure sensitive and professional service to all clients. To manage and ensure the implementation of the Company's service accessibility policy, an accessibility coordinator was appointed who serves as a supervisor responsible for uninterrupted control and continuous improvement in this sphere. In addition, the Company implements accessible complaint mechanisms, which enable each client to receive a fair and transparent response.

6.3.3.1. Financial inclusion in insurance

Motor insurance for disabled drivers

The Company offers its clients with limited mobility - car insurance for the disabled, with unique services, including: a significant discount in the premium, assistance with and benefiting from rights related to government bodies and institutions such as the National Insurance Institute and the Ministry of Defense, and flexibility in options in the policy (for example: choice between a replacement car and a taxi in the event of an accident). Over the last year, the Company insured more than 500 drivers with disabilities.

Home contents insurance for renters

In the reporting year, the Company introduced home content insurance specifically for renters, with a fully digital purchase process, exemption from copayment on damages over NIS 500, and third-party coverage over NIS 1 million. This contributes directly to improved financial inclusion for the non-homeowner population, offering a response to everyday insurance risks in a simple financial framework, providing support for unpredictable events, and reducing gaps in financial services between property owners and tenants. In the reporting year, more than 10,000 clients were insured by the Company.

6.3.3.2. Financial inclusion in asset management and credit

Access to investment management at an international level

The Company offers its clients access to investment management services at an international level, through its collaborations with the international asset management companies BlackRock and Apollo. The Company's clients have the option to save on a variety of investment policies managed in partnership with the Company, so the process is simple and accessible for investors. As of December 31, 2025, approx. NIS 2.3 billion was under management within these plans.

Investment tracks for religiously observant clients

Uniquely in Israel, the Company offers Sharia-compliant tracks that adhere to requirements and prohibitions under Islamic law (such as substitution of acceptable alternatives for interest; avoidance of investment in assets involving alcohol, gambling, tobacco, etc.), as well as Halacha-compliant tracks for observant Jews. The Halacha and Sharia tracks are available across a range on savings and investment products: provident and pension fund products, as well as savings policies are designed to make the Company's products accessible to minority populations and help increase the financial inclusion of populations with such unique characteristics. The Halacha and Sharia plans offer these population groups a solution aligned with their faith and unique needs, and raises clients' awareness of the advantages of long-term savings. As of December 31, 2025, approx. NIS 2.7 billion was under management within the various Halacha and Sharia plans, for approx. 55,000 clients.

Responsible investments in mutual funds

KSM Mutual Funds Ltd. (hereinafter - "**KSM**") offers its clients investment in the **KSM KTF4 (A) TA Maala** fund, which tracks the TA Maala index. The index consists of shares of public companies that are part of the pool of equities and are included in the Maala corporate responsibility ratings, which examine social, environmental, ethical, and governance criteria. At the report date, the fund manages approx. NIS 66 million.

Social impact in property management

The Company made has invested approx. NIS 20 million in bonds of Ogen, a social loan fund that operates as a non-profit lender. Ogen's mission is to make credit accessible to underserved populations in Israel and to people who struggle to obtain loans. The Company is the largest institutional entity to invest in the bonds, which were issued against Ogen's loan portfolio, allowing it to diversify its financing sources. The investment enables Ogen to provide loans with attractive terms, accompanied by consulting and guidance on sound management for small businesses, particularly those who have been refused credit by banking organizations. The investment in the social bonds is categorized as an ESG investment at the highest grade (Dark Green) under European standards (SFDR Article 9).

Discounting and clearing aggregation for small and mid-sized businesses

The Phoenix Gama clearing aggregator allows small businesses and microbusinesses to benefit from the size advantage usually only conferred on large businesses, substantially reducing their clearing costs. According to the findings of the Competition Authority,[57] businesses switching to clearing with Phoenix Gama paid lower acquiring fees by up to 26% than businesses working directly with acquirers, while price gaps and variations in rates among businesses were reduced. Thus, the activity of the Phoenix Gama aggregator reduces barriers, strengthens the bargaining power of small businesses, and promotes financial inclusion, by enabling businesses with lower clearing volumes to obtain fairer, more accessible terms. In the reporting year, Phoenix Gama provided discounting and clearing services to more than 19,000 small and mid-sized businesses.

[57] pressreleases2020 בחינות רטרוספקטיבה2019.pdf

Free loan

As a new, stable player in the consumer credit market, the Company is increasing and encouraging competition through a combination of advanced technologies, fully digital processes, and full transparency towards clients. An innovative digital model, based on the use of a credit database and the open banking platform, allows underwriting using real data and offers of individually customized loans. At the report date, the balance of this portfolio is about a quarter of a billion NIS, with more than 6,000 loans.

Reverse mortgages for senior citizens

The high cost of living in Israel forces many adults to face new challenges, while trying to balance financial support for their families and maintain the standard of living to which they are accustomed. Reverse mortgage is a unique product focusing on the senior population - a fast-growing segment of the Israel population. Reverse mortgage is an all-purpose loan designed for people over the age of 60 who own their own home and are planning for their family's future. To maintain fairness in the loan taking process, the borrowers' heirs are required to take part and add their signatures to the loan, and borrowers over the age of 80 are also required to provide medical certification before they can sign for the loan. The product is managed through a designated and indirectly-owned subsidiary, Phoenix Mortgages (Gold) Ltd. At the report date, Phoenix Mortgages Gold has more than 1,300 active clients, with an overall loan volume of more than NIS 750 million.

6.3.3.3. Financial inclusion – client support

Financial training for micro-businesses

The Company strives to make clear financial information accessible for clients and agents – most of whom are self-employed or small businesses with up to 10 employees. The Company has established Fnx Business School, which provides participants with the most advanced and effective tools for growth, training, and individual support and mentoring, in order to improve their work and support them in the management of their relations with their clients in an ever-changing and developing world, and to improve the agent's ability to provide their clients with best in class professional services. This program won the Initiative of the Year award at the Adif Conference in 2023, and went on to hold a third session in the reporting year. For the 42 participants, a connection was made between the business sector in Israel and around the world and key personnel in the insurance industry. At the end, the graduates of the program attended a professional development meeting in Europe, held at one of the industry's reinsurance giants. During the visit, a review was conducted of the significant trends in the global insurance industry, lectures on innovation and technology, climate change and trends that shape the property and casualty insurance domain. To date, 94 agents have participated in the program. The participants report a significant increase in revenues, and a decline in operating expenses thanks to the tools and information their received during the program.

Accessible information on capital-market trading for women – the Thousand Club

Only 18% of investment portfolios in Israel are managed by women. The Company believes that financial knowledge is the key to economic independence. In the reporting year, Phoenix Investment House launched an innovative venture in collaboration with

Supersonas,[58] designed to spark a revolution in women's participation in the Israeli capital market.

The Thousand Club is a groundbreaking, deep initiative designed to expand the number of women who take active responsibility for managing their own money and approach investments with knowledge, confidence, and practical skills. The initiative is creating a meaningful impact through conceptual and practical change, strengthening women's status in the financial arena, and positioning Phoenix Investment House as a leader in the integration of business ventures with social impact.

This initiative is based on an active, learning women's community connected directly to the capital market, with the aim of reducing gaps in knowledge and in financial activity. In the reporting year, senior mentors from all sectors of the economy were recruited to guide groups of women investors in a structured annual process, offering deeper professional knowledge while overcoming barriers and preconceptions related to money.

1,000 women joined the program in the reporting year and began investing, with guidance from 50 mentors, in several groups. The goal for the first year was 1,000 participants, with growth to 3,000 expected in the second year. The initiative aims to reach more than 10,000 active women investors within five years, with over 50,000 women gaining exposure to the world of finance.

Support for clients affected by the war

The closure of Israel's airspace due to Operation Rising Lion against Iran in June 2025 left tens of thousands of Israelis stranded overseas, with no way of knowing how long it would be until they could return. During this crisis, Phoenix Insurance took action to provide a safety net to approx. 10,000 of its policyholders, beyond the limits of their travel insurance policies, at a value of approx. NIS 1.9 million, including: 1) automatic extension of the coverage period free of charge; 2) video calls for consultation with local doctors to receive prescriptions for urgently needed medications; 3) benefits on overseas mobile internet services; 4) increased staffing of service centers. After the report date, when Operation Lion's Roar began, Phoenix Insurance resumed the benefits for its clients.

In general insurance, in the area of vehicles and homes, Phoenix Insurance granted a benefit on policy payments with no credit fee charges for approx. 46,000 policyholders, at a cumulative value of approx. NIS 4.6 million. In vehicle insurance for young drivers, a benefit was granted to clients in the form of cancellation of the fixed policy payment for two months, for approx. 7,000 clients, at a value of approx. NIS 340,000.

These benefits were added to a range of other benefits in underwriting terms in business insurance, such as deferral of shielding survey dates, reliefs in shielding terms, an option for continuity of insurance, and more.

Promoting women in business

In the field of property and casualty insurance, the Company identified that there is a clear female bias in underwriting positions alongside a critical lack of business underwriters. Consequently, the Company seized the opportunity to create value for individual agents and

[58] Supersonas – a non-profit organization promoting gender equality and the representation of women in influential positions.

female underwriters by supporting the promotion of women to the role of business underwriters. The program Phoenix With You in Business helped with the promotion of 14 women in 2024. At the same time, for the past two decades the Company has been holding the main women's conference in the insurance industry called Feminix. The conference is intended for women underwriters and managers of property and casualty insurance agents' offices, and it includes professional lectures alongside dedicated lectures on professional development for women. Approx. 500 women underwriters participated in the most recent conference, in November 2024.

Financial accessibility for older adults and people with disabilities

A key example of the Company's commitment to financial inclusion is the accessibility of services for older adults and people with disabilities, who face technological and digital challenges when receiving financial services.

The Company conducts training sessions for employees and business partners, designates a personal representative for senior citizen clients in complex cases, and even acts to prevent economic exploitation through specially structured supervision and control mechanisms.

The Company also collaborates with third parties to improve the accessibility of its services to people with disabilities. Managers and employees undergo ongoing accessibility training, and the information and services are also adapted for the visually and hearing impaired, in order to ensure an equal service experience for all clients.

As part of its commitment to expanding financial inclusion, the Company develops innovations in its digital channels designed specifically for these population groups. Key initiatives include a dedicated IVR system for older adults allowing access to financial services through a representative, without the need to navigate a voice menu. Expert team for money withdrawal requests – A team was formed to respond and provide guidance on filling out withdrawal forms, updates on shortages, and telephone assistance for senior citizens. Form 101 service center established – An explanation of how to fill out Form 101 was sent to clients, a reminder mechanism was activated to prevent impairment of benefits, and clients over the age of 67 received assistance via telephone where needed.

Concurrently, individualized processes were developed to improve efficiency: clear, customized policy cancellation forms displaying the list of policies and explanation of the effects of cancellation of the service; approx. 50% of older adult clients completed this process during the reporting year. A calculator was created for inquiries on eligibility for ambulatory health care, consultation, and physical therapy treatments, displaying personal information according to the client's data and claims history; the calculator was used by more than 17,000 older adult clients during the reporting year. Improved service and processing times in claims of clients taking chronic medications, through a digital process for submitting a claim with personal information.

These initiatives were selected with the aim of expanding the range of solutions available and improving access to financial services for population groups that may struggle to access digital channels. The Company also measures the impact of its activities through feedback from participants and system usage indicators, and updates and improves the platforms according to changing needs.

6.3.4. Development of human capital

The Company views the development of human capital as a central pillar of its strategic outlook. Within this framework, the Company applies a range of programs and processes focused on professional progress, knowledge enrichment, and empowerment of the capabilities of its employees, and creates opportunities for intra-organizational mobility. The Company aims to give employees an equal opportunity to develop their professional and managerial skills.The Company employs 5,172 employees directly, of which approx. 1% with temporary status, and the rest with permanent status.Approx. 10% of the Group's employees work part time.The following is the composition of employees at the Company, by gender and management rank.

Gender	No. of employees	Senior management	Managers	Employees
Men	1,741	143	256	1,268
Women	3,431	56	443	2,622
Total	**5,172**	**199**	**699**	**3,890**

6.3.4.1. High-performance culture

The implementation of the Company's strategic plan and establishment of its competitive advantage as a group are based, among other things, on our ability to achieve excellent performance.

In the reporting year, the Company continued to establish a culture of excellence and promote continual dialogue between managers and employees, by introducing several leadership development processes and programs, based on its leadership concept.

As part of the process of relocating to the new campus, the Company held various activities to maintain employee involvement and engagement. Tours of the campus were held for managers and employees; support tools were made accessible to managers; and roundtable meetings were held with employees, to enable them to influence the work experience at the new campus. Based on the findings of the roundtable meetings and need investigation processes, development and training plans were designed for the various groups. In addition, within the change management process, the Company conducted human-capital risk surveys with managers, to obtain a current snapshot of the engagement level and retention efforts at the various units.

To preserve the Company's leadership, and as part of its preparations for the relocation to the campus, the Company has emphasized retention of its human capital and invested efforts this year in mapping, developing, and retaining essential groups, including through performance-based compensation plans and equity compensation, to strengthen long-term commitment and create shared interests, as described in Section 4.6.6 (compensation policy). The Company considers finding, attracting, and developing quality human capital to be more than a skill – these are key components in ensuring business continuity and long-term growth. In the reporting year, approx. 340 employees changed roles and approx. 90 were promoted within roles and activities at the Company; these transitions accounted for approx. 45% of positions staffed during the year. Concurrently, the Company is working to strengthen its employer brand through presence in digital channels, participation in job fairs, and collaborations with academic institutions and professional training organizations, to create a high-quality pool of candidates for core positions. In addition, onboarding and guidance programs are in place for new employees, as well as targeted development

programs for outstanding managers and employees, aimed at retaining talent and developing a managerial reserve from within the organization. This combined approach – focused external hiring along with internal development and mobility – supports stronger human capital and ensures the availability of essential competencies for the Company's operations.

In the reporting year, as in every year, an annual performance evaluation process was conducted, which included a significant dialogue between managers and employees in which it is required to set expectations, recognize successes, identify development areas and provide significant feedback. The Company applies a formal, ordered performance assessment process on an annual basis, in which personal and professional goals are set, the actions and achievements of the last year are examined, and structured feedback is given. In the reporting year, the performance management process was carried out at the subsidiaries Phoenix Insurance, Phoenix Pension and Provident Funds, Phoenix Capital Partners, Phoenix Investment House, and, for the first time, Phoenix Agencies and Phoenix Gama. As part of this process, training was held for employees, and managers were provided with tools for the management of the process, such as goal setting, differentiating performance, and feedback conversations. The Company aspires to provide feedback to 100% of the employees and managers at companies where this process has been instituted.

The Company is committed to fair employment, with employee-related decisions based exclusively on objective and relevant considerations such as skills, abilities, seniority, experience, and professional potential. As part of our ambition to be a data-oriented organization, the Company has continued to invest in developing and adopting advanced people analytics methodologies. In the field of human resources, in the reporting year we developed and perfected our data accessibility capabilities for the Company's management, through dashboards, which provide an up-to-date picture and an analysis of historical data - including information about the workforce, recruitment and churn rates, absences, overtime, etc. These tools help with the identification of opportunities and risks, and with data-driven managerial decision making. In the reporting year, the Company expanded the use of dashboards as a tool for evaluating the effectiveness of strategic processes, such as employee hiring and retention, flexible operating model implementation, and construction of individually tailored professional development plans, to ensure that decisions are based on professional data.

The following are the employee hiring and turnover[59] rates in the reporting year.

Sex and age category	Employee turnover rate	Employee voluntary churn rate	Rate of new employees hired
Male	**5%**	**3%**	**8%**
18-30	1%	1%	4%
31-50	3%	2%	3%
+50	1%	0%	1%
Female	**11%**	**7%**	**13%**
18-30	3%	2%	5%
31-50	6%	4%	6%
+50	2%	1%	1%
Total amount	**15%**	**10%**	**21%**
18-30	4%	3%	9%
31-50	9%	6%	9%
+50	2%	1%	2%

[59] Turnover rates do not include hourly employees.

6.3.4.2. Employee training

The Company has conducted training programs in response to business focuses as well as maintaining the level of knowledge regarding legislative changes through training and regular updates. During the reporting year, a range of financial programs were implemented that focus on concepts and skills in the service and sales spheres, and on a range of areas in which the Company is engaged. Alongside these, in the current work environment, which is characterized by high levels of uncertainty, complexity, and multiple changes at a rapid pace, the Company continued this year to maintain focused programs on the skills of the modern workplace, such as resilience, collaborations and AI. In the reporting year, the Company[60] invested approx. NIS 1,200 on average per employee, with approx. 20 hours of training on average per employee.

Average training hours per employee in the reporting year by organizational rank and gender	Women	Men	Total
Senior management	14	10	11
Managers	21	23	22
Employees	16	27	19

The Company sees the development of human capital as a strategic growth driver, and works to attain deeper professional and managerial skills, according to evolving business needs. As part of its policy of ensuring up-to-date, professional knowledge, the Company collaborates with academic institutions and external professional organizations to develop and run targeted training programs for its employees. These collaborations include courses, workshops, and professional training sessions held by external experts, allowing exposure to current knowledge, advanced tools, and innovative work methodologies.

In the reporting year, due to the Company's relocation to the new campus and its potential effect on employee experience and business continuity, a designated process and training package for managers were developed and implemented, focusing on employee retention and on sensitive, responsible change leadership.

The project included a series of training sessions for managers, in which they were supplied with practical tools for leading change and identifying personal retention drivers, conducting open dialogue in periods of uncertainty, and strengthening the sense of belonging and engagement. Research indicates that about 70% of the employee experience is influenced by the employee's direct manager; accordingly, during the year, supportive tools were provided to strengthen relationships, trust, and ongoing dialogue between managers and their employees. In addition, a mapping process was performed to locate risk centers, and periodic pulse surveys were implemented to monitor trends in real time and provide a focused response. An examination of the rate of voluntary departures, in comparison to preceding years, indicated no increase in departure rates; these figures reinforce the effectiveness of this method and its contribution to organizational stability during a time of change.

The FNX Masters program is a unique development program designed to strengthen financial and managerial skills in response to the strategic focus of the long-term savings field. In the program, held for the second consecutive year, approx. 20 participants

[60] Excluding Phoenix Investment House, Phoenix Gama, and Phoenix Agencies.

expanded their understanding of the macroeconomic environment in which the Company operates. This year, alongside the next session of the program, we introduced a unique development program for graduates of the first session, FNX Master 2.0, designed in cooperation with Reichman University and led by prominent academic and professional lecturers.

Broadening Horizons – A training and professional development program of Phoenix Investment House, based on mapping of organizational needs. The program consists of courses and training in professional and technological fields such as SQL, Excel, advanced VBA, business English, the capital market, AI, and other digital tools for reinforcing employees' knowledge and professional expertise, adapting skills to the organization's changing needs, improving performance quality, and reducing dependence on external parties. Several metrics have been established for the program, including improvement in the productivity and quality of work of the units, shorter execution times, and contribution to improved business performance. A total of 420 employees participated in the program over the last year.

Transition to AI – In the reporting year, as part of the organizational focus on developing core skills for the digital era and gaining deeper AI capabilities, Copilot was rolled out for 280 of the company's employees. This effort is aimed at accelerating the acquisition of new skills and allowing the effective adoption of work with AI tools to improve individual and team productivity. The implementation was accompanied by organized training through external professionals. As an example of the advanced training, a practical workshop was held in the legal department, adapted to their professional content areas, with an emphasis on hands-on experience with relevant work scenarios. To measure impact, a designated dashboard was established to monitor usage volume and characteristics, including categorization of users by adoption levels (in percentages) and types of use. These data allow ongoing oversight and deeper implementation, and support stronger human capital and organizational competency over time.

6.3.4.3. Health and wellbeing

The Company has a holistic health and well-being policy focused on four aspects: physical, mental, social, and financial, encompassing extensive health-care benefits, occupational flexibility, emotional support, and a network for assistance during times of crisis. The policy is designed to strengthen employees' resilience and support work-life balance. This policy was approved by the strategy committee and by management, and is available on the Company's website.

These benefits include risk (life), health and dental insurance, the purchase of discounted services and products alongside a wide range of social and welfare services, including lactation rooms, daycare subsidies and children's day camps. During the course of the year, the group holds a variety of team building events and enrichment activities, fitness and sports groups, gives gifts for the holidays and lifecycle events, and also holds an annual leisure day that all employees can enjoy, with considerations made for those with special needs (accessibility, religious needs, and more).

In addition to the insurance coverage and benefits described above, employees of the Company have other safety networks at their disposal when needed; individual assistance programs, aid funds, and well-being systems are available to help with emotional and health

problems, dealing with aging parents, support during grief and bereavement, supplies for the *shiva* mourning period, preparation for life after retirement, and other personal issues. At the same time, the Company offers mothers and fathers between 15-26 weeks paid maternity leave in accordance with the provisions of the law.

In addition, during wartime periods in Israel the Company supported employees called up for reserve military service and their families, ran various workshops on coping (resilience, support for parents), and offered special support for anyone whose property was damaged during the war.

As part of its human rights policy and employment policy, the Company is committed to fair employment and adheres to the applicable regulations, respecting restrictions on overtime and irregular work hours, including weekends and national or religious holidays. All employees are compensated in accordance with the law and the employment terms established with them; operational mechanisms are applied continuously to monitor work hours, including monitoring and approving overtime according to procedures. Maximum work hours at the Group are determined according to international standards. Attendance management systems allow continuous oversight of work volumes and the identification of exceptional workloads; when necessary, managerial adjustments are applied to preserve work-life balance. In addition, human-resources and management functions routinely monitor the implementation of procedures and compliance with legal requirements, to ensure fair employment conditions and a balanced, healthy work environment.

The Company ensures that annual vacation days are utilized, and twice a year (during the holidays of Sukkot and Passover) enters a shutdown to allow employees to enjoy the holiday. The Company also ensures that all employment terms, including wages, benefits, and work hours, are maintained and applied in accordance with the law and with international standards. In the area of wages, the Company acts beneficially towards its employees by setting the minimum pay at the Company at approx. 12% above the legal minimum wage, with a ratio of 14 between the wages of the CEO and the average employee wages. In addition, under the Company's overall compensation policy and in accordance with the collective agreement, all employees who have served over one year are entitled to an annual bonus, based on an individual and team-level performance reviews. The bonus constitutes a variable component of salary and serves to recognize and reward contributions towards achieving the Company's objectives and targets, in addition to the fixed salary component. In the reporting year, the Company distributed restricted shares and options of the Company to approx. 40% of its employees, making them partners in its success.

To support work-life balance, expand the accessibility of employment opportunities for diverse population groups (including parents, students, and people with special needs), and allow occupational flexibility throughout employees' time at the organization, the Company offers its employees various forms of flexible employment, according to the type of position, the employee's needs, and business needs. Work flexibility at the Company includes flexible, hybrid remote work on some weekdays, flexible work hours, part-time work, equipment for work from home, expanded eligibility for meals and well-being services at home, and more.

The Company invests extensive efforts in ensuring an optimal work environment, while caring for its employees' well-being and their physical and mental health. The Company manages and monitors the health and well-being indicators of its employees on an ongoing basis. This is reflected in absences, which totaled approx. 40,000 sick days (3.3% utilization of sick days in full-time positions).

The Company has a health and safety plan that matches the nature of our business as service providers. The plan in the area of road safety includes mapping and internal investigation of the safety condition of the Company's vehicles, theoretical training on this subject every two years for 100% of employees who have company cars, and internal messaging to raise awareness of safe driving. As far as emergency procedures are concerned, the Group has a set of emergency procedures for conduct during the evacuation of the building in extreme events such as rocket fire, fires and earthquakes. There is a procedure for providing first aid as well as emergency kits. There are routine exercises throughout the year that ensure the Company and its employees are prepared for emergency scenarios.

The Company operates an occupational health and safety (OHS) system aligned with the requirements of the applicable laws and regulations, and takes a proactive approach to identifying, reducing, and preventing risks to safety, health, and security. The Group has a public occupational health and safety policy, posted on the Company's website, formalizing its commitment to providing and ensuring a healthy and safe work environment for employees, clients, business partners, suppliers, and the broader community, while upholding all relevant requirements of laws and regulations, and surpassing these standards wherever reasonably possible. This policy applies to all activities of the Company and its employees, as well as to contractors and others operating under its supervision.

In accordance with the policy, the Company considers every employee and anyone acting on its behalf partners in its responsibility for promoting health and safety goals, and is committed to ensuring that all employees and relevant parties receive the appropriate information, guidance, and training in this area. Within this effort, the Company encourages employees to detect and report on dangerous situations, hazards, and behaviors that may cause damage, with the aim of drawing conclusions, improving processes, and minimizing risks on an ongoing basis. Documented risks are ranked by severity and probability, and the findings form the basis for the formulation of action plans, including preventive and control measures, schedules, and clear organizational responsibilities. The Company tracks the implementation of the plans and examines the effectiveness of the measures taken using quantitative and qualitative metrics, with the aim of minimizing incidents and preventing recurrence.

In addition, safety and health aspects are embedded in work processes with suppliers and contractors, including a requirement to comply with legal requirements and the Company's safety guidelines, according to the nature of the engagement. The Company has formalized procedures for reporting, documenting, and investigating safety incidents, injuries, occupational illnesses, and work-related health issues, including a lessons-learned process and the application of remedial actions, as necessary.

6.3.4.4. Diversity

In order to strengthen the Company and in accordance with a culture based on values of excellence, the Company attaches importance to creating a diverse, and inclusive work environment that encourages excellence, including by locating and promoting employees with the highest ability and potential. The Company encourages equality and the creation of job opportunities without discrimination on the basis of religion, race, gender, ethnicity, political or sexual orientation or any other reason.

Diversity in staffing is reflected in several measures: first, targeted training and instruction on diversity and inclusion are provided, including annual training for hiring teams emphasizing diverse hiring and discrimination-free processes. The hiring team has an employee who oversees this area and ascertains that all supportive actions are performed, including posting open jobs with all recruitment resources, encouraging diverse candidates to apply, and making use of resources dedicated to diverse population groups, with an emphasis on employees with disabilities. The Company works in collaboration with government ministries, NGOs and HR organizations that support the employment and integration of groups that are underrepresented in the labor market, such as ultra-Orthodox men, Israeli Arabs, people of Ethiopian descent, and people with disabilities. In order to achieve the targets, a number of dedicated plans were promoted. Second, managers attend behavioral interviewing workshops imparting skills for effective, professional, focused interviews, while minimizing unconscious bias and promoting equal opportunities. Finally, to increase the potential for diverse hiring, adjustments are made to the scope of the positions, flexibility of active hours, and hybrid work.

The Company promotes an accessible, inclusive work environment, and works to ensure physical accessibility at its offices and the accessibility of information and services to the general public, including people with disabilities. From time to time, lectures and meetings with inspiring, groundbreaking men and women are offered to the Company's employees. This year, some 200 employees attended lectures promoting an equitable organizational culture: 1) a talk by Avichai Sheli, an employee of the Company with vision and hearing impairments whose disabilities have not prevented him from attaining outstanding achievements; 2) a talk by Pedut Rotnemer, an actress and a person of short stature, about how to turn challenges into an advantage; 3) a meeting in the format of the "Pardon the Question" television program with women employees who had suffered from cancer. Responsibility for implementation of the plan for increasing diversity and inclusion at the level of the Company and tracking its performance rests with the VP of human resources, who leads this area within senior management and oversees the promotion of the objectives and organizational initiatives in this field.

The following is the composition of employees of the Company by age group, gender, rank, and underrepresented population groups in the reporting year:

Diversity	Women	Underrepresented populations	Total employees	% of women	Rate of underrepresented populations
Senior management	56	1	199	28%	0.5%
31-50	27	0	91	30%	0%
+50	29	1	108	27%	1%
Managers	443	34	699	63%	5%
18-30	144	38	192	75%	20%
31-50	74	0	204	36%	0%
+50	47	2	191	25%	1%
Employees	2,932	341	4,274	69%	8%
18-30	142	19	231	61%	8%
31-50	180	0	416	43%	0%
+50	65	1	173	38%	1%
Total amount	**3,431**	**376**	**5,172**	**66%**	**7%**

6.3.4.5. Gender diversity in management

As of the reporting year, women constitute 56% of the management tiers. Currently, the rate of women in senior management roles is 28%. In the business units, 57% of the employees are women, and in the STEM units - 50% are women.[61]

6.3.4.6. Salary gaps

The Company strives for gender equality, in the belief that equality between the sexes is an important value enabling every employee to realize their personal and professional potential. In accordance with the provisions of the Equal Pay to Male and Female Workers Law, 1996, a comparative analysis of the average pay levels in the Company was performed.[62] In the reporting year, according to the provisions of the amendment to the Equal Pay Law. The analysis is based on division by rank and occupational category, in 34 groups, to locate wage gaps between men and women in roles with identical characteristics, to the extent possible. The analysis of the data indicates that there are minor wage gaps of a few percentage points between men and women, sometimes in favor of women and sometimes in favor of men.

According to the Company's examination, the wage gaps do not stem from gender-related causes; instead, they are the result of objective data that affect each individual worker's pay, such as attainment of individual/team targets, seniority and professional experience, managers' satisfaction and evaluation, overtime work, and more. In accordance with the provisions of the Equal Pay for Male and Female Workers Law, 1996, a comparative analysis of the average pay levels at the Company was performed, indicating a gross median wage gap of -37.5%. The Company works throughout the year to identify and locate wage gaps, investigate them and carry out preventive actions in the recruitment, mobilization and promotion processes alongside actions to correct the gaps if they stem from gender-related aspects. For more information see the Equal Pay Report on the Company website.

[61] Excluding the Investment House, Phoenix Gama and Agencies.
[62] The equal pay report does not include Phoenix Investment House, Phoenix Gama, and the agencies.

6.3.5. Ethical conduct

6.3.5.1. Code of ethics

The Company[63] applies a comprehensive code of ethics, embedded in its main activities, that sets clear standards for transparency, fairness, prevention of corruption and conflicts of interest, respect for human rights, and responsible conduct towards clients, employees, and suppliers. The code is updated every two years, and was approved by the strategy committee of the board of directors during the reporting year.

In the reporting year, a tutorial on the code of ethics was sent to 3,073 managers and employees (including external workers), of which 80% of the employees and 85% of the managers completed the tutorial. All of the Company's employees and managers are responsible for implementing the Code of Ethics in full. The Company applies enforcement mechanisms, including procedures to prevent fraud and corruption, periodic risk surveys, internal auditing, a hotline for anonymous reports, and forums dedicated to addressing incidents. Significant suppliers and service providers[64] of the Company are obligated by their agreements to adhere to a responsible procurement policy, including standards on human rights and fair conduct.

The Code of Ethics specifies contact information for inquiring or reporting dilemmas or concerns pertaining to the Code are detailed therein, including processes for reporting breaches of the Code of Ethics and the Company's way of handling breaches via public and anonymous channels. As part of the process of dealing with the complaint, meetings are held with those involved, the severity of the case is assessed as well as the proper handing thereof in line with the Company's Code of Ethics; if necessary, the process is carried out in collaboration with the Workers' Union. The Company conducts internal monitoring of all of the above issues, and reports any detected breaches in its reports to the public.

During the reporting year, six inquiries were submitted to the Company's ethics officer, all of which were handled with due seriousness by the officer and Head of Human Resources, regarding: Sexual harassment (1), information security (1) money laundering (2), and privacy protection (2). Each of the inquiries was closed through an understanding with the parties involved without the need to take disciplinary action. In the reporting year, there were zero incidents of legal actions, decisions or judgments related to anti-competitive or corrupt behavior by the Company. There were no inquiries to the ethics supervisor at the Company on the subjects of human rights and discrimination, labor law, insider information trading, or conflicts of interest during the reporting year.

6.3.5.2. Bribery and corruption

The Company is committed to acting with integrity and transparency, and complying with the provisions of the law, in every area of its activity, and upholds a zero-tolerance policy towards bribery and corruption. Towards that end, the Group has a formal anti-corruption and anti-bribery policy, with mechanisms for implementation and oversight.

[63] Excluding Phoenix Agencies.
[64] Significant suppliers are insurance purchasing suppliers with which a designated agreement/contract has been signed.

The anti-bribery and anti-corruption policy of the Company was approved by the board of directors in 2026. The policy applies to all office holders and employees of the Company, third parties acting on its behalf, and suppliers.

Key policy items:

The Company is committed to acting with integrity and transparency, in alignment with the highest standards of corporate governance. The Company works to prevent bribery and corruption offenses, and, accordingly, requires its employees to practice honesty and fairness.

The Company requires its employees to avoid receiving and/or giving favors and gifts from and to anyone involved with the Company, including suppliers and clients, that may influence the pertinent judgment of the gift recipient. In addition, all employees of the Company must avoid situations of conflicts of interest and exploitation of business opportunities for their personal benefit, or in ways that may harm the Company.

The Company's anti-bribery and anti-corruption policy is accompanied by detailed operational procedures: a procedure prohibiting the receipt of gifts and favors, and procedures on embezzlement and fraud, continuous vacations, engagements with third parties, and more. The Company's procedures address the hierarchy of authority, mandatory documentation, and ongoing oversight, and are intended to ensure sound corporate governance and compliance with the requirements of the law.

The Company's code of ethics details guidelines for appropriate conduct at work, with clients, suppliers, and third parties.

In any new agreement, suppliers of the Company are required to affirm, in writing, their commitment to upholding the responsible procurement policy, which includes references to bribery and corruption aspects.

Through these procedures, the Company aspires to ensure effective risk management, prevent and mitigate embezzlement and fraud risks, maintain integrity and transparency, and protect the Company's assets and stakeholders.

The Company holds mandatory training for employees and managers on corruption, bribery, conflicts of interest, and ethical conduct, to promote dialogue and raise awareness of these issues. This information is made accessible routinely through internal systems and messaging to employees, to ensure that all employees are familiar with their duties and with the rules of conduct expected of them.

Managers and employees at the Company are required to report to the risk officer, who is the supervisor of embezzlement and fraud prevention, on any suspected fraud or embezzlement by any party within or outside the organization. The Company has provided several channels for direct communication with the chief risk officer, who supervises embezzlement and fraud prevention, as well as anonymous reporting channels. The supervisor of embezzlement and fraud prevention investigates the reported event and acts according to the Company's procedure on embezzlement and fraud, subject to the requirements of the circular on embezzlement and fraud of the Capital Market, Insurance, and Savings Authority.

2 embezzlement and fraud events were handled at the Company in 2025. The events were addressed in accordance with the Company's procedures, including reporting to the Capital Market, Insurance, and Savings Authority and filing a police report, according to the severity of the incident. The effect of these events is negligible for the Company.

6.3.5.3. Compliance

Compliance risk is the risk of exposure to legal or regulatory sanctions, material financial loss, or damage to image as a result of failure to comply with the provisions of the law, regulatory directives, guidance of supervisory functions, and ethical rules applicable to the activity of the Company in the areas of Insurance, Retirement, Financial Services, and Wealth & Investments. Compliance risk in the institutional entities group is managed using a model with three lines of defense: (1) first line – the management of the Company and area managers, including compliance trustees in the business and support units responsible for implementing compliance requirements in routine operations; (2) second line – the compliance and enforcement function, which establishes policy, provides guidance and counsel, performs monitoring and controls, and oversees the management of the risk; (3) third line – independent internal audit, alongside supervision by the board of directors and its committee.

The supervisor of compliance and enforcement leads annual and multi-annual risk-based work plans, which include, among other matters, mapping of compliance risks; guidance and implementation of new regulation (including guidelines of the Capital Market Authority, the Israel Securities Authority, and the Competition Authority, as relevant); compliance surveys and process controls; monitoring the processing of deficiencies and audit findings (internal and external); and activities for training and raising awareness among employees and office holders. Internal enforcement activity is implemented through designated enforcement plans, including plans for insurance law and laws on pension and provident funds, securities law, competition law, and privacy and information protection law. At least once annually, a report is presented to the board of directors and its committees (including the audit committee or risk committee, according to organizational divisions) summarizing the main activities, risk trends, material events, and the work plan for the following year.

The Company applies various means to instill a culture of compliance and maintain professional competency, through training content and tools integrated with training and work processes for managers and employees. Every year, all employees (including part-time workers and relevant external workers) are required to complete periodic online tutorials, attend in-person lectures, and read and sign materials on compliance topics, according to their position, including the prohibition of money laundering and terrorism financing, ethics and conflicts of interest, anti-bribery and anti-corruption, privacy protection and information security, securities, and competition law, and to participate in meetings on other topics required by regulation, such as updates of regulation and lessons learned from events and audits. Approx. 20,000 hours of training on compliance were held at the Company in the reporting year.

6.3.5.4. Money laundering and financing of terrorism

Money laundering and terrorism financing occur, among other means, through the exploitation of financial and institutional entities. As a financial company engaged in long-term savings, asset management, and credit granting, the Company works to minimize the

risk of the use of its products and processes for illegal purposes, in accordance with the provisions of the relevant laws and regulations, including the provisions of the Prohibition on Money Laundering Ordinance and the guidelines of the supervisory functions, and in line with prevalent risk-management principles.

The board of directors and its committees supervise money laundering and terrorism financing risks, including the approval of a policy and risk appetite; receiving periodic reports on trends, material events, and work plans; and monitoring initiatives for improvement. The money laundering reporting officer (MLRO) leads the implementation of the policy and procedures, oversees management of the risk at the organizational level, holds professional forums at least once every two months, and reports to senior management and the board of directors, according to the corporate governance established at the Company, at least once annually (or as needed and according to unusual events).

The Company conducts "know your client" (KYC) processes with its private and business clients, policyholders, and beneficiaries, as well as with anyone acting on their behalf (including proxies and guardians), according to the risk level. Within this framework, information is gathered and verified, to understand the purpose of the engagement, the source of the money/deposits, the characteristics of the client, and the expected activity (including deposit and withdrawal channels), and the information is routinely reviewed and updated in the case of material events, or periodically, as established in the policy.

The Company operates oversight and monitoring mechanisms to detect indications of activity that is unusual, unreasonable, or inconsistent with the client's profile and the purposes of the engagement, including in deposits, transfers, withdrawals, redemptions, loans against savings, frequent changes in the information of involved parties, and use of complex legal structures. Alerts are examined and documented, and in appropriate cases escalated professionally, with updates of relevant functions and decision-making regarding the continuation of the relationship, restrictions, or other actions, according to the law and policy.

As part of its anti-money laundering and terrorism financing system, the Company runs scans and tests against relevant sanction and restriction lists, and identifies publicly exposed clients (local and foreign PEPs) and their relatives/associates, in accordance with the definitions in the law and policy. Strict due-diligence testing is applied to population groups at higher risk, including an in-depth examination of the source of the funds and wealth, increased requirements for evidence, and approval by an authorized party for the existence/continuation of the business relationship.

The Company maintains records and retains documents according to the requirements of the law and regulation, including identifying documents, declarations, evidence, and documentation of decisions. Inasmuch as the conditions for reporting are met, the Company submits reports to the Money Laundering and Terrorism Financing Prohibition Authority, in accordance to the applicable provisions. Once a year, and as necessary, a risk assessment and effectiveness evaluation of money laundering and terrorism financing risk management is performed, including an examination of controls, processes, quality of information and training, lessons learned, and improvement plans.

6.3.5.5. Membership in associations

The Company takes part in various associations and forums in the insurance and financial sectors, including: the Israel Insurance Association, the Association of Life Insurance Companies, the Israel Association of Investment Houses (IHAI), the Israel Association of Publicly Traded Companies, the Association of Corporate Counsel (ACC), the Israel Marketing Association and the Maala organization." Membership is voluntary, and the organizations work to support their respective industries and promote development. The Company is an active participant in the Association discussions outlining strategies in relation to reforms and legislative updates. For example, the Chairman of the Board of Directors is the Chairman of the Israeli Insurance Association and the Association of Life Insurance Companies, the Company's Chief Legal Counsel is the Chairman of the Regulatory Committee of the Association of Corporate Counsel (ACC) in Israel. In some instances, the Company is the leading body behind new regulatory initiatives that promote changes in the various insurance and finance segments, in response to challenges in the field or to set long term regulatory strategies in the Company's areas of activity. It should be clarified that the Company makes no donations to politicians or various political entities.

6.3.5.6. Human rights

Protection of human rights is a fundamental component of the Company's business conduct and is an integral part of its commitment to corporate responsibility. The Company works to protect the rights of its employees and all of its stakeholders, while maintaining a respectful and fair work environment, complying with accepted ethical standards, and integrating supervisory and risk management mechanisms to prevent potential human rights abuses across all of the Company's sites. The Company's human-rights policy applies, among others, to its suppliers and contractors, to ensure that its standards on human rights are propagated throughout the value chain.

Over the past few years, the Company has developed and implemented human rights policies as part of its corporate strategy. It has also formulated an official policy document, approved by the Company's strategy committee. In this process, organizational risk mapping was carried out, including due diligence processes to assess any potential impacts on human rights as a result of the Company's insurance activity and asset management:

- Employment of employees (direct and indirect) – including subcontractors, employees through third parties and women, while maintaining periodic audits among suppliers to ensure compliance with labor laws and maintaining fair employment conditions.
- Services and products – Maintaining supervision mechanisms vis-à-vis agents, suppliers and service providers to ensure compliance with standards of ethics and workers' and clients' rights.
- Investments and insurance – conducting DD checks for joint investments (Co-Invest), including examination of conflicts of interest and compliance with the Company's ethical policies. In direct investments, analyzing companies' ESG ratings to identify risks of human rights abuses.

Oversight and risk management mechanisms:
To ensure consistent implementation of its commitment, the Company has ongoing DD processes alongside structured oversight mechanisms:

- Periodic audits of suppliers and subcontractors with respect to compliance with labor laws and protection of workers' rights.
- Binding contractual terms for the protection of human rights in all business engagements, including suppliers, partners and agents.
- Strict screening processes for new agents, including financial, regulatory, and ethical background checks.
- Annual training for employees and managers on ethics, prevention of sexual harassment and employee rights.
- Investment controls – integrating ESG considerations into DD checks to prevent the Company's direct or indirect involvement in activities that harm human rights.

As part of the Company's commitment to human rights and corporate responsibility, during the reporting year preliminary mapping of human-rights risks in its insurance purchasing was performed. The mapping included systematic risk assessment of engagements with key suppliers and service providers in various areas, such as garages, road services, renovation contractors, doctors, and clinics, and the creation of a heat map reflecting the findings of the assessment. According to the mapping, the material risks addressed include privacy with clinics and doctors, safety with garages and vehicle road services, and risks related to labor law with renovation contractors. Through the mapping, the Company found that sufficient actions were taken within the engagement and operation processes, and the assessment indicated low risk in these aspects. The mapping serves as the basis for monitoring and developing future action plans, to minimize risks and ensure that human rights are protected throughout the Company's purchasing chain.

The Company is committed to the continued development of advanced risk management tools, while integrating due diligence processes, ongoing supervision and compliance with international standards. For additional information, see Phoenix's Human Rights Policy on the Company's website.

6.3.5.7. Safe work environment

The Company acts in accordance with recognized international principles in the area of human rights at work, including the principles anchored in the United Nations General Compact and in the conventions of the International Labor Organization.

Approx. 40% of the employees of the Company are covered by a collective agreement, while the others are under personal employment contracts. The Company maintains ongoing dialogue and collaboration with representatives of the employee union, and adheres to all laws on the freedom of association and collective bargaining. For further information regarding employee unionization, see Section 4.6.4 of Chapter 4.6.

As part of its commitment to its employees, the Company promotes their health and well-being and endeavors to provide a fair, respectful, responsible work environment free of discrimination, harassment, and bullying. The Company attaches paramount importance to

the prevention of sexual harassment and maltreatment, which may adversely affect human dignity, freedom, privacy and gender equality.

In view of the importance of prevention of sexual harassment, the Company has taken a range of actions , as follows: appointment of two officers in charge of prevention of sexual harassment (a man and a woman) in order to manage and supervise all dealings relating to this issue; lectures were held in various forums in order to introduce this issue to employees, and a relevant tutorial was distributed to all Company employees. Furthermore, a special appendix was added to the collective agreement that applies to Company's employees, which includes detailed information and explanations, such as: definitions of sexual harassment and bullying, Company's policy, complaint submission procedures, complaint handling process, the methods of investigating and handling complaints, and more.

In the opinion of the Company, good and respectful work relations include, among other things, fair and descent attitude towards each and every person, and the Company strongly objects to bullying in the workplace regardless of the rank, background and type. The subject is the responsibility of the Human Resources Department representatives stationed within the Company's business units and accompanied by legal advice if necessary.

The Company has a number of mechanisms by which employees can receive advice and raise various concerns, even anonymously. Protections and procedures for handling complaints regarding the business activities will be implemented at the approval of the Audit Committee.

6.3.5.8. Privacy protection

The Company attaches paramount importance to protecting the information stored in its systems and the privacy of its clients, employees, suppliers, partners, etc. Accordingly, the Company works to protect the information, both as part of its operating activities and at times of emergency. The Company is subject to tight regulation in the field of privacy and information protection, including by the Capital Market, Insurance and Savings Authority and the Privacy Protection Authority; and therefore, it must establish organizational mechanisms and tools for maintaining the provisions of the law and regulatory requirements relating to ensuring the privacy of its clients and employees. Accordingly, the Company has an organized information security system, headed by an information security officer, who is responsible, among other things, for building and maintaining an annual work plan in the field of privacy and information security. This is done in collaboration with all relevant Group functions, such as the information security function, a cyber security officer, a compliance officer, the Chief Internal Auditor, etc.

In addition, in 2023, the Company voluntarily adopted an internal compliance program relating to privacy law and data protection. The role of the compliance program is to help the Company mitigating the risk of damage to personal information stored in the Company, to increase the awareness of the Company's employees and managers to the provisions of the law and to serve as a means to improve the level of compliance with the Company's privacy laws. The adoption of the compliance program is in line with the Company's own interests: To protect the personal and sensitive information of its clients and employees, being transparent in all matters pertaining to information, and ensuring that clients are able to express their trust in the Group, alongside the economic advantages. Within the

implementation of the enforcement plan, each year, among other matters, the Company performs various types of compliance tests and controls, according to the control plan formulated; routine monitoring of the implementation of new regulation; and training activities for all employees of the Company, including external workers. A comprehensive compliance survey is also performed every four years, and an internal audit on information security and/or privacy protection is performed every two years. Formal, structured reports are submitted regularly to the compliance forum and the board of directors of the Company, including compliance status, reports on information leak events, and risk mapping.

This was carried out in addition to routine monitoring and compliance steps the Company is required to follow, such as conducting risk surveys and third-party penetration tests. In addition, during the past year, an internal audit was conducted on the subject of privacy in Phoenix Investment House.

Furthermore, in order to increase its compliance with regulation in the fields of privacy and information security, and ensure the Company's commitment to this issue, it has set up a "Privacy Steering Committee" headed by its Chief Legal Counsel; the committee, whose members include senior officers, convenes every quarter to discuss and make decisions regarding important and organization-wide issues related to privacy protection in the Company. This committee is one of several forums, which the Company has in place in order to deal with this issue, including a cyber steering committee, IT meetings, etc.

In addition, during the reporting year the Company mapped its databases, including an update and validation of the databases in its possession, which included submitting requests to delete databases, in accordance with the provisions of Amendment 13 to the Privacy Protection Law, and checking for the existence of surplus information in the databases; appointment of managers for relevant databases, and construction of a work plan to help them carry out their duties in accordance with the law; updates and improved accuracy of consent formats; and more. All of these measures are aimed at ensuring maximum protection of information at the Company, transparent action, and alignment with clients' consent.

Privacy and information protection is implemented by the Company via a range of security systems, which are designed, among other things, to protect the Company's information and the privacy of its clients against attempts to hack information systems and/or attempts to disrupt information integrity, as well as through orderly work procedures and processes. Thus, for example, there is an extensive user access management system to verify that user access to the IT systems is given only on a "need to know basis" and each employee's role-based access control; periodic user access and the way users use the IT systems is audited frequently. In addition, multi-factor authentication (MFA) is in place for users with sensitive authorizations and remote access to the Company's systems. Along with the access control mechanisms, the Company applies technological protection means to protect the confidentiality and integrity of information, including encryption of sensitive personal information, both during transmission and when retained on operational systems and backup systems. In relevant cases, data masking and pseudonymization de-identification techniques are applied, according to the sensitivity level and business usage of the information. The Company also uses tools for supervising and monitoring the actions carried out through its systems in order to identify irregular incidents, such as information leakage and the planting of malware, protecting the information and its confidentiality,

preventing unauthorized access and embezzlement, fraud, and any inappropriate use. The Company's privacy policy is made public transparently to its clients and suppliers. Among other matters, the policy specifies the types of personal information gathered, the method for gathering the information, the purposes of the use of the personal information, and the way the information is shared with third parties. The policy is publicly available on the Company's website and updated from time to time according to regulatory and technological developments.

It is further emphasized that the Company rigorously applies its privacy and information-security policy to employees, suppliers, and service providers. As part of this, all of its employees for example, as part of the employment agreements sign a privacy policy and commitment to maintain confidentiality and undergo annual training on privacy, confidentiality and information security regularly. In addition, the Company ensures that its suppliers sign comprehensive information security appendix and outsourcing agreements, as part of which supplies undertake that their employees comply with the Company's strict information security and privacy rules. In addition, the Company applies periodic oversight checks at material suppliers, as stated in the information security annex signed by the supplier.

In relevant projects where personal information is used, the Company examines the privacy-by-design principles applied in the course of the project.

As described above, with regard to its clients, the Company ensures that its dealings with its clients are fully transparent, and informs them regarding the collection of data relating thereto, the objectives of the collection of such data, the ways it is used, etc., as detailed in the Company's privacy policy. Moreover, the signing-on forms relating to the Group's products include consent clauses, which are in line with the provisions of the Privacy Protection Law, 1981 and its regulatory obligations, and so do the Company's Revised Privacy Policy, which is posted on its website; the privacy policy for Company's employees, and more.

Furthermore, the Company gives its clients access to their data, which are stored on its systems as part of the personal area on its website and the client app, and even provides them information about their rights in connection with that data, as required by law. Thus, for example, the Company informs its clients of their right to peruse information and request amendment or deletion of information in the Company's database. Requests to exercise these rights are examined and processed within the timeframe established by law.

The Company's business and operating units are supported by the legal department, and receive advice on an ongoing basis in the areas of privacy and data protection.

The Company takes any breach of its privacy policy and/or information security very seriously. Accordingly, the Company maintains a formal, established process to manage privacy incidents and information breaches, including the ombudsman, involving identification of the event, investigation and analysis of causes, detailed documentation of the event and its consequences, internal communication with the relevant functions, and notification of clients and regulators according to legal requirements. As necessary, the Company implements changes in processes and systems to prevent recurrence of the incidents. In addition, the Company has a zero-tolerance policy towards breaches of privacy protection and information security, and rigorously maintains the enforcement of means of

supervision over its employees and suppliers. The Company cooperates closely with regulators and government agencies to manage and resolve such events in an orderly, controlled manner.

In the reporting year, Phoenix Insurance Company Ltd. reported to the Privacy Protection Authority and the Capital Market Authority on two localized incidents arising from a malfunction, which has been corrected. The Company received five inquiries from the public and did not receive any inquiries from a regulator during the reporting year. For information about pending claims on the subject, see Note 3 of the Financial Statements for the reporting year.

6.3.5.9. Information & cyber security

The importance of protection against cyber attacks increases with the development of innovative technologies and the sensitive information stored therein. The Company has an information security and cybersecurity policy at the Group level. The Company conducts ongoing assessments of the threats to the IT and communication systems for the purpose of securing the availability of systems, confidentiality of information, and reliability of data. In order to minimize the potential damage, we deploy and implement advanced tools for 24/7 monitoring, identifying and containing cyber threats or breaches. This is done in accordance with orderly principles regarding incidents where availability, integrity or confidentiality are undermined in the Group's IT systems.

At the report date, in the reporting year there were no cybersecurity events that impaired the Company's business continuity or the privacy of its clients or employees. For more extensive information regarding cybersecurity risk management and information security, see Note 35 on risk management.

6.3.5.10. Artificial Intelligence (AI)

Artificial intelligence is a key driver of the Company's digital, data, and innovation strategy. The Company is working to gradually embed AI capabilities, including generative AI, in order to improve the client experience, streamline business and operational processes, enhance employee productivity, and support data-based decision making.

AI applications are implemented in areas with substantial business value, including service and communication with clients, streamlining claims processing, processing and analysis of documents and unstructured information, automation of operational processes, and tools to support employees' work in various units of the Company.

These technologies are being embedded within an organization-wide concept encompassing the development of dedicated technological infrastructures, centralized management of data and AI, development of professional capabilities within the organization, and gradual rollout based on business priorities and risk levels.

Alongside the significant business potential inherent in these technologies, the use of AI may entail various risks, including risks to the quality and reliability of outputs; potential biases; dependence on suppliers and external infrastructures; exposure to risks to privacy, information security, and cybersecurity; and regulatory uncertainty.

The Company has established a policy and working procedures for the use of AI technologies, including guidelines for responsible and safe use, protection of privacy and information security, prevention of biases, prevention of the exposure of sensitive information, and oversight over the way the outputs are used.

In addition, the Group applies control mechanisms, risk assessment, and the examination of applications prior to implementation. A dedicated steering committee in this area also guides the progress of capabilities, establishes action principles, and ensures coordination of business, technological, legal, and regulatory aspects.

Finally, the Company works to manage these risks on an ongoing basis through oversight, monitoring, and controlled implementation, according to the nature of the application and the risk level.

6.3.5.11. Tax policies

As a leading company in the finance sector in Israel, the Company adheres to all tax requirements and regulations in the jurisdictions in which it operates, with transparency and accountability.

Within the Israeli insurance sector, there are industry-wide agreements between the Israeli Insurance Association and the Israel Tax Authority that regulate the unique tax requirements for the sector and apply to the entire sector. The tax agreements are updated and renewed from time to time, and the Company fully complies with them. The tax department manages all tax areas for the Company, including ongoing activities with internal departments and the Israel Tax Authority.

The subsidiaries conduct activities with maximum transparency vis-à-vis the Israel Tax Authority. The Company conducts annual assessments and audits for the Israel Tax Authority, prepared by the Company's tax team. A third party audits the Company's tax statements, and so far all subsidiaries have successfully passed the audits of the Israel Tax Authority without exception.

The Company constantly makes investments in various areas and sectors of the economy for its clients and planholders, while meeting various regulatory and corporate requirements in multiple countries around the world. The tax consulting firms that guide and support the Company in its dealings with tax authorities across the world are among the leading in their field in Israel and abroad.

In 2025, in addition to corporate tax as detailed in Note 23 of the Financial Statements, the Company paid approx. NIS 880 million to the Israel Tax Authority for payroll tax (62%), social security, deductions at source (6%) and VAT (32%).

6.4. Corporate governance

The Company aspires to become a role model of strong corporate governance. Corporate governance is not only a legal obligation but an essential element of its ethical commitment and business conduct. The Company maintains full transparency with the shareholders, holds regular Board of Directors meetings, makes data-based decisions, and strictly carries out internal and external audits. The above – out of an understanding that corporate governance is the basis for public trust in the Company and for its long-term financial stability. Moreover, the Company maintains an open and ongoing dialogue with investors, with the aim of hearing their views and addressing their needs and concerns. Through this dialogue, the Company can enhance its performance and adapt its strategies to market expectations, and thus strengthen its relationships with investors and cultivate mutual trust. For further information, see Section E on corporate governance aspects.

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Independent limited assurance report to the users/readers of Phoenix Financial Ltd.'s ESG Report for 2025

To the Board of Directors of Phoenix Financial Ltd.

Scope of engagement

We contracted with Phoenix Financial Ltd. (hereinafter - "**Phoenix**" or the "**Company**") to perform a limited assurance engagement, as defined in the international standards on assurance engagements, with regard to reports on energy consumption, direct greenhouse-gas emissions (Scope 1), indirect greenhouse-gas emissions (Scope 2), indirect greenhouse-gas emissions (Scope 3), client privacy, communication and training on anti-corruption policies and procedures, and material topics (hereinafter - the "**Topics**") included in the Company's sustainability report for the year ended December 31, 2025 (hereinafter - the "**Report**").

Other than the statements in the foregoing paragraph, which defines the scope of the engagement, we did not perform assurance with regard to the rest of the information included in the Report, and we therefore draw no conclusions regarding such information.

Criteria applied by the Company

In the preparation of the Topics, the Company applied the criteria of the GRI standards for the Topics; the standards applied are: GRI 302-1, GRI 305-1, GRI 305-2, GRI 305-3, GRI 418-1, GRI 3-1, and GRI 205-2 (hereinafter - the "**Criteria**"). These Criteria were specially planned for the Topics; as a result, information on these Topics may not be suitable for another purpose.

Responsibility of the Company

The management of the Company is responsible for the selection of the Criteria, and for the presentation of the Topics according to such Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, retaining adequate records, and performing relevant assessments to prepare the Topics, so that they do not include any material misstatement, either as a result of deception or as a result of error.

Responsibility of EY

Our responsibility is to express a conclusion regarding the presentation of the Topics, based on the evidence obtained.

We executed the engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (hereinafter - "**Revised ISAE 3000**")," according to the terms of the engagement agreed upon with the Company on January 18, 2026. These standards require us to plan and execute the engagement in order to express a conclusion as to whether we are aware of material changes required in order for the Topics to be consistent with the Criteria and the publication of the Report. The nature, timing, and scope of the procedures selected depend on our judgment, including the assessment of the risk of material misstatement, whether as a result of deception or as a result of error.

We believe that the evidence obtained is sufficient and appropriate in order to provide a basis for our conclusion regarding the limited assurance in this Report.

Independence and quality management

We are independent of the Company in accordance with statutory provisions applicable in Israel regarding independence and avoidance of conflicts of interest of the independent auditor in Israel. We have also fulfilled

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our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations promulgated thereunder. and that we have the requisite skills and experience to perform this limited assurance.

We also apply "Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*." This standard requires us to plan, implement, and operate a quality management system that includes policies and/or procedures regarding compliance with ethical requirements, professional standards, and legal and regulatory requirements.

Description of the procedures performed

The procedures in a limited assurance engagement differ in nature and timing and are lesser in scope than in a reasonable assurance engagement. Therefore, the confidence level attained in a limited assurance engagement is significantly lower than the level of assurance that would have been achieved if a reasonable assurance engagement had been carried out. Our procedures are intended to attain a level of limited assurance upon which we can base our conclusion, and do not provide all of the evidence required for a reasonable assurance. Although we considered the effectiveness of the internal control by management when determining the nature and scope of our procedures, the engagement was not intended to supply an audit regarding the internal controls. Our procedures did not include an examination of controls and did not include procedures related to the examination of the accumulation or calculation of data in information systems.

A limited assurance engagement includes conducting interviews and inquiries, with an emphasis on functions at the Company responsible for the preparation of the Topics and the accompanying information presented in the Report, as well as the implementation of analytical procedures and other appropriate procedures.

Our procedures included:

- Examination of certain data that appear in the Report, in order to perform a limited assurance process.
- Interviews with the additional professional functions at the Company who supplied the information needed to prepare the Report, with the aim of forming a deep understanding of the examined data.
- Comparison of certain data in the report to references received from the Company and to information sources based on which the Report was prepared, in order to assess whether all of the material information from such sources was included in the Report.

We also performed additional procedures that were necessary, in our opinion, under the circumstances.

Conclusion

Based on the procedures that we performed and the evidence obtained, we are not aware of any material change that should be made to the Topics, for the year ended December 31, 2025, in order for them to be based on the Criteria.

Use of the report

This report is intended for the information and use of the Company only, and is intended to provide limited assurance that the Topics were properly reported by the Company. This report is not intended for use for any other purpose, and it should not be used for any other purpose by any party other than the Company.

Tel Aviv,
March 26, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Phoenix

Part 2

Report of the Board of Directors on the State of the Corporation's Affairs

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

Report of the Board of Directors on the State of the Corporation's Affairs as of December 31, 2025

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Report of the Board of Directors on the State of the Corporation's Affairs

As of December 31, 2025

The Report of the Board of Directors of Phoenix Financial Ltd. (hereinafter - "**Phoenix Financial**" or the "**Company**" or the **Corporation**") as of December 31, 2025, outlines the principal changes in the Company's operations in the period from January through December 2025 (hereinafter - the "**Reporting Period**").

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

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

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

1.1 The group's structure

As from July 17, 2024, the Company does not have a control core. For further details, see Section 1.1 to the Report on the Corporation's Business.

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.

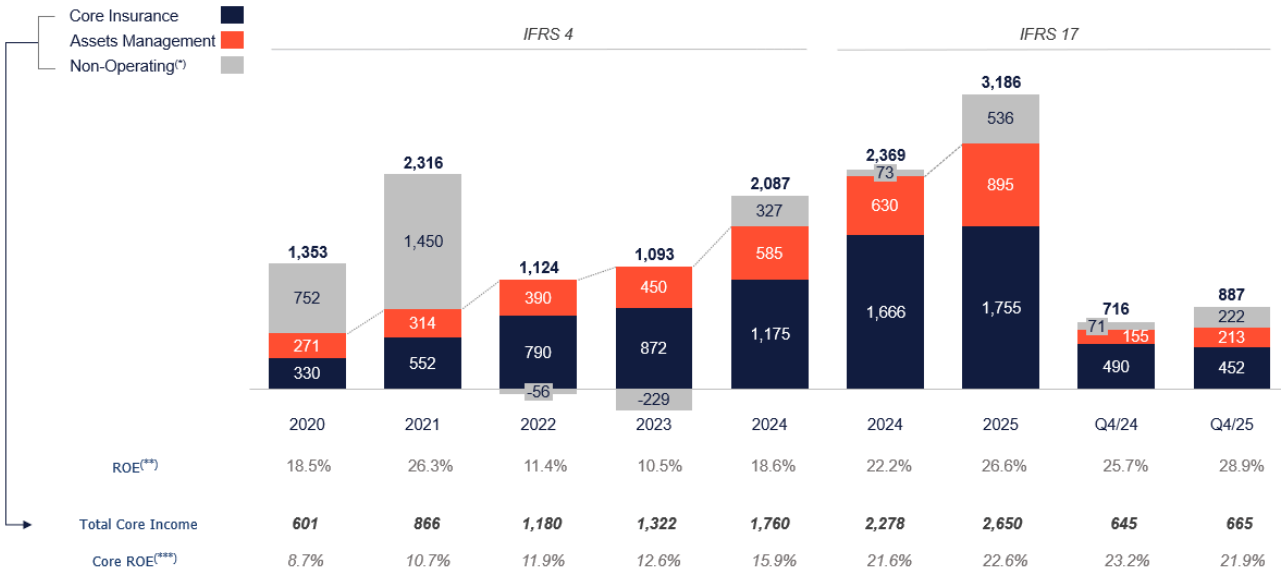
The activities described in the Report are divided into seven reporting segments. **The insurance activity** is divided into three reporting segments - Life and Savings, Property and Casualty, and health insurance. The **Asset Management Activity** is divided into four further reporting segments - Retirement, Wealth & Investments, Payments & Financing and Brokers & Advisors. Furthermore, the Company has established a new wholly-owned company, Phoenix Services, as detailed in Section 1.3.15 below, which commenced operations subsequent to the report date and at this stage, its activity does not amount to a segment.

In its **insurance** activity, the Company operates through Phoenix Insurance Company Ltd.;

In the **Asset Management Segment**, the Company operates in the various subsegments mainly through Phoenix Pension & Provident Ltd., Phoenix Investment House Ltd., Phoenix Capital Partners Ltd. Phoenix Insurance Agencies 1989 Ltd. and Phoenix Gama Ltd. - a reporting corporation wholly-owned by the Company. For the Group's areas of activity and its holding structure, see Section 1.3 to the Description of the Corporation's Business chapter in the Periodic Report.

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

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



(*) Non-operating income - income from capital market effects above or below nominal risk-free return (3 months) +2.25% in 2024 and the first nine months of 2025, +2.5% as from the fourth quarter of the reporting year, effects of the interest rate curve and special effects. (For further details, see Section 1.3.6 and 6.4.1 below).

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

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

1.3 Key milestones in the development of the Group's business during the reporting year and until the report publication date

General

1.3.1 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 year, the Bank of Israel decreased the interest rate from 4.5% to 4%. In addition, in the reporting year and in the fourth quarter thereof there was a decrease in the NIS yield curve in the short-term and a decrease in the illiquidity premium; in addition to their effect on the assets, these changes resulted in a change in insurance liabilities, for further details, see Section 6.4 to the Report of the Board of Directors and Note 21A to the Financial Statements.

Capital market - during the reporting year, despite volatility during the year, there were hikes in financial markets in Israel and across the world, with the NIS appreciating. This increase affects the returns on Nostro assets and planholders' assets. It is noted that, as of the report publication date, the Company collects variable management fees. For details regarding the effects on investment revenues and variable management fees, see Section 6.4 to the Report of the Board of Directors.

Inflation - during the reporting year, the inflation rate increased by 2.6% compared to an increase of 3.2% in the corresponding period last year.

In the period subsequent to the report date and until immediately prior to the financial statements publication date financial markets in Israel and across the world continued to rise alongside a decrease of 0.1% in inflation in January and February 2026; concurrently, there was an increase in the risk-free interest rate curve and the liquidity premium. 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 first quarter of 2026, and therefore the above does not constitute an assessment of the Company's results in the first quarter of 2026.

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 to the Report of the Board of Directors; for effects on the Company's financial results and sensitivity tests, see Section 7 to the Report of the Board of Directors, and Note 21 and 35 to the Financial Statements. As to the effect of the changes in the shekel yield curve and in capital markets on Phoenix Insurance's solvency ratio, see Section 2.1.4 to the Report of the Board of Directors, and Section 8 in the Phoenix Insurance's Economic Solvency Ratio Report as of June 30, 2025.

1.3.2 Impacts of the Iron Swords War, Operation Rising Lion and Operation Lion's Roar

On October 7, 2023, the Iron Swords War broke out and after approximately two years of fighting against the Hamas in Gaza at varying levels of intensity, in October 2025 an agreement was signed to return the hostages, stop the war and the IDF's withdrawal to agreed borders within the Gaza Strip.

Concurrently, 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 declare in the home front, 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. Throughout the Operation, the Company switched to a remote work format and continued to provide all services as usual.

The ceasefire resulted in positive developments in Israel's credit rating, after the downgrading of the rating and the rating outlook in late 2023 and during 2024. On November 7, 2025, the rating agency S&P published an announcement regarding the upgrading of Israel's rating outlook from negative to stable. According to the

announcement, the ceasefire agreement between Israel and Hamas reduced Israel's immediate security risk. On January 30, 2026, the rating agency Moody's also upgraded Israel's credit rating outlook from negative to stable, in view of the decrease in Israel's geopolitical risk and the Israeli economy's robustness in the face of the geopolitical developments.

Following the abovementioned upgrading of Israel's rating outlook by Moody's, the latter also upgraded Phoenix Insurance's international rating from Baa1 with a stable outlook to A3 with a stable outlook.

Subsequent to the reporting period, on February 28, 2026, Israel and the United States launched Operation Lion's Roar, in which Iranian regime targets were attacked across the country. The operation led to extensive firing of missiles and drones by Iran towards Israel and other countries in the Middle East, and later also to an escalation in fighting on the northern border following the joining of Hezbollah to the fighting. During the operation, a special situation was declared in the home front, Ben Gurion Airport was alternately closed, and the economy operates in a limited capacity in accordance with the Home Front Command's guidance. The Company operates in accordance with the Home Front Command's guidance and continues to provide all of its services in an orderly manner with no disruption to its operational continuity.

Due to its activity, the Phoenix group is exposed to a slowdown and to additional risks arising from the War. For further details on sensitivity and exposure to risk factors, see also Note 35 to the Financial Report.

At this stage there is uncertainty regarding the full implementation of the ceasefire agreement in Gaza and the continuation of the fighting under Operation Lion's Roar. Therefore, at this stage it is impossible to assess the likelihood of the resumption of the War, its potential duration, the full extent of its effect if it is, indeed, resumed, and the effects of Operation Lion's Roar on the Company and its results in the medium term. However, as of the report publication date the Company believes that the Operation's effect is immaterial.

1.3.3 Completion of the relocation to the Phoenix Campus in Rishon LeZion

During September 2025, the relocation of the Company's offices and the employees of Phoenix Insurance and additional subsidiaries from Beit HaVered in Givatayim to the new campus established in the 1000 Complex district in Rishon LeZion was completed. For further details, see Note 10 to the Financial Statements.

Insurance Activity

1.3.4 Updating the minimum capital target

In August 2025, Phoenix Insurance's Board of Directors updated the minimum solvency ratio target without taking into account the Provisions during the Transitional Period by 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.

1.3.5 Actuarial studies

During the reporting year, several studies were conducted including a lapse study regarding all of the Company's insurance products, costs of risks associated with medication and critical illness products, and claim management expenses, which did not have a material effect on the income for the reporting year. However, these studies have a material effect in future years, due to, among other things, their effect on the CSM balance; for further details, see Note 21 to the Financial Statements.

1.3.6 Change in the normalized return assumption

The Company assesses its profitability by separating core operating income, which assumes a nominal risk-free interest plus an annual spread (hereinafter - "**Normalized Return**") from gain from capital market effects above or below a normalized annual return; the spread rate for 2024 and the first nine months of 2025 was 2.25%, and as from the fourth quarter of the reporting year the Company revised the spread rate used to calculate the Normalized Return from 2.25% to 2.5%; for further details see Section 6.4.1.1 below.

Asset Management Activity

1.3.7 Restructuring in Wealth & Investments and Payments & Financing segments

As part of the implementation of the strategic plan regarding the Wealth & Investments and Payments & Financing segments, and the Company's wish to concentrate each of activities under separate arms, on July 30, 2024, the Company's Board of Directors passed a resolution regarding a restructuring, including statutory mergers in accordance with the Eighth Part of the Companies Law, and the transfer of activities and assets of various group companies, as follows:

1.3.8 Founding of Phoenix Capital Partners

In the reporting year, Phoenix Capital Partners (a privately-held and wholly-owned subsidiary) commenced operations (hereinafter - "**Phoenix Capital Partners**"), which is engaged, among other things, in the institutional entity's investment management and in the management of alternative assets for qualified customers. Phoenix Capital Partners was established as a result of several internal structural changes as detailed below.

During 2024 and in the reporting year, statutory mergers were completed between the Company and Phoenix Investments and Finances Ltd., a wholly-owned (100%) privately-held subsidiary of the Company (hereinafter - "**Phoenix Investments**" and the "**First Merger**") and between the Company and Platinum Finance & Factoring Ltd., a wholly-owned (100%) privately-held subsidiary of the Company (hereinafter - "**Platinum**" and the "**Second Merger**"). As a result of the mergers all of the assets and liabilities of Phoenix Investments and Platinum (which served as the target entities in the mergers, as this term is defined in the Companies Law) were transferred to the Company (which served as the surviving entity in the mergers, as this term is defined in the Companies Law) and ceased to exist as separate companies.

In February 2025, the Company completed all the actions required to finalize each of the mergers. Accordingly, see the Company's report dated February 25, 2025 (Ref. No.: 2025-01-012796).

On completion of the First Merger, during the reporting year, the Company transferred to Phoenix Capital Partners the entire Wealth & Investments activity, which was previously carried out by Phoenix Investments; its holding in all of Phoenix Advanced Investments Ltd.'s shares (hereinafter - "**Phoenix Advanced Investments**"); and its 19.9% stake in the shares of Phoenix Underwriting Ltd.

In addition, subsequent to the report date, Phoenix Capital Partners established a wholly-owned subsidiary, Phoenix Wealth Management Ltd. (hereinafter - "**Phoenix Wealth Management**"), which will engage in the provision of financial advisoryand investment management services to wealthy customers, including comprehensive financial planning, customized investment solutions and management of investment portfolios in accordance with the customer's needs, objectives and individual risk level, with ongoing professional support.

In September 2025, Phoenix Advanced Investments signed an agreement for the acquisition of Fidelis Partners Holdings Ltd.'s shares in stages, and the transaction was completed in February 2026. Fidelis is an Israeli family office specializing in wealth and investment management for wealthy Israeli customers. In the first stage, the Company acquired 30% of Fidelis' shares and under the agreement, the remaining Fidelis shares will be acquired over the agreement term.

1.3.9 Consumer Credit

On January 1, 2025, Phoenix Consumer Check Credit shares were transferred to Phoenix Gama in exchange for issuance of shares in accordance with the value ratios.

1.3.10 Phoenix Investment House – Shareholders Agreement

In November 2024 and February 2025, addendum were signed to the shareholders agreement of Phoenix Investment House Ltd. - the Company, Mssrs. Boaz Nagar (Chairman of the Board of the Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of the Investment House and KSM Mutual Funds Ltd.); (for Boaz and Avner jointly, hereinafter - the "**Partners**"), which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Partners' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. I.e., the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. For further details regarding the arrangements relating to the put and call options awarded to the Investment House Partners, see the Company's immediate report of March 15, 2022 (Ref. No.: 2022-01-025548).

1.3.11 Restructuring in Phoenix Agencies

On July 14, 2025, the Company signed an agreement with Yitzhak Oz (hereinafter - "**Oz**"), Chairman of the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), for the purchase of his entire holding stake in Hagoz (2015) Ltd., which had a stake of approx. 17.19% in Phoenix Agencies prior to the acquisition. The transaction includes allocation of shares and cash payment totaling approx. NIS 763 million. In the reporting year and at the beginning of 2026, several structural changes were made whose aim was to strengthen the alignment of interests between the Company's partners in companies controlled by Phoenix Agencies and the Company. For more information, see Section 1.3.11 below.

As part of the restructuring, Mr. Yitzhak Oz continues 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. For further details, see the Company's immediate reports dated July 14, 2025, July 15, 2025 and August 28, 2025 (Ref. Nos.: 2025-01-052174, 2025-01-052179 and 2025-01-064884) and Section 1.3.11 below.

On December 25, 2025, a share exchange agreement (hereinafter - the "**Share Exchange Agreement**") was signed between Phoenix Agencies, and minority shareholders in Oren Mizrach Insurance Agency Ltd. (hereinafter - "**Oren Mizrach**"). Under the Share Exchange Agreement, minority shareholders' holdings in Oren Mizrach shares were converted into holdings in Phoenix Agencies shares through a merger by way of share exchange. Upon completion of the transaction, the Company holds, directly and indirectly, approx. 90% of the issued share capital of Phoenix Agencies, while Phoenix Agencies holds 100% of the issued share capital of Oren Mizrach.

Further developments in the reporting year and subsequent to the reporting year

1.3.12 Publishing guidance

The Company periodically reviews its plans and objectives in light of market trends and Company's performance. In view of the Company's progress in achieving most of the targets ahead of schedule, in November 2025 it published guidance through 2028. For further details, see Section 4.3 to the Report of the Board of Directors below and the immediate report dated November 26, 2025 (Ref. No.: 2025-01-092698).

1.3.13 Sustainability and ESG

In 2024, the Company decided to incorporate ESG into this Periodic Report. For more information, see Chapter F to the Report on the Corporation's Business.It is noted that this chapter includes a dedicated external assurance of the independent auditor.

1.3.14 Application of IFRS 17 and IFRS 9

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

details regarding the Standards, see Section 5 below.

1.3.15 Phoenix Services

Subsequent to the report date, Phoenix Services 2025 Ltd. (hereinafter - "**Phoenix Services**") - a wholly-owned subsidiary of the Company - commenced operations; Phoenix Services constitutes a group growth platform for expanding the Group's core activities through complementary services.

Subsequent to the establishment of Phoenix Services, the Company's holding stake in One Part Ltd. (hereinafter - "**One Part"**), which is held in equal parts by the Company and partners, was transferred to it. One Part is engaged in the importation and marketing of automotive bodywork in Israel.

1.3.16 Engagement in an agreement to acquire BUYME's shares

On February 12, 2026, Phoenix Services entered into a share acquisition agreement with Iplanet Technologies Ltd., Private Company No. 514422435 (hereinafter - the "**Seller**"), Telemesser Ltd., Private Company No. 51184079 (hereinafter - "**Telemesser**") and ByMe Technologies Ltd., Private Company No. 514480276 (hereinafter - "**BUYME**"), under which Phoenix Services will acquire from the Seller BUYME shares, constituting 64.85% of BUYME's issued and paid-up share capital, fully diluted, subject to the fulfillment of the conditions precedent detailed below, at a company value of NIS 840 million, and - in addition - option arrangements were set between the parties, upon the exercise of which Phoenix Services will wholly-own BUYME.

BUYME is a privately-held company incorporated in Israel and engaged in the provision of marketing services through the issuance of gift vouchers using various digital platforms redeemable in a range of merchants with which BUYME entered into engagements. The acquisition of BUYME shares forms part of the Company's strategy, inter alia, to develop the group's digital activities in a way that enhances the Group subsidiaries' competitiveness, including, among other things, by offering better value propositions to the group's customers.

The completion of the transaction is subject to the fulfillment of conditions precedent, which include, among other things, obtaining the Competition Commissioner's approval and the required bank approvals for the transaction, which have yet to be issued as of the report publication date. For further details, see the immediate report dated February 12, 2026 (Ref. No.: 2026-01-014752).

The Company's assessments with regard to the conditions precedent and the third-party approvals required for the transaction, and with regard to the synergetic advantages of the transaction and the increase in the group subsidiaries' competitiveness, constitute forward-looking information as defined by the Securities Law, 1968. These assessments may not materialize or materialize later than currently expected by the Company, due to, among other things, non-fulfillment of the conditions for obtaining the abovementioned approvals or delay in obtaining them, and due to market conditions.

Debt raising and redemptions

1.3.17 Phoenix Financial

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

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

First-time issuance of convertible Bonds (Series 7)

Subsequent to the Reporting Period, in January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand. The bonds shall be convertible into the Company's ordinary shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder. For further details, see the immediate reports dated December 22, 2025, January 7, 2026, January 12, 2026, January 13, 2026 (Ref. Nos.: 2025-15-101986, 2025-15-102106, 2026-01-005009, 2026-01-003317, 2026-01-005682).

Partial redemption of Bonds (Series 4)

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

1.3.18 Phoenix Insurance

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

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

2025 (Ref. Nos.: 2025-01-076400 and 2025-01-078699, respectively).

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

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

1.3.19 Phoenix Investment House

In October 2025, Phoenix Investment House completed a private placement of private commercial papers to institutional entities totaling approx. NIS 51 million. This issuance is in addition to the private placement of private commercial papers totaling approx. NIS 110 million which was completed in May 2025, and in total Phoenix Investment House raised approx. NIS 161 million. In May 2025, S&P Maalot assigned for the first time an ilA+ rating with a stable outlook to Phoenix Investment House. Subsequent to the financial statements date, in March 2026, S&P Maalot upgraded Phoenix Investment House's rating to ilAA- with a stable outlook.

1.3.20 Phoenix Pension & Provident

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

1.3.21 Phoenix Agencies

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

Company's Share Capital

1.3.22 Dividend distribution policy and actual dividend distribution

1.3.22.1 The Company's dividend distribution policy

On May 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.

In addition, subsequent to the report date, in March 2026, the Company's Board of Directors approved an additional change to the distribution policy such that the dividend distribution rate will not fall below 45% (instead of 40% through the resolution date) of the

Company's distributable comprehensive income as per the Company's annual (audited) Consolidated Financial Statements for the relevant year, starting in 2026 (hereinafter - the "**Revised Policy**").

In this context, it is noted that amounts which were used or will be 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).

1.3.22.2 Dividend distribution and retained earnings

For 2024, the Company distributed a cash dividend of approx. NIS 835 million.

Subsequent to the report date, on March 25, 2026, concurrently with the approval of the Company's Financial Statements as of December 31, 2025, which are included in this Periodic Report, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 360 million. Total cash dividend in respect of 2025 profits is NIS 1,310 million, which represents a dividend per share of approx. NIS 5.2. 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. The Company shall publish, as required, a supplementary report for said adjustment on the record date.

It is noted that, according to the Company's Financial Statements as of December 31, 2025, which are included in this Periodic Report, the Company has positive retained earnings of approx. NIS 12,187 million, taking into account the NIS 360 million dividend, as stated in this section.

For further details regarding the distribution of dividends from subsidiaries to the Company, see Chapter 6.7 below.

1.3.22.3 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 7). For further details, see Note 24 to the Financial Statements.

1.3.22.4 Share buyback

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

the 2025 Plan totals NIS 300 million. As of the report publication date, the Company implemented the 2025 Plan in its entirety.

In December 2025, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 300 million, for a period of one year (hereinafter - the "**2026 Plan**"). As part of the Plan for 2026, as of the report publication date, the Company made buybacks totaling approx. NIS 1.6 million.

As of the report publication date, there are approx. 10,171,851.5 dormant shares constituting 3.86% of the Company's issued and paid up share capital. For further details, see the Company's immediate reports dated December 31, 2025 and January 2, 2026 (Ref. Nos.: 2025-01-105456 and 2026-01-000804, respectively).

For details the non-inclusion of the share buybacks in the dividend calculation, see Section 1.3.21.1 above.

1.3.23 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, options and RSUs (hereinafter, in this section - "**Options**") to employees, officers, and service providers of the Company and companies under its control. All allocations made by the Company under its option plan and under subsidiaries' option plans are carried out in accordance with the limitations of the Officer Compensation in Financial Corporations Law (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016.

On March 2025, the Company's Compensation Committee and Board of Directors approved an additional allocation of 1,283,996 illiquid 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 (illiquid) options 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, according to, among other things, the collective bargaining agreement. For further details, see the Company's reports dated June 15, 2025, July 1, 2025, and July 31, 2025 (Ref. Nos.: 2025-01-042485, 2025-01-047198 and 2025-01-056979).

On March 22, 2026 and March 25, 2026, concurrently with the approval of the financial statements, the Company's Compensation Committee and Board of Directors approved an additional allocation of 341,048 illiquid options and an additional allocation of up to 149,134 restricted share units (RSUs) to officers and managers of the Company and its subsidiaries without cash consideration. In this context, the allocation of 18,270 (illiquid) options to the Company's CEO was approved. The allocation to the Company's CEO is subject to approval by the Company's General Meeting.

1.3.24 Allocation of options by subsidiaries

In March 2025, the Company's Compensation Committee and Board of Directors approved the allocation of (illiquid) options of Phoenix Capital Partners to Company and subsidiaries' officers and executives, without cash consideration; the allocation was pre-approved by Phoenix Capital Partners' competent organs. The allocations to the Chairman of the Company's Board and its CEO were approved by the Company's General Meeting which took place on April 21, 2025. The allocation of options was made as part of the allocation to officers in the Phoenix group who had an effect on and contributed to the activity of Phoenix Capital Partners.

Subsequent to the reporting period, in March 2026, the Company's Compensation Committee and Board of Directors approved the allocation of (illiquid) options of Phoenix Capital Partners, Phoenix Agencies and Phoenix Investment House (hereinafter - the "**Allocating Companies**") to officers and executive in the Company and in subsidiaries, without cash consideration; the allocation was pre-approved by the competent organs in the Allocating Companies. Allocations to the Company's Chairman and CEO are subject to the approval by the General Meeting of the Company, scheduled to be held during April 2026. The allocation of options was made as part of the allocation to officers in the Phoenix group who had an effect on and contributed to the activity of the Allocating Companies. For further details regarding the option plans and allocations made by virtue hereof, see Note 33 to the Financial Statements.

1.3.25 Shareholders' meetings

1.3.25.1 Annual meeting

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

1.3.25.2 Extraordinary meetings

In January 2025, an extraordinary meeting of the Company was held, the agenda of which included the appointment of four new directors to the Company's Board of Directors: Prof. Zohar Goshen, Mr. Zubin Taraporevala, Ms. Inbal Kreiss (who was classified as an independent director) and Ms. Hanadi Said (an external director). For further details, including the directors' statements issued as part of the meeting summons report, see immediate reports dated: December 10, 2024 and January 14, 2025 (Ref. Nos.: 2024-01-623250 and 2025-01-004151, respectively).

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).

Subsequent to the report date, in March 2026, an Extraordinary General Meeting of the Company was held, the agenda of which included the renewal of Ms. Rachel Levin's tenure as an external director in the Company, the approval of the provision of indemnity and exemption letters and insurance coverage under the terms generally accepted in the Company, replacing the Company's Articles of Association and approving the compensation policy for 2026-2028. For further details, including the director's statement issued under the Meeting Summons, see the immediate reports dated: February 2, 2026 and March 10, 2026 (Ref. Nos.: 2026-01-011526 and 2026-01-020945, respectively).

1.3.26 Legal proceedings

For details regarding legal proceedings, see Note 37A to the Financial Statements.

1.3.27 Human resources

For details regarding the Company's human capital and changes therein, see Section 4.6 to the Report on the Corporation's Business.

2. Description of the Business Environment

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

2.1.1 Provisions regarding the implementation of the Economic Solvency Regime

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

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

Phoenix Insurance opted for the alternative provided by the Economic Solvency Regime regarding the Provisions for the Transitional Period, whereby the economic capital may be increased by gradually deducting from the insurance reserves until 2032 (hereinafter - the "**Deduction during the Transitional Period**"). This amount matches the expected increase rate in Phoenix Insurance's capital surplus during the Transitional Period, and reflects, at the very least, the expected run-off of the solvency capital requirements (SCR) and the risk margin of the existing portfolio as of the calculation date. For further details, see Section 2.1.9 below and 2A(2) in the Solvency Ratio Report dated June 30, 2025.

2.1.3 Publication of Economic Solvency Ratio Report

The Economic Solvency Ratio Report as of June 30, 2025, is published at the same time as the Financial Statements as of the end of the third quarter of 2025, and was prepared and presented in accordance with the provisions of Chapter 1, Part 4, Section 5 of the Consolidated Circular, according to Circular 2025-01-03 (hereinafter - the "**Disclosure Provisions**"). In accordance with the Consolidated Circular, the Economic Solvency Ratio Report for the December 31 and June 30 data of each year shall be included in the first periodic report published after the calculation date. Furthermore, in view of the listing of Additional Tier 1 capital on the main list, and in accordance with Phoenix Insurance's undertakings under the deed of trust, as from 2023 the Company publishes an estimated

quarterly solvency ratio as of March 31 and September 30, as part of the periodic report published following the calculation date. The calculation of the estimated quarterly solvency ratio is not audited or reviewed by the independent auditor, and the controls conducted by Phoenix Insurance for the purpose of publishing the estimated ratio are less in scope compared to those executed for the purpose of publishing the Solvency Ratio Report, which is published in accordance with the Commissioner's directives. If the Company's solvency ratio goes down to 120% or less, it will publish a full Solvency Ratio Report each quarter in a semi-annual format, instead of an estimated ratio.

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

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

Economic solvency ratio:

	As of June 30, 2025	As of December 31, 2024
	Unaudited (1)	Audited (2)
	NIS thousand	
Shareholders equity for SCR	16,389,426	15,155,717
Solvency capital requirement (SCR)	9,191,599	8,634,544
Surplus	7,197,827	6,521,173
Economic solvency ratio (in %)	**178%**	**176%**
Effect of material equity transactions taken in the period between the calculation date and the publication date of the Solvency Ratio Report:		
Net issuance, capital instruments(3)	303,866	636,752
Shareholders equity for SCR	16,693,292	15,792,469
Surplus	7,501,693	7,157,925
Economic solvency ratio (in %)	**182%**	**183%**

(1) Any reference made in this report to the term "unaudited" refers to a review conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

(2) Any reference made in this report to the term "audited", shall be construed as an audit held by an independent auditor in accordance with International Standard on Assurance Engagements No. 3400 - The Examination of Prospective Financial Information.

(3) Subsequent to the report date, as of December 31, 2024, Bonds (Series P and Q) totaling approx. NIS 786 million were issued (immediate report of April 17, 2025, Ref. No.: 2025-01-027737). The abovementioned issuance was recognized as Tier 2 capital up to the level of the quantitative limit.
Subsequent to the report date, as of June 30, 2025, Bonds (Series P and Q) totaling approx. NIS 578 million were issued (immediate report of July 30, 2025, Ref. No.: 2025-01-056908). The abovementioned issuance was recognized as Tier 2 capital up to the level of the quantitative limit.

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

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

(4) For further details regarding the dividend included in the calculation of the solvency ratio as of June 30, 2025, see Sections 2.1.8.3 below.

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

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

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

Minimum capital requirement (MCR)

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

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

Dividend

According to the letter published by the Commissioner, in October 2017, (hereinafter - the "**Dividend Distribution Letter**") an insurance company shall be entitled to distribute a dividend only if, following the distribution, the company has a solvency ratio - according to the Provisions of the Economic Solvency Regime - of at least 100%, calculated without taking into account the Provisions for the Transitional Period and subject to the solvency ratio target set by Phoenix Insurance's Board of Directors. The aforesaid ratio shall be calculated without the relief granted for the original difference attributable to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

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

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

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

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

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

2.1.6 Solvency ratio without applying the Provisions for the Transitional Period

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

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

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

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

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

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

** For further details regarding the dividend included in the calculation of the solvency ratio as of June 30, 2025, see Section 2.1.8.3 below.

2.1.7 Solvency ratio estimate as of September 30, 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 September 30, 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 September 30, 2025, is 179% (with the implementation of the Provisions for the Transitional Period for the Transitional Period, and after the effect of the distribution of a dividend in kind and a cash dividend, which were declared and made during the first quarter of 2026, as detailed below).

The said Estimate of the solvency ratio as of September 30, 2025, does not include the changes and effects that took place since September 30, 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 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.

2.1.8 Significant updates in 2025 until the report publication date

2.1.8.1 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. Insofar as the abovementioned distribution is completed, it will result in a decrease of approx. 5% in the solvency ratio without applying the Provisions for the Transitional Period (approx. 6%, including the application of the Transitional Provisions).

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

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

2.1.8.3 On November 26, 2025, Phoenix's Board decided to distribute a NIS 340 million cash dividend. This dividend distribution is included in the results of the solvency ratio as of June 30, 2025 and in the solvency ratio estimate as of September 30, 2025.

2.1.8.4 Subsequent to the balance sheet date, on January 29, 2026, the Phoenix's Board of Directors approved the distribution of a dividend in kind for Phoenix Insurance's shares in El Al Frequent Flyer Ltd. (hereinafter - "**El Al Club**"), which constitute approx. 5.1% of the issued and paid-up share capital of El Al Club, as a dividend in kind. This distribution shall be in lieu of a cash dividend (at the value of the distribution) planned to be distributed upon publication of Phoenix Insurance's Annual Financial Statements and in accordance with its distribution policy. The accounting value of the asset is based on an external valuation, and as of December 31, 2025 - stands at approx. NIS 147 million. The distribution described above was carried out after receiving regulatory approvals. Phoenix Financial's Board determined that if Frequent Flyer shares will be sold during the next six months at a price higher than their valuation price, Phoenix Finance will inject to Phoenix Insurance Company Ltd. capital equal to the difference between the actual sale price and the abovementioned valuation.

2.1.8.5 Subsequent to the balance sheet date, on March 25, 2026, concurrently with the approval of Phoenix Insurance's Financial Statements as of December 31, 2025, which are included in this Periodic Report, Phoenix Insurance's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 273 million.

2.1.8.6 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 Capital Market Commissioner's approval.

The Company's assessments regarding the effect of the implementation and incorporation of the Stochastic Model on the estimate of insurance liabilities and the solvency ratio, constitute forward-looking information as defined by the Securities Law, 1968. These assessments may not materialize or materialize later than currently expected by the Company.

2.1.9 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:[1]

Range/years		December 31, 2024	December 31, 2025	March 16, 2026
Short term	**1-3**	Between 1.67% and 1.75%	Between 1.73% and 2.06%	Between 1.72% and 1.62%
Mid-term	**4-10**	Between 1.76% and 1.93%	Between 1.72% and 1.80%	Between 1.65% and 1.95%
Mid-to-long term	**11-15**	Between 1.95% and 1.97%	Between 1.82% and 1.89%	Between 1.99% and 2.14%
Long term	**16-25**	Between 1.97% and 2.02%	Between 1.91% and 2.07%	Between 2.17% and 2.35%

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.

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.

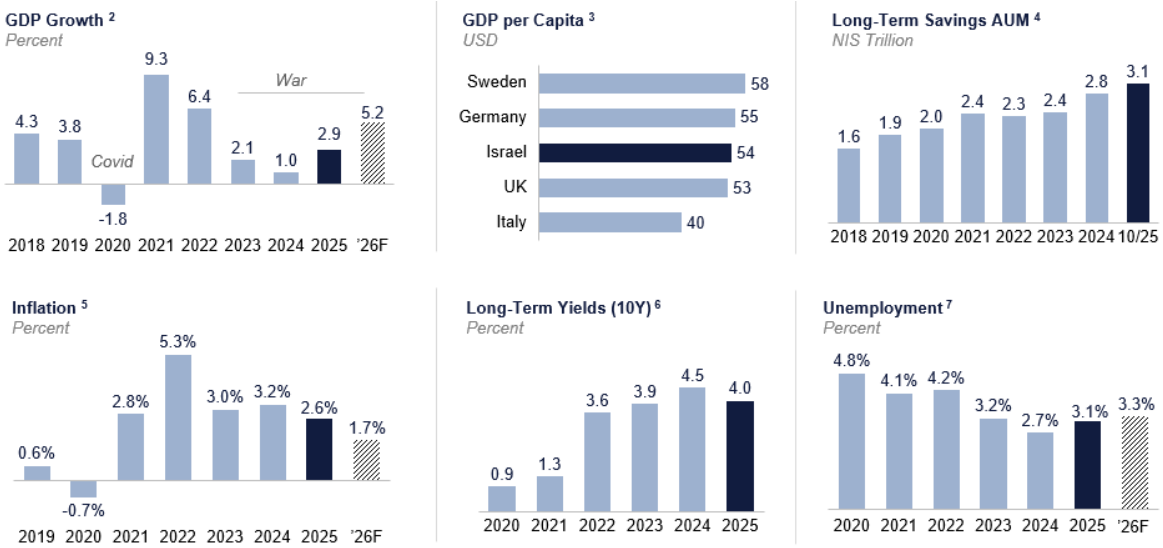
2.2 Arrangements in force

See Section 4.1.2. in the Report on the Corporation's Business.

[1] 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.

3. Developments in the Macroeconomic Environment

3.1 Key macroeconomic data



(1) Bank of Israel. The data include funds under the management of institutional entities.

(2) The IMF, in accordance with the USD exchange rate in 2023.

(3) Israel Central Bureau of Statistics, the Bank of Israel (GDP in accordance with adjusted annual return).

(4) Bloomberg and the IMF. The data refer to unemployment rates as of the end of the period.

(5) Bloomberg; returns on bonds are based on returns on 10-year bonds of the government of Israel (not linked to the CPI), as of the last month at the end of the period.

(6) Annual inflation (last 12 months) taken from Central Bureau of Statistics data, 2025 forecast taken from Bank of Israel data.

3.2 Trends, events and developments in the macroeconomic environment

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

3.2.1 Financial markets in Israel

2025 was yet another year characterized by economic and security uncertainty, but despite this, the Israeli economy demonstrated impressive resilience and robustness, as was also reflected in the domestic capital market. At the start of the last quarter of the year, market optimism rose as a result of the agreement to end the War and return the hostages. Israel's risk premium, as reflected in the CDs price, approximates its pre-War level, and during the last quarter of the year there was a decrease of approx. 12 basis points to 67 basis points.

In terms of economic activity, current indicators point to a growth rate consistent with the long-term trend, as indicated by the Monthly Index of Economic Activity of the Bank of Israel. This follows a very rapid growth of approx. 12.4% in the third quarter, following the recovery of the economy after Operation Rising Lion.

Labor force survey data for November indicate that the job market remains relatively tight, with an unemployment rate of 3.1% (adjusted for seasonality), alongside 151 thousand vacancies. Annual inflation moderated in November from 2.5% to 2.4%, within the price stability band but close to its uper limit.

The average of forecasters' inflation projections a year ahead has dropped to 2.0%, the lowest since the beginning of 2022. The subsidence of inflation combined with the end of the War and the decrease in the risk premium led the Bank of Israel to cut the interest rate from 4.50% to 4.25% in its November interest decision, after almost two years of stable interest rates. In fiscal terms, in November the deficit declined from 4.9% to 4.5%, and the improvement in fiscal data continues to rely on the revenues side. At the end of the War, the Chief Economist Department at the Ministry of Finance revised its growth forecast for 2026 upward to 5.2%.

In the capital market, the agreement to end the War and return the hostages led to an increase in optimism in the Israeli markets. In total, during the period under review, the TA 125 index leaped by 12.7%. In the bond market, yields on government bonds decreased during the period under review, mainly in the medium-long part of the curve, and the yield for 10 years decreased by approx. 13 basis points to 3.97%. In the corporate market, the Tel Bond 60 rose by 1.2%.

In the foreign currency market - during the period under review, the NIS appreciated by approx. 3.8% against the USD, reaching a level of approx. NIS 3.19 per USD 1 and appreciating by approx. 3.7% against the EUR, reaching a level of NIS 3.74 per EUR 1.

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

The first quarter of the year started with the Bank of Israel's surprising interest rate cut, the second in a row - of 25 basis points to 4.00%. The interest rate announcement was published with a revision to the Research Department's economic forecasts.

The growth forecast for 2026 was revised upwards from 4.7% to 5.2%, the inflation forecast was revised downwards from 2.2% to 1.7%, and the interest rate forecast for the year ahead was revised downwards from 3.75% to 3.50%.

The Consumer Price Index remained without change in December, while in January it decreased by 0.3%. Consequently, and in view of the base effect, annual inflation declined in January to 1.8%, the lowest level since mid-2021. The rating agency Moody's reiterated Israel's credit rating but revised its rating outlook from negative to stable, against the backdrop of the substantial decline in Israel's geopolitical risk. In 2025, the Israeli economy grew by 3.1% and in the last quarter of 2025 it grew by 4.0% after the surge recorded in the previous quarter subsequent to Operation Rising Lion.

According to the January budget data, the deficit as a percentage of GDP in the last 12 months increased from 4.7% to 4.9%, despite the fact that January alone ended with a surplus of approx. NIS 16.9 billion. At the end of period under review, the Bank of Israel

left the interest rate without change at 4.00%, due to, among other things, the renewed rise in geopolitical uncertainty (a potential conflict with Iran). At the end of February–beginning of March, the campaign between the United States and Israel against Iran (hereinafter - "**Operation Lion's Roar**") began, which affected both the economic and military fronts.

The operation is still ongoing, and the level of uncertainty in global markets has surged, due to, among other things, the sharp rises in energy prices. As a result, the government decided to increase the 2026 defense budget by NIS 32 billion, and to allocate an additional reserve of approx. NIS 13 billion for the eventuality that the war will continue. Accordingly, the deficit cap was revised upwards from 3.7% to 5.1%, and the growth forecast was revised downwards from 5.2% to 4.7%.

In the capital market, the positive trend continued well into the first quarter of the year. In total for the period under review (until March 23, 2026), the TA 125 index increased by 15.2%, and the yield on 10-year government bonds increased by approx. 2 basis point to 3.99%. The Tel-Bond 60 was up by 0.4%, the NIS appreciated by approx. 2.3% against the USD, reaching a level of NIS 3.11 per USD 1 and appreciating by approx. 3.4% against the EUR, reaching a level of NIS 3.61 per EUR 1.

3.2.2 Capital markets abroad

The US economy managed to navigate a complex environment of uncertainty and tariff policies in 2025 - the first year of Trump's second term, but despite these challenges, growth remained positive alongside double-digit increases in major Wall Street stock indices. Growth data for the last quarter of the year have not yet been published; however, current data indicate that the US continued its positive growth momentum in the last quarter too, and the Fed's growth model indicates growth of over 5.0%. The labor market, on the other hand, remained weak in line with the trend in the third quarter, with 64 thousand new jobs in November and an unemployment rate which increased to 4.6%.

Inflation remained relatively stable during the last quarter, with an annual increase of 2.7% in November, which is above the target. The Fed's dual mandate (maintaining price stability with maximum employment) led its decision makers to continue the interest rate cuts process against the backdrop of a weak labor market, with the rate declining to 3.75% in December. In Europe, the European Central Bank (hereinafter - the "**ECB**") left the interest rate without change at 2.0% (deposit interest) throughout the last quarter of the year, with inflation showing signs of stability around the target and an annual rate of 2.1% in November.

During the fourth quarter of 2025, the stock indices on Wall Street recorded price increases, with the S&P 500 rising by 2.3%. In the US bonds market, the yield on 10-year government bonds decreased only by approx. 2 base points to approx. 4.17%. In Europe, the EURO-STOXX 600 index was up by 6.1%. In the fourth quarter, the EUR slightly appreciated by approx. 0.1% against the USD, reaching a level of 1.17.

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

2026 started with a renewed rise in geopolitical tensions, as the US acted in Venezuela, leading to the removal of Maduro from power; tensions with Iran escalated with further deployment of large-scale US forces to the Middle East. Furthermore, tensions between the US and Europe resumed and peaked around the Greenland issue - although they subsided after Trump's speech in Davos.

Trump announced that he intends to appoint Kevin Warsh as the next Chair of the Federal Reserve (expected to take office in May). In addition, the Ministry of Justice issued subpoenas for a hearing involving the Federal Reserve, which increased the noise surrounding its independence. Growth in the last quarter of 2025 totaled 0.7% (second estimate), in contrast to the estimates of the various models, which indicated a faster pace. According to the BEA, the government shutdown detracted approx. 1.1 percentage points from the growth in this quarter. The labor market continued to cool, with a decrease of approx. 92 thousand jobs in February, and an unemployment rate which increased from 4.3% to 4.4%. The PCE Core - the Federal Reserve's preferred inflation gauge - increased by 0.4% in January, and the annual rate rose from 3.0% to 3.1%, the fastest rate since the beginning of 2024. Towards the end of February, the US Supreme Court ruled that the tariffs imposed by the Trump administration are unlawful. Trump responded by announcing that he would sign an ordinance imposing a global tariff of 15%. However, the primary event, which - as stated above - started at the end of February-the beginning of March is Operation Lion's Roar - the United States and Israel's campaign against Iran, which led to high uncertainty and a surge in energy prices.

In the Fed's latest interest rate decision, the Fed's Chair noted that the Middle East adds a high level of uncertainty. Interest rates remain without change at 3.50%-3.75%, but economic forecasts continue to signal one interest rate cut in the current year and a further cut next year.

In Europe, the ECB left the interest rate without change at 2.00% (interest on deposits) in its March interest decision and warned against inflation risks due to the surge in energy prices. The 2026 growth forecast were revised downwards, whereas the inflation forecast were revised upwards. In the financial markets, investors priced-in interest rates hikes in Europe by the end of the year.

In the US, the major stock indices saw a mixed trend, against the backdrop of a rotation from growth stocks to value stocks, due to the disruption - by new AI tools - to the business models of some technology companies, especially in the software sub-sector. Furthermore, the military campaign in the Middle East and the surge in energy prices have also weighed heavily on financial markets. In total, during the period under review (until March 23, 2026), the S&P 500 declined by 3.9%, and the 10-year yield increased by approx. 18 basis points to 4.34%. In Europe, the EURO-STOXX 600 index was down by 2.6%, and the EUR depreciated by approx. 1.1% against the USD, reaching a rate of 1.16.

4. Business Strategy and Guidance

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 Proven value creation strategy

The Israeli market benefits from stable, strong long-term trends, including demographic growth, economic growth, higher productivity, wealth accumulation, increased financial assets held by the public, and robust demand in the domestic market for advanced digital savings, investment, insurance and financing products. These trends lead to accelerated value creation in the Israeli financial services sector, with the value shifting towards insurance groups and asset managers.

Phoenix has built infrastructures and capabilities that make it well-positioned to capture significant market opportunities, including well-established and profitable business platforms, aligned management, a leading brand name with a large client base, competitive advantages (e.g people, investments management and technology), an international network of partners and financial resilience.

Phoenix aims to drive disruption in Israeli financial services market and generate value through a proven strategy based on four value drivers: (1) Accelerated growth focused on activities with a robust risk-adjusted profitability/return profile, high multiples, and capital efficiency; (2) Innovation to achieve competitive advantages and efficiency, including digitization and artificial intelligence; (3) Active people management, organization, and M&As; and (4) Capital and investment management to maximize performance.

4.2 Strategic roadmap

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

Under the process of developing the capabilities for long-term growth and value creation, the Company is working to accelerate the implementation of data-driven and AI-based technological solutions across the group. These solutions are expected to create value for the Company and enable it, among other things, to focus on its clients, sales and services, empower distribution channels, increase the accuracy of risk underwriting and pricing models, achieve automation of the claim processes and a reduction of fraud, increase service efficiency and improve the customer experience. The Company seeks to implement technological developments and collaborations in order to achieve AI-based competitive advantages and drive disruption of the financial sector.

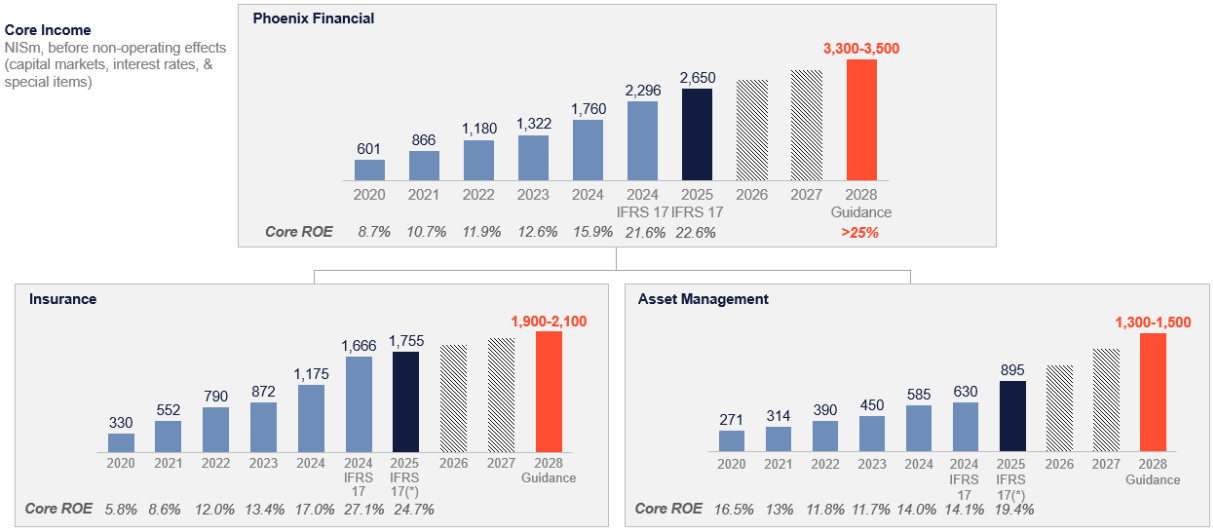
In the Asset Management Activity, the Company is working to accelerate growth across all platforms to leverage market opportunities: In its Wealth & Investments Segment, the Company focuses on wealth services and products (wealth management, private markets, trading, employee stock administration platform (ESOP), investment policies), unique partnerships, and broad distribution - leveraging market leadership, economies of scale, digital platforms, and creating unique value propositions that include differentiated products for Qualified Customers, and focusing on streamlining and profitability in Retirement. Phoenix Agencies works to accelerate growth, with an emphasis on financial products and synergy, and enhancement of headquarters and technology capabilities. In the Payments & Financing Segment, the Company is working to grow data-driven activities and its fee-related-earnings (FRE) and revenue streams (acquiring, focused credit solutions).

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

4.3 Guidance

From time to time the Company revises work plans, in accordance with the Company's strategy and market developments. The Company published guidance for 2028 in November 2025 and will review and revise the work plans and guidance going forward in accordance with the circumstances.

Phoenix has set a core income guidance of NIS 3.3-3.5 billion for 2028. Of which, NIS 1.9-2.2 billion is core income from the Insurance Activity and NIS 1.3-1.5 billion from the Asset Management Activity. The Company’s guidance for 2028 place an emphasis on continued annual growth of approx. 10% in core income and a shift in the business mix to cash-generating, fee-based, and management-fee activities with high multiples: Approx. 20% annual growth in asset management activities (Wealth & Investments, Retirement, Payments & Financing and Brokers & Advisors) and approx. 5% annual growth in insurance (with a shift in mix to activities with capital efficiency as in the case of P&C Insurance (as opposed to capital-intensive activities, long-term liabilities and uncertainty) in addition to extensive optimization of the underwriting, claim management and service processes (through digitization, automation and artificial intelligence).



* Investment return and variable management fees above or below 3% non-financial (IFRS 4) / nominal risk-free interest + 2.5% (IFRS 17) as of the fourth quarter of the reporting year.

	Previous guidance		*Updated guidance*
Publication date	9/24	3/25	11/25
Target timeframe	2027		2028
Core Income (NISb)	2.0	2.4-2.6	3.3-3.5
Insurance	1.1-1.3	1.4-1.7	1.9-2.1
Asset Management	0.7-0.9	0.8-1.1	1.3-1.5
ROE	16-18%		>25%
Adjusted EBITDA (NISb)	1.6-1.8		2.4-2.6
Total AUM (NISb)	600-650		700-800
Payouts (Dividend + Buyback)	>50%		>55% *As of 2026

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

In 2021-25, the Company distributed dividends with an average yield of approx. 5%, and looking forward it places an emphasis on an increase in dividends and share buybacks totaling at least 55% of comprehensive income. Focusing on Asset Management and Insurance activities with short-term liabilities generates growth cash flows characterized by relatively low volatility. The Company's lines of business are well established and efficient and do not require a substantial increase in capital in order to continue growing. Furthermore, the Company maintains high liquidity and low leverage levels. The strong cash flow enables regular quarterly distribution of dividends and share buybacks

concurrently with reinvestment in the business for the purpose of accelerating growth and acquisitions.

Furthermore, the Company believes it will generate upside to guidance from a combination of new capabilities, acquisitions and technological developments. Phoenix is working to create value and to drive disruption in Israeli financial services sector by offering integrative financial services, including full-stack end-to-end value proposition across wealth, investments, financing, and insurance services, delivered across multiple channels (end-to-end digital and personal advisory) as selected by the client, open architecture for product manufacturing and client-focused platforms, cutting-edge innovation aimed to achieve customization, automation, and cross-selling (for example, data management, digitization, and artificial intelligence), while pursuing substantial M&A opportunities. The Company is in the process of building capabilities, which include digital platforms (more than 500 thousand users in Group's integrative app), data management (a dedicated team of more than 50 professionals), artificial intelligence (which so far has been implemented in underwriting, claims, and direct services processes) and cross-sales (a digital consumer credit platform).

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

5.1 First-time application date

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

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

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

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

5.3 Sensitivity analysis

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

IFRS 9, the Company's illiquid debt assets, including Hetz bonds, are measured at fair value through profit and loss (excluding the equity portfolio) such that an increase or decrease in the interest rate curve affects their carrying values in the financial statements.

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	+	-

(*) FCF - fulfillment cash flows include the present value of the future cash flows and risk adjustment for non-financial risk.

For further details regarding sensitivity tests which reflect the change in comprehensive income (loss) as of December 31, 2025 for the financial assets including investment contracts, financial liabilities and insurance liabilities/assets, see Note 21 to the Financial Statements.

For further details regarding the change of provider for the revaluation of illiquid debt assets for the institutional entities to Ness Fair Value Ltd. by the Capital Market Authority in a comprehensive tender procedure, see Note 7 to the Financial Statements.

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

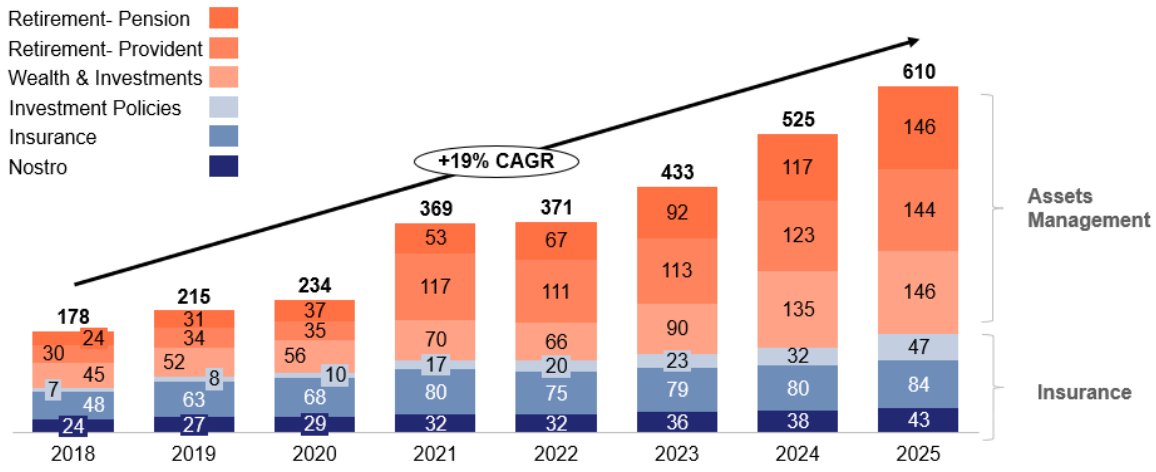
6.1 General

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

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

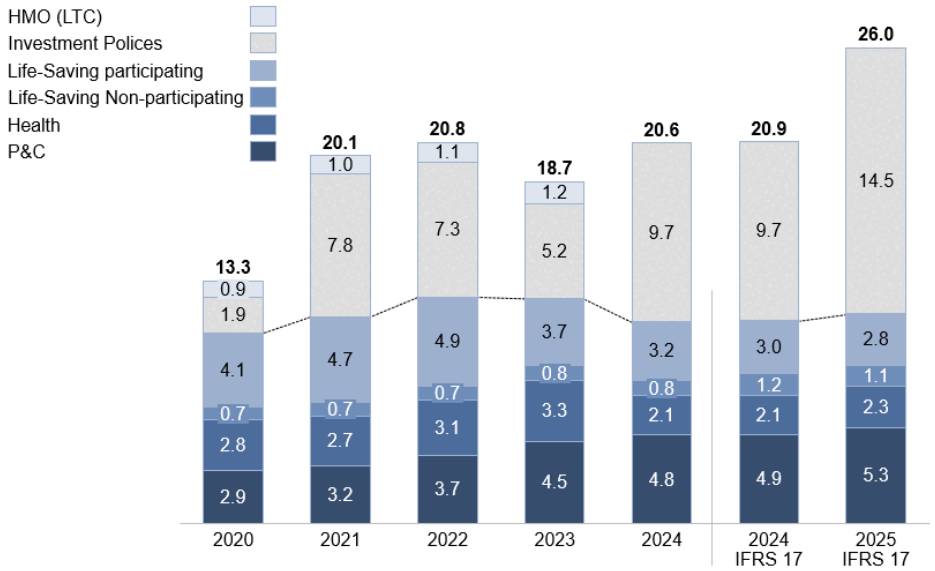
6.2 Assets under management, premiums and proceeds from investment contracts

Assets under management (in NIS billion)



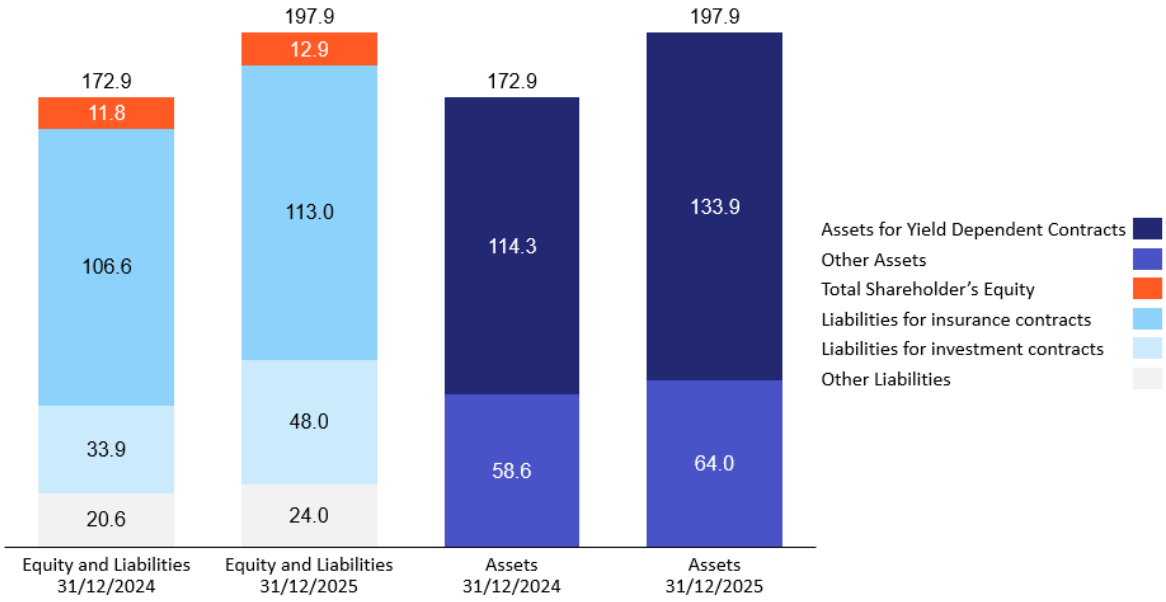
Total assets under management by provident funds, excluding guaranteed return provident fund tracks, pension funds, ETFs, and customers' investment portfolios are not included in the Financial Statements. Proceeds from investment contracts are not included in the revenues from insurance services line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

Premiums, gross and proceeds from investment contracts (in NIS billion)



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:

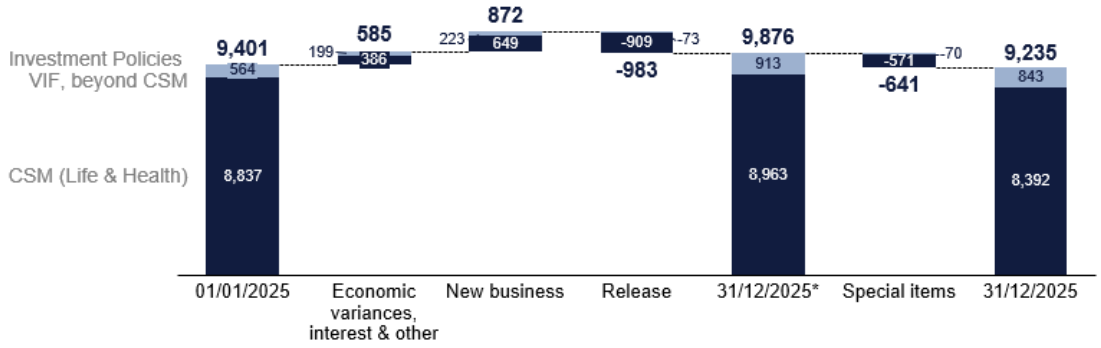
Total financial assets in respect of yield-dependent contracts and cash and cash equivalents in respect of yield-dependent contracts as of December 31, 2025, amounted to approx. NIS 133.9 billion, compared to approx. NIS 114.3 billion as of December 31, 2024. Other assets totaled approx. NIS 64.0 billion as of December 31, 2025, compared with approx. NIS 58.6 billion as of December 31, 2024.

Liabilities:

Liabilities for insurance contracts amounted to NIS 113 billion as of December 31, 2025, compared to a total of approx. NIS 106.6 billion as of December 31, 2024. Liabilities for investment contracts amounted to approx. NIS 48 billion as of December 31, 2025, compared to a total of approx. NIS 33.9 billion as of December 31, 2024. Other liabilities totaled approx. NIS 24.0 billion as of December 31, 2025, compared with approx. NIS 20.6 billion as of December 31, 2024.

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

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



Following is the development of CSM by product (in NIS million):

Segment	Category[1]	Opening balance - January 1, 2025	Economic, interest and other effects	New Business	Releases	Closing balance - December 31, 2025	Special events[2]	Closing balances including special events December 31, 2025
Health	Growth	5,166	(1)	394	(587)	4,972	119	5,091
	Run-off	1,286	(46)	-	(62)	1,178	148	1,326
	Total	6,452	(47)	394	(649)	6,150	267	6,417
Life	Growth	792	(31)	255	(130)	886	(242)	644
	Run-off	1,593	464	-	(129)	1,927	(596)	1,331
	Total	2,385	433	255	(259)	2,813	(838)	1,975
Total contractual service margin (CSM)	Growth	5,958	(32)	649	(717)	5,858	(123)	5,734
	Run-off	2,879	418	-	(192)	3,105	(448)	2,657
	Total	8,837	386	649	(909)	8,963	(571)	8,392
Investment policies	Growth	564	199	223	(73)	913	(70)	843
	Run-off	-	-	-	-	-	-	-
	Total	564	199	223	(73)	913	(70)	843
Total contractual service margin and future income from investment policies	**Growth**	**6,522**	**167**	**872**	**(791)**	**6,771**	**(193)**	**6,577**
	Run-off	**2,879**	**418**	**-**	**(192)**	**3,105**	**(448)**	**2,657**
	Total	**9,401**	**585**	**872**	**(983)**	**9,876**	**(641)**	**9,235**

[1] Growth products include life insurance, permanent health insurance, medical expenses, critical illness. Run-off products are products in which the sale of new policies has been discontinued and they include long-term care insurance, and participating and yield-dependent executive insurance.
[2] Special events include one-off actuarial studies affecting demographic assumptions and other economic effects

Under the CSM analysis, a distinction was made between growth products and run-off products. Growth products include: Medical expenses and critical illness in the Health Insurance Segment, life and permanent health insurance policies in the Life Insurance Segment - both individual and collective - savings policies, which include fixed management fees, and reinsurance contracts associated with these products. The remaining products are classified as run-off products.

Investment policies are included in the calculation as growth products, based on the concept that they represent a strategic activity for the Company, similar to long-term products which generate predictable income, and despite the fact that they are not included in the CSM; accordingly, the calculation in respect thereof is based mainly on an embedded value estimation methodology, including deduction of costs to obtain a contract.

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 2.5% (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+2.5; for further details regarding the change in the added spread from 2.25% to 2.5% during the year, see Section 1.3.6 above, under interest rate effects and special effects, as detailed in the following sections.

Reporting period	Annual spread
1-12/2024	2.25%
1-9/2025	2.25%
10-12/2025	**2.5%**

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 revenues 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 revenues 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.

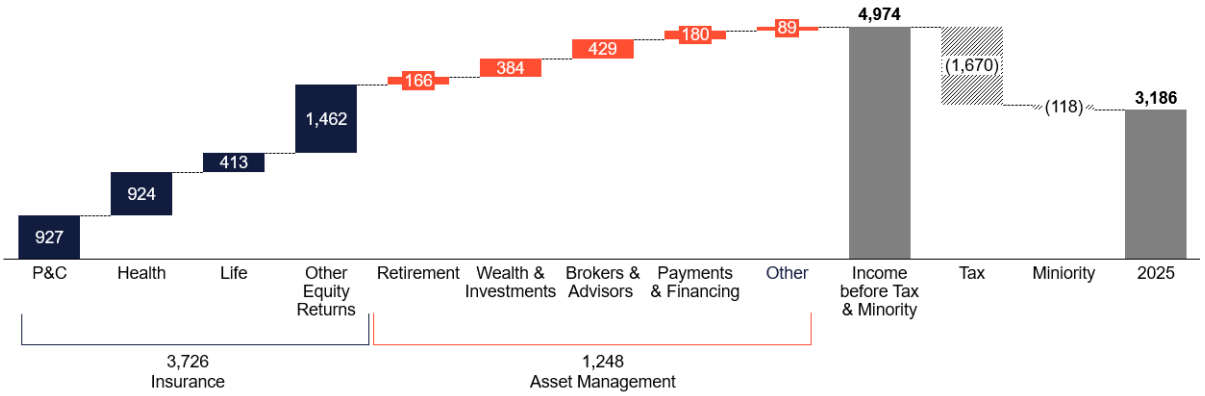
Retirement – amortization of DAC and special effects.

Brokers & Advisors, Asset Management and Payments & Financing - IFRS 16 adjustment, equity compensation and special effects.

For further details regarding the calculation of the EBITDA, see Section 6.4.4 below.

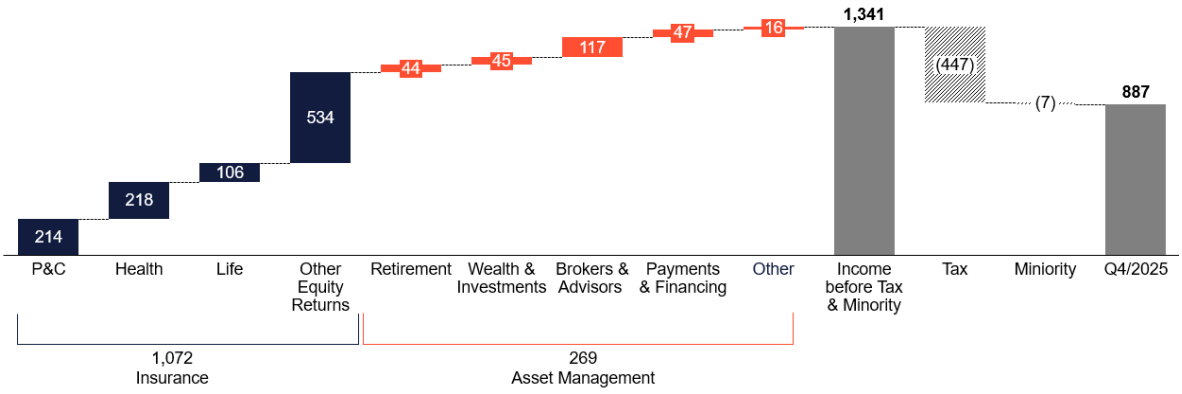
6.4.2 The Company's operating results by segment

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):



2024	***1,031***	***623***	***368***	***712***	***93***	***344***	***300***	***137***	***33***	***3,641***	***(1,156)***	***(116)***	***2,369***
Difference	*(104)*	*301*	*45*	*750*	*73*	*40*	*129*	*43*	*56*	*1,333*	*(514)*	*(2)*	*817*

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

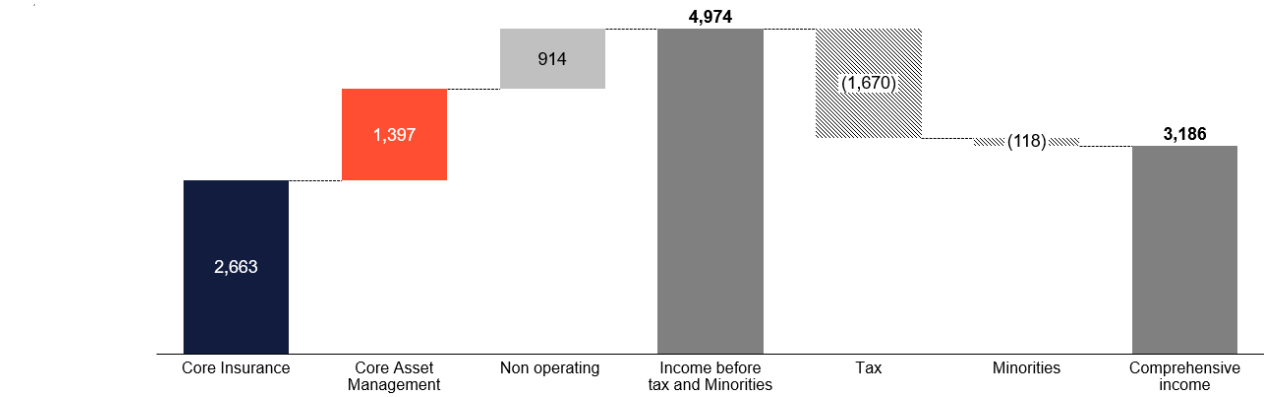


Q4 2024	***355***	***(10)***	***147***	***439***	***21***	***67***	***74***	***28***	***5***	***1,126***	***(379)***	***(27)***	***720***
Difference	*(141)*	*228*	*(41)*	*95*	*23*	*(22)*	*43*	*19*	*11*	*215*	*(68)*	*20*	*167*

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

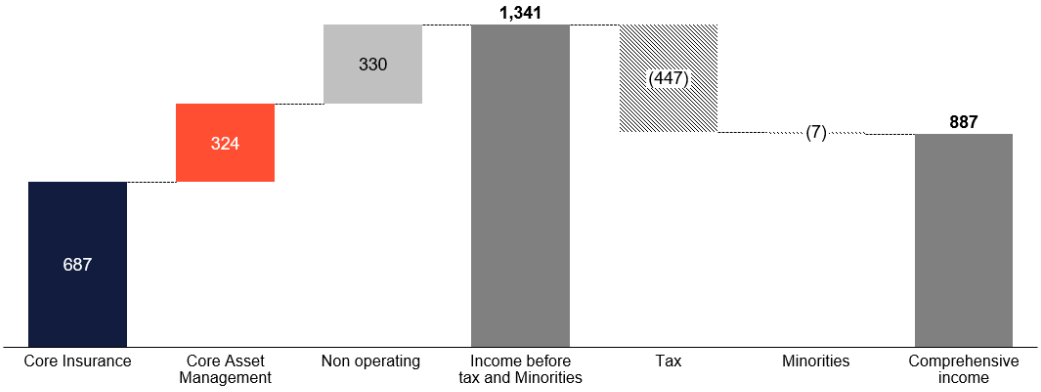
6.4.3 Composition of the Company's sources of income

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):



2024	***2,514***	***1,006***	***121***	***3,641***	***(1,156)***	***(116)***	***2,369***
Difference	*149*	*391*	*793*	*1,333*	*(514)*	*(2)*	*817*

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 fourth quarter of the reporting period compared to the corresponding quarter last year (in NIS million):



Q4 2024	***753***	***246***	***127***	***1,126***	***(379)***	***(27)***	***720***
Difference	*(66)*	*78*	*203*	*215*	*(68)*	*20*	*167*

For details regarding investment revenues, interest and special effects at the segment level, see Sections 6.5-6.6 below.

Following are details 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, compared to the corresponding period last year (in NIS million):

Operating segment	2025	2024	Change	Q4-25	Q4-24	Change
P&C	887	986	(99)	168	324	(156)
Health	980	887	93	236	214	22
Life	478	435	43	131	122	9
Other Equity Returns	318	206	112	152	93	59
Core insurance	**2,663**	**2,514**	**149**	**687**	**753**	**(66)**
Retirement	172	118	54	57	31	26
Wealth & Investments	518	374	144	114	88	26
Brokers & Advisors	452	331	121	117	86	31
Payments & Financing	190	150	40	35	36	(1)
Other	65	33	32	1	5	(4)
Asset management - core	**1,397**	**1,006**	**391**	**324**	**246**	**78**
P&C	56	62	(6)	15	22	(7)
Health	(119)	(128)	9	(24)	(25)	1
Life	-	66	(66)	(42)	292	(334)
Other Equity Returns	1,136	513	623	367	363	4
Retirement	(5)	(10)	5	(12)	5	(17)
Brokers & Advisors	(26)	(21)	(5)	(10)	(8)	(2)
Payments & Financing	(33)	-	(33)	(11)	-	(11)
Investment revenues (*)	**1,009**	**482**	**527**	**283**	**649**	**(366)**
P&C	(25)	(6)	(19)	22	17	5
Health	55	(84)	139	(2)	(147)	145
Life	(93)	31	(124)	62	(179)	241
Interest	**(63)**	**(59)**	**(4)**	**82**	**(309)**	**391**
P&C	9	(11)	20	9	(8)	17
Health	8	(52)	60	8	(52)	60
Life	28	(164)	192	(45)	(88)	43
Other Equity Returns	8	(7)	15	15	(17)	32
Retirement	(1)	(15)	14	(1)	(15)	14
Wealth & Investments	(134)	(30)	(104)	(69)	(21)	(48)
Brokers & Advisors	3	(10)	13	10	(4)	14
Payments & Financing	23	(13)	36	23	(8)	31
Other	24	-	24	15	-	15
Special effects	**(32)**	**(302)**	**270**	**(35)**	**(213)**	**178**
Non-segmented income	**914**	**121**	**793**	**330**	**127**	**203**

(*) For further details, see Section 6.4.1.1 above.

Explanation of the report's results in the reporting year compared to last year

Core income increased by approx. NIS 540 million in the Reporting Period, compared with last year; most of the increase arises from the asset management core income.

In the reporting year, the nominal return on nostro investments stood at 8.5% and the real return stood at 6.0%. The increase in non-core investment revenues compared to the corresponding period last year totaled approx. NIS 527 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 4 million in income. The total net effect of the change in interest and investment revenues in non-core income (in excess of RF+2.5% as from the fourth quarter of the reporting period; for further details, see Section 6.4.1.1 above) in the Reporting Period amounted to approx. NIS 523 million in pre-tax income.

The change in the special effects line item compared to the corresponding period last year in the amount of approx. NIS 270 million, arises mainly from a decrease in loss in the corresponding period last year; which arose primarily from the Life and Health Insurance subsegments as a result of losses from onerous contracts and change in provisions for class actions compared to special effects in the reporting year which mainly include loss due to one-off expense in the Wealth & Investments Segment, which arose from reorganization in the Alternatives & Wealth Subsegment.

Explanation of the report’s results in the fourth quarter of the reporting year compared to the corresponding quarter last year

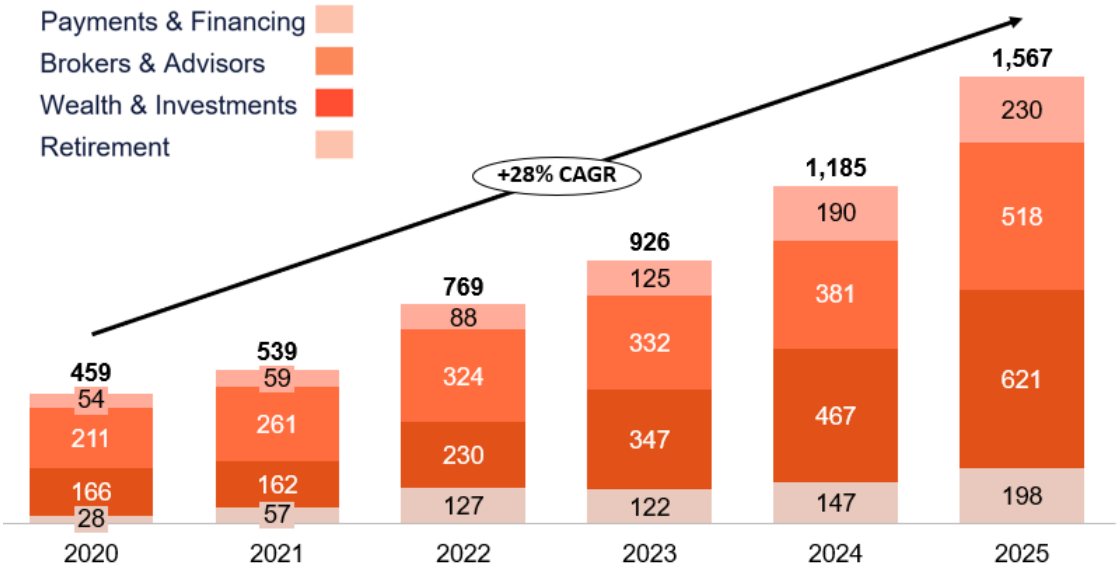
Core income increased by approx. NIS 12 million in the fourth quarter of the reporting period, compared to the corresponding quarter last year; most of the increase arose from Asset Management core activity, which was partially offset against a decrease in Insurance core activity - mainly compulsory motor insurance.

The decrease in non-core investment revenues compared to the corresponding quarter last year totaled approx. NIS 366 million in view of lower returns in financial markets in Israel and across the world in the fourth quarter of the reporting year, compared to the corresponding quarter last year. The change in the risk-free interest rate curve and illiquidity premium in the fourth quarter compared to the corresponding quarter last year caused an increase in income of approx. NIS 391 million in income.
The total net effect of the interest and capital market (in excess of RF+2.5% in annual return as from the fourth quarter of the reporting period; for further details, see Section 6.4.1.1 above); in the fourth quarter of the Reporting Period - approx. NIS 25 million in pre-tax income.

The change in the special effects line item compared to the corresponding period last year in the amount of approx. NIS 178 million, arises mainly from a decrease in loss in the corresponding period last year. The loss arose primarily from the Life and Health Insurance subsegments as a result of losses from onerous contracts and change in provisions for class actions compared to special effects in the reporting year which mainly include loss due to one-off expense in the Wealth & Investments Segment, which arose from reorganization in the Alternatives & Wealth Subsegment.

6.4.4 Adjusted EBITDA for 2025

Following are details of the adjusted EBITDA for the 12-months of the reporting period for the Asset Management, Distribution (Agencies) & Wealth & Investments activities (in NIS million):



2025 In NIS million	Brokers & Advisors	Wealth & Investments	Retirement	Payments & Financing	Total
Pre-tax income	**429**	**384**	**167**	**180**	**1,160**
Special effects	(3)	134	-	(23)	108
Investments, net	26	-	5	33	64
Income from	**452**	**518**	**172**	**190**	**1,332**
Depreciation and amortization	104	97	19	33	253
Other expenses (revenues) (*)	(8)	7	7	4	10
EBITDA - reported	**548**	**622**	**198**	**227**	**1,595**
IFRS 16	(34)	(13)	-	(6)	(53)
Equity compensation	4	12	-	9	25
EBITDA - Adjusted	**518**	**621**	**198**	**230**	**1,567**
Adjusted EBITDA - Minority shareholders	**57**	**38**	**-**	**-**	**95**
Adjusted EBITDA - Phoenix's share	**461**	**583**	**198**	**230**	**1,472**
Core income(**)	**265(***)**	**374**	**111**	**145**	**895**

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

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

(***) Regarding the purchase of the minority's share in the Brokers & Advisors, see Section 1.3.11.

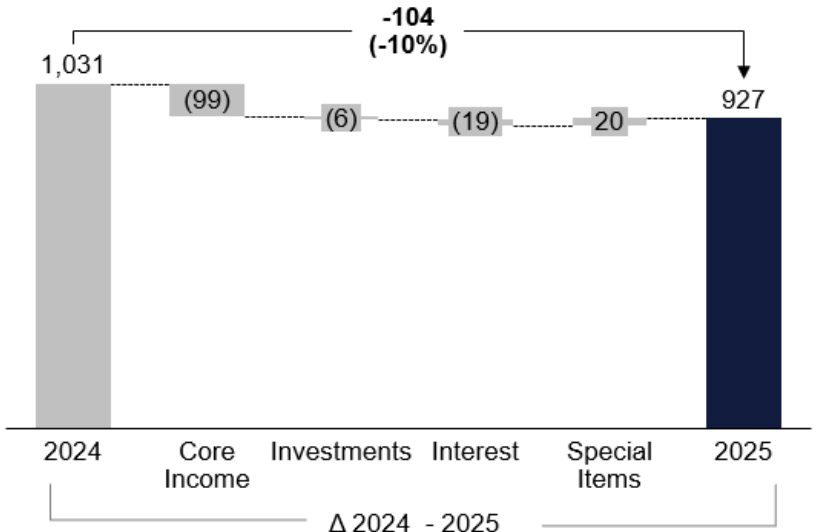
Following is a description of the developments in the group's financial performance, by activity:

6.5 Description of developments in core activity - insurance

6.5.1 P&C Insurance

6.5.1.1 Composition of the main effects and changes on the results of the Property and Casualty Segment

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):



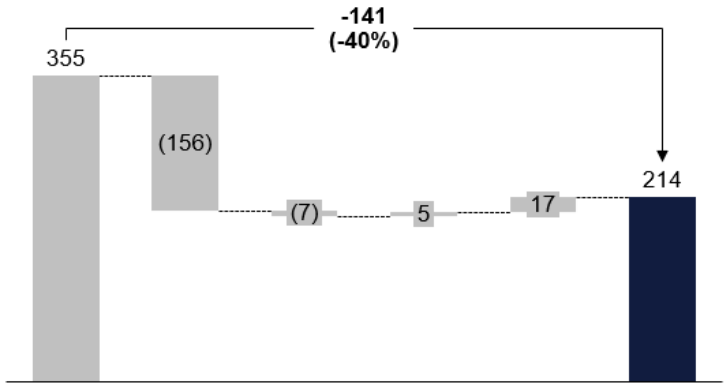
Results					
2025	887	56	(25)	9	927
2024	986	62	(6)	(11)	1,031

The decrease of approx. NIS 99 million in core income in the reporting period compared to the corresponding period last year arises mainly from the compulsory motor subsegment, due to negative development in claims in respect of previous years compared to positive development in the corresponding period last year.

The NIS 19 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, the changes in the CPI, and from their effect on insurance liabilities.

The decrease in income from changes in investment revenues in the Reporting Period compared to last year is due to lower returns in the Reporting Period compared to last year.

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



Results

Q4 2025	***168***	***15***	***22***	***9***	***214***
Q4 2024	*324*	*22*	*17*	*(8)*	*355*

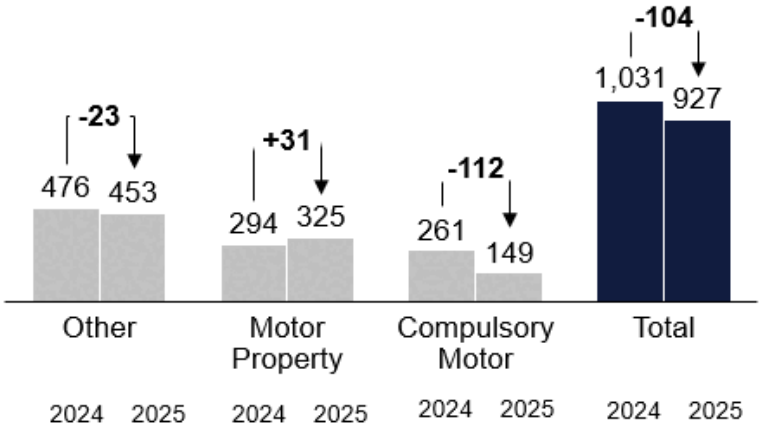
The decrease of approx. NIS 156 million in core income in the fourth quarter of the reporting period compared to the corresponding quarter last year arises mainly from the compulsory motor and motor property subsegments, due to negative development in claims in respect of previous years compared to positive development in the corresponding quarter last year.

The decrease of approx. NIS 7 million in investment revenues in the fourth quarter of the reporting period compared to the corresponding period last year stemmed from lower returns in financial markets in Israel and globally during the fourth quarter of the reporting period, compared to the corresponding period last year, in relation to the portfolio mix against the segment's liabilities; for further details regarding examining the Company's core profitability and change in imputing the return to the core income, see Section 6.4.1 above.

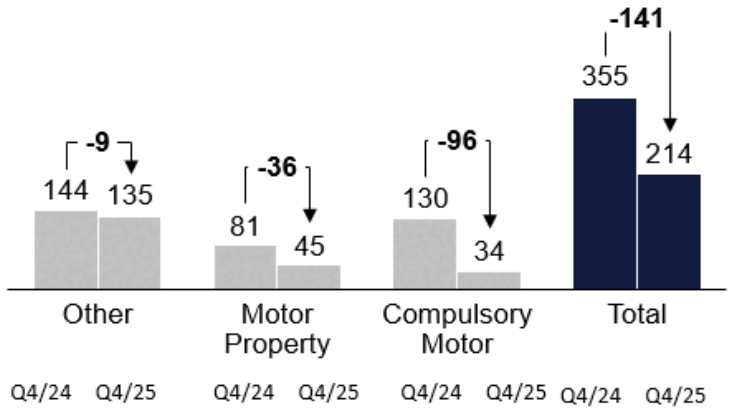
The NIS 5 million increase in income from interest rate changes in the fourth quarter of the reporting period compared to the corresponding period last year arises from changes in the risk-free interest rate curve, from the illiquidity premium, from changes in the CPI and from their effect on insurance liabilities.

6.5.1.2 Results of the (pre-tax) comprehensive income in the various P&C Insurance subsegments

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):

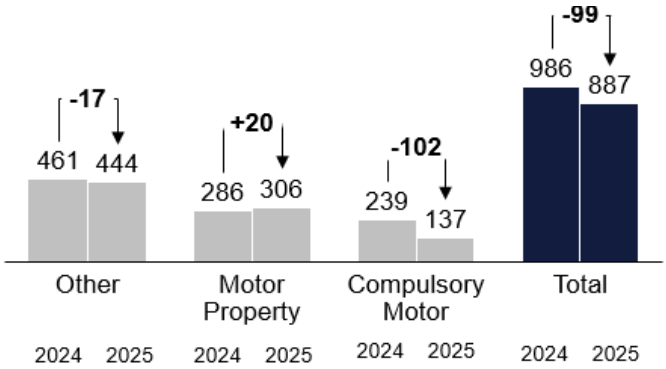


Following are the results of the (pre-tax) comprehensive income (loss) in the various subsegments of property and casualty insurance for the fourth quarter of 2025 compared with the corresponding quarter last year (in NIS million):



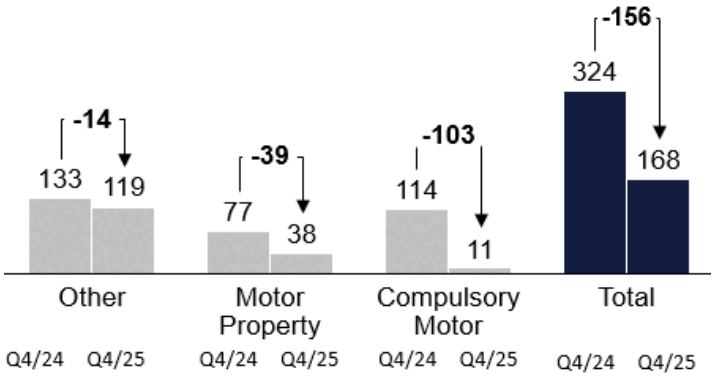
6.5.1.3 Results of the (pre-tax) core income in the various P&C Insurance subsegments

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 decrease in core income in the reporting period compared to the corresponding period last year arises mainly from the compulsory motor subsegment, due to negative development in claims in respect of previous years compared to positive development in the corresponding period last year.

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



The decrease in core income in the fourth quarter of the reporting year compared to the corresponding quarter last year arises mainly from a decrease in profitability in the compulsory motor and motor property subsegments, due to negative development in claims in respect of previous years compared to positive development in the corresponding quarter last year.

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

	Compulsory Motor	
	%	
	1-12/2025	1-12/2024
Gross combined ratio	91.4%	69.6%
Combined ratio - retention	89.2%	72.8%

	Motor Property	
	%	
	1-12/2025	1-12/2024
Gross combined ratio	87.2%	87.5%
Combined ratio - retention	87.1%	87.5%

	Property and Casualty	
	%	
	1-12/2025	1-12/2024
Gross combined ratio	87.4%	71.2%
Combined ratio - retention	81%	76.4%

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

(**) Retention CR in the Motor Insurance Subsegment (compulsory motor and motor property) as of December 31, 2025 is 87.7% compared to 83.5% in the corresponding period last year.

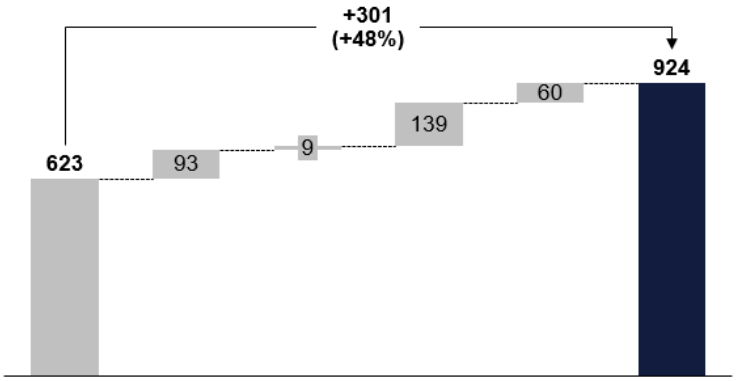
6.5.2 Health Insurance

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

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

6.5.2.1 Composition of the main effects and changes on the results of the Health Insurance Segment

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):



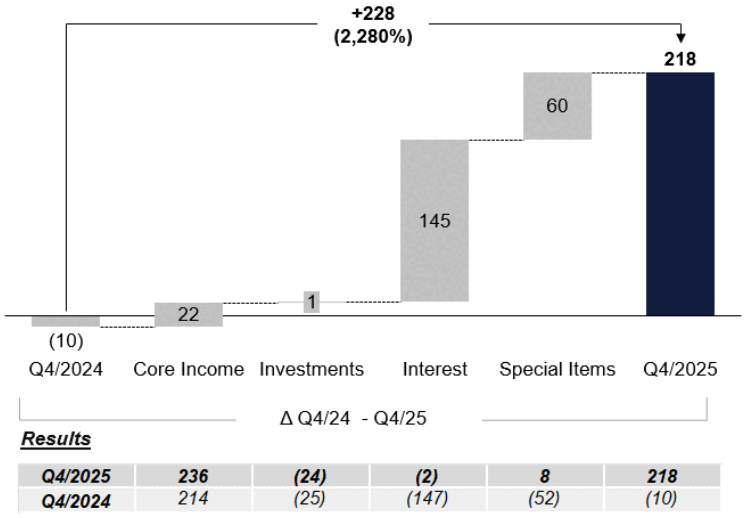
Results					
2025	980	(119)	55	8	924
2024	887	(128)	(84)	(52)	623

The NIS 93 million increase in core income in the second quarter of the reporting period compared to the corresponding period last year arises mainly from improved profitability in the Long-term Care and Medical Expenses.

The NIS 139 million interest rate increase 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.

The change in the special effects income during the reporting period compared to the corresponding period last year - totaling approx. NIS 60 million - arises mainly from an increase in the assessment of claims in respect of the collective long-term care insurance portfolio in the corresponding period last year.

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



Results					
Q4/2025	236	(24)	(2)	8	218
Q4/2024	214	(25)	(147)	(52)	(10)

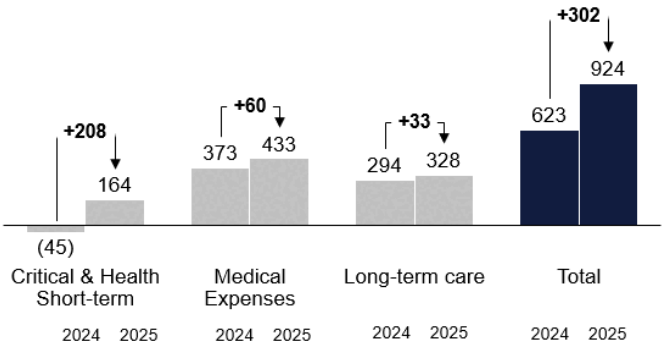
The NIS 22 million increase in underwriting income in the fourth quarter of the reporting period compared to the corresponding quarter last year arises mainly from an improvement in profitability in the Medical Expenses, LTC and Critical Illness Subsegments.

The NIS 145 million increase in interest income in the fourth quarter of the reporting year compared to the corresponding quarter last year arises mainly from a change in the risk-free interest rate curve plus the illiquidity premium and changes in the CPI during the quarter, mostly in the individual long-term care portfolio.

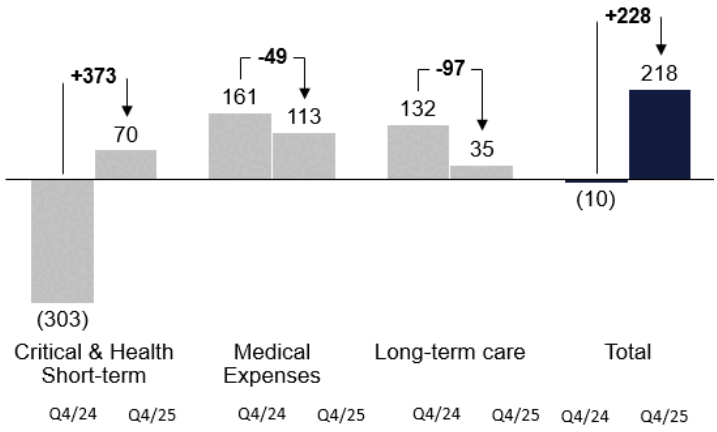
The change in special effects income during the fourth quarter of the reporting period compared to the corresponding quarter last year - totaling approx. NIS 60 million - arises mainly from an increase in the assessment of claims in respect of the collective long-term care insurance portfolio in the corresponding period last year.

6.5.2.2 Results of the (pre-tax) comprehensive income in the various Health Insurance subsegments

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

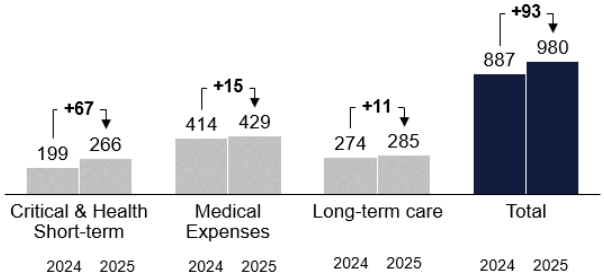


Following are the results of the (pre-tax) comprehensive income (loss) in the various Health Insurance subsegments in the fourth quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



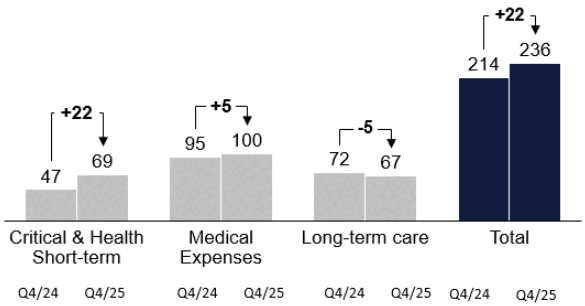
6.5.2.3 Results of the (pre-tax) core income in the various Health Insurance subsegments

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



The increase of approx. NIS 93 million in core income in the reporting period compared to the corresponding period last year was influenced mainly by the positive change between the claims forecast and the actual claims in the long-term care and medical expenses portfolios.

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



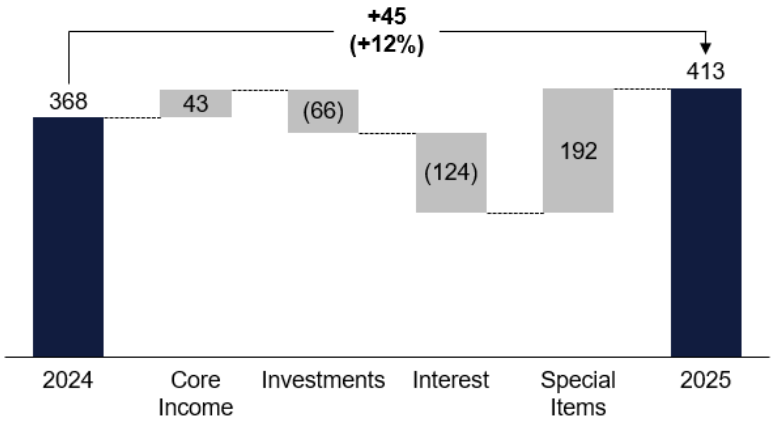
The increase in core income in the fourth quarter of the Reporting Period compared with the corresponding quarter last year, totaling approx. NIS 22 million, stems mainly from the positive change between the claims forecast and the actual claims in the long-term care portfolio.

6.5.3 Life 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.

6.5.3.1 Composition of the main effects and changes on the results of the Life Insurance Segment

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					
2025	**478**	**-**	**(93)**	**28**	**413**
2024	435	66	31	(164)	368

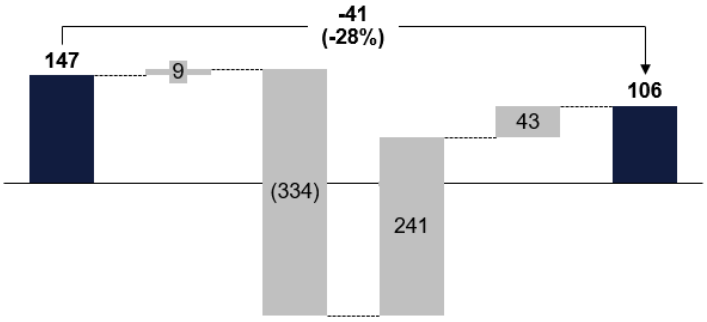
The increase of approx. NIS 43 million in core income in the Reporting Period compared to the corresponding period last year arises mainly from the improvement in savings products, which was partially offset by policies without a savings component. For further details, see Section 6.5.3.3 below.

The decrease in investment revenues above the normalized return of approx. NIS 66 million is mainly due to the effect of the change in the fair value of the designated bonds as a result of changes in the risk-free interest rate curve and illiquidity premium relative to the corresponding period last year.

The NIS 124 million decrease in interest income in the reporting period compared to the corresponding period last year is mainly due to the effects of the change in the interest-rate curve and the illiquidity premium on the liabilities for non-yield-dependent savings policies backed by designated bonds, which offset the increase in investment revenues as abovementioned.

The NIS 192 million change in special effects income compared to the corresponding period last year arises mainly from losses in the corresponding period last year - totaling approx. NIS 164 million - due to losses from onerous groups of insurance contracts, changes in the provision for class actions, and the effects of the War compared to an income of approx. NIS 28 million due to the effect of changes in provision for class actions in the reporting period.

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



Results					
Q4/25	***131***	***(42)***	***62***	***(45)***	***106***
Q4/24	*122*	*292*	*(179)*	*(88)*	*147*

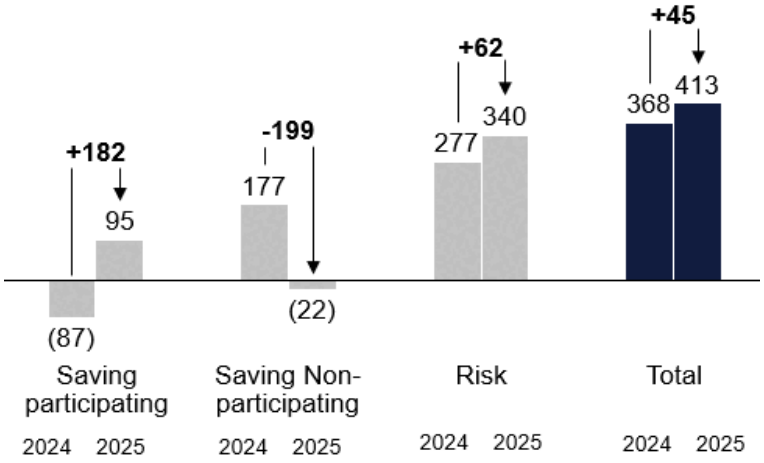
The decrease in investment revenues above the normalized return of approx. NIS 334 million is mainly due to a change in the fair value of the designated bonds as a result of changes in the risk-free interest rate curve and illiquidity premium relative to the corresponding period last year.

The NIS 241 million increase in interest income in the reporting period compared to the corresponding fourth quarter last year is mainly due to the effects of the change in the interest-rate curve and the illiquidity premium on the liabilities for non-yield-dependent savings policies backed by designated bonds, which offset the increase in investment revenues as abovementioned.

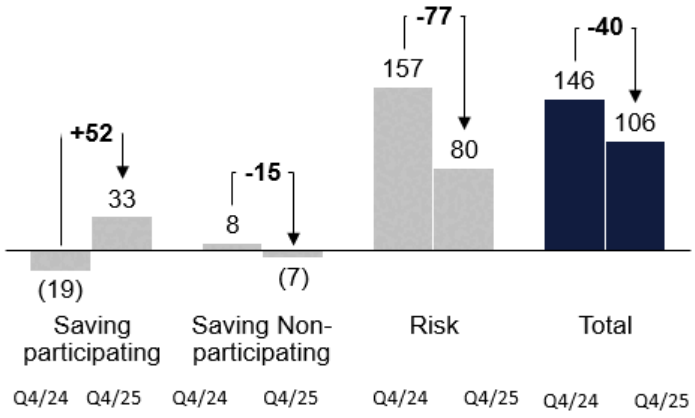
The NIS 43 million change in special effects income arises from losses in the corresponding period last year due to losses from onerous groups of insurance contracts, changes in the provision for class actions, and the effects of the War compared mainly to the effect of losses of onerous groups of insurance contracts in the reporting period.

6.5.3.2 Results of the (pre-tax) comprehensive income in the various Life Insurance subsegments

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

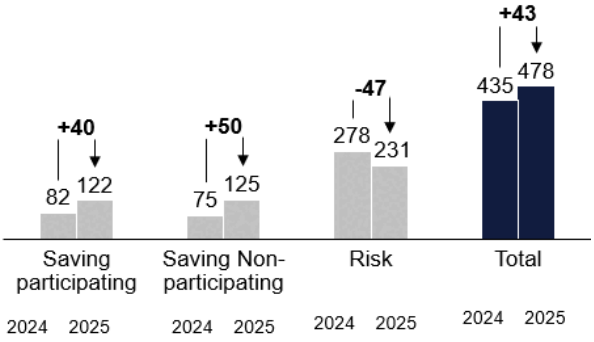


Following are the results of the (pre-tax) comprehensive income in the various Life Insurance subsegments in the fourth quarter of the reporting period compared with the corresponding quarter last year (in NIS million):



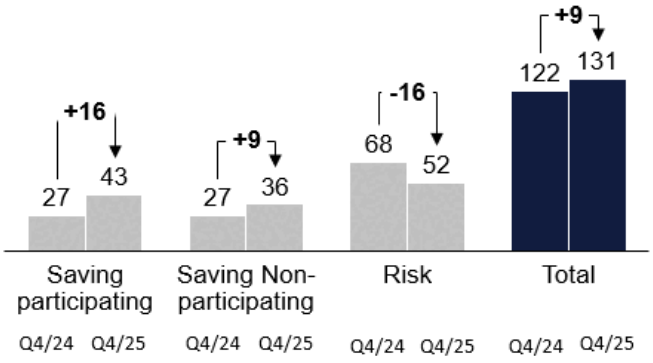
6.5.3.3 Results of the (pre-tax) core income in the various Life Insurance subsegments

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



Core income was up during the reporting period compared with the corresponding period last year, reaching approx. NIS 43 million. The improvement in income is mainly due to the change between the claims forecast and the actual claims for death-risk coverage and permanent health insurance in policies which include a savings component; this income was partially offset from a decrease in the profitability of policies without a savings component, mostly due to the effect of a lapse study on the remaining contractual service margin (CSM).

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



Core income in the fourth quarter of the reporting period, compared with the corresponding quarter last year increased by approx. NIS 9 million. The improvement in income is mainly due to the change between the claims forecast and the actual claims for death-risk coverage and permanent health insurance in policies which include a savings component; this income was partially offset from a decrease in the profitability of policies without a savings component, mostly due to the effect of a lapse study on the remaining contractual service margin (CSM).

6.5.3.4 The rate of redemptions out of the average reserve (annualized) was approx. 6.1% compared with approx. 7.0% last year. The change stems mainly from a change in

lapse rate 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.

6.5.3.5 Following are details concerning estimated net investment income credited to policyholders of yield-dependent insurance policies and management fees calculated according to the Capital Market Commissioner's Directives, based on the return and the insurance reserves balances:

	1-12/2025	1-12/2024	10-12/2025	10-12/2024
	In NIS million			
Investment income credited to policyholders net of management fees	13,642	12,515	3,459	3,258
Management fees	1,538	783	535	280

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

6.5.3.6 Weighted returns on participating policies

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

	1-12/2025	1-12/2024	10-12/2025	10-12/2024
	In %			
Nominal returns before payment of management fees	15.99%	14.13%	4.57%	4.27%
Nominal returns after payment of management fees	13.28%	13.54%	3.66%	4.12%
Real returns before payment of management fees	13.32%	10.35%	5.18%	4.37%
Real returns after payment of management fees	10.67%	9.78%	4.26%	4.22%

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.

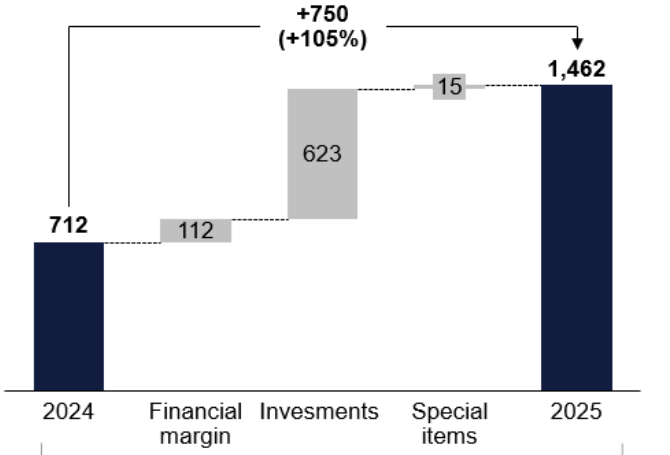
Following are the nominal returns on yield-dependent insurance policies for policies issued from 2004 and thereafter:

	1-12/2025	1-12/2024	10-12/2025	10-12/2024
	In %			
Nominal returns before payment of management fees	14.85%	13.95%	3.93%	3.73%
Nominal returns after payment of management fees	13.90%	12.97%	3.73%	3.51%
Real returns before payment of management fees	12.20%	10.18%	4.53%	3.82%
Real returns after payment of management fees	11.27%	9.23%	4.33%	3.61%

6.5.4 Other Equity Returns

Composition of the main effects and changes in Other Equity Returns

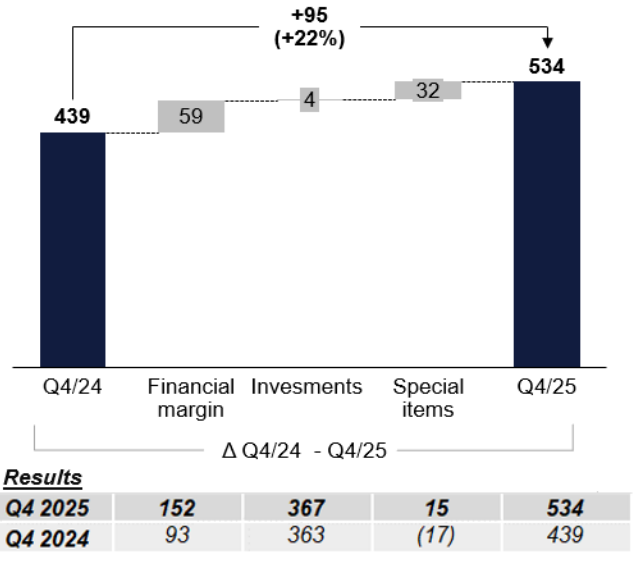
Following is the composition of the main effects and changes in Other Equity Returns for the reporting period compared to the corresponding period last year (in NIS million before tax):



Results				
2025	**318**	**1,136**	**8**	**1,462**
2024	206	513	(7)	712

The income in the reporting period increased by approx. NIS 750 million compared to the corresponding period last year, mainly due to an increase of approx. NIS 623 million in the investment revenues line item as a result of higher returns in financial markets in Israel and globally during the reporting period compared to the corresponding period last year.

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



Results				
Q4 2025	**152**	**367**	**15**	**534**
Q4 2024	93	363	(17)	439

The income in the fourth quarter of the reporting period increased by approx. NIS 95 million compared to the corresponding quarter last year, mainly due to an increase of approx. NIS 59 million in the financial spread.

6.6 Description of developments in core activities - Asset Management

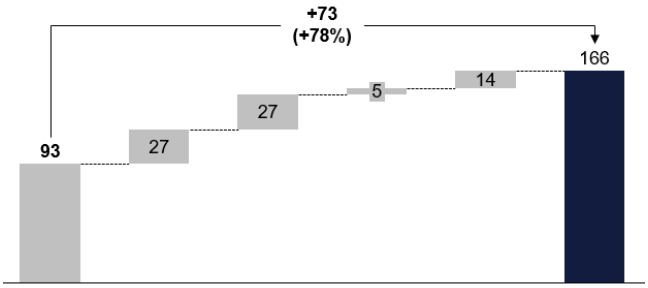
6.6.1 Retirement

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

With respect to the private placement of private commercial papers to institutional entities totaling NIS 200 million, see Section 1.3.20 above.

6.6.1.1 Composition of the main effects and changes on the results of the Retirement Segment

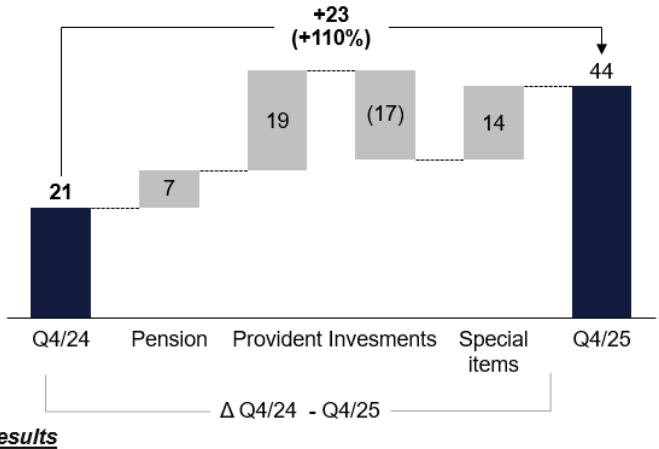
Following is the composition of the main effects and changes on the results of the Retirement Segment for the reporting period compared to the corresponding period last year (in NIS million before tax):



Results					
2025	**52**	**120**	**(5)**	**(1)**	**166**
2024	25	93	(10)	(15)	93

The higher profitability in the reporting period compared to the corresponding period last year arises mainly from an increase of approx. NIS 54 million in operating income, as a result of an improvement in operational efficiency and increase in total assets under management.

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

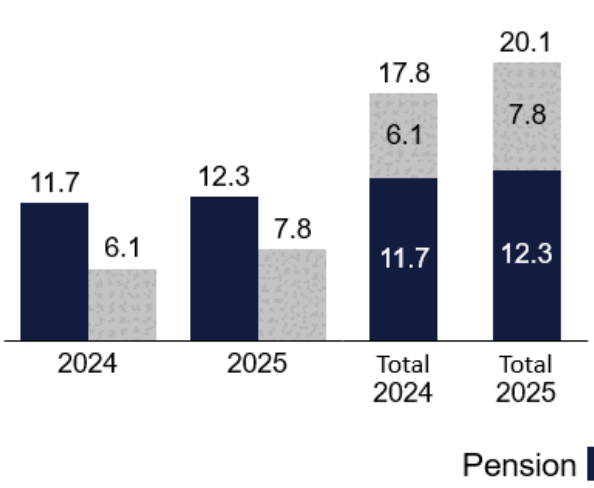


Results					
Q4 2025	9	48	(12)	(1)	44
Q4 2024	2	29	5	(15)	21

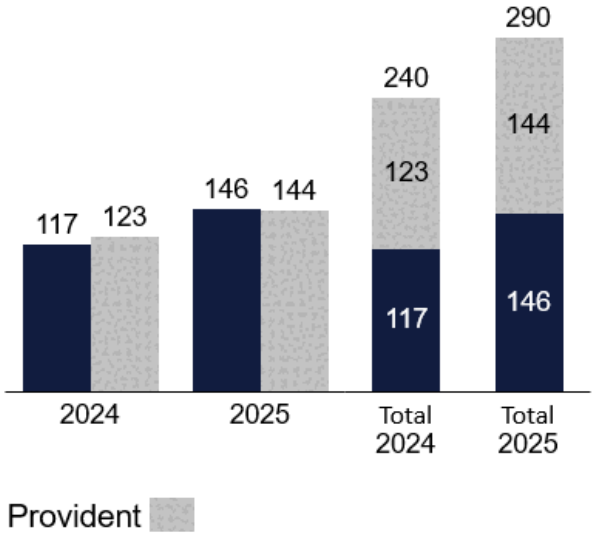
The increase in profitability in the fourth quarter of 2025 compared to the corresponding quarter last year arises mainly from an increase of approx. NIS 26 million in operating income, as a result of an increase in total assets under management.

Following is the development of contributions towards benefits and total assets under management in the Provident Funds and Pension Funds Subsegment (NIS billion):

Pension and Provident Contributions:



Assets under management:



According to the Ministry of Finance's data, total aggregate contributions towards benefits in the Provident Funds Subsegment in the fourth quarter of 2025 totaled approx. NIS 69.9 billion, compared to a total of approx. NIS 62.1 billion in the corresponding period last year, reflecting an increase of approx. 12.5%. According to Ministry of Finance data, as of December 31, 2025, total assets under management in the Provident Funds Subsegment amounted to a total of approx. NIS 1,009 billion, compared to approx. NIS 850 billion on December 31 2024, an increase of approx. 18.7%.

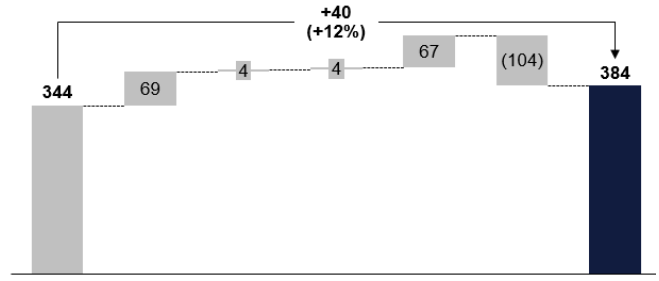
Based on Ministry of Finance data, aggregate contributions towards benefits in the new pension funds subsegment (comprehensive & supplementary) in the fourth quarter of 2025 totaled approx. NIS 88.6 billion, compared to a total of approx. NIS 80.1 billion in the corresponding period last year, reflecting an increase of approx. 10.6%. According to Ministry of Finance data, as of December 31, 2025, total assets under management in the new pension fund subsector (comprehensive & supplementary) amounted to a total of approx. NIS 1,150 billion, compared to approx. NIS 934 billion on December 31 2024, an increase of approx. 23.1%.

6.6.2 Wealth & Investments

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

Composition of the main effects and changes on the results of the Wealth & Investments Segment

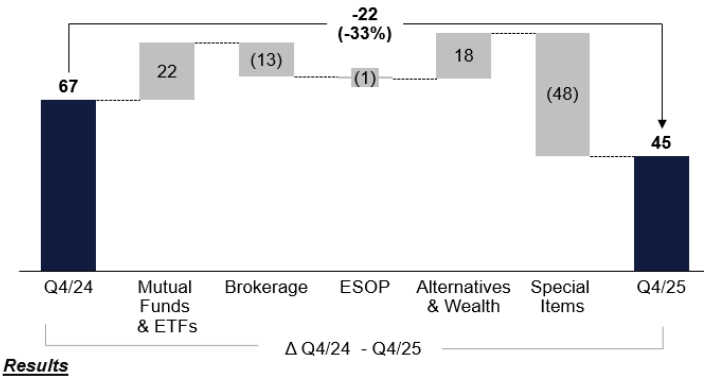
Following is the composition of the main effects and changes on the results of the Wealth & Investments Segment subsegment in the reporting period compared to the corresponding period last year (in NIS million before tax):



Results						
2025	**169**	**188**	**21**	**140**	**(134)**	**384**
2024	100	184	17	73	(30)	344

The increase of approx. NIS 40 million in profitability in the reporting period compared to last year arises mainly from an increase in income of approx. NIS 69 million in the Funds & Portfolios Subsegment and approx. NIS 67 million in the Alternatives & Wealth Subsegment. This income was partially offset by a total of approx. NIS 104 million from the special effects line item, mainly as a result of a one-off cost arising from the Company's strategy to strengthen the Alternative Investments Subsegment and Phoenix Advanced Investments' assuming control over Real Tech and another subsidiary. The growth in the TASE member activity was reflected in an increase in the number of customers to approx. 90 thousand. For further details regarding the private placement of commercial papers and the initial rating of Phoenix Investment House, see Section 1.3.19 above.

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



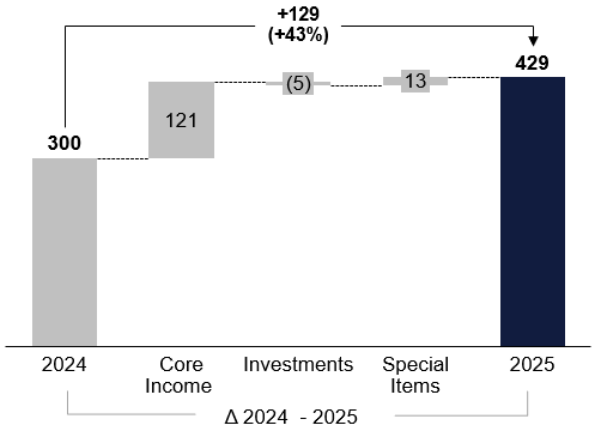
Results						
Q4 2025	**38**	**39**	**5**	**32**	**(69)**	**45**
Q4 2024	16	52	6	14	(21)	67

The decrease in profitability in the fourth quarter of the Reporting Period compared to the corresponding quarter last year totaling approx. NIS 22 million was mainly due to growth in the Mutual Funds & ETFs Subsegment totaling approx. NIS 22 million, which was offset by special effects totaling approx. NIS 48 million, mainly as a result of recognition of one-off costs associated with implementing the Company's strategy to increase the alternative investment activity and change the Group's holding structure. Under the above, impairment of goodwill was recognized by a subsidiary, which was partially offset by a one-off gain from the assumption of control in another subsidiary.

6.6.3 Brokers & Advisors

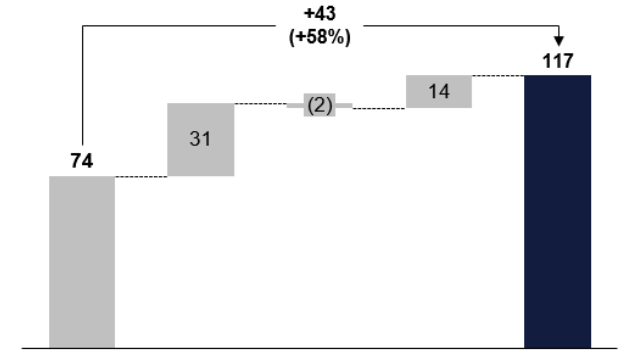
Composition of the main effects and changes on the results of the Brokers & Advisors Segment

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



Results				
2025	**452**	**(26)**	**3**	**429**
2024	331	(21)	(10)	300

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



Results				
Q4 2025	117	(10)	10	117
Q4 2024	86	(8)	(4)	74

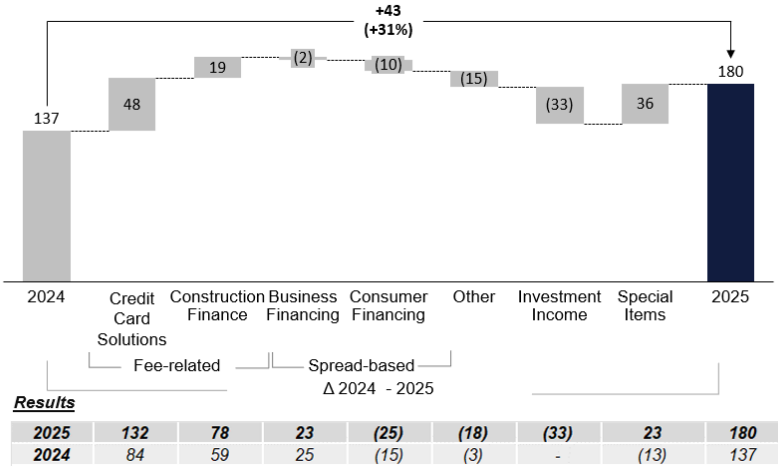
The increase in income in the reporting period and fourth quarter, by approx. NIS 129 million and approx. NIS 43 million (respectively) compared to corresponding periods last year, mainly following the implementation of the Group's business strategy, which is reflected, among other things, in the expansion 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 revenues compared to the corresponding period last year.

For further details regarding the completion of the acquisition of Phoenix Agencies' shares from Yitzhak Oz and the appointment of Oren Mizrach as CEO, see Section 1.3.11 above; for further details regarding the raising of CPs and the rating of Phoenix Agencies, see Section 1.3.21 above.

6.6.4 Payments & Financing

6.6.4.1 Composition of the main effects and changes on the results of the Payments & Financing Segment

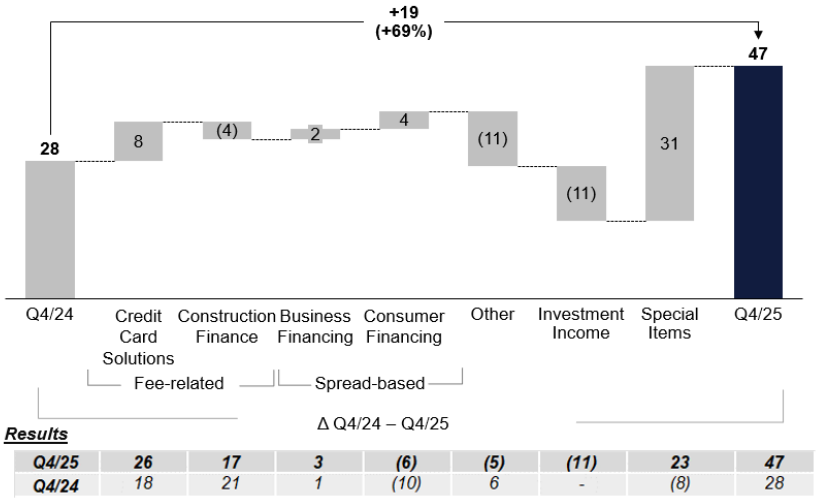
Following is the composition of the main effects and changes on the results of the Payments & Financing Segment subsegment in the reporting period compared to the corresponding period last year (in NIS million before tax):



Results

2025	***132***	***78***	***23***	***(25)***	***(18)***	***(33)***	***23***	***180***
2024	*84*	*59*	*25*	*(15)*	*(3)*	*-*	*(13)*	*137*

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



Results

Q4/25	***26***	***17***	***3***	***(6)***	***(5)***	***(11)***	***23***	***47***
Q4/24	*18*	*21*	*1*	*(10)*	*6*	*-*	*(8)*	*28*

The increase in operating income in the reporting period and in the fourth quarter compared to the corresponding periods last year - totaling approx. NIS 43 million and approx. NIS 19 million, respectively - arises mainly from growth in the the Credit Card Subsegment. This increase was partially offset by ongoing increases related to building the infrastructure for Consumer Credit activity, which was launched in the second half of 2024. In the reporting period, the Company completed the transfer of the EL AL Club to Gama; this activity was classified into the Credit Card Subsegment.

Following are the results of the turnover from activity in the various Payments & Financing subsegments during the reporting period compared with the corresponding period last year (in NIS million):

	2025		
	Revenues from fees and commissions	Net finance income	Total finance income, net
Credit Cards	167	1	168
Construction Financing	45	55	100
Credit for businesses	-	90	90
Consumer credit	-	7	7
Total	212	153	365

	2024		
	Revenues from fees and commissions	Net finance income	Total finance income, net
Credit Cards	150	1	151
Construction Financing	39	40	79
Credit for businesses	-	95	95
Consumer credit	-	1	1
Total	189	137	326

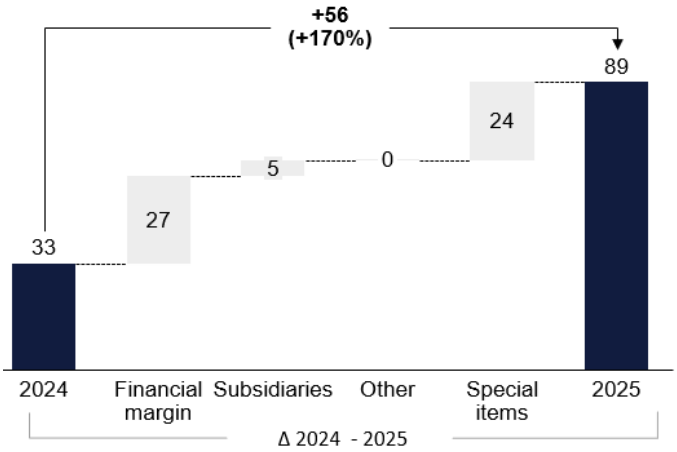
Following are the results of the turnover from activity in the various Payments & Financing subsegments during the reporting period compared with the corresponding period last year (in NIS million):

	Credit portfolio		Turnover	
	December 31, 2025	December 31, 2024	2025	2024
Credit Cards	-	-	43,943	40,252
Construction Financing	1,814	1,188	-	-
Credit for businesses	2,695	2,237	-	-
Consumer credit	247	29	-	-
Total	4,756	3,454	43,943	40,252
Credit facilities	1,762	1,485	-	-
Total	6,518	4,939	43,943	40,252

6.6.5 Other and non-segmented operations

Composition of effects on the Other Segment and non-segmented operations

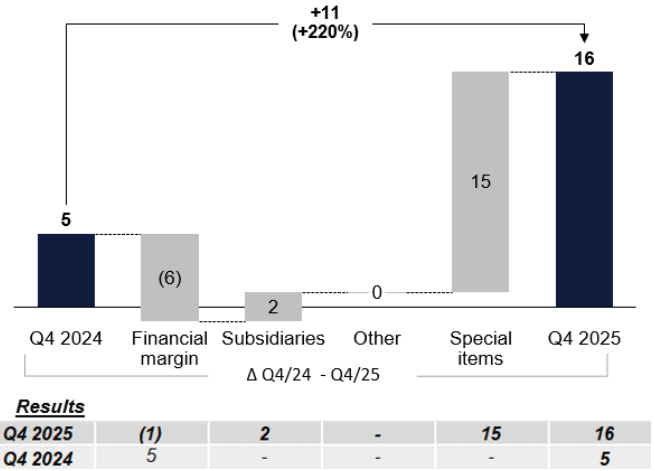
Following is the composition of the effects on the Other Segment and non-segmented operations in the Reporting Period compared to the corresponding period last year (in NIS million, before tax):



Results					
2025	60	5	-	24	89
2024	33	-	-	-	33

The income in the reporting period increased by approx. NIS 56 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 non-segmented operations in the fourth quarter of the Reporting Period compared to the corresponding quarter last year (in NIS million, before tax):



Results					
Q4 2025	(1)	2	-	15	16
Q4 2024	5	-	-	-	5

The income in the fourth quarter of the reporting period increased by approx. NIS 11 million compared to the corresponding quarter last year, mainly due to an increase of approx. NIS 15 million in special effects following revaluation of an illiquid financial asset.

6.7 Capital structure and cash flow development

6.7.1 The Group's capital structure and financing management

6.7.1.1 Overriding principles of the capital structure

The capital structure of the Phoenix group was formed in order to maximize return on equity, maintain high financial strength and rating, as well as strategic flexibility across various market cycles.

The group operates in a multi-layered model, which distinguishes between regulatory capital management in the Insurance Company, management of growth equity in the Wealth & Investments and Financing Segments, and capital management which allows financial flexibility at the Company level.

6.7.1.2 The Group’s structure as an infrastructure for efficient capital management

The Group’s structure supports differential capital allocation according to the nature of the activity, similar to models applied by leading global groups:

- Insurance – Conservative capital management in accordance with solvency requirements with a focus on products delivering high return on solvency capital.
- Wealth & Investments, Brokers & Advisors, and Payments & Financing –segments with a low capital requirement, with limited leveraging and high return.
- Group-level – Controlled use of debt as a "capital pool" for financing growth and maximizing capital efficiency.
- Clear and predetermined policy of quarterly dividends and share buybacks.

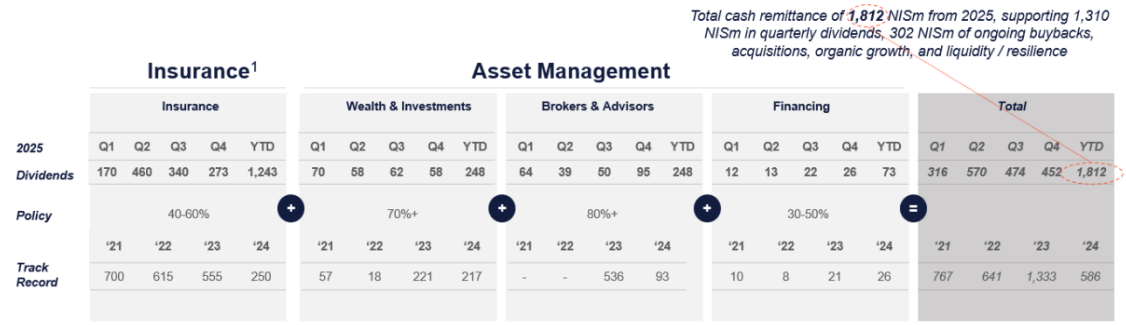
6.7.1.3 Capital level and financial strength

The Group is in a position of significant capital surplus:

- **Insurance Company** – a solvency ratio of approx. 179% (with transitional period adjustments as of September 30, 2025), which is above a target range of 150-170%; Phoenix Insurance has substantial capital surpluses.
- **Group-level and Asset Management** – high liquidity of approx. NIS 1.7 billion in liquid assets, very low leveraging (LTV ~1%), and high debt coverage ratios; for further details see Section 6.7.3 below.

6.7.1.4 Following is a table detailing dividends distributed by subsidiaries

The cash flow from dividends of subsidiaries in the Reporting Period totaled approx. NIS 1,812 million. This cash flow supports liquidity, financial resilience, share buybacks, and a regular quarterly dividend distribution by the Company. The abovementioned cash flow comprises a dividend distribution totaling NIS 1,310 million and share buyback by the Company totaling NIS 302 million during the reporting period.



	Insurance[1]					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	340	273	1,243	70	58	62	58	248	64	39	50	95	248	12	13	22	26	73	316	570	474	452	1,812
Policy	40-60%				+	70%+				+	80%+				+	30-50%				=					
Track Record	'21	'22	'23	'24		'21	'22	'23	'24		'21	'22	'23	'24		'21	'22	'23	'24		'21	'22	'23	'24	
	700	615	555	250		57	18	221	217		-	-	536	93		10	8	21	26		767	641	1,333	586	

Including dividends distributed by the subsidiaries to Phoenix Financial, excluding the minority's share

[1]Cash dividend - excluding dividend in kind.

Dividend distributed from insurance activities

On January 29, 2026, the Phoenix's Board of Directors approved the distribution of a dividend in kind for Phoenix Insurance's shares in El Al Frequent Flyer Ltd. (hereinafter - "**El Al Club**"), which constitute approx. 5.1% of the issued and paid-up share capital of El Al Club, as a dividend in kind. This distribution shall be in lieu of a cash dividend (at the distribution's value) which is distributed upon publication of this report in accordance with Phoenix Insurance's distribution policy. The value of the asset is based on an external valuation, and as of December 31, 2025 - stands at approx. NIS 147 million. The distribution described above was carried out in February 2026.

Subsequent to the balance sheet date, on March 25, 2026, concurrently with the approval of Phoenix Insurance's Financial Statements as of December 31, 2025, Phoenix Insurance's Board of Directors resolved to distribute a cash dividend totaling approx. NIS 273 million, after taking into account the abovementioned distribution of a dividend in kind.

The two abovementioned resolutions reflect a cumulative dividend distribution - in cash and in kind - totaling approx. NIS 420 million in respect of the fourth quarter of 2025, which are consistent with Phoenix Insurance's dividend distribution policy.

The total cash dividend which was and which will be distributed by Phoenix Insurance in respect of the reporting year is NIS 1,113 million and assets in kind totaling approx. NIS 147 million, all in accordance with Phoenix Insurance's dividend distribution policy.

Dividend distributed from the Asset Management Activity

Phoenix Investment House

Phoenix Investment House's dividend distribution policy provides for a quarterly dividend distribution. Subsequent to the reporting period, on March 16, 2026, Phoenix Investment House's Board of Directors approved the distribution to the Company of a dividend totaling approx. NIS 58 million in respect of Q4 2025 income. The total dividend which was paid and will be paid in respect of the reporting year totals approx. NIS 248 million.

Phoenix Agencies

Phoenix Agencies' dividend distribution policy provides for a quarterly dividend distribution. Subsequent to the reporting period, on March 17, 2026, Phoenix Agencies' Board of Directors approved the distribution to the Company of a dividend totaling approx. NIS 95 million in respect of Q4 2025 income. The total dividend which was paid and will be paid to the Company in respect of the reporting year totals approx. NIS 248 million.

Phoenix Gama

Phoenix Gama's dividend distribution policy was revised at the beginning of the reporting period such that the distribution is carried out on a quarterly basis. Subsequent to the reporting period, on February 26, 2026 Phoenix Gama's Board of Directors approved the distribution of a dividend totaling approx. NIS 26 million in respect of Q4 2025 income. The total dividend which was paid in respect of the reporting year totals approx. NIS 73 million.

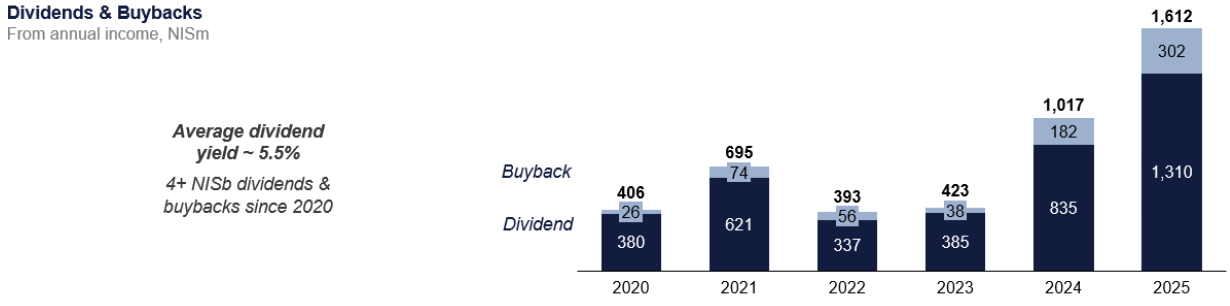
6.7.1.5 Uses of the capital

The Company uses the capital and cash at its disposal for a range of purposes, including, among other things, achieving organic growth (CapEx), synergistic mergers and acquisitions, dividend distribution and share buybacks.

Dividend distribution – As from 2020 and through the report date, over NIS 4 billion was distributed as dividend to the Company's shareholders. During a Company Board meeting of March 25, 2026, the dividend distribution policy was revised such that as from the first quarter of 2026, the minimum dividend distribution rate will stand at 45% of the income (instead of 40% through the resolution date).

In addition, the Company has set a target for utilization of 50%-60% of income for dividend distribution and share buybacks, as from 2026.

Share buyback – In December 2025, the Company's Board of Directors approved a share buyback plan for 2026, totaling NIS 300 million.



	2020	2021	2022	2023	2024	2025
From annual income *(including paid in following calendar year)*						
Payout (Dividends + Buyback, from annual income)	-	30%	35%	39%	49%	51%
Shareholders' Equity	7,970	9,653	10,145	10,580	11,542	12,496
Paid during calendar year						
Dividends	**-**	**580**	**581**	**297**	**535**	**1,515**
Dividends per share (NIS)	-	2.3	2.3	1.2	2.1	6.0
Dividend Yield	-	7.1%	5.9%	3.1%	4.6%	6.5%

6.7.1.6 Leverage and debt management policy

The debt policy is based on moderate, controlled, and tiered leveraging, while maintaining rating limits:

- Debt is used selectively to improve flexibility and capital allocation.
- Phoenix Financial has low leveraging, and therefore it can increase leveraging to fund expected acquisitions without adversely affecting the current rating.
- Active management of issuance turnovers, early redemption and maintaining a covenants buffer of 1.5 times the future debt payments of Phoenix Financial.

6.7.2 Breakdown of rating for Group companies

Company	Local rating		Global rating	
	Ma'alot	Midroog	S&P	Moody's
Phoenix Financial	AA	Aa2		
Phoenix Insurance	AAA	Aaa	-A	A3
Phoenix Pension & Provident		Aa3		
Phoenix Investment House	-AA			
Phoenix Gama	AA			
Phoenix Agencies	+AA			

6.7.3 Net financial debt table

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

	As of December 31 2025	As of December 31 2024
	NIS million	
Financial assets		
Cash and cash equivalents	148	157
Associates[3]	93	232
Dividend receivable	-	574
Other financial investments[1]	2,227	1,442
Total financial assets	2,468	2,404
Less current maturities		
Current financial liabilities	185	173
Current financial assets net of current maturities	**2,283**	**2,231**
Non-current financial liabilities		
Non-current financial liabilities	2,563	1,734
Net financial asset (debt)	**(280)**	**497**
Dividend receivable (declared), net[4]	92	(565)
Net financial debt after declared quarterly dividend	**(188)**	**(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 1,380 million as of December 31, 2025 (fair value as of December 31, 2024 - approx. NIS 1,276 million).

(2) The Company LTV is calculated as net financial asset (debt) as described above, in relation to the Company's market value as of December 31, 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 36C(14) to the Financial Statements.

(4) Dividend declared minus dividend receivable from subsidiaries.

6.7.4. Cash flow for the Reporting Period

The consolidated cash flows provided by operating activities in the reporting period amounted to approx. NIS 4,200 million. The consolidated cash flows used for investing activities in the Reporting Period amounted to approx. NIS 411 million and included mainly a total of approx. NIS 446 million used to purchase intangible assets and to capitalize costs of intangible assets, approx. NIS 311 million used to purchase property, plant, and equipment, a total of approx. NIS 212 million used to invest in associates and a total of approx. NIS 465 million which arose from disposal of an investment in an associate.

The consolidated cash flow arising from financing activities in the Reporting Period amounted to approx. NIS 1,024 million and included, among other things, a total of approx. NIS 3,059 million used to repay financial liabilities, a total of approx. NIS 5,071 million arising from issuing financial liabilities, a total of approx. NIS 1,515 million used for a dividend distribution to the Company’s shareholders and a total of approx. NIS 463 million used to acquire the minority share in a consolidated company.

The Group's cash and cash-equivalent balances increased from a total of approx. NIS 20,466 million at the beginning of the reporting period to approx. NIS 25,280 million at the end of the reporting period.

7. Disclosure on Exposure to Market Risks and Management Thereof

The Group's risk management activities are designed to support and protect the Group against unexpected losses, which may prevent it from achieving its business objectives. The existing risk management system is based on fundamental principles of risk management and controls, which include, inter alia, proper involvement and understanding of risk management by the Board of Directors, providing tools for assessing and measuring risk, and putting in place supervision and control measures in respect of those risks. The following chapter presents exposure to market risks; position data and sensitivity tests do not include the insurance company, which accounts for most of the activity in the consolidated company (for a description of the corporation's risks and risk management policies and supervision thereof, see Note 35 to the Financial Statements).

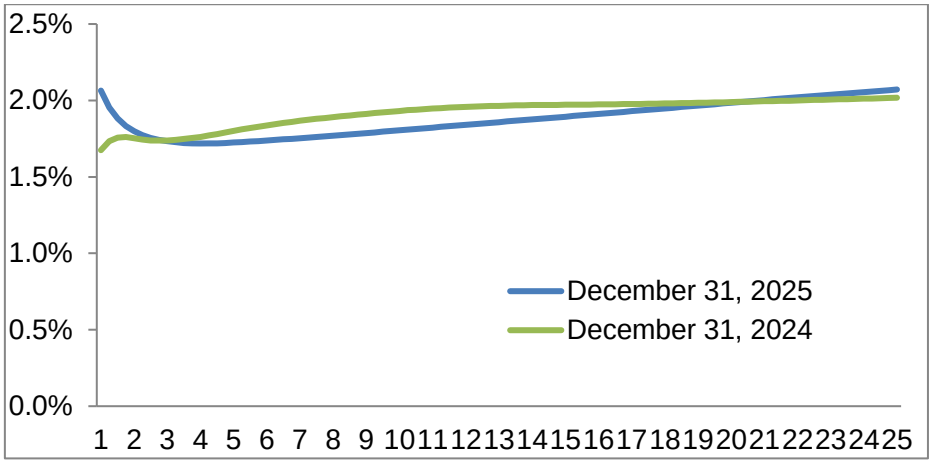
Definitions for this section:

1. The "**Group**" - Phoenix Financial, including its consolidated companies, with the exception of Phoenix Insurance.
2. "**Nostro assets**" - **financial** assets held by the Group.
3. "**Nostro liabilities**" - the Group's financial liabilities.

The person in charge of market risk management in the corporation:

The person in charge of market risk management in the Group is Mr. Amit Netanel. The Chief Risk Officer received the full cooperation of the Company's management and Board of Directors in all matters required to fulfill his duties.

Following is the linked risk-free interest rate curve ("spot")



The following tables summarize the results of sensitivity tests for the Nostro assets (as defined above) on comprehensive income before tax, as of December 31, 2025. The results are presented in NIS million, and do not include the insurance company:

Risk factor – CPI-linked interest rate

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Absolute increase of 2%	10% increase	5% increase		5% decrease	10% decrease	Absolute decrease of 2%
Government bonds	(13.6)	(1.2)	(0.6)	157.4	0.6	1.2	13.6
Corporate bonds and loans	(100.7)	(9.4)	(4.7)	857.6	4.7	9.5	114.1
Capital note to the insurance company	(119.9)	(11.0)	(5.5)	1,108.3	5.5	11.1	138.0
Total assets	**(234.2)**	**(21.6)**	**(10.8)**	**2,123.4**	**10.9**	**21.8**	**265.7**
Phoenix bonds*	53.5	4.8	2.4	(1,125.2)	(2.4)	(4.9)	(58.3)
Total liabilities	**53.5**	**4.8**	**2.4**	**(1,125.2)**	**(2.4)**	**(4.9)**	**(58.3)**
Total	**(180.7)**	**(16.7)**	**(8.4)**	**998.2**	**8.4**	**16.9**	**207.4**

(*) The fair value of Phoenix bonds was calculated according to the model described in the "assumptions underlying the calculations" section.

Risk factor - NIS interest rate

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Absolute increase of 2%	10% increase	5% increase		5% decrease	10% decrease	Absolute decrease of 2%
Government bonds	(8.8)	(1.6)	(0.8)	77.1	0.8	1.6	8.8
Corporate bonds	(6.8)	(1.3)	(0.6)	582.2	0.6	1.3	6.8
Total assets	**(15.6)**	**(2.9)**	**(1.4)**	**659.3**	**1.4**	**2.9**	**15.6**
Loans from banking corporations and liabilities for CPs	-	-	-	(1,362.9)	-	-	-
Phoenix bonds*	79.6	15.4	7.7	(1,472.6)	(7.8)	(15.7)	(89.0)
Total liabilities	**79.6**	**15.4**	**7.7**	**(2,835.4)**	**(7.8)**	**(15.7)**	**(89.0)**
Total	**64.0**	**12.5**	**6.3**	**(2,176.1)**	**(6.4)**	**(12.8)**	**(73.4)**

(*) The fair value of Phoenix bonds was calculated according to the model described in the "assumptions underlying the calculations" section.

Risk factor - foreign interest rate

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Absolute increase of 2%	10% increase	5% increase		5% decrease	10% decrease	Absolute decrease of 2%
Corporate bonds	(1.1)	(0.2)	(0.1)	14.4	0.1	0.2	1.1
Total assets	**(1.1)**	**(0.2)**	**(0.1)**	**14.4**	**0.1**	**0.2**	**1.1**
Total	**(1.1)**	**(0.2)**	**(0.1)**	**14.4**	**0.1**	**0.2**	**1.1**

Risk factor - foreign currency (basis risk)*

Type of instrument	Profit (loss) from changes in the risk factor		Fair value	Profit (loss) from changes in the risk factor	
	10% increase	5% increase		5% decrease	10% decrease
Corporate bonds	1.4	0.7	14.4	(0.7)	(1.4)
Forwards	(0.6)	(0.3)	(6.0)	0.3	0.6
Foreign shares and funds	4.6	2.3	46.2	(2.3)	(4.6)
Total assets	**5.5**	**2.7**	**54.6**	**(2.7)**	**(5.5)**
Total	**5.5**	**2.7**	**54.6**	**(2.7)**	**(5.5)**

(*) The maximum daily increases and decreases observed were less than 10% in absolute value terms in the past 10 years across all relevant share indices.

Risk factor - Israeli shares (basis risk)*

Type of instrument	Profit (loss) from changes in the risk factor		Fair value	Profit (loss) from changes in the risk factor	
	10% increase	5% increase		5% decrease	10% decrease
Israeli shares	13.0	6.5	**130.4**	(6.5)	(13.0)
Total assets	13.0	6.5	**130.4**	(6.5)	(13.0)
Total	**13.0**	**6.5**	130.4	**(6.5)**	**(13.0)**

(*) The maximum daily increases and decreases observed were less than 10% in absolute value terms in the past 10 years across all relevant share indices.

Risk factor - foreign shares

Type of instrument	Profit (loss) from changes in the risk factor			Fair value	Profit (loss) from changes in the risk factor		
	Maximum increase(*)	10% increase	5% increase		5% decrease	10% decrease	Maximum decrease(*)
Foreign shares and funds	2.7	2.2	1.1	22.3	(1.1)	(2.2)	(2.7)
Total assets	2.7	2.2	1.1	22.3	(1.1)	(2.2)	(2.7)
Total	**2.7**	**2.2**	**1.1**	**22.3**	**(1.1)**	**(2.2)**	**(2.7)**

(*) The maximum daily increases and decreases observed were 12% in absolute value terms in the past 10 years across all relevant share indices.

Assumptions underlying the calculations

Fair value: Fair value was calculated using the discounted cash flow model, using the suitable interest rate for the cash flow period. The discount rate was calculated based on the market interest rate for the cash flow period, plus the risk premium derived from the security's rating. Market interest rate data was taken from the database that feeds Phoenix's risk management system, and risk premium data (credit spreads) were taken from Fair Spread.

Scenarios: Daily historical changes in the past ten years were tested for each of the relevant risk factors (such as exchange rates and shares). The maximum and minimum daily changes were calculated for each risk factor, excluding interest rate risk, for which the calculation was based on a 2% absolute increase/decrease during a single day. This scenario was selected after a study of the yield curve database found that in the past 10 years, no absolute change exceeding 2% was observed in any single day. These changes served as scenarios for potential changes in each of the risk factors. Scenario outcomes were calculated at the single asset level, so as to avoid distorting results by aggregating different instruments.

8. Corporate Governance Aspects

8.1 Effectiveness of internal control over financial reporting and disclosure

8.1.1 Securities Regulations

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

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

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

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

8.1.2 The Insurance Commissioner's circulars

Alongside the process described in Section 8.1.1 above, the Phoenix group's institutional entities apply the provisions of Management's Responsibility Circulars pertaining to controls and procedures regarding disclosure and internal control 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 above-mentioned 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.

- 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 December 31 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 conducting a process of improving and streamlining processes and/or internal controls and/or customer service. The Financial Statements relating to the relevant processes are attached to the Financial Statements of Phoenix group's institutional entities, in accordance with the provisions of Management's Responsibility Circulars.

8.1.3 Disclosure on the financial statements' approval process in a reporting entity

Pursuant to the Israel Securities Authority's directive on 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 guidance 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 managers' 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.

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 Statement Review Committee, other than the Audit Committee, that 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.

8.1.4 Application of IFRS 17 and IFRS 9

IFRS 17 and IFRS 9 came into force at the beginning of 2025. The first financial reporting under the New Standards was reported in the first quarter of 2025; therefore, this report includes substantial changes to the measurement and presentation of financial reporting items.

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

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

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

At the end of 2025, the Company completed for the first time a full round of tests for the controls which were adapted under the changes to accounting standards; however, in view of the complexity of the processes which were implemented in the last couple of years, additional revisions and changes are expected to be made to the processes and to the SOX controls accordingly. Such revisions and changes will be made if new insights arise from an ongoing analysis of the data and results, and due to the further progress of the automation processes in the Company.

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

8.2 Company policy regarding social outreach

For information regarding donations and corporate social responsibility, see Part F, Section 6.3.1 to the Report on the Corporation's Business.

8.3 Company’s policy regarding negligible transactions

For details regarding the Company's policy regarding negligible transactions, see Note 36 to the Financial Statements.

8.4 Internal auditor

For information on the internal auditor, see Part E, Section 5.5 to the Report on the Corporation’s Business.

8.5 Independent auditor

For information regarding the Company's independent auditor, see Part E, Section 5.5.8 to Report on the Corporation’s Business.

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 38 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)	Bonds (Series 7) (2)
Rating agency	Midroog / Maalot	Midroog / Maalot	Midroog / Maalot	Midroog / Maalot
Rating as of the report date	Aa2.il / ilAA	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	NIS 395,208,000
Interest type	Non-linked	CPI-linked	Non-linked	Non-linked
Nominal interest	The Bank of Israel's variable quarterly interest rate plus a 1.28% spread	0.44%	1.94%	2.5%
Effective interest rate on issuance date	1.7%	2.94%	5.18%	4.20%
Listed on the TASE	Yes	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.	One principal payment on June 30, 2028.
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	Semi-annual interest on June 30 and December 31
Nominal p.v. as of December 31, 2025	NIS 299 million	NIS 1,137 million	NIS 1,298 million	NIS 395 million
CPI-linked nominal p.v. as of December 31, 2025	NIS 299 million	NIS 1,339 million	NIS 1,298 million	NIS 395 million
Carrying value of the bonds' outstanding balances as of December 31, 2025	Approx. NIS 298 million	Approx. NIS 1,288 million	Approx. NIS 1,162 million	Approx. NIS 381 million
Carrying value of interest payable as of December 31, 2025	Approx. NIS 2.8 million	Approx. NIS 1 million	-	Approx. NIS 1.9 million
Market value as of December 31, 2025 (1)	Approx. NIS 306 million	Approx. NIS 1,259 million	Approx. NIS 1,189 million	Approx. NIS 418 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	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 December 31, 2025.
2) Bonds (Series 7) were issued on January 7, 2026 and the data are presented as of March 19, 2026.

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 Bonds (Series 4) holders. Furthermore, with respect to Bonds (Series 4), the Company assumed restrictions on dividend distribution and expansion of the Bonds (Series 4); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 2.9 billion for two consecutive quarters, and that the Company's net financial debt to total assets ratio will not exceed 50% for two consecutive quarters. For further details, see the Shelf Offering Report dated May 7, 2019.

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

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

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

For details regarding the issuance of additional Bonds (Series 5 and 6) by the Company by way of series expansion, see Section 1.3.17 above.

Subsequent to the Reporting Period, in January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand. The bonds shall be convertible into the Company's ordinary shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder. For further details, see the immediate reports dated December 22, 2025, January 7, 2026, January 12, 2026, January 13, 2026 (Ref. Nos.: 2025-15-101986, 2025-15-102106, 2026-01-005009, 2026-01-003317, 2026-01-005682).

As part of the deed of trust of the Company's Bonds (Series 7), the Company undertook not to place a general floating charge on its assets as long as Bonds (Series 7) 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 Bonds (Series 7) holders. Furthermore, with respect to Bonds (Series 7), the Company assumed restrictions on dividend distribution and expansion of the Bonds (Series 7); the Company also undertook to comply with financial covenants whereby its shareholders' equity will not fall below NIS 4.4 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 11, 2026.

As of balance sheet date, the Company complies with the financial covenants described above. The net financial debt ratio as of December 31, 2025 was approx. 2.46% (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 December 31, 2025, was approx. NIS 12,496 million, which is higher than the above required shareholders' equity.

For further details, see Note 17 to the Company's Financial Statements as of December 31, 2025.

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

Benjamin Gabbay	**Eyal Ben Simon**
Chairman of the Board of Directors	**CEO**

March 25, 2026

Part 3
Consolidated Financial Statements

Yohanan Simon, Working in the Field, ca. 1939, Oil on canvas, Phoenix Collection

Phoenix

Part 3

Financial Statements
Phoenix Financial

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Report of Independent Auditor to the Shareholders of Phoenix Financial Ltd. regarding Audit of the Components of the Internal Control over Financial Reporting according to Section 9B(c) the Securities Regulations (Periodic and Immediate Reports), 1970

We have audited components of internal control over financial reporting of Phoenix Financial Ltd. and its subsidiaries (hereinafter, jointly - the "**Company**") as of December 31, 2025. These components of internal control were set as explained in the following paragraph. The Company's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and for assessing the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for the said date. Our responsibility is to express an opinion on the components of internal control over financial reporting based on our audit.

Components of internal control over financial reporting were audited by us according to Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "Audit of the Components of the Internal Control over Financial Reporting" (hereinafter - "**Audit Standard (Israel) 911**"). These components are: (1) entity-level controls, including controls on the preparation process and closing of the financial reporting and information technology general controls, (2) controls over processes which are very material for the financial reporting and disclosure of Phoenix Insurance Company Ltd. and other material consolidated companies (hereinafter - the "**audited control components**").

We conducted our audits in accordance with Auditing Standard (Israel) 911. This standard requires that we plan and perform the audit to identify the audited control components and to obtain reasonable assurance whether these control components have been maintained effectively in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists in the audited control components, as well as reviewing and assessing the effectiveness of the planning and maintenance of these control components based on the assessed risk. Our audit of these control components included performing such other procedures as we considered necessary under the circumstances. Our audit focused only on the audited control components, unlike internal control of all material processes relating to financial reporting, and therefore our opinion refers only to the audited control components. In addition, our audit did not take into account the mutual effects between the audited control components and those which are not audited, and therefore our opinion does not take into account such possible effects. We believe that our audit provides a reasonable basis for our opinion in the context described above.

Due to inherent limitations, internal control over financial reporting in general, and components of internal controls in particular, may not prevent or detect a misstatement. In addition, making projections on the basis of any evaluation of effectiveness is subject to the risk that controls may become inadequate due to changes in circumstances, or that the degree of compliance with the policies or procedures may be adversely affected.

In our opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2025.

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We also audited, in accordance with generally accepted auditing standards in Israel, the Company's financial statements as of December 31, 2025 and for the year then ended and our report, of March 25, 2026, included an opinion on those financial statements which did not include any change to the standard wording and an emphasis of matter paragraph regarding Note 37 to the consolidated financial statements with respect to exposure to contingent liabilities.

Tel Aviv,
March 25, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

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To

The Shareholders of Phoenix Financial Ltd.

Report of Independent Auditor to the Shareholders of Phoenix Financial Ltd.

Opinion

We have audited the consolidated financial statements of Phoenix Financial Ltd. (hereinafter - the "**Company**"), which include the consolidated statement of financial position as of December 31, 2025, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and the notes to the consolidated financial statements, including significant accounting policies.

We did not audit the financial statements of consolidated companies whose assets included in the consolidated statement of financial position constitute approx. 3% of the total consolidated assets as of December 31, 2025, and whose revenues included in the consolidated statement of income constitute approx. 2% of total consolidated revenues for the year ended December 31, 2025. We did not audit the financial statements of equity-accounted investees, the investment in which totaled approx. NIS 848,476 thousand as of December 31, 2025, and the Company's share in the profits of which totaled approx. NIS 89,012 thousand for the year ended December 31, 2025. The financial statements of the above entities were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those entities, is based on the reports of the other independent auditors.

In our opinion, based on our audit and the reports of the other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2025 and the consolidated results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and with the provisions of the Securities Regulations (Annual Financial Statements), 2010, which relate to holding companies of insurers.

Basis of the opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Our responsibilities under those standards are further described in the independent Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company and its consolidated companies in accordance with the applicable legal provisions in Israel regarding independence and avoidance of conflicts of interest of the independent auditor in Israel. We have also fulfilled our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations thereunder. We believe that the audit evidence we have obtained, including the reports of the other independent auditors is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – exposure to contingent liabilities

We draw attention to Note 37 to the Consolidated Financial Statements describing the exposure to contingent liabilities. Our opinion is not modified in respect of this matter.

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Key audit matters

The key audit matters listed below are those matters that were communicated or should have been communicated to the Company's Board of Directors, and which in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters include, among other things, any matter that: (1) Relates, or may relate to significant accounts or disclosures on the Consolidated Financial Statements; and (2) involved our professional judgment that was challenging, subjective or complex. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; communicating these matters below does not alter our opinion on the consolidated financial statements as a whole, and we do not use their communication to provide a separate opinion on these matters, nor on the items or disclosures to which they relate.

A. First-time adoption of IFRS 17, Insurance Contracts, and IFRS 9, Financial Instruments (see Note 2 to the Consolidated Financial Statements)

Why was the matter determined to be a key audit matter:

On January 1, 2025, as part of the first-time adoption of the IFRS, accordance with IFRS 1 - First-time Adoption of International Financial Reporting Standards (hereinafter - "**IFRS 1**") the Company applied for the first time IFRS 17 – Insurance Contracts (hereinafter - "**IFRS 17**"), which affects the recognition, measurement, presentation and disclosure of insurance contracts, and supersedes the existing provisions regarding this topic under IFRS 4 - Insurance Contracts (hereinafter - "**IFRS 4**") and the directives of the Capital Market, Insurance and Savings Authority (hereinafter - the "**Authority**"). In addition, on the abovementioned date the Company applied for the first time IFRS 9 - Financial Instruments (hereinafter - "**IFRS 9**"), which supersedes IAS 39 – Financial Instruments: Recognition and Measurement (hereinafter - "**IAS 39**").

The transition date for the application of the abovementioned standards was set for January 1, 2024. The application was carried out in accordance with the Transitional Provisions set in IFRS 1: IFRS 9 was applied using the full retrospective approach, whereas IFRS 17 was applied using one of the application approaches prescribed therein (full retrospective application, modified retrospective application, or the fair value approach, subject to the standard's provisions).

Under the initial application, the Company restated the consolidated statements of financial position as of January 1, 2024, and December 31, 2024, and the consolidated statements of income and comprehensive income for the year ended December 31, 2024.

As required under the provisions of IFRS 1 and the Authority's directives, the Company included qualitative and quantitative disclosures regarding the effects of the adoption of the above-mentioned standards on the consolidated financial statements in Note 2 to the consolidated financial statements. Due to the substantial changes to the Company's accounting policies applied in its consolidated financial statements regarding the accounting treatment used to account for insurance contracts and financial instruments due to the initial application of IFRS 17 and IFRS 9, which require the Company to use new judgments and estimates compared to those required in the application of IFRS 4 and IAS 39, and since IFRS 17 and IFRS 9 have substantial effects on the consolidated financial statements which are of importance to users of the Company's consolidated financial statements, we determined the first-time adoption of IFRS 17 and IFRS 9 to be a key audit matter.

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Solution provided to key audit matter

Following are the key audit procedures we applied regarding the assessment of first-time adoption of IFRS 17 and IFRS 9:

- We assessed the design, implementation and effectiveness of internal controls relating to the measurement of liabilities and assets in respect of insurance contracts, which fall within the scope of IFRS 17, and the process of determining the fair value of designated "Life Linked" bonds which were applied by the Company for the first time in 2025 for the current year and in respect of comparative figures.

- We assessed whether the judgments exercised by the Company's management in selecting and implementing the accounting policies on the material topics relating to the application of IFRS 17 and IFRS 9 are in accordance with the provisions of the above-mentioned standards and the directives of the Authority.

- We assessed, with the assistance of actuary experts on our behalf, whether the methodology, models, and assumptions used by the Company for the determination and run-off of the CSM, the RA, the fair value of liabilities and/or assets in respect of insurance contracts as of the transition date, the best estimate of cash flows in respect of insurance contracts and the fair value of designated "Life Linked" bonds in the reporting periods, are in accordance with the provisions of IFRS 17 and IFRS 9 on the above-mentioned topics, the directives of the Authority and generally accepted practices. This assessment also included testing, on a sample basis and based on our risk assessment, the appropriateness of the data and assumptions used as the basis for the models implemented to measure the various balances and an assessment of the significant judgments exercised by management or experts on its behalf in the relevant cases.

- We tested, with the assistance of actuary experts on our behalf, on a sample basis and based on our risk assessment, the various calculation processes carried out by the Company to measure the various balances relating to the insurance contracts.

- We reviewed the adequacy and completeness of the disclosures added to the financial statements following the application of the above-mentioned standards.

B. Measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured in accordance with IFRS 17 using the GMM and VFA models.

Why was the matter determined to be a key audit matter?

The consolidated financial statements as of December 31, 2025 include liabilities and assets of material amounts in respect of life and health insurance contracts and reinsurance contracts held in life and health insurance measured in accordance with the provisions of IFRS 17 under the General Measurement Model (hereinafter - the "**GMM model**") and the Variable Fee Approach (hereinafter - the "**VFA model**") at total assets of approx. NIS 3,749 million, and total liabilities of approx. NIS 105,175 million, respectively, as detailed in Note 21 to the consolidated financial statements.

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The insurance liabilities and assets in the life and health insurance segments measured under the GMM and the VFA comprise several components, which include projected fulfillment cash flows and contractual service margin. Each of these components is subject to the risk of material misstatement.

The projected fulfilment cash flows are usually the product of an actuarial valuation method and estimates regarding demographic and economic variables which are often subjective and complex. Changes in the risk factors, the incidence or severity of events, and changes in demographic and economic variables may have a material effect on the amount of the above-mentioned liabilities and assets.

The reforms and changes in the insurance market in recent years introduce challenges to the measurement of trends and the determination of assumptions regarding future developments, specifically in products with a long coverage period or long-tail claims in life and health insurance.

In calculating the actuarial valuations, the Company relies on the results of studies it performs from time to time. Naturally, these studies are based on past experience and projections as to future developments and are therefore limited with regard to regulatory changes which have not yet been fully reflected in the market and, moreover, potential future changes to the extent that they should be reflected.

Estimates of cash flow forecasts include, among other things, discount rates, mortality and morbidity rates, annuity take-up rates in executive insurance with a guaranteed annuity conversion factor, lapse rate, and a risk adjustment margin for non-financial risk.

The remaining contractual service margin depends on revisions made during this period in respect of factors such as the effects of a new business, interest accrued, revisions to demographic or financial effects, and recognition of profit or loss by coverage units. An error in the estimation of these amounts can result in an error in the remaining contractual service margin.

Due to the inherent uncertainty and complexity of the estimates used to measure liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held using the GMM and the VFA, we have determined that the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured using the GMM and the VFA models is a key audit matter.

Key audit procedures implemented to address the key audit matter:

The key audit procedures we applied to the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held, measured using the GMM and the VFA are as follows:

- We held meetings and discussions between our and the Company's actuarial departments, which included, among other things, a review of the calculation methodologies and an assessment of the consistency of their application.

- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including reliance on actuarial experts on our behalf.

- We assessed the design, application, and effectiveness of the internal controls pertaining to the measurement of liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held measured using the GMM the VFA models, and conducted procedures to assess the effectiveness of those internal controls, including controls over completeness of the population and accuracy of data, and key controls in the IT environment used for data processing and the flow of information for financial reporting purposes.

- We have assessed, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, material studies and other revised estimates underlying the reserves which were conducted by the Company during the reporting years.

- We assessed, based on a sample and our risk assessment, with the assistance of actuarial experts on our behalf, the reasonableness of certain assumptions underlying the abovementioned assets and liabilities, including the allocation of the coverage units or the discount rates by conducting various reasonableness tests such as assessing the development of the assumptions compared to previous periods and assessing adjustments to market data.

- We implemented analytical procedures in order to identify and analyze extraordinary material changes.

Furthermore, we assessed the appropriateness of the key disclosures in the consolidated financial statements regarding liabilities and assets in respect of life and health insurance contracts and reinsurance contracts held measured using the GMM and the VFA models.

C. Measurement of liabilities for incurred claims in insurance contracts and assets in respect of incurred claims in reinsurance contracts held, measured using the premium allocation approach (in particular with respect to subsegments with long-tail claims)

Why was the matter determined to be a key audit matter:

The consolidated financial statements as of December 31, 2025, include material liabilities and assets in respect of insurance contracts and reinsurance contracts held in P&C insurance and some of the health insurance products, which are measured under IFRS 17 in accordance with the premium allocation approach (hereinafter - the "**PAA model**"). As detailed in Note 21 to the Consolidated Financial Statements, as of December 31, 2025, these liabilities and assets total approx. NIS 7,825 million and approx. NIS 2,539 million, respectively.

Under the application of the PAA, the above-mentioned liabilities and assets include, among other things, the liability for incurred claims (hereinafter - the "**LIC**") and an asset for recovery from reinsurers of incurred claims (hereinafter - the "**AIC**"), which totaled - as of December 31, 2025 – approx. NIS 6,666 million and approx. NIS 2,171 million, respectively.

The LIC liability, and - on the other hand - the AIC assets, are measured based on actuarial forecasts affected by financial and non-financial factors such as discount rates, incidence and severity, timing of payment of claims and development patterns, past experience, etc.

In such insurance contracts with a long payment or claim-settlement periods (hereinafter - "**long-tail claims**") the LIC component may be significant in the determination of insurance liabilities. Accordingly, the AIC component under the asset for recovery from reinsurers of incurred claims may also be significant, based on the scope of reinsurance.

An error in the LIC component and an error in the AIC component may arise from errors in the variables pertaining to open claims or claims in respect of events which have occurred but not reported (IBNR).

In subsegments characterized by Long-Tail Claims, the inherent uncertainty is higher since a long-time elapse from the date of the occurrence of the insured event until the claim's final settlement date.

Due to the inherent uncertainty and complexity of the estimates used to measure the LIC component of liabilities of insurance contracts and the AIC component of the assets in respect of reinsurance contracts held, which are measured using the PAA, specifically for Long-Tail Claims, we determined that the measurement of the above-mentioned liabilities and assets is a key audit matter.

Key audit procedures implemented to address the key audit matter

The key audit procedures we applied to the measurement of liabilities in respect of the LIC component in insurance contracts and the assets in respect of the AIC component in reinsurance contracts held, measured using the PAA model, are as follows:

- We held meetings and discussions between our and the Company's actuarial departments, which included, among other things, a review of the calculation methodologies and an assessment of the consistency of their application.

- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including reliance on actuarial experts on our behalf.

- We assessed the design, application, and effectiveness of the internal controls pertaining to the measurement of the LIC component in insurance contracts and the AIC component in reinsurance contracts held measured using the PAA model, and conducted procedures to assess the effectiveness of those internal controls, including controls over completeness of the population and accuracy of data, and key controls in the IT environment used for data processing and the flow of information for financial reporting purposes.

- We conducted, with the assistance of actuarial experts on our behalf, based on a sample and on our risk assessment, a review of the Company's calculations, and of the manner by which financial and non-financial changes were recognized.

- We assessed, with the assistance of actuarial experts on our behalf and based on a sample and our risk assessment, the reasonableness of the assumptions and estimates underlying the actuarial assessments and their application in the calculation of the reserves - including the reasonableness of the discount rates - by conducting various reasonableness tests such as assessing the development of the assumptions compared to previous periods and assessing adjustments to market data.

- We implemented analytical procedures in order to identify and analyze extraordinary material changes.

Furthermore, we assessed the appropriateness of the key disclosures in the Consolidated Financial Statements regarding the LIC component in insurance contracts and the AIC component in reinsurance contracts held measured using the PAA model.

D. Measurement of the fair value of non-tradable investments:

Why was the matter determined to be a key audit matter?

As described in Notes 6, 7 and 12 to the Consolidated Financial Statements, the balance of non-tradable investments and the balance of the investment property as of December 31, 2025, which are measured at fair value through profit or loss and at fair value model, as the case may be, total approx. NIS 46,540 million and approx. NIS 4,493 million, respectively.

Under its application of IFRS 9, the Company measures its investments in equity instruments and the vast majority of non-tradable debt instruments it holds, including "Life Linked" bonds of the State of Israel, at fair value through profit or loss.

The fair value of non-tradable debt assets, which are measured at fair value, is determined by discounting the estimated future cash flows from those assets. The interest rates used to discount the cash flows are set by a company which provides interest rate quotes – Fair Spread Ltd.

The fair value of investments in non-tradable shares is based mainly on external appraisals or other indications of fair value such as investment and capital raising rounds, and in investment and hedge funds it is mainly based on the fair value of the underlying assets or appraisals and is set in accordance with each fund's reports. Valuation techniques are subjective in nature, rely on various assumptions, and use estimates that have a significant effect on fair value.

The fair value of investment property is based on valuations conducted by external appraisers and include estimates and assumptions such as estimated rent and discount rates.

Determining the fair value of investments in certain derivatives requires specific expertise in complex calculations.

Determining the fair value of the "Life Linked" bonds of the State of Israel (hereinafter - "**Hetz Bonds**") requires, among other things, the use of actuarial experts and various demographic and financial assumptions.

In some of the non-tradable investments, especially those classified to Level 3 of the fair value hierarchy in accordance with IFRS 13, such as non-tradable shares, investment funds, Hetz bonds, and investment property, the inherent uncertainty in the fair value measurement is not based on observable market inputs but rather on assessments and estimates of a property appraiser, judgment of fund managers, actuaries and other external experts, as well as the Company's assessments.

Changes in estimates, assumptions or valuations that were used as part of the valuations may have a significant influence on the measurement of the fair value of the non-tradable assets.

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Due to the inherent uncertainty and complexity of estimates, assumptions and assessments as stated above, we concluded that the measurement of the fair value of the non-tradable investments is a key audit matter.

Key audit procedures implemented to address the key audit matter

The key audit procedures we conducted regarding the assessment of the fair value measurement of non-tradable investments included the following procedures:

- We assessed the planning and implementation of internal controls relating to the process of determining the fair value of non-tradable investments and conducted procedures to test the effectiveness of those internal controls, including the controls regarding the appropriateness of the data and the assumptions used in valuations and the reasonableness of the valuations.

- We have assessed the methodologies applied by the Company to measure the fair value of non-tradable investments.

- We have made inquiries with finance department personnel and employees of the Company's investments department in order to obtain an understanding in connection with transactions, developments and material revaluations for the reporting period, and regarding material changes, if any, in data, assumptions and models compared to those used in the previous year.

- We applied procedures involving reliance on experts in accordance with Auditing Standard (Israel) 620 - Using the Work of an Auditor's Expert - including assistance from independent appraisers on our behalf, in accordance with the circumstance, on a sample basis and based on our risk assessment, in order to assess the reasonableness of the key underlying estimates and assumptions of appraisals.

- We conducted sample testing, based on our risk assessment, of the fair value of non-tradable investments in the Consolidated Financial Statements compared with the appraisals received by Company from external experts, against the reports of the investment funds, as the case may be.

- We conducted sample testing, based on our risk assessment, of the database used to receive quotes from Fair Spread Ltd. against loan agreements including by sending balance confirmation requests and perusal of new material non-tradable loan agreements.

- We assessed the effects of the measurement of insurance liabilities and reinsurance assets on the fair value of "Life Linked" bonds.

- We conducted an independent sample testing, based on our risk assessment, of the revaluation of non-tradable assets based on the quotes of Fair Spread Ltd.

Furthermore, we assessed the appropriateness of the key disclosures in the Consolidated Financial Statements regarding fair value measurements of investments in non-tradable assets.

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Board of Directors and management's responsibilities for the Consolidated Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS Accounting standards) and the provisions of the Securities Regulations (Annual Financial Statements), 2010, as applicable to insurers' holding companies; they are also responsible for those internal controls deemed necessary by the Board of Directors and management to enable the preparation of Consolidated Financial Statements which are free of material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters pertaining to going concern and applying the going concern basis of accounting unless the Board of Directors and management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Independent auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In conducting our audit, including reliance on other independent auditors, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures which are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and the management.

- Conclude on the appropriateness of the Board and the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubts on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required

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to draw attention in our independent auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to include in our opinion a departure from the standard wording. Our conclusions are based on the audit evidence obtained through the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the preparation of the Consolidated Financial Statements, including examining whether the accounting principles applied in the financial statements audited by other independent auditors are consistent with those applied by the Company, the reporting principles according to which the financial statements audited by other independent auditors were prepared are consistent with binding laws and guidance applicable to the Company, and that all data required for consolidation are fairly presented in the Consolidated Financial Statements.

We communicate to the Board of Directors and management regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which the independent auditor identifies during the audit.

In addition, we provide the Board and the management with a statement to the effect that we complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters which may reasonably be thought to bear on our independence, and where relevant, safeguards applied to eliminate identifiable threats to our independence.

From the matters which were communicated or should have been communicated to the Board and the management we determined those matters which were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor’s report unless law or regulation precludes public disclosure of the matter to external parties.

Linked paragraph

We have also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "Audit of the Components of the Internal Control over Financial Reporting", components of internal control over financial reporting of the Company as of December 31, 2025, and our report of March 25, 2026 included an unqualified opinion on the effectiveness of these components.

The engagement partner of the audit which is the subject matter of this independent auditor report is ael Asaf-Lagziel.

Tel Aviv,
March 25, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of December 31 2025	As of December 31 2024	As of January 1 2024
		NIS thousand		
Assets				
Cash and cash equivalents in respect of yield-dependent contracts	5A	**23,265,946**	**17,724,306**	**19,303,547**
Other cash and cash equivalents	5B	**2,014,338**	**2,742,027**	**3,053,023**
Financial investments in respect of yield-dependent contracts measured at fair value	6	**107,828,383**	**93,777,952**	**82,817,937**
Other financial investments measured at fair value	7	**32,381,753**	**28,782,965**	**27,666,623**
Other financial investments measured at depreciated cost	7	**4,365,459**	**4,457,422**	**4,557,028**
Financial investments for holders of certificates of deposit and structured bonds	8	**82,000**	**110,000**	**173,000**
Receivables and debit balances	9	**1,450,260**	**(*)944,791**	**860,099**
Current tax assets		**36,433**	**32,686**	**157,662**
Insurance contract assets	21	**1,459,434**	**766,337**	**407,880**
Reinsurance contract assets	21	**4,828,611**	**(*)4,594,555**	**4,322,095**
Credit assets for factoring, acquiring and financing	10	**5,456,504**	**4,970,234**	**3,700,349**
Equity-accounted investments	11	**1,484,989**	**2,002,294**	**1,651,832**
Investment property in respect of yield-dependent contracts	12	**2,572,016**	**2,425,542**	**2,283,063**
Investment property - other	12	**1,921,045**	**1,323,367**	**1,238,524**
Property, plant, and equipment measured at fair value	13	**1,082,388**	**1,388,725**	**1,123,002**
Other property, plant and equipment	13	**417,069**	**386,787**	**337,390**
Credit for purchase of securities	14	**1,136,000**	**1,022,000**	**717,000**
Intangible assets	15	**4,197,121**	**3,832,394**	**3,597,868**
Costs of obtaining investment management service contracts	16	**1,840,699**	**1,466,053**	**1,281,298**
Deferred tax assets	23	**119,562**	**101,984**	**109,330**
Total assets		**197,940,010**	**172,852,421**	**159,358,550**
Total assets for yield-dependent contracts		**133,866,295**	**114,264,373**	**104,769,512**

(*) Reclassified; for further details, see Note 2CC.

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

	Note	As of December 31 2025	As of December 31 2024	As of January 1 2024
		NIS thousand		
Liabilities				
Loans and credit	17	**18,092,322**	**14,207,720**	**13,044,524**
Liabilities for derivative instruments	17	**1,855,110**	**2,981,586**	**2,531,385**
Liabilities for structured products	18	**81,000**	**134,000**	**171,000**
Payables and credit balances	19	**2,819,143**	**(*) 2,339,536**	**1,783,289**
Liabilities for current taxes		**115,268**	**112,141**	**74,408**
Liabilities for of yield-dependent investment contracts	20	**46,886,628**	**32,751,129**	**23,787,779**
Liabilities for non-yield-dependent investment contracts (**)	20	**1,128,935**	**1,101,836**	**1,063,093**
Liabilities for insurance contracts	21	**112,964,442**	**(*) 106,548,830**	**106,228,044**
Liabilities for reinsurance contracts	21	**36,173**	**30,162**	**37,691**
Liabilities for employee benefits, net	22	**81,562**	**84,733**	**74,406**
Liabilities for deferred taxes	23	**996,852**	**737,996**	**383,088**
Total liabilities		**185,057,435**	**161,029,669**	**149,178,707**
Equity	24			
Share capital		**317,299**	**315,764**	**313,340**
Share premium		**1,251,448**	**899,856**	**860,345**
Treasury shares		**(580,026)**	**(376,885)**	**(193,866)**
Capital reserves		**(1,039,449)**	**(185,645)**	**(77,606)**
Surplus		**12,547,162**	**10,836,804**	**8,976,662**
Total equity attributable to Company's shareholders		**12,496,434**	**11,489,894**	**9,878,875**
Non-controlling interests		**386,141**	**332,858**	**300,968**
Total equity		**12,882,575**	**11,822,752**	**10,179,843**
Total current liabilities and equity		**197,940,010**	**172,852,421**	**159,358,550**

(*) Reclassified; for further details, see Note 2CC.

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

Benjamin Gabbay	Eyal Ben Simon	Eli Schwartz
Chairman of the Board	CEO	EVP, CFO

Approval date of the financial statements - March 25, 2026

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

	Note	For the year ended December 31	
		2025	2024
		NIS thousand	
Revenues from insurance services		9,801,698	9,278,187
Expenses from insurance services		7,832,487	6,929,538
Income from insurance services before reinsurance contracts held		**1,969,211**	**2,348,649**
Reinsurance expenses		1,441,591	1,498,950
Reinsurance revenues		1,433,459	887,815
Net expenses from reinsurance contracts held		**(8,132)**	**(611,135)**
Income from insurance services	25	1,961,079	1,737,514
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts		**15,440,784**	**13,996,077**
Investment income from other investments, net:			
Interest revenues calculated using the effective interest method		230,858	287,197
Losses (reversal of losses), net from impairment of financial assets		9,435	(30,166)
Other investment income, net		3,339,333	2,446,205
Share in earnings of equity-accounted investees		122,342	103,254
Total income from other investments, net		3,683,098	2,866,822
Total investment income, net		**19,123,882**	**16,862,899**
Finance expenses, net arising from insurance contracts		11,907,794	11,691,614
Finance income (expenses), net arising from reinsurance contracts		195,230	247,157
Increase in liabilities in respect of investment contracts due to the yield component		(4,815,342)	(3,763,568)
Net investment and finance income	26	2,595,976	1,654,874
Income, net from insurance and investment		**4,557,055**	**3,392,388**
Revenues from management fees	27	1,887,005	1,560,626
Revenues from Wealth & Investments	28	426,000	393,000
Revenues from credit and acquiring	29	471,786	432,213
Revenues from Brokers & Advisors commissions	30	785,627	645,410
Other operating expenses	30	2,384,661	2,178,695
Other expenses, net	30	(40,567)	(86,258)
Other finance expenses	31	693,037	491,629
Profit before income tax		**5,009,208**	**3,667,055**
Taxes on income	23	1,668,529	1,159,974
Income for the period		**3,340,679**	**2,507,081**
Attributable to:			
Company's shareholders		**3,222,714**	**2,391,031**
Non-controlling interests		**117,965**	**116,050**
Income for the year		**3,340,679**	**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		**12.78**	**9.51**
Diluted earnings			
Income from continuing operations		**12.69**	**9.44**

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

	For the year ended December 31	
	2025	2024
	NIS thousand	
Income for the year	**3,340,679**	**2,507,081**
Items of other comprehensive income not subsequently carried to profit or loss:		
Revaluation of property, plant, and equipment, net	**6,476**	**(16,279)**
Income from remeasurement of defined benefit plan for employees	**112**	**239**
Total other comprehensive loss not to be subsequently carried to profit or loss before income tax	**6,588**	**(16,040)**
Income tax associated with items of other comprehensive income not to be subsequently carried to profit or loss	**(1,519)**	**3,702**
Total other comprehensive loss not to be subsequently carried to profit or loss, net of tax	**5,069**	**(12,338)**
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:		
Group's share in other comprehensive loss of equity-accounted investees	**(41,662)**	**(10,029)**
Total other comprehensive loss which has been or will be carried to profit or loss, net of tax	**(41,662)**	**(10,029)**
Total other comprehensive loss for the year, net of tax	**(36,593)**	**(22,367)**
Total comprehensive income for the year	**3,304,086**	**2,484,714**
Attributable to:		
Company's shareholders	**3,186,118**	**2,368,692**
Non-controlling interests	**117,968**	**116,022**
Comprehensive income for the year	**3,304,086**	**2,484,714**

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

	Attributable to Company's shareholders											
	Share capital	Premium and capital reserves in respect of shares	Treasury shares	Retained earnings	Capital reserve from transactions with non-controlling interests	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment	Revaluation reserve	Reserve from translation differences	Total	Non-controlling interests	Total equity
	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	-	-	-	3,222,714	-	-	-	-	-	3,222,714	117,965	3,340,679
Other comprehensive income (loss)	-	-	-	80	-	-	-	4,986	(41,662)	(36,596)	3	(36,593)
Total comprehensive income (loss)	-	-	-	3,222,794	-	-	-	4,986	(41,662)	3,186,118	117,968	3,304,086
Share-based payment	-	46,755	-	-	-	-	36,016	-	-	82,771	-	82,771
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(124,510)	(124,510)
Acquisition of treasury shares (see Note 24D)	-	-	(301,752)	-	-	-	-	-	-	(301,752)	-	(301,752)
Exercise of employee options	1,535	22,163	-	-	-	-	(23,698)	-	-	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,495	-	-	-	(2,495)	-	-	-	-
Dividend (Note 24H)	-	-	-	(1,514,931)	-	-	-	-	-	(1,514,931)	-	(1,514,931)
Acquisition of minority interests (Note 24J)	-	282,674	98,611	-	(821,661)	-	-	-	-	(440,376)	(95,253)	(535,629)
Allocation of shares of a consolidated company to minority interests	-	-	-	-	-	-	-	-	-	-	55,672	55,672
Transaction with minority interest	-	-	-	-	(5,290)	-	-	-	-	(5,290)	-	(5,290)
Commencement of consolidation	-	-	-	-	-	-	-	-	-	-	99,406	99,406
Balance as of December 31, 2025	317,299	1,251,448	(580,026)	12,547,162	(1,294,770)	11,000	72,960	215,011	(43,650)	12,496,434	386,141	12,882,575

(*) For details regarding the initial application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2DD.

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

	Attributable to Company's shareholders											
	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	Non-controlling interests	Total equity
	NIS thousand											
Balance as of January 1, 2024 (*)	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	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 initial application of IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments – see Note 2DD.

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

	Appendix	For the year ended December 31 2025	2024
		NIS thousand	
Cash flows from operating activities			
Profit for the year		3,340,679	2,507,081
Adjustments required to present cash flows from operating activities	(a)	859,761	(3,208,622)
Net cash provided by (used for) operating activities		4,200,440	(701,541)
Cash flows used for investing activities			
Purchase of property, plant and equipment		(311,344)	(359,431)
Proceeds from disposal of property, plant and equipment		-	1,750
Investment in associates		(211,979)	(637,401)
Dividend from associates		15,947	24,276
Acquisition of consolidated companies consolidated for the first time	(b)	(217,282)	(76,771)
Change in loans granted to associates		(11,206)	5,066
Proceeds from disposal of investment in associate		764,757	391,657
Disposal of intangible assets		6,209	3,220
Acquisition and capitalization of intangible assets costs		(445,878)	(535,721)
Net cash used for investing activities		(410,776)	(1,183,355)
Cash flows provided by financing activities			
Acquisition of Company shares		(301,752)	(183,019)
Issuance of shares to non-controlling interests in a consolidated company		-	50,000
Acquisition of minority interest in a consolidated company		(462,700)	(114,529)
Repayment of contingent liability in respect of a put option to non-controlling interests		(25,984)	(15,872)
Short-term credit from banks, net		124,008	239,792
Repayment of financial liabilities		(3,059,143)	(1,873,547)
Dividend to shareholders		(1,514,931)	(535,000)
Repayment of lease liability principal		(42,011)	(54,212)
Issuance of financial liabilities		5,071,196	2,623,761
Change in Repo liability, net		1,360,114	(30,756)
Dividend paid to non-controlling interests		(124,510)	(111,959)
Net cash provided by (used in) financing activities		1,024,287	(5,341)
Increase (decrease) in cash and cash equivalents		4,813,951	(1,890,237)
Balance of cash and cash equivalents at beginning of period	(c)	20,466,333	22,356,570
Balance of cash and cash equivalents at end of period	(c)	25,280,284	20,466,333

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

	For the year ended December 31	
	2025	2024
	NIS thousand	
(a) Adjustments required to present cash flows from operating activities: (1) (2)		
Items not involving cash flows		
Net gains on financial investments in respect of insurance contracts and yield-dependent investment contract	(14,927,773)	(13,008,517)
Change in fair value of investment property in respect of yield-dependent contracts	(32,765)	(37,216)
Net (gains) losses on other financial investments	(3,470,818)	(2,929,210)
Depreciation and amortization	628,540	562,147
Loss from disposal of property, plant and equipment	12,806	(606)
Change in fair value of investment property	(9,425)	(5,098)
Loss (gain) on notional disposal as a result of assuming control of an investee	(150,781)	966
Change in financial liabilities	(903,164)	628,772
Income tax expenses	1,668,529	1,159,974
Share in earnings of equity-accounted investees	(122,342)	(103,254)
Payroll expenses in respect of share-based payment	91,688	44,908
Changes in other on-balance sheet line items, net:		
Change in liabilities in respect of non-yield-dependent investment contracts	27,099	38,742
Change in liabilities in respect of yield-dependent investment contracts	14,135,499	13,218,285
Change in liabilities for insurance contracts	5,842,665	347,559
Changes in liabilities for reinsurance contracts	6,011	(7,529)
Change in liabilities for notes, ETFs	(53,000)	(37,000)
Change in financial investments for holders of ETFs, certificates of deposit	28,000	63,000
Change in credit assets for factoring, acquiring and financing	(457,562)	(677,880)
Change in insurance contract assets	(693,097)	(358,457)
Change in reinsurance contract assets	(272,216)	(256,913)
Change in costs of obtaining investment management service contracts	(374,646)	(184,754)
Change in liabilities for employee benefits, net	(2,692)	9,293
Change in receivables and debit balances	(156,218)	(301,050)
Change in payables and credit balances	731,931	670,400
Change in credit for purchase of securities	(114,000)	(305,000)
Change in loans granted to associates	-	(1,129)
Financial investments and investment property in respect of insurance contracts and yield-dependent investment contracts:		
Acquisition of real estate properties	(130,806)	(105,263)
Proceeds on sale of real estate properties	17,097	-
Sale of financial investments, net	877,342	(2,206,432)
Financial investments and other investment property:		
Proceeds on sale of real estate properties	7,687	-
Acquisition of real estate properties	(85,893)	(79,745)
Sale of financial investments, net	149,424	1,305,856
Cash paid and received during the year for:		
Taxes paid	(1,483,619)	(804,415)
Taxes received	76,260	150,944
Total cash flows provided by (used for) operating activities	859,761	(3,208,622)

(1) Cash flows from operating activities include cash flows in respect of acquisition and sale, net of financial investments and investment property arising from insurance contracts and investment contracts activities.

(2) Cash flows from operating activities include cash flows in respect of dividend and interest received, as described in this appendix.

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

		For the year ended December 31	
		2025	2024
		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)	18,986	22,264
	Other financial investments	(185,147)	(3,907)
	Property, plant and equipment, net	(2,635)	(4,539)
	Goodwill arising from acquisition	(282,314)	(57,241)
	Intangible assets	(150,832)	(82,958)
	Deferred taxes	28,600	18,398
	Minority interests	99,406	17,995
	Investment in an associate	(101,040)	-
	Disposal of investment in an associate	256,510	-
	Financial liabilities	101,513	7,719
	Liabilities for employee benefits	(329)	1,273
	Loan from parent company	-	4,225
		(217,282)	(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
	Cash and cash equivalents in respect of yield-dependent contracts	17,724,306	19,303,547
		20,466,333	22,356,570
	Balance of cash and cash equivalents at end of period:		
	Cash and cash equivalents	2,014,338	2,742,027
	Cash and cash equivalents in respect of yield-dependent contracts	23,265,946	17,724,306
		25,280,284	20,466,333
(d)	Significant non-cash activities		
	Recognition of right-of-use asset against a lease liability	(48,496)	(127,351)
	Acquisition of minority interest against financial liability	(78,219)	-
	Acquisition of minority interest in consideration for reissuance of treasury shares	(381,285)	-
(e)	Breakdown of amounts included in operating activities		
	Interest paid	473,364	429,465
	Interest received	1,324,914	1,329,157
	Dividend received	76,125	61,812

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

NOTE 1 - GENERAL

A. Activity of the Reporting Entity

Phoenix Financial Ltd. (hereinafter - the "**Company**") is an Israeli resident company incorporated in Israel, whose official address is 2 Phoenix St., Rishon LeZion, Israel (see Section B below); the Company's consolidated financial statements as of December 31, 2025 include the financial statements of the Company and its subsidiaries and investments in associates (hereinafter, jointly – the "**Group**"). The Group mainly engages in the areas of Insurance, Retirement, Brokers & Advisors, Payments & Financing, and Wealth & Investments. The securities of the Company are listed for trading on the Tel Aviv Stock Exchange.

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

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

C. Restructuring in Wealth & Investments and Payments & Financing

As part of the implementation of the strategic plan regarding the Asset Management and Financing Activity, and the Company's wish to concentrate each of activities under separate arms, in July 2024, the Company's Board of Directors passed an in-principle resolution regarding a restructuring, which will include statutory mergers in accordance with the Eighth Part of the Companies Law, and the transfer of activities and assets of various group companies, as follows:

1. First stage - the merger of Phoenix Investments and Platinum into the Company

   The Company's Board of Directors approved that statutory mergers will be carried out between the Company and Phoenix Investments and between the Company and Platinum. As a result of the mergers all of the assets and liabilities of Phoenix Investments and Platinum into the Company, and they will cease to exist as separate companies.

   The completion of the mergers will be conditional, among other things, on the fulfillment of all of the following conditions: (a) Receipt of the Israel Tax Authority's approval for a restructuring and merger, which is exempted from corporate income tax in respect of each of the mergers, in accordance with Section 103I to the Income Tax Ordinance; and (b) the execution of the actions required to complete each of the mergers in accordance with the Companies Law and Companies Regulations (Merger), 2000.

   In March 2025, after obtaining authorization by the Israel Tax Authority and Registrar of Companies for the merger, the Company completed the measures required to complete each of the mergers.

NOTE 1 - GENERAL (cont.)

C. Restructuring in Wealth & Investments and Payments & Financing (cont.)

2. Second stage - in March 2025, after completing the first stage, the Company transferred to Phoenix Capital Partners Ltd. (hereinafter - "**Phoenix Capital Partners**") - a new privately-held subsidiary established by it, which is wholly-owned by the Company - Phoenix Investments' entire investment management activity prior to the merger date its holdings in all of Phoenix Advanced Investments' shares and its 19.9% stake in Phoenix Underwriting Ltd. The investment in the shares of Tehuda Management Service 1999 Ltd. and Safra Ltd. were transferred to Phoenix Advanced Investments.

3. Third stage - After completion of the second stage, In March 2025 the Company transferred to Gama all shares of Phoenix Consumer Check Credit Ltd.

D. Implications of the Iron Swords War, Operation Rising Lion and Operation Lion's Roar

On October 7, 2023, the Iron Swords War broke out and after approximately two years of fighting against the Hamas in Gaza at varying levels of intensity, in October 2025 an agreement was signed to return the hostages, stop the war and the IDF's withdrawal to agreed borders within the Gaza Strip.

Concurrently, 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, 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. Throughout the Operation, the Company switched to a remote work format and continued to provide all services as usual.

The ceasefire resulted in positive developments in Israel's credit rating, after the downgrading of the rating and the rating outlook in late 2023 and during 2024. On November 7, 2025, the rating agency S&P published an announcement regarding the upgrading of Israel's rating outlook from negative to stable. According to the announcement, the ceasefire agreement between Israel and Hamas reduced Israel's immediate security risk. On January 30, 2026, the rating agency Moody's also upgraded Israel's credit rating outlook from negative to stable, in view of the decrease in Israel's geopolitical risk and the Israeli economy's robustness in the face of the geopolitical developments.

Following the abovementioned upgrading of Israel's rating outlook by Moody's, the latter also upgraded Phoenix Insurance's international rating from Baa1 with a stable outlook to A3 with a stable outlook.

NOTE 1 - GENERAL (cont.)

D. Implications of the Iron Swords War, Operation Rising Lion and Operation Lion's Roar (cont.)

Subsequent to the reporting period, on February 28, 2026, Israel and the United States launched Operation Lion's Roar, in which Iranian regime targets were attacked across the country. The operation led to extensive firing of missiles and drones by Iran towards Israel and other countries in the Middle East, and later also to an escalation in fighting on the northern border following the joining of Hezbollah to the fighting. During the operation, a special situation was declared in the home front, Ben Gurion Airport was alternately closed, and the economy operates in a limited capacity in accordance with the Home Front Command's guidance. The Company operates in accordance with the Home Front Command's guidance and continues to provide all of its services in an orderly manner with no disruption to its operational continuity.

Due to its activity, Phoenix Financial is exposed to a slowdown and to additional risks arising from the War. For further details on sensitivity and exposure to risk factors, see also Note 41 to the Financial Report.

At this stage there is uncertainty regarding the full implementation of the ceasefire agreement and the continuation of the fighting under Operation Lion's Roar. Therefore, at this stage it is impossible to assess the likelihood of the resumption of the War, its potential duration, the full extent of its effect if it is, indeed, resumed, and the effects of Operation Lion's Roar on the Company and its results in the medium term; however, as of the report publication date the Company believes that this effect is not expected to be material.

E. Definitions

In these financial statements –

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 above.
Phoenix Investments	-	Phoenix Investments and Finances Ltd.; for details regarding the restructuring, see Section C above.
Phoenix Investment House	-	Phoenix Investment House Ltd., a subsidiary of controlled by the Company.

NOTE 1 - GENERAL (cont.)

E. Definitions (cont.)

In these financial statements – (cont.)

Phoenix Services	- Phoenix Services 2025 Ltd., a wholly owned subsidiary of the Company.
Hadar Green	- Hadar Green Company Properties and Investments Ltd., a wholly-owned subsidiary of Phoenix Insurance.
Phoenix Mortgages (Gold)	- Phoenix Mortgages (Gold) Ltd., a wholly-owned subsidiary of Phoenix Insurance.
Phoenix Capital Raising	- Phoenix Capital Raising (2009) Ltd., a wholly-owned subsidiary of Phoenix Insurance.
Phoenix Pension & Provident	- Phoenix Pension & Provident Funds Ltd., a wholly-owned subsidiary of the Company.
Phoenix Advanced Investments	- Phoenix Advanced Investments Ltd., a wholly-owned subsidiary of Capital Partners.
Phoenix Agencies	- Phoenix Insurance Agencies 1989 Ltd. - a company under the Company's control.
Oren Mizrach	- Oren Mizrach Insurance Agency Ltd., a subsidiary in which Phoenix Agencies is a controlling shareholder.
NIS	- Shekel Insurance Agency Ltd., a subsidiary wholly-owned by Phoenix Agencies.
Agam Leaderim	- Agam Leaderim Insurance Agency (2003) Ltd., a subsidiary wholly-owned by Phoenix Agencies.
Quality	- Quality Pension Insurance Agency (2017) Ltd. - a subsidiary under Phoenix Agencies' control.
Gama	- Phoenix Gama Ltd. (formerly Gama Management and Clearing Ltd.), a subsidiary wholly-owned by the Company.
Phoeniclass	- Phoeniclass Ltd., an investee of the Company and Phoenix Insurance.
Phoenix Construction Financing	- Phoenix Construction Financing and Guarantees Ltd. is a wholly-owned subsidiary of Gama.

NOTE 1 - GENERAL (cont.)

E. Definitions (cont.)

In these financial statements – (cont.)

Platinum	- Platinum Finance & Factoring Ltd.; for details regarding the restructuring, see Section C above.
Phoenix Retail Credit	- Phoenix Consumer Check Credit Ltd., a wholly-owned subsidiary of the Company; for details regarding the restructuring, see Section C above.
Consolidated companies/ subsidiaries	- Companies or partnerships whose financial statements are consolidated, directly or indirectly, with the financial statements of the Company.
Associates	- Companies over the financial and operating policies of which the Company has significant influence, but not control, and the Company's investment in which is presented in the Company's consolidated financial statements based on the equity method.
Investees	- Consolidated companies, and companies or partnerships, the Company's investments in which are included in the financial statements based on the equity method.
Related parties	- As defined by IAS 24, Related Parties.
Interested parties and controlling shareholder	- As defined in the Securities Regulations (Annual Financial Statements), 2010. (For further details, see Section 1C).
The Supervisor or Commissioner	- The Commissioner of the Capital Market, Insurance and Savings.
The Supervision Law	- Financial Services Supervision Law (Insurance), 1981.
The Capital Regulations	- Supervision of Financial Services Regulations (Insurance) (Minimum Capital Required of an Insurer), 1998, including amendments thereto.
Investment Rules	- Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012, and the circular entitled Investment Rules Applicable to Institutional Entities.

NOTE 1 - GENERAL (cont.)

E. Definitions (cont.)

In these financial statements – (cont.)

Reporting Information Regulations	- Supervision of Insurance Business Regulations (Reporting), 1998, and amendments thereto.
Insurance contracts	- A contract under which one party (the insurer) assumes a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
Investment contracts	- Policies that do not constitute insurance contracts.
Liability for yield-dependent contracts	- Liabilities to policyholders or beneficiaries, arising from insurance contracts or investment contracts in which the return on investments directly affects the liability amount
Assets for contracts Yield-dependent	- Total assets against liabilities arising from yield-dependent contracts.
Premiums	- Premiums including fees.
Premiums earned	- Premiums relating to the reporting period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The financial statements of the Company have been prepared on a cost basis, except for investment property, a class of land and buildings included in property, plant and equipment, financial assets measured at fair value through other comprehensive income, financial assets and liabilities (including derivative instruments), presented at fair value through profit or loss, provisions, assets and liabilities for employee benefits, investments in associates, and assets and insurance contracts and reinsurance contracts.

Statement of compliance with International Financial Reporting Standards

The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS). 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 initial application date of IFRS 17 regarding Insurance Contracts and IFRS 9, Financial Instruments was postponed to January 1, 2025 (instead of the initial application date that was set in the standard itself - 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 the subsidiary as stated above, and as a consequence it resumed full application of IFRS. For additional information, see Note 2.DD.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Financial statements structure and operating cycle period

The Group's ordinary operating cycle generally exceeds one year, in particular for life insurance and long-term savings, long-term care, illnesses and hospitalization insurance, and property and casualty insurance in the liability and compulsory motor insurance sectors. The consolidated statements of financial position, which include mainly the assets and liabilities of the consolidated insurance company, were presented according to liquidity, with no distinction made between current and non-current assets. This presentation, which provides more relevant information, is consistent with IAS 1, Presentation of Financial Statements.

C. Functional currency, presentation currency and foreign currency

Functional currency, presentation currency

These financial statements are presented in NIS, which is the Company's functional currency, rounded to the nearest thousand. This currency best reflects the economic environment in which the Company operates.

Transactions, assets and liabilities in foreign currency

Transactions denominated in foreign currency (a currency other than the functional currency) are recorded upon initial recognition at the exchange rate on the transaction date. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate as of that date. Exchange rate differences, other than those capitalized to qualifying assets or carried to equity in hedges, are carried to the income statement. Non-monetary assets and liabilities denominated in foreign currency which are presented at cost are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities denominated in foreign currency which are presented at fair value are translated into the functional currency at the exchange rate prevailing on the date on which the fair value was determined.

Monetary items linked to the Consumer Price Index

Monetary assets and liabilities linked to changes in the Israeli Consumer Price Index (hereinafter - the "**CPI**") are adjusted in accordance with the relevant CPI on each reporting date according to the terms and conditions of the agreement.

D. Consolidated Financial Statements

The Consolidated Financial Statements include the statements of companies which are controlled by the Company (subsidiaries). Control exists when a company has the power to influence the investee, exposure, or rights, to variable returns from its involvement with the investee, as well as the ability to use its power to affect the amounts of its return from the investee. When testing for control, potential voting rights are taken into account only if they are substantive. The financial statements are consolidated from the date on which control is gained until the date on which control ceases.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Consolidated financial statements (cont.)

The financial statements of the Company and its subsidiaries are prepared as of the same dates and periods. The accounting policies in the financial statements of the subsidiaries were applied uniformly and consistently with those applied in the Company's financial statements. Material intra-group balances and transactions as well as gains and losses arising from transactions of the Company and the subsidiaries are fully canceled in the consolidated financial statements.

Non-controlling interests in subsidiaries represent that portion of the subsidiaries' equity that cannot be attributed to the parent company, whether directly or indirectly. Non-controlling interests are presented separately, under the Company's equity. Profit or loss and any component of other comprehensive income are attributed to the Company and the non-controlling interests.

Losses are attributed to non-controlling interests even if the result is a negative balance of non-controlling interests in the consolidated statement of financial position.

Changes in ownership interest in a subsidiary that do not result in a loss of control, are accounted for as a change in equity by adjusting the remaining non-controlling interests against the equity attributable to Company's shareholders net of/plus the consideration paid or received.

Upon the disposal of a subsidiary that results in loss of control, the Company:

- Derecognizes the subsidiary's assets (including goodwill) and liabilities.
- Derecognizes the carrying amount of non-controlling interests.
- Derecognizes the adjustments arising from translation of financial statements carried to equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any remaining investment.
- Reclassifies the components previously recognized in other comprehensive income (loss) on the same basis that would have been required had the subsidiary disposed of the related assets or liabilities directly.
- Recognizes any resulting difference (surplus or deficit) as profit or loss.

E. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is measured at the fair value of the proceeds transferred at acquisition date, plus any non-controlling interests in the acquiree. In any business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value at acquisition date or in accordance with the proportionate share in the fair value of the net identified assets of the acquiree.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Business combinations and goodwill (cont.)

Direct acquisition costs are carried to the income statement as incurred.

In a business combination carried out in stages, the acquirer's equity interests held in the acquiree prior to obtaining control is measured at fair value as of acquisition date, and any revaluation of the previous investment is recognized in the income statement at the date of assuming control.

If in a business combination there was a pre-existing relationship between the acquirer and the acquiree, the group adds or deducts from the business combination consideration the lower of the amount by which the contract is favorable or unfavorable from the perspective of the acquirer when compared with terms for current market transactions for the same or similar items. The Group recognizes this amount in profit or loss.

Where an acquirer replaces the acquiree's share-based payment award with its share-based payment award (hereinafter - the "**replacement award**"), the portion of the market-based measure of the replacement award out of the market-based measure of the acquiree's original award, which equals the portion of the acquiree award which is attributable to pre-combination services, constitutes part of the consideration for the business combination.

The portion of a non-vested Replacement Award attributable to post-combination services is recognized as compensation cost in the post-combination financial statements. The above also applies if a share-based payment award is not replaced under the business combination.

A put option issued by the Group to non-controlling interests is accounted for in accordance with the anticipated acquisition method, that is to say, the underlying assumption of the method is that the option will be exercised, and therefore the parent company effectively holds the stake in the subsidiary's shares after the exercise of the put option. The put option that was issued by the Group to non-controlling interests in consideration for cash or another financial asset, is recognized as a liability at the amount of the present value of the option's exercise price.

Contingent consideration is recognized at its fair value at acquisition date. If the contingent consideration is classified as a financial asset or liability according to IAS 39 or IFRS 9. Subsequent changes in the fair value of the contingent consideration are recognized in the income statement or statement of other comprehensive income. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent measurement.

Goodwill is initially measured at cost, which represents the difference between the acquisition consideration and the amount of non-controlling interests and net identified assets acquired and liabilities assumed. If the resulting amount of goodwill is negative, the acquirer will recognize the resulting gain on acquisition date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Acquisition of a single asset entity

When it acquires a single asset entity, the Group assesses whether this is an acquisition of a business or an asset. When it assesses whether the single asset entity is a business, the Company considers whether there is at least one input and one process that together generate outputs. Where the single asset entity is a business, the transaction is accounted for as a business combination. Where the purchased single asset entity is not a business, the transaction is accounted for as an acquisition of a group of assets and liabilities. In the acquisition of assets and liabilities the cost of acquisition includes transaction costs, and is allocated on a proportionate basis to the identifiable assets and liabilities purchased, based on their proportionate fair value on acquisition date. In the latter case, goodwill is not recognized and neither are deferred taxes in respect of temporary differences existing as of acquisition date.

G. Investment in joint arrangements

Joint arrangements are arrangements in which the company has joint control. Joint control is a contractual sharing of control over an arrangement, which exists only when decisions regarding the relevant activities require the unanimous consent of the parties who share control.

1. Joint ventures

   In joint ventures, the parties to the arrangement have joint control over the rights to the arrangement's net assets. Equity-accounted joint venture.

2. Joint ventures

   In joint operations, the parties to the arrangement have joint control over the arrangement, and rights to assets and obligations for the liabilities of the operation. With respect to the joint operation, the Company recognizes its relative share of the assets, liabilities, revenues, and expenses of the joint operation.

Acquisition of rights in a joint operation which constitutes a business as defined in IFRS 3, is accounted for using the acquisition method including fair value measurement of identified assets and liabilities, recognition of deferred taxes arising from this measurement, accounting for transaction costs and recognition of goodwill or gain from bargain purchase. The above applies to the acquisition of the initial interest and additional interests in a joint operation which constitute a business.

H. Investments in associates

Associates are companies over which the Group has significant influence, but not control, over the monetary and operating policies. An investment in an associate, with the exception of an investment included in the investment portfolios of participating policies (see Note 2.H. below) presented on the basis of the equity method.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Equity-accounted investments

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or joint venture is presented at cost plus post-acquisition changes in the Group's share in net assets, including other comprehensive income of the associate or joint venture. The investment cost includes transaction costs.

Gains and losses arising from upstream or downstream transactions with an associate or joint venture are recognized in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or the joint venture's gains or losses resulting from these transactions is eliminated.

Goodwill in respect of the acquisition of an associate or joint venture is presented as part of the investment in the associate or joint venture, measured at cost and is not systematically amortized. Goodwill is tested for impairment as part of the investment in the associate or joint venture as a whole.

The financial statements of the Company and the associate or joint venture are prepared as of the same dates and periods. The accounting policies in the financial statements of the associate or joint venture were applied uniformly and consistently with those applied to the Group's financial statements.

In the case of an acquisition of an associate or joint venture that is achieved in stages, when the previous investment in the acquired company was accounted for using the provisions of IFRS 9, the Group applies IFRS 3 to business combination achieved in stages. As a result, equity interests in the acquiree which were held by the Group prior to the attainment of significant influence or joint control are measured at fair value at the acquisition date and are included in the acquisition proceeds while being recognized in profit or loss in accordance with the equity in an associate where losses in excess of its capital have been incurred, the Company recognized its share in the losses of the associate up to the amount of its investment in the associate plus a loss that it may have incurred as a result of a guarantee or other financial support given in respect of the associate, up to the guarantee amount or other financial consideration. For this purpose, the investment includes long-term receivable monetary items (such as loans granted) which there is no intention to settle or repay in the foreseeable future.

The equity method is applied until the date of the loss of significant influence over the associate or loss of joint control over the joint venture, or their classification as a held-for-sale investment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Equity-accounted investments (cont.)

The Company continues to apply the equity method even in cases where an investment in an associate becomes an investment in a joint venture, and vice versa. The Company applies the provisions of IFRS 5 to the investment or part of the investment in an associate or joint venture that is classified as held for sale. Any portion remaining in this investment that is not classified as held for sale continues to be accounted for using the equity method.

Until significant influence or joint control is lost, the Group measures the fair value of any remaining investment in the associate or joint venture, and recognizes in profit or loss as the difference between the proceeds from the disposal of the investment in the associate or joint venture and the fair value of the remaining stake and the carrying amount of the investment disposed of as of that date.

J. Insurance contracts

As detailed in Note 2.DD regarding initial 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 2024.

Classification of insurance contracts and reinsurance contracts

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

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

Some of the contracts entered into by the Company have the legal form of insurance contracts but do not transfer a significant insurance risk (savings policies without insurance coverage). These contracts are classified as financial liabilities and referred to as 'investment contracts'.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Classification of insurance contracts and reinsurance contracts (cont.)

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

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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Classification of insurance contracts and reinsurance contracts (cont.)

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.

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.

Level of aggregation and combination of insurance contracts

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

In order to determine the groups, the Company first identifies insurance contract portfolios. A portfolio comprises contracts subject to similar risks and managed together. The Company has identified portfolios of insurance contracts in accordance with the primary product lines and based on the list of insurance portfolios included in the Professional Issues Circular published by the Capital Market Authority with certain adjustments as permitted under the circular.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

Following is a list of the insurance contracts and reinsurance contracts defined by the Company by operating segments:

P&C Insurance	Health Insurance	Life Insurance
1) Business insurance	1) Individual long-term care	1) Policies with a non-yield-dependent savings component
2) Comprehensive home	2) Collective long-term care	2) Policies that include a yield-dependent savings component and include variable management fees.
3) Compulsory motor insurance	3) Medical expenses and disabilities - individual and collective	3) Policies that include a yield-dependent savings component only include fixed management fees
4) Motor property	4) Critical illnesses	4) Policies without a savings component - life and permanent health insurance coverage - individual and collective - reinsurance
5) Professional liability	5) Foreign workers, travel and personal accidents - short-term	5) Policies without a savings component - life insurance coverage - reinsurance
6) Aircraft, vessels and freight	6) Long-term care - reinsurance	6) Policies without a savings component - permanent health insurance coverage - individual and collective - reinsurance
7) Engineering insurance	7) Medical expenses and disabilities - individual and collective - reinsurance	
8) Credit insurance	8) Critical illnesses - reinsurance	
9) Guarantees		
10) Other		

The primary reinsurance portfolios in P&C Insurance are fire and property, liabilities, facultative and other.

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 the remaining contracts in the portfolio.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

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

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 2.DD).

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

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

In addition, in certain cases the Company contracts the same policyholder (or a related party thereof) in a set or a series of insurance policies. Normally, each policy in a set or a series shall be recognized as a separate insurance contract. In certain cases, the set or series of policies reflects the economic substance of a single insurance contract.

In such cases, the Company recognizes and measures such policies as a single insurance contract. When an insurance contract includes more than one insurance coverage, and the coverages would have been attributed to different insurance portfolios had they been provided under separate contracts, the Company classifies the contract as a whole in accordance with the portfolio to which the main coverage in the contract is attributed.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

The Company exercises judgment in determining whether to separate insurance components, or to combine a set or a series of insurance contracts with the same counterparty and account for them as a single contract. The Company' 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.

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

- 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 above-mentioned recognition criteria.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Cash flow for purchase of insurance

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.

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.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all cash flows within the contract boundary of each contract in the group. Cash flows are within the contract boundary if they arise from substantive rights and obligations which exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which it has a substantive obligation to provide the policyholder with insurance services. A substantive obligation to provide insurance services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Or

- Both of the following criteria are satisfied:

  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts, which contains the contract and, as a result, can set a price or level of benefits that fully reflects those risks.

  - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks, which relate to periods after the reassessment date.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Contract boundary (cont.)

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

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). The Company's insurance contracts with direct participation features are policies, which have a yield-dependent savings component, yield-dependent immediate annuity policies, and certain collective health 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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 (RA) for non-financial risk.

If the fulfillment cash flows constitute in total a net inflow upon initial recognition, a CSM is recognized to fully offset the fulfillment cash flows, with no effect on profit or loss upon initial recognition. The CSM represents the unearned profit of the insurance contract, which the Company will recognize insofar as it provides services under the contract. However, if the fulfilment 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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

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;
- Interest accrued on the carrying amount of the CSM, measured at nominal discount rates as of the initial recognition date;
- changes in the fulfilment cash flows relating to future service, except if:
  - The increase in fulfilment cash flows exceeds the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and forms a Loss Component.
  - The decrease in the fulfillment cash flows is carried to the Loss Component and reverses losses recognized in profit or loss in previous periods; and
- The amount recognized as insurance revenues because of the transfer of services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

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.

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 pertaining to future services, excluding changes in fulfillment cash flows pertaining to future services for which the Company has implemented the risk mitigation option as described below, and except to the extent that:
  - A decrease in the amount of the Company's share in the fair value of the underlying items, or an increase in the fulfilment 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 fulfilment cash flows relating to future services, is attributed to the Loss Component, and reverses losses recognized in profit or loss in previous periods; and
- The amount was recognized as insurance revenues in respect of services provided during the period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

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

Changes in fulfilment 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.

Interim financial reporting

The Company elected not to change the accounting estimates set in the previous Interim Financial Statements when preparing these Consolidated Financial Statements. Specifically, the CSM at the end of each reporting period is the CSM at the beginning of the reporting period adjusted as described above, rather than the CSM at the beginning of the year adjusted as described above.

Risk mitigation option

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

The Company put into practice the risk mitigation alternative set in the standard with regard to changes in the fulfillment cash flows arising from changes in the time value of money and financial risks in the relevant insurance liabilities, which are hedged through those assets. Therefore, the aforementioned changes will be recognized in profit or loss under the “Finance income (expenses), net from insurance contracts' concurrently with the income or expenses incurred in respect of the above-mentioned 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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

Subsequent measurement of loss component

For contracts, which are not measured under the PAA model, the Company creates a Loss Component of the liability in respect of the remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfillment cash flows to be recognized in profit or loss in subsequent periods as reversal of losses on onerous contracts, excluded from insurance revenues when incurred. When fulfilment 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.

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.

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.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Insurance contracts measured under the PAA model (cont.)

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

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

Subsequent measurement

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

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

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 acquisition of the reinsurance contract held, 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 initial recognition of 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.)

J. Insurance contracts (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.

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.

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.)

J. Insurance contracts (cont.)

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

(e) A portion of the premiums which relate to the recovery of insurance acquisition cash flows.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Disclosure and presentation (cont.)

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, including fees and credit fees. The Company allocates the amount of premiums expected to be received in each period based on the passage of time.

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

General and administrative expenses are included under expenses from insurance services to the extent that they are directly attributable to insurance contracts (claims, acquisition and other maintenance expenses). Expenses which are not directly attributable to insurance contracts are classified as other operating expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Insurance contracts (cont.)

Disclosure and presentation (cont.)

Insurance service results (cont.)

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

Finance income or finance expenses from insurance

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

A. From the effect of the time value of money and changes in the time value of money; and

B. The effect of financial risk and changes in financial risk, including the effect of the change in the Consumer Price Index; but

C. Excluding any such changes for groups of insurance contracts with direct participation features, which were carried to the Loss Component and included in insurance service expenses.

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

K. Financial instruments

Date of initial recognition

The Company recognizes a financial asset or financial liability on the date on which the Company becomes a party to the contractual arrangements of the financial instrument. In a regular way purchase, such as purchases of financial assets, which require delivery of assets within the time frame established generally by regulation or convention in the marketplace, the Company applies trade date accounting, i.e., the Company recognizes the purchased financial asset on the engagement date against a payment obligation.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Initial measurement of financial instruments

A financial asset or financial liability is measured at initial recognition at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs which are directly attributable to the acquisition or issue of the financial asset or financial liability.

If the fair value at initial recognition differs from the transaction price, the Company recognizes profit or loss in respect of the initial recognition as detailed below.

Profit or loss at initial recognition

Where the transaction price differs from the fair value of the financial asset or financial liability at initial recognition, and that fair value is based on a valuation technique which uses only observable inputs, the Company recognizes the difference between the transaction price and the fair value in profit or loss. In cases where the fair value is based on models where some inputs are unobservable, the difference between the transaction price and the fair value is deferred. The deferred amounts are recognized in profit or loss only to the extent that a change has occurred in a factor (including time) that market participants would take into account when pricing the asset or liability. On this basis, the Company has estimated that the amortization of the deferred amount on a straight-line basis is appropriate. Any unamortized balance is immediately recognized in profit or loss when the instrument is derecognized or when inputs become observable.

Classification and measurement of financial assets

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

(a) The Company's business model for managing financial assets, and

(b) Contractual cash flow characteristics of the financial asset.

Assessment of the business model for managing financial assets

The Company’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management’s intentions for an individual instrument, and therefore classification is not carried out on an instrument-by-instrument basis but rather on a higher level of aggregation.

When determining the business model, the Company takes into account the following factors:

- The manner in which the performance of the business model and the financial assets held within it are evaluated and reported to key management personnel.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Assessment of the business model for managing financial assets (cont.)

- The risks which affect the performance of the business model and the financial assets held within it, and, in particular, the way in which those risks are managed.
- How managers of the business are compensated - for example, whether the compensation is based on the fair value of assets under management or on the contractual cash flows collected.

In addition, the expected frequency, value, and timing of sales of financial instruments are important aspects of the Company's assessment.

The assessment of the business model is based on reasonably expected scenarios without taking into account stress scenarios such as 'worst case scenario' or 'stress case scenario'. If subsequent to initial recognition cash flows are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held under that business model but rather incorporates this information upon measurement of newly originated or newly purchased financial assets.

Assessment of contractual cash flow characteristics of the financial asset.

The Company is evaluating the contractual terms and conditions of the financial asset in order to identify whether they provide entitlement, at specified dates, to cash flows that are only principal and interest payments in respect of the outstanding principal amount (hereinafter - the "**Principal and Interest Test**"). These cash flows are consistent with a basic lending arrangement.

For the purpose of the Principal and Interest Test, the term principal is defined as the fair value of the financial asset at initial recognition and may vary over the life of the financial asset (for example, if there are principal repayments).

The most significant elements of interest under lending arrangements are typically the consideration for the time value of money and credit risk. In order to execute the Principal and Interest Test, the Company exercises judgment and assesses relevant factors such as the currency in which the financial asset is denominated and the period for which the interest is determined.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Assessment of contractual cash flow characteristics of the financial asset (cont.)

However, contractual terms which introduce a non-negligible exposure to risks or volatility in the contractual cash flows which are unrelated to a basic lending arrangement, do not give rise to contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset should be measured at fair value through profit or loss. These terms may include, among other things:

- Leverage characteristics;
- Early repayment or extension options;
- Non-recourse arrangements;
- Linked instruments by contract;
- Any contingent event, which would change the timing or amount of the contractual cash flows; and
- Mechanisms which cause a change in the contractual interest.

The Company measures debt instruments at amortized cost when:

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Debt instruments at fair value through profit or loss:

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

Equity instruments and other financial assets held for trading

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

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

Impairment of financial assets

At each reporting date, the Company tests the provision for loss in respect of financial debt instruments that are not measured at fair value through profit or loss should be estimated.

The Company differentiates between two situations of recognition of a provision for loss:

a) ECL (expected credit loss)

Debt instruments with no significant impairment in credit quality since the initial recognition date or with a low credit risk - the provision for loss recognized for this debt instrument will take into account current expected credit losses in the 12 months period after the reporting date, or;

b) Lifetime 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Impairment of financial assets (cont.)

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

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

The Company has financial assets with short credit periods, such as accounts receivable for a lease, to which it applies the expedient set forth in IFRS 9, i.e., the Company measures the impairment provision at an amount equal to current expected credit losses throughout the entire life of the instrument.

The Company applies the relief provided in IFRS 9, according to which it assumes that the credit risk of a debt instrument has not increased significantly since its initial recognition date if it is determined, at the reporting date, that the instrument has low credit risk, for example - if the instrument has an external "investment grade" rating.

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

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

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. The Company takes into account the following events as evidence that a financial asset is impaired:

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Impairment of financial assets (cont.)

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 difficultiesץ

F. The purchase or origination of a financial asset at a deep discount, which reflects the incurred credit losses.

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.

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).

When the Company continues to recognize an asset to the extent of its continuing involvement, the entity also recognizes an associated liability. The associated liability is measured in such a way that the net carrying amount of the transferred asset and the associated liability is:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Derecognition of financial assets (cont.)

(a) The amortized cost of the rights and obligations retained by the Company, if the transferred asset is measured at amortized cost; or

(b) Equal to the fair value of the rights and obligations retained by the company when measured on a stand-alone basis, if the transferred asset is measured at fair value.

Modification of terms of debt instruments measured at amortized cost or at fair value through other comprehensive income

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, the Company assesses whether the modification of terms result in the derecognition of that financial asset. This assessment is based on qualitative characteristics.

When the Company assesses whether a financial asset should be derecognized, it takes into account the following factors:

- Change in the currency of the financial asset
- Addition of an equity component
- Changes in the counter-party
- Does the modification result in the instrument's not meeting the Principal and Interest Test.

The Company derecognizes a financial asset when the terms have been changed to such an extent that it is effectively a new financial asset, and the difference is recognized as a profit or loss from derecognition, if no impairment loss had already been recognized. In the event of derecognition, the new financial asset is classified as Level 1 for the purpose of measuring the expected credit losses (12-month expected credit losses), unless the new financial asset is considered to be impaired due to credit risk.

If the modification to the terms does not result in substantially different cash flows, the Company does not derecognize the financial asset. The difference between the modified cash flows discounted at the original effective interest rate and the balance of the financial asset before the modification of terms is recognized as profit or loss from modification of terms, insofar as an impairment loss had not already been recognized.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

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 liabilities that arise when a transfer of a financial asset does not qualify for derecognition or the continuing involvement approach applies;

(c) Financial guarantee contracts;

(d) Commitment to advance a loan at an interest rate which is lower than the market interest rate;

(e) 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 financial liabilities classified as held-for-trading - including derivatives, and financial liabilities that meet certain criteria, and which are designated, upon initial recognition, to be presented at fair value through profit or loss.

At initial recognition, the Company measures these financial liabilities at fair value, and transaction costs are stated in profit or loss. Subsequent to initial recognition, changes in fair value are charged to profit or loss.

Repo agreements and reverse repo agreements

Securities sold under agreements to repurchase them at a fixed future date are not derecognized from the statement of financial position because the Company retained substantially all the risks and rewards arising from the securities. The cash received is recognized as an asset in the statement of financial position, while - on the other hand - the Company recognizes a repo liability, in the amount of the cash received plus accrued interest, to reflect the nature of the transaction as a loan to the Company. The difference between the sale price and the repurchase price is accounted for as interest expenses and recognized as an expense over the term of the agreement according to the effective interest rate, except for a repo liability measured at fair value through profit or loss. When the counter-party has the right to sell or repledge the securities, the Company discloses the loaned/pledged securities in the balance sheet.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Financial liabilities (cont.)

Repo agreements and reverse repo agreements (cont.)

Securities purchased under agreements to repurchase them at a fixed future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recognized as a financial asset in the statement of financial position, to reflect the nature of the transaction as a loan advanced by the Company. The difference between the purchase price and the repurchase price is accounted for as interest revenues, which were calculated using the effective interest method over the term of the agreement, except for a financial asset measured at fair value through profit or loss.

If the securities purchased under a repo agreement are subsequently sold to third parties, the undertaking to return the securities is recognized as a liability for short sale under held-for-trading liabilities and is measured at fair value through profit or loss, and any gain or loss is recognized in other investment income (loss), net.

Securities lending

Transactions in which securities were lent or loaned are typically backed by collateral in the form of cash or securities. The transfer of the securities to a counterparty is reflected in the statement of financial position only if the risks and rewards arising from the securities are also transferred. Cash transferred or received as collateral is recognized as an asset or liability.

Securities lent are only recognized in the statement of financial position if they are sold to third parties, in which case the undertaking to return the securities is recognized as a liability for short sale under held-for-trading liabilities and is measured at fair value through profit or loss, and any gain or loss is recognized in other investment income (loss), net.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Derecognition of financial liabilities (cont.)

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

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

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.

Netting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is an immediate legally enforceable right to set-off the recognized amounts, and when there is an intention to settle the asset and the liability on a net basis or realize the asset and settle the liability simultaneously. The right to offset must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of offset to be immediately available, it cannot be contingent on a future event, there must be no periods during which the right is not available, or there must be no events that will cause the right to expire.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Compound financial instruments

(1) Convertible bonds, which include an equity conversion component and a liability component are split into two components. Such a split is calculated by first determining the value of the liability component based on the fair value of a similar liability without a conversion option; the value of the equity conversion component is determined as residual value. Direct transaction costs were allocated between the equity component and the liability component based on the allocation of the consideration between the equity and liability components.

(2) Convertible bonds issued in foreign currency include two components: A conversion component and a debt component. The liability conversion component is initially recognized as a financial derivative at fair value. The balance is attributed to the debt component. Direct transaction costs are allocated between the liability conversion component and the liability debt component, based on the allocation of the consideration to each component.

Issuance of a package of securities

When a package of securities is issued, the proceeds received (before issuance expenses) are allocated to the securities issued as part of the package in accordance with the following allocation order: financial derivatives and other financial instruments presented periodically at fair value. Thereafter, the fair value is determined for financial liabilities measured at amortized cost, and the consideration allocated to equity instruments is determined as residual value. Issuance costs are allocated to each component in accordance with the ratio of the amounts that was determined for each component of the package.

Put option granted to non-controlling interests

A put option to be settled in cash

When the Company grants a put option to non-controlling interests, which will be repaid in cash, the option is classified as a financial liability and the non-controlling interests' share in the profits of the consolidated company is not conferred upon them. At each reporting date, the financial liability is measured at the present value of the estimated consideration to be transferred when the put option is exercised based on the fair value of the consideration determined. Changes in the liabilities are recognized in profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Financial instruments (cont.)

Put option granted to non-controlling interests (cont.)

A put option to be settled in a varying number of Company shares

The Company has put options for non-controlling interests, which will be settled in cash or in a varying number of Company shares, and the method of settlement will be selected by the Company. In these transactions, the non-controlling interests continue to be presented under equity and their proportionate share in the consolidated company's income is conferred upon them. The financial liability with respect of these options constitutes a derivative instrument measured at fair value through profit or loss. Where the exercise mechanism involves settlement through a varying number of Company shares at the value of the shares held by the non-controlling interests, the derivative value as of each reporting date is zero.

Settlement of financial liabilities through equity instruments

Where the terms of a financial liability are modified such that the Company issues equity instruments to the lender in order to settle part or all of the financial liability, the equity instruments issued are measured at the fair value of the equity instruments issued, if it can be reliably measured. If the fair value of the issued equity instrument cannot be reliably measured, the equity instruments are measured in accordance with the fair value of the settled financial liability on its settlement date. The difference between the financial statement balance of the extinguished financial liability and the fair value of the issued equity instruments is recognized in profit or loss.

L. Property, plant and equipment

Buildings and land are measured at revalued amounts, and fair value changes are carried to other comprehensive income. Buildings and land are valued based on evidence available in the market, using comparable prices adapted to specific market factors such as the type, location and condition of the assets.

The Group believes that fair value measurement is a more relevant basis for the value of the Group's assets and equity.

Other property, plant and equipment items are presented at cost plus direct acquisition costs, less accumulated depreciation and accumulated impairment losses, and less investment grants received in respect thereof, but do not include current maintenance expenses. Cost includes spare parts and auxiliary equipment used for the property, plant and equipment items.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

L. Property, plant and equipment (cont.)

Depreciation is calculated at equal annual rates on a straight-line basis over the asset's useful life, as follows:

	2024-2025
Buildings	20-50
Computers	3-7
Vehicles	7
Equipment and furniture	7-17
Leasehold improvements	See below
Works of art	Without depreciation

1. Revaluation of land and buildings is charged to the revaluation reserve presented in shareholders' equity, less the tax effect. The revaluation reserve is recognized in retained earnings during the use of the asset, according to its depreciation rate or when the asset is derecognized.

2. Revaluation is carried out routinely to ensure that the balance in the financial statements is not materially different from the value that would have been calculated at fair value at the reporting date.

3. Impairment of a revalued asset is carried directly to other comprehensive income, up to the amount of the credit balance in the revaluation reserve for that asset. Any further impairment is carried to profit or loss. Any increase in the asset's value as a result of revaluation is recognized in profit or loss up to the amount where it reverses the impairment that was previously recognized in profit or loss. Any subsequent increase is carried to the revaluation reserve.

4. Leasehold improvements are depreciated on a straight-line basis over the rental period (including the option period to extend the term of the contract, which the Group intends to exercise), or according to the estimated useful life of the improvement, whichever the shorter.

5. The useful life, depreciation method and residual value are reviewed at least at each year-end, and changes are accounted for prospectively as a change in accounting estimate. Depreciation of assets ceases at the earlier of the date on which the asset is classified as held for sale and the date on which the asset is derecognized.

M. Investment property

Investment property is initially measured at cost, including direct acquisition costs. After initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment property are recognized in profit or loss as incurred.

Investment property is not systematically depreciated.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Investment property (cont.)

Investment property under development for future use as investment property is also measured at fair value as set out above, when fair value can be reliably measured. The cost basis of investment property under development includes the cost of land plus the credit costs used to finance the construction, direct incremental planning and development costs and brokerage fees for rental agreements thereof.

The Group determines the fair value of investment property on the basis of a valuation by external independent appraisers who are experts appraisal of real estate properties and have the appropriate expertise and experience, and on the basis of the extensive professional expertise of the Group's management, as well on the valuation of internal expert appraisers.

N. Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost plus direct acquisition costs. Intangible assets acquired in business combinations are measured at fair value at acquisition date. Costs relating to internally generated intangible assets, excluding capitalized development costs, are carried to profit or loss as incurred.

Intangible assets with indefinite useful life are not systematically amortized and are tested for impairment annually or whenever there is an indication that an impairment has taken place. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If events and circumstances do not continue to support such assessment, the change in the useful life assessment from indefinite to definite is accounted for as a change in accounting estimate, and the asset is also tested for impairment on that date. As of that date the asset is amortized systematically over its useful economic life.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. Leases

The Company accounts for a contract as a lease contract when the right to control an identifiable asset is transferred, as provided therein, for a period of time, for a consideration.

1. The Group as lessee

For transactions in which the Company is the lessee, it recognizes at commencement date a right-of-use asset against a lease liability, excluding transactions for periods of up to 12 months and transactions in which the underlying asset is of low value, in which the Company opted to recognize the lease fees as an expense in profit or loss on a straight line basis over the lease term. When measuring the lease liability, the Company opted to apply the expedient available under IFRS 16 and did not separate between lease components and non-lease components, e.g.: management services, maintenance services, etc., included in the same transaction.

In transactions where the employee is entitled to a company car as part of his/her terms of employment, the Company accounts for these transactions as employee benefits in accordance with the provisions of IAS 19, rather than as a sublease.

On commencement date, the lease liability includes all unpaid lease payments (these payments do not include variable lease payments), capitalized at the lease's implicit interest rate, when it can be readily determined, or at the Company's incremental interest rate. After commencement date, the Company measures the lease liability using the effective interest method.

At effective date, the right-of-use asset is recognized at the amount of the lease liability plus lease payments paid on or before effective date, plus transaction costs incurred.

A right-of-use asset is measured using the cost model and amortized over the shorter of its useful life or the lease term.

Following are data regarding the number of years of depreciation of the relevant right-of-use assets by class:

	No. of years
Real estate	2-7
Vehicles	1-4

When there are indications of impairment, the Company assesses the impairment of the right-of-use asset in accordance with the provisions of IAS 36.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. Leases (cont.)

2. The Group as lessor

The tests for classifying a lease as a finance or operating lease depend on the nature of the transaction, rather than on the format of the contract, and are assessed at the inception date, in accordance with the principles set forth in IFRS 16:

A. Finance lease

A lease transaction in which substantially all risks and rewards of ownership of the asset are transferred to the lessee, is classified as a finance lease.

Lease transactions in which the Company is a lessor which is not a manufacturer or dealer

The leased asset is derecognized on commencement date and a "receivables for finance lease" asset is recognized the amount of which is equal to the present value of the lease proceeds discounted by the interest implicit in the lease. Any difference between the balance of the leased asset before derecognition and the balance of “receivables for finance lease" is recognized in profit or loss.

Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of revenues recognized over the lease term.

Lease transactions in which the Company is a lessor which is a manufacturer or dealer

On commencement date, a receivable for finance lease asset is recognized against the sales revenues line item, whose amount is determined according to the fair value of the underlying asset, or, if lower, the present value of the lease proceeds discounted using a market rate of interest. Furthermore, on the commencement date the underlying asset is derecognized against the cost of sales line item. Any incurred transaction costs are recognized immediately as an expense on the commencement date.

Subsequent to the commencement date, the lease proceeds are allocated between finance income which reflect

a fixed periodic rate of return on receivables for finance lease, and repayment of receivables for finance lease. The balance of receivables for finance lease is accounted for in accordance with the provisions of IFRS 9 for the purposes of impairment and derecognition.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. Leases (cont.)

2. The Group as lessor (cont.)

A. Finance lease (cont.)

The Company regularly reviews estimated unguaranteed residual values used in computing the gross investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the Company revises the revenue allocation over the lease term.

In transactions which include non-lease components, the Company accounts for non-lease components in accordance with the relevant accounting standard rather than under receivables for finance lease.

B. Operating lease

A lease transaction in which all risks and rewards of ownership of the asset are not transferred to the lessee, is classified as an operating lease. Lease proceeds are recognized as revenues in profit or loss on either a straight-line basis or another systematic basis (if it is more representative of the pattern in which benefit from the use of the underlying asset is diminished) over the lease term. Direct initial costs incurred in respect of the lease agreement are added to the cost of the leased asset and recognized as an expense over the lease term on the same basis.

3. Lease payments linked to the Consumer Price Index

On the lease commencement date, the Company uses the CPI rate on commencement date in order to calculate future lease payments.

In transactions in which the Company is the lessee, changes in the rate of future lease payments resulting from changes in the CPI are discounted (with no change in the discount rate applicable to the lease liability) to the balance of the right-of-use asset and charged as an adjustment to the balance of lease liability, only when a change occurs in cash flows due to a change in the CPI (i.e., the date on which the adjustment of lease payments takes effect).

4. Variable lease payments

Variable lease payments which are based on performance or use and do not depend on an index or a rate, are recognized as an expense in transactions in which the Company is a lessee and as revenues in transactions in which the Company is a lessor, as incurred.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. Leases (cont.)

5. Options to extend and terminate lease term

A non-terminable lease term also includes terms covered by an extension option when it is reasonably certain that the extension option will be exercised, as well as a terms covered by an option to terminate the lease when it is reasonably certain that the termination option will not be exercised.

Where a change occurs in the expectation that the extension option will be exercised or that the termination option will not be exercised, the Company re-measures the balance of the lease liability in accordance with the revised lease term, at the revised discount rate on the date of change in expectation, while the amount of the change is carried to the balance of the right-of-use asset until it is reduced to zero, and any remaining amount is recognized in profit or loss.

6. Lease modifications

When a lease modification is made which does not decrease the scope of the lease and is not accounted for as a separate lease transaction, the Company remeasures the balance of the lease liability in accordance with the modified lease terms according to the revised discount rate on the modification date and carries the total change in the lease liability to the right-of-use asset.

When a lease modification is made which decreases the scope of the lease, the Company recognizes any gain or loss arising from the partial or full derecognition of the right-of-use asset and the lease liability. Subsequently, the Company remeasures the balance of the lease liability in accordance with the modified lease terms according to the revised discount rate on the modification date and carries the total change in the lease liability to the right-of-use asset.

7. Subleases

In transactions where the Company leases an underlying asset (head lease) to a third party (sublease), the Company assesses whether the risks and rewards of ownership of the right-of-use assets have been transferred, inter alia, by comparing the sublease term to the useful life of the right-of-use asset created in the head lease.

When substantially all risks and rewards of ownership of a right-of-use asset have been transferred, the Company accounts for the sublease as a finance lease, otherwise the sublease is accounted for as an operating lease.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. Leases (cont.)

7. Subleases

When a sublease is classified as a finance lease, the leased asset is derecognized on commencement date and a "receivables for finance lease" asset is recognized the amount of which is equal to the present value of the lease proceeds discounted by the interest implicit in the lease. Any difference between the balance of the leased asset before derecognition and the balance of “receivables for finance lease" is recognized in profit or loss.

P. Intangible assets

Intangible assets with a definite useful life are amortized over their useful life and tested for impairment when there are indications thereof. The amortization period and method applied to an intangible asset with a definite useful life are reviewed at each year end at the very least.

Amortization

The estimated useful lives for the current and comparative periods are as follows:

	Years	Amortization method
Computer software	3-10	Straight line
Brand	5-10	Straight line
Non-compete agreements	5-13	Straight line
Future management fees	9-15	Straight line
Fees and commissions portfolios	2-10	Straight line

Estimates as to the depreciation method and useful life are reviewed at least at the end of each reporting year.

Q. Impairment of non-financial assets

The Company tests for impairment of non-financial assets whenever events or changes in circumstances indicate that the balance in the financial statements is irrecoverable. When the balance of the non-financial assets exceeds their recoverable amount, the assets are amortized to their recoverable amount. The recoverable value is the higher of fair value less costs of goods sold and value in use. In assessing value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to each asset and the time value of money. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. All impairment losses are charged to the income statement under the other expenses line item.

Any impairment loss from an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since an impairment loss was last recognized.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Q. Impairment of non-financial assets (cont.)

Reversal of the loss is limited to the lower of the amount of previously recognized impairment in respect of the asset (net of depreciation or amortization) or its recoverable amount. As to assets measured at cost, reversal of the loss is carried to profit or loss.

Reversal of an impairment loss of a cash-generating unit shall be allocated to the unit's assets, other than goodwill, proportionately to the carrying amount of each of the assets that falls within the measurement scope of IAS 36, only to the extent that the carrying amount of the asset, subsequent to the reversal of the impairment loss, does not exceed the asset's amortized cost that would have been set had the impairment loss not been recognized.

1. Testing for impairment of goodwill in respect of consolidated companies

   The Company assesses goodwill impairment annually, as of December 31, or more frequently if events or changes in circumstances indicate impairment.

   Goodwill impairment is determined by testing the recoverable amount of a cash generating unit (or a group of cash generating units) to which the goodwill was allocated.

   Each cash-generating unit to which goodwill was allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and in no case is larger than an operating segment.

   An impairment loss is recognized if the recoverable amount of the cash generating unit (or group of cash generating units) to which goodwill has been allocated is less than the financial statements balance of the cash generating unit (or group of cash generating units). Impairment losses from goodwill cannot be reversed in subsequent periods.

2. Investment in an associate or joint venture

   After implementing the equity method, the Company assesses whether it is necessary to recognize a further impairment loss in respect of impairment of the investment in associates or joint ventures. At each reporting date, the Company assesses whether there is objective evidence of impairment of an investment in an associate or joint venture. Impairment is tested for the entire investment, including goodwill attributable to the associate or joint venture.

3. Art works and intangible assets with indefinite useful life

   Impairment is tested annually - as of December 31, or more frequently if events or changes in circumstances indicate impairment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

R. Fair value measurement

Fair value is the price that would be received when selling an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes a transaction taking place in the principal market for the asset or liability, or in the absence of a principal market - in the most advantageous market.

The fair value of an asset or liability is based on assumptions to be used by market participants to price the asset or liability, assuming that market participants act in their economic interests.

Fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits through the highest and best use of the asset, or by selling it to another market participant who will make the highest and best use of the asset.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable data and minimizing the use of non-observable inputs.

The fair value of financial instruments traded in an active market is determined by market prices on the reporting date. For financial instruments 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. The value of illiquid bonds, loans and deposits is based on the cash flow discount method; see Note 6.

All assets and liabilities measured at fair value, or the fair value of which was disclosed, are categorized within the fair value hierarchy, based on the lowest level of the data, which is significant to fair value measurement as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: Inputs that are not based on observable market data (valuation techniques not using observable market input).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

S. Share capital and treasury shares

Costs directly attributable to the issuance of shares and share options are presented as a capital reduction.

Company's shares held by the Company and/or consolidated companies are measured at their acquisition cost and are presented as a reduction from the Company's capital. Any gain or loss arising from the acquisition, sale, issuance or cancellation of treasury shares is attributed directly to equity.

T. Employee benefits

The Group offers several types of employee benefits:

1. Short-term employee benefits

Short-term employee benefits are benefits which are expected to be fully paid within up to 12 months after the end of the annual reporting period in which employees provide the services. These benefits include salaries, paid annual leave, paid sick leave, recreation pay and employer's National Insurance contributions and are recognized as an expense as the services are rendered. A liability for a cash bonus or a profit participation plan is recognized when the Group has a legal or constructive obligation to make such payment in respect of a service rendered by an employee and the amount can be measured reliably. The liability for short-term employee benefits in the statement of financial position represents the undiscounted value of the liability.

2. Post-employment benefits

a) Defined contribution plan

The Group has defined contribution plans in accordance with Section 14 of the Israeli Severance Pay Law. According to these plans, the Group pays fixed contributions without having a legal or constructive obligation to pay further contributions even if the fund does not have sufficient amounts to pay all employee benefits related to the employee's service in the current and prior periods.

Contributions to a defined contribution plan in respect of severance pay or pension are recognized as an expense concurrently with performance of the employee's services.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. Employee benefits (cont.)

2. Post-employment benefits

b) Defined benefit plan

The Group has a defined benefit plan in respect of severance pay under the Severance Pay Law. According to the Law, employees are entitled to severance pay upon dismissal or retirement. The liability for severance pay is measured on the basis of the actuarial value of the projected unit credit. The actuarial calculation takes into account future pay raises and rates of employee turnover based on the estimated timing of payment. The amounts are presented on the basis of discounting the future cash flows using the interest rates based on the return at the reporting date on CPI-linked high-quality corporate bonds with maturity dates approximating the period for the Group's severance pay liability.

The Company makes contributions to pension funds and insurance companies on an ongoing basis in respect of its severance pay liability to some of its employees (hereinafter - the "**Plan Assets**"). The Plan Assets are assets held by the employee benefits reserve in the long term or in qualifying insurance policies. The Plan Assets are not available for the use of the Group's creditors and cannot be paid directly to the Group.

When the Company has excess assets over liabilities, it recognizes a net defined benefit asset up to the net discounted amount of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. An economic benefit is deemed available to the Company when it may be realized during the life of the plan or after the obligation is settled, taking into account the minimum funding requirements.

If under minimum funding requirements the Company has an obligation to make contributions for services already received, the Company recognizes the obligation as long as these contributions are not available in the form of refunds from the plan or reductions in future contributions to the plan.

The severance pay component in policies issued by the Company does not constitute Plan Assets and is offset from liabilities for insurance contracts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

T. Employee benefits (cont.)

2. Post-employment benefits (cont.)

b) Defined benefit plan (cont.)

The liability for employee benefits in the statement of financial position presents the present value of the defined benefit liability less the fair value of the plan assets.

Remeasurements of the net liability are carried to other comprehensive income.

3. Other long-term employee benefits

Group employees are entitled to benefits in respect of annual leave, work anniversary bonuses and adjustment bonuses. These benefits are accounted for as other long-term benefits, since the Company expects that they will be utilized, and the Group's obligation in respect thereof will be settled during the employment period, and after one year from the end of the annual reporting period in which the employees rendered the related service.

The Group's net obligation for other long-term employee benefits, which is calculated based on an actuarial valuation, is in respect of the amount of the future benefit payable to employees for their services rendered in current and prior periods, taking into account expected pay rises. The amount of these benefits is discounted to its present value net of the fair value of the assets pertaining to these obligations. The discount rate is determined in accordance with the return, as of the reporting date, on high-quality CPI-linked corporate bonds, with maturity dates similar to the terms and conditions of the Group's obligation period.

Remeasurements of the net liability are carried to profit or loss in the period in which they were incurred.

4. Termination benefits

Severance pay are recognized as an expense when the Group has committed to terminate employment before accepted retirement age and it is unable to revoke the offer, or when the Group recognizes restructuring costs that include payment of termination benefits, whichever the earlier.

U. Share-based payment transactions

Other employees/service providers of the Company are entitled to benefits by way of share-based payment settled in equity instruments and some employees/other service providers are entitled to benefits by way of cash-settled share-based payment measured on the basis of the increase in the Company's share price.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

U. Share-based payment transactions (cont.)

Cash-settled transactions in equity instruments

The cost of transactions with employees settled in equity instruments is measured according to the fair value of the equity instruments at the award date. The fair value is determined using an accepted option pricing model.

For other service providers, the transaction cost is measured at the fair value of the goods or services received in exchange for the equity instruments granted.

The cost of transactions settled in equity instruments is recognized in profit or loss in addition to a corresponding increase in capital over the period in which the conditions of performance and/or service are met and ends on the date on which the relevant employees are entitled to the compensation (hereinafter - the "**vesting period**"). The recognized cumulative expense in respect of transactions settled in equity instruments as of the end of each reporting date up to the vesting date reflects the extent to which the vesting period has elapsed and the Group's best estimate of the number of equity instruments that will eventually vest.

No expense is recognized for grants that do not ultimately vest, except for grants whose vesting is conditional upon a market conditions, which are accounted for as vesting irrespective of whether the market condition is satisfied, assuming that all the other vesting conditions (service and/or performance) are satisfied.

If the Company modifies the conditions on which equity instruments were granted, an additional expense is recognized beyond the original expense calculated for any modification that increases the total fair value of the compensation granted or is otherwise beneficial to the employee or other service provider at fair value at the modification date.

If a grant of an equity-settled instrument is canceled, it is accounted for as if it had vested on the cancellation date, and any expense not yet recognized for the grant is recognized immediately. However, if a new grant replaces the canceled grant and is identified as a replacement grant on the grant date, the canceled and new grants are both treated as a modification of the original grant, as described above.

Cash-settled transactions

The cost of cash-settled transactions is measured in accordance with the fair value on the award date using a generally accepted option pricing model. The fair value is recognized as an expense over the vesting period and a corresponding liability is recognized. The liability is remeasured at fair value at each reporting period until it is settled, and any fair value changes are recognized in profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

V. Liability for short sale of liquid securities

Liabilities in respect of short sale of securities are initially recognized at fair value when the relating transaction expenses are charged to the income statement. Subsequent to initial recognition, these liabilities are measured at fair value against profit or loss.

W. Provisions

In accordance with IAS 37, a provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is likely that financial resources will be required to settle the obligation and the obligation can be reliably estimated. When the Group expects that some or all of the expense will be reimbursed to the Company, such as in an insurance contract, the repayment will be recognized as a separate asset, only when it is highly likely that the asset will be received. The expense is recognized in the income statement less the reimbursement of the expense.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that the Company would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities. Where a single obligation is being measured, the individual most likely outcome may be the best estimate of the provision.

Legal claims

A provision for claims is recognized if, as a result of a past event, the Company has a present legal or constructive obligation and it is more likely than not that the Group will require its economic resources to settle the obligation. and it is reliably estimable.

X. Costs of obtaining investment management service contracts

1. Investment contracts

   Costs of obtaining investment management service contracts include fees and commissions to agents and purchasing supervisors and general and administrative expenses pertaining to the acquisition of new contracts and are recognized as an asset unless the Group does not expect to recover these costs. The asset is amortized at equal annual rates over the contract period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

X. Costs of obtaining investment management service contracts (cont.)

2. Pension funds and provident funds

Fees and commissions to agents and purchasing supervisors paid for the acquisition of asset management contracts (pension and provident funds) are recorded as costs of obtaining investment management service contracts asset if it is expected that they will be recovered in the form of management fees. The asset is amortized over the estimated period for receiving revenues from management fees.

The recoverability of the costs of obtaining investment management service contracts is assessed by the Company's actuary when there are indications of impairment of the asset, using assumptions regarding lapse rates, mortality and other variables as stated in Note 2A regarding the key considerations, estimates and assumptions used in the preparation of the Financial Statements. If there is no recoverability under these assumptions, the Group may need to accelerate the amortization or even write-off the asset.

In addition, every year, the Company's actuary validates the estimated period for receiving revenues from management fees in respect of investment contracts, and pension and provident funds in order to determine the amortization period of the asset for costs of obtaining investment management service contracts recorded in respect thereof.

Y. Recognition of revenues from provision of service to customers

1. Insurance contracts - For an explanation of the revenue recognition policy with respect to insurance contracts and reinsurance contracts issued by the Company, see Note 2I.

2. Revenues from management fees in respect of asset management contracts (investment contracts, pension funds and provident funds)

Management fees in respect of asset management contracts, which are calculated as a fixed percentage of the accrual are recognized as revenue on an accrual basis. Management fees from contributions, which are calculated as a fixed percentage of planholders' contributions, are recognized as revenue when the contribution is made.

Proceeds from investment contracts are not included under the revenues from management fees line item; rather, they are carried directly to liabilities in respect of yield-dependent investment contracts or to liabilities in respect of non-yield-dependent investment contracts. Redemptions and maturities with respect to these contracts are not recognized in profit and loss but rather deducted directly from the liability. In its income statement, the Company recognizes for these contracts a decrease (increase) in liabilities in respect of investment contracts due to the return component, revenues from management fees and other operating expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Y. Recognition of revenues from provision of service to customers (cont.)

3. Fees and commissions in insurance agencies - Revenues from fees and commissions in P&C Insurance are recognized as incurred.

   Revenues from life insurance fees and commissions is recognized on the basis of the date of entitlement for payment of the fees and commissions according to agreements with the insurance companies, net of provisions for refunds of fees and commissions due to expected cancellations of insurance policies.

4. Revenue recognition from the disposal of art works

   Revenues from sale of works of art is included at the date of delivery when the revenues can be reliably estimated, there is a binding contractual agreement with the acquirer and it is highly likely that the consideration will be received.

5. Revenues from Wealth & Investments

   A. Revenues from underwriting and distribution

      Revenues from underwriting and distribution fees and commissions is recorded when the issuance and distribution is carried out, after fulfillment of the terms of the agreement with the company and/or issuer.

   B. Revenues from consulting services

      Revenues from advisory services (insurance agencies, management of employee options) is charged to profit or loss over the service period.

   C. Revenues from financial transactions

      Net gain (loss) from financial transactions include gains on ETFs activity, market making, interest income (expenses) on amounts invested (taken), revenues from dividends, changes in fair value of financial assets measured by fair value through profit or loss, losses from impairment of financial assets, profits (losses) from exchange rate differences and profits (losses) from derivative instruments recognized in profit or loss. Interest revenues and expenses are recognized upon accrual, using the effective interest method. Revenues from dividend is recognized when the Company is entitled to receive payment. If the dividend is paid in respect of liquid shares, the Company recognizes the revenues on the ex-dividend date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Y. Recognition of revenues from provision of service to customers (cont.)

6. Revenues from credit and acquiring

A. Fees in respect of checks discounting constitute an integral part of the effective interest rate of loans in the Group and are therefore accounted for as an adjustment of the effective interest rate.

Revenues from fees and commissions in respect of other services is recognized when the service is rendered to the customer.

B. Revenues from financial guarantee

Revenues from provision of financial guarantee services is recognized on a straight-line basis over the term of the financial guarantee contract.

Z. Income tax

The tax results for current or deferred taxes are carried to profit or loss, unless they refer to items carried to other comprehensive income or to equity.

1. Current taxes

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted as of the reporting date, as well as adjustments to the tax liability payable in respect of prior years.

2. Deferred taxes

Deferred taxes are calculated for temporary differences between the amounts in the financial statements and the amounts taken into account for tax purposes.

Balances of deferred taxes are calculated at the tax rate that is expected to apply when the asset is disposed of or the liability settled, based on tax laws that have been enacted or substantively enacted as of the reporting date.

Deferred tax assets are reviewed at each reporting date and amortized if it is no longer probable that they will be utilized. Carryforward losses and temporary differences which may be utilized, for which deferred tax assets were not recognized, are assessed at each reporting date and if their utilization is expected, an appropriate deferred tax asset is recognized.

Deferred taxes in respect of investment property held with the objective of recovering substantially all of the economic benefits inherent therein by way of disposal rather than by way of use, are measured according to the expected manner of recovering the underlying asset, based on disposal rather than on use.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Z. Income tax (cont.)

2. Deferred taxes (cont.)

In cases where the Company holds a single asset entity, and expects to dispose of the investment by selling the single asset entity's shares rather than by selling the asset itself, the Company is required to recognize deferred taxes both with respect to the inside differences arising from the difference between the asset's tax base and its carrying value and with respect to the outside differences arising from the difference between the shares' tax base and the share of the company holding the net assets of the subsidiary in the Consolidated Financial Statements.

When calculating deferred taxes, taxes applicable in the event of a disposal of investments in investees are not taken into account, if the sale of such investments is not expected in the foreseeable future. In addition, deferred taxes that would apply in the event of the profit distribution by investees as dividends have not been taken into account, since the distribution does not give rise to an additional tax liability, or due to the Company's policy not to distribute a dividend by a consolidated company that triggers an additional tax liability.

Income tax relating to shareholder distributions of an equity instrument and transaction costs of an equity transaction are accounted for according to IAS 12.

Deferred taxes are offset if there is a legal right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

AA. Earnings (loss) per share

Earnings per share are calculated by dividing the net profit attributable to the Company's shareholders by the weighted number of ordinary shares outstanding during the period.

Potential ordinary shares are included in the calculation of diluted earnings per share if their effect dilutes the earnings per share from continuing operations. Potential ordinary shares converted during the period are included in the diluted earnings per share only through the conversion date, and as from that date they are included in the basic earnings per share. The Company's share in the profits of investees is calculated according to its share in the earnings per share of those investees multiplied by the number of shares held by the Company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

BB. Distribution of non-cash assets to shareholders

The Company recognizes a liability with respect of the distribution of assets when such distribution has been approved by the relevant competent Company organ. The liability is measured at the fair value of the asset transferred and is recognized directly in equity, within retained earnings. At each reporting date, until the asset is derecognized, the liability is measured according to the asset's fair value, and fair value changes are recognized in retained earnings. On the asset's derecognition date, a gain or loss is recognized, which is equal to the difference between the liability amount and the asset's balance in the Financial Statements as of the derecognition date. The Company accounts for the group of non-cash assets, which were distributed to shareholders in accordance with the provisions of IFRS 5.

CC. Reclassification

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

DD. Initial application of IFRSs

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 initial 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 initial 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 initial 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 initial 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

Upon the deferral of the initial application date of IFRS 17 to January 1, 2025, the Commissioner also postponed the initial application date of IFRS 9 to January 1, 2025, accordingly.

Due to the deferral of the initial 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:

   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.)

DD. Initial application of IFRSs (cont.)

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

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, 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 Note 2.

Provisions for the Transitional Period

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.)

DD. Initial application of IFRSs (cont.)

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

Provisions for the Transitional Period

- 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.

- 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).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

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

Transitional Provisions (cont.)

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.

The fair value approach - FVA

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

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

Transitional Provisions (cont.)

Following are the main assumptions underlying the valuation:

A. Required capital: The capital requirements are based on the provisions of Solvency II in Israel. For the purpose of assessing the compensation for the Company's diversification, it is assumed that the market participant has an existing business mix similar to that of the Company. When calculating the compensation for diversification until the portfolio's run-off, the Company takes into account new future sales in accordance with its current sales mix. Furthermore, the appraisal assumes that 40% of the capital requirements are financed through Tier 2 capital instruments.

B. Minimum economic solvency ratio target - The assumption underlying the model is that a market participant will hold capital in accordance with the minimum economic solvency ratio target set for dividend distribution. In accordance with the Commissioner's Directives, the initial economic solvency ratio target required from the market participant will be based on the average of the current capital targets for dividend distribution purposes of the five largest insurance companies in Israel plus a 10% spread, and the final economic solvency ratio target required from the market participant will be based on the average of the future capital targets for dividend distribution purposes of the five largest insurance companies in Israel. Accordingly, the appraisal assumes an initial capital target of 121% in the year following the transition date, which will rise to 135% at the end of 2032 and then remain constant.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

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

Transitional Provisions (cont.)

The fair value approach - FVA (cont.)

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:

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

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

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

Impairment of financial assets

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

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

Provisions for the Transitional Period

Changes in accounting policies resulting from initial 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.
  - 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.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9:

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

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

		As of December 31, 2023 as previously reported	Effect of initial application	As of January 1, 2024, according to IFRS
		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
Other financial investments measured at fair value	1	14,198,423	13,468,200	27,666,623
Other financial investments measured at depreciated cost	1	16,572,861	(12,015,833)	4,557,028
Financial investments for holders of deposit certificates and structured bonds		173,000	-	173,000
Credit assets for factoring, acquiring and financing		3,700,349	-	3,700,349
Receivables and debit balances (*)		1,047,092	(186,993)	860,099
Current tax assets		157,662	-	157,662
Insurance contract assets	6	-	407,880	407,880
Reinsurance contract assets (*)		4,028,261	293,834	4,322,095
Equity-accounted investments		1,651,832	-	1,651,832
Investment property in respect of yield-dependent contracts		2,283,063	-	2,283,063
Investment property - other		1,238,524	-	1,238,524
Property, plant, and equipment measured at fair value		1,123,002	-	1,123,002
Other property, plant and equipment		337,390	-	337,390
Intangible assets and goodwill		3,597,868	-	3,597,868
Collectible premium	2	998,295	(998,295)	-
Deferred acquisition costs	2	1,404,972	(1,404,972)	-
Costs of obtaining investment management service contracts	3	1,281,298	-	1,281,298
Deferred tax assets		109,330	-	109,330
Credit for purchase of securities		717,000	-	717,000
Total assets		**159,794,729**	(436,179)	**159,358,550**
Total assets for yield-dependent contracts		**104,769,512**	**-**	**104,769,512**
Liabilities				
Loans and credit		13,044,524	-	13,044,524
Liabilities for derivative instruments		2,531,385	-	2,531,385
Payables and credit balances (*)	4	3,669,165	(1,885,876)	1,783,289
Liabilities for current taxes		74,408	-	74,408
Liabilities for yield-dependent investment contracts		23,787,779	-	23,787,779
Liabilities for non-yield-dependent investment contracts		1,063,093	-	1,063,093
Liabilities for insurance contracts (*)	7	103,719,615	2,508,429	106,228,044
Liabilities for reinsurance contracts			37,691	37,691
Liabilities for employee benefits, net		74,406	-	74,406
Liabilities for deferred taxes	8	764,322	(381,234)	383,088
Liabilities for structured products		171,000	-	171,000
Total liabilities		**148,899,697**	279,010	**149,178,707**
Equity				
Share capital		**313,340**	-	313,340
Share premium		860,345	-	860,345
Capital reserves	5	1,101,414	(1,179,020)	(77,606)
Treasury shares		(193,866)	-	(193,866)
Surplus		8,499,062	477,600	8,976,662
Total equity attributable to Company's shareholders		10,580,295	(701,420)	9,878,875
Non-controlling interests		314,737	(13,769)	300,968
Total equity		**10,895,032**	**(715,189)**	**10,179,843**

(*) Reclassified.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

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

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

		As of December 31, 2024 as previously reported	Effect of initial application	As of December 31, 2024, according to IFRS
			NIS thousand	
Assets				
Cash and cash equivalents in respect of yield-dependent contracts		17,724,306	-	17,724,306
Other cash and cash equivalents		2,742,027	-	2,742,027
Financial investments in respect of yield-dependent contracts measured at fair value		93,777,952	-	93,777,952
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	(389,301)	944,791
Current tax assets		32,686	-	32,686
Insurance contract assets	6	-	766,337	766,337
Reinsurance contract assets (*)		3,917,402	677,153	4,594,555
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**	282,031	**172,852,421**
Total assets for yield-dependent contracts		**114,264,373**	-	**114,264,373**
Liabilities				
Loans and credit		14,207,720	-	14,207,720
Liabilities for derivative instruments		2,981,586	-	2,981,586
Liabilities for structured products		134,000	-	134,000
Payables and credit balances (*)	4	4,129,300	(1,789,764)	2,339,536
Liabilities for current taxes		112,141	-	112,141
Liabilities for 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
Liabilities for insurance contracts (*)	7	104,167,924	2,380,906	106,548,830
Liabilities for reinsurance contracts		-	30,162	30,162
Liabilities for employee benefits, net		84,733	-	84,733
Liabilities for deferred taxes	8	975,977	(237,981)	737,996
Total liabilities		**160,317,979**	711,690	**161,029,669**
Equity				
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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

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

1. Most of the change arises from revaluation to fair value of designated bonds instead of measurement at adjusted cost. In addition, other financial investments measured at amortized cost include a balance of credit losses totaling approx. NIS 15 million, which are fully allocated to the Other Equity Returns Segment.

2. In accordance with IFRS 17, the collectible premium balance is included in the estimated future cash flows in respect of insurance contracts and therefore it was included in the liabilities for insurance contracts line item. Deferred acquisition costs attributable to long-term products in the Life and Health Insurance Segment were derecognized on the transition date against a decrease in equity. As from 2024, deferred acquisition expenses attributed to insurance contracts policies will be included in the measurement of the insurance contracts as part of the present value of the future cash flows and will reduce the value of the CSM.

3. Costs of obtaining investment management service contracts constitute deferred acquisition expenses in respect of investment contracts.

4. In accordance with IFRS 17, reinsurers' deposits are included in the estimated future cash flows in respect of the reinsurance contracts and therefore they were included in the reinsurance assets line item.

5. Capital reserve for available-for-sale financial assets was classified to retained earnings. Financial investments measured at fair value through other comprehensive income in accordance with IAS 39 will be measured at fair value through profit and loss under IFRS 9.

6. The recognition of insurance assets arises from the measurement of life and critical illness insurance portfolios in accordance with the present value of the estimated future cash flows, which constitutes an asset, less the RA and CSM representing an unrecognized future income.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

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

7. The revaluation of liabilities for insurance contracts is mainly due to the recognition of CSM and RA and the transition to discounting the liabilities based on a risk-free interest.

8. For details regarding a sectoral tax agreement which also includes the effect of the initial application of the Standards on the transition date, see Note 18.

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

	Life and Savings	Health	P&C Insurance	Total
	NIS thousand			
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**

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

	Life and Savings	Health	P&C Insurance	Total
	NIS thousand			
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.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

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

Life Insurance and Savings Segment

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

Health Insurance Segment

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

Property and Casualty Segment

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

(b) Effect of initial application of IFRS 17 and IFRS 9 on comprehensive income:

	For the year ended December 31, 2024
Comprehensive income after tax, as previously reported	**1,583,354**
Adjustments to comprehensive income following the transition to IFRS 17 and IFRS 9 (for details see Section B below):	
Insurance contracts (1)	424,192
Financial instruments (2)	(28,309)
Tax effect	(131,946)
Comprehensive income according to IFRS 17 and IFRS 9:	**1,847,291**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

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

1. Insurance contracts

A. Under IFRS 17, the long-term life and health insurance revenues recognized in the period are measured in accordance with the amount of decrease in the LRC arising from the service provided during the period instead of revenue recognition based on the premium charged during the period and the fact that investment components/premium refunds in the savings policies are not recognized in insurance revenue.

B. Under IFRS 17, all insurance contracts are measured by discounting the future cash flows required to fulfill insurance contracts using current discount rates; on the other hand, under IFRS 4, the risk-free discount rate plus the illiquidity premium was used to discount only part of the liability for insurance contracts such as insurance liabilities in the Property and Casualty Segment, and in respect of the liability adequacy test (LAT).

C. The long-term life and health reinsurance expenses recognized during the period are measured in accordance with the amount of the decrease in the ARC arising from the service provided during the period instead of recognition of the expense based on the premium charged during the period and due to reinsurance commissions, whose amount is not derived from the claims for the underlying contracts, and which are presented as a decrease in expenses for reinsurance.

D. Changes in actuarial assumptions pertaining to future service are adjusted against the CSM (until it is reduced to zero) and recognized in profit and loss over the coverage period, compared to immediate recognition in profit and loss under IFRS 4.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

(b) Effect of initial application of IFRS 17 and IFRS 9 on the Statement of Comprehensive Income line items mainly includes the following: (cont.)

2. Financial instruments

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial application of IFRS 17 and IFRS 9: (cont.)

(c) Transition from IAS 39 to IFRS 9:

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

	Measurement in accordance with IAS 39 Category	Amount	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount	Category
		NIS thousand				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
Other financial investments:							
Illiquid debt instruments	Amortized cost	14,635,071	(12,000,833)	(15,000)	-	2,619,238	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	5,543,389	-	-	-	5,543,389	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	2,175,831	-	-	-	2,175,831	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss	6,029,562	-	-	-	6,029,562	Fair value through profit and loss
Total other financial investments		**28,404,913**	**-**	**(15,000)**	**1,467,367**	**29,857,280**	

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

DD. Initial application of IFRSs (cont.)

3. Effect of initial 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 NIS thousand	Reclassification	Remeasurement Expected credit losses	Other	Measurement in accordance with IFRS 9 Amount 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
Other financial investments:							
Illiquid debt instruments	Amortized cost	13,893,670	(11,400,537)	(15,000)	-	2,478,133	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	6,087,553	-	-	-	6,087,553	Fair value through profit and loss
Capital instruments	Available for sale / fair value through profit and loss	2,859,033	-	-	-	2,859,033	Fair value through profit and loss
Other investments	Available for sale / fair value through profit and loss	6,376,188	-	-	-	6,376,188	Fair value through profit and loss
Total other financial investments		**29,248,525**	**-**	**(15,000)**	**1,449,892**	**30,683,417**	

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

EE. Disclosure of the new IFRSs in the period prior to their application

1. IFRS 18, *Presentation and Disclosure in Financial Statements*

   In April 2024, the International Accounting Standards Board (IASB) published IFRS 18, Presentation and Disclosure in Financial Statements (hereinafter - the "**New Standard**") - which supersedes IAS 1 - *Presentation of Financial Statements* (hereinafter - "**IAS 1**").

   The New Standard is aimed at improving the comparability and transparency of communication of financial statements.

   The New Standard includes requirements previously included in IAS 1, and introduces new requirements on presentation within the statement of profit or loss, including the presentation of totals and subtotals required under the New Standard, disclosure of management-defined performance measures, and new requirements for the aggregation and disaggregation of financial information.

   The New Standard does not change the provisions regarding recognition and measurement of items in the financial statements. However, since items in the statement of profit or loss must be classified into one of five categories (operating, investing, financing, income taxes, and discontinued operations), it may change the structure of the entity's statement of income. In addition, the publication of the New Standard triggered limited amendments to other accounting standards, including IAS 7 - Statement of Cash Flow - and IAS 34 - Interim Financial Reporting.

   The New Standard was applied retrospectively as from annual periods beginning on January 1, 2027 or thereafter. Early application is permitted, provided a disclosure is made.

   The Company is studying the effect - on the consolidated financial statements - of the New Standard, including the effect of consequential amendments to other accounting standards.

2. Amendments to **IFRS 9** - Financial Instruments and **IFRS 7** - Financial Instruments: Disclosures

   On May 30, 2024, the International Accounting Standards Board (hereinafter - "**IASB**") published amendments to IFRS 9 Financial Instruments (hereinafter - "**IFRS 9**") and IFRS 7 Financial Instruments: Disclosures (hereinafter - "**IFRS 7**"). The amendments include:

   - Clarification that a financial liability is derecognized on the settlement date, and introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

EE. Disclosure of the new IFRSs in the period prior to their application (cont.)

2. Amendments to IFRS 9 - *Financial Instruments* and IFRS 7 - *Financial Instruments*: *Disclosures* (cont.)

- Further guidance for assessing the features of contractual cash flows of financial assets with features linked to the achievement of environment, social and governance (ESG) targets and other similar features.
- Clarification as to what constitutes a non-recourse feature and what are the characteristics of contractually linked instruments.
- Presentation of new disclosure requirements for financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income.

The amendments will be applied as from annual periods beginning on January 1, 2026; early adoption is permitted only with regard to the amendments pertaining to the classification of financial assets and the relevant disclosure requirements. The Company expects that the abovementioned amendments will not have a material effect on its Consolidated Financial Statements.

FF. The following table presents information on the change in the CPI and USD exchange rate:

	CPI		USD representative exchange rate
	In lieu CPI	Known CPI	
	%	%	%
For the year ended December 31, 2025	2.6	2.4	(12.5)
For the year ended December 31, 2024	3.2	3.4	0.6

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

A. The considerations

In applying the Group's significant accounting policies, management took into account the following issues, which have the most material effect on the amounts recognized in the financial statements:

1. Insurance contracts

a) Classification of insurance contracts and investment contracts

Insurance contracts are contracts in which the insurer assumes a significant insurance risk from another party. The Company determines whether there is 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. Contracts with a legal structure of insurance contracts, which do not transfer a significant insurance risk, are classified as investment contracts.

b) 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 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

1. Insurance contracts (cont.)

b) Contract boundary (cont.)

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

(1) Individual health insurance policies issued from 2016 and thereafter

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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

1. Insurance contracts (cont.)

b) Contract boundary (cont.)

(2) 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.

(3) 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.

c) 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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

1. Insurance contracts (cont.)

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

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

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

The insurance contract services include:

A. Coverage for an insured event (insurance coverage);

B. Management of the underlying items on behalf of the policyholder in contracts with direct participation features (hereinafter - "**investment-related service**"); and

C. Generation of an investment return for the policyholder in contracts without direct participation features (hereinafter - "**investment return service**").

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

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

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.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

1. Insurance contracts (cont.)

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

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

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

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

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

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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

1. Insurance contracts (cont.)

c) 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:

Main portfolio		Coverage units
Non yield-dependent savings component (guaranteed)	-	The insurance amount (the amount at risk), insofar as there is mortality risk, and the annuity amount during the annuity period (excluding the guaranteed annuity period), plus the amount of accumulated savings during the accumulation period, and the present value of paid annuity during the guaranteed annuity period
Yield-dependent savings component (participating)	-	The insurance amount (the amount at risk), insofar as there is mortality risk, and the annuity amount during the annuity period (excluding the guaranteed annuity period), plus the amount of accumulated savings during the accumulation period, and the present value of paid annuity during the annuity period
Life/ permanent health insurance coverage - individual and collective	-	The amount of the claim (insurance amount in life insurance, present value of expected payments in a permanent health insurance claim).
Individual Long-Term Care	-	The amount of the claim (present value of expected payments in a claim).
Medical expenses - individual, collective and personal accidents	-	Number of medical expenses coverages, insurance amount for personal accidents, with a conversion formula between the number of coverages and the insurance amount.
Critical illnesses	-	Insurance amount.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

1. Insurance contracts (cont.)

d) 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. Classification and designation of financial investments

The Company classifies its investments in financial assets into the measurement categories as per IFRS 9, as follows:

1. Investments in financial assets (debt instruments and capital instruments) held against yield-dependent and non-yield-dependent insurance and investment contracts - all investments are measured at the fair value through profit or loss category;

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

A. Considerations (cont.)

2. Classification and designation of financial investments (cont.)

   2. Investments in financial assets (debt instruments and capital instruments) held against equity and other liabilities - Most of the investments are measured at the fair value through profit or loss category, excluding debt instruments which meet the Principal and Interest Test and which are not held for trading or are not included in the business model under which the assets are managed and their performance is assessed at fair value, which are measured at the fair value through other comprehensive income category/at the amortized cost category.

   3. Designated Hetz bonds – designated to the fair value through profit or loss category in order to reduce the accounting mismatch.

4. Effective control

   The Company assesses whether it has control in a company in which it holds less than the majority of the voting rights, among other things, according to its proportionate share in the voting rights compared with the share held by other holders of voting rights, and the distribution of other holdings and voting patterns at earlier general meetings of the shareholders.

5. The discount rate applied to lease liability

   The implicit interest rate of the lease cannot be readily determined by the Company; therefore, in order to settle the lease liability, the Company uses the Company's incremental interest rate. The incremental interest rate set by the Company is the interest rate that the Company would have to pay when borrowing, for a similar term and with a similar collateral, the resources necessary to obtain the asset with a value similar to the right-of-use asset arising from the lease in a similar economic environment. Where there are no financing transactions that can be based upon by the Company, it determines the incremental interest rate in accordance with the financing risk attributed to the Company, the lease period, and other economic parameters arising from conditions and restrictions included in the lease. From time to time the Company uses the services of an external appraiser to determine the incremental interest rate.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions

Preparation of the financial statements requires management to use estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. The estimates and their underlying assumptions are reviewed on an ongoing basis. Changes in the accounting estimates are charged in the period in which the change in estimate is made.

When formulating accounting and actuarial estimates used in the preparation of the Group's financial statements, the Group's management is required to make assumptions regarding circumstances and events involving considerable uncertainty. When exercising its judgment to determine the estimates, the Group's management relies on past experience, various facts, external circumstances, and reasonable assumptions, including expectations as to the future, where it is possible to formulate such expectations, according to the relevant circumstances of each estimate. It is clarified that actual results may differ from these estimates, inter alia due to regulatory changes published or expected to be published in the areas of insurance and Retirement (Pension and Provident), and there is uncertainty as to the manner of their materialization and implications.

Following are the main assumptions used in the financial statements concerning uncertainties as of the reporting date, and critical estimates calculated by the Group; significant changes in those estimates and assumptions may change the value of assets and liabilities in the financial statements in the subsequent year:

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.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Fulfillment cash flows (cont.)

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 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.

a) 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.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Fulfillment cash flows (cont.)

a) Estimated future cash flows (cont.)

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:

- 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; and
- Costs, which the Company will incur in performing investment activities to the extent that the entity performs them to enhance benefits from insurance coverage for policyholders. Investment activities enhance benefits from insurance coverage if the entity performs those activities expecting to generate an investment return from which policyholders will benefit if an insured event occurs.

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.

Key assumptions used in the Life and Health Segment

(1) Mortality and morbidity rates

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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

Fulfillment cash flows (cont.)

a) Estimated future cash flows (cont.)

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

(1) Mortality and morbidity rates (cont.)

(b) Mortality of pensioners (with respect to annuity recipients) - in accordance with the riders and the life expectancy increase assumption as published by the Commissioner in the Consolidated Circular Section 5, Part 2, Chapter 1 - Measurement Appendix C - Measurement of Liabilities, including the amendment of the provisions of the Circular Provisions on Measuring Liabilities - Updating the Demographic Assumptions in Life Insurance and Updating the Mortality Improvements Model for Insurance Companies and Pension Funds of July 27, 2024. An increase in the mortality rate assumption, due to an increase in actual mortality rates to a level, which is higher than the current level, will result in an increase in the estimated future cash flows in respect of the policyholders' death before they reach retirement age and a decrease in the estimated future cash flows in respect of lifetime annuities. It is noted that in recent decades, there has been a reversal of the trajectory - of increasing life expectancy and lower mortality rates. The mortality assumption used to calculate the estimated future cash flows takes into account an assumption in respect of a future increase in life expectancy.

(1) Morbidity rates (including medical inflation)

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. The higher the assumption regarding the morbidity rate, the higher the estimated future cash flows due to morbidity from critical illnesses, permanent health insurance, long-term care, surgery and hospitalization, and accidental disability insurance.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

a) Estimated future cash flows (cont.)

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

(2) 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.

(3) Cancellation rates

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

Estimated future cash flows for P&C claims

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

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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

a) Estimated future cash flows (cont.)

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

The choice of the appropriate actuarial method for each insurance subsegment and for each event or underwriting year is determined by exercising judgment on the degree of the method's suitability to the subsegment, and sometimes the various methods are combined. The assessments are mainly based on past experience in the development of claim payments and/or development of the amount of specific payments and estimates. The assessments include assumptions regarding the average claim cost, claims handling costs, and prevalence of claims. Additional assumptions may take into account changes in interest rates and timing of payments. Claim payments include direct and indirect expenses to settle claims, less subrogation and deductibles.

The use of actuarial methods based on the development of claims is particularly appropriate when there is concrete and satisfactory information on claim payouts and/or individual assessments to estimate the total expected cost of claims. When the information available in the actual claims history is insufficient, the actuary, at times, uses a calculation which weights a known estimate (in the Company and/or industry) such as LR and the claims' actual development. Greater weight can be estimated based on experience as time goes on and further information about the claims accumulates.

In addition, qualitative assessments and judgment are included regarding the extent to which past trends will not continue in the future. For example, due to a one-time event, internal changes such as a change in the portfolio mix, underwriting policies and claims handling procedures, as well as the effect of external factors such as court rulings, legislation, etc. When such changes were not fully reflected in past experience, the actuary updates the models and/or makes specific provisions based on statistical and/or legal assessments, as applicable.

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

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

a) Estimated future cash flows (cont.)

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

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

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.

b) 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 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

b) Discount rates (cont.)

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

	As of December 31, 2025								
	Portfolio's life								
	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	2.33%	2.00%	2.00%	2.10%	2.20%	2.40%	2.54%	2.61%	2.68%
Policies that include a yield-dependent savings component and include variable management fees and annuity policies	2.31%	1.98%	1.98%	2.08%	2.19%	2.40%	2.54%	2.61%	2.68%
Policies that include a yield-dependent savings component and include fixed management fees and annuity policies	2.28%	1.94%	1.94%	2.04%	2.14%	2.36%	2.52%	2.61%	2.68%
Individual and collective LTC policies	2.34%	2.00%	1.99%	2.07%	2.16%	2.35%	2.47%	2.55%	2.62%
Remaining portfolios	2.24%	1.91%	1.90%	1.98%	2.07%	2.25%	2.38%	2.45%	2.53%

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

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

(*) This curve is also used to calculate the fair value of the designated bonds.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

1. Insurance contracts (cont.)

c) Risk adjustment in respect of non-financial risk

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

In life and health insurance, the risk adjustment is determined according to the value at risk (VaR) technique, which reflects the expected loss due to the materialization of negative scenarios relevant to the risk characteristics of the various coverages. Similarly to the solvency principles, the scenarios reflect events, which may occur in the forthcoming year (one-year time horizon), and may affect the cash flow both during and after the year. The VAR technique is implemented with respect to P&C Insurance, according to the best practice principle, which is a long-term approach. The confidence interval determined for the purpose of calculating the VAR at the Company level is 75% except for long-term care insurance portfolios for which a higher RA was set, in accordance with the Commissioner's directives and in order to reflect the risk characteristics embodied therein. In determining the RA, the Company takes into account the diversification benefit between the Company's insurance subsegments and the non-financial risks arising therefrom. The weighted confidence interval at the Company level after taking into account diversification benefit, is approx. 80%.

In determining the non-financial risk adjustment at the portfolio level, the Company takes into account the diversification benefit among the Company's various portfolios and segments. For reinsurance contracts held, the Company calculates the non-financial risk adjustment in the manner detailed above, on a gross (without the effect of reinsurance) and retention (after the effect of reinsurance) basis, and sets the non-financial risk adjustment transferred to the reinsurer as the amount of the difference between gross and retention as detailed above.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

2. Estimation of current expected credit losses

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.

3. Legal claims

Several lawsuits and motions to certify lawsuits as class actions are pending against the Company. When assessing the chances lawsuits filed against the Company and its investees, the companies relied on the opinions of their legal counsel. These opinions are issued based on the best of the legal counsels' professional judgment, and take into account the current stage of the proceedings as well as legal experience gained on various matters. Since the outcomes of the lawsuits will ultimately be determined in the courts, these outcomes may differ from the assessments provided by legal counsel. For more information, see Note 37.

In addition to the aforesaid claims, the Company is exposed claims/lawsuits that have not yet been claimed/filed, where, among other things, there is doubt as to the interpretation of an agreement and/or the provisions of the law and/or the manner of their implementation. This exposure is brought to the attention of the Company and its investees in several ways, including through customers' contacting the Group's functions, in particular the Group's ombudsman, through customers' complaints to the Public Enquiries Unit in the Commissioner's office, and through lawsuits (other than class action lawsuits) filed with the courts. These issues are brought to the attention of the Group's management to the extent the relevant functions identify that the claims may have wide-ranging implications. When assessing the risk arising from claims/lawsuits that have not yet been filed, Group companies rely on internal assessments of the relevant parties and management, which assess the chances that a lawsuit will be filed and the prospects of its success if filed. The assessment is based on experience gained with respect to the filing of lawsuits and an analysis of each claim on its on merit. In view of the preliminary stage of the legal proceedings, the actual outcome could differ from the assessment made before the lawsuit was filed. The potential consequences are changes to the amount of the provision in respect of the lawsuit or making no provision for the lawsuit.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

4. Determining fair value of illiquid financial instruments

The fair value of illiquid bonds, loans and deposits is calculated on the basis of a discounted cash flow model. The discount rates are determined by a company providing price and interest rate quotes for institutional entities. The fair value of investment funds is determined by net asset value (NAV) based on the Financial Statements of the funds and on reports received from the funds. The fair value of illiquid shares is based on the valuation of an expert.

5. Investment property

Investment property that can be measured reliably is presented at fair value at the reporting date with fair value changes carried to profit or loss in the period in which they were created. The fair value is usually determined by external and appraisers based on economic valuations, which include the use of valuation techniques and assumptions as to estimates of projected future cash flows from the property and an estimated discount rate adequate for these cash flows. Where possible, fair value is determined in relation to recent real estate transactions involving properties with characteristics and locations similar to those of the assessed property.

When measuring the fair value of investment property, the Company's appraisers and management use certain assumptions as to rates of return required in respect of the Group's properties, future rental prices, occupancy rates, contract rates, probability of leasing vacant spaces, operating expenses for the properties, the tenants' financial strength and the consequences arising from investments requiring future development, in order to assess the future cash flows from the properties. Changes in assumptions used to measure investment properties may result in a change in fair value.

6. Reliable measurement of investment property under construction

To assess whether the fair value of an investment property under construction may be reliably measured, the Group takes into account, inter alia, the following relevant criteria:

1. Whether the properties under construction is located in an area where the market is developed and liquid.
2. Price quote from recent transactions or previous assessments, for acquisition or sale purposes, of properties in a similar condition and location.
3. Signing a construction agreement with a construction contractor.
4. Obtaining building permits.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

6. Reliable measurement of investment property under construction (cont.)

   5. Percentage of land designated for rent which has been leased in advance to tenants.

   6. A reliable estimate of construction costs.

   7. A reliable estimate of the value of the finished property.

   When an assessment of the above criteria shows that the fair value of an investment property under construction can be reliably measured, the property is measured at its fair value in accordance with the Group's policy regarding investment property. When reliable measurement is impossible, investment property under construction is measured at cost less impairment loss, if any.

2. Impairment of goodwill

   The Group tests goodwill for impairment at least once a year. This requires management to estimate the expected future cash flows from continued use of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated. Management is also required to estimate the appropriate discount rate for these cash flows. The potential consequence is the recognition of impairment losses in profit or loss in the period in which they were incurred.

3. Determining the recoverability of costs of obtaining investment management service contracts

   The Company's actuary periodically assesses whether there are indications of impairment of the asset for costs of obtaining investment management service contracts. If any such indications are present, the Company's actuary reviews the recoverability of the asset. The assumptions used in this assessment, which include assumptions regarding cancellations, operating expenses, return on assets, and mortality rates, are determined by the Company’s actuary each year on the basis of past experience and relevant current studies. Impairment losses are immediately recognized in profit or loss under the other operating expenses line item.

4. Pension benefits and other post-employment benefits

   Liability in respect of post-employment defined benefit plans is set using actuarial estimation techniques. The calculation of the liability involves making assumptions regarding, among other things, discount rates, expected rates of return on assets, pay rise rates, and the rates of employee turnover. The balance of the liability may be significantly affected by changes in those estimates.

NOTE 2A - SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

B. Estimates and assumptions (cont.)

5. Deferred tax assets

Deferred tax assets are recognized in respect of carryforward losses for tax purposes and temporary differences which have not yet been utilized, provided that a future taxable income is expected against which they can be utilized. An estimate by management is required in order to determine the recognizable deferred tax asset amount, which is based on the timing and taxable income amount expected and on the tax planning strategy. In accordance with the changes in these assumptions, the Company will recognize a deferred tax asset or reverse such recognition.

6. Revaluation of property, plant and equipment

The Group measures buildings and land constituting property, plant and equipment at revalued amounts, and fair value changes are recognized in other comprehensive income. The Group contracted an independent external appraiser to estimate fair value as of December 31, 2025. Buildings and land are valued based on evidence available in the market, using comparable prices adapted to specific market factors such as the type, location and condition of the assets.

7. Determining the fair value of share-based payment transactions

The fair value of share-based payment transactions is determined upon initial recognition, using an accepted option pricing model. The model is based on share price and exercise price inputs and on assumptions regarding expected volatility, expected life and expected dividend.

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 Savings Segment**

   The Life and 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.

NOTE 3 - OPERATING SEGMENTS (cont.)

3. **Property and Casualty Segment (cont.)**

- Other Property Liability subsegments (cont.)
  - Professional liability insurance, including for board members and officers:
  - 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 & Provident, which is a wholly-owned subsidiary of the Company. In accordance with the Commissioner's Directives, the Retirement Segment's activity is detailed separately.

5. **Wealth & Investments Segment (formerly Financial Services)**

The Wealth & Investments Segment includes the following activities:

- Phoenix Investment House's activities relating to various aspects of capital market investment: investment marketing and management for customers; management and operation of mutual funds; trading services on the TASE and related services; trust services (in the framework of options and management of employee compensation plans as well as mergers and acquisitions); family office services; marketing of alternative products as well as sale of related products.
- Phoenix Capital Partners – including Phoenix group's alternative investment funds.
- Management of investment contract policies – savings policies only without risk-weighted components. Through the 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 Segment**

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

NOTE 3 - OPERATING SEGMENTS (cont.)

7. **Payments & Financing Segment**

   The Payments & Financing Segment mostly includes Gama. Gama is a credit aggregator - acquiring and factoring of debit vouchers, financing of post-dated checks (factoring), financing against real estate properties, loans and credit, equipment financing and factoring. In addition, the results of the segment include the consumer credit activity, providing all-purpose loans.

8. **Non-segmented operation**

   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 year ended December 31, 2025									
	Life (a)	Health (b)	P&C (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Payments & Financing	Non-segmented	Adjustments and offsets	Total
	NIS thousand									
Revenues from insurance services	2,106,538	2,667,791	5,027,369	-	-	-	-	-	-	9,801,698
Expenses from insurance services	1,666,230	1,772,792	4,393,465	-	-	-	-	-	-	7,832,487
Income from insurance services before reinsurance contracts held	440,308	894,999	633,904	-	-	-	-	-	-	1,969,211
Reinsurance expenses	228,392	189,814	1,023,385	-	-	-	-	-	-	1,441,591
Reinsurance revenues	175,726	106,921	1,150,812	-	-	-	-	-	-	1,433,459
Net expenses from reinsurance contracts held	(52,666)	(82,893)	127,427	-	-	-	-	-	-	(8,132)
Income from insurance services	387,642	812,106	761,331	-	-	-	-	-	-	1,961,079
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	10,464,125	260,165	-	-	4,716,494	-	-	-	-	15,440,784
Income (losses) from other investments, net:										
Interest revenues calculated using the effective interest method	-	-	-	102,632	-	-	-	128,226	-	230,858
Net losses from impairment of financial assets	-	-	-	362	-	-	-	9,073	-	9,435
Other investment income, net	765,913	221,254	378,015	32,189	22,625	7,770	-	1,969,633	(58,066)	3,339,333
Share in earnings of equity-accounted investees	12,497	26,909	11,968	-	4,304	1,302	60,127	5,235	-	122,342
Total income from other investments, net	778,410	248,163	389,983	134,459	26,929	9,072	60,127	2,094,021	(58,066)	3,683,098
Total investment income, net	11,242,535	508,328	389,983	134,459	4,743,423	9,072	60,127	2,094,021	(58,066)	19,123,882
Finance expenses, net arising from insurance contracts	11,155,764	450,814	301,216	-	-	-	-	-	-	11,907,794
Finance income, net arising from reinsurance contracts	15,678	91,736	87,816	-	-	-	-	-	-	195,230
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(98,848)	(4,716,494)	-	-	-	-	(4,815,342)

	For the year ended December 31, 2025									
	Life (a)	Health (b)	P&C (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Payments & Financing	Non-segmented	Adjustments and offsets	Total
	NIS thousand									
Net investment and finance income	102,449	149,250	176,583	35,611	26,929	9,072	60,127	2,094,021	(58,066)	2,595,976
Income, net from insurance and investment	490,091	961,356	937,914	35,611	26,929	9,072	60,127	2,094,021	(58,066)	4,557,055
Revenues from management fees	-	-	-	956,237	999,161	3,873	-	28,444	(100,710)	1,887,005
Revenues from Wealth & Investments	-	-	-	-	426,000	-	-	-	-	426,000
Revenues from credit and acquiring	-	-	-	-	-	-	502,846	-	(31,060)	471,786
Revenues from Brokers & Advisors commissions	-	-	-	-	-	1,081,253	-	-	(295,626) (f)	785,627
Other operating expenses	46,091	34,112	30,728	757,289	900,354	642,907	177,584	226,180	(430,584) (f)	2,384,661
Other revenues (expenses)	(28,636)	(11)	19,286	(27,685)	(11,576)	21,659	(8,965)	(1,451)	(3,188)	(40,567)
Other finance expenses	-	-	-	40,845	154,560	43,989	163,714	347,995	(58,066)	693,037
Profit before income tax	415,364	927,233	926,472	166,029	385,600	428,961	212,710	1,546,839	-	5,009,208
Other comprehensive income (loss) before income tax:	(2,558)	(2,827)	131	-	(2,018)	82	(32,946)	5,062	-	(35,074)
Total comprehensive income before income tax	412,806	924,406	926,603	166,029	383,582	429,043	179,764	1,551,901	-	4,974,134

(a) For additional data regarding the Life Insurance and Long-Term Savings Segment, 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 included regarding investment contract policies, 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 Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)

A. Reportable segment (cont.)

	For the year ended December 31, 2024									
	Life (a)	Health (b)	P&C (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Payments & Financing	Non-segmented	Adjustments and offsets	Total
	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	164,662	706,971	865,881	-	-	-	-	-	-	1,737,514
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 profits (losses) of equity-accounted investees	(3,819)	25,420	40,578	-	38,404	2,733	-	(62)	-	103,254
Total income from other investments, net	885,345	246,916	406,807	118,619	38,562	18,212	-	1,220,152	(67,791)	2,866,822
Total investment income, net	10,517,368	944,463	406,807	118,619	3,705,069	18,212	-	1,220,152	(67,791)	16,862,899
Finance expenses, net arising from insurance contracts	10,228,231	1,163,825	299,558	-	-	-	-	-	-	11,691,614
Finance income (expenses), net arising from reinsurance contracts	(1,582)	158,713	90,026	-	-	-	-	-	-	247,157
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(97,061)	(3,666,507)	-	-	-	-	(3,763,568)

	For the year ended December 31, 2024									
	Life (a)	Health (b)	P&C (c)	Retirement (d)	Wealth & Investments (e)	Brokers & Advisors	Payments & Financing	Non-segmented	Adjustments and offsets	Total
	NIS thousand									
Net investment and finance income	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 Brokers & Advisors commissions	-	-	-	-	-	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), net	(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 before taxes on income	(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

(a) For additional data regarding the Life Insurance and Long-Term Savings Segment, 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 included regarding investment contract policies, 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 Savings Segment.

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Savings Segment by main portfolio groups (1)

	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)	Policies without a savings component (4)	Total
	NIS thousand			
Breakdown of results for the year ended December 31, 2025, recognized in profit or loss				
Revenues from insurance services	193,020	818,183	1,095,335	2,106,538
Expenses from insurance services (*)	223,796	620,267	822,167	1,666,230
Income from insurance services before reinsurance contracts held	(30,776)	197,916	273,168	440,308
Reinsurance expenses	1,672	86,328	140,392	228,392
Reinsurance revenues	1,596	70,554	103,576	175,726
Net expenses from reinsurance contracts held (6)	(76)	(15,774)	(36,816)	(52,666)
Income from insurance services	(30,852)	182,142	236,352	387,642
Total investment income, net (5)	775,077	10,436,989	30,469	11,242,535
Finance expenses (revenues), net arising from insurance contracts	763,604	10,479,810	(87,650)	11,155,764
Finance income (expenses), net arising from reinsurance contracts	(1,295)	12,126	4,847	15,678
Net investment and finance income	10,178	(30,695)	122,966	102,449
Income, net from insurance and investment	(20,674)	151,447	359,318	490,091
Other operating expenses	7,739	16,384	21,968	46,091
Other revenues (expenses), net	8,703	(39,372)	2,033	(28,636)
Investment income (loss), net recognized in other comprehensive income	(2,256)	(591)	289	(2,558)
Total comprehensive income before tax	(21,966)	95,100	339,672	412,806
(*) Of which:				
Claims and other insurance service expenses incurred	218,518	705,917	782,237	1,706,672
Changes relating to past service – adjustment for liabilities for incurred claims	(26,248)	(51,463)	(58,416)	(136,127)

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Savings Segment by main portfolio groups (1) (cont.)

	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)	Policies without a savings component (4)	Total
	NIS thousand			
Breakdown of assets and liabilities by main portfolio groups as of December 31, 2025				
Liabilities, net for insurance contracts according the remaining coverage and incurred claims:				
Liabilities (assets), net for remaining coverage (LRC), excluding loss component	13,444,948	80,720,597	(1,677,049)	92,488,496
Loss component (LC)	31,529	930	-	32,459
Liabilities, net for incurred claims (LIC)	57,191	1,288,268	1,160,375	2,505,834
Collectible premium balance				(12,874)
Total liabilities, net for insurance contracts (**)				95,013,915
Liabilities, net for insurance contracts, by measurement components:				
Best estimates (BE) of the present value of the future cash flows.	13,492,382	80,188,458	(1,543,311)	92,137,529
Risk adjustment (RA) for non-financial risk	41,286	356,140	259,573	656,999
Contractual service margin (CSM)	-	1,465,197	767,064	2,232,261
Collectible premium balance				(12,874)
Total liabilities, net for insurance contracts (**)				95,013,915
(**) Of which: Total insurance contract assets			516,674	516,674
Assets, net for reinsurance contracts	7,241	503,363	354,899	865,503
Balances of other receivables and payables and reinsurance deposits				659,675
Total assets, net for reinsurance contracts				205,828
Additional information for the year ended December 31, 2025				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	39,549	3,025,192	889,724	3,954,465
(***) Of which: Savings component	35,607	2,783,598	-	2,819,205
Variable management fees	-	758,339	-	758,339
Fixed management fees	942	478,914	-	479,856
Annualized premium for insurance contracts – new business	-	2,915	68,245	71,160
One-time premium for insurance contracts	-	888,045	-	888,045
Acquisition expenses for insurance contracts	-	13,437	169,851	183,288

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Savings Segment by main portfolio groups (1) (cont.)

	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)	Policies without a savings component (4)	Total
	NIS thousand			
Breakdown of results by main portfolio groups for the year ended December 31, 2024				
Revenues from insurance services	185,511	794,911	1,074,714	2,055,136
Expenses from insurance services (*)	237,858	779,565	820,899	1,838,322
Income (loss) from insurance services before reinsurance contracts held	(52,347)	15,346	253,815	216,814
Reinsurance expenses	1,886	140,981	148,123	290,990
Reinsurance revenues	844	115,303	122,691	238,838
Net expenses from reinsurance contracts held (6)	(1,042)	(25,678)	(25,432)	(52,152)
Income (loss) from insurance services	(53,389)	(10,332)	228,383	164,662
Total investment income, net (5)	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)
Net investment and finance income	243,685	(28,360)	72,230	287,555
Income, net from insurance and investment	190,296	(38,692)	300,613	452,217
Other operating expenses	7,852	44,115	21,357	73,324
Other revenues, net	(483)	(2,708)	(1,311)	(4,502)
Investment loss, net recognized in other comprehensive income	(4,809)	(1,176)	(527)	(6,512)
Total comprehensive income before tax	177,152	(86,691)	277,418	367,879
(*) Of which:				
Claims and other insurance service expenses incurred	185,803	656,619	875,068	1,717,490
Changes relating to past service – adjustment for liabilities for incurred claims	52,055	86,144	(129,260)	8,939

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Savings Segment by main portfolio groups (1) (cont.)

	Policies with a non-yield-dependent savings component (2)	Policies with a yield-dependent savings component (3)	Policies without a savings component (4)	Total
	NIS thousand			
Breakdown of assets and liabilities by main portfolio groups as of December 31, 2024				
Liabilities, net for insurance contracts according the remaining coverage and incurred claims:				
Liabilities (assets), net for remaining coverage (LRC), excluding loss component	13,391,618	74,342,259	(1,226,018)	86,507,859
Loss component (LC)	-	37,569	-	37,569
Liabilities, net for incurred claims (LIC)	62,142	1,291,699	1,108,039	2,461,880
Collectible premium balance				(15,645)
Total liabilities, net for insurance contracts (**)				88,991,663
Liabilities, net for insurance contracts, by measurement components:				
Best estimates (BE) of the present value of the future cash flows.	13,304,872	73,844,597	(1,657,568)	85,491,901
Risk adjustment (RA) for non-financial risk	39,544	337,788	267,492	644,824
Contractual service margin (CSM)	109,344	1,489,142	1,272,097	2,870,583
Collectible premium balance				(15,645)
Total liabilities, net for insurance contracts (**)				88,991,663
(**) Of which: Total insurance contract assets			117,980	117,980
Assets, net for reinsurance contracts	7,107	490,898	348,796	846,801
Balances of other receivables and payables and reinsurance deposits				551,496
Total assets, net for reinsurance contracts				295,305
Additional information for the year ended December 31, 2024				
Gross premiums for insurance contracts net of reimbursement of premiums (***)	46,109	3,224,517	851,614	4,122,240
(***) Of which: Savings component	41,299	2,912,298	-	2,953,597
Variable management fees	-	105,266	-	105,266
Fixed management fees	900	463,428	-	464,328
Annualized premium for insurance contracts – new business	-	5,763	57,037	62,800
One-time premium for insurance contracts	-	756,684	-	756,684
Acquisition expenses for insurance contracts	-	7,936	150,064	158,000

NOTE 3 - OPERATING SEGMENTS (cont.)

B. Additional data regarding the Life Insurance and Long-Term Savings Segment by main portfolio groups (1) (cont.)

1. 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. Total net investment income (losses) in policies which include a yield-dependent savings component, include mainly investment revenues or losses, which were carried to participating policies.

6. 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 year ended December 31, 2025					
	Long-term care		Health - other			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	Total
	NIS thousand					
Breakdown of results for the year ended December 31, 2025, recognized in profit or loss						
Revenues from insurance services	425,066	-	988,156	462,540	792,029	2,667,791
Expenses from insurance services (*)	220,608	14,395	600,935	425,624	511,230	1,772,792
Income (loss) from insurance services before reinsurance contracts held	204,458	(14,395)	387,221	36,916	280,799	894,999
Reinsurance expenses	82,780	-	79,012	-	28,022	189,814
Reinsurance revenues	39,463	5,739	47,041	-	14,678	106,921
Revenues (expenses), net from reinsurance contracts held (6)	(43,317)	5,739	(31,971)	-	(13,344)	(82,893)
Income (loss) from insurance services	161,141	(8,656)	355,250	36,916	267,455	812,106
Total investment income (losses), net	306,457	174,773	44,570	-	(17,472)	508,328
Finance expenses (revenues), net arising from insurance contracts	372,655	174,962	(8,784)	2,155	(90,174)	450,814
Finance income, net arising from reinsurance contracts	78,063	1,997	16,398	-	(4,722)	91,736
Income (loss) from investments and financing, net	11,865	1,808	69,752	(2,155)	67,980	149,250
Income (loss), net from insurance and investment	173,006	(6,848)	425,002	34,761	335,435	961,356
Other operating expenses	3,197	-	13,677	10,341	6,897	34,112
Other expenses, net	3,327	172	(1,383)	(970)	(1,157)	(11)
Investment income (loss), net recognized in other comprehensive income	(2,699)	(101)	(113)	(373)	459	(2,827)
Total comprehensive income (loss) before tax	170,437	(6,777)	409,829	23,077	327,840	924,406
(*) Of which:						
Claims and other insurance service expenses incurred	257,070	1,812	616,291	459,601	472,559	1,807,333
Changes relating to past service – adjustment for liabilities for incurred claims	(36,466)	12,585	(35,916)	(33,976)	(46,931)	(140,704)

NOTE 3 - OPERATING SEGMENTS (cont.)

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

	For the year ended December 31, 2025					
	Long-term care		Health - other			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	Total
	NIS thousand					
Breakdown of assets and liabilities by main portfolio groups as of December 31, 2025						
Liabilities, net for insurance contracts according the remaining coverage and incurred claims: (d)						
Liabilities, net for remaining coverage (LRC), excluding loss component	6,146,831	-	549,018	17,745	(964,909)	5,748,685
Loss component (LC)	2	-	-	-	-	2
Liabilities, net for incurred claims (LIC)	632,776	1,644,190	314,773	278,259	172,533	3,042,531
Collectible premium						(105,446)
Total liabilities, net for insurance contracts (**)						8,685,772
Liabilities, net for insurance contracts, by measurement components: (d), (e)						
Best estimates (BE) of the present value of the future cash flows.	3,477,323	1,638,182	(2,930,621)	147,990	(2,734,092)	(401,218)
Risk adjustment (RA) for non-financial risk	892,540	6,008	448,138	13,696	180,987	1,541,369
Contractual service margin (CSM)	2,409,746	-	3,346,274	134,318	1,610,345	7,500,683
Collectible premium						(105,446)
Total contracts not measured according to the PAA model						8,535,388
Contracts measured according to the PAA model					150,384	150,384
Total liabilities, net for insurance contracts (**)						8,685,772
(**) Of which: Total insurance contract assets	-	-	-	-	942,760	942,760
Assets, net for reinsurance contracts	1,683,530	178,044	520,553	-	(36,163)	2,345,964
Balances of other receivables and payables and reinsurance deposits						298,281
Total assets, net for reinsurance contracts						2,047,683
Additional information						
Gross data for the year ended December 31, 2025						
Gross premiums net of repayment of premiums (3)	320,398	-	805,980	497,476	654,689	2,278,543
Annualized premium for insurance contracts – new business (4)	-	-	37,070	152,734	64,455	254,259
Acquisition expenses for insurance contracts	-	-	90,135	-	143,791	233,926

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			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	Total
	NIS thousand					
Breakdown of results for the year ended December 31, 2024, recognized in profit or loss						
Revenues from insurance services	421,903	-	972,019	437,294	720,108	2,551,324
Expenses from insurance services (*)	260,674	50,676	575,979	428,323	447,319	1,762,971
Income (loss) from insurance services before reinsurance contracts held	161,229	(50,676)	396,040	8,971	272,789	788,353
Reinsurance expenses	89,574	-	84,764	-	30,388	204,726
Reinsurance revenues	36,174	20,247	53,509	-	13,414	123,344
Revenues (expenses), net from reinsurance contracts held (6)	(53,400)	20,247	(31,255)	-	(16,974)	(81,382)
Income (loss) from insurance services	107,829	(30,429)	364,785	8,971	255,815	706,971
Total investment income (losses), net	270,132	639,774	49,147	-	(14,590)	944,463
Finance expenses (revenues), net arising from insurance contracts	503,307	642,419	57,616	2,157	(41,674)	1,163,825
Finance income, net arising from reinsurance contracts	103,255	13,600	25,574	-	16,284	158,713
Income (loss) from investments and financing, 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
(*) Of which:						
Claims and other insurance service expenses incurred	279,405	5,242	579,138	435,882	416,424	1,716,091
Changes relating to past service – adjustment for liabilities for incurred claims	(18,734)	45,434	(9,348)	(7,559)	(43,176)	(33,383)

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			
	Individual	Collective (5)	Medical expenses and disabilities - individual (1)	Medical expenses and disabilities - collective (1)	Other (2)	Total
	NIS thousand					
Breakdown of assets and liabilities by main portfolio groups as of December 31, 2024						
Liabilities, net for insurance contracts according the remaining coverage and incurred claims: (d)						
Liabilities, net for remaining coverage (LRC), excluding loss component	5,922,485	-	765,358	32,092	(676,384)	6,043,551
Loss component (LC)	3	-	-	-	-	3
Liabilities, net for incurred claims (LIC)	596,404	2,533,184	318,340	257,294	165,588	3,870,810
Collectible premium						(82,872)
Total liabilities, net for insurance contracts (**)						9,831,492
Liabilities, net for insurance contracts, by measurement components: (d), (e)						
Best estimates (BE) of the present value of the future cash flows.	3,120,256	2,524,278	(2,797,167)	132,556	(2,279,276)	700,647
Risk adjustment (RA) for non-financial risk	829,918	8,906	339,516	17,161	146,226	1,341,727
Contractual service margin (CSM)	2,568,718	-	3,541,349	139,669	1,484,693	7,734,429
Collectible premium						(82,872)
Total contracts not measured according to the PAA model						9,693,931
Contracts measured according to the PAA model					137,561	137,561
Total liabilities, net for insurance contracts (**)						9,831,492
(**) Of which: Total insurance contract assets	-	-	-	-	648,357	648,357
Assets, net for reinsurance contracts	1,649,573	260,077	525,830	-	(25,477)	2,410,003
Balances of other receivables and payables and reinsurance deposits						384,932
Total assets, net for reinsurance contracts						2,025,071
Additional information for the year ended December 31, 2024						
Gross premiums net of repayment of premiums (3)	317,093	-	760,328	472,914	571,904	2,122,239
Annualized premium for insurance contracts – new business (4)	-	-	25,098	38,938	39,913	103,949
Acquisition expenses for insurance contracts	-	-	44,853	27,887	111,870	184,610

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 year ended December 31, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
	NIS thousand			
Breakdown of results for the year ended December 31, 2025, recognized in profit or loss				
Revenues from insurance services	869,888	2,062,905	2,094,576	5,027,369
Expenses from insurance services (*) (1)	795,024	1,798,231	1,800,210	4,393,465
Income from insurance services before reinsurance contracts held	**74,864**	**264,674**	**294,366**	**633,904**
Reinsurance expenses	10,854	11	1,012,520	1,023,385
Reinsurance revenues (1)	28,571	1,674	1,120,567	1,150,812
Net revenues from reinsurance contracts held	**17,717**	**1,663**	**108,047**	**127,427**
Income from insurance services	**92,581**	**266,337**	**402,413**	**761,331**
Total investment income, net	**165,901**	**92,377**	**131,705**	**389,983**
Finance expenses, net arising from insurance contracts	125,459	24,553	151,204	301,216
Finance income, net arising from reinsurance contracts	13,797	-	74,019	87,816
Net investment and finance income	**54,239**	**67,824**	**54,520**	**176,583**
Income, net from insurance and investment	**146,820**	**334,161**	**456,933**	**937,914**
Other operating expenses	6,750	13,066	10,912	30,728
Other revenues, net	8,448	3,619	7,219	19,286
Investment income, net recognized in other comprehensive income	56	28	47	131
Total comprehensive income before tax	**148,574**	**324,742**	**453,287**	**926,603**
(*) Of which:				
Claims and other insurance service expenses incurred	667,432	1,392,285	1,327,240	3,386,957
Changes relating to past service – adjustment for liabilities for incurred claims	23,265	(41,711)	(56,620)	(75,066)

(1) Most of the increase in expenses from insurance services in 2025 arises from the property loss subsegment in respect of corporations, which is fully covered by a reinsurer.

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, 2025			
	Compulsory motor insurance	Motor property	Other (a)	Total
	NIS thousand			
Breakdown of assets and liabilities as of December 31, 2025				
Liabilities, net for remaining coverage, excluding loss component	478,593	916,081	1,052,084	2,446,758
Loss component (LC)	-	-	5,198	5,198
Total liabilities, net for remaining coverage (LRC)	**478,593**	**916,081**	**1,057,282**	**2,451,956**
Best estimates (BE) of the present value of future cash flows for contracts according to the PAA model	2,404,812	475,733	3,288,958	6,169,503
Risk adjustment (RA) for non-financial risk for contracts according to the PPA model	192,960	18,644	285,188	496,792
Total liabilities, net for incurred claims (LIC)	**2,597,772**	**494,377**	**3,574,146**	**6,666,295**
Collectible premium	(349,186)	(454,247)	(489,669)	(1,293,102)
Total liabilities, net for insurance contracts	**2,727,179**	**956,211**	**4,141,759**	**7,825,149**
Assets, net for reinsurance contracts				
Assets, net for reinsurance contracts	392,328	(1)	2,791,009	3,183,336
Balances of other receivables and payables and deposits from reinsurers	182,700	-	461,709	644,409
Total assets, net for reinsurance contracts	**209,628**	**(1)**	**2,329,300**	**2,538,927**
Additional information for the year ended December 31, 2025				
Gross premiums net of repayment of premiums (b)	948,893	2,117,881	2,183,806	5,250,580
Acquisition expenses for insurance contracts (c)	113,727	446,138	526,223	1,086,088

(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.

(b) Gross premiums, net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

(c) Acquisition expenses include expenses paid or expenses that the Company is required to pay in respect of insurance contracts issued in the reporting year.

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the year ended December 31, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	NIS thousand			
Breakdown of results for the year ended December 31, 2024, recognized in profit or loss				
Revenues from insurance services	761,540	1,930,679	1,979,508	4,671,727
Expenses from insurance services (*)	530,055	1,689,708	1,108,482	3,328,245
Income from insurance services before reinsurance contracts held	**231,485**	**240,971**	**871,026**	**1,343,482**
Reinsurance expenses	27,070	-	976,164	1,003,234
Reinsurance revenues (expenses)	(4,937)	(38)	530,608	525,633
Net expenses from reinsurance contracts held	**(32,007)**	**(38)**	**(445,556)**	**(477,601)**
Income from insurance services	**199,478**	**240,933**	**425,470**	**865,881**
Total investment income, net	**179,046**	**90,033**	**137,728**	**406,807**
Finance expenses, net arising from insurance contracts	132,663	23,494	143,401	299,558
Finance income, net arising from reinsurance contracts	22,672	1	67,353	90,026
Net investment and finance income	**69,055**	**66,540**	**61,680**	**197,275**
Income, net from insurance and investment	**268,533**	**307,473**	**487,150**	**1,063,156**
Other operating expenses	4,259	11,428	10,221	25,908
Other revenues (expenses), net	(2,027)	(1,503)	(116)	(3,646)
Investment loss, net recognized in other comprehensive income	(1,041)	(571)	(856)	(2,468)
Total comprehensive income before tax	**261,206**	**293,971**	**475,957**	**1,031,134**
(*) Of which:				
Claims and other insurance service expenses incurred	598,910	1,424,395	902,543	2,925,848
Changes relating to past service – adjustment for liabilities for incurred claims	(156,583)	(110,139)	(237,329)	(504,051)

NOTE 3 - OPERATING SEGMENTS (cont.)

D. Additional data regarding the Property and Casualty Insurance Segment, by main portfolio groups (cont.)

	For the year ended December 31, 2024			
	Compulsory motor insurance	Motor property	Other (a)	Total
	NIS thousand			
Breakdown of assets and liabilities as of December 31, 2024				
Liabilities, net for remaining coverage, excluding loss component	401,730	862,051	964,246	2,228,027
Loss component (LC)	-	3,426	1,807	5,233
Total liabilities, net for remaining coverage (LRC)	**401,730**	**865,477**	**966,053**	**2,233,260**
Best estimates (BE) of the present value of future cash flows for contracts according to the PAA model	2,249,682	445,645	2,883,059	5,578,386
Risk adjustment (RA) for non-financial risk for contracts according to the PPA model	178,657	17,233	251,373	447,263
Total liabilities, net for incurred claims (LIC)	**2,428,339**	**462,878**	**3,134,432**	**6,025,649**
Collectible premium (**)	(381,181)	(417,038)	(481,580)	(1,279,799)
Total liabilities, net for insurance contracts	**2,448,888**	**911,317**	**3,618,905**	**6,979,110**
Assets, net for reinsurance contracts				
Assets, net for reinsurance contracts	588,713	7	2,228,703	2,817,423
Balances of other receivables and payables and deposits from reinsurers (**)	250,430	-	322,976	573,406
Total assets, net for reinsurance contracts	**338,283**	**7**	**1,905,727**	**2,244,017**
Additional information for the year ended December 31, 2024				
Gross premiums net of repayment of premiums (b)	811,754	2,027,331	2,042,579	4,881,664
Acquisition expenses for insurance contracts (c)	89,184	401,220	481,841	972,245

(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.

(b) Gross premiums, net of reimbursement of premiums are calculated based on the premium for policies issued during the reporting period.

(c) Acquisition expenses include expenses paid or expenses that the Company is required to pay in respect of insurance contracts issued in the reporting year.

(**) Reclassified; see Note 2CC.

NOTE 3 - OPERATING SEGMENTS (cont.)

E. Additional data regarding the Retirement Segment

	For the year ended December 31, 2025		
	Provident	Pension	Total
	NIS thousand		
Total investment income, net	102,251	32,208	134,459
Increase in liabilities in respect of investment contracts due to the yield component	(98,848)	-	(98,848)
Net investment and finance income	3,403	32,208	35,611
Revenues from management fees	556,213	400,024	956,237
Other operating expenses	419,809	337,480	757,289
Other expenses, net	(18,153)	(9,532)	(27,685)
Other finance expenses	15,752	25,093	40,845
Total comprehensive income before income tax	105,902	60,127	166,029

	For the year ended December 31, 2024		
	Provident	Pension	Total
	NIS thousand		
Total investment income, net	100,946	17,673	118,619
Increase in liabilities in respect of investment contracts due to the yield component	(97,061)	-	(97,061)
Net investment and finance income	3,885	17,673	21,558
Revenues from management fees	473,099	354,793	827,892
Other operating expenses	378,230	314,547	692,777
Other expenses, net	(16,321)	(13,091)	(29,412)
Other finance expenses	14,194	20,013	34,207
Total comprehensive income before income tax	68,239	24,815	93,054

NOTE 3 - OPERATING SEGMENTS (cont.)

F. Additional data regarding yield-dependent investment contracts

	For the year ended December 31	
	2025	2024
	NIS thousand	
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	4,716,494	3,666,507
Total investment income, net	4,716,494	3,666,507
Increase in liabilities in respect of investment contracts due to the yield component	(4,716,494)	(3,666,507)
Income (loss) from investments and financing, net	-	-
Revenues from management fees	297,899	213,776
Other operating expenses	224,550	173,123
Income for the year	73,349	40,653
Total segment assets	47,247,308	32,957,984
Total segment assets for yield-dependent contracts	46,886,628	32,751,129
Total segment liabilities	46,886,628	32,751,129
Additional information regarding investment contracts		
Proceeds from investment contracts (*)	14,523,667	9,740,419
Annualized receipts for investment contracts – new business	74,993	51,835
(*) Of which: One-off proceeds for investment contracts	14,261,748	9,530,253

NOTE 3 - OPERATING SEGMENTS (cont.)

G. Details regarding segment assets and liabilities

	As of December 31, 2025									
	Life Insurance	Health Insurance	P&C Insurance	Pension and Provident	Wealth & Investments	Brokers & Advisors	Payments & Financing	Non-segmented	Adjustments and offsets	Total
	NIS thousand									
Segment assets:										
Investments for yield-dependent contracts (*)	84,839,463	1,940,254	-	-	46,886,628	-	-	-	-	133,666,345
Other investments (*)	15,498,627	4,798,143	4,550,518	1,486,682	923,906	162,605	19,290	13,867,699	(636,875)	40,670,595
Insurance contract assets	516,674	942,760	-	-	-	-	-	-	-	1,459,434
Reinsurance contract assets	205,721	2,083,846	2,539,044	-	-	-	-	-	-	4,828,611
Equity-accounted investments	236,568	391,492	439,028	-	144,351	18,995	206,203	698,714	(650,362)	1,484,989
Costs of obtaining investment management service contracts	-	-	-	1,480,019	360,680	-	-	-	-	1,840,699
Other unallocated assets	1,091,275	4,471	899,545	584,689	2,874,520	1,355,468	5,595,064	4,280,991	(2,696,686)	13,989,337
Total assets	**102,388,328**	**10,160,966**	**8,428,135**	**3,551,390**	**51,190,085**	**1,537,068**	**5,820,557**	**18,847,404**	**(3,983,923)**	**197,940,010**
Total assets for yield-dependent contracts	**85,039,413**	**1,940,254**	**-**	**-**	**46,886,628**	**-**	**-**	**-**	**-**	**133,866,295**
Segment liabilities:										
Financial liabilities (**)	4,168,767	218,365	8,704	972,026	2,270,718	753,777	4,567,023	8,275,289	(1,287,237)	19,947,432
Liabilities in respect of investment contracts	-	-	-	1,128,935	46,886,628	-	-	-	-	48,015,563
Liabilities for insurance contracts	95,510,761	9,628,532	7,825,149	-	-	-	-	-	-	112,964,442
Liabilities for reinsurance contracts	-	36,155	18	-	-	-	-	-	-	36,173
Other unallocated liabilities	3,226,066	277,914	467,416	457,804	618,141	242,410	130,114	1,370,646	(2,696,686)	4,093,825
Total liabilities	**102,905,594**	**10,160,966**	**8,301,287**	**2,558,765**	**49,775,487**	**996,187**	**4,697,137**	**9,645,935**	**(3,983,923)**	**185,057,435**

(*) Investment assets include assets for: cash and cash equivalents, financial investments and investment property.

(**) Financial liabilities include liabilities for loans and credit and liabilities for derivatives.

NOTE 3 - OPERATING SEGMENTS (cont.)

G. Details regarding segment assets and liabilities (cont.)

	As of December 31, 2024									
	Life Insurance	Health Insurance	P&C Insurance	Pension and Provident	Wealth & Investments	Brokers & Advisors	Payments & Financing	Non-segmented	Adjustments and offsets	Total
	NIS thousand									
Segment assets:										
Investments for yield-dependent contracts (*)	78,412,321	2,764,349	-	-	32,751,130	-	-	-	-	113,927,800
Other investments (*)	16,634,087	2,233,272	4,023,373	1,345,916	1,301,010	230,169	32,079	11,505,875	-	37,305,781
Insurance contract assets	117,981	648,356	-	-	-	-	-	-	-	766,337
Reinsurance contract assets	295,306	2,055,231	2,244,018	-	-	-	-	-	-	4,594,555
Equity-accounted investments	19,649	754,812	713,141	-	461,770	38,590	-	1,110,168	(1,095,836)	2,002,294
Costs of obtaining investment management service contracts	-	-	-	1,259,198	206,855	-	-	-	-	1,466,053
Other unallocated assets	453,355	81,235	815,669	688,117	2,713,225	1,083,480	5,038,739	2,603,826	(688,045)	12,789,601
Total assets	**95,932,699**	**8,537,255**	**7,796,201**	**3,293,231**	**37,433,990**	**1,352,239**	**5,070,818**	**15,219,869**	**(1,783,881)**	**172,852,421**
Total assets for yield-dependent contracts	**78,698,272**	**2,814,971**	**-**	**-**	**32,751,130**	**-**	**-**	**-**	**-**	**114,264,373**
Segment liabilities:										
Financial liabilities (**)	2,571,196	210,191	112,311	918,829	2,765,935	531,121	4,118,639	7,056,920	(1,095,836)	17,189,306
Liabilities in respect of investment contracts	-	-	-	1,101,835	32,751,130	-	-	-	-	33,852,965
Liabilities for insurance contracts	89,089,871	10,479,849	6,979,110	-	-	-	-	-	-	106,548,830
Liabilities for reinsurance contracts	-	30,162	-	-	-	-	-	-	-	30,162
Other unallocated liabilities	885,873	-	710,209	246,594	541,399	194,128	87,468	1,430,780	(688,045)	3,408,406
Total liabilities	**92,546,940**	**10,720,202**	**7,801,630**	**2,267,258**	**36,058,464**	**725,249**	**4,206,107**	**8,487,700**	**(1,783,881)**	**161,029,669**

(*) Investment assets include assets for: cash and cash equivalents, financial investments and investment property.

(**) Financial liabilities include liabilities for loans and credit and liabilities for derivatives.

NOTE 3 - OPERATING SEGMENTS (cont.)

H. Composition of yield-dependent liabilities

	As of December 31, 2025
	NIS thousand
Liabilities for yield-dependent insurance contracts	83,105,033
Liabilities for of yield-dependent investment contracts	46,886,628
Total liabilities for insurance contracts and yield-dependent investment contracts (*)	129,991,661
Total assets for yield-dependent contracts	133,866,295
Total liabilities for yield-dependent contracts	(3,427,535)
Total assets for yield-dependent contracts	130,438,760

(*) The liability in respect of yield-dependent investment and insurance contracts is calculated in accordance with the procedure of the Capital Market, Insurance and Savings Authority regarding yield-dependent liability.

NOTE 4 - BUSINESS COMBINATIONS

A. Assuming control over Phoenix RealTech Ltd. (hereinafter - "Phoenix RealTech")

Phoenix RealTech is an investee 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 a result of the above, in 2025 the Company recorded a gain from assuming control totaling approx. NIS 18 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 valuation by an external appraiser has not yet been received as to the fair value of the identified assets acquired and the liabilities assumed. In accordance with this valuation, the consideration allocated to intangible assets totals approx. NIS 147 million.

B. Assuming control over Smart Capital

Phoenix Smart is a company in which Phoenix Advanced Investments has a holding stake of approx. 78% under joint control with the other shareholders. Phoenix Smart serves as a distribution company for alternative investment funds, mainly vis-à-vis international investment entities such as KKR, Apollo, Blackrock, Ares, etc. Under agreements signed with the other shareholders during 2024, it was agreed that control will be transferred to Phoenix Advanced Investments during 2025.

As of December 31, 2025, Phoenix Advanced Investments assumed control in Phoenix Smart and consequently it recorded a gain from assuming control totaling approx. NIS 70 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 valuation by an external appraiser has not yet been received as to the fair value of the identified assets acquired and the liabilities assumed. In accordance with this valuation, the consideration allocated to intangible assets totals approx. NIS 113 million.

NOTE 4 - BUSINESS COMBINATIONS (cont.)

C. In December 2024, Oren Mizrach, a company controlled by Phoenix Agencies, signed an agreement for the purchase of 51% of the shares of T.A.I.S. Shades Life Insurance Agency (1987) Ltd. (hereinafter - "**Gvanim**"); during the reporting period all the conditions precedent were met and the transaction was completed. Subsequent to the abovementioned acquisition, the Company has an ownership stake - directly and indirectly - of approx. 83% of Gvanim's shares, instead of a 50% ownership stake. The Company started consolidating Gvanim on January 1, 2025. Subsequent to completing the transaction and after assuming control over Gvanim, the Company recorded a gain of approx. NIS 16 million on assuming control. As of the report date, the Company recognized the fair value of the assets acquired and the liabilities assumed under the business combination based on a valuation by an external appraiser. As of the date of approval 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 purchased 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 55 million, of which approx. NIS 40 million is attributable to goodwill.

D. **Additional acquisitions in consolidated companies of Phoenix Agencies (excluding Section B above)**

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 118 million, of which approx. NIS 63 million is in respect of goodwill.

E. In February 2026, Phoenix Services - a wholly-owned subsidiary of the Company - entered into an agreement for the acquisition of BUYME Technologies Ltd.'s shares for a total of approx. NIS 550 million; the transaction's completion is subject to the fulfillment of conditions precedent.

NOTE 5 - CASH AND CASH EQUIVALENTS

A. Cash and cash equivalents in respect of yield-dependent contracts

	As of December 31	
	2025	2024
	NIS thousand	
Cash and deposits available for immediate withdrawal in banking corporations	8,238,190	4,476,245
Short-term deposits	15,027,756	13,248,061
Cash and cash equivalents	23,265,946	17,724,306

As of balance sheet date, the cash with banks bears current interest based on nominal interest rates applicable to daily deposits with banks of 3.89%-3.95% (December 31, 2024 - 4.14%-4.20%).

Short-term deposits deposited with banking corporations are for periods ranging between one week and three months. The deposits bear a nominal interest rate of 3.90%-4.41% (December 31, 2024 - 4.20%-4.50%).

For the terms and conditions of linkage of cash and short-term deposits, see Note 35.

B. Other cash and cash equivalents

	As of December 31	
	2025	2024
	NIS thousand	
Cash and deposits available for immediate withdrawal in banking corporations	1,931,648	2,510,809
Short-term deposits	82,690	231,218
Cash and cash equivalents	2,014,338	2,742,027

As of balance sheet date, the cash with banks bears current interest based on nominal interest rates applicable to daily deposits with banks of 3.89%-3.95% (December 31, 2024 - 4.14%-4.20%).

Short-term deposits deposited with banking corporations are for periods ranging between one week and three months. The deposits bear a nominal interest rate of 3.90%-4.41% (December 31, 2024 - 4.20%-4.50%).

For the terms and conditions of linkage of cash and short-term deposits, see Note 35.

NOTE 6 - ASSETS FOR YIELD-DEPENDENT CONTRACTS

A. Breakdown of assets presented at fair value through profit and loss

	As of December 31	
	2025	2024
	NIS thousand	
Debt instruments:		
Illiquid debt instruments:		
Deposits with banks and financial institutions	51,333	58,570
Illiquid corporate bonds	909,120	780,091
Loans (including investees)	6,928,505	6,841,646
Other illiquid debt instruments	519,474	454,397
Total illiquid debt instruments	**8,408,432**	**8,134,704**
Liquid debt instruments:		
Government bonds	13,964,247	10,356,314
Liquid corporate bonds	16,999,988	14,892,326
Total liquid debt instruments	30,964,235	25,248,640
Total debt instruments	**39,372,667**	**33,383,344**
Equity instruments:		
Illiquid debt instruments:		
Illiquid shares	2,707,655	2,557,461
Liquid equity instruments:		
Liquid shares	23,887,824	19,757,414
Total equity instruments	**26,595,479**	**22,314,875**
Other investments:		
Other investments	38,141,471	36,220,407
Derivative instruments	3,718,766	1,859,326
Total other investments	41,860,237	38,079,733
Total financial investments	**107,828,383**	**93,777,952**
Liabilities for derivative instruments and short sale	**793,740**	**1,097,852**

For additional information regarding investment property, see Note 9 - Investment Property.

Additional information regarding financial investments for yield-dependent contracts, see Note 35, Risk Management.

For additional information on liabilities for derivatives and short sales, see Note 17, Financial Liabilities.

B. Fair value of financial assets by level:

The following table presents an analysis of assets held against insurance contracts and investment contracts presented at fair value through profit and loss. The different levels were defined as follows:

- Level 1 - fair value measured using quoted prices (unadjusted) in an active market for identical instruments.
- Level 2 - fair value measured using observable inputs, either directly or indirectly, that are not included in Level 1 above.
- Level 3 - fair value measured using inputs that are not based on observable market inputs.

NOTE 6 - ASSETS FOR YIELD-DEPENDENT CONTRACTS (cont.)

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

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,527,573	2,880,859	8,408,432
Liquid debt instruments	24,588,522	6,375,713	-	30,964,235
Capital instruments	23,670,521	217,303	2,707,655	26,595,479
Other investments	15,321,347	3,557,414	22,981,476	41,860,237
Total financial assets	**63,580,390**	**15,678,003**	**28,569,990**	**107,828,383**

As to the methods and assumptions used to determine the fair value of financial assets, see Note 7G.

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt instruments	-	5,311,093	2,823,611	8,134,704
Liquid debt instruments	18,943,206	6,305,434	-	25,248,640
Capital instruments	19,713,417	43,997	2,557,461	22,314,875
Other investments	13,209,934	2,450,033	22,419,766	38,079,733
Total financial assets	**51,866,557**	**14,110,557**	**27,800,838**	**93,777,952**

During the reporting periods there were no material transfers between Level 1 and Level 2.

As to the methods and assumptions used to determine the fair value of financial assets, see Note 7G.

NOTE 6 - ASSETS FOR YIELD-DEPENDENT CONTRACTS (cont.)

C. Movement in financial assets measured at fair value and classified to Level 3:

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Illiquid debt instruments	Capital instruments	Other investments	Total financial assets
	NIS thousand			
Balance as of January 1, 2025	**2,823,611**	**2,557,461**	**22,419,766**	**27,800,838**
Total gains recognized in profit and loss (*)	27,448	159,212	929,885	1,116,545
Purchases	2,342,491	308,310	5,175,636	7,826,437
Proceeds from interest and dividend	(113,311)	(68,479)	(1,282,886)	(1,464,676)
Redemptions / sales	(2,248,684)	(248,849)	(4,260,925)	(6,758,458)
Transfers into Level 3 (**)	193,298	-	-	193,298
Transfers from Level 3 (**)	(143,994)	-	-	(143,994)
Balance as of December 31, 2025	**2,880,859**	**2,707,655**	**22,981,476**	**28,569,990**
(*) Of which: Total revenues (losses) for the period included in profit and loss in respect of assets held as of December 31, 2025	**(113,289)**	**95,914**	**(137,588)**	**(154,963)**

(**) Transfers between fair value levels stem mainly from securities whose rating has changed.

	Fair value measurement at the reporting date			
	Financial assets at fair value through profit and loss			
	Illiquid debt instruments	Capital instruments	Other investments	Total financial assets
	NIS thousand			
Balance as of January 1, 2024	**2,694,773**	**2,104,471**	**19,230,673**	**24,029,917**
Total gains recognized in profit and 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)
Redemptions / sales	(1,127,691)	(88,898)	(2,449,977)	(3,666,566)
Transfers from Level 3 (**)	(18,796)	-	-	(18,796)
Balance as of December 31, 2024	**2,823,611**	**2,557,461**	**22,419,766**	**27,800,838**
(*) Total gains for the period included in profit and loss in respect of assets held as of December 31 2024	**9,642**	**155,754**	**1,027,919**	**1,193,315**

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

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of December 31, 2025:

Class of assets	Fair value In NIS thousand	Measurement method	Key unobservable inputs	Weighted discount rate
Illiquid debt instruments	2,880,859	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 7.67%, weighted
Capital instruments	2,707,655	Assessment of multiples / discounted cash flows (DCF)	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 9.88%, weighted
Other investments	22,981,476	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 7 - OTHER FINANCIAL INVESTMENTS

A. Composition:

	As of December 31, 2025		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
	NIS thousand		
Debt instruments:			
Illiquid debt instruments:			
Deposits with banks and financial institutions	39,590	603,810	643,400
Treasury deposits	-	962,952	962,952
Designated bonds	8,891,043	-	8,891,043
Illiquid corporate bonds	166,516	45,334	211,850
Loans (including investees)	3,978,321	2,753,363	6,731,684
Other illiquid debt instruments	24,825	-	24,825
Total illiquid debt instruments	**13,100,295**	**4,365,459**	**17,465,754**
Liquid debt instruments:			
Government bonds	3,507,669	-	3,507,669
Liquid corporate bonds	4,599,304	-	4,599,304
Total liquid debt instruments	**8,106,973**	-	**8,106,973**
Total debt instruments	**21,207,268**	**4,365,459**	**25,572,727**
Of which balance of credit loss provision	-	**30,977**	**30,977**
Equity instruments:			
Illiquid debt instruments:			
Illiquid shares	732,600	-	732,600
Liquid equity instruments:			
Liquid shares	2,976,622	-	2,976,622
Total equity instruments	**3,709,222**	-	**3,709,222**
Other investments:			
Other investments	6,808,798	-	6,808,798
Derivative instruments	656,465	-	656,465
Total other investments	**7,465,263**	-	**7,465,263**
Total financial investments	**32,381,753**	**4,365,459**	**36,747,212**
Liabilities for derivative instruments and short sale	**1,061,370**	-	**1,061,370**

For additional information on liabilities for derivatives and short sales, see Note 17, Financial Liabilities.

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

A. Composition: (cont.)

	As of December 31, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at depreciated cost	Total
	NIS thousand		
Debt instruments:			
Illiquid debt instruments:			
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**
Liquid debt instruments:			
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**
Of which balance of credit loss provision	**-**	**25,511**	**25,511**
Equity instruments:			
Illiquid debt instruments:			
Illiquid shares	609,006	-	609,006
Liquid equity instruments:			-
Liquid shares	2,397,482	-	2,397,482
Total equity instruments	**3,006,488**	**-**	**3,006,488**
Other investments:			
Other investments	5,788,478	-	5,788,478
Derivative instruments	690,797	-	690,797
Total other investments	**6,479,275**	**-**	**6,479,275**
Total financial investments	**28,782,965**	**4,457,422**	**33,240,387**
Liabilities for derivative instruments and short sale	**1,862,734**	**-**	**1,862,734**

For additional information on liabilities for derivatives and short sales, see Note 17, Financial Liabilities.

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

B. Fair value of financial assets by level:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial assets:				
Illiquid debt instruments, excluding designated bonds	-	2,383,191	1,826,061	4,209,252
Designated bonds	-	-	8,891,043	8,891,043
Liquid debt instruments	5,667,815	2,439,158	-	8,106,973
Capital instruments	2,885,978	90,644	732,600	3,709,222
Other investments	389,828	554,701	6,520,734	7,465,263
Total financial assets	**8,943,621**	**5,467,694**	**17,970,438**	**32,381,753**

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	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**

During the reporting periods there were no material transfers between Level 1 and Level 2.

C. Movement in assets measured at fair value - Level 3

	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
	NIS thousand				
Balance as of January 1, 2025	1,503,499	8,902,813	609,006	5,545,240	16,560,558
Total gains recognized in profit and loss	68,967	591,833	16,624	38,618	716,042
Purchases	1,570,220	559,267	170,468	2,083,833	4,383,788
Proceeds from interest and dividend	(112,614)	(383,994)	(12,812)	(453,654)	(963,074)
Sales / redemptions	(1,288,063)	(778,876)	(51,117)	(593,165)	(2,711,221)
Transfers to Level 3 (**)	87,984	-	431	-	88,415
Transfers from Level 3 (**)	(3,932)	-	-	(100,138)	(104,070)
Balance as of December 31, 2025	**1,826,061**	**8,891,043**	**732,600**	**6,520,734**	**17,970,438**
Total revenues (losses) for the period included in profit and loss in respect of assets held as of December 31, 2025	**(27,223)**	**206,330**	**1,934**	**(322,331)**	**(141,290)**

(**) Transfers between fair value levels are mainly in respect of securities whose rating has changed, a security transferred to legal channels, and a security classified to investment in an associate.

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

C. Movement in assets measured at fair value - Level 3 (cont.)

	Illiquid debt instruments, excluding designated bonds	Designated bonds	Capital instruments	Other investments	Total financial assets
			NIS thousand		
Balance as of January 1, 2024	**3,076,295**	**8,899,395**	**525,605**	**5,033,923**	**17,535,218**
Total gains recognized in profit and 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 / redemptions	(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	**1,503,499**	**8,902,813**	**609,006**	**5,545,240**	**16,560,558**
Total revenues (losses) for the period included in profit and loss in respect of assets held as of December 31, 2024	**55,033**	**129,679**	**687**	**(34,352)**	**151,047**

(**) Transfers between fair value levels stem mainly from securities whose rating has changed and securities classified to investment as an associate.

Following is information regarding significant non-observable data used to measure fair value at Level 3 as of December 31, 2025:

Class of assets	Fair value	Measurement method	Key unobservable inputs	Weighted discount rate
	NIS thousand			
Illiquid debt instruments, excluding designated bonds	1,826,061	Discounted cash flows (DCF)	Discount rate, expected cash flow, credit risk	Approx. 6.03%, weighted
Capital instruments	732,600	Multiplier / DCF estimation	Discount rate, expected cash flow, future profit forecasts, private market multiples, liquidity premium	Approx. 13.61%, weighted
Other investments	6,520,734	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 7 - OTHER FINANCIAL INVESTMENTS (cont.)

D. Fair value of financial assets measured at amortized cost by level

	As of December 31, 2025				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
	NIS thousand				
Illiquid debt instruments:					
Deposits with banks and financial institutions	603,810	-	603,810	-	603,810
Treasury deposits(*)	962,952	-	1,578,166	-	1,578,166
Illiquid corporate bonds	45,334	-	37,406	6,501	43,907
Loans (including investees)	2,753,363	-	300,231	2,459,288	2,759,519
Total illiquid debt instruments	**4,365,459**	**-**	**2,519,613**	**2,465,789**	**4,985,402**

(*) For a guaranteed minimum return product.

	As of December 31, 2024				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
	NIS thousand				
Illiquid debt instruments:					
Deposits with banks and financial institutions	874,002	-	874,002	-	874,002
Treasury deposits(*)	945,773	-	1,549,472	-	1,549,472
Illiquid corporate bonds	49,779	-	43,743	4,963	48,706
Loans (including investees)	2,587,868	-	319,998	2,272,021	2,592,019
Total illiquid debt instruments	**4,457,422**	**-**	**2,787,215**	**2,276,984**	**5,064,199**

(*) For a guaranteed minimum return product.

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

E. Details on paid interest and linkage in respect of debt assets

	As of December 31, 2025									
	Illiquid debt instruments					Liquid debt instruments				
	Up to 2%	2%-5%	Over 5%	Total	Weighted average effective interest rate	Up to 2%	2%-5%	Over 5%	Total	Weighted average effective interest rate
	In NIS thousand				In %	In NIS thousand				In %
Linkage basis										
CPI-linked	786,317	4,937,770	6,863,225	12,587,312	4.78%	842,095	1,686,050	90,841	2,618,986	2.98%
NIS	572,701	122,467	2,209,808	2,904,976	6.04%	128,247	2,939,002	277,774	3,345,023	3.73%
Linked to foreign currency	133,663	365,898	1,473,905	1,973,466	10.10%	141,393	465,798	1,535,773	2,142,964	6.48%

	As of December 31, 2024									
	Illiquid debt instruments					Liquid debt instruments				
	Up to 2%	2%-5%	Over 5%	Total	Weighted average effective interest rate	Up to 2%	2%-5%	Over 5%	Total	Weighted average effective interest rate
	In NIS thousand				In %	In NIS thousand				In %
Linkage basis										
CPI-linked	1,264,192	2,879,284	6,844,901	10,988,377	5.68%	1,841,188	570,969	60,693	2,472,850	2.87%
NIS	2,075,099	563,059	396,998	3,035,156	5.45%	961,870	1,672,738	208,266	2,842,874	4.72%
Linked to foreign currency	38,366	701,087	1,046,938	1,786,391	7.92%	243,176	394,777	437,390	1,075,343	8.08%

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

F. Derivative instruments

Following is the amount of net exposure to the underlying asset, presented in delta terms of financial transactions carried out as of the financial report date: (*)

	As of December 31, 2025		
	Assets for derivative instruments	Liabilities for derivative instruments and short sales	Total exposure amount to the underlying asset, in delta terms
	In NIS thousand		
Share contracts	247,515	69,264	496,098
CPI contracts	9,742	6,277	1,036,262
Foreign currency contracts	323,427	26,042	(9,048,521)
Interest rate contracts (2)	75,781	24,745	1,396,141
Short sales	-	935,042	(935,042)
Total	**656,465**	**1,061,370**	

	As of December 31, 2024		
	Assets for derivative instruments	Liabilities for derivative instruments and short sales	Total exposure amount to the underlying asset, in delta terms
	In NIS thousand		
Share contracts	348,270	49,133	1,475,435
CPI contracts	18,184	2,108	1,967,515
Foreign currency contracts	239,618	161,871	(7,467,799)
Interest rate contracts (2)	32,447	36,953	2,186,657
Short sales	-	1,612,669	(1,612,669)
Total	**638,519**	**1,862,734**	

(*) The Company has other derivative instruments which are not included in the above tables.

1. The underlying assets are affected by intra-group exposures. Regarding sensitivity to shares and interest, see Note 35C below.

2. Includes mainly contracts and options for bonds.

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

G. The methods and assumptions used to determine fair value

The fair value of investments traded actively in regulated financial markets is determined based on market prices as of the reporting date. The value of investments that are not traded in an active market is determined as follows:

1. 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. Interest rates used for discounting purposes are determined by a company which won the tender, published by the Ministry of Finance, for the setting up and operating a database of quoted prices and interest rates for institutional entities.

On March 2, 2025, the Capital Market, Insurance and Savings Authority published a press release in which it announced that it selected Ness Fair Value Ltd. as the supplier, which revalues the institutional entities' illiquid debt assets. Ness Fair Value Ltd. (hereinafter - "**Ness**") will replace Fair Spread Ltd., which has carried out the revaluation from 2011 to date covering non-complex illiquid debt assets. Furthermore, and in order to encourage trading through the trading platform for institutional entities (TASE-UP platform) Ness Fair Value Ltd. will be responsible for providing specific prices for investment instruments traded in this system, provided that these investment instruments are held by institutional entities. Ness Fair Value Ltd.'s preparations were completed at the beginning of January 2026.

Based on the revaluation model of the New Supplier, including the data to be used in the model, the Group expects to classify most of the illiquid debt assets to be revalued by the New Supplier at Level 3 of the fair value hierarchy.

Following are the weighted average interest rates for illiquid debt assets included in other financial investments, by rating:

	As of December 31	
	2025	2024
	In %	
AA and above	2.04%	2.18%
A	5.10%	3.94%
BBB	5.21%	4.03%
Lower than BBB and unrated	10.53%	19.66%

(*) The sources for the ratings in Israel are Maalot, Midroog rating agencies and internal rating. Midroog's data were converted to the rating symbols according to generally acceptable conversion coefficients. Each rating includes all ranges, for example: A rating includes A- up to A+. Regarding internal rating, see Note 35.

NOTE 7 - OTHER FINANCIAL INVESTMENTS (cont.)

G. The methods and assumptions used to determine fair value (cont.)

2. Illiquid shares

The fair value of the investment in illiquid shares was estimated mostly 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.

3. Derivatives

The Company enters into transactions involving derivative financial instruments with 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.

NOTE 8 - FINANCIAL INVESTMENTS FOR HOLDERS OF CERTIFICATES OF DEPOSITS AND STRUCTURED BONDS

	As of December 31	
	2025	2024
	NIS thousand	
Held-for-trading securities in series accounts:		
Illiquid bonds	82,000	110,000
Total	82,000	110,000

NOTE 9 - RECEIVABLES AND DEBIT BALANCES

A. Composition:

	As of December 31	
	2025	2024
	NIS thousand	
Government institutions and authorities	10,274	20,970
Revenues receivable	203,111	251,710
Prepaid expenses	137,526	117,090
Employees	3,369	4,529
Related parties - see Note 42	156,770	118,878
Advances on account of fees and commissions to agents	878	23,323
Insurance companies and insurance brokers - other accounts	53,547	31,873
Debts - agents	3,249	4,357
Insurance fees and commissions receivable	106,386	44,752
Receivables for financial investments	382,470	235,105
Other	392,695	92,209
	1,450,275	944,796
Less provision for doubtful debts	(15)	(5)
Total receivables and debit balances	1,450,260	944,791

B. Following are the movements in the provision for doubtful debts which mainly relates to agent debts:

	2025	2024
	NIS thousand	
Balance as of January 1	5	33
Change in provision for one year	10	(28)
Balance as of December 31	15	5

NOTE 10 - CREDIT ASSETS FOR FACTORING, ACQUIRING AND FINANCING

	As of December 31	
	2025	2024
	NIS thousand	
Trade receivables and checks pending collection	1,447,186	1,351,253
Credit vouchers	23,773	23,294
Loans and checks pending collection	2,807,506	1,801,357
Credit vouchers for sale	1,247,776	1,841,439
Credit loss provision	(69,737)	(47,109)
Total	5,456,504	4,970,234

Gama has off-balance sheet credit provision liabilities, whose total amount as of December 31, 2025 and as of December 31, 2024 is approx. NIS 2.3 billion and approx. NIS 1.8 billion respectively. For details regarding the total amount of the Group's credit provision liabilities, see Note 37C.

NOTE 11 - INVESTMENTS IN INVESTEES

A. Equity-accounted investees

Details regarding equity-accounted investees:

	See Section D below	Loans and capital notes	Total investment	Total
		NIS thousand		
December 31, 2025				
Ad 120 Residence Centers for Senior Citizens Ltd.	1	-	559,275	559,275
El Al Frequent Flyer Ltd.	2	-	206,203	206,203
Investment property	3	37,410	364,906	402,316
Alternative Investments	4	-	103,702	103,702
Other		-	213,493	213,493
		37,410	1,447,579	1,484,989
December 31, 2024				
Ad 120 Residence Centers for Senior Citizens Ltd.		-	789,334	789,334
El Al Frequent Flyer Ltd.		-	179,519	179,519
Investment property		(*)26,223	347,936	374,159
Alternative Investments	4	-	236,010	236,010
Phoenix RealTech Ltd.	5	-	71,400	71,400
Other		-(*)	351,872	351,872
		26,223	1,976,071	2,002,294

(*) Reclassified.

1. Composition of investments:

	As of December 31	
	2025	2024
	NIS thousand	
Shares	1,447,579	1,976,071
Loans	37,410	26,223
	1,484,989	2,002,294
Goodwill from investment	176,074	281,904

2. The Group's share in the results of operations of the equity-accounted investees according to the holding stake therein during the period:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Revenues	581,788	(*)550,272
Profit for the year	122,342	103,254
Other comprehensive loss for the year	(41,662)	(10,029)

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

B. Consolidated companies held directly by the Company

Composition of investment:

	See Section H below	Loans and capital notes provided by the Company to consolidated companies	Total investment in investees
		NIS thousand	
2025			
Phoenix Insurance Company		-	8,062,989
Phoenix Agencies	1	-	394,960
Phoenix Investment House	2	229,115	932,163
Gama	3	-	1,415,482
Phoenix Capital Partners		-(*)	192,788
Phoenix Pension & Provident		284,452	1,123,805
Phoenix Loans (Gold)	5	636,875	-
Other		29,888	48,626
		1,180,330	12,170,813
2024			
Phoenix Insurance		-	6,743,679
Phoenix Investments (***)		(**)421,688	2,030,363
Phoenix Pension & Provident		292,526	1,020,115
Phoenix Agencies		23,047	390,864
Other		40,100	15,547
		777,361	10,200,568

(*) Furthermore, there are loan balances and capital notes totaling approx. NIS 126 million to Phoenix Advanced Investments.

(**) In addition, there are loan balances totaling NIS 259 million to Phoenix Investment House and a capital note balance totaling approx. NIS 90 million to Phoenix Advanced Investments.

(***) Regarding the restructuring and statutory merger between the Company and Phoenix Investments and Platinum, see Note 1C.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

C. Breakdown of holdings in main investees

	See Section H below	Country of incorporation	As of December 31 2025 Shares conferring voting rights and rights to profits	As of December 31 2024 Shares conferring voting rights and rights to profits
			Rate of ownership in %	
The Company's investees				
Phoenix Insurance		Israel	100	100
Phoenix Investments (*)		Israel	-	100
Phoenix Pension & Provident		Israel	100	100
Phoenix Agencies	1	Israel	95	78
Phoenix Investment House(*)	2	Israel	88	88
Gama Management and Clearing (*)	3	Israel	100	100
Phoenix Services	4	Israel	100	-
Phoeniclass (**)		Israel	18	18
Platinum(*)		Israel	-	100
Phoenix Capital Partners (*)		Israel	100	-
Phoenix Insurance's investees				
Phoenix Loans (Gold)	5	Israel	51	51
Phoenix Capital Raising	6	Israel	100	100
Phoeniclass (**)		Israel	49	49
FNX Private Policy Profits, General Partnership (***)		Israel	51	51
Investees of Phoenix Pension & Provident Funds				
FNX Private Funds Profits, General Partnership (***)		Israel	51	51
Investees of Phoenix Agencies				
NIS		Israel	100	100
Agam Leaderim		Israel	100	100
Oren Mizrach	1C	Israel	81	85
Quality (****)		Israel	-	50
Investees of Phoenix Investment House				
KSM Mutual Funds Ltd.		Israel	100	100
Excellence Investment Management and Securities Ltd.		Israel	100	100
Phoenix Portfolio Management Ltd.		Israel	100	100
Excellence Nessuah Services Ltd.		Israel	100	100
ESOP Management and Trust Services Ltd.		Israel	100	95
Investees of Gama Management and Clearing				
Phoenix Construction Financing and Guarantees Ltd.		Israel	100	100
Phoenix Retail Credit Ltd.		Israel	100	100
Investees of Phoenix Capital Partners				
Phoenix Advanced Investments (*)		Israel	100	100

(*) As at December 31, 2024, Phoenix Investment House, Gama and Phoenix Advanced Investments were held by Phoenix Investments. For details regarding the restructuring and statutory merger between the Company and Phoenix Investments, see Note 1D.

(**) The Company and Phoenix Insurance have shares that confer rights to profits in Phoenix at the rate of 75%.

(***) Phoenix Advanced Investments holds approx. 26% more of the FNX Private Policy Profits partnership's policy profits and the FNX Private Funds Profits partnership, General Partnership.

(****) During 2025, Quality was merged with Oren Mizrach.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

D. Further information regarding equity-accounted investees

1. Ad 120 Residence Centers for Senior Citizens Ltd.

Ad 120 Residence Centers for Senior Citizens Ltd. (hereinafter - "**Ad 120**") develops, builds and managers high-end senior housing facilities.

On November 19, 2025, Phoenix Insurance and Shapir Housing and Building Ltd. (hereinafter - "**Shapir**") signed an agreement for the sale of 15% of the shares of Ad 120 in consideration for approx. NIS 280 million. The consideration was paid by Shapir by way of a private placement of bonds totaling approx. NIS 210 million and a loan totaling approx. NIS 70 million bearing Prime interest, which will be repaid in cash or in consideration for the issuance of Shapir shares at the end of 9 months from the transaction completion date. On November 24, 2025, the transaction was completed, such that subsequent to the completion of the transaction, Phoenix Insurance holds approx. 32% of Ad 120's shares instead of 47% prior to said sale. As a result of the sale, Phoenix Insurance recognized a gain from disposal of an investment in an investee company totaling approx. NIS 19 million, and the company recorded tax expenses totaling approx. NIS 61 million in respect of this sale.

2. El Al Frequent Flyer Ltd.

On June 23, 2022, Phoenix Insurance granted a USD 130 million loan using its nostro funds, to El Al Frequent Flyer Ltd. (hereinafter - the "**Frequent Flyer**"). The loan was advanced for a period ending June 30, 2028 (hereinafter - the "**Loan Term**") and is repaid in two equal quarterly principal payments.

Under the loan agreement, Phoenix Insurance has the option to purchase up to 25% of Frequent Flyer's shares; the option may be exercised at any time until the end of the term of the Loan, subject to additional terms and conditions for an additional year. On September 13, 2022, Phoenix Insurance exercised the option and purchased shares at a rate of 19.9% in consideration for an exercise premium of approx. USD 14 million. On December 31, 2024, a partial early repayment of approx. NIS 110 million was received, such that the end of the loan's term was brought forward to June 30, 2027 (instead of June 30, 2028).

On December 30, 2024, Phoenix Insurance's Board approved the distribution of Frequent Flyer's shares (19.9%) as a dividend in kind to the Company. On March 31, 2025, after obtaining the Israel Tax Authority's approval, Phoenix Insurance distributed the investment in Frequent Flyer shares totaling approx. NIS 179 million to the Company. In addition, during the reporting period, the Company transferred the Frequent Flyer's shares to Gama in consideration for the issuance of shares.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

D. Further information regarding equity-accounted investees (cont.)

2. El Al Frequent Flyer Ltd. (cont.)

On October 29, 2025, Phoenix Insurance notified EL AL Israel Airlines Ltd. (hereinafter - "**EL AL**") of the exercise of the remaining option to purchase 5.1% of the issued and paid-up share capital of Frequent Flyer.

On January 29, 2026, the approvals required to exercise the remaining option were obtained. Since under the Insurance Commissioner's Directives an institutional investor or a group of investors, may hold up to 20% of the interests in a corporation, Phoenix's Board decided to approve the distribution of Frequent Flyer's shares (5.1%) as a dividend in kind to the Company. The value of the shares in accordance with an external valuation, as of December 31, 2025, is approx. NIS 147 million. The distribution was effectively executed in February 2026. Subsequent to the exercise of all abovementioned options, the Company and Gama jointly hold 25% of the Frequent Flyer's shares. The loan's outstanding balance totaling approx. NIS 88 million, as described above, is presented under the financial investments line item and was repaid subsequent to the balance sheet date.

3. Real estate investments

The Company's investments in real estate properties are usually made through investees that invest directly in the properties. The Company holds several such investees that invest in real estate properties in Israel, the United States and Europe. The real estate properties are diverse and include office buildings, commercial centers, residential areas and land for construction.

4. Phoenix Advanced Investments' investment in alternative investment funds

Phoenix Advanced Investments and its subsidiaries (hereinafter - the "**Management Companies**"), which are engaged in the distribution of alternative funds, make a seed investment in international investment funds (KKR, Ares, Apollo and Blackstone). Against these investments, the Management Companies take out loans from banking corporations. The loans are fully guaranteed by Phoenix Insurance at a price set based on market price.
Under the Management Companies' activity, these investments are fully designated for distribution to qualifying customers and the Management Companies work to fully repay the bank loans using these proceeds. The abovementioned seed investments are presented in the Financial Statements as investments in investees and the loans from banking corporations are presented under the financial liabilities line item.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

D. Further information regarding equity-accounted investees (cont.)

5. Phoenix Advanced Investments' investment in Fidelis Partners Holdings Ltd.

On September 8, 2025, Phoenix Advanced Investments entered into an agreement for the acquisition of shares of Fidelis Partners Holdings Ltd. The acquisition will be carried out in stages, and the consideration is based on the EBITDA multiple and includes adjustment mechanisms for changes. The completion of the transaction is subject to the fulfillment of conditions precedent. Subsequent to the balance sheet date, approvals for the transaction were obtained and the first stage of the acquisition was completed.

E. Further information regarding consolidated companies

1. Phoenix Agencies

A. On July 17, 2025, the Company signed an agreement with Yitzhak Oz (hereinafter - "**Oz**"), Chairman of the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), for the purchase of his entire holding stake in Hagoz (2015) Ltd., which has a stake of approx. 17.19% of Phoenix Agencies' shares; this agreement superseded previous agreements with Oz. The transaction includes allocation of shares and a cash payment totaling approx. NIS 763 million (which reflects a value of approx. NIS 4.4 billion for Phoenix Agencies - fully diluted). According to the Agreement, Mr. Yitzhak Oz will continue to serve as the Chairman of the Board of Phoenix Agencies, and Mr. Oren Cohen, Chairman of the Board of Oren Mizrach Agency, was appointed CEO of Phoenix Agencies. The transaction was completed on August 28, 2025, such that subsequent to the completion of the transaction the Company holds approx. 95% of Phoenix Agencies' shares. The cash consideration totals approx. NIS 390 million (including interest accrued through the transaction completion date). Mr. Oz was also allocated approx. 4 million ordinary shares of the Company of NIS 1 p.v. each at a value of NIS 96.615 (the share allocation is out of the 2020-2021 treasury shares allocation). As a result of the above, during the reporting period, the Company reduced its equity by approx. NIS 305 million.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

E. Further information regarding consolidated companies (cont.)

1. Phoenix Agencies (cont.)

B. Cohen Givon Insurance Agency (1994) Ltd. (hereinafter- "**Cohen Givon**") is a company controlled by Phoenix Agencies through a 52% holding stake. In July 2025, a subsidiary of Phoenix Agencies and Mr. Ran Givon entered into an agreement for the acquisition of his entire holdings - 48% - in consideration for a total of approx. NIS 115 million. Out of the Outstanding Consideration Amount, approx. NIS 36 million was paid in cash to Mr. Ran Givon and the remaining amount, totaling approx. NIS 78 million, was recognized as a financial liability which will be paid over 4 years through December 31, 2029. In accordance with the agreement, the outstanding consideration with respect of the acquisition will be adjusted to the value of Cohen Givon's shares on the payment date. As a result of the above, the Company reduced its equity by approx. NIS 100 million.

C. On December 25, 2025, a share exchange agreement (hereinafter - the "**Share Exchange Agreement**") was signed between Phoenix Agencies, and minority shareholders in Oren Mizrach. Under the Share Exchange Agreement, minority shareholders' holdings in Oren Mizrach shares were converted into holdings in Phoenix Agencies shares through a merger by way of share exchange. Upon completion of the transaction in January 2026, the Company holds, directly and indirectly, approx. 90% of the issued share capital of Phoenix Agencies, and Phoenix Agencies holds 100% of the issued share capital of Oren Mizrach.

D. Dividend distributions

During 2025, Phoenix Agencies' Board of Directors approved distributions of cash dividends totaling approx. NIS 240 million; the Company's share in the dividend is approx. NIS 205 million.

Subsequent to the balance sheet date, Phoenix Agencies' Board of Directors approved distributions of cash dividends totaling approx. NIS 100 million; the Company's share in the dividend is approx. NIS 90 million. The record date for the distribution is March 31, 2026.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

E. Further information regarding consolidated companies (cont.)

2. Phoenix Investment House

A. Put and call option agreement

In November 2024 and February 2025, addendum were signed to the shareholders agreement of Phoenix Investment House - the Company, Mssrs. Boaz Nagar (Chairman of the Board of the Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of the Investment House and KSM Mutual Funds Ltd.); (for Boaz and Avner jointly, hereinafter - the "**Partners**"), which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Partners' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. That is to say, the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. The abovementioned options are presented in accordance with their fair value under the financial liability to minority shareholders line item.

B. Dividend distributions

During 2025, Phoenix Investment House's Board of Directors approved distributions of cash dividends totaling approx. NIS 205 million; the Company's share in the dividend is approx. NIS 181 million.

Subsequent to the balance sheet date, the Investment House's Board of Directors approved distributions of cash dividends totaling approx. NIS 65 million; the Company's share in the dividend is approx. NIS 57 million. The record date for the distribution is April 5, 2026.

3. Gama Management and Clearing

A. In March 2025, the Company transferred its holding in Phoenix Consumer Check Credit Ltd. to Gama in consideration for the issuance of shares; for further details, see Note 1C.

B. In March 2025, the Company transferred its 19.9% holding stake in EL AL Club to Gama, in consideration for issuance of shares; for further details, see Section D2.

C. Dividend distributions

During 2025, Gama' Board of Directors approved distributions of cash dividends totaling approx. NIS 67 million. Subsequent to the balance sheet date, Gama's Board approved the distribution of a cash dividend totaling approx. NIS 26 million, which was paid on March 17, 2026.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

E. Further information regarding consolidated companies (cont.)

4. Phoenix Services

A. Subsequent to the report date, Phoenix Services 2025 Ltd. (hereinafter - "**Phoenix Services**") - a wholly-owned subsidiary of the Company - commenced operations; Phoenix Services constitutes a group growth platform for expanding the group's core activities through complementary services.

In February 2026, the Company transferred its holding stake in One Part Ltd. (hereinafter - "**One Part**"), which is held in equal parts by the Company and partners. One Part is engaged in the importation and marketing of automotive bodywork (shell).

B. In February 2026, Phoenix Services entered into an agreement for the acquisition of By Me Technologies Ltd.'s shares for a total of approx. NIS 550 million; the transaction's completion is subject to the fulfillment of conditions precedent.

5. Phoenix Loans (Gold)

Gold Mortgages focuses on advancing loans to people aged 60 and over against a first-degree pledge on their apartment. Furthermore, Gold Mortgages was granted a permit from the Capital Market, Insurance and Savings Authority to provide any type of mortgage.

On December 30, 2024, Phoenix Insurance's Board of Directors approved the distribution of Gold Mortgages' shares to the Company as a dividend in kind, subject to receiving from the Commissioner an extended credit provision license (as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016.As of the report publication date, the abovementioned license has not yet been received, and therefore Gold Mortgages' shares have not yet been distributed.

In addition, at that date, Phoenix Insurance's board of directors approved to advance a loan 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.

For further details, see Section F2 below.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

E. Further information regarding consolidated companies (cont.)

6. Phoenix Capital Raising

During 2009, Phoenix Insurance established Phoenix Capital Raising. The only area of activity of Phoenix Capital Raising is raising funds in Israel for Phoenix Insurance, through (public and private) offerings of promissory notes and/or bonds and/or capital notes, the proceeds of which are deposited with Phoenix Insurance, for its use, at its discretion and at its responsibility.

Capital raising is affected by Phoenix Insurance's capital needs. The terms and conditions of the issued bonds are affected by the state of the capital market and the level of demand and supply of liquid bonds in Israel. Phoenix Capital Raising deposits the proceeds of the offerings in deferred deposits with Phoenix Insurance on the same terms and conditions as those of the bonds issued to the public.

F. Capital requirements from institutional entities in the Group

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 capital required for solvency purposes.

The recognized economic equity 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.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

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

Economic solvency ratio (cont.)

The solvency capital requirement (SCR) is designed to estimate the economic equity's exposure to a series of scenarios set out in the Provisions of the Economic Solvency Regime, and which reflect insurance risks, market and credit risks as well as operational risks.

The Economic Solvency Regime includes, among other things, Provision 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**").

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.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

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

Economic solvency ratio (cont.)

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.

According to the above, the Company made an estimate of its economic solvency ratio - which is not audited or reviewed by the Company's independent auditor - as of September 30, 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 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 June 30, 2025, and the estimated quarterly solvency ratio as of September 30, 2025 (unaudited and unreviewed) as stated above, Phoenix Insurance has surplus capital, both when calculation is made having no regard to the Provision for the Transitional Period and when it is made taking into account the Transitional Provisions.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

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

Economic solvency ratio (cont.)

The calculation carried out by Phoenix Insurance as of June 30, 2025 was reviewed by the Company's independent auditors in accordance with the principles of International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard is relevant for the execution of the engagement to assess whether the Company's solvency calculations as of June 30, 2025, comply, in all material respects, with the Commissioner's Directives, and are not part of the audit or review standards that apply to financial statements.

It should be emphasized that the projections and assumptions on the basis of which the Economic Solvency Ratio Report was prepared are based mainly on past experience as arising from actuarial studies conducted from time to time. In view of the reforms in the capital market, insurance and savings, and the changes in the economic environment, past data do not necessarily reflect future results. The calculation is sometimes based on assumptions regarding future events, steps taken by management, and the pattern of the future development of the risk margin, 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.

Furthermore, attention is drawn to that which is stated in the Solvency Ratio Report regarding the uncertainty derived from regulatory changes and exposure to contingent liabilities, the effect of which on the solvency ratio cannot be estimated.

For further details, see Section 2.1.6 to the Report of the Board of Directors, and the Economic Solvency Ratio Report as of June 30, 2025.

2. 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 Provision for the Transitional Period and subject to the economic solvency ratio target set by the Company's Board of Directors.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

2. Dividend (cont.)

1) Capital distribution target (cont.)

The aforesaid ratio shall be calculated without the relief granted in respect of the original difference attributed to the acquisition of the provident funds and management companies. In addition, the letter set out provisions for reporting to the Commissioner.

Phoenix Insurance's Board of Directors has set a minimum economic solvency ratio target and target range based on Solvency II. The economic solvency ratio target range, within which the Company seeks to be during and at the end of the Transitional Period, taking into account the Deduction during the Transitional Period and its gradual reduction is 150%-170%. In addition, the minimum economic solvency ratio target, taking into account the Provisions for the Transitional Period, is set at 135%.

On August 24, 2025, the Company's Board of Directors decided to increase the minimum solvency ratio target without taking into account the Provisions for the Transitional Period by further 2 percentage points from 121% to 123%, beginning on June 30, 2025 as part of Phoenix Insurance's preparations for increasing the minimum solvency ratio target by the end of the Transitional Period. This minimum economic solvency ratio target is expected to reach 135% at the end of the Transitional Period, in accordance with the Company's capital plan.

B. Phoenix Insurance's dividend distribution policy

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%.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

2. Dividend

B. Phoenix Insurance's dividend distribution policy (cont.)

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.

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 and/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.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

2. Dividend

C. Dividend distributions

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 December 31, 2025, the balance of assets in the Phoenix Insurance's books of accounts is approx. NIS 578 million. The above distribution is subject to the approval of the Israel Tax Authority and the Givatayim municipality.

B. Distribution of Phoenix Insurance's entire stake in Gold Mortgages. As of December 31, 2025, the investment balance in Phoenix Insurance's books of accounts is approx. NIS 10 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. As of the report publication date, the abovementioned approval has been issued.

C. Distribution of the loan advanced by Phoenix Insurance to Gold Mortgage Insurance 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.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

2. Dividend

C. Dividend distribution (cont.)

1. (cont.)

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.

Subsequent to the balance sheet date, on January 29, the Board of Directors reapproved the abovementioned distribution.

The distribution of Beit Havered and the remaining stake in Gold Mortgages, as described in Sections A and B above, was not taken into account in the results of the solvency ratio as of December 31, 2024 and as of June 30, 2025 and September 30, 2025.

On October 30, 2025, Phoenix Insurance received a draft audit report from the Capital Market, Insurance and Savings Authority in connection with the Phoenix Insurance Board of Directors' resolution on the said dividend in kind distribution.

2. On May 28, 2025, Phoenix Insurance's Board of Directors decided to distribute a NIS 170 million dividend, after compliance with the solvency ratio targets and the distribution tests as per the Companies Law.

3. On August 24, 2025, Phoenix Insurance's Board decided to distribute a NIS 460 million cash dividend. This distribution was taken into account in calculating the solvency ratio as of June 30, 2025.

4. On November 25, 2025, Phoenix Insurance's Board decided to distribute a NIS 340 million cash dividend. This distribution was taken into account in calculating the solvency ratio as of June 30, 2025.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

2. Dividend

C. Dividend distribution (cont.)

5. Subsequent to the balance sheet date, on January 29, 2026, the Phoenix's Board of Directors approved the distribution of a dividend in kind for Phoenix Insurance's shares in El Al Frequent Flyer Ltd. (hereinafter - "**El Al Club**"), which constitute approx. 5.1% of the issued and paid-up share capital of El Al Club, as a dividend in kind. The value of the investment in accordance with an external valuation, as of December 31, 2025, is approx. NIS 147 million. The distribution described above was carried out after receiving regulatory approvals. The Company's Board determined that if Frequent Flyer shares will be sold during the next six months at a price higher than their valuation price, the Company will inject into Phoenix Insurance capital equal to the difference between the actual sale price and the abovementioned valuation.

6. Subsequent to the balance sheet date, on March 25, 2026 Phoenix Insurance's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 273 million.

3. 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.

NOTE 11 - INVESTMENTS IN INVESTEES (cont.)

F. Capital requirements from institutional entities in the Group (cont.)

4. The Company undertook to supplement, at any time, the equity capital of Phoenix Pension & 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 & Provident Funds' equity capital will be 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.

5. Phoenix Pension & 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 & Provident Funds complies with those requirements.

NOTE 12 - INVESTMENT PROPERTY

A. Composition and movement:

	Investment property for yield-dependent contracts					
	Leased as commercial space		Leased as offices and other (1)		Total	
	2025	2024	2025	2024	2025	2024
	NIS thousand					
Balance as of January 1	1,182,501	1,143,969	1,243,041	1,139,094	2,425,542	2,283,063
Acquisitions and additions to existing properties	5,495	7,418	125,311	97,845	130,806	105,263
Sales	-	-	(17,097)	-	(17,097)	-
Fair value adjustment	44,327	31,114	(11,562)	6,102	32,765	37,216
Balance as of December 31	1,232,323	1,182,501	1,339,693	1,243,041	2,572,016	2,425,542
Discount rate ranges	6.5%-7.50%	6.50%-8.00%	5.75%-7.5%	6.50%-8.00%	5.75%-7.5%	6.50%-8.00%

(1) In 2025, including real estate properties under construction in the amount of NIS 685,313 thousand (in 2024, NIS 636,452 thousand).

	Investment property - other					
	Leased as commercial space		Leased as offices and other (1)		Total	
	2025	2024	2025	2024	2025	2024
	NIS thousand					
Balance as of January 1	580,152	560,692	743,215	677,832	1,323,367	1,238,524
Acquisitions and additions to existing properties	2,881	3,924	83,012	75,821	85,893	79,745
Sales	-	-	(7,687)	-	(7,687)	-
Reclassified from property, plant, and equipment (2)	-	-	510,047		510,047	-
Fair value adjustment	21,637	15,536	(12,212)	(10,438)	9,425	5,098
Balance as of December 31	604,670	580,152	1,316,375	743,215	1,921,045	1,323,367
Discount rate ranges	6.5%-7.50%	6.50%-8.00%	5.75%-7.5%	6.50%-8.00%	5.75%-7.5%	6.50%-8.00%

(1) In 2025, including real estate properties under construction in the amount of NIS 385,004 thousand (in 2024, NIS 339,080 thousand).

(2) For further details, see Note 13B1.

NOTE 12 - INVESTMENT PROPERTY (cont.)

B. Investment property is measured at fair value as determined by appraisals performed by external independent appraisers, whose skills and ample experience regarding the location and type of property appraised is widely acknowledged. The fair value is determined based on recent market transactions involving similar real estate properties in a location similar to that of the Group's real estate properties, and based on the estimated inflow of future cash flows from the property. When estimating cash flows, their inherent risk was taken into account.

C. When evaluating an investment property under construction, the discounted cash flow method is used, as the appraiser deems fit. Fair value is determined based on the estimated future revenues from the completed project, using returns adjusted to reflect the significant risks relevant to the construction process, including construction and rental risks, which are higher than present returns on similar completed investment properties. Expected costs to complete plus developer's profits are deducted from the estimated future revenues as aforesaid. Furthermore, the sales comparison approach of similar assets is used. In this method, the appraiser relies on active market prices, adjusted for differences in the nature, location or conditions of the specific asset.

D. Investment properties are measured at fair value and are classified to Level 3 of the fair value hierarchy.

E. The discount rate constitutes a critical estimate in determining the fair value, since a change in the discount rate will have a material effect on the investment property's fair value. Change in fair value of investment property in respect of yield-dependent contracts does not fully affect the Company's profit and loss.

The following sensitivity analysis reflects the effect of a change in the discount rate by the rates listed below:

	Increase (decrease) in the fair value as of December 31		Increase (decrease) in profit and loss before tax	
	2025	2024	2025	2024
	In NIS thousand			
0.5% increase	(172,507)	(141,212)	(88,957)	(64,167)
Decrease of 0.5%	187,005	165,410	95,392	73,690

The effect is on the value investment properties for yield-dependent contracts and other real estate properties. The effect on the income from investments for yield-dependent contracts is an indirect effect in respect of management fees.

F. **Details regarding interests in real estate properties used by the Group as yield-dependent investment property and other**

	As of December 31	
	2025	2024
	NIS thousand	
Owned	2,640,018	2,036,850
Capitalized lease	1,853,043	1,712,059
Total	4,493,061	3,748,909

NOTE 12 - INVESTMENT PROPERTY (cont.)

F. **Details regarding interests in real estate properties used by the Group as yield-dependent investment property and other (cont.)**

Capitalized leased assets in the amount of NIS 1,640,250 thousand (in 2024 - NIS 1,489,809 thousand) are leased for a period of 20-44 years.

Capitalized leased assets in the amount of NIS 92,793 thousand (in 2024 - NIS 106,250 thousand) are leased for a period of 63-70 years.

Capitalized leased assets in the amount of NIS 120,000 thousand (in 2024 - NIS 116,000 thousand) are leased for a period of 974 years.

Some of the ownership and lease rights in Israel have not yet been registered in the name of Group companies with the Land Registry, mostly due to technical registration arrangements.

G. For further details regarding commitments to acquire investment property, see Note 37C(1).

H. For further details regarding income from investment property, see Note 26B.

I. During September 2025, the relocation of the Company's offices and the employees of Phoenix Insurance and additional subsidiaries from Beit HaVered in Givatayim to the new campus established in the Mitcham HaElef district in Rishon LeZion was completed. For further details, see Note 13B(1).

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

A. Composition and movement:

2025

	Land and buildings (b)	Computers	Vehicles	Office furniture	Leasehold improvements	Works of art	Right of use assets for buildings	Right of use assets for vehicles	Total
	NIS thousand								
Cost									
Balance as of January 1, 2025	1,388,725	644,919	1,031	201,127	82,640	74,682	228,047	66,840	2,688,012
First-time consolidation	-	202	517	1,286	885	-	2,379	-	5,269
Additions during the year	211,912	58,753	-	39,274	854	552	30,330	18,166	359,840
Revaluation recognized in other comprehensive income (see B2 below)	(8,202)	-	-	-	-	-	-	-	(8,202)
Reclassified from property, plant & equipment to investment property (see B1 below)	(510,047)	-	-	-	-	-	-	-	(510,047)
Derecognitions during the year (see B1 below.	-	(551)	(99)	(53,706)	(17,917)	-	(5,685)	(11,249)	(89,207)
Balance as of December 31, 2025	1,082,388	703,323	1,449	187,981	66,462	75,234	255,071	73,757	2,445,665
Accumulated depreciation									
Balance as of January 1, 2025	-	525,689	635	180,153	59,222	-	90,721	39,960	896,380
First-time consolidation	-	110	353	724	611	-	836	-	2,634
Additions during the year	14,678	50,579	150	5,125	3,990	-	26,596	19,334	120,452
Revaluation recognized in other comprehensive income (see B2 below)	(14,678)	-	-	-	-	-	-	-	(14,678)
Derecognitions during the year (see B1 below.	-	(485)	(128)	(51,034)	(7,820)	-	(5,304)	(9,929)	(74,700)
Balance as of December 31, 2025	-	575,893	1,010	134,968	56,003	-	112,849	49,365	930,088
Balance of amortized cost	1,082,388	127,430	439	53,013	10,459	75,234	142,222	24,392	1,515,577
Provision for impairment	-	-	-	-	-	(16,120)	-	-	(16,120)
Balance as of December 31, 2025	1,082,388	127,430	439	53,013	10,459	59,114	142,222	24,392	1,499,457

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (cont.)

A. Composition and movement: (cont.)

2024

	Land and buildings (b)	Computers	Vehicles	Office furniture	Leasehold improvements	Works of art	Right of use assets for buildings	Right of use assets for vehicles	Total
					NIS thousand				
Cost									
Balance as of January 1, 2024	1,123,002	586,018	1,444	195,236	77,786	75,224	190,448	54,059	2,303,217
First-time consolidation	-	3,291	58	2,151	4,081	-	764	1,573	11,918
Additions during the year	293,723	55,758	-	4,426	5,524	-	94,535	32,816	486,782
Revaluation recognized in other comprehensive income (see B2 below)	(28,000)	-	-	-	-	-	-	-	(28,000)
Reclassified from property, plant & equipment to investment property	-	-	-	-	-	-	-	-	-
Derecognitions during the year	-	(148)	(471)	(686)	(4,751)	(541)	(57,700)	(21,608)	(85,905)
Balance as of December 31, 2024	1,388,725	644,919	1,031	201,127	82,640	74,683	228,047	66,840	2,688,012
Accumulated depreciation									
Balance as of January 1, 2024	-	486,613	848	157,301	55,500	-	93,656	32,787	826,705
First-time consolidation	-	2,675	58	1,568	2,680	-	-	398	7,379
Additions during the year	11,721	36,531	116	21,970	5,292	-	19,880	28,463	123,973
Revaluation recognized in other comprehensive income (see B2 below)	(11,721)	-	-	-	-	-	-	-	(11,721)
Derecognitions during the year	-	(130)	(387)	(686)	(4,250)	-	(22,815)	(21,688)	(49,956)
Balance as of December 31, 2024	-	525,689	635	180,153	59,222	-	90,721	39,960	896,380
Balance of amortized cost	1,388,725	119,230	396	20,974	23,418	74,683	137,326	26,880	1,791,632
Provision for impairment	-	-	-	-	-	(16,120)	-	-	(16,120)
Balance as of December 31, 2024	1,388,725	119,230	396	20,974	23,418	58,563	137,326	26,880	1,775,512

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (cont.)

B. Land and buildings:

1. In September 2025, employees of Phoenix Insurance and other Group companies moved from Phoenix's Beit Havered building in Givatayim (hereinafter - "**Beit Havered**") to a new campus in the 1000 Complex in Rishon LeZion. As a result of this move, the Company revised the designation of Beit Havered as investment property instead of own use property, plant, and equipment measured at fair value. Accordingly, on September 30, 2025, the Company classified the property, plant and equipment balance totaling approx. NIS 510 million from the property, plant, and equipment measured at fair value line item to another investment property line item and derecognized the depreciated cost of the equipment remaining in the building.

2. Revaluation of land and buildings:

   A. As of December 31, 2015, the Company measures land and buildings using a revaluation model.

   B. The revaluation of the land and buildings in respect of the 1000 Complex (which accounts for most of the land and buildings), and one floor in an office high-rise in Jerusalem (Migdal Dona) was carried out by the Haushner Real Estate Appraisals and Project Consulting firm, which is an independent certified appraiser. The fair value was determined using market-based evidence, in December 2025.

   C. Due to the use of the revaluation model, a revaluation reserve has been recorded with a balance as of December 31, 2025 of approx. NIS 215 million, net of tax (December 31, 2024 - NIS 213 million).

   D. The fair value of the land and buildings was determined using the comparison approach for similar properties. The valuation performed by the appraiser is based on active market prices, adjusted for differences in the nature, location or conditions of the specific asset.

   E. Land and buildings are measured at fair value and are classified to Level 3 of the fair value hierarchy.

3. Had the land and buildings been measured using the cost model, their value in the financial statements would have been as follows:

	As of December 31	
	2025	2024
	NIS thousand	
Cost	1,013,427	1,311,563
Accumulated depreciation	(7,039)	(198,162)
Total	1,006,388	1,113,401

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (cont.)

C. Sensitivity analysis

The value of a built-up square meter constitutes a critical estimate in determining the fair value, since a change in the discount rate will have a material effect on the buildings' fair value. The appraisal was carried out using the comparison approach, and therefore the discount rate is irrelevant.

The following sensitivity analysis reflects the effect of a change in the sq.m price on the prices detailed below:

	Increase (decrease) in the fair value as of December 31	
	2025	2024 (1)
	In NIS thousand	
NIS 1,000 increase per sq.m	46,800	50,200
NIS 1,000 decrease per sq.m	(46,800)	(50,200)

(1) Excluding Beit Havered, which was reclassified from property, plant & equipment to investment property in 2025.

NOTE 14 - CREDIT FOR PURCHASE OF SECURITIES

	As of December 31	
	2025	2024
	NIS thousand	
Open accounts (1)	1,138,000	1,024,000
Less - provision for credit risks (2)	(2,000)	(2,000)
Outstanding receivables - net	1,136,000	1,022,000

(1) The credit extended to customers of a consolidated company was granted in respect of purchase of securities by the customers. The credit is non-linked and bears Prime interest plus a spread (as of December 31, 2025, the Prime interest rate was 5.75%). The credit is mainly secured by a pledge placed on the customers' securities portfolios; a significant decrease in the market value of the securities may expose the Company to collection difficulties. Impairment of trade receivables is addressed by recognizing a provision for credit risks.

The Company has 10 customers, the total amount of credit extended thereto accounts for approx. 64% of the total balance of customer credit as of December 31, 2025, and no single customer has been extended credit exceeding 10% of the credit portfolio, except for a customer the total credit extended thereto accounts for 10.8% of the credit portfolio.

(2) Following is the change in total provision for doubtful debts:

	December 31	
	2025	2024
	NIS thousand	
Balance as of January 1	(2,000)	-
Change in provision for one year	-	(2,000)
Balance as of December 31	(2,000)	(2,000)

NOTE 15 - INTANGIBLE ASSETS

A. Composition and movement

	Goodwill	Original differences attributed to fees and commissions portfolios and future management fees	Non-compete	Brand	Computer software	Total
	NIS thousand					
Cost						
Balance as of January 1, 2024	2,185,612	1,097,066	62,007	55,127	3,752,315	7,152,127
Additions	110,324	50,413	1,053	-	(*)373,931	535,721
Company consolidated for the first time	57,241	82,370	588	-	-	140,199
Derecognitions	(2,037)	(1,183)	-	-	-	(3,220)
Balance as of December 31, 2024	2,351,140	1,228,666	63,648	55,127	4,126,246	7,824,827
Additions (see Section C below)	27,717	43,188	3,176	391	(*)371,406	445,878
First-time consolidation (see Section D below)	282,314	121,297	36,947	-	950	441,508
Derecognitions	(3,966)	(2,965)	(281)	-	-	(7,212)
Balance as of December 31, 2025	2,657,205	1,390,186	103,490	55,518	4,498,602	8,705,001
Accumulated amortization and accumulated impairment losses						
Balance as of January 1, 2024	260,050	488,495	56,742	46,886	2,702,086	3,554,259
Amortization recognized during the year (**)	-	109,352	2,677	408	325,737	438,174
Balance as of December 31, 2024	260,050	597,847	59,419	47,294	3,027,823	3,992,433
Amortization recognized during the year (**)	-	114,393	3,779	468	343,004	461,644
First-time consolidation (see Section D below)	-	7,849	190	-	323	8,362
Impairment loss (see Section B3b)	46,444	-	-	-	-	46,444
Derecognitions	-	(750)	(253)	-	-	(1,003)
Balance as of December 31, 2025	306,494	719,339	63,135	47,762	3,371,150	4,507,880
Net carrying amount						
As of December 31, 2024	2,091,090	630,819	4,229	7,833	1,098,423	3,832,394
As of December 31, 2025	2,350,711	670,847	40,355	7,756	1,127,452	4,197,121

(*) Additions in respect of computer software include additions in respect of internal-use software in 2024 and 2025 amounting to NIS 250 million and NIS 255 million, respectively.

(**) The amortization recognized during the year (except for computer software) was carried to the other expenses line item.

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill)

In order to test the recoverability of goodwill, it was allocated to the following cash-generating units:

- Retirement (Pension and Provident) - management of provident funds for retirement benefits, advanced education funds, central benefits and severance pay provident fund and management of pension funds, as well as development, adaptation, marketing and direct marketing (rather than through external insurance agents) of Phoenix's self-directed provident funds individual retirement account (IRA). These are customized services and products with unique characteristics, which are mainly suitable to wealthy customers (hereinafter - the "**Venture**").

- Life and Savings - life insurance policies, permanent health insurance, and savings policies, as well as development, adaptation, marketing and direct marketing (rather than through external insurance agents) of Phoenix's self-directed insurance individual retirement account (IRA). These are customized services and products with unique characteristics, which are mainly suitable to wealthy customers.

- Wealth & Investments - management of investment portfolios and mutual funds, stock exchange services, services in the field of award of shares and options to employees, alternative products, structured products and investment contracts.

- Brokers & Advisors and retirement consulting.

- Payments & Financing – credit card including acquiring aggregator, debit voucher factoring and activity of EL AL Frequent Flyer Ltd., construction financing, consumer credit and business credit, which includes the following activities: business loans, credit backed by pledges on real estate properties, credit against post-dated checks (check factoring), financial guarantees and supplier financing.

Following is the carrying amount of the goodwill allocated to each of following cash-generating units:

	See below	As of December 31	
		2025	2024
		NIS thousand	
Retirement	**1**	434,246	434,246
Life and Savings	**2**	90,836	90,836
Wealth & Investments	**3**	877,305	729,351
Brokers & Advisors	**4**	693,640	567,212
Payments & Financing	**5**	269,445	269,445
Total		2,365,472	2,091,090

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

In order to test the recoverability of goodwill, the recoverable amount of the cash-generating unit to which the goodwill was allocated was compared to its carrying amount. To the extent that the recoverable amount of the cash-generating unit exceeds its carrying amount, value of the unit and the assets allocated to it shall not be considered to have been impaired.

1. Retirement

The recoverable amount of the Retirement (Pension and Provident) units is determined based on an appraisal conducted by Mr. Uri Cohen of Cognum Financial Consulting Ltd.

The appraisal of the Retirement (Pension and Provident) unit based on value in use. The value in use was calculated using the representative projected EV/EBITDA multiple method, which is an approximation of the discounted cash flow method; the value in use of the pension funds management activity was not calculated using this method; rather, it was calculated using the discounted cash flow method over a forecast period of the next 15 years, and estimating the exit value and discounting them by a discount rate that reflects the risk inherent in the Company's activity.

For the purpose of estimating the value in use of the provident funds management activity, a post-tax EV/EBITDA multiple of 9-10 was assumed, which reflects discount rates of 12%-13% after tax and a growth rate of 2%; the assumed rate of management fees is 0.59%-0.61%.

The following is a sensitivity analysis of the average enterprise value to changes in total assets under management in the provident funds activity in Phoenix Pension & Provident and to the average multiple:

	Assets under management by provident funds NIS million				
Multiplier	**98,403**	**98,903**	**99,403**	**99,903**	**100,403**
9.5	1,029	1,048	1,067	1,085	1,104
10.0	1,084	1,103	1,123	1,142	1,162
10.5	1,138	**1,159**	**1,179**	**1,200**	1,220
11.0	1,192	1,214	1,235	1,257	1,278
11.5	1,247	1,269	1,292	1,314	1,337

For the purpose of estimating the value in use of the pension funds management activity a post-tax cost of capital of approx. 11.5% was assumed. The long-term growth rate of approx. 2%. The long-term rate of management fees assumed out of total contributions into the comprehensive fund is approx. 1.3%; and the long-term weighted rate of management fees assumed out of the total amount of accrual is 0.13%-0.14% of total assets.

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

1. Retirement (cont.)

The following is a sensitivity analysis of the enterprise value of the new and old pension funds management activity, to changes in the discount rate and long-term growth rate of Phoenix Pension & Provident:

	The discount rate			
	NIS million			
Growth rate	**10.0%**	**10.5%**	**11%**	**11.5%**
1.0%	1,501	1,387	1,285	1,194
1.5%	1,547	1,426	1,318	1,222
2.0%	1,598	**1,469**	**1,354**	**1,253**
2.5%	1,658	1,517	1,395	1,287
3.0%	1,724	1,573	1,441	1,325

In 2025 and 2024, the recoverable amount of the Retirement (Pension and Provident) unit is higher than its carrying amount.

2. Life insurance and individual retirement account (IRA)

The recoverable amount of life insurance and savings units is determined based on a valuation conducted by Fair Value Ltd.

The valuation is based on value in use. The value in use was calculated according to the discounted cash flow method. The post-tax discount rate used in the valuation of these two subsegments is 15.8% in nominal terms, and the long-term growth rate was estimated at 3.5% in nominal terms. The rate of management fees out of total assets under management assumed over the forecast years is approx. 0.32%.

The following is a sensitivity analysis of the value in use of the Insurance and Provident Activity, to changes in the weighted discount rate and to changes to the nominal permanent growth rate of the Insurance and Provident Activity:

	Discount rate				
	NIS million				
Permanent growth rate	**16.8%**	**16.3%**	**15.8%**	**15.3%**	**14.8%**
2.5%	221.0	229.0	237.6	247.0	257.0
3.0%	225.4	233.8	243.0	252.8	263.6
3.5%	230.1	239.0	**248.7**	259.2	270.7
4.0%	235.2	244.7	255.0	266.2	278.4
4.5%	240.7	250.8	261.8	273.8	287.0

In 2025 and 2024, the recoverable amount of the Life Insurance and Savings Segment is higher than its carrying amount.

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

3. Wealth & Investments

The valuation of the Wealth & Investments Segment refers to the fair value of Phoenix Investment House and Phoenix Capital Partners.

A. Valuation of Phoenix Investment House - for the purpose of estimating the enterprise value of the Investment House activity, each subsegment was assessed separately, with the two main subsegments - which constitute over approx. 93% of Phoenix Investment House's enterprise value being the funds and stock exchange and trading activities. The appraisal was calculated in accordance with the discounted cash flow approach (DCF). The post-tax discount rate used in the valuation of these two subsegments is 11% in nominal terms, and the long-term growth rate was estimated at 2.75% in nominal terms. The average management fees rate assumed for the traditional fund activity (net of distribution fees) ranged between 0.53% to 0.57% and from the money market funds - ranged between 0.08% and 0.10%. The management fees rate assumed for ETFs is 0.38%-0.39% and for tracker funds - 0.21%-0.23%.

The recoverable amount of Phoenix Investment House was determined based on an appraisal conducted by Digar Economic and Financial Consulting Ltd.

The following is a sensitivity analysis of the enterprise value of the funds activity to the discount rate and the long-term growth rate:

	Discount rate				
	NIS million				
Long-term growth rate	**10.00%**	**10.50%**	**11.00%**	**11.50%**	**12.00%**
2.25%	2,490.3	2,343.2	2,212.8	2,096.6	1,992.3
2.50%	2,557.8	2,401.9	2,264.4	2,142.1	2,032.8
2.75%	2,629.9	**2,464.4**	**2,319.0**	**2,190.3**	2,075.4
3.00%	2,707.1	2,531.1	2,377.1	2,241.2	2,120.4
3.25%	2,790.1	2,602.4	2,438.9	2,295.3	2,168.0

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

3. Wealth & Investments (cont.)

A. (cont.)

The following is a sensitivity analysis of the enterprise value of the funds and stock exchange and trading activities to the discount rate and to the long-term growth rate:

	Discount rate				
	NIS million				
Long-term growth rate	**10.00%**	**10.50%**	**11.00%**	**11.50%**	**12.00%**
2.25%	1,088.8	1,026.0	970.4	920.8	876.3
2.50%	1,116.0	1,049.6	991.1	939.0	892.4
2.75%	1,145.1	**1,074.8**	**1,013.0**	**958.3**	909.4
3.00%	1,176.3	1,101.7	1,036.3	978.6	927.4
3.25%	1,209.8	1,130.3	1,061.1	1,000.3	946.3

In 2025 and 2024, the recoverable amount of the Phoenix Investment House activity is higher than its carrying value.

B. Phoenix Capital Partners - in order to assess the goodwill of Phoenix Capital, a valuation was conducted of its activity.

The recoverable amount is determined based on a valuation conducted by Fair Value Ltd.

The recoverable amount was calculated using the discounted cash flow method (DCF). The valuation assumed a 17.3% discount rate and a growth rate of assets under management which will gradually converge to 0% over the discount period and in the long-term.

The following is a sensitivity analysis of the value in use of Phoenix Capital's activity, to changes in the weighted discount rate and to the change in the nominal permanent growth rate of Phoenix Capital's activity:

	Discount rate				
	NIS million				
Permanent growth rate	**17.8%**	**17.5%**	**17.3%**	**17.0%**	**16.8%**
2.5%	104	105	107	108	110
2.8%	105	106	107	109	111
3.0%	105	106	**108**	110	111
3.3%	106	107	109	110	112
3.5%	106	108	109	111	113

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

3. Wealth & Investments (cont.)

B. (cont.)

In 2025, the recoverable amount of Capital's activity was lower than its carrying value, and therefore Phoenix Capital Partners recorded an impairment of goodwill totaling approx. NIS 46 million. In 2024, the recoverable amount of the Phoenix Capital activity is higher than its carrying value.

4. Insurance agencies and pension advice

The recoverable amount of the insurance agencies and pension advice activities in accordance with the projected cash flow method.

The appraisal of the value in use of the Brokers & Advisors activity was conducted using the Discounted Cash Flow method (DCF), based on assumptions regarding the development of the volume of the activity and the margins in the different areas of activity. For the purpose of the appraisal, a post-tax discount rate of 12.3% and a growth rate of 3.5% were assumed.

The following is a sensitivity analysis of the value in use of Phoenix Agencies to changes in the weighted discount rate and to changes to the nominal growth rate of Phoenix Agencies:

	Discount rate				
	NIS million				
Growth rate	**12.8%**	**12.5 %**	**12.3%**	**12.0%**	**11.8%**
4.0%	4,710	4,864	5,028	5,202	5,388
3.8%	4,597	4,744	4,899	5,064	5,240
3.5%	4,490	4,630	**4,778**	4,934	5,101
3.3%	4,388	4,522	4,663	4,812	4,970
3.0%	4,292	4,420	4,554	4,696	4,846

The recoverability testing showed that the recoverable amount of the goodwill from the Brokers & Advisors operation exceeds its carrying amount. The key appraisals were conducted by Fair Value Ltd.

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

5. Payments & Financing

The recoverable amount of the Payments & Financing Segment is determined based on an appraisal conducted by Digar Economic and Financial Consulting Ltd.

The valuation of the value in use of the Payments & Financing Segment was carried out with respect to the four subsegments: Credit cards, business credit, construction financing, and consumer credit. The value was calculated using the Discounted Cash Flow method (DCF), based on assumptions regarding the development of the volume of the activity and the margins in the different activities. The enterprise value of the Payments & Financing Segment is in respect of the fair value of Phoenix Gama as a whole. According to this valuation, the enterprise value of Phoenix Gama as of December 31, 2025 is NIS 3,230 million. The activities which contribute most to the enterprise value of Phoenix Gama are the Credit Card Segment and the Construction Financing Segment.

The value of the Credit Card Segment was assessed using a post-tax discount rate of 9.75% and a long-term growth rate of 2.75%.

Following is a sensitivity analysis of the credit enterprise value of Phoenix Gama, based on the discount rate and long-term growth rate assumed in assessing the valuation of the Credit Card Activity:

	Post-tax discount rate				
	NIS million				
Growth rate	**9.25%**	**9.50%**	**9.75%**	**10.00%**	**10.25%**
2.25%	1,487.3	1,436.2	1,388.6	1,344.1	1,302.3
2.50%	1,525.4	1,471.3	1,421.0	1,374.0	1,330.0
2.75%	1,566.6	1,509.1	**1,455.7**	1,405.9	1,359.5
3.00%	1,611.0	1,549.7	1,492.9	1,440.2	1,391.1
3.25%	1,659.1	1,593.5	1,533.0	1,477.0	1,424.9

The value of the Financing and Construction Segment was assessed using a post-tax discount rate of 11.50% and a long-term growth rate of 2.75%.

NOTE 15 - INTANGIBLE ASSETS (cont.)

B. Testing the recoverability of intangible assets with indefinite useful lives (goodwill) (cont.)

5. Payments & Financing (cont.)

Following is a sensitivity analysis of the credit enterprise value of the Financing and Construction Activity, based on the discount rate and long-term growth rate assumed in assessing the valuation of the Financing and Construction Activity:

	Post-tax discount rate				
	NIS million				
Growth rate	**11.00%**	**11.25%**	**11.50%**	**11.75%**	**12.00%**
2.25%	852.1	830.0	809.1	789.2	770.4
2.50%	867.0	843.9	822.1	801.4	781.8
2.75%	882.8	858.6	**835.8**	814.3	793.9
3.00%	899.6	874.3	850.4	827.9	806.6
3.25%	917.6	890.9	865.9	842.3	820.0

In 2025 and 2024, the recoverable amount of the Payments & Financing Segment is higher than its carrying amount.

C. Additions to intangible assets during the reporting period

During 2025, consolidated companies acquired activities of pension insurance agencies for a total consideration of approx. NIS 61 million, Investment House & Wealth activities for a total consideration of approx. NIS 4 million, Retirement (pension and provident funds) customer portfolios for approx. NIS 5 million, and Property and Casualty Insurance portfolios for approx. NIS 5 million. For further details, see Note 4, Business Combinations.

D. Companies consolidated for the first time

For details regarding companies consolidated for the first time. see Note 4 regarding business combinations.

NOTE 16 - COSTS OF OBTAINING INVESTMENT MANAGEMENT SERVICE CONTRACTS

	Life insurance and long-term savings			
	Investment contracts	Pension funds	Provident funds	Total
	NIS thousand			
Balance as of January 1, 2024	131,886	949,130	200,282	1,281,298
Additions	103,314	226,648	84,819	414,781
Current amortization	(28,345)	(139,967)	(61,714)	(230,026)
Balance as of December 31, 2024	206,855	1,035,811	223,387	1,466,053
Additions	194,417	289,748	165,396	649,561
Current amortization	(40,592)	(153,809)	(80,514)	(274,915)
Balance as of December 31, 2025	360,680	1,171,750	308,269	1,840,699

NOTE 17 - FINANCIAL LIABILITIES

This note provides information regarding the contractual terms of financial liabilities. Further information regarding the Group's exposure to interest rate risk, foreign currency and liquidity risks is provided in Note 35 regarding risk management.

A. Breakdown of financial liabilities

	See below	Carrying value As of December 31		Fair value As of December 31	
		2025	2024	2025	2024
		NIS thousand			
Financial liabilities presented at amortized cost:					
Loans from banks	H	1,790,793	1,637,920	1,790,793	1,637,920
Short-term credit from banking corporations	I	658,214	940,794	658,214	940,794
Loans from non-bank entities	J	864,783	369,983	877,533	382,733
Bonds and commercial papers	D-G	3,883,929	3,032,715	3,920,645	3,002,730
Subordinated notes (1)	D-G	4,455,751	3,823,946	5,320,735	3,759,971
Notes - additional Tier 1 capital (1)	D-G	878,228	373,606	883,454	363,067
Trade receivables for credit cards	K	2,118,207	1,901,977	2,118,207	1,901,977
Repo liability for held for non-yield-dependent contracts (2)		130,183	260,986	130,183	260,986
Lease liabilities (3)		182,933	168,158	-	-
Other (4)		182,233	31,373	182,233	31,373
Total financial liabilities presented at amortized cost		15,145,254	12,541,458	15,881,997	12,281,551
Financial liabilities presented at fair value through profit or loss:					
Repo liability for held for non-yield-dependent contracts (2)		391,018	721,182	391,018	721,182
Repo liability for yield-dependent contracts (2)		2,556,050	945,080	2,556,050	945,080
Total financial liabilities presented at fair value through profit or loss		2,947,068	1,666,262	2,947,068	1,666,262
Total loans and credit		18,092,322	14,207,720	18,829,065	13,947,813
Held-for-trading financial liabilities					
Derivatives held for yield-dependent contracts		793,735	1,051,636	793,735	1,051,636
Derivatives held for non-yield-dependent contracts		130,328	250,065	130,328	250,065
Liability for short sale of liquid securities		931,047	1,658,885	931,047	1,658,885
Other		-	21,000	-	21,000
Total held-for-trading financial liabilities		1,855,110	2,981,586	1,855,110	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.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

B. Details on paid interest and linkage:

	As of December 31, 2025		
	Linkage basis	Carrying value	Interest rate
	NIS thousand		%
Financial liabilities presented at amortized cost:			
	Linked to foreign currency	532,345	4.5%-7%
	NIS	10,907,708	1.94%-7%
	CPI-linked	3,705,201	0.44%-3.14%
		15,145,254	

	As of December 31, 2024		
	Linkage basis	Carrying value	Interest rate
	NIS thousand		%
Financial liabilities presented at amortized cost:			
	Linked to foreign currency	797,780	4.5%-7%
	NIS	9,255,204	1.94%-7%
	CPI-linked	2,488,474	0.44%-2.31%
		12,541,458	

C. Financial liabilities presented at fair value:

Fair value of financial liabilities by level:

The following table presents an analysis of financial liabilities presented at fair value.

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
Financial liabilities presented at fair value through profit or loss:	-	2,947,068	-	2,947,068
Derivatives	178,580	735,900	9,583	924,063
Liability for short sale of liquid securities	931,047	-	-	931,047
Total held-for-trading financial liabilities	1,109,627	735,900	9,583	1,855,110
Financial liabilities presented at amortized cost, the fair value of which is disclosed	9,217,908	130,183	5,614,230	14,962,321

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	NIS thousand			
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	7,230,267	260,986	4,882,047	12,373,300

NOTE 17 - FINANCIAL LIABILITIES (cont.)

D. Repayment in years subsequent to the reporting date:

1. Subordinated notes (assuming early redemption):

	As of December 31	
	2025	2024
	NIS thousand	
First year	797,187	767,500
Second year	-	785,911
Third year	200,000	-
Fourth year	1,293,361	200,000
Fifth year and onwards	2,187,571	2,103,637
	4,478,119	3,857,048
Less - discount and deferred acquisition costs	(22,368)	(33,102)
	4,455,751	3,823,946

2. Bonds

	As of December 31	
	2025	2024
	NIS thousand	
First year	1,420,366	1,331,081
Second year	284,923	173,160
Third year	679,929	173,160
Fourth year	610,803	473,006
Fifth year and onwards	1,074,239	975,532
	4,070,260	3,125,939
Less - discount and deferred acquisition costs	(186,331)	(93,224)
	3,883,929	3,032,715

(*) The repayment in the first year totaling NIS 797,187 thousand is in respect of Bonds (Series E and Series I); the repayment in the first year in the comparative figures totaling NIS 767,500 thousand is in respect of Bonds (Series H).

(**) The repayments in the first year in the amount of NIS 1,420,366 thousand consist of Phoenix Financial Bonds (Series 4 and 6) Bonds, Gama Bonds (Series D), as well as Gama Series 2 and 4 CPs. The repayments in the first year in comparative figures totaling NIS 1,331,081 thousand consist of Phoenix Financial Bonds (Series 4 and 6), Gama Bonds (Series B and C), as well as Gama CPs (Series 2 and 3).

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Insurance Company Ltd.:

	As of December 31, 2025												
Series	Issuance date	Par value on issuance date, in NIS million.	Rating and rating agency	Linkage terms	Nominal interest	Annual effective interest rate	Interest embodied in fair value	Carrying amount in NIS million (**)	Fair value in NIS million (*)	Payment dates of principal	Interest payment dates	Interest type	Type of capital (see E below)
E	4.2015	409.12 (including expansion of May 5, 2016)	Midroog / Maalot Aa2/ ilAA	Linked	2.25%	3.32%	0.38%	485	488	One installment on October 31, 2026	Semi-annual interest on April 31 and October 31 of each of the years 2015 through 2026 (inclusive)	Variable (linked)	Hybrid Tier 2
I	11.2018	308.3	Midroog / Maalot Aa2/ ilAA	NIS	3.3%	3.47%	1.11%	308	310	One installment on August 31, 2026	Semi-annual interest on February 28 and August 31 of each of the years 2019 through 2026 (inclusive)	Fixed	Tier 2 Capital
K	7.2019	1,293.36 (including expansions in 2019 and 2022)	Midroog / Maalot Aa2/ ilAA	NIS	2.62%	3.01%	0.46%	1,279	1,238	One installment on April 30, 2029	Semi-annual interest on April 30 and October 31 of each of the years 2019 through 2029; (the first installment will be paid on October 31, 2019 and the last interest installment will be paid on April 30, 2029)	Fixed	Tier 2 Capital
L	8.2021	1,544 (including expansion of November 5, 2 023)	Midroog / Maalot Aa3/ ilAA-	CPI-linked	2.09%	3.32%	0.04%	384	378	Single installment on February 5, 2032	Semi-annual interest on February 5 and August 5 of each of the years 2022 through 2032; (the first installment will be paid on February 6, 2022 and the last interest installment will be paid on February 5, 2032)	Variable (linked)	Additional Tier 1 capital
M	7.2022	200	Midroog / Maalot Aa2/ ilAA	NIS	The Bank of Israel's variable quarterly interest rate plus a 1.75% spread	6.26%	0.99%	199	209	One installment on October 31, 2028	Quarterly interest on January 31, April 30, July 31 and October 31 of each of the years 2022 through 2028 and on October 31, 2028 (the last interest payment date)	Variable	Tier 2 Capital
N	12.2023	300	Midroog / Maalot Aa2/ ilAA	Linked	2.31%	2.48%	0.19%	316	320	Single installment on February 28, 2030	Quarterly interest on February 28, May 31, August 31 and November 30 of each of the years 2024 through 2030 and on February 28, 2030 - the last interest payment date (inclusive)	Variable (linked)	Tier 2 Capital

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Insurance Company Ltd.: (cont.)

	As of December 31, 2025 (cont.)												
Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Effective interest rate	Interest embodied in fair value	Carrying amount in NIS million (**)	Fair value in NIS million	Payment dates of principal	Interest payment dates	Interest type	Type of capital (see E below)
O	12.2023	500	Midroog / Maalot Aa2/ ilAA	NIS	4.69%	4.93%	0.01%	497	511	One installment on June 30, 2030	Quarterly interest on March 30, June 30, September 30 and December 30 of each of the years 2024 through 2030 and on June 30, 2030 - the last interest payment date (inclusive)	Fixed	Tier 2 Capital
P	4.2025	1,007 (including expansion of July 31, 2025)	Midroog / Maalot Aa2/ ilAA	NIS	5.15%	5.18%	0.81%	999	1,054	One installment on November 1, 2031	Semi-annual interest on November 1 and May 1 of each of the years 2025 through 2031; (the first installment will be paid on November 1, 2025 and the last interest installment will be paid on November 1, 2031)	Fixed	Tier 2 Capital
Q	4.2025	337 (Including expansion of July 31, 2025)	Midroog / Maalot Aa2/ ilAA	Linked	3.41%	3.17%	1.25%	373	394	One installment on February 1, 2032	Semi-annual interest on February 1 and August 1 of each of the years 2025 through 2032; (the first installment will be paid on August 1, 2025 and the last interest installment will be paid on February 1, 2032)	Variable (linked)	Tier 2 Capital
R.	10.2025	500	Midroog / Maalot Aa3 / ilAA-	Linked	2.79%	2.94%	0.54%	494	499	One installment September 30, 2036	Semi-annual interest on March 31 and September 30 of each of the years 2026 through 2036; (the first installment will be paid on March 31, 2026 and the last interest installment will be paid on September 30, 2036)	Variable (linked)	Additional Tier 1 capital
Total								5,334	5,401				

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Financial Ltd.:

Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Effective interest rate	Interest embodied in fair value	Carrying amount in NIS million (**)	Fair value in NIS million	Payment dates of principal	Interest payment dates	Interest type
Bonds (Series 4)	05.2019	338 Including expansions as from February 3, 2021	Midroog Aa2 Ma'alot ilAA	NIS	The Bank of Israel's variable quarterly interest rate plus a 1.28% spread	5.76%	0.08%	298	306	2 equal installments of 12% in each of the years 2020 through 2021 and 4 installments of 19% each in 2025 through 2028.	Quarterly interest on January 31, April 30, July 31 and October 31 of each of the years 2019 through 2028 (with the first payment paid on July 31, 2019 and the last interest payment paid on July 31, 2028).	Variable
Bonds (Series 5)	02.2020	1,242 Including expansions as from September 7, 2020, February 3, 2021 and October 24, 2023, January 16, 2025 and July 17, 2025	Midroog Aa2 Ma'alot ilAA	Linked	0.44%	1.54%	0.47%	1,288	1,259	6 variable annual payments, which will be paid on May 1 in each of the years 2022 to 2024, on May 1, 2028 and May 1 in each of the years 2029 to 2030, with each of the first payments up to and including the third payment repaying 4% of the principal, the fourth payment being repaying 28% of the fund and the fifth and sixth payments repaying 30% of the principal	Semi-annual interest rates on November 1 and May 1.	Variable (linked)
Bonds (Series 6)	01.2022	1,508 Including expansions as from January 26, 2023, October 24, 2023, January 16, 2025 and July 17, 2025.	Midroog Aa2 Ma'alot ilAA	NIS	1.94%	4.86%	0.93%	1,162	1,189	First installment of 4% of the principal on December 31, 2024, 3 equal installments of 12% each in each of the years 2025-2027, 3 equal installments of 10% each in each of the years 2028-2030, and 2 equal installments of 15% each in each of the years 2031 and 2032.	Semi-annual interest on June 30 and December 31.	Fixed
Total financial								2,748	2,754			

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Financial Ltd. (cont. - Gama Management and Clearing)

Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Effective interest rate	Carrying amount in NIS million	Fair value in NIS million	Payment dates of principal	Interest payment dates	Interest type
Bonds (Series D)	6.2025	298	Midroog Aa2.il	NIS	Prime minus 0.54%	Prime minus 0.54%	299	312	The principal is repayable in 5 equal installments on January 10th of each of the years 2028 through 2030 (inclusive) and on July 10th of each of the years 2028 through 2029 (inclusive).	Semi-annual interest payable on January 10th of each of the years 2026 through 2030 and on July 10th of each of the years 2026 through 2029 (the first interest payment will be made on January 10, 2026 and the last interest payment will be made on January 10, 2030).	NIS
CPs (Series 2)	2.2022	237.5	Ma'alot ilA-1+	NIS	Interest in the range of Prime to Prime minus 1.0%	Interest in the range of Prime to Prime minus 1.0%	237	237	The CP series is for a period of one year with an option for renewal by additional periods of one year, up to a maximum of 5 years	The CP series is for a period of one year with an option for renewal by additional periods of one year, up to a maximum of 5 years	NIS
CPs (Series 4)	4.2025	600	Midroog P-1.il	NIS	Interest in the range of Prime to Prime minus 1.0%	Interest in the range of Prime to Prime minus 1.0%	600	618	The principal will be repaid in a single installment on April 23, 2026.	The interest will be repaid in a single installment on April 23, 2026.	NIS
Total Gama							1,136	1,167			

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Insurance Company Ltd.: (cont.)

	As of December 31, 2024										
Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Interest embodied in fair value	Carrying amount in NIS million (**)	Fair value in NIS million	Payment dates of principal	Interest payment dates	Type of capital (see F below)
E	4.2015	409.12 (including expansion of May 5, 2016)	Midroog / Maalot Aa2/ilAA	Linked	2.25%	0.38%	469	477	One installment on October 31, 2026	Semi-annual interest on April 31 and October 31 of each of the years 2015 through 2026 (inclusive)	Hybrid Tier 2
H	01.2017	767.5 (including expansion of July 3, 2017)	Midroog / Maalot Aa2/ilAA	NIS	3.61%	1.50%	768	773	One installment on July 31, 2025	Semi-annual interest on January 31 and July 31 of each of the years 2017 through 2025 (inclusive)	Hybrid Tier 2
I	11.2018	308.3	Midroog / Maalot Aa2/ilAA	NIS	3.3%	1.11%	308	305	One installment on August 31, 2026	Semi-annual interest on February 28 and August 31 of each of the years 2019 through 2026 (inclusive)	Tier 2 Capital
K	7.2019	1,293.36 (including expansions in 2019 and 2022)	Midroog / Maalot Aa2/ilAA	NIS	2.62%	0.48%	1,276	1,190	One installment on April 30, 2029	Semi-annual interest on April 30 and October 31 of each of the years 2019 through 2029; (the first installment will be paid on October 31, 2019 and the last interest installment will be paid on April 30, 2029)	Tier 2 Capital

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Insurance Company Ltd.: (cont.)

	As of December 31, 2024 (cont.)										
Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Interest embodied in fair value	Carrying amount in NIS million (**)	Fair value in NIS million	Payment dates of principal	Interest payment dates	Type of capital (see F below)
L	8.2021	1,574 (Including expansion of November 5, 2023)	Maalot ilAA-	CPI-linked	2.09%	0.04%	374	363	Single installment on February 5, 2032	Semi-annual interest on February 5 and August 5 of each of the years 2022 through 2032; (the first installment will be paid on February 6, 2022 and the last interest installment will be paid on February 5, 2032)	Additional Tier 1 capital
M	7.2022	200	Midroog / Maalot Aa2/ilAA	NIS	The Bank of Israel's variable quarterly interest rate plus a 1.75% spread	1.00%	199	209	One installment on October 31, 2028	Quarterly interest on January 31, April 30, July 31 and October 31 of each of the years 2022 through 2028 and on October 31, 2028 (the last interest payment date)	Tier 2 Capital
N	12.2023	300	Midroog / Maalot Aa2/ilAA	Linked	2.31%	0.20%	308	307	Single installment on February 28, 2030	Quarterly interest on February 28, May 31, August 31 and November 30 of each of the years 2024 through 2030 and on February 28, 2030 - the last interest payment date (inclusive)	Tier 2 Capital
O	12.2023	500	Midroog / Maalot Aa2/ilAA	NIS	4.69%	0%	496	499	One installment on June 30, 2030	Quarterly interest on March 30, June 30, September 30 and December 30 of each of the years 2024 through 2030 and on June 30, 2030 - the last interest payment date (inclusive)	Tier 2 Capital
Total:							4,198	4,123			

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Phoenix Financial Ltd. (cont.)

	As of December 31, 2024									
Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Interest embodied in fair value	Carrying amount in NIS million (**)	Fair value in NIS million	Payment dates of principal	Interest payment dates
Bonds (Series 4)	05.2019	338 Including expansions as from February 3, 2021	Midroog Aa2 Ma'alot ilAA-	NIS	The Bank of Israel's variable quarterly interest rate plus a 1.28% spread	0.95%	398	406	2 equal installments of 12% in each of the years 2020 through 2021 and 4 installments of 19% each in 2025 through 2028.	Quarterly interest on January 31, April 30, July 31 and October 31 of each of the years 2019 through 2028 (with the first payment paid on July 31, 2019 and the last interest payment paid on July 31, 2028).
Bonds (Series 5)	02.2020	823 Including expansions as from September 7, 2020, February 3, 2021 and October 24, 2023	Midroog Aa2 Ma'alot ilAA-	Linked	0.44%	0.08%	950	900	6 variable annual payments, which will be paid on May 1 in each of the years 2022 to 2024, on May 1, 2028 and May 1 in each of the years 2029 to 2030, with each of the first payments up to and including the third payment repaying 4% of the principal, the fourth payment being repaying 28% of the fund and the fifth and sixth payments repaying 30% of the principal	Semi-annual interest rates on November 1 and May 1.
Bonds (Series 6)	01.2022	613 Including expansions as from January 26, 2023 and October 24, 2023	Midroog Aa2 Ma'alot ilAA-	NIS	1.94%	0%	527	522	First installment of 4% of the principal on December 31, 2024, 3 equal installments of 12% each in each of the years 2025-2027, 3 equal installments of 10% each in each of the years 2028-2030, and 2 equal installments of 15% each in each of the years 2031 and 2032.	Semi-annual interest on June 30 and December 31.
Total financial:							1,875	1,828		

(**) The carrying amount of bonds' balances, net of discount and deferred issuance expenses.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details - Gama Management and Clearing Ltd. (cont.)

As of December 31, 2024									
Series	Issuance date	Par value on issuance date, in NIS million	Rating and rating agency	Linkage terms	Nominal interest	Carrying amount in NIS million (**)	Fair value in NIS million (*)	Payment dates of principal	Interest payment dates
Bonds (Series B)	4.2022	216	Midroog Aa3	NIS	3%	151	150	The principal is repayable in three unequal annual installments; the first installment, constituting 30% of the principal amount, shall be made on October 18, 2024; the second installment, constituting 30% of the principal amount, shall be made on April 18, 2025, and the third and last installment, constituting 40% of the principal amount, shall be made on October 18, 2025.	The interest on the outstanding balance of the bonds' principal will be paid in semi-annual installments, on April 18 and October 18 of each of the years 2022 through 2025. The first interest payment was paid on October 18, 2022, and the last principal and interest payments will be paid on October 18, 2025.
Bonds (Series C)	4.2022	385	Midroog Aa3	NIS	Bank of Israel's variable semi-annual interest rate plus a 1.35% margin	269	274	The principal is repayable in three unequal annual installments; the first installment, constituting 30% of the principal amount, shall be made on October 18, 2024; the second installment, constituting 30% of the principal amount, shall be made on April 18, 2025, and the third and last installment, constituting 40% of the principal amount, shall be made on October 18, 2025.	The interest on the outstanding balance of the bonds' principal will be paid in semi-annual installments, on April 18 and October 18 of each of the years 2022 through 2025. The first interest payment was paid on October 18, 2022, and the last principal and interest payments will be paid on October 18, 2025.
CPs (Series 2)	2.2022	300	Midroog P-1.il	NIS	Interest in the range of Prime to Prime minus 1.0%	238	238	The CP series is for a period of one year with an option for renewal by additional periods of one year, up to a maximum of 5 years	The CP series is for a period of one year with an option for renewal by additional periods of one year, up to a maximum of 5 years
CPs (Series 3)	6.2024	500	Midroog P-1.il	NIS	The Bank of Israel Interest plus 0.3% per year	500	513	The principal will be repaid in a single installment on June 10, 2025	The interest will be payable in single installment on June 10, 2025
Total:						1,158	1,175		

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details (cont.)

Comments:

1. Notes (Series E-R) were issued by Phoenix Capital Raising - which is wholly-owned by Phoenix Insurance, which is wholly-owned by the Company.

   Bonds (Series 4-6) issued by the Company.

2. All series are listed on the TASE, except for the Gama's CPs (Series 2) and Phoenix Agencies, Phoenix Pension & Provident and Phoenix Investment House's CPs.

3. The series are classified to level 1 for the purpose of determining fair value.

4. Repayments, issuances and expansion of series

Issuances/repayments in the reporting period

The Company

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

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 total consideration arising to the Company from the two expansions amounted to NIS 600,000 thousand.

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 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, 2025-01-052557, 2025-15-053077, 2025-15-053162, 2025-01-053451 and 2025-01-053847, respectively).

Partial redemption of Bonds (Series 4)

In July 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).

Partial redemption of Bonds (Series 6)

In December 2025, a partial redemption of the principal of Bonds (Series 6) totaling approx. NIS 185,000 thousand was carried out. For further details, see the immediate report dated December 31, 2025 (Ref. No.: 2025-01-105488).

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details (cont.)

Initial issuance of convertible Bonds (Series 7)

Subsequent to the report date, in January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand.

The Bonds were rated by Midroog at il.Aa2 with a stable outlook, and by Maalot at ilAA. The bonds shall be convertible into ordinary Company shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder.

See the immediate reports dated December 22, 2025, January 7, 2026, January 12, 2026, January 13, 2026 (Ref. Nos.: 2025-15-101986, 2025-15-102106, 2026-01-005009, 2026-01-003317, 2026-01-005682).

Phoenix Gama

Issue of CPs (Series 2)

On February 6, 2022, and on March 7, 2022, Gama raised from institutional entities that are not interested parties in the Company a total amount of NIS 200 million and NIS 100 million, respectively, through the CPs (Series 2), whose consideration was used for Gama's ongoing operations. The CP bears interest in the range between Prime and Prime minus 1.0%. The CP series is for a period of one year with an option for renewal by additional periods of one year, up to a maximum of 5 years During the period, each of the parties may give notice of a shortening of the CP period, subject to the provision of 60 days prior notice. Gamma has not provided any collateral, and no financial covenants have been set. The CP balance as of December 31, 2024, is NIS 237,500 thousand due to partial repayment of the CP in 2023 in accordance with its terms.

Issue of CPs (Series 4)

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.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details (cont.)

Issuance of Bonds (Series D)

In June 2025, Gama issued NIS 300,000 thousand p.v. in Bonds (Series D) of NIS 1 p.v. each, in consideration for NIS 300 million. The Bonds will be repaid in five equal installments on January 10th of each of the years 2028 through 2030 and on July 10th of each of the years 2028 through 2029. The outstanding balance of the principal of the bonds will bear variable annual interest at the rate of the Bank of Israel Interest, plus a spread of 0.96%; the interest in respect of the bonds will be paid in semi-annual installments. As of the balance sheet date, the bonds are assigned ilAA rating with a stable outlook by Maalot and Aa2.il rating with a stable outlook by Midroog.

Phoenix Pension & Provident

Issue of CPs (Series 1)

On November 3, 2025, the Company completed a private placement of Commercial Papers (Series 1) which are not listed (CPs) totaling NIS 200 million p.v. The issuance costs totaled approx. NIS 235 thousand, such that the net issuance amount stood at approx. NIS 199,765 thousand. The proceeds of the issuance were used by the Company to repay bank credit totaling approx. NIS 150 million and to finance its operating activities.

The CPs principal will be repaid at the end of the CPs term, on November 2, 2026 (hereinafter - the "**First Period**"). The First Period may be extended, at the consent of the Company and the Acquirer, by additional periods of 364 days each, up to approx. 5 years from the initial issuance date, i.e., through October 28, 2030 (hereinafter - the "**End of the Maximum Period**"). It is noted that the Acquirer may shorten the CPs' term by giving advance notice of seven (7) business days. In addition, the Company may execute full or partial early redemption of the CPs by giving advance notice of seven (7) business days.
The outstanding balance of the CPs principal will bear variable annual interest at the Bank of Israel Interest plus 0.15% for a period of one year, which will be paid on November 2, 2026 and thereafter every 364 days - if the CPs' term is extended - and through the End of the Maximum Period.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details (cont.)

Phoenix Agencies

Issuance of CPs

On September 7, 2025, Maalot reiterated the ilAA+ long-term rating and the ilA-1+ short-term rating with a stable outlook assigned to commercial papers to be issued by Phoenix Agencies. On September 10, 2025, Phoenix Agencies completed a private placement of Commercial Papers (CPs) totaling NIS 200 million, which bear the Bank of Israel Interest plus a 0.15% spread for a period of one year, with an option to extend by 4 further periods (up to approx. 5 years in total). The consideration amount of this placement was used by Phoenix Agencies to repay a bank loan.

Phoenix Investment House

Issuance of CPs

In October 2025, Phoenix Investment House issued illiquid short-term Commercial Papers (CPs) totaling NIS 110 million and entered into distribution and management services agreements with Phoenix Underwriting Ltd. (an affiliate of the parent company). Furthermore, Maalot rating agency assigned to Phoenix Investment House a long-term rating of ilA+ with a stable outlook and a short-term rating of ilA-1. The issuance of the CPs was carried out under a plan for raising short-term debt and will provide the Company with cash flow flexibility and effective liability management, while maintaining financial stability and supporting its expanding business activities. The CPs bears Bank of Israel Interest rate + 0.25% and is repayable on May 29, 2026. In October 2025, the Company issued illiquid short-term Commercial Papers (CPs) totaling NIS 50.9 million under terms identical to the CPs issued in May 2025.

Phoenix Insurance (bonds issued by Phoenix Capital Raising)

Issuance of additional Bonds (Series P and Q)

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 of Phoenix Capital Raising 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).

NOTE 17 - FINANCIAL LIABILITIES (cont.)

E. Material financial liabilities presented at amortized cost - further details (cont.)

Issuance of additional Bonds (Series P and Q) by Phoenix Capital Raising by way of series expansion

In July 2025, Phoenix Capital Raising completed an additional debt issuance by expanding bond series - Bonds (Series P and Q). Bonds (Series P) totaling NIS 440,819 thousand p.v. and Bonds (Series Q) totaling NIS 137,243 thousand p.v. Total gross consideration arising to Phoenix Insurance from the issuances totaled approx. NIS 600,000 thousand. 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 of Phoenix Capital Raising dated July 28, 2025 and July 30, 2025 (Ref. Nos.: 2025-01-055977 and 2025-01-056908, respectively).

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

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

Issuance of Restricted Tier 1 capital (Bonds Series R) by Phoenix Capital Raising for Phoenix Insurance

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

F. Subordinated notes - Hybrid Tier 2 and Tier 3 capital, Tier 2 capital and additional Tier 1 capital

1. Hybrid Tier 2 and Tier 3 capital

In accordance with the prospectuses of the Series E-K and M-Q, the principal payments and/or interest payments shall be deferred upon the occurrence of suspending circumstances as defined below:

"Suspending circumstances in respect of Hybrid Tier 2 and Tier 3 capital" - in accordance with the Insurance Commissioner's Directives mean the existence of one or more of the following circumstances:

A. Lack of distributable profits of the Company as defined in the Companies Law, as per the latest financial statements (annual or quarterly) published before the relevant interest and/or principal repayment date.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

F. Subordinated notes - Hybrid Tier 2 and Tier 3 capital, Tier 2 capital and additional Tier 1 capital (cont.)

1. Hybrid Tier 2 and Tier 3 capital

B. The amount of the Company's eligible own funds dropped below the equity it is required to maintain (in accordance with the legal provisions applicable thereto and/or in accordance with the Insurance Commissioner's Directives), as per the latest financial statements (annual or quarterly) published before the relevant interest and/or principal repayment date.

C. The Company's Board of Directors ordered the postponement of the interest payment or the postponement of the principal payment if it reached the conclusion that there is a real concern as to the Company' ability to meet the capital requirements applicable thereto (in accordance with the legal provisions applicable thereto and/or in accordance with the Insurance Commissioner's Directives), provided that it first obtained the Insurance Commissioner's approval.

D. The Company's Board of Directors ordered the deferral of interest and/or principal payments, to the extent that it decided that there is a real concern as to Company's ability to repay on time liabilities which are ranked higher than the notes in terms of the repayment priority, provided that it obtained the Insurance Commissioner's advance approval to do so.

E. The Insurance Commissioner ordered the deferral of interest and/or principal payments due to a significant decrease in the Company's eligible shareholders' equity, or if it realized that there is real concern as to the Company' ability to meet the capital requirements applicable thereto (in accordance with the legal provisions applicable thereto and/or in accordance with the Insurance Commissioner's Directives). For that purpose, "eligible own funds" means the eligible own funds of an Israeli insurer as defined in the legal provisions applicable to insurers and/or in the Insurance Commissioner's Directives.

F. Principal or interest payments that were delayed as described above, shall be delayed until the suspending circumstances no longer exist, and under no circumstances for more than three years from the original repayment date of the principal of bonds.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

F. Subordinated notes - Hybrid Tier 2 and Tier 3 capital, Tier 2 capital and additional Tier 1 capital (cont.)

1. Additional Tier 1 capital (cont.)

F. (cont.)

Furthermore, in March 2018 the Commissioner published its position - Definition of Recognized Capital and Required Capital in Hybrid Capital Instruments. This position clarifies the appropriate interpretation of the terms "required capital" and "recognized capital" in the terms of hybrid capital instruments with regard to suspending circumstances while distinguishing between insurers that obtained the Commissioner's approval as to the performance of an initial audit of the Solvency Ratio Report by an auditor, and insurers that have not yet obtained such approval. With regard to insurers that received such approval from the Commissioner, the term "required capital" shall be interpreted in accordance with the definition of the term "minimum capital requirement" (MCR), and the term "equity" shall be interpreted in accordance with the definition of the term "equity" in the Solvency Circular.

As to insurers that have not yet obtained the Commissioner's approval, the terms "equity" and "equity required for solvency purposes" shall be interpreted in accordance with their definition in the Insurer's Solvency Equity Requirement circular.

2. Tier 2 capital

In accordance with the prospectuses of the Series I-K and M-O, the principal payments and/or interest payments shall be deferred upon the occurrence of suspending circumstances as defined below:

"Suspending circumstances in respect of Tier 2 capital" - in accordance with the Insurance Commissioner's Directives mean the existence of one or more of the following circumstances:

With regard to deferral of interest payments:

In accordance with the latest financial statements published by the Company prior to payment date, The Company does not have distributable profits as defined in the Companies Law.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

F. Subordinated notes - Hybrid Tier 2 and Tier 3 capital, Tier 2 capital and additional Tier 1 capital (cont.)

2. Tier 2 capital (cont.)

With regard to deferral of principal and/or interest payments:

A. In accordance the latest financial statements published by the Company prior to payment date, the Company's equity is lower than the equity required to establish suspending circumstances, and as of the report publication date, the Company did not supplement its equity.

B. The Company's Board of Directors ordered the deferral of interest or principal payments, to the extent that it reached the conclusion that there is a real concern as to the Company's ability to maintain the required capital for suspending circumstances or repay on time liabilities which are ranked higher than the bonds in terms of the repayment priority, provided that it obtained the Commissioner's advance approval to do so.

C. The Commissioner ordered the deferral of interest or principal payments, to the extent that it realized that there is a decrease in Phoenix Insurance's solvency ratio, or that there is a real concern as to the Company's ability to meet the solvency capital requirement.

3. Additional Tier 1 capital

The terms of the additional Tier 1 capital instrument (Series L and R) include loss absorption mechanisms as detailed below:

1. In accordance with the prospectuses of the Additional Tier 1 capital (Series L and R), the principal payments and/or interest payments shall be deferred upon the occurrence of suspending circumstances as defined below:

   "Suspending circumstances in respect of Additional Tier 1 capital" - in accordance with the Insurance Commissioner's Directives mean the existence of one or more of the following circumstances:

   A. Lack of distributable profits of the Company as defined in the Companies Law, as per the latest financial statements (annual or quarterly) published before the relevant interest and/or principal repayment date.

   B. The amount of Phoenix Insurance's eligible own funds dropped below the equity it is required to maintain (in accordance with the legal provisions applicable thereto and/or in accordance with the Insurance Commissioner's Directives), as per the latest financial statements (annual or quarterly) published before the relevant interest and/or principal repayment date.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

F. Subordinated notes - Hybrid Tier 2 and Tier 3 capital, Tier 2 capital and additional Tier 1 capital (cont.)

3. Additional Tier 1 capital (cont.)

1. (cont.)

   C. The Company's Board of Directors ordered the postponement of the interest payment or the postponement of the principal payment if it reached the conclusion that there is a real concern as to Phoenix Insurance's ability to meet the capital requirements applicable thereto (in accordance with the legal provisions applicable to Phoenix Insurance and/or in accordance with the Insurance Commissioner's Directives), provided that it first obtained the Insurance Commissioner's approval.

   D. The Insurance Commissioner ordered the deferral of interest and/or principal payments due to a significant decrease in Phoenix Insurance's eligible shareholders' equity, or if it realized that there is real concern as to Phoenix Insurance's ability to meet the capital requirements applicable thereto (in accordance with the legal provisions applicable to Phoenix Insurance and/or in accordance with the Insurance Commissioner's Directives).

   E. For that purpose, "eligible own funds" means the eligible own funds of an Israeli insurer as defined in the legal provisions applicable to insurers and/or in the Insurance Commissioner's Directives.

2. The instrument's principal which was not repaid on time due to suspending circumstances as stated above:

   A. Shall not accrue interest on arrears of any type whatsoever.

   B. Will be paid when the delaying circumstanced cease, in accordance with the resolution of the insurance company's Board of Directors, and after obtaining the Commissioner's advance approval.

3. The instrument's principal shall be derecognized or converted into ordinary shares when any of the following applies:

   A. In accordance with the financial statements preceding the published financial statements, an insurance company's equity is lower than the capital requirement, and the insurance company did not supplement its equity as of the publication date of the latest financial statements.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

F. Subordinated notes - Hybrid Tier 2 and Tier 3 capital, Tier 2 capital and additional Tier 1 capital (cont.)

3. Additional Tier 1 capital (cont.)

3. (cont.)

B. In accordance with the latest published financial statements, an insurance company's solvency ratio is lower than 75%, and the insurance company did not supplement its equity as of the publication date of the financial statements.

C. In the auditor's report or review report attached to the latest published financial statements prior to the payment date, the independent auditor of an insurance company has drawn attention to notes describing significant doubts as to the insurance company's ability to continue as a going concern.

G. Early redemption

1. Series E

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series E) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the bond will not be executed on October 31, 2026 (hereinafter - the "**Effective Date for Additional Interest**"), the bond shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the repayment date of the bonds.

It should be clarified that the First Early Redemption Date for a full or partial redemption of the bond shall be May 1, 2020, in accordance the terms set out in the deed of trust, and if early redemption will take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, whereby Phoenix Capital Raising shall pay bondholders the higher of the following amounts: (1) The market value of the outstanding balance of the bonds in circulation that will be determined based on the bonds' average closing price during the thirty trading days prior to the date on which the Board of Directors passed the resolution to execute early redemption. (2) The outstanding par value of the bond in circulation which is due for early redemption, i.e., the principal amount plus interest and linkage differences, through the actual early redemption date. (3) The balance of cash flows of the bond which is due for early redemption (principal plus interest and linkage), discounted by a discount rate and at the terms listed in the deed of trust.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

2. Series H

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the bond when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the bond will not be executed on July 31, 2025 (hereinafter - the "**Effective Date for Additional Interest**"), the bond shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the repayment date of Bonds (Series E, F and H).

It should be clarified that the First Early Redemption Date for a full or partial redemption of the bond shall be July 31, 2022, in accordance the terms set out in the deed of trust, and if early redemption will take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, whereby Phoenix Capital Raising shall pay bondholders the higher of the following amounts: (1) The market value of the outstanding balance of the bonds in circulation that will be determined based on the bonds' average closing price during the thirty trading days prior to the date on which the Board of Directors passed the resolution to execute early redemption. (2) The outstanding par value of the bond in circulation which is due for early redemption, i.e., the principal amount plus interest and linkage differences, through the actual early redemption date. (3) The balance of cash flows of the bond which is due for early redemption (principal plus interest), discounted by a discount rate and at the terms listed in the deed of trust.

For information regarding early redemption of Series H, see Section E above.

3. Series I

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the bond when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the bonds will not be executed on August 31, 2026 (hereinafter - the "**Effective Date for Additional Interest**"), the bond shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the bond's repayment date.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

3. Series I (cont.)

It should be clarified that the First Early Redemption Date for a full or partial redemption of the bond shall be October 31, 2023, in accordance the terms set out in the deed of trust, and if early redemption will take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, whereby the Company shall pay the bondholders the higher of the following amounts: (1) the market value of the outstanding balance of the bond in circulation that will be determined based on the bond's average closing price during the thirty trading days prior to the date on which the Board of Directors passed the resolution to execute early redemption. (2) The outstanding par value of the bond in circulation which is due for early redemption, i.e., the principal amount plus interest and linkage differences, through the actual early redemption date. (3) The balance of cash flows of the bond which is due for early redemption (principal plus interest) discounted by a discount rate and at the terms listed overleaf in the deed of trust.

4. Series K

The Company shall have the right to execute full or partial early redemption of the Bonds (Series K) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the Bonds (Series K) will not be executed on April 30, 2029 (hereinafter - the "**Effective Date for Additional Interest**"), the bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the repayment date of Bonds (Series K).

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

4. Series K (cont.)

It should be clarified that the First Early Redemption Date for a full or partial redemption of the Bonds (Series K) shall be July 30, 2024, in accordance the terms set out in the deed of trust, and if early redemption will take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, whereby the Company shall pay Series K bondholders the higher of the following amounts: (1) the market value of the outstanding balance of Bonds (Series K) in circulation that will be determined based on the bonds' average closing price during the thirty trading days prior to the date on which the Board of Directors passed the resolution to execute early redemption. (2) The outstanding par value of the Bonds (Series K) in circulation which will be repaid early, i.e., the principal amount plus interest and linkage differences, through the actual early redemption date. (3) The balance of cash flows of the Bonds (Series K) in respect of which early redemption is executed (principal amount plus interest) discounted by a discount rate and at the terms listed overleaf in the deed of trust.

5. Series L

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series L) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. The first date on which Phoenix Capital Raising may execute early redemption shall be ten (10) years after the issuance date, i.e., February 5, 2031 (hereinafter - the "**First Early Redemption Date**"). After the First Early Redemption Date and subject to obtaining the Commissioner's approval, the Company will be allowed to execute partial or full early repayment of the subordinated notes on the first interest payment date that will take place 5 years after the First Early Redemption Date, and subsequently, once every 5 years on the next interest payment date.

Notwithstanding the above, insofar as changes are made to the regulations applicable to Phoenix, as a result of which the classification of the subordinated notes as additional Tier 1 capital is adversely affected, the Company will be allowed to execute full or partial early redemption of the subordinated notes. In such a case, the early redemption will be executed in accordance with the par value of the subordinated notes, plus interest accrued in respect thereof through that date; the early redemption will be executed immediately prior to the interest payment date closest to the date of such a change.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

5. Series L (cont.)

In April 2024, the Company sold approx. NIS 140 million of its holdings in the subordinated notes recognized as Tier 1 capital instrument by Phoenix Insurance and listed on the main list of the TASE, to entities listed in the First Addendum to the Securities Law, 1968.

The abovementioned sale was accounted for as debt issuance in the Company's financial statements.

For details regarding the terms of Bonds (PHONIX B12), see section E above.

6. Series M

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series M) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the Bonds (Series M) will not be executed on October 31, 2028 (hereinafter - the "**Effective Date for Additional Interest**"), the bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the repayment date of Bonds (Series M).

It should be clarified that the First Early Redemption Date for a full or partial redemption of the Series M bonds shall be October 30, 2028, in accordance the terms set out in the deed of trust, and if early redemption will take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, whereby the Company shall pay Series M bondholders the higher of the following amounts: (1) the market value of the outstanding balance of Bonds (Series K) in circulation that will be determined based on the bonds' average closing price during the thirty trading days prior to the date on which the Board of Directors passed the resolution to execute early redemption. (2) The outstanding par value of the Bonds (Series K) in circulation which will be repaid early, i.e., the principal amount plus interest and linkage differences, through the actual early redemption date. (3) The balance of cash flows of the Bonds (Series K) in respect of which early redemption is executed (principal amount plus interest) discounted by a discount rate and at the terms listed overleaf in the deed of trust.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

7. Series N

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series N) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the Bonds (Series N) will not be executed on February 28, 2030 (hereinafter - the "**Effective Date for Additional Interest**"), the bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through Bonds (Series N) repayment date.

It should be clarified that the First Early Redemption Date, whether full or partial, of Bonds (Series N) shall be February 28, 2030, in accordance the terms set out in the deed of trust, and if early redemption shall take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, including whereby the Company shall pay the holders of Bonds (Series N) the outstanding par value of the bonds in circulation up for early redemption, i.e., the principal (the par value repayable by way of early redemption) with added interest and linkage differences accrued thereto as of the payment date. In case of full early redemption, the said payment shall be made against the provision of the bonds to the Company no later than 5 business days prior to the payment date.

8. Series O

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series O) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the Bonds (Series O) will not be executed on June 30, 2030 (hereinafter - the "**Effective Date for Additional Interest**"), the bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the Bonds (Series O) repayment date.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

8. Series O (cont.)

It should be clarified that the First Early Redemption Date, whether full or partial, of Bonds (Series O) shall be June 30, 2030, in accordance the terms set out in the deed of trust, and if early redemption shall take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, including whereby the Company shall pay the holders of Bonds (Series O) the outstanding par value of the bonds in circulation up for early redemption, i.e., the principal (the par value repayable by way of early redemption) with added interest and linkage differences accrued thereto as of the payment date. In case of full early redemption, the said payment shall be made against the provision of the bonds to the Company no later than 5 business days prior to the payment date.

9. Series P

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series P) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the Bonds (Series O) will not be executed on November 1, 2031 (hereinafter - the "**Effective Date for Additional Interest**"), the bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through the Bonds (Series O) repayment date.

It should be clarified that the First Early Redemption Date, whether full or partial, of Bonds (Series O) shall be November 1, 2031, in accordance the terms set out in the deed of trust, and if early redemption shall take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, including whereby the Company shall pay the holders of Series P) the outstanding par value of the bonds in circulation up for early redemption, i.e., the principal (the par value repayable by way of early redemption) with added interest as of the payment date. In case of full early redemption, the said payment shall be made against the provision of the bonds to the Company no later than 5 business days prior to the payment date.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

10. Series Q

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series Q) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. If early redemption of the Bonds (Series Q) will not be executed on February 1, 2032 (hereinafter - the "**Effective Date for Additional Interest**"), the bonds shall bear additional interest at a rate of 50% of the original risk margin set in relation to the relevant series of bonds as defined in the shelf prospectus, for a period starting on the Effective Date for Additional Interest through Bonds (Series Q) repayment date.

It should be clarified that the First Early Redemption Date, whether full or partial, of Bonds (Series Q) shall be February 1, 2032, in accordance the terms set out in the deed of trust, and if early redemption shall take place as from that date until the Effective Date for Additional Interest (excluding early redemption on the Effective Date for Additional Interest), the provisions detailed in the deed of trust shall apply, including whereby the Company shall pay the holders of Bonds (Series Q) the outstanding par value of the bonds in circulation up for early redemption, i.e., the principal (the par value repayable by way of early redemption) with added interest and linkage differences accrued thereto as of the payment date. In case of full early redemption, the said payment shall be made against the provision of the bonds to the Company no later than 5 business days prior to the payment date.

11. Series R

Phoenix Capital Raising shall have the right to execute full or partial early redemption of the Bonds (Series R) when certain conditions set out in the deed of trust are met, without giving bondholders and/or the trustee a right of choice. The first date on which Phoenix Capital Raising may execute full or partial early redemption of the subordinated notes will be approx. 10 years from the end of the series expansion period, i.e., September 30, 2036 (hereinafter - the "**First Early Redemption Date**"). After the First Early Redemption Date and subject to obtaining the Commissioner's approval, the Company will be allowed to execute partial or full early repayment of the subordinated notes on the first interest payment date that will take place 5 years after the First Early Redemption Date, and subsequently, once every 5 years on the next interest payment date.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

G. Early redemption (cont.)

11. Series Q (cont.)

Notwithstanding the above, insofar as changes are made to the regulations - including directives, guidance and position of the Commissioner - applicable to Phoenix, as a result of which the classification of the subordinated notes as additional Tier 1 capital or recognition thereof, is adversely affected, the Company will be allowed to execute full or partial early redemption of the subordinated notes. In such a case, the early redemption will be executed in accordance with the par value of the subordinated notes, plus interest accrued and linkage differences in respect thereof through that date; the early redemption will be executed immediately prior to the interest payment date closest to the date of such a change.

Gama Bonds (Series B and C)

Gama will be allowed to redeem the bonds by way of full or partial early redemption only after sixty (60) days have elapsed from the listing date of the Bonds, provided that the amount of each such early repayment will not be lower than NIS 1 million.

Early redemption will not take place more than once quarter.

The amount that will be paid to the bondholders in the event of early redemption shall be the higher of: (1) the market value of the outstanding bonds that are due for early redemption, which will be determined in accordance with the average closing price of the bonds in the thirty (30) trading days that preceded the date on which the Board of Directors passed the resolution to execute the early redemption. (2) The outstanding par value of the Bonds that are due for early repayment, that is to say - principal plus interest (including interest on arrears if it becomes payable prior to the announcement regarding the execution of the early redemption by the Company, and which accrued and not yet paid prior to the redemption date), calculated until the early redemption date. (3) The balance of cash flows of the bonds which are due for early redemption (principal plus interest), discounted by a discount rate and at the terms listed in the deed of trust.

H. Loans from banking corporations

As of the report date, loans were taken from banking corporations totaling approx. NIS 1,791 million, compared to approx. NIS 1,638 million as of December 31, 2024.

In June 2025, Gama and a banking corporation entered into an agreement for receipt of a loan totaling NIS 400,000 thousand. 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%.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

H. Loans from banks (cont.)

On the other hand, during the reporting period, partial repayments were made in loans taken out by Phoenix Agencies and Phoenix Pension & Provident totaling NIS 93 million and NIS 123 million, respectively.

The outstanding balance of loans from banking corporations includes loans taken by Gama totaling approx. NIS 1,100 million, loans taken by Phoenix Agencies totaling approx. NIS 193 million, loans taken by Phoenix Pension & Provident totaling approx. NIS 376 million, and loans taken by Phoenix Investment House totaling approx. NIS 121 million.

I. Short-term credit from banking corporations

As of the report date, Company's subsidiaries have short-term credit from institutional entities totaling approx. NIS 658 million, compared to approx. NIS 941 million as of December 31, 2024. The decrease in short-term credit from banking corporations in the reporting period was mainly due to a decrease in short-term credit from banking corporations taken out to fund the investment by Phoenix Capital - a subsidiary of Phoenix Advanced Investments - in the international investment fund KKR, and a decrease in on-call loans taken out by Phoenix Insurance totaling NIS 143 million and NIS 85 million, respectively.

The outstanding balance of short-term credit from banking corporations includes mainly short-term credit taken out by Phoenix Investment House totaling approx. NIS 338 million, short-term credit taken out by Phoenix Pension & Provident totaling approx. NIS 124 million, short-term credit taken out by Phoenix Insurance totaling approx. NIS 100 million, and credit taken by Phoenix Investments totaling approx. NIS 93 million.

J. Loans from non-bank entities

As of the report date, Company's subsidiaries have loans from institutional entities totaling approx. NIS 864 million, compared to approx. NIS 370 million as of December 31, 2024.

The increase in the balance of these loans is mainly due to the issuance of CPs as described in Section E above –

- Issuance of CPs by Phoenix Agencies totaling approx. NIS 200 million
- Issuance of CPs by Phoenix Investment House totaling approx. NIS 161 million
- Issuance of CPs by Phoenix Pension & Provident totaling approx. NIS 200 million

On the other hand, the loan from related parties in Phoenix Gama decreased by approx. NIS 89 million.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

K. Trade receivables for credit cards

The balance represents a liability for trade receivables in respect of credit vouchers that have been transferred to Gama by credit card companies as part of its factoring and clearing agreements as an aggregator and have yet to be paid to Gama's customers. The balance is short-term and will be repaid several days after the reporting period, according to the payment date agreed upon with each customer.

L. The Company's rating

Midroog

In January 2025, Midroog announced the assignment of Aa2.il rating to the expansion of Series 5 and 6 Bonds by up to NIS 700 million p.v.

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

In July 2025, Midroog announced the assignment of Aa2.il rating to the expansion of Series 5 and 6 Bonds by up to NIS 500 million p.v.

In December 2025, Midroog announced the assignment of Aa2.il rating to Bonds (Series 7) totaling up to NIS 400 million p.v., with a stable rating outlook.

In February 2026, Midroog announced that it is reiterating the Company's rating and that of the bonds issued by it at Aa2.il, with a stable outlook.

Maalot S&P

In January 2025, Ma'alot S&P announced the assignment of ilAA rating to the expansion of Series 5 and Series 6 Bonds by up to NIS 700 million p.v.

In July 2025, S&P Maalot reiterated the Company's ilAA rating with a stable outlook.

In July 2025, S&P Maalot announced the assignment of ilAA rating to the expansion of Bonds (Series 5 and Series 6) by up to NIS 500 million p.v.

In December 2025, S&P Maalot announced the assignment of ilAA rating to the Bonds (Series 7) by up to NIS 400 million p.v.

M. Shelf prospectuses

In July 2025, the Israel Securities Authority approved the renewal of the Company's shelf prospectus, through July 7, 2027.

NOTE 17 - FINANCIAL LIABILITIES (cont.)

N. Changes in liabilities stemming provided by financing activity

	Loans from non-bank entities	Loans and short-term credit from banking corporations	Trade receivables for credit cards	Bonds	Subordinated notes	Notes - additional Tier 1 capital	Liability for REPO	Other (*)	Total liabilities stemming from financing activity
	NIS thousand								
Balance as of January 1, 2024	886,621	1,011,800	1,754,711	2,495,765	4,480,493	217,644	2,014,342	183,148	13,044,524
Commencement of consolidation	-	-	-	-	-	-	-	7,719	7,719
Cash flow	(516,638)	1,564,354	-	535,523	(692,180)	141,150	(30,756)	14,851	1,016,304
Effect of changes in the Consumer Price CPI	-	-	-	-	35,633	14,812	(56,338)	22,903	17,010
Other changes	-	2,560	147,266	1,427	-	-	-	(29,090)	122,163
Balance as of December 31, 2024	369,983	2,578,714	1,901,977	3,032,715	3,823,946	373,606	1,927,248	199,531	14,207,720
Commencement of consolidation	-	92,580	-	-	-	-	-	81,966	174,546
Cash flow	133,267	(222,287)	-	853,158	607,307	493,834	1,360,114	(59,648)	3,365,745
Effect of changes in the Consumer Price CPI	-	-	-	-	24,498	10,788	(210,111)	68,033	(106,792)
Other changes	161,533	-	216,230	-1,944	-	-	-	26,788	402,607
Recognition of lease liabilities	-	-	-	-	-	-	-	48,496	48,496
Balance as of December 31, 2025	864,783	2,449,007	2,118,207	3,883,929	4,455,751	878,228	3,077,251	365,166	18,092,322

(*) Mainly in respect of a lease liability and options to acquire an investee

NOTE 18 - LIABILITIES IN RESPECT OF STRUCTURED PRODUCTS

A. **Following is the composition of liabilities in respect of structured products and liabilities of special purpose consolidated companies:**

	See below	As of December 31	
		2025	2024
		NIS thousand	
Structured bonds	B	60,000	109,000
Liabilities of special purpose consolidated companies	C	21,000	25,000
Total		81,000	134,000

B. As of December 31, 2025, the Group has one series of structured bonds, which was issued in a private placement.

C. Liabilities of special purpose consolidated companies are in respect of amounts payable for short sale of securities held-for-trading.

D. **Further details on the composition of assets and liabilities of the special purpose companies**

	As of December 31	
	2025	2024
	NIS thousand	
Backing assets, net	82,000	110,000
Certificates	(60,000)	(109,000)
Liabilities	(21,000)	(25,000)
	1,000	(24,000)

(*) On December 31, 2024, approx. NIS 25 million in principal and interest were received in cash, which were repaid in January 2025 against liabilities.

E. **Details about the designated companies**

	As of December 31	
	2025	2024
	Holding rates (%)	
Netivim Debentures Ltd. (*)	100	100

*) Non-marketable structured bonds

NOTE 19 - PAYABLES AND CREDIT BALANCES

	As of December 31	
	2025	2024
	NIS thousand	
Employees and other liabilities in respect of compensation and salaries	219,643	198,709
Accrued expenses	547,874	422,905
Trade payables	299,763	197,539
Government institutions and authorities (*)	190,282	496,286
Liabilities to investees and interested parties	17,184	24,655
Insurance agents	439,473	336,928
Policyholders and planholders	378,891	29,541
Interest payable	43,708	35,990
Payables for financial investments	317,553	396,530
Other liabilities	364,772	200,453
Total payables and credit balances	2,819,143	2,339,536

(*) The balance as of December 31, 2024, includes netting with the National Insurance Institute in respect of a cut-off agreement in the Compulsory Motor Insurance Subsegment.

(**) For a breakdown of assets and liabilities by linkage bases, see Note 35.

(***) For payables and credit balances that constitute related parties, see Note 36.

NOTE 20 - LIABILITIES IN RESPECT OF INSURANCE CONTRACTS AND YIELD-DEPENDENT INVESTMENT CONTRACTS

	Comments	Yield-dependent investment contracts (*)	Non-yield-dependent investment contracts (**)	Total
		NIS thousand		
Balance as of January 1, 2024		23,787,779	1,063,093	24,850,872
Changes recognized in the income statement:				
Increase due to the yield component (***)	Note 26A	3,666,507	84,538	3,751,045
Net of management fees for investment contracts	Note 27	(213,776)	(17,590)	(231,366)
Cash flow:				
Proceeds		9,740,419	3,850	9,744,269
Payments		(4,229,800)	(32,055)	(4,261,855)
Balance as of December 31, 2024		32,751,129	1,101,836	33,852,965
Changes recognized in the income statement:				
Increase due to the yield component (***)	Note 26A	4,716,494	75,359	4,791,853
Net of management fees for investment contracts	Note 27	(297,899)	(28,314)	(326,213)
Cash flow:				
Proceeds		14,523,667	2,722	14,526,389
Payments		(4,806,763)	(22,668)	(4,829,431)
Balance as of December 31, 2025		46,886,628	1,128,935	48,015,563

(*) Yield-dependent investment contracts are treated as financial liabilities at fair value through profit or loss.

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

(***) This line item also includes the interest expenses calculated using the effective interest method for contracts for management of guaranteed return provident funds.

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS

A. Composition of balances for insurance contracts and reinsurance contracts

	For the year ended December 31, 2025				
	Reference to note	Life insurance and long-term savings	Health Insurance	P&C Insurance	Total
		NIS thousand			
Insurance contracts					
Liabilities for insurance contracts	(b)	95,530,589	9,628,532	7,825,149	112,984,270
Less amounts deposited to the Company as part of a defined benefit plan for the Group's employees		19,828	-	-	19,828
Total liabilities for insurance contracts		95,510,761	9,628,532	7,825,149	112,964,442
Total insurance contract assets	(b)	516,674	942,760	-	1,459,434
Reinsurance contracts					
Reinsurance contract assets	(b)	205,828	2,083,846	2,538,937	4,828,611
Liabilities for reinsurance contracts	(b)	-	36,163	10	36,173

	For the year ended December 31, 2024				
	Reference to note	Life insurance and long-term savings	Health Insurance	P&C Insurance	Total
		NIS thousand			
Insurance contracts					
Liabilities for insurance contracts	(b)	89,109,643	10,479,849	6,979,110	106,568,602
Less amounts deposited to the Company as part of a defined benefit plan for the Group's employees		19,772	-	-	19,772
Total liabilities for insurance contracts		89,089,871	10,479,849	6,979,110	106,548,830
Total insurance contract assets	(b)	117,980	648,357	-	766,337
Reinsurance contracts					
Reinsurance contract assets	(b)	295,305	2,055,233	2,244,017	4,594,555
Liabilities for reinsurance contracts	(b)	-	30,162		30,162

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts

1. Life Insurance Segment

(a1) Insurance contracts - analysis according to remaining coverage and incurred claims

			For the year ended December 31, 2025			
			Liabilities for remaining coverage		Liabilities for incurred claims	
	Comment	Reference to note	Excluding loss component	Loss component (e)	Contracts not under the PPA model	Total
			NIS thousand			
Balance of assets as of January 1, 2025			1,226,018	(2)	(1,108,036)	117,980
Balance of liabilities as of January 1, 2025			87,718,232	37,568	1,353,843	89,109,643
Balance, net as of January 1, 2025			86,492,214	37,570	2,461,879	88,991,663
Changes in the income statement:						
Revenues from insurance services:						
Contracts to which the modified retrospective approach was applied under the Transitional Provisions			412,571	-	-	412,571
Contracts to which the fair value approach was applied under the Transitional Provisions	A		1,418,189	-	-	1,418,189
Other contracts			275,778	-	-	275,778
Total revenues from insurance services	B	Note 25	2,106,538	-	-	2,106,538
Expenses from insurance services:						
Claims and other insurance service expenses incurred			-	(789)	1,707,461	1,706,672
Changes relating to past service – adjustment for liabilities for incurred claims	C		-	-	(136,127)	(136,127)
Losses (reversal of losses) for groups of onerous insurance contracts			-	(4,322)	-	(4,322)
Amortization of insurance acquisition cash flows			100,007	-	-	100,007
Total expenses from insurance services		Note 25	100,007	(5,111)	1,571,334	1,666,230
Investment component	D		(6,745,961)	-	6,745,961	-
Total income from insurance services			8,752,492	5,111	(8,317,295)	440,308
Finance expenses, net of insurance contracts		Note 26A	10,963,455	-	192,309	11,155,764
Total changes in the income statement			2,210,963	(5,111)	8,509,604	10,715,456
Cash flow:						
Premiums received net of repayment of premiums			3,955,733	-	-	3,955,733
Claims and other insurance service expenses paid, including investment components			-	-	(8,465,649)	(8,465,649)
Insurance acquisition cash flows			(183,288)	-	-	(183,288)
Total cash flows			3,772,445	-	(8,465,649)	(4,693,204)
Balance of assets as of December 31, 2025			1,677,049	-	(1,160,375)	516,674
Balance of liabilities as of December 31, 2025			94,152,671	32,459	1,345,459	95,530,589
Balance, net, as of December 31, 2025			92,475,622	32,459	2,505,834	95,013,915

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. **Life and Savings Segment (cont.)**

(a2) Insurance contracts - analysis according to remaining coverage and incurred claims (cont.)

			For the year ended December 31, 2024			
			Liabilities for remaining coverage		Liabilities for incurred claims	
	Comment	Reference to note	Excluding loss component	Loss component (e)	Contracts not under the PAA model	Total
			NIS thousand			
Balance of liabilities as of January 1, 2024			81,289,524	-	2,220,022	83,509,546
Balance, net as of January 1, 2024			81,289,524	-	2,220,022	83,509,546
Changes in the income statement:						
Revenues from insurance services:						
Contracts to which the modified retrospective approach was applied under the Transitional Provisions			505,701	-	-	505,701
Contracts to which the fair value approach was applied under the Transitional Provisions	A		1,434,095	-	-	1,434,095
Other contracts			115,340	-	-	115,340
Total revenues from insurance services	B	Note 25	2,055,136	-	-	2,055,136
Expenses from insurance services:						
Claims and other insurance service expenses incurred			-	(278)	1,717,768	1,717,490
Changes relating to past service – adjustment for liabilities for incurred claims	C		-	-	8,939	8,939
Losses (reversal of losses) for groups of onerous insurance contracts			-	37,847	-	37,847
Amortization of insurance acquisition cash flows			74,046	-	-	74,046
Total expenses from insurance services		Note 25	74,046	37,569	1,726,707	1,838,322
Investment component	D		(6,846,985)	-	6,846,985	-
Total income from insurance services			8,828,075	(37,569)	(8,573,692)	216,814
Finance expenses, net of insurance contracts		Note 26A	10,060,169	-	168,062	10,228,231
Total changes in the income statement			1,232,094	37,569	8,741,754	10,011,417
Cash flow:						
Premiums received net of repayment of premiums			4,128,596	-	-	4,128,596
Claims and other insurance service expenses paid, including investment components			-	-	(8,499,896)	(8,499,896)
Insurance acquisition cash flows			(158,000)	-	-	(158,000)
Total cash flows			3,970,596	-	(8,499,896)	(4,529,300)
Balance of assets as of December 31, 2024			1,226,018	(1)	(1,108,037)	117,980
Balance of liabilities as of December 31, 2024			87,718,232	37,568	1,353,843	89,109,643
Balance, net, as of December 31, 2024			86,492,214	37,569	2,461,880	88,991,663

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. **Life and Savings Segment (cont.)**

(b1) Insurance contracts - analysis according to measurement components – contracts that are not measured according to the PAA model

			For the year ended December 31, 2025						
					Contractual service margin (CSM)				
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
			NIS thousand						
Balance of assets as of January 1, 2025			1,657,570	(267,493)	(639,049)	(550,427)	(82,621)	(1,272,097)	117,980
Balance of liabilities as of January 1, 2025			87,133,825	377,332	-	1,592,587	5,899	1,598,486	89,109,643
Balance, net as of January 1, 2025			85,476,255	644,825	639,049	2,143,014	88,520	2,870,583	88,991,663
Changes in the income statement:									
Changes relating to current services:									
Contractual service margin (CSM) amount recognized in profit or loss for services provided		Note 25	-	-	68,952	196,914	39,302	305,168	305,168
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	55,780	-	-	-	-	55,780
Experience adjustments	G		(61,089)	-	-	-	-	-	(61,089)
Changes relating to future services:									
Contracts first recognized during the period		Section C(1)	297,896	(43,212)	-	-	(255,446)	(255,446)	(762)
Changes in estimates adjusting the contractual service margin			(578,837)	(49,200)	362,534	139,419	126,084	628,037	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates			(40,071)	45,155	-	-	-	-	5,084
Changes relating to past service:	H								
Adjustments to liabilities for incurred claims			134,691	1,436	-	-	-	-	136,127
Total income from insurance services		Note 25	(247,410)	9,959	431,486	336,333	(90,060)	677,759	440,308
			-	-	-	-	-	-	-
Finance expenses, net of insurance contracts		Note 26A	11,094,194	22,133	8,890	20,990	9,557	39,437	11,155,764
Total changes in the income statement			11,341,604	12,174	(422,596)	(315,343)	99,617	(638,322)	10,715,456
Cash flow:									
Premiums received net of repayment of premiums			3,955,733	-	-	-	-	-	3,955,733
Claims and other insurance service expenses paid, including investment components			(8,465,649)	-	-	-	-	-	(8,465,649)
Insurance acquisition cash flows			(183,288)	-	-	-	-	-	(183,288)
Total cash flows			(4,693,204)	-	-	-	-	-	(4,693,204)
Balance of assets as of December 31, 2025			1,543,311	(259,573)	(216,453)	(374,382)	(176,229)	(767,064)	516,674
Balance of liabilities as of December 31, 2025			93,667,966	397,426	-	1,453,289	11,908	1,465,197	95,530,589
Balance, net, as of December 31, 2025			92,124,655	656,999	216,453	1,827,671	188,137	2,232,261	95,013,915

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life and Savings Segment (cont.)

(b2) Insurance contracts - analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

			For the year ended December 31, 2024						
					Contractual service margin (CSM)				
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
					NIS thousand				
Balance of liabilities as of January 1, 2024			79,249,739	762,963	849,751	2,647,092	-	3,496,844	83,509,546
Balance, net as of January 1, 2024			79,249,739	762,963	849,751	2,647,092	-	3,496,844	83,509,546
Changes in the income statement:									
Changes relating to current services:									
Contractual service margin (CSM) amount recognized in profit or loss for services provided		Note 25	-	-	114,821	255,416	11,576	381,813	381,813
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	52,156	-	-	-	-	52,156
Experience adjustments	G		(170,369)	-	-	-	-	-	(170,369)
Changes relating to future services:									
Contracts first recognized during the period		Section D(1)	166,934	(29,980)	-	-	(149,308)	(149,308)	(12,354)
Changes in estimates adjusting the contractual service margin			(541,886)	104,063	106,997	279,276	51,550	437,823	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates			(23,658)	(1,835)	-	-	-	-	(25,493)
Changes relating to past service:	H								-
Adjustments to liabilities for incurred claims			(21,339)	12,400	-	-	-	-	(8,939)
Total income from insurance services		Note 25	(590,318)	136,804	221,818	534,692	(86,182)	670,328	216,814
Finance expenses, net of insurance contracts		Note 26A	10,165,498	18,665	11,116	30,614	2,338	44,068	10,228,231
Total changes in the income statement			10,755,816	(118,139)	(210,702)	(504,078)	88,520	(626,260)	10,011,417
Cash flow:									
Premiums received net of repayment of premiums			4,128,596	-	-	-	-	-	4,128,596
Claims and other insurance service expenses paid, including investment components			(8,499,896)	-	-	-	-	-	(8,499,896)
Insurance acquisition cash flows			(158,000)	-	-	-	-	-	(158,000)
Total cash flows			(4,529,300)	-	-	-	-	-	(4,529,300)
Balance of assets as of December 31, 2024			1,657,570	(267,493)	(639,049)	(550,427)	(82,621)	(1,272,097)	117,980
Balance of liabilities as of December 31, 2024			87,133,825	377,331	-	1,592,587	5,899	1,598,487	89,109,643
Balance, net, as of December 31, 2024			85,476,255	644,824	639,049	2,143,014	88,520	2,870,584	88,991,663

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life and Savings Segment (cont.)

(c1) Reinsurance contracts held - analysis according to remaining coverage and incurred claims

			For the year ended December 31, 2025			
			Liabilities for remaining coverage		Liabilities for incurred claims	
	Comment	Reference to note	Excluding loss component	Loss component (e)	Contracts not under the PAA model	Total
			NIS thousand			
Balance of assets as of January 1, 2025			249,742	-	45,563	295,305
Changes in the income statement:						
Reinsurance expenses:						
Contracts to which the fair value approach was applied under the Transitional Provisions			224,276	-	-	224,276
Other contracts			4,116	-	-	4,116
Total reinsurance expenses		Note 25	228,392	-	-	228,392
Reinsurance revenues:						
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	(24,573)	186,347	161,774
Changes relating to past service - adjustment for assets for incurred claims	C		-	-	(10,110)	(10,110)
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	I		-	24,062	-	24,062
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		Note 25	-	(511)	176,237	175,726
Total revenues (expenses), net for reinsurance contracts held			(228,392)	(511)	176,237	(52,666)
			-	-	-	-
Finance income, net from reinsurance contracts		Note 26A	(6,116)	511	21,283	15,678
			-			
Total changes in the income statement			(234,508)	-	197,520	(36,988)
Cash flow:						
Premiums paid, net of repayment of premiums	J		191,846	-	-	191,846
Amounts received			-	-	(244,335)	(244,335)
Total cash flows			191,846	-	(244,335)	(52,489)
Balance, net, as of December 31, 2025			207,080	-	(1,252)	205,828

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life and Savings Segment (cont.)

(c2) Reinsurance contracts held - analysis according to remaining coverage and incurred claims (cont.)

			For the year ended December 31, 2024			
			Liabilities for remaining coverage		Liabilities for incurred claims	
	Comment	Reference to note	Excluding loss component	Loss component (g)	Contracts not under the PAA model	Total
			NIS thousand			
Balance of assets as of January 1, 2024			305,979	-	(111,499)	194,480
Changes in the income statement:						
Reinsurance expenses:						
Contracts to which the fair value approach was applied under the Transitional Provisions			285,947	-	-	285,947
Other contracts			5,043	-	-	5,043
Total reinsurance expenses			290,990	-	-	290,990
Reinsurance revenues:						
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	15	209,884	209,899
Changes relating to past service - adjustment for assets for incurred claims	C		-	-	28,954	28,954
Recoveries of losses (reversal of losses) for groups of onerous underlying insurance contracts	I		-	(15)	-	(15)
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		Note 25	-	-	238,838	238,838
Total revenues (expenses), net for reinsurance contracts held			(290,990)	-	238,838	(52,152)
Finance income, net from reinsurance contracts		Note 26A	12,585	-	(14,167)	(1,582)
Total changes in the income statement			(278,405)	-	224,671	(53,734)
Cash flow:						
Premiums paid, net of repayment of premiums	J		222,168	-	-	222,168
Amounts received			-	-	(67,609)	(67,609)
Total cash flows			222,168	-	(67,609)	154,559
Balance of assets as of December 31, 2024			249,742	-	45,563	295,305

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life and Savings Segment (cont.)

(d1) Reinsurance contracts held - analysis according to measurement components – contracts that are not measured according to the PAA model

			For the year ended December 31, 2025					
					Contractual service margin (CSM) (k)			
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
					NIS thousand			
Balance of assets as of January 1, 2025			(290,878)	100,474	484,130	1,579	485,709	295,305
Changes in the income statement:								
Changes relating to current services:								
Contractual service margin (CSM) amount recognized in profit or loss for services received		Note 25	-	-	(47,379)	340	(47,039)	(47,039)
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	(25,302)	-	-	-	(25,302)
Experience adjustments	G		5,723	-	-	-	-	5,723
Changes relating to future services:								
Contracts first recognized during the period		Section C(1)	(2,298)	4,401	-	(2,103)	(2,103)	-
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin			47,895	16,654	-	-	-	64,549
Changes in estimates adjusting the contractual service margin			151,257	206	(149,075)	(2,388)	(151,463)	-
Changes in estimates of losses (reversal of losses) for groups of onerous underlying insurance contracts	I		-	-	(40,396)	(91)	(40,487)	(40,487)
Changes relating to past service:								
Adjustments to assets for incurred claims			(10,682)	572	-	-	-	(10,110)
Total revenues (expenses), net for reinsurance contracts held		Note 25	191,895	(3,469)	(236,850)	(4,242)	(241,092)	(52,666)
Finance income, net from reinsurance contracts		Note 26A	4,457	(947)	12,220	(52)	12,168	15,678
Total changes in the income statement			196,352	(4,416)	(224,630)	(4,294)	(228,924)	(36,988)
Cash flow:								
Premiums paid, net of repayment of premiums	J		191,846	-	-	-	-	191,846
Amounts received			(244,335)	-	-	-	-	(244,335)
Total cash flows			(52,489)	-	-	-	-	(52,489)
Balance of assets as of December 31, 2025			(147,015)	96,058	259,500	(2,715)	256,785	205,828

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

1. Life and Savings Segment (cont.)

(d2) Reinsurance contracts held - analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

			For the year ended December 31, 2024						
						Contractual service margin (CSM) (k)			
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
			NIS thousand						
Balance of assets as of January 1, 2024			(365,068)	108,606	-	450,942	-	450,942	194,480
Changes in the income statement:									
Changes relating to current services:									
Contractual service margin (CSM) amount recognized in profit or loss for services received		Note 25	-	-	-	(66,889)	(2,529)	(69,418)	(69,418)
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	(37,550)	-	-	-	-	(37,550)
Experience adjustments	G		25,876	-	-	1	-	1	25,877
Changes relating to future services:									
Contracts first recognized during the period		Section C(1)	(3,008)	4,563	-	-	(1,380)	(1,380)	175
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin			-	-	-	(8,768)	(210)	(8,978)	(8,978)
Changes in estimates adjusting the contractual service margin			(117,661)	22,973	-	88,975	5,713	94,688	-
Changes in estimates of losses (reversal of losses) for groups of onerous underlying insurance contracts	I		11,687	(2,899)	-	-	-	-	8,788
Changes relating to past service:									
Adjustments to assets for incurred claims			28,513	441	-	-	-	-	28,954
Effect of changes in risk of non-performance by reinsurers			-	-	-	-	-	-	-
Total revenues (expenses), net for reinsurance contracts held		Note 25	(54,593)	(12,472)	-	13,319	1,594	14,913	(52,152)
Finance income, net from reinsurance contracts		Note 26A	(25,776)	4,340	-	19,869	(15)	19,854	(1,582)
Total changes in the income statement			(80,369)	(8,132)	-	33,188	1,579	34,767	(53,734)
Cash flow:									
Premiums paid, net of repayment of premiums	J		222,168	-	-	-	-	-	222,168
Amounts received			(67,609)	-	-	-	-	-	(67,609)
Total cash flows			154,559	-	-	-	-	-	154,559
Balance of assets as of December 31, 2024			(290,878)	100,474	-	484,130	1,579	485,709	295,305

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health Insurance Segment

(a1) Insurance contracts - analysis according to remaining coverage and incurred claims

			For the year ended December 31, 2025				
			Liabilities for remaining coverage		Liabilities for incurred claims		
						Contracts under the PAA model	
	Comment	Reference to note	Excluding loss component	Loss component (g)	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Total
			NIS thousand				
Balance of assets as of January 1, 2025			749,486	(1)	(101,128)	-	648,357
Balance of liabilities as of January 1, 2025			6,710,165	2	3,705,150	64,532	10,479,849
Balance, net as of January 1, 2025			5,960,679	3	3,806,278	64,532	9,831,492
Changes in the income statement:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions			274,566	-	-	-	274,566
Contracts to which the fair value approach was applied under the Transitional Provisions	A		1,857,347	-	-	-	1,857,347
Other contracts			535,878	-	-	-	535,878
Total revenues from insurance services	B	Note 25	2,667,791	-	-	-	2,667,791
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	-	1,584,610	222,723	1,807,333
Changes relating to past service – adjustment for liabilities for incurred claims	C		-	-	(123,034)	(17,670)	(140,704)
Losses (reversal of losses) for groups of onerous insurance contracts			-	(1)	-	-	(1)
Amortization of insurance acquisition cash flows			106,164	-	-	-	106,164
Total expenses from insurance services		Note 25	106,164	(1)	1,461,576	205,053	1,772,792
Total income from insurance services			2,561,627	1	(1,461,576)	(205,053)	894,999
Finance expenses, net of insurance contracts		Note 26A	222,275	-	227,065	1,474	450,814
Total changes in the income statement			2,339,352	1	(1,688,641)	(206,527)	444,185
Cash flow:							
Premiums received net of repayment of premiums			2,255,838	-	-	-	2,255,838
Claims and other insurance service expenses paid, including investment components			-	-	(2,520,493)	(202,954)	(2,723,447)
Insurance acquisition cash flows			(233,926)	-	-	-	(233,926)
Total cash flows			2,021,912	-	(2,520,493)	(202,954)	(701,535)
Balance of assets as of December 31, 2025			1,047,188	-	(104,428)	-	942,760
Balance of liabilities as of December 31, 2025			6,690,427	2	2,869,998	68,105	9,628,532
Balance, net, as of December 31, 2025			5,643,239	2	2,974,426	68,105	8,685,772

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(a1) Insurance contracts (cont.) - analysis according to remaining coverage and incurred claims (cont.)

			For the year ended December 31, 2024				
			Liabilities for remaining coverage		Liabilities for incurred claims		
						Contracts under the PAA model	
	Comment	Reference to note	Excluding loss component	Loss component (g)	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Total
			NIS thousand				
Balance of assets as of January 1, 2024			504,290	-	(96,410)	-	407,880
Balance of liabilities as of January 1, 2024			6,494,233	-	9,339,010	65,756	15,898,999
Balance, net as of January 1, 2024			5,989,943	-	9,435,420	65,756	15,491,119
Changes in the income statement:							
Revenues from insurance services:							
Contracts to which the modified retrospective approach was applied under the Transitional Provisions			301,818	-	-	-	301,818
Contracts to which the fair value approach was applied under the Transitional Provisions	A		1,927,238	-	-	-	1,927,238
Other contracts			322,268	-	-	-	322,268
Total revenues from insurance services	B	Note 25	2,551,324	-	-	-	2,551,324
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	-	1,525,699	190,392	1,716,091
Changes relating to past service – adjustment for liabilities for incurred claims	C		-	-	(28,596)	(4,787)	(33,383)
Losses (reversal of losses) for groups of onerous insurance contracts			-	3	-	-	3
Amortization of insurance acquisition cash flows			80,260	-	-	-	80,260
Total expenses from insurance services		Note 25	80,260	3	1,497,103	185,605	1,762,971
Total income from insurance services			2,471,064	(3)	(1,497,103)	(185,605)	788,353
Finance expenses, net of insurance contracts		Note 26A	454,860	-	706,871	2,094	1,163,825
Total changes in the income statement			2,016,204	(3)	(2,203,974)	(187,699)	(375,472)
Cash flow:							
Premiums received net of repayment of premiums			2,171,550	-	-	-	2,171,550
Claims and other insurance service expenses paid, including investment components (*)			-	-	*(7,833,116)	(188,923)	(8,022,039)
Insurance acquisition cash flows			(184,610)	-	-	-	(184,610)
Total cash flows			1,986,940	-	(7,833,116)	(188,923)	(6,035,099)
Balance of assets as of December 31, 2024			749,486	(1)	(101,128)	-	648,357
Balance of liabilities as of December 31, 2024			6,710,165	2	3,705,150	64,532	10,479,849
Balance, net, as of December 31, 2024			5,960,679	3	3,806,278	64,532	9,831,492

(*) The line item includes the transfer of the Maccabi Health Services Insured Fund (hereinafter - "**Maccabi**") for a total of approx. NIS 5,534 million. For further details, see Note 3 Section C (5)

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(a2) Insurance contracts - analysis according to measurement components – contracts that are not measured according to the PAA model

			For the year ended December 31, 2025						
					Contractual service margin (CSM)				
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
						NIS thousand			
Balance of assets as of January 1, 2025			2,279,276	(146,226)	(1,048,848)	(318,508)	(117,337)	(1,484,693)	648,357
Balance of liabilities as of January 1, 2025			2,897,051	1,195,501	-	6,176,445	73,291	6,249,736	10,342,288
Balance, net as of January 1, 2025			617,775	1,341,727	1,048,848	6,494,953	190,628	7,734,429	9,693,931
Changes in the income statement:									
Changes relating to current services:									
Contractual service margin (CSM) amount recognized in profit or loss for services provided		Note 25	-	-	125,142	550,789	58,422	734,353	734,353
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	65,390	-	-	-	-	65,390
Experience adjustments	G		(73,863)	-	-	-	-	-	(73,863)
Changes relating to future services:									
Contracts first recognized during the period		Section C(1)	436,803	(42,732)	-	-	(394,071)	(394,071)	-
Changes in estimates adjusting the contractual service margin			(22,159)	(145,195)	(53,476)	209,386	11,444	167,354	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates			1	-	-	-	-	-	1
Changes relating to past service:	H								
Adjustments to liabilities for incurred claims			118,608	4,426	-	-	-	-	123,034
Total income from insurance services		Note 25	459,390	(118,111)	71,666	760,175	(324,205)	507,636	848,915
Finance expenses, net of insurance contracts		Note 26A	93,919	81,531	19,339	240,419	14,132	273,890	449,340
Total changes in the income statement			365,471	(199,642)	52,327	519,756	(338,337)	233,746	399,575
Cash flow:									
Premiums received net of repayment of premiums			1,952,655	-	-	-	-	-	1,952,655
Claims and other insurance service expenses paid, including investment components			(2,520,555)	-	-	-	-	-	(2,520,555)
Insurance acquisition cash flows			(191,068)	-	-	-	-	-	(191,068)
Total cash flows			(758,968)	-	-	-	-	-	(758,968)
Balance of assets as of December 31, 2025			2,734,093	(180,985)	(996,521)	(292,853)	(320,974)	(1,610,348)	942,760
Balance of liabilities as of December 31, 2025			2,227,429	1,360,384	-	5,682,344	207,991	5,890,335	9,478,148
Balance, net, as of December 31, 2025			(506,664)	1,541,369	996,521	5,975,197	528,965	7,500,683	8,535,388

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(a2) Insurance contracts - analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

			For the year ended December 31, 2024						
					Contractual service margin (CSM)				
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the modified retrospective approach was applied under the Transitional Provisions	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
						NIS thousand			
Balance of assets as of January 1, 2024			2,075,507	(147,490)	(1,172,379)	(347,758)	-	(1,520,137)	407,880
Balance of liabilities as of January 1, 2024			8,353,131	1,005,436	-	6,409,196	-	6,409,196	15,767,763
Balance, net as of January 1, 2024			6,277,624	1,152,926	1,172,379	6,756,954	-	7,929,333	15,359,883
Changes in the income statement:									
Changes relating to current services:									
Contractual service margin (CSM) amount recognized in profit or loss for services provided		Note 25	-	-	148,764	598,308	14,725	761,797	761,797
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	63,641	-	-	-	-	63,641
Experience adjustments	G		(105,841)	-	-	-	-	-	(105,841)
Changes relating to future services:									
Contracts first recognized during the period		Section C(1)	230,711	(20,452)	-	-	(210,259)	(210,259)	-
Changes in estimates adjusting the contractual service margin			174,572	(131,332)	(5,555)	(45,770)	8,085	(43,240)	-
Losses (reversal of losses) for groups of onerous contracts due to changes in estimates			29	(32)	-	-	-	-	(3)
Changes relating to past service:	H							-	
Adjustments to liabilities for incurred claims			47,977	(19,380)	-	-	-	-	28,597
Total income from insurance services		Note 25	347,448	(107,555)	143,209	552,538	(187,449)	508,298	748,191
Finance expenses, net of insurance contracts		Note 26A	767,092	81,246	19,678	290,537	3,179	313,394	1,161,732
Total changes in the income statement			(419,644)	(188,801)	123,531	262,001	(190,628)	194,904	(413,541)
Cash flow:								-	
Premiums received net of repayment of premiums			1,899,558	-	-	-	-	-	1,899,558
Claims and other insurance service expenses paid, including investment components (*)			*(7,833,045)	-	-	-	-	-	(7,833,045)
Insurance acquisition cash flows			(146,006)	-	-	-	-	-	(146,006)
Total cash flows			(6,079,493)	-	-	-	-	-	(6,079,493)
Balance of assets as of December 31, 2024			2,279,276	(146,226)	(1,048,848)	(318,508)	(117,337)	(1,484,693)	648,357
Balance of liabilities as of December 31, 2024			2,897,051	1,195,501	-	6,176,445	73,291	6,249,736	10,342,288
Balance, net, as of December 31, 2024			617,775	1,341,727	1,048,848	6,494,953	190,628	7,734,429	9,693,931

(*) The line item includes the transfer of the Maccabi Health Services Insured Fund (hereinafter - "**Maccabi**") for a total of approx. NIS 5,534 million. For further details, see Note 3 Section C (5)

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(c1) Reinsurance contracts held - analysis according to remaining coverage and incurred claims

			For the year ended December 31, 2025			
			Liabilities for remaining coverage	Liabilities for incurred claims		
					Contracts under the PAA model (4)	
	Comment	Reference to note	Excluding loss component	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Total
			NIS thousand			
Balance of assets as of January 1, 2025			2,021,466	29,082	4,685	2,055,233
Balance of liabilities as of January 1, 2025			44,455	(14,293)	-	30,162
Balance, net as of January 1, 2025			1,977,011	43,375	4,685	2,025,071
Changes in the income statement:						
Reinsurance expenses:						
Contracts to which the fair value approach was applied under the Transitional Provisions			189,690	-	-	189,690
Other contracts			124	-	-	124
Total reinsurance expenses		Note 25	189,814	-	-	189,814
Reinsurance revenues:						-
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	135,919	-	135,919
Changes relating to past service - adjustment for assets for incurred claims	C		-	(24,203)	(4,795)	(28,998)
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		Note 25	-	111,716	(4,795)	106,921
Total revenues (expenses), net for reinsurance contracts held			(189,814)	111,716	(4,795)	(82,893)
Finance income, net from reinsurance contracts		Note 26A	97,833	(6,207)	110	91,736
Total changes in the income statement			(91,981)	105,509	(4,685)	8,843
						-
Cash flow:						-
Premiums paid, net of repayment of premiums	J		103,970	-	-	103,970
Amounts received			-	(90,201)	-	(90,201)
Total cash flows			103,970	(90,201)	-	13,769
						-
Balance of assets as of December 31, 2025			2,039,628	44,218	-	2,083,846
Balance of liabilities as of December 31, 2025			50,628	(14,465)	-	36,163
Balance, net, as of December 31, 2025			1,989,000	58,683	-	2,047,683

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(c1) Reinsurance contracts held - analysis according to remaining coverage and incurred claims (cont.)

			For the year ended December 31, 2024			
			Liabilities for remaining coverage	Liabilities for incurred claims		
					Contracts under the PAA model (4)	
	Comment	Reference to note	Excluding loss component	Contracts not under the PAA model	Estimates of the present value of the future cash flows	Total
			NIS thousand			
Balance of assets as of January 1, 2024			1,988,058	109,439	4,659	2,102,156
Balance of liabilities as of January 1, 2024			55,940	(18,249)	-	37,691
Balance, net as of January 1, 2024			1,932,118	127,688	4,659	2,064,465
Changes in the income statement:						-
Reinsurance expenses:						
Contracts to which the fair value approach was applied under the Transitional Provisions			204,644	-	-	204,644
Other contracts			82	-	-	82
Total reinsurance expenses		Note 25	204,726	-	-	204,726
Reinsurance revenues:						-
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	151,890	(137)	151,753
Changes relating to past service - adjustment for assets for incurred claims	C		-	(28,409)	-	(28,409)
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		Note 25	-	123,481	(137)	123,344
Total revenues (expenses), net for reinsurance contracts held			(204,726)	123,481	(137)	(81,382)
Finance income, net from reinsurance contracts		Note 26A	134,257	24,293	163	158,713
Total changes in the income statement			(70,469)	147,774	26	77,331
Cash flow:						-
Premiums paid, net of repayment of premiums	J		115,362		-	115,362
Amounts received			-	(232,087)	-	(232,087)
Total cash flows			115,362	(232,087)	-	(116,725)
Balance of assets as of December 31, 2024			2,021,466	29,082	4,685	2,055,233
Balance of liabilities as of December 31, 2024			44,455	(14,293)	-	30,162
Balance, net, as of December 31, 2024			1,977,011	43,375	4,685	2,025,071

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(c2) Reinsurance contracts held - analysis according to measurement components – contracts that are not measured according to the PAA model

			For the year ended December 31, 2025					
					Contractual service margin (CSM) (k)			
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
			NIS thousand					
Balance of assets as of January 1, 2025			589,050	239,889	1,221,565	44	1,221,609	2,050,548
Balance of liabilities as of January 1, 2025			97,127	(6,294)	(60,431)	(240)	(60,671)	30,162
Balance, net as of January 1, 2025			491,923	246,183	1,281,996	284	1,282,280	2,020,386
Changes in the income statement:								
Changes relating to current services:								
Contractual service margin (CSM) amount recognized in profit or loss for services received		Note 25	-	-	(82,924)	(34)	(82,958)	(82,958)
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	(5,975)	-	-	-	(5,975)
Experience adjustments	G		34,785	-	-	-	-	34,785
Changes relating to future services:								
Contracts first recognized during the period		Section C(1)	(25)	8	-	17	17	-
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin			13	(3)	(10)	-	(10)	-
Changes in estimates adjusting the contractual service margin			144,684	20,605	(165,014)	(275)	(165,289)	-
Changes in estimates of losses (reversal of losses) for groups of onerous underlying insurance contracts			-	-	-	-	-	-
Changes relating to past service:	I							
Adjustments to assets for incurred claims			(21,977)	(1,973)	-	-	-	(23,950)
Total revenues (expenses), net for reinsurance contracts held		Note 25	157,480	12,662	(247,948)	(292)	(248,240)	(78,098)
Finance income, net from reinsurance contracts		Note 26A	28,504	13,982	49,132	8	49,140	91,626
Total changes in the income statement and other comprehensive income			185,984	26,644	(198,816)	(284)	(199,100)	13,528
Cash flow:								
Premiums paid, net of repayment of premiums	J		103,970	-	-	-	-	103,970
Amounts received			(90,201)	-	-	-	-	(90,201)
Total cash flows			13,769	-	-	-	-	13,769
Balance of assets as of December 31, 2025			793,742	265,560	1,024,544	-	1,024,544	2,083,846
Balance of liabilities as of December 31, 2025			102,066	(7,267)	(58,636)	-	(58,636)	36,163
Balance, net, as of December 31, 2025			691,676	272,827	1,083,180	-	1,083,180	2,047,683

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

2. Health insurance segment (cont.)

(c2) Reinsurance contracts held - analysis according to measurement components – contracts that are not measured according to the PAA model (cont.)

			For the year ended December 31, 2024					
					Contractual service margin (CSM) (k)			
	Comment	Reference to note	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Contracts to which the fair value approach was applied under the Transitional Provisions (a)	Other contracts	Total contractual service margin	Total
					NIS thousand			
Balance of assets as of January 1, 2024			653,804	227,401	1,216,265	-	1,216,265	2,097,470
Balance of liabilities as of January 1, 2024			87,472	(6,594)	(43,187)	-	(43,187)	37,691
Balance, net as of January 1, 2024			566,332	233,995	1,259,452	-	1,259,452	2,059,779
Changes in the income statement:								
Changes relating to current services:								
Contractual service margin (CSM) amount recognized in profit or loss for services received		Note 25	-	-	(83,089)	(15)	(83,104)	(83,104)
Change in risk adjustment (RA) for non-financial risk resulting from past risks	F		-	(6,529)	-	-	-	(6,529)
Experience adjustments	G		36,660	-	-	-	-	36,660
Changes relating to future services:								
Contracts first recognized during the period		Section C(1)	(27)	20	-	7	7	-
Changes in recoveries of losses for groups of onerous underlying insurance contracts adjusting the contractual service margin			49	(32)	(1)	(16)	(17)	-
Changes in estimates adjusting the contractual service margin			(49,036)	(2,192)	50,924	304	51,228	-
Changes in estimates of losses (reversal of losses) for groups of onerous underlying insurance contracts							-	
Changes relating to past service:	I						-	
Adjustments to assets for incurred claims			(33,475)	5,066	-	-	-	(28,409)
Total revenues (expenses), net for reinsurance contracts held		Note 25	(45,829)	(3,667)	(32,166)	280	(31,886)	(81,382)
Finance income, net from reinsurance contracts		Note 26A	88,144	15,855	54,710	4	54,714	158,713
Total changes in the income statement			42,315	12,188	22,544	284	22,828	77,331
Cash flow:								
Premiums paid, net of repayment of premiums	J		115,363	-	-	-	-	115,363
Amounts received			(232,087)	-	-	-	-	(232,087)
Total cash flows			(116,724)	-	-	-	-	(116,724)
Balance of assets as of December 31, 2024			589,050	239,889	1,221,565	44	1,221,609	2,050,548
Balance of liabilities as of December 31, 2024			97,127	(6,294)	(60,431)	(240)	(60,671)	30,162
Balance, net, as of December 31, 2024			491,923	246,183	1,281,996	284	1,282,280	2,020,386

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Segment

(a1) Insurance contracts - analysis according to remaining coverage and incurred claims

			For the year ended December 31, 2025				
			Liabilities for remaining coverage		Liabilities for incurred claims		
					Contracts under the PAA model		
	Comment	Reference to note	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Total
			NIS thousand				
Balance of liabilities as of January 1, 2025			948,228	5,233	5,578,386	447,263	6,979,110
Revenues from insurance services (other contracts)	B	25	5,027,369	-	-	-	5,027,369
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	-	3,217,716	169,241	3,386,957
Changes relating to past service – adjustment for liabilities for incurred claims	C		-	-	66,965	(142,031)	(75,066)
Reversal of losses for groups of onerous insurance contracts			-	(35)	-	-	(35)
Amortization of insurance acquisition cash flows			1,081,609	-	-	-	1,081,609
Total expenses from insurance services		25	1,081,609	(35)	3,284,681	27,210	4,393,465
Total income from insurance services			3,945,760	35	(3,284,681)	(27,210)	633,904
Finance expenses, net of insurance contracts		26A	-	-	278,897	22,319	301,216
Total changes in the income statement			3,945,760	35	(3,563,578)	(49,529)	332,688
Cash flow:							
Premiums received net of repayment of premiums			(5,237,276)	-	-	-	(5,237,276)
Claims and other insurance service expenses paid			-	-	2,972,461	-	2,972,461
Insurance acquisition cash flows			1,086,088	-	-	-	1,086,088
Total cash flows			(4,151,188)		2,972,461		(1,178,727)
Balance of liabilities as of December 31, 2025			1,153,656	5,198	6,169,503	496,792	7,825,149

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Segment (cont.)

(a2) Insurance contracts - analysis according to remaining coverage and incurred claims (cont.)

			For the year ended December 31, 2024				
			Liabilities for remaining coverage		Liabilities for incurred claims		
					Contracts under the PAA model		
	Comment	Reference to note	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Total
					NIS thousand		
Balance of liabilities as of January 1, 2024			1,244,817	160	5,627,439	493,201	7,365,617
Revenues from insurance services (other contracts)			4,671,727	-	-	-	4,671,727
Expenses from insurance services:							
Claims and other insurance service expenses incurred			-	-	2,786,681	139,167	2,925,848
Changes relating to past service – adjustment for liabilities for incurred claims			-	-	(295,083)	(208,968)	(504,051)
Losses for groups of onerous insurance contracts			-	5,073	-	-	5,073
Amortization of insurance acquisition cash flows			901,375	-	-	-	901,375
Total expenses from insurance services		25	901,375	5,073	2,491,598	(69,801)	3,328,245
Total income from insurance services			3,770,352	(5,073)	(2,491,598)	69,801	1,343,482
Finance expenses, net of insurance contracts		26	-	-	275,695	23,863	299,558
Total changes in the income statement			3,770,352	(5,073)	(2,767,293)	45,938	1,043,924
Cash flow:							
Premiums received net of repayment of premiums			(4,446,008)	-	-	-	(4,446,008)
Claims and other insurance service expenses paid			-	-	2,816,346	-	2,816,346
Insurance acquisition cash flows			972,245	-	-	-	972,245
Total cash flows			(3,473,763)	-	2,816,346	-	(657,417)
Balance of liabilities as of December 31, 2024			948,228	5,233	5,578,386	447,263	6,979,110

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Segment (cont.)

(b1) Reinsurance contracts held - analysis according to remaining coverage and incurred claims

			For the year ended December 31, 2025				
			Liabilities for remaining coverage		Liabilities for incurred claims		
					Contracts under the PAA model		
	Comment	Reference to note	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Total
			NIS thousand				
Balance of assets as of January 1, 2025			352,783	115	1,716,232	174,887	2,244,017
Changes in the income statement:							
Reinsurance expenses		25	1,023,385	-	-	-	1,023,385
Reinsurance revenues:							
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	-	927,360	70,684	998,044
Changes relating to past service - adjustment for assets for incurred claims	C		-	-	203,515	(52,469)	151,046
Recoveries of losses for groups of onerous underlying insurance contracts	K		-	1,722	-	-	1,722
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		25	-	1,722	1,130,875	18,215	1,150,812
Total revenues (expenses), net for reinsurance contracts held			(1,023,385)	1,722	1,130,875	18,215	127,427
Finance income, net from reinsurance contracts		26A	-	-	79,635	8,181	87,816
Total changes in the income statement			(1,023,385)	1,722	1,210,510	26,396	215,243
Cash flow:							
Premiums paid, net of repayment of premiums	M		1,037,085	-	-	-	1,037,085
Amounts received			-	-	(957,418)	-	(957,418)
Total cash flows			1,037,085	-	(957,418)	-	79,667
Balance of assets as of December 31, 2025			366,483	1,837	1,969,324	201,283	2,538,927

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

3. Property and Casualty Segment (cont.)

(b2) Reinsurance contracts held - analysis according to remaining coverage and incurred claims (cont.)

			For the year ended December 31, 2024				
			Liabilities for remaining coverage		Liabilities for incurred claims		
					Contracts under the PAA model		
	Comment	Reference to note	Excluding loss component	Loss component (g)	Estimates of the present value of the future cash flows	Risk adjustment in respect of non-financial risk	Total (5)
			NIS thousand				
Balance of assets as of January 1, 2024			350,321	99	1,708,063	198,008	2,256,491
Changes in the income statement:							
Reinsurance expenses		25	1,003,234	-	-	-	1,003,234
Reinsurance revenues:							
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred			-	-	562,895	38,482	601,377
Changes relating to past service - adjustment for assets for incurred claims			-	-	(4,827)	(70,933)	(75,760)
Recoveries of losses for groups of onerous underlying insurance contracts			-	16	-	-	16
Total revenues from reinsurance, net of the effect of changes in the non-performance risk of reinsurers		25	-	16	558,068	(32,451)	525,633
Total revenues (expenses), net for reinsurance contracts held			(1,003,234)	16	558,068	(32,451)	(477,601)
Finance income, net from reinsurance contracts		26A	-	-	80,696	9,330	90,026
Total changes in the income statement			(1,003,234)	16	638,764	(23,121)	(387,575)
Cash flow:							
Premiums paid, net of repayment of premiums			1,005,696	-	-	-	1,005,696
Amounts received			-	-	(630,595)	-	(630,595)
Total cash flows			1,005,696	-	(630,595)	-	375,101
Balance of assets as of December 31, 2024			352,783	115	1,716,232	174,887	2,244,017

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

Comments

A. As a rule, insurance acquisition cash flows are recognized on a gross basis within insurance service revenues and insurance service expenses, respectively. However, in applying the fair value approach, the contractual service margin does not include assets for insurance acquisition cash flows arising before the transition date; accordingly, for groups of insurance contracts to which the fair value approach was applied, insurance service revenue is presented net of insurance acquisition cash flows.

B. For additional information regarding the groups of insurance contracts measured at the transition date while applying the various transition approaches, see Note 2. For information regarding the expected allocation of CSM in subsequent periods, see Note 16D.

C. Changes relating to past service – adjustment to liabilities (assets) for incurred claims presents the changes in estimates of fulfillment cash flows for insurance events that occurred in the past and the release of the risk adjustment. The item includes changes in estimates of fulfillment cash flows made in prior interim periods, which relate to insured events that occurred in prior interim periods but belong to the same reporting year.

D. The investment component consists of the surrender value to be paid to the policyholder upon the expiry of the insurance contract. The investment component is recognized as part of the movement as a balance sheet reclassification from 'liability for remaining coverage' to 'liability for incurred claims' as the extinguishment values actually paid are presented in the 'liability for incurred claims' column, and is not included in insurance revenues and insurance service expenses presented in profit or loss. Certain payments to the policyholder represent premium refunds for unused coverage and not investment components and are recognized net of the premiums received/paid.

E. For contracts not measured in accordance with the PAA model, the loss component (reversal of loss) is created or adjusted for the purpose of describing the adjustments to the contractual service margin. This component determines the amounts presented in subsequent periods in profit or loss as reversals of losses (reversals of loss recoveries) previously recognized in respect of onerous groups of insurance contracts and which, as a result, are not included in insurance revenues (in reinsurance expenses) for the current period.

The allocation of the loss component (reversal of loss) does not affect the amounts in the movement as this component is not part of the carrying amount of the insurance (reinsurance) contract liability (asset). Rather, the loss component (loss recovery component) is created or adjusted for a group of insurance (reinsurance) contracts for the purpose of tracking the amounts to be deducted from insurance revenues and insurance service expenses (from reinsurance expenses and amounts recovered from the reinsurer) in the current period and for the purpose of recognizing a contractual service margin (CSM component) at the date on which the group of insurance (reinsurance) contracts becomes profitable.

F. The change in the risk adjustment relating to current service includes the release of the risk adjustment from the liability for remaining coverage during the period, offset by the change in the risk adjustment resulting from the incurrence of claims and other expenses.

G. Experience adjustments relating to current services arise from the differences between the estimates at the beginning of the period and the actual amounts, net of amounts related to the risk adjustment for non-financial risk recognized within the "change in the risk adjustment for non-financial risk (RA) resulting from expired risks" above.

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

B. Movement in insurance contracts and reinsurance contracts (cont.)

Comments (cont.)

H. Changes in liabilities (assets) for incurred claims relating to claims that occurred in prior periods affect the fulfillment cash flows (FCF) but do not affect the contractual service margin (CSM) because they relate to past services.

I. Changes in the estimate of fulfillment cash flows on held reinsurance contracts relating to groups of onerous underlying insurance contracts are recognized in profit or loss if the changes in the estimate of fulfillment cash flows of the onerous group of underlying insurance contracts were also recognized in the statement of profit or loss, except if the date of the reinsurance engagement occurred after the Company recognized the related onerous underlying insurance contracts.

J. Premiums paid for held reinsurance contracts are recognized net of cost recoveries directly attributable to the fulfillment of insurance contracts that are not dependent on claims in respect of the underlying contracts and less premium refunds.

K. The contractual service margin (CSM) for held reinsurance contracts may be either positive (net cost) or negative (net gain). A negative contractual service margin reflects an expected net gain arising from the Company's expectations that the premiums to be paid to the reinsurer will be lower than the amounts to be recovered from the reinsurer.

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

C. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model)

1. Life Insurance Segment

A. Insurance contracts

	For the year ended December 31, 2025		
	Contracts issued for the first time		
	Profitable contracts	Onerous contracts	Total
	NIS thousand		
Claims and other insurance service expenses payable	1,634,729	183,295	1,818,024
Insurance acquisition cash flows	160,539	4,206	164,745
Estimates of the present value of the negative future cash flows	1,795,268	187,501	1,982,769
Estimates of the present value of the positive future cash flows	2,093,689	186,976	2,280,665
Risk adjustment (RA) for non-financial risk	42,975	237	43,212
Contractual service margin (CSM)	255,446	-	255,446
Losses recognized at initial recognition of insurance contracts	-	762	762

	For the year ended December 31, 2024		
	Contracts issued for the first time		
	Profitable contracts	Onerous contracts	Total
	NIS thousand		
Claims and other insurance service expenses payable	991,662	447,738	1,439,400
Insurance acquisition cash flows	118,828	18,887	137,715
Estimates of the present value of the negative future cash flows	1,110,490	466,625	1,577,115
Estimates of the present value of the positive future cash flows	1,289,182	454,867	1,744,049
Risk adjustment (RA) for non-financial risk	29,384	596	29,980
Contractual service margin (CSM)	149,308	-	149,308
Losses recognized at initial recognition of insurance contracts	-	12,354	12,354

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

C. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model) (cont.)

1. Life and Savings Segment (cont.)

B. Reinsurance contracts

	For the year ended December 31, 2025	
	Contracts issued for the first time	
	Contracts recognized without a loss recovery component	Total
	NIS thousand	
Estimates of the present value of the positive future cash flows	7,147	7,147
Estimates of the present value of the negative future cash flows	9,445	9,445
Risk adjustment (RA) for non-financial risk	4,401	4,401
Contractual service margin (CSM)	2,103	2,103

	For the year ended December 31, 2024		
	Contracts issued for the first time		
	Contracts recognized without a loss recovery component	Contracts recognized with a loss recovery component	Total
	NIS thousand		
Estimates of the present value of the positive future cash flows	2,538	128	2,666
Estimates of the present value of the negative future cash flows	5,532	142	5,674
Risk adjustment (RA) for non-financial risk	4,536	27	4,563
Gain recognized at initial recognition in reinsurance contracts held	-	175	175
Contractual service margin (CSM)	(1,542)	162	(1,380)

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

C. Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model) (cont.)

2. Health Insurance Segment

	For the year ended December 31, 2025	
	Contracts issued for the first time	
	Profitable contracts	Total
	NIS thousand	
Claims and other insurance service expenses payable	1,463,356	1,463,356
Insurance acquisition cash flows	145,031	145,031
Estimates of the present value of the negative future cash flows	1,608,387	1,608,387
Estimates of the present value of the positive future cash flows	2,045,190	2,045,190
Risk adjustment (RA) for non-financial risk	42,732	42,732
Contractual service margin (CSM)	394,071	394,071
Losses recognized at initial recognition of insurance contracts	-	-

	For the year ended December 31, 2024	
	Contracts issued for the first time	
	Profitable contracts	Total
	NIS thousand	
Claims and other insurance service expenses payable	547,587	547,587
Insurance acquisition cash flows	82,898	82,898
Estimates of the present value of the negative future cash flows	630,485	630,485
Estimates of the present value of the positive future cash flows	861,196	861,196
Risk adjustment (RA) for non-financial risk	20,452	20,452
Contractual service margin (CSM)	210,259	210,259
Losses recognized at initial recognition of insurance contracts	-	-

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

C. **Effects of contracts initially recognized in the period (for contracts not measured according to the PAA model) (cont.)**

2. **Health insurance segment (cont.)**

	For the year ended December 31, 2025	
	Contracts issued for the first time	
	Contracts recognized without a loss recovery component	Total
	NIS thousand	
Estimates of the present value of the positive future cash flows	338	338
Estimates of the present value of the negative future cash flows	313	313
Risk adjustment (RA) for non-financial risk	8	8
Contractual service margin (CSM)	17	17

	For the year ended December 31, 2024	
	Contracts issued for the first time	
	Contracts recognized without a loss recovery component	Total
	NIS thousand	
Estimates of the present value of the positive future cash flows	663	663
Estimates of the present value of the negative future cash flows	636	636
Risk adjustment (RA) for non-financial risk	20	20
Contractual service margin (CSM)	7	7

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

D. Details regarding the recognition dates of profit or loss of the contractual service margin (for contracts not measured according to the PAA model)

	For the year ended December 31, 2025								
	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total
	NIS thousand								
Life insurance and long-term savings	247,116	213,378	184,099	162,327	143,782	548,225	324,838	408,496	2,232,261
Health	677,398	607,666	548,209	494,196	441,414	1,786,362	1,113,472	1,831,966	7,500,683
Total	924,514	821,044	732,308	656,523	585,196	2,334,587	1,438,310	2,240,462	9,732,944

	For the year ended December 31, 2024								
	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total
	NIS thousand								
Life insurance and long-term savings	313,860	275,203	240,811	209,174	186,059	711,352	419,925	514,200	2,870,584
Health	734,162	651,479	582,490	523,073	469,900	1,866,204	1,123,043	1,784,078	7,734,429
Total	1,048,022	926,682	823,301	732,247	655,959	2,577,556	1,542,968	2,298,278	10,605,013

	For the year ended December 31, 2025								
	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total
	NIS thousand								
Life insurance and long-term savings	39,463	32,760	27,505	23,232	19,732	66,882	29,634	17,577	256,785
Health	66,769	62,907	59,310	55,892	52,655	234,279	169,381	381,987	1,083,180
Total	106,232	95,667	86,815	79,124	72,387	301,161	199,015	399,564	1,339,965

	For the year ended December 31, 2024								
	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total
	NIS thousand								
Life insurance and long-term savings	70,192	59,058	50,064	42,746	36,799	128,096	60,236	38,518	485,709
Health	87,237	80,872	75,355	70,278	65,533	284,980	197,364	420,661	1,282,280
Total	157,429	139,930	125,419	113,024	102,332	413,076	257,600	459,179	1,767,989

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

E. 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:

	For the year ended December 31, 2025			
	Effect on income (loss) from insurance services	Effect on income (loss) from investments and finance, net	Effect on the CSM balance - increase (decrease)	Description of key changes
		NIS million		
Life Insurance Segment				
Effects of changes in interest rates and other financial assumptions	-	(195)	(96)	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.
Effect of the revision of demographic assumptions and other changes:				
Cancellations	3	43	(531)	In the reporting year, the Company revised the assumption of future lapse rates, which it uses for calculating BE and RA values, following a change in the actual lapse rates across all life insurance subsegments.
Expenses	(31)	(6)	(350)	During the reporting year, the Company revised the expenses assumption for management of policies and claims, which it uses for calculating BE and RA values across all life insurance subsegments.
Total effects of Life Insurance Segment	**(28)**	**(158)**	**(977)**	
Health Insurance Segment				
Effects of changes in interest rates and other financial assumptions	-	(11)	-	Including inflation assumptions
Effect of the revision of demographic assumptions and other changes:				
Morbidity	-	5	(320)	The Company revised assumptions regarding the probability of future claims (incidence) and the cost of claims (severity) it uses for calculating BE and RA values in the medical expenses and critical illness subsegments and also revised the suppliers costs and the scope of reinsurance in those policies.
Cancellations	-	(13)	567	The Company revised assumptions regarding future lapse rates used for calculating the BE and RA values as part of the annual study in all Health Insurance Subsegments.
Expenses	-	2	(15)	The Company revised assumptions regarding expenses rates for management of policies and claims, which it uses for calculating BE and RA values across all health insurance subsegments.
Other	-	-	(17)	
Total effects - Health Insurance Segment	**-**	**(17)**	**215**	
Property and Casualty Segment				
Effects of changes in interest rates and other financial assumptions	-	(25)	-	Including inflation assumptions
Total effects of P&C Segment	**-**	**(25)**	**-**	
Total effects	**(28)**	**(200)**	**(762)**	

NOTE 21 - ASSETS AND LIABILITIES FOR INSURANCE CONTRACTS AND REINSURANCE CONTRACTS (cont.)

E. 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.)

	For the year ended December 31, 2024		
	Effect on income (loss) from investments and finance, net	Effect on the CSM balance - increase (decrease)	Description of key changes
	NIS million		
Life Insurance Segment			
Effects of changes in interest rates and other financial assumptions	40	22	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.
Effect of the revision of demographic assumptions and other changes:			
Update of value added tax rate	-	(35)	
Mortality tables assumptions	-	(319)	The Company updated assumptions regarding mortality rates and improvement in life expectancy, in accordance with the application of the Capital Market Authority Circular dated July 24, 2024 (Insurance Circular 2024-9-5) entitled, Amendment to the Consolidated Circular Provisions regarding Measuring Liabilities - Revising the Demographic Assumptions in Life Insurance and Pension Funds.
Cancellations study assumption	-	(548)	In the reporting year, the Company revised the assumption of future lapse rates, which it uses for calculating BE and RA values, following a change in the actual lapse rates across all life insurance subsegments.
Revision to retirement age assumption	-	33	
Other	-	(42)	
Total effects of Life Insurance Segment	**40**	**(889)**	
Health Insurance Segment			
Effects of changes in interest rates and other financial assumptions	(156)	-	Including inflation assumptions
Effect of the revision of demographic assumptions and other changes:			
Update of value added tax rate	-	(35)	
Morbidity rate assumption	-	(111)	The Company revised assumptions regarding the probability of future claims (incidence) and the cost of claims (severity) it uses for calculating BE and RA values in a number of products in the Medical Expenses Subsegment and in the Personal Accidents Subsegment.
Cancellation rate assumption	-	223	The Company revised assumptions regarding future lapse rates used for calculating the BE and RA values as part of the annual study in all Health Insurance Subsegments.
Risk adjustment (RA)	-	(155)	
Other	-	(9)	
Total effects - Health Insurance Segment	**(156)**	**(87)**	
Property and Casualty Segment			
Effects of changes in interest rates and other financial assumptions	(5)	-	Including inflation assumptions
Total effects of P&C Segment	**(5)**	**-**	
Total effects	**(121)**	**(976)**	

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS

Employee benefits include short-term benefits, post-employment benefits, other long-term benefits and termination benefits.

The Note does not include share-based employee benefits; for information about share-based payment, see Note 33 regarding share-based payments.

For further information about benefits to key management personnel, see Note 36 regarding related and interested parties.

Post-employment benefits

Under labor laws in Israel and the Israeli Severance Pay Law, the Company is required to pay severance pay to employees upon dismissal or retirement, or to make regular contributions to defined contribution plans in accordance with Section 14 of the Severance Pay Law, as described below. The Company's liability in respect of the above is accounted for as a post-employment benefit. The Company's liability in respect of employee benefits is calculated based on employment agreements in force and the employee's salary and employment period that give rise to the right to receive severance pay.

Post-employment employee benefits are normally funded by contributions classified as a defined benefit plan or as a defined contribution plan as detailed below.

1. **Defined contribution plans**

   The provisions of Section 14 to the Severance Pay Law, 1963 apply to some of the severance pay payments; pursuant to that section, the Group's regular contributions to pension funds and/or insurance companies' policies exempt it from any further obligation to the employees in respect of whom the amounts were deposited as described above. These contributions and contributions in respect of pension constitute defined contribution plans.

	For the year ended December 31	
	2025	2024
	NIS thousand	
Expenses in respect of defined contribution plans	128,997	127,509

2. **Defined benefit plan**

   The portion of the severance pay payments which is not covered by contributions to defined contribution plans as described above is accounted for by the Group as a defined benefit plan under which a liability in recognized in respect of employee benefits, and the Group deposits amounts with central severance pay funds and qualifying insurance policies in respect of that liability.

2. Defined benefit plan (cont.)

A. Composition of liabilities for employee benefits, net

	As of December 31	
	2025	2024
	NIS thousand	
Liabilities in respect of unfunded defined benefit plan	172	172
Liability in respect of funded defined benefit plan (see Section A)	59,722	58,526
Total liabilities in respect of defined benefit plan	59,894	58,698
Less fair value of plan assets (see Section B2 below)	29,449	29,100
Total liability for defined benefit plans, net	30,445	29,598
Short-term benefits	51,117	55,135
Total liability for employee benefits, net	81,562	84,733

B. Changes in the present value of a liability in respect of a defined benefit plan

	As of December 31	
	2025	2024
	NIS thousand	
Balance as of January 1	58,526	56,019
Expenses charged to profit and loss:		
Cost of interest	3,461	3,289
Cost of current service	1,359	1,601
Cost of past service	-	-
Actuarial gain recognized in other comprehensive income, net:		
Actuarial losses (gains) arising from changes in the demographic assumptions	(70)	119
Actuarial losses (gains) arising from changes in the financial assumptions	97	32
Other actuarial losses (gains)	566	511
Additional changes:		
Benefits paid	(4,798)	(3,687)
Commencement of consolidation	581	642
Balance as of December 31	59,722	58,526

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

2. Defined benefit plan (cont.)

C. Changes in the present value of a assets in respect of a defined benefit plan

1. Plan assets

Plan assets include assets held by the long-term employee benefits fund and by qualifying insurance policies.

2. Change in fair value of plan assets:

	As of December 31	
	2025	2024
	NIS thousand	
Balance as of January 1	29,100	27,606
Expenses charged to profit and loss		
Interest revenues	1,789	1,001
Actuarial gain (loss), recognized in other comprehensive income, net:		
Actual return, less interest revenues	705	901
Additional changes:		
Plan contributions by employers	389	555
Benefits paid	(2,786)	(963)
Commencement of consolidation	252	-
Balance as of December 31	29,449	29,100

D. Main actuarial assumptions in determining the liability for the defined benefit plan

	2025	2024
	%	
Discount rate on December 31 (*)	2.50	2.80
Rate of expected real wage increase	1.50	1.50
Expected inflation rate	2.00	2.40

(*) The discount rate is based on high-quality CPI-linked corporate bonds.

E. Amounts, timing and uncertainties of future cash flows

Following are potential changes that are considered to be reasonable as of the end of the reporting period for each actuarial assumption, assuming that all other actuarial assumptions remain unchanged:

	2025	2024
	NIS thousand	
Sensitivity test to the change in the rate of expected real wage increase		
The change is the result of:		
1% increase in salaries	1,274	1,337
Sensitivity test to changes in the liability discount rate:		
The change is the result of:		
1% increase in the discount rate	(1,188)	(1,167)
1% decrease in the discount rate	1,492	1,507

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

2. Defined benefit plan (cont.)

F. Expenses charged to profit and loss

	For the year ended December 31	
	2025	2024
	NIS thousand	
Cost of current service	1,359	1,601

	For the year ended December 31	
	2025	2024
	NIS thousand	
Cost of interest	3,461	3,289
Cost of past service	-	-
Interest revenues in respect of plan assets	(1,789)	(1,001)
	3,031	3,889

F. Collective bargaining agreement

In May 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**").

1. 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 said restricted share units (RSUs), raising the minimum wage for the Subsidiaries' employees, an annual bonus subject to meeting targets, participation in lunch costs, setting provisions regarding the move to the campus and exhaustion of claims and industrial peace.

2. Salary increases - during the term of the agreement, the subsidiaries will pay to permanent employees and employees on probation, subject to the conditions defined in the agreement, shekel-denominated salary increases in a total scope of NIS 29 million (at an average rate of approx. 1.58% per year). The pay rises include wage update payable to hourly employees in the different call centers shall be in accordance with the tables included in the agreement.

3. Minimum salary - the gross monthly minimum salary for a full-time employee as from 2025 will be NIS 7,000 gross, in 2026 - NIS 7,250 gross and in 2027 - NIS 7,500 gross.

4. Subsidiaries' participation in daily lunch costs for employees - Starting July 1, 2025, the subsidiaries will allocate an annual budget increase totaling NIS 32.6 million for the duration of the agreement, which shall be designated for the subsidiaries' participation in daily lunch costs for employees eligible under the arrangement.

NOTE 22 - ASSETS AND LIABILITIES FOR EMPLOYEE BENEFITS (cont.)

F. Collective bargaining agreement (cont.)

5. Annual bonus – To the extent that the subsidiaries meet between 100% and 150% of the profit targets to be determined by the boards of directors of the subsidiaries in respect of that year, the subsidiaries will allocate a budget for the payment of a bonus to employees, the total cost of which will be between

an amount equal to 6.791% of the annual salary cost in the year preceding the year in which the bonus is paid (which is equivalent to one month's salary) and an amount equal to 13.581% (which is equivalent to two months' salaries). In respect of meeting between 70% to 99.99% of the annual profit target, the bonus budget shall decrease on a linear relative basis within the relevant range. If the Subsidiaries fail to meet 70% of the profit targets set in relation to that year - there will be no entitlement to bonus in respect of that year.

6. Allocation of RSUs - under the agreement, and as part of the regulation of employee benefits upon the planned move to the new campus in Rishon LeZion, Phoenix Financial allocated - for the first time during the reporting period - equity compensation in the form of restricted shares (at a total cost of approx. NIS 35.8 million) 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.

7. Final settlement of claims and industrial peace - the Agreement constitutes a full and final settlement of the parties' claims for the Agreement's term. The parties to the Agreement have undertaken to maintain mutual industrial peace regarding the matters settled in the Agreement.

8. The estimated added annual cost of workforce-related expenses (excluding costs conditional upon meeting targets) for the years of Subsidiaries' agreement is approx. NIS 61.6 million. The estimated average annual cost of the annual bonuses expected to be awarded for 2025, 2026 and 2027, assuming that 100% of the profit targets of the relevant years will be met is approx. NIS 83 million.

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

NOTE 23 - INCOME TAXES

A. Tax laws applicable to the Group companies

1. General

A. The revenues of the Company and all Group companies is subject to corporate income tax in accordance with the Income Tax Ordinance (hereinafter - the "**Ordinance**"). Furthermore, the revenues of Group companies classified as "Financial Institutions" as defined in the Value Added Tax Law, 1975 is subject to profit tax and payroll tax. It is noted that the operations of companies classified as financial institutions in the insurance, Retirement and Payments & Financing subsegments constitute most of the Group's operations.

B. As of 2008, results for tax purposes are measured in nominal values, excluding certain adjustments for changes in the CPI in the period up to December 31, 2007. Adjustments relating to capital gains continue to apply until profit realization date.

2. Tax issues unique to the insurance sector

A. Agreement with the tax authorities

Israel Insurance Association and the tax authorities have in place sectoral agreements which address tax issues unique to the industry (hereinafter - the "**Tax Agreement**"); the agreements are renewed every year. On February 9, 2026, a sectoral agreement was signed with respect to tax years 2023-2024, and a sectoral agreement with respect to tax year 2025, which includes adjustments required following the initial application of IFRS 17 and IFRS 9.

1. Arrangements relevant until the 2024 tax year

The sectoral agreements address, among other things, the following issues:

A. Deferred Acquisition Costs (DAC) - direct expenses incurred by insurance companies to purchase life insurance contracts in respect of underwriting years through 2014 shall be deductible for tax purposes in equal shares over four years, and in respect of underwriting years 2015 through 2020 - over ten years. Such expenses relating to canceled life insurance contracts shall be deductible for tax purposes in the cancellation year.

NOTE 23 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

2. Tax issues unique to the insurance sector (cont.)

A. Agreement with the tax authorities (cont.)

1. Arrangements relevant until the 2024 tax year (cont.)

A. Deferred Acquisition Costs (DAC) (cont.)

Purchase expenses in respect of Retirement (Pension and Provident) contracts (as defined in the agreement) in respect of underwriting years 2015 through 2020 shall be deductible for tax purposes in equal shares over 10 years or in accordance with the period over which they are expensed in the books of accounts, as decided by the insurance company. The expense in respect of Retirement (Pension and Provident) contracts cannot be brought forward. Deferred acquisition costs relating to critical illnesses and hospitalization insurance are amortized over a six-year period, in accordance with their amortization period as per the books of accounts.

B. Attribution of expenses to preferred revenues - expenses will be attributed to revenues subject to reduced tax rates and to tax-exempt revenues earned by insurance companies (hereinafter - "**preferred revenues**"), which will result with some of the Preferred Revenues becoming taxable at the full tax rate in accordance with the attribution rate. The attribution rate set in the agreement depends on the source of funds generating the Preferred Revenues.

C. The method employed to tax income from assets held as investments matches yield-dependent liabilities.

NOTE 23 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

2. Tax issues unique to the insurance sector (cont.)

A. Agreement with the tax authorities (cont.)

1. Arrangements relevant until the 2024 tax year (cont.)

D. Tax applicable to cancellation of the reserve for extraordinary risks in life insurance - The Economic Arrangements Law (Legislative Amendments for the Implementation of the Budgetary Targets and Economic Policy for the 2007 Fiscal Year), 2007 of January 11, 2007 sets out rules regarding the tax that applies to the cancellation of the reserve for extraordinary risks in life insurance, which was included in the financial statements through December 31, 2006. According to the rules, a portion of the reserve, which is calculated at 0.17% of the amount of the insurance at risk (own retention) in life insurance, and respect of which the capital requirement was defined, shall be tax-exempt. The sectoral taxation agreement indicates that the basis for the exemption is the capital requirement, which is reflected as stated above; it is further indicated that if the capital requirement will be canceled or reduced, the parties shall discuss the tax consequences of such a change, if any.

In February 2024, the sectoral agreement was signed for tax years 2020-2022, under which it was agreed that:

1. In the 2020 tax report, revenue for corporate tax purposes will be recorded as will profit tax at a rate of 0.01% of the insured amount at risk - own retention - as calculated as of December 31, 2006.

2. It was agreed that the balance of the reserve which has not yet been taxed (0.16%) will only be taxed in circumstances where the capital requirement, according to the new Capital Regulations, will be completely canceled (without any alternative capital requirement set in its place), or will not apply (such as discontinuance of life insurance activity, sale of a life insurance portfolio in whole or in part, liquidation of a company including the sale of a portfolio which results in such liquidation).

NOTE 23 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

2. Tax issues unique to the insurance sector (cont.)

A. Agreement with the tax authorities (cont.)

2. Arrangements relevant to the 2025 tax year

It was agreed that the issues set between the parties in previous agreements will continue to apply for the 2025 tax year, excluding deferred acquisition expenses (DAC) in respect of insurance contracts. In addition, the following provisions will apply with regard to the application of IFRS 17 and IFRS 9:

B. Accounting for transition date adjustments

The Standard will apply for tax purposes as from January 1, 2025 (hereinafter – the "**Transition Date**"). As a result of the initial application of IFRS 17 and IFRS 9, the accounting surpluses of the company as of the Transition Date have changed, which was amended for tax purposes by additional adjustments for differences between the DAC balance and the deduction for Zillmer balance in their financial statements and their balances for tax purposes, and with respect of specific tax agreements. The change in accounting surpluses together with these adjustments will be referred to as the “Change in Surpluses for Tax Purposes".

The change in Phoenix Insurance's Surplus for Tax Purposes as of the Transition Date is a decrease of approx. NIS 545 million, for which a tax asset of approx. NIS 189 million was created.

Under the arrangement with the Israel Tax Authority, every year a reduction for tax purposes will be allowed up to the maximum reduction – the amount recognized as gain in the income statement for the CSM balance as of the Transition Date – and no less than 1/15 of the loss as of the Transition Date (minimum reduction). Under no circumstances will a reduction exceeding the maximum reduction amount be allowed, and if a lower amount is selected, the difference will remain under the negative change in the surpluses and will be reduced in accordance with the agreement mechanism.

As of December 31, 2025, Phoenix Insurance has recognized the full reduction for tax purposes and reduced the abovementioned tax asset to zero.

NOTE 23 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

2. Tax arrangements unique to the insurance industry (cont.)

C. Tax issues relevant to the application of IFRS 17

Losses and reversal of losses for groups of onerous insurance contracts - for group implementing the GMM Model:
Loss initially recognized in respect of a group of onerous insurance contracts will be recognized for tax purposes in three equal annual installments on a straight line basis. The change in loss in the second year will be recognized for tax purposes in two equal annual installments.
At the end of the third year, if the group is remains loss-making, the current loss and the balance of accumulated loss, which has not yet been recognized for tax purposes, will be recognized as tax expense.
In the year in which a loss-making group has become profitable, the balance of the loss, which has not yet been recognized as a tax expense, will become deductible, and as from that date the positive CSM will be monitored and released to the income statement.
In the event that the loss was caused by an extraordinary event, the parties will discuss the recognition of a loss for tax purposes.

D. Tax issues relevant to the application of IFRS 9

In accordance with the sectoral tax agreement for 2025, it was determined that IFRS 9 will not be applied for tax purposes, and the tax event will arise on the disposal date of liquid securities, excluding investments in Hetz bonds, which will be presented and reported for tax purposes in a manner consistent with their accounting treatment.
Furthermore, the provisions of the 2008 sectoral agreement regarding the taxation of securities will continue to apply.
The provision for tax in Phoenix Insurance's financial statements was made in accordance with the abovementioned arrangements with the Israel Tax Authority.

3. The OECD's International Tax Reform (hereinafter - "**Pillar Two**")

The Pillar Two provisions apply to multinational groups whose turnover in the consolidated report of the consolidated parent company equals or exceeds EUR 750 million in at least two of the four years preceding the tax year under review. The Group regularly reviews the effect of the said provisions on its financial statements and does not anticipate any material exposure to additional tax.

NOTE 23 - TAXES ON INCOME (cont.)

A. Tax laws applicable to the Group companies (cont.)

3. The OECD's International Tax Reform (hereinafter - "**Pillar Two**") (cont.)

Company's entities operating in Israel - the Pillar Two legislation or the Israeli version thereof - the Minimum Corporate Income Tax in Multinational Groups Law, 2025 is irrelevant for the year ended December 31, 2025 and therefore the above had no effect on the Group's financial statements.

The Company's entities operating outside Israel - it is unclear whether the Pillar Two rules create further temporary differences in respect of which deferred taxes should be created, and which tax rate should be used in the measurement of the deferred taxes. In response to this uncertainty, in May 2023 the IASB published an amendment to IAS 12 - Income Tax - which grants a mandatory temporary exemption from the implementation of the provisions of the standard in respect of accounting for and disclosing deferred tax assets and liabilities arising from the adoption of the Pillar Two rules. The Group applies the Temporary Exemption, and therefore no disclosure was given and deferred tax assets and liabilities arising from the adoption of the Pillar Two rules were not recognized in the financial statements as of December 31, 2025.

B. Tax rates applicable to the Group companies

1. The statutory tax applicable to financial institutions, including Phoenix Insurance Company, which constitutes most of the Group's activities, is composed of corporate income tax and profit tax.

Following is the statutory tax rates applicable to the Group companies:

	Corporate income tax rate	Profit tax rate	Total tax rate in financial institutions
		%	
Year			
2024	23	17.00	34.19
2025 and onwards	23	18.00	34.75

2. In March 2024 an amendment was published to the Value Added Tax Ordinance (Tax Rate for Non-Profit Organizations and Financial Institutions), 2024 (hereinafter - the "**Order**"), which prescribes that as from January 1, 2025 the rate of payroll tax applicable to financial institutions will stand at 18% of the wage paid for work, and the profit tax shall stand at 18% of the profit generated.

The deferred tax balances included in the financial statements as of December 31, 2024 take into account the effects, which arise from the increase in tax rates as described above.

The effect of the change in tax rates led to an increase of approx. NIS 8 million in the balances of deferred tax liability in 2024.

NOTE 23 - TAXES ON INCOME (cont.)

C. Tax assessments

The Company and most of the consolidated companies has tax assessments, which are considered to be final through tax year 2020, in accordance with Section 145 of the Income Tax Ordinance.

Phoenix Insurance has been issued deductions assessments for 2019-2022 on various issues. Subsequent to the balance sheet date, the Company has signed an assessment agreement, whose effect on profit and loss is immaterial.

D. Carryforward losses for tax purposes

The Company has carryforward business losses totaling approx. NIS 67 million and approx. NIS 84 million as of December 31, 2025 and December 31, 2024, respectively. As of December 31, 2025, the tax asset balance amounts to approx. NIS 15 million.

The consolidated companies, except KSM Mutual Funds, as detailed below, have carryforward business losses totaling approx. NIS 313 thousand and approx. NIS 216 thousand as of December 31, 2025 and December 31, 2024, respectively. As of December 31, 2025, the tax asset balance amounts to approx. NIS 45 million.

KSM Mutual Funds has carryforward business losses totaling approx. NIS 185 million and approx. NIS 318 million as of December 31, 2025 and December 31, 2024, respectively. As of December 31, 2025, the tax asset balance amounts to approx. NIS 43 million.

The tax assets amount is equal to the balances of losses that can be offset in the foreseeable future.

Furthermore, the Company has carryforward capital losses totaling approx. NIS 13 million and approx. NIS 17 million as of December 31, 2025 and December 31, 2024, respectively,

Furthermore, the consolidated companies have carryforward capital losses totaling approx. NIS 63 million and approx. NIS 78 million as of December 31, 2025 and December 31, 2024, respectively.

E. Income tax included in the income statements

	For the year ended December 31	
	2025	2024
	NIS thousand	
Current taxes	1,413,655	802,877
Deferred taxes in respect of the creation and reversal of temporary differences (see also Section I below)	257,914	353,620
Taxes for previous years	(3,040)	(4,114)
Adjustment of deferred tax balances following a change in tax rates	-	7,591
Income tax	1,668,529	1,159,974

NOTE 23 - TAXES ON INCOME (cont.)

F. Income tax relating to other comprehensive income line items

	For the year ended December 31	
	2025	2024
	NIS thousand	
Actuarial gain (loss) in respect of defined benefit plans	29	42
Revaluation of fixed assets	1,490	(3,744)
	1,519	(3,702)

G. Change in income tax relating to equity line items

	For the year ended December 31	
	2025	2024
	NIS thousand	
Share-based payment	(46,755)	(13,653)

H. Deferred taxes

Composition:

	Deferred acquisition costs	Available-for-sale financial assets	Property, plant and equipment and investment property	Losses for tax purposes (1)	Intangible assets (2)	Other (3)	Total
	NIS thousand						
Balance of deferred tax asset (liability) as of January 1, 2024	(2,047)	(313,319)	(275,122)	431,317	(171,682)	57,095	(273,758)
Changes carried to profit and loss	(3,919)	(227,273)	(616)	(141,385)	26,859	(7,286)	(353,620)
Changes carried to other comprehensive income	-	-	3,744	-	-	(42)	3,702
Effect of the change in tax rate on profit and loss	-	(4,731)	(1,247)	(1,128)	(891)	406	(7,591)
Changes carried to equity	-	-	-	-	-	13,653	13,653
Additions in respect of a company consolidated for the first time	-	-	-	-	(18,398)	-	(18,398)
Balance of deferred tax asset (liability) as of December 31, 2024	(5,966)	(545,323)	(273,241)	288,804	(164,112)	63,826	(636,012)
Changes carried to profit and loss	5,051	(40,595)	(15,533)	(185,696)	(1,871)	(19,270)	(257,914)
Changes carried to other comprehensive income	-	-	(1,490)	-	-	(29)	(1,519)
Changes carried to equity	-	-	-	-	-	46,755	46,755
Additions in respect of companies consolidated for the first time	-	-	-	-	(28,600)	-	(28,600)
Balance of deferred tax asset (liability) as of December 31, 2025	(915)	(585,918)	(290,264)	103,108	(194,583)	91,282	(877,290)

(1) Including the balance of the tax asset in respect of the change in surpluses which arose as a result of the application of IFRS 17 and IFRS 9 in Phoenix Insurance; for further details, see Section A(2)A2 above. For details regarding carryforward losses in the other Group companies, see Section D above.

(2) The balance includes amounts in respect of tax reserve for intangible assets in respect of companies consolidated for the first time; for further details, see Note 4 and Note 15C.

(3) The remaining amounts stem mainly from tax reserves in respect of investees accounted for by the equity method, and employee benefits.

NOTE 23 - TAXES ON INCOME (cont.)

H. Deferred taxes (cont.)

Deferred taxes are presented in the balance sheet as follows:

	As of December 31	
	2025	2024
	NIS thousand	
Deferred tax assets	119,562	101,984
Liability in respect of deferred taxes	(996,852)	(737,996)
	(877,290)	(636,012)

I. Theoretical tax

Following is a reconciliation between the tax amount that would have applied had all income and expenses, profits and losses in the income statement been taxed at the statutory tax rate, and the taxes on income amount recognized in the income statement:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Profit before taxes on income	5,009,208	3,667,055
Statutory tax rate applicable to financial institutions (see B(5) above)	34.75%	34.19%
Tax calculated according to total statutory tax rate	1,740,700	1,253,766
Deduction due to non-application of profit tax to companies which are not financial institutions (1)	(78,268)	(48,218)
Increase (decrease) in income tax resulting from the following factors:		
Non-deductible expenses and tax exempt revenues	1,543	(6,404)
Group's share of income from subsidiaries	(28,932)	(24,360)
Measurement basis differences	3,835	795
Other losses and differences for which deferred taxes were not created (2)	61,283	(22,200)
Differences in respect of investees (3)	(29,288)	3,352
Update of deferred tax balances due to changes in tax rates	-	7,591
Taxes for previous years	(3,040)	(4,114)
Other	696	(234)
Income Taxes	1,668,529	1,159,974
Average effective tax rate	33.3%	31.6%

(1) Arises mainly from Company's income in its separate financial statements and subsidiaries, whose statutory tax rate is 23%.

(2) 2025 - Arises mainly from tax expenses in respect of the sale of 15% of shares Ad 120 shares by Phoenix Insurance; for further details see Note 11D(1).

2024 - In particular, tax differences resulting from the utilization of carryforward losses and the creation for the first time of deferred tax asset in respect of carryforward losses.

(3) 2025 – Mainly in respect of gains from assuming control; for further details see Note 4.

NOTE 24 - EQUITY AND CAPITAL RESERVES

A. Composition of share capital

	December 31, 2025		December 31, 2024	
	Authorized	Issued and paid up	Authorized	Issued and paid up
	NIS thousand			
Ordinary shares of NIS 1 p.v. each	300,000	(*)263,502	300,000	(*)261,967

(*) Excluding treasury shares. For details regarding treasury shares, see Section D below.

On August 23, 2022, the Company published a shelf prospectus, which is dated August 24, 2022 and is valid through August 23, 2024. Under the Prospectus, the Company may issue various securities such as: ordinary Company shares of NIS 1 p.v. each (hereinafter in this section - "**Company shares**"), preferred shares, non-controvertible bonds (including by way of expansion of existing series of Company's bonds as may be from time to time), bonds convertible into Company shares (including by way of expansion of existing series of bonds convertible into Company's shares as may be from time to time), option warrants exercisable into Company shares, option warrants exercisable into bonds, option warrants exercisable into bonds convertible into Company shares, commercial papers and any other security that may be lawfully issued by virtue of the shelf prospectus on the relevant date.

In July 2025, the Israel Securities Authority approved the extension of the Company's shelf prospectus by an additional year, through July 7, 2027. For further details, see the immediate report dated July 8, 2025 (Ref. No.: 2025-01-050045).

B. Movement in share capital

	No. of shares in thousands	Total par value in NIS thousand
Balance as of January 1, 2024	259,543	259,543
Issuance of shares (*)	2,424	2,424
Balance as of December 31, 2024	261,967	261,967
Issuance of shares (*)	1,535	1,535
Balance as of December 31, 2025	(*)263,502	(*)263,502

(*) Arises from exercise of options (see Note 33B), excluding treasury shares. For details regarding treasury shares, see Section D below.

C. Rights attached to shares

1. Voting rights in the general meeting, rights to receive dividends, rights upon liquidation of the Company and rights to appoint directors in the Company.

2. The Company's shares are listed on the TASE.

NOTE 24 - EQUITY AND CAPITAL RESERVES (cont.)

D. Treasury shares - Company shares held by the Company

	As of December 31	
	2025	2024
Shares		
Rate of issued capital (in %)	3.85%	4.32%
Accumulated cost (in NIS thousand)	580,026	376,885
Balance of treasury shares	10,155	11,310

2024 share buyback plan

In 2024, the Company's Board of Directors approved a share buyback plan of Company shares, totaling NIS 200 million, for a period of one year. The plan shall be executed from time to time by Company's management, which was authorized by the Company's Board of Directors to purchase the securities at its discretion during the period set for the execution of the plan. During 2024, the Company acquired 4,858 thousand shares at the total value of approx. NIS 183 million. In 2025, the Company purchased approx. 40 thousand shares at a total cost of approx. NIS 2 million. The aggregate purchase rate of this plan is 92.7%.

2025 share buyback plan

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. In August and September 2025, the Company's Board of Directors approved the increase of the Plan by a further NIS 200 million, without changing the end date of the period scheduled for the current Buyback Plan, i.e., until January 31, 2026. Subsequent to the abovementioned change, the total cost of the plans will be up to NIS 300 million. The plan shall be executed from time to time by Company's management, which was authorized by the Company's Board of Directors to purchase the securities at its discretion during the period set for the execution of the plan. During 2025, the Company acquired 2,792 thousand shares. Subsequent to the balance sheet date, the Company purchased approx. 5 thousand shares. Subsequent to the abovementioned acquisitions, the Company has completed the entire plan.

2026 share buyback plan

On December 30, 2025, the Company's Board of Directors approved a share buyback plan of Company shares, totaling up to NIS 300 million, for a period of one year. Subsequent to the balance sheet date, the Company purchased approx. 12 thousand shares at a total cost of approx. NIS 1.6 million.

As of the report's publication date, the Company holds approx. 10,172 thousand Company shares.

It is noted that, in the future some of the shares purchased as part of the share buybacks, as stated above, may serve for the purpose of exercising the options awarded to officers and employees of the Company and subsidiaries.

NOTE 24 - EQUITY AND CAPITAL RESERVES (cont.)

D. Treasury shares - Company shares held by the Company (cont.)

Reissue of treasury shares

During the reporting period, the Company reissued treasury shares totaling approx. 3,946 thousand (which were acquired in 2020 and 2021); those shares were used for the Phoenix Agencies' share acquisition transaction. For further details, see Note 11E2.

E. Adjustments arising from translation of financial statements

Capital reserve from translation differences stems from changes in exchange rates of foreign currency arising from translation of the financial statements of investees which constitute foreign operations, and from changes in the exchange rates of foreign currency stemming from translation of financial statements from the functional currency to the presentation currency.

F. Capital management

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 of the Group.

This capital is also designed to support the risks inherent in the Group's business, such as market and credit risks, operational risks, catastrophe risks and more.

Phoenix Insurance and other institutional entities consolidated in the financial statements are subject to external capital requirements set by the Insurance Commissioner; for further details, see Note 11F.

G. Reserve in respect of transaction with controlling shareholder

Assets and liabilities, which are the subject matter of a transaction between the Company and its controlling shareholder or between companies under common control, are recognized at fair value on the transaction date. The difference between the fair value and the transaction's consideration is carried to equity. A negative difference is essentially a dividend and therefore reduces the balance of retained earnings. A positive difference is essentially a shareholders' investment and is therefore presented as a separate line item, under equity: "Reserve in respect of a transaction with controlling shareholder".

NOTE 24 - EQUITY AND CAPITAL RESERVES (cont.)

H. Dividend

1. Dividend distribution policy

On May 28, 2024, the Company's Board of Directors approved a further revision of the dividend distribution policy, which will apply to future dividend distributions as from 2024, whereby the Company shall distribute an annual dividend at a minimum rate of 40% of the Company's distributable comprehensive income for the relevant year. All other provisions of the Company's dividend distribution policy and distribution timing have not changed.

On May 15, 2025, the Company's Board of Directors approved another 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 has occurred in the remainder of the policy.

Amounts used by the Company in the execution of buyback plans are not included in said dividend distributions.

On March 25, 2026, the Company's Board of Directors approved a further revision of the dividend distribution policy, which will apply to future dividend distributions as from 2026, whereby the Company shall distribute an annual dividend at a minimum rate of 45% of the Company's distributable comprehensive income as per its audited Consolidated Annual Financial Statements for the relevant year. All other provisions of the Company's dividend distribution policy and distribution timing have not changed.

It is hereby clarified that this policy should not be viewed as an undertaking by the Company to distribute dividends, and that any actual distribution shall be individually subject to the Board of Directors' approval, at its sole discretion; the Board of Directors may decide on actual distribution at different (higher or lower) rates, or not to distribute any dividend. Furthermore, the execution of any actual distribution shall be subject to compliance with the provisions of 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 the Company has undertaken and/or will undertake to comply with, to the Company's having sufficient distributable profits on the relevant dates, to the condition that the distribution shall not adversely affect the terms of the Company's bonds and/or its cash flows, and to the extent to which the Company 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 Director may review the dividend distribution policy from time to time and decide, at any given time, taking into account business considerations and the legal and regulatory provisions applicable to the Company, to change the dividend distribution policy, including the rate of dividend to be distributed.

NOTE 24 - EQUITY AND CAPITAL RESERVES (cont.)

H. Dividend (cont.)

2. Dividend distributions during 2025 and through the report publication date

A. On March 12, 2025, the Company's Board of Directors approved a dividend distribution in respect of income for 2024 totaling NIS 565 million. The dividend per share of NIS 1 p.v. is NIS 2.25.

B. On May 28, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 230 million. The dividend per share of NIS 1 p.v. is NIS 0.91.

C. On August 24, 2025, the Company's Board of Directors approved a dividend distribution totaling approx. NIS 400 million. The dividend per share of NIS 1 p.v. is NIS 1.59.

D. On November 25, 2025, the Board of Directors approved a dividend distribution totaling approx. NIS 320 million. The dividend per share of NIS 1 p.v. is NIS 1.26.

E. On March 25, 2026, the Company's Board of Directors approved a dividend distribution in the amount of approx. NIS 360 million. The dividend per share of NIS 1 p.v. is NIS 1.42. The record date for the distribution is April 13, 2026; the dividend will be paid on April 23, 2026.

I. Revaluation reserve

Revaluation reserve is used to record fair value adjustments (net of the tax effect) of property, plant and equipment and impairment up to the amount of appreciation recorded in respect of that asset in capital reserves.

J. Capital reserve from transactions with non-controlling interests

The movement in capital reserve from transactions with non-controlling interests arises from transactions carried out with the minority shareholders in Phoenix Investment House and Phoenix Agencies. For further details, see Note 11E(1)(2).

NOTE 25 - INCOME FROM INSURANCE SERVICES

	For the year ended December 31, 2025			
	Life Insurance	Health Insurance	P&C Insurance	Total
	NIS thousand			
Revenues from insurance services				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in liability for remaining coverage (LRC):				
Contractual service margin (CSM) amount recognized in profit or loss for services provided	305,168	734,353	-	1,039,521
Change in risk adjustment (RA) for non-financial risk resulting from past risks	55,780	65,390	-	121,170
Claims and other expected insurance service expenses incurred	1,598,122	1,504,926	-	3,103,048
Other (*)	47,461	5,884	-	53,345
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	100,007	62,761	-	162,768
Total contracts to which the Premium Allocation Approach (PAA) was not applied	2,106,538	2,373,314	-	4,479,852
Contracts to which the Premium Allocation Approach (PAA) was applied	-	294,477	5,027,369	5,321,846
Total revenues from insurance services	2,106,538	2,667,791	5,027,369	9,801,698
Expenses from insurance services: (**)				
Claims and other insurance service expenses incurred (1)	1,706,672	1,807,333	3,386,957	6,900,962
Changes relating to past service - adjustment for liabilities for incurred claims (LIC) (***)	(136,127)	(140,704)	(75,066)	(351,897)
Reversal of losses for groups of onerous insurance contracts	(4,322)	(1)	(35)	(4,358)
Amortization of insurance acquisition cash flows	100,007	106,164	1,081,609	1,287,780
Total expenses from insurance services	1,666,230	1,772,792	4,393,465	7,832,487
Income from insurance services before reinsurance contracts held	440,308	894,999	633,904	1,969,211
Revenues (expenses), net for reinsurance contracts held				
Reinsurance expenses:				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in assets for remaining coverage (ARC):				
Contractual service margin (CSM) amount recognized in profit or loss for services received	47,039	82,958	-	129,997
Change in risk adjustment (RA) for non-financial risk resulting from past risks	25,302	5,975	-	31,277
Recoveries of claims for underlying insurance contracts and other expected insurance services expenses incurred	166,977	113,479	-	280,456
Other (*)	(10,926)	(12,598)	-	(23,524)
Total contracts to which the Premium Allocation Approach (PAA) was not applied	228,392	189,814	-	418,206
Contracts to which the Premium Allocation Approach (PAA) was applied	-	-	1,023,385	1,023,385
Total reinsurance expenses	228,392	189,814	1,023,385	1,441,591
Reinsurance revenues: (**)				
Recoveries of claims for underlying insurance contracts and other insurance services expenses incurred(1)	161,774	135,919	998,044	1,295,737
Changes relating to past service - adjustment for assets for incurred claims	(10,110)	(28,998)	151,046	111,938
Recoveries of losses for groups of onerous underlying insurance contracts	24,062	-	1,722	25,784
Total reinsurance revenues	175,726	106,921	1,150,812	1,433,459
Total (expenses) revenues, net for reinsurance contracts held	(52,666)	(82,893)	127,427	(8,132)
Income from insurance services	387,642	812,106	761,331	1,961,079

NOTE 25 - INCOME FROM INSURANCE SERVICES (cont.)

	For the year ended December 31, 2024			
	Life Insurance	Health Insurance	P&C Insurance	Total
	NIS thousand			
Revenues from insurance services				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in liability for remaining coverage (LRC):				
Contractual service margin (CSM) amount recognized in profit or loss for services provided	381,813	761,797	-	1,143,610
Change in risk adjustment (RA) for non-financial risk resulting from past risks	52,156	63,641	-	115,797
Claims and other expected insurance service expenses incurred	1,507,491	1,404,348	-	2,911,839
Other (*)	39,630	15,400	-	55,030
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.	74,046	41,610	-	115,656
Total contracts to which the Premium Allocation Approach (PAA) was not applied	2,055,136	2,286,796	-	4,341,932
Contracts to which the Premium Allocation Approach (PAA) was applied	-	264,528	4,671,727	4,936,255
Total revenues from insurance services	2,055,136	2,551,324	4,671,727	9,278,187
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 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	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
Revenues (expenses), net for reinsurance contracts held				
Reinsurance expenses:				
Contracts to which the Premium Allocation Approach (PAA) was not applied				
Amounts relating to changes in assets for remaining coverage (ARC):				
Contractual service margin (CSM) amount recognized in profit or loss for services received	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	290,990	204,726	1,003,234	1,498,950
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	238,838	123,344	525,633	887,815
Total expenses, net for reinsurance contracts held	(52,152)	(81,382)	(477,601)	(611,135)
Income from insurance services	164,662	706,971	865,881	1,737,514

(*) 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

(**) The item includes changes in estimates of fulfillment cash flows made in prior interim periods, which relate to insurance events that occurred in prior interim periods but belong to the same reporting year.

(1) Most of the increase with respect to incurred claims in P&C Insurance in 2025 arises from the property loss subsegment in respect of corporations, which is fully covered by a reinsurer.

NOTE 26A - INVESTMENT AND FINANCE INCOME

	For the year ended December 31, 2025				
	Life insurance and long-term savings	Health Insurance	P&C Insurance	Remaining operating segments	Total
	NIS thousand				
Investment income (losses), net					
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	10,464,125	260,165	-	4,716,494	15,440,784
Income (losses) from other investments, net:					
Other investment income, net	765,913	221,254	378,015	2,195,574	3,560,756
Share in earnings of equity-accounted subsidiaries closely related to the investing activity	12,497	26,909	11,968	70,968	122,342
Total income from other investments, net	778,410	248,163	389,983	2,266,542	3,683,098
Total investment income, net recognized in the income statement	11,242,535	508,328	389,983	6,983,036	19,123,882
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contacts	10,271,436	162,506	-	-	10,433,942
Effects of the risk mitigation option for VFA contracts	104,400	-	-	-	104,400
Interest accrued (a)	617,354	251,351	256,812	-	1,125,517
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	209,469	37,942	44,404	-	291,815
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(46,895)	(985)	-	-	(47,880)
Total finance expenses, net arising from insurance contracts	11,155,764	450,814	301,216	-	11,907,794
Finance income, net arising from reinsurance contracts:					
Interest accrued (a)	36,037	96,537	68,596	-	201,170
Effects of changes in interest rates and other financial assumptions (including inflation assumptions) (b)	21,272	23,290	19,220	-	63,782
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	(16,655)	(3,385)	-	-	(20,040)
Exchange rate differences and other, net	(24,976)	(24,706)	-	-	(49,682)
Total finance income, net arising from reinsurance contracts	15,678	91,736	87,816	-	195,230
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(4,815,342)	(4,815,342)
Total net investment and finance income	102,449	149,250	176,583	2,167,694	2,595,976
Investment gains (losses), net recognized in other comprehensive income	(2,558)	(2,827)	131	(29,820)	(35,074)
Total investment income, net	99,891	146,423	176,714	2,137,874	2,560,902

NOTE 26A - INVESTMENT AND FINANCE INCOME (cont.)

	For the year ended December 31, 2024				
	Life insurance and long-term savings	Health Insurance	P&C Insurance	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 earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	(3,819)	25,420	40,578	41,075	103,254
Total income from other investments, net	885,345	246,916	406,807	1,327,754	2,866,822
Total investment income, net recognized in the income statement	10,517,368	944,463	406,807	4,994,261	16,862,899
Finance expenses, net arising from insurance contracts:					
Change in liabilities for insurance contracts arising from changes in the fair value of underlying items of VFA contacts	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
Effect of the difference between discounting with the current rate and discounting with the original rate of the changes in FCF charged to CSM	-	-	-	-	-
Total finance expenses, net arising from insurance contracts	10,228,231	1,163,825	299,558	-	11,691,614
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
Exchange rate differences and other, net	(46,921)	-	-	-	(46,921)
Total finance income (expenses), net arising from reinsurance contracts	(1,582)	158,713	90,026	-	247,157
Increase in liabilities in respect of investment contracts due to the yield component	-	-	-	(3,763,568)	(3,763,568)
Total income (loss) from investments and financing, net	287,555	(60,649)	197,275	1,230,693	1,654,874
Investment losses, net recognized in other comprehensive income	(6,512)	(1,048)	(2,468)	(16,041)	(26,069)
Total investment income, net, including amounts recognized in other comprehensive income	281,043	(61,697)	194,807	1,214,652	1,628,805

A. In the GMM model, accrued interest includes interest accrued on the CSM balance in accordance with the nominal interest rate curve on the initial recognition date. In addition, the accrued interest includes interest accrued on BE and RA balances in accordance with the nominal interest rate curve at the beginning of the period.

B. The effect of inflation included in this section represents the difference between actual inflation in the period and the expected inflation taken into account in the nominal interest rate curve. In 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 FCF charged to CSM.

NOTE 26B - INVESTMENT INCOME, NET, FINANCE AND OTHER INCOME

	For the year ended December 31, 2025	
	Insurance contracts and yield-dependent investment contracts	Income (losses) from other investments, net
	NIS thousand	
B.1. Interest revenues are calculated using the effective interest method and linkage differences		
Cash and cash equivalents	217,030	115,236
Deposits with banks and financial institutions	-	1,934
Treasury deposits	-	68,882
Corporate bonds	-	1,937
Loans (including investees)	-	158,105
Total	**217,030**	**346,094**
B.2. Other investment income (losses), net		
Net gains (losses) for changes in fair value of investments in financial instruments:		
Deposits with banks and financial institutions	(2,424)	2,899
Government Bonds	309,252	183,094
Corporate bonds	981,522	191,159
Designated bonds	29,819	591,836
Loans (including investees)	217,033	155,230
Other debt instruments	(86,606)	(405)
Shares	6,579,298	965,215
Investments in other equity instruments	2,365,523	(8,873)
Derivative instruments	4,684,942	1,058,973
Other	35,297	98,889
Total	**15,113,656**	**3,238,017**
Other:		
Revenues from investment property:		
Revaluation of investment property, including capital gains (losses)	32,765	9,425
Rental income from investment property	77,333	31,334
Total revenues from investment property	**110,098**	**40,759**
Net gains (losses) for exchange rate differences on investments in debt instruments not measured at fair value through profit or loss and other assets	-	(54,679)
Total	**110,098**	**(13,920)**
Total other investment income (losses), net	**15,440,784**	**3,570,191**
B3. Other gains (losses), net:		
Net losses from impairment of financial assets	-	(9,435)
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	**-**	122,342
Total	**-**	**112,907**
Total investment income (losses), net recognized in profit or loss	**15,440,784**	**3,683,098**

NOTE 26B - INVESTMENT INCOME, NET, FINANCE AND OTHER INCOME (cont.)

	For the year ended December 31, 2024	
	Insurance contracts and yield-dependent investment contracts	Income (losses) from other investments, net
	NIS thousand	
B.1. Interest revenues are calculated using the effective interest method and linkage differences		
Cash and cash equivalents	737,993	89,236
Deposits with banks and financial institutions	-	1,319
Treasury deposits	-	80,309
Corporate bonds	-	5,588
Loans (including investees)	-	199,981
Total	**737,993**	**376,433**
B.2. Other investment income (losses), net		
Net gains (losses) for changes in fair value of investments in financial instruments:		
Deposits with banks and financial institutions	4,015	9,773
Government Bonds	104,931	123,355
Corporate bonds	1,299,480	390,559
Designated bonds	17,512	519,375
Loans (including investees)	649,062	470,510
Other debt instruments	296,153	(61,820)
Shares	4,669,301	323,207
Investments in other equity instruments	3,384,944	510,899
Derivative instruments	2,696,290	244,260
Other	38,291	(207,944)
Total	**13,159,979**	**2,322,174**
Other:		
Revenues from investment property		
Revaluation of investment property, including capital gains (losses)	37,216	5,098
Rental income from investment property	60,889	37,321
Total revenues from investment property	**98,105**	**42,419**
Net gains (losses) for exchange rate differences on investments in debt instruments not measured at fair value through profit or loss and other assets	-	(7,624)
Total	**98,105**	**34,795**
Total other investment income (losses), net	**13,996,077**	**2,733,402**
B3. Other gains (losses), net:		
Net losses from impairment of financial assets	-	30,166
Share in earnings (losses) of equity-accounted subsidiaries closely related to the investing activity	-	103,254
Total	**-**	**133,420**
Total investment income (losses), net recognized in profit or loss	**13,996,077**	**2,866,822**

NOTE 27 - REVENUES FROM MANAGEMENT FEES

	For the year ended December 31	
	2025	2024
	NIS thousand	
Management fees in the Retirement (Pension and Provident) Subsegments	956,237	827,892
Management fees for investment contracts	297,899	213,776
Management fees from mutual funds, ETFs and portfolio management	573,000	460,000
Other management fees	59,869	58,958
Total revenues from management fees	1,887,005	1,560,626

NOTE 28 - REVENUES FROM WEALTH & INVESTMENTS

	For the year ended December 31	
	2025	2024
	NIS thousand	
Revenues from stock exchange and trading services, net	352,000	331,000
Revenues from trust services	74,000	62,000
Total revenues from Wealth & Investments	426,000	393,000

NOTE 29 - REVENUES FROM FACTORING AND ACQUIRING

	For the year ended December 31	
	2025	2024(*)
	NIS thousand	
Revenues under the effective interest method	317,071	265,954
Revenues from aggregator fees and commissions and other	69,070	74,147
Revenues from sale of vouchers	112,483	115,456
Credit loss expenses	(26,838)	(23,344)
Total revenues from factoring and acquiring	471,786	432,213

(*) Reclassified.

NOTE 30 - REVENUES FROM BROKERS & ADVISORS COMMISSIONS

	For the year ended December 31	
	2025	2024
	NIS thousand	
Fees and commissions from Brokers & Advisors	785,627	645,410
Total revenues from Brokers & Advisors commissions	785,627	645,410

NOTE 31 - OTHER OPERATING EXPENSES (EXPENSES AND INCOME CLASSIFIED BY TYPE)

	Comments	For the year ended December 31	
		2025	2024
		NIS thousand	
Operating expenses: (a)			
Cost of claims (b)		5,328,867	4,669,745
Losses (reversal of losses) for groups of onerous insurance contracts		(4,358)	42,923
Purchase fees for agents		733,109	388,446
Salaries and related expenses (see also Note 22 regarding employee benefits and Note 33 regarding share-based payment).		1,799,248	1,675,541
Other fees and commissions		1,452,259	1,404,754
Depreciation and amortization		466,809	460,030
Office maintenance and communications		132,036	99,523
Marketing and advertising		289,308	250,747
Legal and professional advice		96,554	130,518
IT services		243,108	210,333
Other		411,973	345,341
Less indirect claims settlement expenses classified under the claims cost item.		(141,514)	(152,844)
Total operating expenses		10,807,399	9,552,057
Other revenues (expenses), net: (a)			
Loss (gain) on disposal of property, plant, and equipment		(12,806)	546
Impairment loss from intangible assets, goodwill and property, plant, and equipment	Note 13, Note 15	(46,444)	(13,871)
Amortization of intangible assets	Note 15	(118,640)	(112,437)
Gain from of a change in holding rates and disposal of investment in investees	Note 4, Note 11	150,781	2,757
Revenues from consulting services and provision of services		24,168	17,856
Results of Modified-Re reinsurance		(32,513)	(17,327)
Other		(5,113)	36,218
Total other expenses, net		(40,567)	(86,258)
Total		10,847,966	9,638,315
Amounts attributable to insurance acquisition cash flows arising during the period.	Note 21B-C	1,503,386	1,314,750
Amortization of insurance acquisition cash flows	Note 21B	1,287,781	1,055,681
Movement in costs of obtaining investment management service contracts	Note 16	374,646	184,755
Total adjustments for insurance acquisition cash flows and costs to obtain investment management service contracts		3,165,813	2,555,186
Total other expenses, net (C) *		10,257,715	9,194,491
*** Represented by:**			
Expenses from insurance services		7,832,487	6,929,538
Other operating expenses		2,384,661	2,178,695
Other expenses, net		(40,567)	(86,258)
Total salary expenses, net		10,257,715	9,194,491

(a) Operating expenses and other expenses (income) arising from the Company's main business activities and which are integral to the Company's activities.

(b) The cost of claims includes: The amounts of claims incurred in the period and the direct and indirect expenses incurred in respect thereof, including the revisions of the LIC estimate and net of indirect expenses included in the other expenses line items when the actual expense is incurred, a change in the risk adjustment (RA) attributable to the LIC and the release of the loss component (LC) recognized in previous periods.

(c) Expenses from insurance services and other operating expenses include automation expenses for 2025 and 2024 totaling approx. NIS 712 million and approx. NIS 638 million, respectively.

NOTE 32 - OTHER FINANCE EXPENSES

	For the year ended December 31	
	2025	2024
	NIS thousand	
Interest expense and linkage differences in respect of:		
Subordinated notes	278,239	197,890
Bonds and loans	206,344	220,981
Loss (gain) on early redemption	-	1,272
Finance expenses (income) for banking corporations	67,814	66,806
Fees and commissions and other finance expenses	140,640	4,680
Total finance expenses	693,037	491,629

NOTE 33 - SHARE-BASED PAYMENT

A. Expense recognized in the books of accounts

The expense recognized in the financial statements for services received from employees is presented in the following table:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Expense recognized with respect to the Company's share-based payment transactions.	36,016	19,417
Total expense recognized with respect to share-based payment transactions from investees (see Section C-E to the note)	37,290	25,491
Total expense recognized with respect to share-based payment transactions	73,306	44,908

B. Share-based payment of the Company

All allocations described in this subsection B, which were carried out by the Company or the Company's subsidiaries, were made subject to the limits set in the Law of Officer Compensation in Financial Corporations (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016, and the Company's Compensation Policy.

2018 plan

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, in this section - "**Options**") to employees and officers of the Company and companies under its control. The plan was approved under the work income track pursuant to Section 102 to the Income Tax Ordinance.

NOTE 33 - SHARE-BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

2018 plan (cont.)

Performance terms - 2018 plan

The options shall vest subject to the offeree's meeting the following performance conditions, on a cumulative basis:

(1) At least 90% of the adjusted return on equity target - return on equity shall be calculated as the annualized average of the return of comprehensive income on the Company's weighted equity.

The profit target shall be set as part of the annual work plan set by the Company's Board of Directors by March 31 of each calendar year.

The fulfillment of the performance conditions described above shall be calculated as of publication date of the annual consolidated financial statements for each of the vesting years.

If the performance conditions were not fulfilled in a specific year, fulfillment will be measured for each subsequent year after the relevant year until the option's expiry date.

(2) The economic solvency ratio metric - meeting the capital requirements taking into account the transitional period in accordance with the Commissioner's circular of October 2020 regarding provisions for the implementation of Solvency II-based economic solvency regime of insurance companies (hereinafter - the "**Solvency Circular**"). Compliance with the capital requirements to be published in the financial statements will be assessed on vesting date in respect of the three calendar years preceding the vesting date.

An offeree's eligibility for all options vested on a specific vesting date shall be conditional upon cumulatively meeting requirements of the above two metrics. Failure to meet the requirements will result with the offeree's not being eligible for options. If the Company's Board of Directors will change the definitions of the metrics described above as part of the annual compensation plan, these changes shall also apply to the terms of the options.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

2018 Plan (cont.)

Following are the assumptions used by the Company in the fair value measurement of the share options settled with Company's equity instruments in accordance with the 2018 plan:

A. Expected volatility of share price

The expected volatility (standard deviation) was based on the historical volatility of the parent company's share price (based on daily margins). The expected volatility of the share price reflects the assumption that the historical volatility of the share price constitutes a good indication of future volatility.

B. Risk-free interest rate

The interest rate used to calculate the value of the options to offerees is calculated based on a risk-free nominal yield to maturity curve, which is based on the yield of non-linked "Shahar" government bonds.

C. Churn rate (after the vesting period)

The model assumes a certain churn rate of approx. 10% between the vesting date and the expiry of the option. No attrition rate was assumed by the model for the vesting period.

D. Dividend

The exercise price of the options allotted under this plan is adjusted to reflect dividends. Therefore, the calculation of the value of the options does not take into account future distribution of dividends.

Revised 2018 Plan

On June 25, 2024, the Company's Board of Directors approved a revision to the equity compensation plan, which will enable the Company to allocate restricted share units (RSUs) of NIS 1 par value in addition to the allocation of options to offerees. The plan was approved under the work income track.

Performance conditions - restricted share units (RSUs)

The economic solvency ratio metric - The vesting of the RSUs is subject to the Company's compliance with the economic solvency ratio metric - meeting the capital requirements taking into account the transitional period in accordance with the Commissioner's circular of October 2020 regarding provisions for the implementation of Solvency II-based economic solvency regime of insurance companies (hereinafter - the "**Solvency Circular**"). Compliance with the capital requirements to be published in the financial statements will be assessed on vesting date in respect of the three calendar years preceding the vesting date.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026:

1. Allocations in 2019

A. On February 3 2019, 3,876,000 options were allotted to 79 employees of the Company and its subsidiaries. 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 in the 2018 Plan) and the employee's continued employment by the Company. The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 21.35 in respect of the first tranche, NIS 21.99 in respect of the second tranche, and NIS 22.63 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 200% of the price of Company's share on the last trading day before the Award Date (maximum share price of NIS 57.51).

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 per one option was estimated at approx. NIS 3.92 and the total value of options allotted was estimated at approx. NIS 15.2 million as of that date.

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	24.51%	1.03%	March 31, 2021	March 31, 2023
2	23.86%	1.29%	March 31, 2022	March 31, 2024
3	24.56%	1.53%	March 31, 2023	March 31, 2025

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

1. Allocations in 2019 (cont.)

B. On April 30 2019 (hereinafter - the "**Award Date**"), the Company's Board of Directors approved the allotment of 556,000 options. The options were allotted to 12 Company employees (hereinafter - "**Group B**"). The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 22.49 in respect of the first tranche, NIS 23.11 in respect of the second tranche, and NIS 23.72 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 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 per one option was estimated at approx. NIS 3.82 and the total value of options allotted was estimated at approx. NIS 2.1 million as of that date. The options include a benefit limit, whereby the maximum benefit arising to offerees from the exercise of each option shall not exceed 200% of the price of Company's share on the last trading day before the Award Date (maximum share price of NIS 62.49). Except for the exercise price and the benefit limit, the other terms of the option are identical to the terms of the 2018 plan.

C. On October 30 2019 (hereinafter - the "**Award Date**"), the Company's Board of Directors approved the allotment of 200,000 options. The options were allotted to two Company officers (hereinafter - "**Group C**"). The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 23.68 in respect of the first tranche, NIS 24.33 in respect of the second tranche, and NIS 24.99 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 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 per one option was estimated at approx. NIS 3.31 and the total value of options allotted was estimated at approx. NIS 0.66 million as of that date. The options include a benefit limit, whereby the maximum benefit arising to offerees from the exercise of each option shall not exceed 200% of the price of Company's share on the last trading day before the Award Date (maximum share price of NIS 63.84). Except for the exercise price and the benefit limit, the other terms of the option are identical to the terms of the 2018 plan.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

1. Allocations in 2019 (cont.)

D. Forced exercise - In accordance with the options plan, in which it is determined that the maximum benefit that will arise to the offerees from the exercise of each option will not exceed a maximum share price. During the reporting period and subsequent to the balance sheet date, forced exercise of the outstanding balance of the third tranche options was carried out.

2. Allocations in 2020

A. On September 15, 2020, the Company's Board of Directors approved the allotment of 5,228,000 options to 76 of the Group's employees, officers, and service providers of the Company and Group Companies. 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 in the 2018 Plan) and the employee's continued employment by the Company. The exercise price of each option (adjusted to reflect dividends) is NIS 17 in respect of the first tranche, NIS 18 in respect of the second tranche, and NIS 19 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 the price of Company's share on the day before the allotment (NIS 15.17). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 32.17 for the first tranche, NIS 33.17 for the second tranche, and NIS 34.17 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 2.12, and the total value of the options allotted was estimated at that date at approx. NIS 11 million.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

2. Allocations in 2020 (cont.)

A. (cont.)

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price (*)	Risk-free interest rate	Vesting date	Expiry date
1	30.31%	0.13%	April 7, 2022	April 7, 2023
2	28.82%	0.21%	April 7, 2023	April 7, 2024
3	27.78%	0.32%	April 7, 2024	April 7, 2025

(*)The expected volatility (standard deviation) was based on the historical volatility of the Company's share price (based on daily margins). The expected volatility of the share price reflects the assumption that the historical volatility of the share price constitutes a good indication of future volatility. However, due to the coronavirus crisis, the standard deviation of the yield in March 2020 was approx. 80% and in April - approx. 59%; as a result, the appraiser estimated that the aforesaid measurement includes one-time components relating to the coronavirus crisis, in respect of which the calculation of standard deviation should be adjusted. The adjustment of the yield's standard deviation was carried out by giving low weight to the observations (daily change rates) from March 2020 and April 2020. Observations from March were given a weight of 33.3% and observations from April were given weight of 66.7%, while all other observations in the entire relevant period were given a weight of 100%.

The resulting standard deviation rates are lower by approx. 1.49%-2.35% than the standard deviation rates prior to the adjustments.

Except for the aforesaid, the other terms of the options are identical to the terms of the 2018 plan.

B. Options awarded to the Company's CEO - on September 15 2020, the Company's Board of Directors approved the allotment of 350,000 options to the Company's CEO. On October 22 2020, the Company's general meeting approved the said allotment of options. The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 17 in respect of the first tranche, NIS 18 in respect of the second tranche, and NIS 19 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.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

2. Allocations in 2020 (cont.)

B. (cont.)

The options include a benefit limit, whereby the maximum benefit arising to offeree from the exercise of each option shall not exceed the price of Company's share on the day before the allotment (NIS 17.69). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 34.69 for the first tranche, NIS 35.69 for the second tranche, and NIS 36.69 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 per one option was estimated at approx. NIS 3.37 and the total value of options allotted was estimated at approx. NIS 1.2 million.

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	30.74%	0.11%	April 7, 2022	April 7, 2023
2	28.73%	0.20%	April 7, 2023	April 7, 2024
3	28.19%	0.29%	April 7, 2024	April 7, 2025

The assumptions used in measuring the fair value of the share options settled using the Company's equity instruments, and the performance terms applicable to the options' vesting are identical to Section A above.

C. Forced exercise - in accordance with the options plan, in which it is determined that the maximum benefit which will arise to the offerees from the exercise of each option will not exceed a maximum share price; during 2024, there was a forced exercise of the remaining options from the first and second tranche.

3. Allocations in 2021

A. On May 26 2021, the Company's Board of Directors approved the allotment of 3,849,000 options to 126 of the Group's employees, officers and service providers in the Company and Group Companies. 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 in the 2018 Plan) and the employee's continued employment by the Company.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

3. Allocations in 2021 (cont.)

A. (cont.)

The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 33.5 in respect of the first tranche, NIS 35 in respect of the second tranche, and NIS 36.5 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 31.89). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 49.45 for the first tranche, NIS 50.95 for the second tranche, and NIS 52.45 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 4.3, and the total value of the options allotted was estimated at that date at approx. NIS 17 million.

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price (*)	Risk-free interest rate	Vesting date	Expiry date
1	30.56%	0.28%	April 7, 2023	April 7, 2024
2	28.80%	0.43%	April 7, 2024	April 7, 2025
3	28.24%	0.64%	April 7, 2025	April 7, 2026

(*) The expected volatility (standard deviation) was based on the historical volatility of the Company's share price (based on daily margins). The expected volatility of the share price reflects the assumption that the historical volatility of the share price constitutes a good indication of future volatility. However, due to the coronavirus crisis, the standard deviation of the yield in March 2020 was approx. 80% and in April - approx. 59%; as a result, the appraiser estimated that the aforesaid measurement includes one-time components relating to the coronavirus crisis, in respect of which the calculation of standard deviation should be adjusted. The adjustment of the yield's standard deviation was carried out by giving low weight to the observations (daily change rates) from March 2020 and April 2020. Observations from March were given a weight of 33.3% and observations from April were given weight of 66.7%, while all other observations in the entire relevant period were given a weight of 100%. The resulting standard deviation rates are lower by approx. 1.37%-2.07% than the standard deviation rates prior to the adjustments.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

3. Allocations in 2021 (cont.)

A. (cont.)

Except for the aforesaid, the other terms of the option are identical to the terms of the 2018 plan.

B. Options awarded to the Company's CEO - on May 26 2021, the Company's Board of Directors approved the allotment of 88,000 options to the Company's CEO. On July 5 2021, the Company's general meeting approved the said allotment of options. The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 33.5 in respect of the first tranche, NIS 35 in respect of the second tranche, and NIS 36.5 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 eve of the Board of Directors' approval (NIS 32.49). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 49.45 for the first tranche, NIS 50.95 for the second tranche, and NIS 52.45 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 per one option was estimated at approx. NIS 4.47 and the total value of options allotted was estimated at approx. NIS 0.4 million.

Following are the assumptions used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	31.37%	0.18%	April 7, 2023	April 7, 2024
2	29.49%	0.32%	April 7, 2024	April 7, 2025
3	28.75%	0.47%	April 7, 2025	April 7, 2026

All other assumptions used in measuring the fair value of the share options settled using the Company's equity instruments, and the performance terms applicable to the options' vesting are identical to Section A above.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

4. Allocations in 2021 (cont.)

C. Forced exercise - in accordance with the options plan, in which it is determined that the maximum benefit which will arise to the offerees from the exercise of each option will not exceed a maximum share price; during the reporting period, there was a forced exercise of the remaining options from the first and third tranche.

4. Allocations in 2022

A. On January 31 2022, the Company's Board of Directors approved the allotment of 4,793,593 options to 178 of the Group's employees, officers and service providers of the Company and Group Companies. 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 in the 2018 Plan) and the employee's continued employment by the Company.

The exercise price of each option is NIS 40.5 in respect of the first tranche, NIS 41.5 in respect of the second tranche, and NIS 43.5 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 an average 45% of the price of Company's share on the eve of the Board of Directors' approval (NIS 37.55). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 52.5 for the first tranche, NIS 54.5 for the second tranche, and NIS 56.5 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 4.18, and the total value of the options allotted was estimated at that date at approx. NIS 20 million.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

4. Allocations in 2022 (cont.)

A. (cont.)

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	33.64%	0.42%	April 1, 2023	April 10, 2025 in lieu of June 1, 2024 (*)
2	32.16%	0.60%	April 1, 2024	10.04.2025
3	30.31%	0.79%	April 1, 2025	April 10, 2026

(*) See Section C below.

Except for the aforesaid, the other terms of the option are identical to the terms of the 2018 plan.

B. Options awarded to the Company's CEO - on March 8 2022, the Company's General Meeting approved the allotment of 90,000 options to the Company's CEO. The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 40.5 in respect of the first tranche, NIS 41.5 in respect of the second tranche, and NIS 43.5 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 an average 45% of the price of Company's share on the eve of the Board of Directors' approval (NIS 37.55). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 52.5 for the first tranche, NIS 54.5 for the second tranche, and NIS 56.5 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 per one option was estimated at approx. NIS 4.05 and the total value of options allotted was estimated at approx. NIS 0.4 million.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

4. Allocations in 2022 (cont.)

B. (cont.)

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	34.41%	0.96%	April 1, 2023	April 10, 2025 in lieu of June 1, 2024 (*)
2	32.63%	1.17%	April 1, 2024	10.04.2025
3	30.77%	1.27%	April 1, 2025	April 10, 2026

(*) See Section C below.

All other assumptions used in measuring the fair value of the share options settled using the Company's equity instruments, and the performance terms applicable to the options' vesting are identical to Section A.

C. On April 24, 2024, the Company's Board of Directors approved - after the approval of the Compensation Committee - the postponement of the deadline for the exercise of the first tranche from June 1, 2024 to April 10, 2025. These options vested on April 1, 2023.

The incremental fair value was calculated based on an appraisal received from an external appraiser calculated using the binomial model. The incremental fair value per one option was estimated at approx. NIS 2.7 and the total value of the benefit, which was recognized as an expense in the reporting period, was estimated at approx. NIS 3.8 million as of that date. Out of this amount, the value of the benefit to the CEO is approx. NIS 82 thousand; the Compensation Committee decided in respect of the CEO that the suggested change regarding the extension of the exercise period constitutes an immaterial change in relation to his existing service and employment terms. For further details regarding the postponement of the exercise date, see the Company's report of April 24, 2024 (Ref. No.: 2024-01-040690).

D. Forced exercise - In accordance with the options plan, in which it is determined that the maximum benefit that will arise to the offerees from the exercise of each option will not exceed a maximum share price. During the reporting period, a forced exercise of the balance of the Second Tranche and Third Tranche options was executed.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

5. Allocations in 2023

A. On January 27 2023, the Company's Board of Directors approved the allotment of 3,154,398 options to 142 of the Group's employees, officers and service providers in the Company and Group Companies. 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 in the 2018 Plan) and the employee's continued employment by the Company.

The exercise price of each option is NIS 41.5 in respect of the first tranche, NIS 42.5 in respect of the second tranche, and NIS 43.5 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 an average 45% of the price of Company's share on the eve of the Board of Directors' approval (NIS 38.09). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 57 for the first tranche, NIS 60 for the second tranche, and NIS 63 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 6.12, and the total value of the options allotted was estimated at that date at approx. NIS 19 million.

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	29.29%	4.13%	September 1, 2024	October 1, 2025
2	30.68%	3.93%	September 1, 2025	June 27, 2026
3	32.61%	3.78%	September 1, 2026	June 27, 2027

Except for the aforesaid, the other terms of the option are identical to the terms of the 2018 plan.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

5. Allocations in 2023 (cont.)

B. Options awarded to the Company's CEO - on August 2, 2023, the Company's General Meeting approved the allotment of 57,190 options to the Company's CEO. The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 41.5 in respect of the first tranche, NIS 42.5 in respect of the second tranche, and NIS 43.5 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 an average 45% of the price of Company's share on the eve of the Board of Directors' approval (NIS 37.80). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 57 for the first tranche, NIS 60 for the second tranche, and NIS 63 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 per one option was estimated at approx. NIS 5.87 and the total value of options allotted was estimated at approx. NIS 0.3 million.

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	29.87%	4.16%	September 1, 2024	October 1, 2025
2	29.55%	4.01%	September 1, 2025	June 27, 2026
3	32.85%	3.89%	September 1, 2026	June 27, 2027

All other assumptions used in measuring the fair value of the share options settled using the Company's equity instruments, and the performance terms applicable to the options' vesting are identical to Section A.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

5. Allocations in 2023 (cont.)

C. Forced exercise - In accordance with the options plan, in which it is determined that the maximum benefit that will arise to the offerees from the exercise of each option will not exceed a maximum share price. During the reporting period, a forced exercise of the outstanding balance of the First Tranche and Second Tranche options was executed.

6. Allocations in 2024

A. On August 21, 2024, the Company's Board of Directors approved the allocation of RSUs to employees of the Company and its subsidiaries, some of whom are Company officers, and to service providers of the Company (hereinafter - the "**Offerees**") a total of up to approx. 760 thousand unlisted RSUs, at a par value of NIS 1, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). Under the theoretical assumption of all RSUs being exercised, the resulting shares and taking into account the Company's issued and paid up share capital as of the approval date by the Board of Directors, shall constitute approx. 0.3% of the Company's issued and paid-up share capital and voting rights (and approx. 0.3%, respectively, fully diluted). The RSUs shall vest in two tranches: first tranche - two-thirds, second tranche - one third, after two years and three years, respectively, 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 its adjustment to the dividends expected during the vesting period, while using the assumption of an average dividend yield rate of approx. 6% per year and a risk-free interest of 4.3%. The average value of one restricted share unit was estimated at approx. NIS 32.3, and the total value of the RSUs was estimated at approx. NIS 24.6 million. During 2024, approx. 724 thousand RSUs were allocated.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

6. Allocations in 2024 (cont.)

B. On September 29, 2024, the Company's General Meeting approved the allocation of 3,098 restricted share units (RSUs) at a par value of NIS 1 per RSU; they are not listed, offered without cash consideration to the Company's CEO. The terms of the option and the assumptions made in the calculation of the fair value are identical to those set in Section A above. 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 its adjustment to the dividends expected during the vesting period, while using the assumption of an average dividend yield rate of approx. 6% per year and a risk-free interest of 4.35%. The average value of one restricted share unit was estimated at approx. NIS 35.9, and the total value of the RSUs was estimated at approx. NIS 111 thousand.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

7. Allocations in 2025

A. On March 12, 2025, the Company's Board of Directors approved the allocation of RSUs to employees of the Company and 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 unlisted RSUs, at a par value of NIS 1, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). Under the theoretical assumption of all RSUs being exercised, the resulting shares and taking into account the Company's issued and paid up share capital as of the approval date by the Board of Directors, shall constitute approx. 0.09% of the Company's issued and paid-up share capital and voting rights (and approx. 0.09%, respectively, fully diluted). 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 its adjustment to the dividends expected during the vesting period, while using the assumption of an average dividend yield rate of approx. 6% per year and a risk-free interest of 4.1%. The average value of one restricted share unit was estimated at approx. NIS 57.5, and the total value of the RSUs was estimated at approx. NIS 11 million. During 2025, approx. 167 thousand RSUs were allocated. On March 12, 2026, the first tranche out of the abovementioned shares has vested, and accordingly, the Company issued a total of 50,191 shares.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

7. Allocations in 2025 (cont.)

B. On March 12 2025, the Company's Board of Directors approved the allotment of 1,324 thousand options to 144 offerees, including the Company's CEO, officers and service providers in the Company and Group Companies. 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 is NIS 71.3 in respect of the first tranche, NIS 72.9 in respect of the second tranche, and NIS 74.5 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 eve of the Board of Directors' approval (NIS 64.8). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 97.2 for the first tranche, NIS 102.1 for the second tranche, and NIS 106.9 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 11.3, and the total value of the options was estimated at that date at approx. NIS 15 million. During 2025, approx. 1,200 thousand options were allocated.

The performance conditions are as detailed below:

1. Solvency ratio - in accordance with the 2018 plan, as detailed above.

2. Normalized earnings per share target - at a rate of at least 70% of the normalized earnings per share target set.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

7. Allocations in 2025 (cont.)

B. (cont.)

Following are inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	28.1%	4.16%	May 1, 2026	May 1, 2027
2	29.43%	4.16%	May 1, 2027	May 1, 2028
3	28.49%	4.18%	May 1, 2028	May 1, 2029

Except for the aforesaid, the other terms of the option are identical to the terms of the 2018 plan.

C. Further to the above, out of the option allocation approved on March 12, 2025, by the Company's General Meeting, 39,788 options were granted to the Company's CEO. The exercise price of each option as of Award Date (adjusted to reflect dividends) is NIS 71.3 in respect of the first tranche, NIS 72.9 in respect of the second tranche, and NIS 74.5 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 eve of the Board of Directors' approval (NIS 68.12). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 97.2 for the first tranche, NIS 102.1 for the second tranche, and NIS 106.9 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 per one option was estimated at approx. NIS 12.72 and the total value of options allotted was estimated at approx. NIS 506 thousand.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

7. Allocations in 2025 (cont.)

C. (cont.)

Inputs used in the fair value measurement of the share options settled with Company's equity instruments:

Tranche	Expected volatility of share price	Risk-free interest rate	Vesting date	Expiry date
1	29.98%	4.07%	May 1, 2026	May 1, 2027
2	30.33%	4.14%	May 1, 2027	May 1, 2028
3	29.42%	4.18%	May 1, 2028	May 1, 2029

Except for the aforesaid, the other terms of the option are identical to the terms of the 2018 plan.

D. On June 12, 2025, the Company's Board of Directors approved the allocation of restricted share units (RSUs) to employees of the Company and its subsidiaries, some of whom are Company officers, and to service providers of the Company (hereinafter - the "**Offerees**") a total of up to approx. 781 thousand unlisted RSUs, at a par value of NIS 1, offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). Under the theoretical assumption of all RSUs being exercised, the resulting shares and taking into account the Company's issued and paid up share capital as of the approval date by the Board of Directors, shall constitute approx. 0.3% of the Company's issued and paid-up share capital and voting rights (and approx. 0.3%, respectively, fully diluted). 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 its adjustment to the dividends expected during the vesting period, while using the assumption of an average dividend yield rate of approx. 6% per year and a risk-free interest of 4.3%. The average value of one restricted share unit was estimated at approx. NIS 67.64, and the total value of the RSUs was estimated at approx. NIS 52.8 million. During 2025, approx. 778 thousand RSUs were allocated.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

8. Allocations in 2026 - subsequent to the balance sheet date

A. On March 25, 2026, the Company's Board of Directors approved - after obtaining the approval of the Compensation Committee - the allocation of restricted share units (RSUs) 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. 149 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. 3.5% per year. The average value of one restricted share unit was estimated at approx. NIS 154.84, and the total value of the RSUs was estimated at approx. NIS 23.1 million.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

8. Allocations in 2026 - Subsequent to the balance sheet date (cont.)

B. On March 25, 2026, 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. 341 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 182.6 in respect of the first tranche, NIS 186.75 in respect of the second tranche, and NIS 190.9 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 166). Therefore, the maximum share price for the purpose of calculating the benefit is NIS 249 for the first tranche, NIS 261.45 for the second tranche, and NIS 273.9 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 24.62, and the total value of the options was estimated at that date at approx. NIS 8.4 million. Assumptions used to measure the fair value of the options are in line with the 2018 Plan except for the churn rate after the vesting period, which was calculated at a rate of 5% and the expected volatility in the share price, which was based on the historical volatility of the share price according to monthly intervals.

In addition, the Board of Directors approved an allocation of approx. 18.3 thousand options to the Company's CEO, subject to the approval of an Extraordinary General Meeting of the Company. As of the report publication date, the General Meeting has not yet been held.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

8. Allocations in 2026 - Subsequent to the balance sheet date (cont.)

B. (cont.)

The performance conditions are as detailed below:

1. Solvency ratio - in accordance with the 2018 plan, as detailed above.

2. Normalized earnings per share target - at a rate of at least 70% of the normalized earnings per share target set.

9. Movement during the year - Share-based payment of the Company

A. Movement from share-based payment transactions of the Company from options

Following is a table presenting the number of share options, the weighted average of their exercise price, and the changes made in the employee option plans during the current year:

	2025		2024	
	Number of Options	Weighted Average of Adjusted Exercise Price	Number of Options	Weighted Average of Adjusted Exercise Price
Movement from share-based payment transactions of the Company from options				
Share options as of beginning of year	6,225,343	40.88	13,064,761	43.40
Share options granted during the year	1,200,000	42.50	-	-
Share options exercised during the year	(5,137,708)	33.52	(6,441,897)	25.32
Share options forfeited/expired during the year	(157,775)	39.55	(397,521)	37.50
Share options as of end of year	2,129,860	53.94	6,225,343	40.88
Exercisable share options as of end of the year	-	-	1,845,630	35.86

A. The weighted average of the remaining contractual life of the share options as of December 31, 2025 is 1.96 years (2024 - 1.32 years).

B. For details regarding dividend distributions - see Note 24H.

NOTE 33 - SHARE BASED PAYMENT (cont.)

B. Share-based payment of the Company (cont.)

Allocations for 2019-2026: (cont.)

9. Movement during the year - Share-based payment of the Company

B. Movement from share-based payment transactions of the Company from RSUs

	2025	2024
	No. of shares	
Movement from share-based payment transactions of the Company from RSUs		
Restricted shares as of the beginning of the year	713,999	-
Restricted shares awarded during the year	948,162	727,633
Restricted shares forfeited during the year	(108,879)	(13,634)
Restricted shares as of the end of the year	1,553,282	713,999
Restricted shares exercisable until the end of the year	-	-

The weighted average of the remaining contractual life of the RSUs as of December 31, 2025 is 1.23 years (as of December 31, 2024 is 1.98 years).

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees

1. Gama

A. In January and March 2024, Gama's Board of Directors approved an award of 5,033,585 options to Gama's shares to employees and officers of Gama. In addition, Gama's Board of Directors approved the allocation of 1,049,613 options to officers, who are not employees of the Company, and to employees of related companies of the Company. Furthermore, the Company's Board of Directors approved an allotment of up to 1,207,146 options for future award. Out of the total number of options allocated as described above, 156,325 options were allocated to the Chairman of the Company's Board of Directors, and 223,322 options were allocated to the Company's CEO. The award of options to the Company's Chairman and CEO was approved in an extraordinary general meeting of the Company held on March 2, 2024. For further details, see the immediate report dated March 7, 2024 (Ref. No. 2024-01-020488). On August 26, 2024, the Company allotted 886,280 illiquid and non-transferable options, exercisable into 886,280 ordinary shares of the Company of NIS 0.01 par value each, without consideration, to Gama's CEO and CFO, as a private offering out of the pool of options for future awards set as mentioned above. The fair value of the offered options was calculated by an external appraiser using Black Scholes Merton (B-S-M) model. The average value of one option was estimated at approx. NIS 4.142, and the total value of the options allotted was estimated at that date at approx. NIS 29 million. The fair value as of the award date, was based on the following assumptions: The value of the underlying asset per share - in accordance with the value of Gama's share capital, as estimated by the same appraiser and the share capital as of the award date, risk-free interest of 4.15% and standard deviation of 31.86%. As of December 31, 2025 the underlying asset was valued at NIS 16.27 per share of Gama.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

1. Gama (cont.)

A. (cont.)

Following are data of the share options settled with Gama's equity instruments:

Allocation date	Tranche	Adjusted exercise price	Vesting date	Expiry date
February 1, 2024	1	12.89	January 31, 2026	January 31, 2029
February 1, 2024	2	13.39	January 31, 2027	January 31, 2029
February 1, 2024	3	13.89	January 31, 2028	January 31, 2029
July 1, 2024	1	13.18	June 30, 2026	June 30, 2029
July 1, 2024	2	13.68	June 30, 2027	June 30, 2029
July 1, 2024	3	14.18	June 30, 2028	June 30, 2029
September 1, 2024	1	13.18	August 1, 2026	August 1, 2029
September 1, 2024	2	13.68	August 1, 2027	August 1, 2029
September 1, 2024	3	14.18	August 1, 2028	August 1, 2029
April 1, 2025	1	15.58	April 1, 2027	April 1, 2030
April 1, 2025	2	16.19	April 1, 2028	April 1, 2030
April 1, 2025	3	16.72	April 1, 2029	April 1, 2030

B. On April 15, 2025, the Company allotted 382,439 illiquid and non-transferable options, exercisable into 382,439 ordinary shares of the Company of NIS 0.01 par value each, without consideration, to four offerees who are employees of the Company, as a private offering out of the pool of options for future awards as planned. The fair value of the offered options was calculated by an external appraiser using binomial model. The average value per one option was estimated at approx. NIS 4.772 and the total value of options allotted was estimated at approx. NIS 29 million as of that date. The fair value as of the award date, was based on the following assumptions: The value of the underlying asset per share - in accordance with the value of Gama's share capital, as estimated by the same appraiser and the share capital as of the award date, risk-free interest of 4.48% and standard deviation of 31.86%. As of December 31, 2025 the underlying asset was valued at NIS 27.16 per share of Gama.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

2. Phoenix Investment House

In June 2023, after approval by the Board of Directors of Phoenix Investment House, the Company's Board of Directors and their respective Compensation Committees, (illiquid) options were allocated to employees of Phoenix Investment House 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 which were allocated a total of 1,285,797 (each option is convertible into one ordinary share), which constitute approx. 7.2% of the fully diluted issued capital of Phoenix Investment House. Out of the total number of options allocated as described above, 63,321 options were allocated to the Chairman of the Company's Board of Directors, and 78,771 options were allocated to the Company's CEO. The award of options to the Company's Chairman and CEO was approved in an extraordinary general meeting of the Company held on August 2, 2023. For further details, see the immediate reports dated June 28, 2023 and August 2, 2023 (Ref. Nos.: 2023-01-060334 and 2023-01-088974, respectively).

The fair value of the offered options was calculated by an external appraiser using Black Scholes model. The average value of one option was estimated at approx. NIS 16.62, and the total value of the options allotted was estimated at that date at approx. NIS 21 million.

In August 2024, the Board of Directors of Phoenix Investment House approved the allocation of (illiquid) options to employees and officers of Phoenix Investment House Group (hereinafter - the "**Offerees**"); the total number of options allocated was 200,000, which constitute approx. 1% of the fully diluted issued capital of Phoenix Investment House.

The fair value of the offered options was calculated by an external appraiser using Black Scholes model. The average value per one option was estimated at approx. NIS 23.95 and the total value of options allotted was estimated at approx. NIS 5 million as of that date.

The fair value calculated 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 Investment House's share capital, as estimated by the same appraiser and the share capital as of the award date; as from July 2023 - risk-free interest rate of 3.86% and an average standard deviation of 35.95% and as from August 2024 - a risk-free interest rate of 4.34% and an average standard deviation of 29%.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

2. Phoenix Investment House (cont.)

As of December 31, 2025 the underlying asset was valued at NIS 177.26 per share of Phoenix Investment House.

Following are data of the share options settled with Phoenix Investment House's equity instruments:

Allocation date	Tranche	Dividend-adjusted exercise price	Vesting date	Expiry date
June 22, 2023	1	40.83	April 1, 2025	May 1, 2027
June 22, 2023	2	40.83	April 1, 2026	May 1, 2027
June 22, 2023	3	40.83	April 1, 2027	May 1, 2027
August 9, 2023	1	40.83	April 1, 2025	May 1, 2027
August 9, 2023	2	40.83	April 1, 2026	May 1, 2027
August 9, 2023	3	40.83	April 1, 2027	May 1, 2027
September 1, 2024	1	77.37	September 1, 2025	December 31, 2027
September 1, 2024	2	77.37	September 1, 2026	December 31, 2027
September 1, 2024	3	77.37	September 1, 2027	December 31, 2027

In September 2025, following the approval of the Company's Audit Committee and Board, and under the Company's strategy to achieve growth in its Asset Management Activity, it executed a uniform offering to acquire shares from minority shareholders of the Investment House, employees and officers thereof and employees and officers of Phoenix group (hereinafter - the "**Offerees**"), who became Investment House shareholders subsequent to the vesting of share options there were awarded.

The offering was partially taken up by some of the Offerees at a total of approx. NIS 17 million out of a potential acquisition of shares totaling approx. NIS 70 million. The acquisition was executed in consideration for the shares' fair value, as determined based on an external appraisal.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

2. Phoenix Investment House (cont.)

Allocations in 2026 - subsequent to the balance sheet date

On March 16, 2026, after approval by the Board of Directors of Phoenix Investment House, the Company's Board of Directors and their respective Compensation Committees, (illiquid) options were allocated to employees of Phoenix Investment House 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 801.8 thousand. 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 for dividends), is NIS 230.43 for all tranches. The fair value is calculated based on an appraisal received from an external appraiser, which totaled approx. NIS 32.5 million. Out of the value of the allocation as detailed above, approx. 4.93 thousand options will be allocated to the Chairman of the Company's Board of Directors and 3.7 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. 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 Investment House's share capital, as estimated by the same appraiser and the share capital as of the award date, a risk-free interest rate of 3.79% and a standard deviation of approx. 33.1%. The value of the underlying asset is NIS 177.26 per Phoenix Investment House share as of December 31, 2025.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

3. Phoenix Agencies

In June 2023, Phoenix Agencies' Board of Directors approved an award of 1,022,789 options to Phoenix Agencies' shares to employees and officers of Phoenix Agencies and other Group companies. The total value of the options is estimated at approx. NIS 60 million. During 2024, a total of approx. 928 thousand options were allocated. Of the value of the abovementioned allocation, options valued at approx. NIS 31.8 thousand were allocated to the Chairman of the Company's Board, and options valued NIS 8.4 thousand were allocated to the Company's CEO. The award of options, as part of the approval of the compensation terms and conditions, to the Company's Chairman and CEO was approved in an extraordinary general meeting of the Company held on September 29, 2024. The fair value of the allocated options was calculated by an external appraiser using binomial model. The fair value per one option was estimated at approx. NIS 59.83 and the total options allocated are estimated at the same fair value calculated as of the award date, was based on the following assumptions: The value of the underlying asset per share- in accordance with the value of Phoenix Agencies' 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 between 20% and 21%.

As of December 31, 2024 the underlying asset was valued at NIS 233-258 per share of Phoenix Agencies.

In March 2025, the Phoenix Agencies' Board of Directors approved an additional allocation of approx. 25 thousand options. The fair value of the allocated options was calculated by an external appraiser using binomial model. The average value per one option was estimated at approx. NIS 52.4 and the total value of options allotted was estimated at approx. NIS 1.3 million as of that date.

The calculated fair value as of the award date, was based on the following assumptions: The value of the underlying asset per share- in accordance with the value of Phoenix Agencies' 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 between 20% and 21%. As of December 31, 2025 the underlying asset was valued between NIS 317 and NIS 354 per share of Phoenix Agencies.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

3. Phoenix Agencies

Following are data of the share options settled with Phoenix Agencies' equity instruments allocated during the reporting period:

Allocation date	Tranche	Dividend-adjusted exercise price	Vesting date	Expiry date
June 2, 2024	1	176.61	June 2, 2026	March 31, 2028
June 2, 2024	2	176.61	June 2, 2027	March 31, 2029
June 2, 2024	3	176.61	June 2, 2028	March 31, 2030
June 2, 2024	1	213.61	June 2, 2026	March 31, 2028
June 2, 2024	2	225.61	June 2, 2027	March 31, 2029
June 2, 2024	3	237.61	June 2, 2028	March 31, 2030
August 18, 2024	1	213.61	August 18, 2026	March 31, 2028
August 18, 2024	2	225.61	August 18, 2027	March 31, 2029
August 18, 2024	3	237.61	August 18, 2028	March 31, 2030
November 21, 2024	1	221.95	November 21, 2026	September 19, 2028
November 21, 2024	2	233.95	November 21, 2027	September 19, 2029
November 21, 2024	3	254.95	November 21, 2028	September 19, 2030
March 11, 2025	1	247.95	March 11, 2027	January 11, 2028
March 11, 2025	2	261.95	March 11, 2028	January 11, 2029
March 11, 2025	3	274.95	March 11, 2029	January 11, 2030

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

3. Phoenix Agencies

Allocations in 2026 - subsequent to the balance sheet date

A. On February 18, 2026, Phoenix Agencies' Board of Directors approved the allocation of approx. 380 thousand restricted share units, of which a total of up to approx. 259.9 thousand RSUs - which are not listed for trading - were allocated 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**"), offered without cash consideration (offered in consideration of work or services provided by the Offerees to the Company). The RSUs for employees will vest in four equal tranches; the average value per one RSU was estimated at approx. NIS 266.3.The RSUs for Phoenix Agencies' officers will vest in one tranche; the average value per one RSU was estimated at approx. NIS 265.6, subject to the employee's continued employment with the Company. The fair value of the RSUs was determined in accordance with the fair value of one ordinary share of the Company, as determined in the valuation carried out by an independent external appraiser. The fair value of the RSUs calculated as of the award date was based on the following assumptions: The value of the underlying asset per share - in accordance with the value of Phoenix Agencies' equity, as estimated by the appraiser, an annual discount rate of approx. 3.4%, and a dividend yield of approx. 6.6%. The total value of the RSUs awarded is estimated at approx. NIS 70 million. As of December 31, 2025 the underlying asset was valued between NIS 317 and NIS 354 per share of Phoenix Agencies.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

3. Phoenix Agencies

Allocations in 2026 - subsequent to the balance sheet date

B. On February 18, 2026, Phoenix Agencies' Board of Directors approved an allocation of 620.2 thousand options, of which illiquid options were awarded to employees of Phoenix Agencies and other Company subsidiaries, some of whom are Company officers, and to service providers of the Company (hereinafter - the "**Offerees**") - a total of 564 thousand options. The options allocated to non-executive employees of Phoenix Agencies and other Company subsidiaries will vest in four equal tranches; options allocated to Company officers will vest in one tranche at the end of the third year. The average exercise price of the options allocated to Phoenix Agencies' employees is approx. NIS 389. The exercise price of each option allocated to officers is approx. NIS 385. The total fair value of the options awarded in accordance with the valuation received from an external appraiser totaled approx. NIS 34.3 million. Out of the value of the abovementioned allocation, the Company's CEO will be allocated a total of approx. 6.7 thousand options and the Chairman of the Company's Board of Directors will be allocated a total of approx. 10.4 thousand options. The fair value was calculated based on the following assumptions: The value of the underlying asset per share - according to the value of Phoenix Agencies' share capital, as estimated by the same appraiser, a risk-free interest rate of 3.4% and standard deviation of 19.6%-19.7%. As of December 31, 2025 the underlying asset was valued between NIS 317 and NIS 354 per share of Phoenix Agencies.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

3. Phoenix Capital Partners

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 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; as of the report publication date the abovementioned meeting has not yet taken place. 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 December 31, 2025 was estimated in the range of NIS 3.7 to NIS 3.7 per share of Phoenix Capital Partners.

NOTE 33 - SHARE BASED PAYMENT (cont.)

C. Share-based payment of investees (cont.)

3. Phoenix Capital Partners (cont.)

Allocations in 2026 - subsequent to the balance sheet date

On March 24, 2026, the Board of Directors of Phoenix Capital Partners, the Company's Board of Directors and their respective Compensation Committees approved the allocation of (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 approx. 9,610 thousand. The options shall vest in three equal tranches. The first, second and third tranches will vest after two, three and four years, respectively. The average exercise price of an option is NIS 3.51. The fair value is calculated based on an appraisal received from an external appraiser, which totaled approx. NIS 9.03 million. Of which, approx. 425 thousand options will be allocated to the Chairman of the Company's Board of Directors and approx. 372 thousand options will be allocated to the Company's CEO, subject to the approval of the Company's Extraordinary General Meeting. As of the report publication date, the General Meeting has not yet convened. The calculated fair value 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 3.8% and a standard deviation of approx. 26.9%; the value of the underlying asset as of the date of approval by the Board of Directors was estimated in the range of NIS 3 to NIS 3.5 per share of Phoenix Capital Partners.

NOTE 34 - EARNINGS PER SHARE

Calculation of the basic diluted earnings per share was based on the net income attributable to the shareholders divided by the weighted average of the number of the outstanding ordinary shares, as follows:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Profit attributable to Company's shareholders	3,222,714	2,391,031

Weighted average of the number of ordinary shares	For the year ended December 31	
	2025	2024
	No. of shares (in thousands)	
	NIS 1 p.v.	
Balance as of January 1	250,656	253,091
Effect of Company Shares held by the Company (*)	451	(2,384)
Effect of shares issued in the year	1,080	1,356
Weighted average number of ordinary shares used in calculation of basic earnings per share as of December 31	252,187	252,063
Effect of potential dilutive shares	1,698	2,026
Weighted average number of ordinary shares used in calculation of diluted earnings per share as of December 31	253,885	254,089

(*) During the reporting period, the Company reissued treasury shares totaling approx. 3,946 thousand shares (which were acquired in 2020 and 2021) for the share purchase transaction of Phoenix Agencies' shares. For further details, see Note 24.

NOTE 35 - RISK MANAGEMENT

General

The Company operates in the following main operating segments: Life Insurance and Long-Term Savings, Health Insurance, Property and Casualty Insurance, Retirement, Payments & Financing, Brokers & Advisors, Investment House & Wealth, including alternative investment funds, ETFs, mutual funds, portfolio management and Brokerage.

The Company's activities in the abovementioned segments expose it to the following key risks:

- Macroeconomic risks, including the state of the economy and employment levels.
- Market risks, including interest rate risk and ALM.
- Liquidity risks.
- Credit risks including credit risks of reinsurers.
- Information security and cybersecurity risks
- Operational risks, including, among other things: IT systems, outsourcing, fraud and embezzlement.
- Insurance risks including pricing and underwriting risks and catastrophe risk (including earthquake, war, terror, naturally occurring damage, and pandemic).
- Sustainability risks (ESG), including climate change risks.
- Artificial Intelligence (AI) risks - including the integration of AI systems and embezzlement and fraud resulting from artificial intelligence systems.
- Legal risks, including legal precedents, class actions and lawsuits.
- Regulatory and compliance risks.
- Reputational risk.
- Business risks, including competitive and portfolio retention level risks.

NOTE 35 - RISK MANAGEMENT (cont.)

Macroeconomic risks - risks arising from the state of the economy and employment levels. A recession and a decline in the level of employment may lead to a decrease in amounts deposited into the various long-term savings channels, as well as to withdrawal of pension and savings for the purpose of consumption in the present, increase in bad debts, reduction in insurance coverage purchased through insurance policies and increase in the number of insured events and claims (due to increased prevalence of theft and fraud), filing claims at an earlier date and fiercer competition in the various areas of activity. In October 2023, the Iron Swords War broke out in Israel, during which additional significant security events took place including Operation Rising Lion which ended in June 2025, and Operation Lion's Roar, which started with an Israeli Air Force attack on strategic targets in Iran resulting in ballistic missile attacks against Israel, which caused casualties and damage to property. Furthermore, Israel is exposed to an increased level of geopolitical risk which may affect the economic and business environment.

The War affects the economic environment, for details see Note 1

Business risks - Risk of harm to profitability as a result of changes in the business environment, including an increase in the intensity of competition in the Company's areas of activity. Competition may be intensified by, among other things, fiercer competition between existing competitors, new competitors, and introduction of new distribution channels. Activity in the life insurance, Retirement (Pension and Provident) Subsegments is exposed to policy cancellations and redemptions during the contract period. The Company's ability to maintain its existing portfolio depends, among other things, on its ability to achieve attractive yields relative to its competitors. The public's tendency to choose alternative products within the various areas or the public's tendency not to take out insurance may affect the demand for the Company's products and profitability in the various areas of activity.

Market risks are the risk that the reported value, the fair value or future cash flows of financial assets, financial liabilities or insurance liabilities will change as a result of changes in market prices. Market risks include, among other things, risks arising from changes in interest rates, share prices, the Consumer Price Index and foreign exchange rates, as well as asset liability management risk (ALM). The state of war and the geopolitical developments have led to capital market volatility in Israel. Despite the uncertainty, the Israeli capital market outperformed the global markets.

Liquidity risks - the risk of loss as a result of a possible need to dispose of assets at below-market prices, and raising resources unexpectedly and within a short time, or difficulty in meeting commitments, which may result from uncertainty regarding liability repayment dates.

Credit risks - Risk of loss due to non-compliance of a borrower, issuer, counterparty or reinsurer with its contractual undertakings towards the Company. Or as a result of a deterioration in credit quality including rating downgrade, and increase of credit spreads.

Operational risks - the risk of loss or harm to the Company's reputation due to inadequacy or failure of internal processes, people and systems or as a result of external events; for more information, see Chapter A.2.c.

NOTE 35 - RISK MANAGEMENT (cont.)

Cybersecurity risks - risk of loss, reputational damage to the Company, damage to the privacy of policyholders and planholders, and additional risks which may arise from a cybersecurity incident, including unauthorized use of identity, disruption of activity by impairing network activity or shutdown of services, damage to systems, theft of digital assets, infecting systems with malicious codes or malware, penetrating systems or disclosure of information. For more information, see Chapter A.2.c.

Artificial intelligence (AI) risks - this risk is an emerging risk in view of the progress and rapid developments in the spheres of artificial intelligence technologies and their potential to revolutionize our lives. This risk has several layers:

- Malicious attacks against the Company resulting, among other things, from deepfake.
- A risk arising from with the incorporation of new AI systems in the organization and exposure to artificial intelligence systems, which may lead to bias and prejudice, black box risks, privacy protection risks and cybersecurity risks.

Insurance risks - life and health insurance risks and actuarial risk in a pension fund (the actuarial risks in the pension fund apply to the planholders when their impact on the management company concerns management fees) arising from the uncertainty as to the payment of expected future claims with respect to assumptions concerning mortality rates/longevity, morbidity/disability rates, expenses, policyholders' behavior, cancellations or redemptions. Property and casualty insurance risks stem primarily from uncertainty as to pricing, models and assessment of reserves and catastrophe; for details see Chapter A.

Legal risks - the Company is exposed to judicial decisions that may constitute a binding legal precedent with respect to its insurance activity, change the scope of its liabilities, and incur costs which were not anticipated when entering into the insurance policies or in prior assessments of insurance liabilities. In addition, the Company is exposed to lawsuits that have the potential to become class actions, with exposure to high amounts.

Risks of legislative and regulatory changes - Risks arising from the effect of regulatory changes on the Company's business activities, financial statements and profitability.

Compliance and enforcement risks - Risk of violating a legal provision applicable to the Company, where non-compliance with regulatory requirements may lead to the imposition of sanctions, financial penalties and the filing of lawsuits against the Company and reputational damage.

Reputational risk - The reputation of the Company, its financial strength and its good standing constitute an important factor in the scope of operations and profitability, in engaging new customers and in retaining existing customers. This risk may be a consequential risk of the materialization of other risks. Including the downgrading of the credit rating of group entities or securities issued by the group.

NOTE 35 - RISK MANAGEMENT (cont.)

ESG risks, including climate change risks - these risks are becoming more significant, both in the area of financial investments (due to their impact on investment portfolios), and in the insurance activity, due to their possible impact on the Company's insurance liabilities. Emerging climate risks may be affected by:

- Physical risks arising from the materialization of damage to property, land and infrastructures due to an increase in the severity of extreme climate events, and due to the gradual change in various climate phenomena, such as heat waves and rising sea levels.
- The risks associated with the transition of countries and companies to low-carbon business and operational models as a result of, among other things, legislation and regulatory changes.

This note provides information on the Company's exposure to the abovementioned risks, the Company's objectives, policies and processes regarding risk measurement and management. Further quantitative disclosure is included throughout the Consolidated Financial Statements.

A. Description of risk management procedures and methods

A.1. Description of the Group's risk management procedures and methods

The ultimate responsibility to establish and supervise the risk management framework lies with the Board of Directors and the Group's management and in the subsidiaries - with the Boards of Directors and their management. The Chief Risk Officer is directly in charge of the risk management of Phoenix Insurance and Phoenix Pension & Provident (hereinafter jointly - the "**Institutional Entities**"), and receives regular reports from the subsidiaries' Chief Risk Officers regarding the main risks arising from their activities.

The Company has a group Risk Management Committee, which convened several times during the reporting year and assessed the risks at the level of the Company and the subsidiaries. This committee is composed of 4 directors: Dr. Ehud Shapira (Independent Director) (Chairman of the Committee), Benjamin Gabbay, (Chairman of the Board), Zubin Taraporevala, Hanadi Said (ED), and Stella Cohen.

Once a year, the Risk Management Committee is presented with a Risk Exposure Report, which lists the key exposures of the finance group and the Group's main subsidiaries. The report refers to key risks and methods for management thereof.

For details regarding the Company's key activities and risk management processes, see this chapter in the note.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.1. Description of the Group's risk management procedures and methods (cont.)

Management of information security and cybersecurity risks in the Group

The Group's information security and cybersecurity activities are managed by a dedicated Information Security and Cybersecurity Officer in each of the subsidiaries, and they report to the VP - Information Security and Cybersecurity of the Institutional Entities, who reports directly to the Head of the IT Technologies Division of the Institutional Entities and to the Board.

Each of the subsidiaries has a dedicated Information Security and Cybersecurity Officer, who conducts preliminary assessments, and each company dynamically strengthens and improves the cybersecurity defense according to this risk's development and invests considerable resources in addressing the cybersecurity risk, including by establishing information security policies aimed at preventing or mitigating the exposure to cybersecurity risks.

During 2025, the Company invested efforts in enhancing its cybersecurity function in cooperation with an external consulting company. Accordingly, changes were made in the information security strategy and policy in the Insurance Company, the Pension and Provident Company, the Investment House and Gama regarding the addressing of cybersecurity risks.

The Company implements a comprehensive and orderly plan for management of information security and privacy protection incidents, which is set out in an official policy paper, and comprises procedures and protocols for addressing all types of cybersecurity threats, and control, detection, investigation and incident response mechanisms, along with lesson-drawing processes and continuous improvement of the cybersecurity defense team.

Under this policy, guidance has been set and so were areas of responsibility for addressing cybersecurity incidents, and information security guidance for all Company employees across all of its activities (which also include business and operational activities).

The defense activities are monitored by an IT Committee, an Internal Audit Committee, and an external expert advisor. The Chief Technology, Information Systems and Innovation Officer is in charge of verifying that the senior managers of all business units and subsidiaries devote their utmost attention to this issue.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.1. Description of the Group's risk management procedures and methods (cont.)

The corporate governance rules, which are set in the Company's procedures, include a number of quarterly control processes, including steering committees addressing with information security and cybersecurity issues from a Group perspective; as part of those processes, updates are presented as to emerging threats, the principles of the response and the status of the implementation of the work plan, and breach and attack simulations are held, which are independent technological control tools; the risk management function of the Company is challenged regularly, the Chief Internal Auditor conducts audits as well as a quarterly discussion, in which the situation is presented to the Board of Directors' IT Committee.

The Group has in place a regular process of assessing information security risks in IT systems and interfaces. The risk assessment defines the level of sensitivity of the systems and refers to the range of potential information security risks arising from the IT systems and current business conduct. The management allocates appropriate resources to mitigate the risk according to the outcome of the risk assessment; the progress in the cybersecurity unit's work plan is monitored by periodic steering committees. Regular reports are delivered to the Board of Directors based on the reports and other components, and the board outlines guidelines with the support of a cyber security expert. The advisor challenges the activities of the cybersecurity officer, and the Company's preparedness for tackling the risks. It regularly monitors the topics presented to the Board of Directors and maps out the risks. Furthermore, the Company's Chief Internal Auditor conducts regular external audits on information security and cybersecurity with the assistance of external experts.

The Institutional Entities are subject to rigorous information security regulations and are certified under the PCI standards. Three Company agencies comply with the ISO 27001 standard. The Group works closely with regulators and authorities on the relevant issues and reports to them in accordance with the legal requirements.

The Group has purchased a third-party captive insurance for cybersecurity incidents. The insurance is a self-insurance under the management of a third party, that provides services for the management of an incident by a crisis-management expert.

Through the report publication date, no cybersecurity incidents took place in 2025, which adversely affected the Company's business continuity or compromised the privacy of our customers and employees.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods

Risk management in the Institutional Entities is carried out in accordance with a firm-wide risk management concept. According to this concept, the risk management processes (identification, measurement and evaluation, monitoring and mitigation, monitoring and reporting) for each material type of risk, are carried out across the Company's activities. The key elements of this approach are overall, forward-looking, measurable, monitored and dynamic risk management.

Risk management aims to support and protect the companies against unexpected losses that may prevent them from achieving their business objectives, while complying with regulatory requirements.

The Boards of Directors of Phoenix Insurance and Phoenix Pension & Provident outline a risk management policy, the risk profile and the risk appetite framework of the Institutional Entities with regard to the various risk categories.

The Board of Directors appointed risk management committees on its behalf for Phoenix Insurance and Phoenix Pension and Provident Funds, which convened 11 and 3 times, respectively, during 2025. Phoenix Insurance’s Risk Management Committee is composed of 4 directors: Hila Conforti (Independent Director) - Chairperson of the Committee, Benjamin Gabbay, (Chairman of the Board), Yair Kopel, and Stella Cohen.

The risk management committees discuss issues pertaining to risk management, and even provide recommendations to the companies’ Boards of Directors regarding, among other things, the following issues: Economic Solvency Regime, capital plan, ORSA report, risk appetite, risk management policies, identification and management of emerging risks, including climate and AI.

The boards of directors’ committees of the Institutional Entities have set risk limits relevant to their areas of activity, such as a stress limit, ALM limit, CPI linkage limit, interest rate sensitivity, liquidity limit as well as limits for aggregate exposures for investment activity.

The Board of Directors and Investment Committees approve the investment policy and the credit granting policies and procedures in both planholders and Nostro portfolios. Furthermore, Phoenix Insurance’s Board of Directors established a reinsurance policy and policy regarding exposure to reinsurers in the insurance activity and approved policies in various areas of operational risks.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

The Risk Management Department implements the policy outlined by the Company's Board of Directors and is in charge, among other things, of developing an infrastructure for quantifying the risks to which the Institutional Entities are exposed and of the implementation of methodologies for assessing the potential effect of the risks and the correlation between them - on the capital.

Among other things, the Chief Risk Officer or anyone acting on his behalf participate regularly in meetings of risk management committees, investment committees, credit committees, Board of Directors' meetings, and Board of Directors' discussions concerning the definition of the risk appetite and limitations, reporting deviations from the risk management policy and the annual exposures report.

Furthermore, Chief Risk Officer may, at their discretion, take part in any meeting required for the purpose of performing their duties.

The corporate governance for risk management is based on the concept of three lines of defense: The risk management in the first line of defense is carried out by the business lines. In the second line of defense - the risk management function is independent of the lines of business (comprising the Risk Management, Control and Compliance Department) and its role is to support the business units, management and Board of Directors in promoting an integrated, corporate-wide view of the risks, and to plan and develop the risk management framework. In the third line of defense – an internal audit function which conducts audits using independent means and challenges internal processes, controls and systems used to manage the risks and monitors the remediation of the deficiencies it identified.

The risk management process is carried out in collaboration with supporting units that include, among other things, the actuarial, investment, reinsurance and comptroller functions.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

At least once a year, the Board of Directors and the risk management committees are presented with a risk exposure report than includes identification and mapping out of the risks that are material to the financial strength of the corporation, a description of the level of exposure to identified risks, a description of the control measures for these risks and recommendations for improvement of controls, as needed. The extent of the exposure to risk and changes in the risk profile are assessed and updated on a regular basis in accordance with the changes in the business environment and regulatory changes in Israel and abroad. Accordingly, the changes identified in the risk profile, the change in the assessment of the exposure, and recommendations on addressing them are presented to the Board of Directors' committees and the investment committees.

Furthermore, every year the Institutional Entities perform a self-assessment of the risks; in the insurance company, the calculation of capital adequacy in accordance with an economic solvency regime is a key tool for assessing the overall risk of the Institutional Entities and their ability to bear it. It also assesses the adequacy of solvency ratio under the Own Risk and Solvency Assessment (ORSA) report and the results of this assessment are reported to the Risk Management Committee and to the Board of Directors.

a) Insurance risks

Risk management processes are carried out on several levels: at the Board of Directors, Risk Management Committee, senior management, Risk Management Department, Actuarial Department, Reinsurance Department and Control Department. These processes include the issuance of reports, periodic discussions and reports in which the adequacy of the reserves and actuarial pricing are assessed.

The management of the insurance risk is carried out through a number of key channels:

- To the extent possible, significant life, health, and property and casualty insurance risks are estimated by applying a set of stress scenarios to the various portfolios in accordance with the Economic Solvency Regime.
- The Risk Management Department, in collaboration with the Actuarial Department and the business lines map and identify key risks at least once a year. The conclusions are presented to the Boards of Directors of the Institutional Entities through the annual exposure reports.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

a) Insurance risks (cont.)

- The insurance company has an exposure policy regarding reinsurers, which is approved by the Board of Directors once a year.
- To the extent possible, significant life, health, and property and casualty insurance risks are estimated by applying a set of stress scenarios to the various portfolios in accordance with the Economic Solvency Regime.
- New products or substantial transactions launched by the Institutional Entities undergo a New Product Procedure, which requires the approval of the Chief Risk Officer, the Supervisor Actuary, the CISO and the Chief Legal Counsel. The above assess the risks and exposures associated with the product or transaction, including with regard to the impact on the Economic Solvency Regime.
- The Institutional Entities have in place models for assessing catastrophe damages as a result of earthquakes, terrorism and war as well as a concentration scenario for these events. This is done in order to assess the exposure and the risk.
- A substantial part of the management of the insurance risks is conducted as part of regular actuarial assessments presented in dedicated forums.

The risks embodied in insurance products are mitigated by the high diversification of insurance contracts. Risks are mitigated through the selection and implementation of underwriting strategies and diversification by industries, geographies, risk types, coverage level, etc. And through informed use of reinsurance to mitigate the risks.

The Insurance Company is exposed to risks associated with insurance policy pricing and insurance liabilities assessment. The insurance policies sold by Phoenix Insurance cover various risks such as life expectancy, morbidity, natural disasters and theft. Pricing of policies and assessment of insurance liabilities is based on past experience, assessment of the current legal situation and evaluation of the change in other risk factors. Insurance risk includes, inter alia:

Underwriting risks: The risk of using incorrect prices due to deficiencies in the underwriting process and the gap between the risk when pricing and setting the premium, and the actual realization, such that the premiums collected are insufficient to cover future claims and expenses. The discrepancies may be due to accidental changes in business results and changes in average claim costs and/or the incidence of claims as a result of various factors.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

a) Insurance risks (cont.)

Reserve risks: The risk of inadequate assessment of insurance liabilities which may result in actuarial reserves being insufficient to cover all liabilities and claims. The actuarial models according to which, among other things, the Insurance Company assesses its insurance liabilities, are based on the fact that the pattern of behavior and claims in the past represents that which is to happen in the future. The insurance company's exposure is composed of the following risks:

1) Model risk - the risk of selecting the wrong model for pricing and/or assessing the insurance liabilities.

2) Parameter risk - the risk of using incorrect parameters, including the risk that the amount to be paid for the settlement of the Insurance Company's insurance liabilities or the date of settlement will be different than expected.

Catastrophe risk: Exposure to the risk that a single event of major impact (catastrophe) such as natural disaster, epidemic, war, terror, or earthquake will result in significant damage.

As of December 31, 2025, total estimated loss in the property and casualty insurance business (other property subsegments) as a result of exposure to a single unusual substantial damage or an accumulation of damages in respect of a particularly large event in terms of the expected maximum possible loss (MPL) constitutes 2.0% of the exposure - approx. NIS 13,167 million (gross) and approx. NIS 105 million in pretax retention as of December 31, 2025.

Phoenix Insurance acquires a non-proportional reinsurance contract that protects against death and disability from a catastrophe event. The contract purchased is an excess loss-type contract that protects the accumulation of Phoenix Insurance's self-insured retention from life insurance, personal accidents and travel insurance policies. The coverage purchased in 2026 stands at NIS 560 million after deductibles of NIS 20 million, and the coverage purchased for 2025 stood at NIS 555 million after deductibles of NIS 20 million.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

b) Financial risks (market, liquidity and credit)

1. Market risks

The Institutional Entities carry out their investments in accordance with the policy set by the Board of Directors and implemented by the various investment committees, subject to the Investment Regulations. The Companies implemented various systems for monitoring the market risks they face. The controls are based on VaR (Value at Risk) calculations and various stress scenarios defined by the companies, using accepted methods to perform them. The risk measurement is performed on both assets and liabilities (ALM) using conventional methodologies based on VaR calculations and stress scenarios. Under the insurance company's ALM policy, sensitivity scenarios were set for the various risk factors including exposure to foreign currency, exposure to interest rates and total liquid assets.

Furthermore, sensitivity tests and calculations are carried out to measure the effect of changes in economic parameters, both on the companies' balance sheet and on Phoenix Insurance's economic solvency ratio. The Institutional Entities' boards of directors set limits to values at risk under the risk management policy as described above, and receive a report on compliance therewith. Ongoing reports that carry out such analyses are submitted to the investment committees, which meet regularly.

Under the ALM policy, sensitivity scenarios were set for the various risk factors including exposure to foreign currency, exposure to interest rates and total liquid assets.

In the Pension and Provident Company, VAR and stress calculations are carried out with an assessment of compliance with the risk limits.

The Institutional Entities regularly hold discussions and perform audits on results of the various investment portfolios and developments and changes in the markets by the Investment Department. There are also ongoing controls in the back office unit as to data integrity and reliability. In addition, there are controls over compliance with the limits set by the Board of Directors, investment committees and Investment Regulations, which are regularly reviewed by the Investment Control Unit.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

b) Financial risks (market, liquidity and credit) (cont.)

The boards of directors has set overall exposure limits (including: bonds, loans, shares, etc.), with the limits referring to a single issuer, Group, industry, geographical distribution and rating. Reports regarding the exposures and compliance with the limits are presented to the investment committees and the boards of directors.

For further details regarding sensitivity to interest rates and exposure to shares, see Section C in this note.

2. Liquidity risks

Liquidity risk management is carried out by maintaining a minimum level of liquid assets and cash in the investment portfolios, alongside cash flow forecasts and assessment of liquidity gaps.

These risks are managed by analyzing scenarios using a cash flow forecast model and an asset liquidity model developed by the Risk Management Department. The calculations are based on accepted methodologies in the field and examine the effect of a stress scenario on the Institutional Entities' ability to liquidate the assets. During the reporting year, regular reports were produced, which concentrated the analyses as stated. The results of the model are also reported to the Board of Directors, Investment Committee and management. For further details regarding the exposure to liquidity risks, see Section D2 of this note.

3. Credit risks

Credit risks in exposure to investment assets

There is a credit policy, under which procedures for approving and granting loans are established, ranging from approval powers through the borrower's rating and analysis, to senior level approval or the relevant investment or credit committee, as required, subject to the type of loan, rating and amount. The credit policy is based, inter alia, on the borrower's debt service capabilities, the quality of the collateral, financial strength, diversification of the credit portfolio among a large number of borrowers, etc.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

b) Financial risks (market, liquidity and credit) (cont.)

3. Credit risks (cont.)

Detailed reports regarding the overall exposure in the Nostro and the participating portfolios are generated frequently, using various cross-sections, such as: exposure to an issuer, Group, industry, geographical exposure, exposure to credit ratings, etc. The Boards of Directors have set maximum exposure limits with respect of exposure to an issuer, a group of borrowers and subsegments. It is noted that the exposure data are reviewed against the limits on a daily basis based on the issued reports. If there are deviations from the limits, they are reported as deviations and forwarded to the investment managers. For further information regarding exposures to credit risks, see Chapter E.

The Institutional Entities developed, validated and implemented business credit rating models, in accordance with the Commissioner's guidance under the Consolidated Circular - Chapter 4 of Title 5, Management of Investment Assets, regarding an internal rating model in institutional entities.

The Risk Management Department assesses and challenges the rating of new illiquid borrowings by the finance function.

A "debt forum" has been appointed; it includes investment, finance and risk management personnel, which aims to carry out a process of controlling and classifying troubled debts and reporting to the boards of directors about such debts. For further information regarding exposures to credit risks, see Section D, which details financial risks.

Credit risks in exposure to reinsurers

Phoenix Insurance purchases reinsurance policies in international markets. Phoenix Insurance's ability to purchase reinsurance under beneficial terms and conditions is influenced by the Insurance Company's performance in particular and the global reinsurance capacity (which depends, inter alia, on the reinsurers' stability, the occurrence of catastrophe events in the world, and more). Changes in the reinsurance premiums and scope of reinsurance offered in these markets have an impact on the Insurance Company's profitability and ability to increase the volume of insurance and to undertake certain insurance liabilities.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

b) Financial risks (market, liquidity and credit) (cont.)

3. Credit risks (cont.)

Credit risks in exposure to reinsurers (cont.)

In addition, reinsurance does not exempt the Insurance Company from its obligations towards its policyholders according to the insurance policies and therefore the financial stability and credit ratings of reinsurers may affect the business results of the insurance companies. Failure of a reinsurer to meet its obligations to the Insurance Company may have a material impact on Phoenix Insurance's ability to meet its obligations to customers (e.g., upon the occurrence of a catastrophe event).

At least once a year, the Board of Directors of Phoenix Insurance and the risk management committee discuss the policy of exposure to reinsurers and the insurer's assessments as to the management of the exposure and the controls. The exposure policy for reinsurers includes, among other things, the exposure management policy with reinsurers in the life, P&C and health segments, as well as defining a maximum exposure framework for reinsurers, according to parameters set by the Board of Directors.

The Board of Directors of Phoenix Insurance approved a set of limits designed to ensure proper diversification among reinsurers as a function of their rating and exposure to them, both upon the occurrence of a catastrophe event and in the ordinary course of business.

For further details regarding exposure to credit risks of investment assets and reinsurers, see Section E.b.1 above.

c) Operational risks, including information security and cybersecurity risk and business continuity plan

Operational risks

As part of their business operations, the Institutional Entities are exposed to numerous operational risks, such as: internal system failure, IT systems failure, including information security and cybersecurity incidents, human errors (employees, agents and suppliers), embezzlement, fraud, cyber crimes and external damage, such as due to an earthquake. The materialization of one or more of these risks can cause significant damage.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

c) Operational risks, including information security and cybersecurity risk and business continuity plan (cont.)

Operational risks (cont.)

Due to the accelerated development of artificial intelligence, the Institutional Entities are working to assess the operational risks in projects for the implementation of AI systems. They also take a series of measures to mitigate the embezzlement and fraud risks arising from misuse of AI technologies, including engaging cybersecurity experts who specialize in fraud, and reports to the Capital Market Authority and the police if necessary.

Operational risk management includes a variety of controls at various levels. These include controls embedded in the business process itself, controls in apps and IT systems, audit discussions in management forum and the Audit Committee's activity. The control array is based both on procedures and work practices defined by the managers responsible for the relevant activity and based on regulatory requirements such as the circular on embezzlement and fraud, information security, cyber, SOX 302 and SOX 404. There are also additional control entities in the business units.

The companies' internal audit function performs additional controls on a variety of operating segments and, among other things, examines the existence and effectiveness of controls against operational risks while making recommendations for enhancing and improving controls.

Information security and cybersecurity

The Institutional Entities have a dedicated information security and cybersecurity officer who reports to the CIO in the Institutional Entities.

Institutional Entities set the principles of use, secure development, authorization controls and management of sensitive information. These procedures cover the identification, alerting, prevention, and documentation of incidents which adversely affect the availability, integrity, reliability, and confidentiality of the IT systems. The Institutional Entities have provided several immediate reporting capabilities to all employees in the event of concerns that a cybersecurity risk will materialize.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

c) Operational risks, including information security and cybersecurity risk and business continuity plan (cont.)

Information security and cybersecurity (cont.)

The Institutional Entities conduct regular and customized mandatory training sessions for all employees in the field of information security and cybersecurity, including raising awareness of cybersecurity threats, guidance for secure remote work and implementing data protection practices; they have also put in place a managerial infrastructure to support all required information security activities. From time to time, simulations of various security incidents are held. In addition, periodic top table drills are held participated by the crisis management team, business divisions and technological functions.

Throughout the year, the Company conducts unannounced technological drills during which the capabilities of the technology teams - cybersecurity and infrastructures - are assessed in identifying cybersecurity incidents and addressing their effects. Some the drills are carried out by ethical hackers hired by the Company to challenge its cybersecurity defense systems where such a challenge is unannounced. In addition, the Group has a range of advanced technological capabilities used on a regular basis to challenge the effectiveness of their protection system by simulating attacks on the companies under a wide range of scenarios; by doing so, the companies ensures that its protective measures are effective.

Furthermore, during 2025, the Institutional Entities also worked to reinforce the defense function by implementing AI-based systems, including ongoing assessment of supply chain risks, control mechanisms and authorization management models.

Through the report publication date, no cybersecurity incidents took place in 2025, which adversely affected business continuity or compromised the privacy of our customers and employees.

Business continuity plan (BCP)

The Institutional Entities has in place a comprehensive business continuity plan (hereinafter - "**BCP**") designed to ensure the continuity of operations under stress events, such as earthquakes, naturally occurring damage and climate change, war, cyberattacks, etc. The plan includes a recovery strategy, business continuity policy and a central emergency framework, which defines the essential business processes, the resources required for their recovery, RTO/RPO times and the reference scenarios.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

d) Key risks in the Insurance Company arising from issued insurance contracts

Business continuity plan (BCP) (cont.)

Furthermore, emergency management and dedicated teams were designated to address the state of emergency. Dedicated emergency procedures are in place for business processes, which regulate the courses of action in crisis situations.

Currently, the plan is primarily based on remote work as the main operational model which ensures flexibility and operational survivability at times of emergency.

Technological preparedness of the Institutional Entities

During 2025, under the relocation to Phoenix's campus in Rishon LeZion, the Institutional Entities' DR site was transferred to the new campus. The move was carried out under a detailed plan of the Infrastructures Department, while maintaining the availability of services and hardening the critical systems. The new computer room was constructed in accordance with advanced protection and survivability standards, including an underground location which allows high resistance under stress scenarios.

Compliance with regulation and regular drills

In accordance with regulatory requirements, the Institutional Entities conduct periodic business continuity drills simulating various scenarios, in order to assess the preparedness of the management and business units. Insights arising from the drills are regularly incorporated into the BCP, in accordance with changes in processes, infrastructures and the risk environment.

The Board of Directors receives a report at least once a year on the BCP, the work plan, the level of preparedness and the gaps closed under the improvement procedures.

The following table presents the root risks arising from issued insurance contracts (excluding the risks arising from the assets held against the insurance contracts, except for insurance contracts with direct participation features) by groups of portfolios in each of the insurance company's reporting segments, including details of the characteristics of the products which give rise to the risks and the manner by which the insurance company mitigates the exposure to those risks. Determining the risk level arising from gross insurance contracts before risk mitigation through reinsurance contracts.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

d) Key risks in the Insurance Company arising from issued insurance contracts (cont.)

In the following table: VV = key risk; V = non-key risk; No marking = no risk or negligible risk.

Main portfolio groups (1) (2)	Characteristics of the products creating the risks	Underwriting risks							Financial risks						Risk mitigation means
		Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate (3)	Annuity uptake rate	Medical inflation	Expenses	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Payments & Financing	
Life insurance and long-term savings:															
Policies with a non-yield-dependent savings component	Savings component – guaranteed-return - policies which guarantee return marketed through the end of 1990				V		V		VV	V					* Holding designated bonds as coverage corresponding to the liabilities cash flows; * The Company conducts asset liability management (ALM) in accordance with the risk appetite set by the Board of Directors;
Policies with a yield-dependent savings component	Participating policies	V		VV	VV		V		VV		V	VV	V	V	* The Company's risk appetite is approved by the Investment Committee, which regularly monitors actual exposure levels in relation to the restrictions; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.
Immediate annuity policies, and policies which include a savings component and do not include a guaranteed annuity	Policies before receipt of annuity & private policies designed for savings.	V					V					V			* System for customer retention and adjustment of policies to customers' needs, including a variety of investment tracks according to their needs; * The Company's risk appetite is approved by the Investment Committee, which regularly monitors actual exposure levels in relation to the restrictions;

conversion factor on the policy issuance date, in the period subsequent to the annuity takeup date							
Policies without a savings component - life insurance coverage	Insurance coverage in the event of death	VV	VV	V	VV	V	* System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.; * The Company has a consistent and meticulous underwriting process; * Reinsurance contracts for catastrophe events with high-rated reinsurers;
Policies without a savings component - permanent health insurance coverage	Insurance coverage in case of loss of ability to work		VV	V	V		* Reinsurance contracts with high-rated reinsurers; * System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.; * The Company has a consistent and meticulous underwriting process;

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

d) Key risks in the Insurance Company arising from issued insurance contracts (cont.)

Main portfolio groups (1) (2)	Characteristics of the products creating the risks	Underwriting risks							Financial risks						Risk mitigation means
		Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate (3)	Annuity uptake rate	Medical inflation	Expenses	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Payments & Financing	
Health insurance:															
Individual long-term care	Coverage in the event of loss of the ability to perform basic daily activities or in a situation of complete dependence on others.		VV	VV			V		VV						* The Company does not market new long-term care policies, thus avoiding increasing exposure to long-term care risk; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.;
Collective long-term care	Agreements for long-term care insurance agreed upon in negotiations between the insurer and the policyholder which represents the group and applies to all the individuals included in the relevant groups			V											* The Company does not market new long-term care policies, thus avoiding increasing exposure to long-term care risk; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.;
Individual medical expenses and disabilities insurance including critical illness	Indemnity or compensation in cases where the policyholder's health is adversely affected due to an illness or	VV	VV			VV	V	V	VV	V					* System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and

and personal accidents	accident and includes medical expenses insurance - expenses arising from surgery, transplants / special treatments abroad, coverage for medicines which are not included in the Israeli health care basket, ambulatory medical services, critical illness policies			updating of demographic assumptions: mortality, lapses, morbidity, etc.; * The Company has a consistent and meticulous underwriting process; * Reinsurance contracts for catastrophe events with high-rated reinsurers;
Collective medical expenses and disabilities insurance including critical illness and personal accidents	Agreements reached in negotiations between the insurer and the policyholder which represents the group and applies to all the individuals included in the relevant groups	V	V	* Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.;
Health - other	Includes travel insurance and dental insurance policies.			* System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating of demographic assumptions: mortality, lapses, morbidity, etc.; * The Company has a consistent and meticulous underwriting process;

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.2. Institutional Entities - Description of risk management procedures and methods (cont.)

d) Key risks in the Insurance Company arising from issued insurance contracts (cont.)

Main portfolio groups (1) (2)	Characteristics of the products creating the risks	Underwriting risks							Financial risks						Risk mitigation means
		Lapse rates (redemptions, settlements, and reductions)	Morbidity rate	Mortality rate (3)	Annuity uptake rate	Medical inflation	Expenses	Catastrophe	Interest	Linkage to CPI	Foreign currency	Share prices	Price of other assets	Payments & Financing	
P&C insurance:															
Compulsory motor insurance	Compulsory motor insurance provides coverage for bodily injury as a result of the use of a motor vehicle; the policies are standard policies and among their characteristics is the Company's duty to provide insurance.							V							* Reinsurance contracts with high-rated reinsurers; * System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating actuarial assumptions; * The Company has a consistent and meticulous underwriting process;
Motor property	Property motor insurance policies covering damage or loss to the vehicle in accordance with the policy's terms and conditions.							V							* Reinsurance contracts with high-rated reinsurers; * System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating actuarial assumptions; * The Company has a consistent and meticulous underwriting process;
Other - including	The Liability subsegments							VV		V					* Reinsurance contracts with high-rated

property and other liability insurance	provide coverage in respect of the policyholder's liability for any third-party damage he/she may cause. These subsegments include: third-party liability, employer liability, professional liability, product liability and other subsegments as well as non-motor Property Subsegments	reinsurers; * System for customer retention and adjustment of policies to customers' needs and improving pricing quality; * Monitoring liability adequacy testing of insurance contracts, including reviewing and updating actuarial assumptions; * The Company has a consistent and meticulous underwriting process;

Comments:

1. The considerations used to estimate the level of risk were assessed at the Company level and were supported by quantitative considerations with regard to the sensitivities as per Section C to this Note and qualitative considerations.

2. The risk rating refers to the **root** risk before mitigating the risk from reinsurance agreements.

3. The overall risk assessment is based on the higher of an increase in mortality rates or an increase in life expectancy.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.3. Phoenix Investment House - Description of risk management procedures and methods

The activity of Phoenix Investment House expose it to various risks, such as market risk (including foreign currency risk and fair value risk with respect to interest rate and index risk), credit risk and liquidity risk, operational risk and regulatory risk. The following are details of risk factors embodied in Phoenix Investment House's activities and risk management procedures and methods.

a) Exposure to the capital market

Phoenix Investment House manages tracker funds and ETFs with variable management fees, which meant that fund managers would benefit from profits if the fund achieved excess return compared to the relevant index, and on the other hand - pay holders if the fund underperforms compared to the said index, up to 0.3% (depending on the type of the tracking fund's tracked asset). As a result, Phoenix Investment House is exposed to losses in a number of tracker funds/ETFs with variable management fees. Accordingly, the tracker fund/ETF manager operates in accordance with the market risk management policies (including interest rate risk), credit risks, liquidity risks and operational risks, which aim to ensure maximum correlation between the ETF’s liability and the backing assets, including investment restrictions set in the funds’ prospectuses and the provisions of the law, and the establishment of an investment policy approved by the Board of Directors of fund manager, which is reported to the public. In addition, as part of this amendment, a subsidiary of Phoenix Investment House began providing market making services for the ETFs. The company provides market-making quotes for ETFs on the TASE and originates and redeems the units at the end trading for the fund manager. The market making company has exposures to the coverage required to originate and redeem the ETFs for the fund manager. The market making company has in place exposure limits for the purpose of restricting the exposure that will apply in respect of its activities as determined by the Company's board of directors.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.3. Phoenix Investment House - Description of risk management procedures and methods (cont.)

b) Market risks

Phoenix Investment House group companies operate directly and indirectly in the areas of investment management, portfolio management, financial products, ETF and mutual fund management as well as management and marketing of alternative products. The capital market is characterized by volatility, due to, among other things, the effect of political, security and economic factors in Israel and globally, which the Phoenix Investment House Group companies have no control over. Such volatility has an effect on the extent of the public's activity in the capital market and on securities' prices. A change in the volume and value of the investment portfolios, the assets of funds and ETFs managed by Phoenix Investment House Group, and the number of customers, affect its revenues. Therefore, adverse trends in securities' prices and volume of capital market activity may adversely affect the results. Phoenix Investment House Group has implemented various systems for monitoring the market risks it faces. The controls are based, among other things, on various stress scenarios defined by Phoenix Investment House or on calculations of exposures to sectors, borrower groups, and the like, using generally accepted methods. In addition, the various boards of directors and committees of subsidiaries have set limits on the values at risk that are reviewed on a regular basis. Regular reports which summarize the analyses as aforesaid are accordingly submitted for review by the various committees.

c) Exchange rate risks

Phoenix Investment House is exposed to foreign currency changes, mainly in the activities of the ETFs, for which variable management fees have been set, which include, among other things, issuing foreign currency linked bonds and/or issuing ETFs that are linked to a foreign index and, as a result may, may also be affected by foreign currency fluctuations, up to 0.3%, depending on the type of the tracking fund's tracked asset. However, since Phoenix Investment House invests the issuance proceeds of the above products in backing assets that track the index, including in the foreign currency and/or with linkage similar to that of the issued products, any net foreign exchange exposure has no material effect on the operating results of Phoenix Investment House. Some of the revenues of Phoenix Investment House group companies, mainly that of the TASE member, is denominated in foreign currency, mainly due to customers' transactions involving foreign securities. These revenues are subject to exchange rate changes.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.3. Phoenix Investment House - Description of risk management procedures and methods (cont.)

d) Interest rate risk

As part of the ETF activity, Phoenix Investment House invests in short-term deposits against the derivatives activity. Changes in the interest rate curves can cause a loss of income in funds with variable management fees, up to 0.3%, depending on the tracking fund's type of tracked asset. In addition, as part of the management of the customer deposits of the TASE member of Phoenix Investment House, customer funds are deposited for different periods (up to one year) and changes in short-term interest rate curves may cause a loss.

e) Credit risk

The credit risks, handled at the group level of Phoenix Investment House, stem mainly from cash and cash equivalents, deposits (including customer deposits held in trust), deposited with banks and other financial institutions in Israel and abroad. Termination of contracts with the aforementioned parties for reasons of lack of financial strength and/or financial stability and/or default events by these third parties and/or for any other reason, could result in significant losses to Phoenix Investment House and impair the scope of its activities.

In addition, as part of their business activities, Phoenix Investment House's TASE Member and Delta Credit extend credit and guarantees for their customers' securities transactions. The credit is backed in accordance with the TASE Regulations by the collateral of liquid securities, the prices of which may fall to such an extent that the collateral will not be sufficient to cover the credit. In the event of high volatility in the prices of the assets included in the said collateral, customers' collateral may be eroded such that the credit risk will increase. In addition, the TASE Member provided guarantees for the lending of securities.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.3. Phoenix Investment House - Description of risk management procedures and methods (cont.)

e) Credit risk (cont.)

As part of Phoenix Investment House's membership with the Tel Aviv Stock Exchange, a total of approx. NIS 63.6 million (after the weights applied by the TASE) was deposited as of December 31, 2025 in favor of the TASE's risk reserve, in accordance with Excellence's proportionate relative share in trading on the TASE. Phoenix Investment House's investments in non-recourse back-to-back bonds is the sole source of financing for payments to structured bonds holders issued by subsidiaries, and therefore Phoenix Investment House is not exposed to credit risk in respect of them. As a rule, each company's board of directors defined its credit risk appetite using designated limits that are regularly audited and reported to the relevant committees.

f) Liquidity Risk

The mutual funds and the TASE member deposit balances from funds and securities under their management with banks and TASE members. Significant withdrawals by the customers could impair the financial assets.

Additional liquidity risks in Phoenix Investment House may arise from a situation in which the TASE member may find it difficult to meet its financial obligations in market situations such as: unexpected customer withdrawals, unexpected demand for credit, and uncertainty about the availability of sources. To reduce exposure, procedures and/or policies were put in place to manage this risk; the procedures and policies are monitored regularly and reported to relevant forums. During the past few years, Phoenix Insurance issued insurance for Phoenix Investment House a guarantee in respect of liquidity risks.

g) Settlement risk

Phoenix Investment House carries out brokerage activities for customers, including the acquisition of Israeli and foreign securities, characterized by a time gap of up to three years between the purchase of the securities and receipt of the proceeds for the said purchase. Until the purchase proceeds are received, they are guaranteed by the securities purchased. As a result of the aforementioned time gap, in the event of non-payment of the consideration by the customers, Phoenix Investment House is exposed to volatility in relation to the securities purchased and used as collateral for the purchase proceeds. Exposure controls have been set to mitigate this risk; controls are monitored regularly and reported to the relevant forums.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.3. Phoenix Investment House - Description of risk management procedures and methods (cont.)

h) Lending risk (short sale)

Phoenix Investment House's exposure to securities with low marketability increases when short sales are carried out (lending), when trading is suspended or when there are trading difficulties, and may lead to a situation where Phoenix Investment House group companies are unable to close the lending transaction in the quantities and dates required to carry out the covering activity in accordance with the terms and conditions of the lending transactions. However, in this context, it should be emphasized that the companies are careful to carry out the lending and selling activities in securities which have sufficient marketability. It should be noted that among other things, Phoenix Investment House conducts locked box transactions with local banks to mitigate market risks; as part of these transactions, the Company conducts lending or short selling of securities against swap or futures transactions. The amount of the transactions is capped, and they are monitored on a regular basis.

i) Operational risk

In the course of its business operations, Phoenix Investment House is exposed to numerous operational risks, including IT and cyber risks, such as: internal systems failure, information and IT and computer systems failure, including information security, human errors (employees, agents and suppliers), fraud, cyber-crimes and external damages such as earthquake. The materialization of one or more of these risks can cause significant damage.

KSM Mutual Funds has developed an internal system for revaluing all ETFs independently of the operating bank. Damage to and/or shutdown of the system can adversely affect both the funds' management and their reputation.

Accordingly, Phoenix Investment House has drafted a business continuity plan designed to ensure the continued functioning of its business.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.3. Phoenix Investment House - Description of risk management procedures and methods (cont.)

i) Operational risk (cont.)

Operational risk management includes a variety of controls at various levels as well as enforcement mechanisms. These include controls such as: audit committees' activity as well as controls embedded in the business process itself and controls in apps and IT systems. The control array is based both on the procedures and work practices defined by the managers responsible for each activity, and on various regulatory requirements. In addition, the companies periodically carry out operational risk surveys, including improvement of mitigation programs, to minimize the risks. Moreover, each company has defined business continuity plans that are reviewed at least once a year across all Investment House companies.

j) Risk regarding regulatory changes

The Phoenix Investment House Group's diverse areas of activity expose it to various regulators, who maintain a tight regulatory environment that is constantly evolving. Changes in legislation and regulations in the securities field in general, and in the field of financial products in particular, may adversely affect the ability of the Phoenix Investment House Group's companies to operate in their respective areas of activity and overall profitability in this area, reduce revenues and require them to have additional equity capital.

A.4. Phoenix Advanced Investments under Phoenix Capital Partners

The activity of Phoenix Group's alternative investment funds has developed in recent years and is carried out under Phoenix Advanced Investments Ltd., which is wholly-owned - as of the date of the financial statements - by Phoenix Capital Partners, which is wholly-owned by the Company. The activities of the alternative funds exposes the Company to a range of risks, including the effects of macroeconomic factors in Israel and other countries, exchange rate differences, investment risks, credit risks, operational risks, risks arising from regulatory changes in Israel and in other countries, and legal risks. In addition, since this is a business activity under development, the key risks arising to Phoenix group as a result of this activity are reputational risks as a result of a business failure, or reputational risks in one of the funds, which may lead to adverse effects on the Company's reputation and to legal risks arising therefrom.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.4. Phoenix Advanced Investments under Phoenix Capital Partners (cont.)

Phoenix Advanced Investments has in place an internal control function, which is in charge of the implementation and integration of control processes alongside the assessment of the effectiveness and quality of the existing control functions of each partnership. Among other things, the control function conducts regular tests and samples in connection with the partnerships' activity, and in-depth controls regarding material issues identified. In addition, the function assists in the writing and enhancement of work procedures at the headquarter level and at the funds level, in accordance with regulatory requirements or as a derivative of the expansion of the activity.

The Risk Management Department is involved in the development of new products and conducts other controls regarding a range of areas of activity, mainly in the field of investments. Among other things, the department's employees serve as observers in the funds' investment committees, and challenge the risk assessment models.

A.5 Phoenix Gama Ltd. - Description of risk management procedures and methods

Gama's activities are gradually expanding from financial payments and credit services to companies and SMEs in Israel to include new credit areas and customer types, such that its service offerings currently include specialized credit to finance construction following through Phoenix Construction Financing and Guarantees Company Ltd. (hereinafter - "**Phoenix Construction Financing**").

In the reporting year, consumer credit services were offered to private customers following the transfer of Phoenix Consumer Check Credit Ltd. (hereinafter - "**Phoenix Consumer Credit**") as a subsidiary.

Gama is exposed to a range of risks, including credit default and insolvency of borrowers, as detailed above.

Gama's risk management framework and the monitoring thereof are approved by the Board of Directors and management of Phoenix Gama Ltd. (hereinafter - "**Gama**").

The responsibility for risk management and risk mitigation in the first line of defense lies with the various business lines and managers of the various segments; in the second line of defense responsibility lies with Gama's Chief Risk Officer, who is charged with identifying and assessing the risk factors to which Gama is exposed, and with the management and monitoring of the risks.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.5 Phoenix Gama - Description of risk management procedures and methods (cont.)

Gama's risk management policy was established in order to identify and analyze the risks it is exposed to, set adequate restrictions in respect of the risks, and controls to monitor them and to ensure compliance with the restrictions. The risk management policy and methods are reviewed continuously in order to reflect changes in market conditions and in Gama's activity. Gama works to achieve an effective control environment in which all employees understand their roles and responsibilities; this is achieved through training, standards and procedures.

a) Macroeconomic risk

The ongoing security threats due to the Iron Swords War which broke out in October 2023 alongside Israel's geopolitical situation continue to affect the Israeli economy and economic activity. Furthermore, as from 2022 the Israeli economy operates in a high interest rate environment. These factors may have, among other things, the following effects:

- **A decrease in demand for financing and credit in the Construction Financing Subsegment** – in view of other macroeconomic factors such as: Longer periods for obtaining the land or issuing building permits, shortage of workers and the effects of project overruns. These factors may lead to a decrease in projects' expected profitability and accordingly to a decline in demand for financing. In order to address the decline in demand, the contractors offer buyers the 80-20 model in which the developers offer the buyers to pay 80% of the acquisition cost at the end of the project; developers are, indeed, required to provide higher credit amounts, but credit default by buyers will return the apartment to the inventory of apartments for sale.

- **Impairment of the customers' ability to repay their liabilities -** a decrease in the value of collateral available to Gama, including real estate collateral.

It is noted that during the past year there has been a trend of interest rate cuts.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.5 Phoenix Gama - Description of risk management procedures and methods (cont.)

b) Credit risk

Gama has high exposure to the insolvency of its customers.

Gama's VP Credit is in charge of the management of Gama's credit risk. Risk management in Gama's subsidiaries falls under the responsibility of the companies' CEOs.

In the areas of credit cards and business credit – every credit application undergoes an analysis which assesses the transactions and the risks inherent therein, and is approved in accordance with the authorization hierarchy. Furthermore, Gama has a risk appetite which was approved by the Board of Directors.

In most credit transactions in the construction financing subsegment Gama is provided, against real estate properties, with collateral, including a personal guarantee, assets and rights, in case of credit default. Furthermore, Gama ensures that the sources of financing are aligned with their designated use. The interest on the credit it raises is non-linked, and substantially all of the liabilities are linked to the Bank of Israel Interest/Prime interest. Alongside these sources of financing, most of the credit provided by Gama to its customers also bears variable interest linked to the Prime interest rate. Gama believes that the sources of financing and the uses designated thereto are aligned in terms of interest. Therefore, most activities are not exposed to an increase in the interest rate, except for post-dated checks transactions (checks discounting) and supplier financing, which have not yet been repaid, in which there is an immaterial exposure due to the mismatch between the sources and the use of fixed interest.

c) Financing and liquidity risk

As noted under macroeconomic risk, changes in economic conditions in Israel and a deterioration in its areas of activity may affect Gama's ability to raise financing for its activity, or the terms of such financing, thus adversely affecting the ability to offer attractive financing terms to its customers, and its liquidity.

d) CPI risk and foreign currency risk

As from the first quarter of 2025, Gama has a 19.9% holding stake in EL AL's Frequent Flyer, which is recorded as an associate in the books of accounts. The Club Company's functional currency and reporting currency is the USD.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.5 Phoenix Gama - Description of risk management procedures and methods (cont.)

d) CPI risk and foreign currency risk (cont.)

It is noted that this exposure is immaterial compared to Gama's total assets or compared to the total effect of the exchange rate on the income.

e) Higher competition

Gama's business activities are characterized by intensifying competition and the entry of many additional players such as banks, institutional entities and non-banking entities. Gama's position depends to a great extent on its reputation and on its ability to significantly differentiate itself from its competitors. If competition in the subsegment will intensify, and new players will enter the market in all areas of activity, the competition and portfolio retention risk will increase.

f) Technological changes

The payment means market in Israel is undergoing substantial changes, and in recent years new players have entered this market through advanced digital means such as local and international payment apps (international entities such as Apple Pay and Google Pay) and international and local digital wallets, some of which are owned by Israeli banking corporations those include Bit, Paybox and digital wallets of credit card companies and/or other companies. These players may change the current layout of the payment means landscape in Israel, including in by channeling customers to make payments through a system that bypasses payment cards. Insofar as these players make technological changes and also carry out acquiring and issuing of means of payment and even provision of business and retail credit under the management of banking and financial activities, these changes may intensify competition, lead to a decline in Gama's activity and adversely affect its financial results.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.5 Phoenix Gama - Description of risk management procedures and methods (cont.)

g) Operational risks and fraud and embezzlement risks

Gama has financial activity turnovers of billions of NIS per month. This activity gives rise to potential embezzlement and fraud risks both by Gama employees and its customers or another external party or a combination of both. Therefore, Gama takes action to identify the risks - carrying out fraud and embezzlement surveys in order to identify and assess the risks and check the appropriateness of the controls it has in place to mitigate those risks. To hedge the risks Gama has in place processes, controls and actions designed to mitigate the exposure in order to reduce the possibility of fraud and embezzlement, and to identify in advance potential fraudulent actions against it. Gama has procedures which include guidance regarding the onboarding of a new employee, background checks, a continuous leave procedure, and management of authorizations for making changes to IT and payment systems.

h) Cyber and information security

In recent years, there has been a constant and substantial increase in the risk that a cybersecurity incident will materialize, with the number and severity of events increasing, and consequently the managerial attention and resources which Gama invests in this issue are steadily increasing. Gama has a dedicated information security and cyber officer, who provides services to the company under a service agreement, and reports to Gama's CIO. The head of information and cyber security has extensive professional experience in the field, including in providing consulting services to leading financial entities in the market. He is responsible for creating and implementing the work plans in the field and is also involved in actions with potential implications for Gama's information and cyber security. As in the case of Gama’s other areas of activity, the field of cyber is audited by the internal audit function.

i) Artificial intelligence risks

In the field of artificial intelligence (AI), Gama is preparing for the emerging risk by testing advanced technological tools to improve its performance and mitigate risks. Gama is also preparing to broaden employees’ knowledge in the fields of artificial intelligence on the one hand, and to enhance awareness of fraud risks on the other.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.6. Phoenix Agencies – Description of risk management procedures and methods

The Company holds a number of insurance agencies through Phoenix Agencies. The agencies provide brokerage and marketing services in connection with pension, insurance and financial products of several insurance companies, including Phoenix Insurance, as well as products of investment houses and other institutional entities. Over the past two years, the Company has enhanced its control infrastructures, by, among other things, appointing full-time Chairman of the Board of Directors, CFO, CIO, and Chief Legal Counsel. Following are the key risks to which the Brokers & Advisors Segment is exposed:

a) Competitive risk and business risks:

Competition in the Brokers & Advisors Segment is intense with competitors including all insurance agencies and individual insurance agents in the relevant subsegments, and direct sales by insurance companies and institutional entities. Intensified competition, introduction of new competitors, including through digital distribution and service functions, as well as changes in customers' preferences may have an adverse effect on the financial results of the insurance agencies owned by the Company.

b) Compliance risks, regulatory changes risks and legislation risks:

The Brokers & Advisors Segment is supervised by the Commissioner and is subject to many legal provisions, including the Supervision Law, the Provident Funds Law, the Pension Advice Law and regulations promulgated thereunder, as well as the Commissioner’s Directives, which aim to protect policyholders and planholders. These directives relate both to regulatory requirements applicable to insurance agencies and to requirements stemming from their relationships with their customers. Violation of the provisions of the law, including the Commissioner’s Directives, may constitute an administrative violation, in respect of which a monetary sanction is imposed; in some instances, an administrative violation may even constitute a criminal offense.

Furthermore, regulatory and legislation changes may adversely affect the insurance agencies’ potential revenues and growth, whether directly in connection with payment of fees and commissions, or indirectly as a result of the effect of regulatory or legislation changes on insurance products sold, and on customers’ preferences in connection with those products.

NOTE 35 - RISK MANAGEMENT (cont.)

A. Description of risk management procedures and methods (cont.)

A.6. Phoenix Agencies – Description of risk management procedures and methods (cont.)

c) Operational risk including cyber and IT systems:

As part of its business operations, the insurance agencies are exposed to numerous operational risks such as: internal system failure, IT systems failure, including information security and cybersecurity incidents, human errors (employees, agents and suppliers), embezzlement, fraud and computer crimes. Cybersecurity and IT systems risks at the Brokers & Advisors Segment is managed by Phoenix Agencies' IT Systems Department in accordance with the policy and subject to the supervision of Phoenix Financial's IT Systems Department and in a centralized manner at the level of Phoenix Financial as detailed in Section A.1.

B. Legal requirements

The Company operates within the existing regulatory requirements and is in compliance with the various implementation schedules. Various regulatory requirements regarding risk management have been published in recent years, with the main legal requirements for the Company and its subsidiaries being the following:

- The provisions of the consolidated circular regarding risk management function and setting the powers, roles and work methods of a Chief Risk Officer and the risk management department.
- The provisions of the Institutional Entities Circular regarding the board of directors of an institutional entity, which includes a requirement for setting a risk exposure policy, exposure caps, procedures and tools to measure risks and place controls thereon.
- Provisions regarding credit risk management, their assessment and controls, in Chapter 4 of the consolidated circular.
- Provisions of the consolidated circular regarding management of the credit risk against the exposure to reinsurers.
- Provisions on handling specific categories of operational risks: embezzlement and fraud, management of information security risks, management of IT technologies and the risks arising therefrom and financial reporting controls (SOX) (for further details, see Section A.2.C above).

NOTE 35 - RISK MANAGEMENT (cont.)

B. Legal requirements (cont.)

- The Insurance Company is subject to the Commissioner's Directives regarding the Solvency II economic solvency regime in Circular 2020-1-15; for further details see Note 11.
- The investment regulations - the Company manages assets in accordance with the Investment Regulations.
- Circular regarding risk management by regulated financial services providers - aims to guide entities that provide financial services on the adoption of risk management processes.
- The Financial Services Law stipulates, among other things, that entities engaged in the provision of financial services are required to have the relevant license; the said law also imposes restrictions and sets provisions applicable to those entities in connection with the management of their business activity in the field of provision of financial services.
- The Additional Equity and Liquidity Requirement for Financial Service Providers Circular – in accordance with the provisions of the Circular, a financial service provider holding an expanded license to provide credit is required to meet the capital ratio set in the Circular, in addition to the minimum capital requirements set in the Financial Services Law.

C. Sensitivity analyses of underwriting risks and market risks of the Group

The following tables detail the effect of the changes in key variables arising from underwriting risks and market risks on profit or loss (post-tax), on capital (post-tax) and on the contractual service margin as of balance sheet date, assuming that a change would have occurred in the relevant risk variable on the balance sheet date and that this change would have been applied to the risks exposures at that date and to all future cash flows, as follows:

1. For underwriting risks – showing the effect on issued insurance contracts which fall within the scope of IFRS 17, before and after the risk mitigation through reinsurance contracts held (gross and retention); and
2. For market risks – presentation of the effect on issued insurance contracts and reinsurance contracts which fall within the scope of IFRS 17, Insurance Contracts (in Israel and abroad).

The effect on profit or loss includes:

- Changes in fulfillment cash flows pertaining to past service or current service;
- Changes in fulfillment cash flows pertaining to a loss component;
- Changes in fulfillment cash flows recognized as finance income or expenses from insurance in profit or loss; and
- The current reduction in respect of the change in CSM is only in respect of the last quarter.

NOTE 35 - RISK MANAGEMENT (cont.)

C. Sensitivity analyses of underwriting risks and market risks (cont.)

	As of December 31, 2025					
	Risk-exposed balance (a)	Rate of change	Profit (loss) / capital (after tax) (*)		Contractual service margin (*)	
			Gross	Retention	Gross	Retention
	In NIS thousand		In NIS thousand			
Underwriting risks:						
Life and health:						
Morbidity rate	92,132,649	5% increase	(12,972)	(7,366)	(897,852)	(690,630)
Morbidity rate	92,132,649	Decrease of 5%	13,725	9,025	918,834	711,788
Mortality rate (**)	92,132,649	5% increase	808	(5,147)	396,407	320,947
Mortality rate (**)	92,132,649	Decrease of 5%	(32,183)	(24,972)	(390,809)	(309,777)

	As of December 31, 2025			
	Risk-exposed balance (a)	Rate of change	Profit (loss) / capital (after tax) (*)	Contractual service margin (*)
			Retention	Retention
	In NIS thousand		In NIS thousand	
Market risks:				
Interest rate	137,711,767	An increase of 0.5 percentage points	(170,821)	479,354
Interest rate	137,711,767	A decrease of 0.5 percentage points	197,902	(488,798)
Share rate	126,520,601	10% increase	615,693	309,772
Share rate	126,520,601	Decrease of 10%	(616,105)	(314,502)

NOTE 35 - RISK MANAGEMENT (cont.)

C. Sensitivity analyses of underwriting risks and market risks (cont.)

Comments on market risks and underwriting risks:

(*) The gain (loss) and the contractual service margin may be affected asymmetrically by an increase compared to a decrease in respect of each of the above variables in view of the fact that, in some cases, changes in these variables are first attributed to the contractual service margin until it reaches zero and thereafter they are recognized directly as a loss in the income statement.

(**) The gain (loss) in sensitivity to the mortality rate also includes the effects of a change in fair value of Hetz bonds.

(a) The balance exposed to the risk for which a sensitivity analysis is performed in respect of each of the underwriting risks and market risks to which the Company is exposed as of the reporting date is:

- For life and health insurance contracts – the balance of fulfillment cash flows (FCF), which includes the present value of the future cash flows and risk adjustment for non-financial risk.
- For P&C insurance contracts - this balance only includes the liability for incurred claims.
- For financial instruments and other assets and liabilities - the exposure balance represents the amounts pertaining to each type of asset and liability for which the Company performs the sensitivity analysis.

D. Financial risks

D.1. Market risks

Market risk is, as stated, the risk that the fair value and/or future cash flows of financial assets, financial liabilities or insurance liabilities will change as a result of changes in market prices. Market risks include, among other things, risks arising from changes in interest rates, share prices, the consumer price index and foreign currency.

Changes in inflation and interest rates affect the financial results of the Company and in particular those of Phoenix Insurance. For further details regarding the Company's sensitivity to interest and shares, including changes to these sensitivities, see Section C below.

A description of financial risk management procedures and methods is included in Chapter A to this Note.

The key market risks faced by the Institutional Entities are as follows:

Interest rate risk - the risk that the value of a financial asset and/or liability will change as a result of changes in market interest rates. In most of the Insurance Company's areas of activity, the average duration of assets does not match the average duration of liabilities, especially life insurance liabilities, the average duration of which is significantly longer than that of the assets.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

In the insurance company, the exposure to a decrease in interest rates may lead to a decrease in future returns when the assets are reinvested against liabilities and to a decrease in the embedded value of a life insurance portfolio.

Equity and non-financial assets risk - a risk arising from changes in stock prices or the fair value of non-financial assets.

Credit spread risk - the loss that may be caused by changes in the credit spread risk between corporate bonds and (risk-free) government bonds. Changes in credit spreads should reflect the changes in the borrower's probability of default (PD) and the changes derived from the "market" fluctuations. The Company invests in shekel-denominated corporate debt, CPI-linked and forex-linked bonds and is exposed to increase in credit spreads. Changes in the credit spread of the Tel Bond 60 index lead to changes in the illiquidity premium used to discount insurance liabilities.

Risks related to the CPI - a real loss due to the erosion of the value of shekel-denominated assets as a result of rising inflation beyond the inflation expectations implicit in the capital market, against the insurance liabilities, most of which are CPI-linked. In life insurance (in respect of that portion of the life insurance portfolio that is not backed by designated bonds), in property and casualty insurance in the equity portfolio, the linkage of assets does not fully correspond to the linkage of the liabilities. This risk is material, especially in Nostro portfolios, where almost all liabilities are linked to the CPI, while not all assets are CPI-linked.

Currency risk - the risk that the fair value or future cash flows arising from an asset or liability will change as a result of changes in foreign exchange rates.

The value of the Company's assets and liabilities is exposed to the risks outlined above. Therefore, the income from the investments against the insurance and equity reserves has a material effect on the income. A significant portion of the Company's asset portfolio is invested in marketable securities and financial derivatives, which are characterized by volatility as a result of political and economic events in Israel and around the world. Liquid securities are recorded in accordance with their prices on the TASE as of the reporting date. As a result, volatility in these investments' value may have a material effect on the Company's profitability and equity.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

Price risk relating to real estate properties and other assets - The Company is exposed to a risk of a decrease in the price of real estate properties and in the value of Alternative Investments, which include direct investments in real estate properties, real estate funds and other investment instruments. These assets may be affected by changes in capital markets in Israel and abroad, discount rates, prices of real estate properties and commodities and specific business risks. A decrease in prices of real estate properties may have an adverse effect on the value of assets in which the Company invests directly or through investment funds. Due to the nature of these investments, they are less volatile than liquid investments and their response to market events involves a certain time lag. The subsidiaries, specifically Gama, are exposed to real estate risk; the exposure's details are included in Section A under the Payments & Financing Segment.

Risk management is carried out through analysis and periodic valuations, diversification of investments between different types of assets and geographic regions, setting exposure limits in accordance with the investment policy and risk appetite, and ongoing assessment of market conditions and their effect on the assets' value.

The value of the Company's assets and liabilities is exposed to the risks outlined above. Therefore, the investment revenues against the insurance and equity reserves has a material effect on the income. A significant portion of the Company's asset portfolio is invested in marketable securities and financial derivatives, which are characterized by volatility as a result of political and economic events in Israel and around the world. Liquid securities are recorded in accordance with their prices on the TASE as of the reporting date. As a result, volatility in these investments' value may have a material effect on the Company's profitability and equity capital.

The extent of the effect on income depends on the characteristics of the insurance liabilities (*Nostro*, yield-dependent) and the terms and conditions of the management fees for the products against which the relevant reserve is held.

In the other subsidiaries, the exposure to market risks varies according to the risk component relative to the group and is detailed in Chapter A describing the subsidiaries' risk factors.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

D.1.(1) Interest rate risk

A. In non-yield-dependent life insurance policies in the Insurance Company and for activity of the remaining subsidiaries - in non-participating life insurance policies - most of the life insurance portfolio is for guaranteed-return policies, which are mainly backed by designated bonds (linked life insurance bonds, hereinafter - "**Hetz**") issued by the Bank of Israel throughout the policy period. Therefore, the Company has overlapping financial coverage in respect of most of its interest and linkage liabilities for the entire life of the policies. As of December 31, 2025, the designated bonds covered approx. 66.77% (as of December, 31, 2024 - approx. 67.11%) of total life insurance liabilities in these plans. Thus, changes in the capital markets may have a material effect on the Company's results of operations. Other effects arise from changes in the consumer price index and foreign exchange rates.

With respect to the Company's other investments in the Life & Long-Term Savings Segment, the Health Segment and in the P&C Segment, there is an exposure to the interest rates which will prevail upon the reinvestment of investments whose duration may be shorter than the average life of the insurance liabilities.

B. For further information regarding interest rate risk sensitivity analyses see Section C above regarding sensitivity analyses in respect of underwriting and market risks.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

D.1.(2) CPI and foreign currency risks

A. Breakdown of the Company's financial and insurance assets and liabilities by linkage bases (*)

Linkage balance sheet - Phoenix Financial Consolidated	As of December 31, 2025							
	In NIS - non-linked	In NIS - CPI-linked	In USD or USD-linked	In EUR or EUR-linked	In foreign currency or linked thereto	Non-monetary items in or linked to foreign currency measured at fair value	Other non-monetary items(*)	Total
	NIS thousand							
Financial and insurance assets:								
Other cash and cash equivalents	1,479,726	-	387,745	75,063	71,804	-	-	2,014,338
Other financial investments measured at fair value	5,618,597	12,760,469	2,226,393	910,907	106,182	6,589,588	4,169,617	32,381,753
Other financial investments measured at depreciated cost	1,024,550	2,445,829	593,102	192,641	109,337	-	-	4,365,459
Cash and other cash equivalents and financial investments for yield-dependent contracts	33,688,583	17,777,317	9,880,497	2,299,356	1,267,685	37,960,366	28,220,525	131,094,329
Insurance contract assets	-	3,836,846	-	-	-	-	(2,377,412)	1,459,434
Reinsurance contract assets	-	3,180,799	-	-	-	-	1,647,812	4,828,611
Total financial and insurance assets	**41,811,456**	**40,001,260**	**13,087,737**	**3,477,967**	**1,555,008**	**44,549,954**	**31,660,542**	**176,143,924**
Financial and insurance liabilities:								
Loans and credit	11,017,329	3,595,580	901,363	22,000	2,556,050	-	-	18,092,322
Liabilities for derivative instruments	1,150,961	338,000	61,816	92,339	14,645	156,626	40,723	1,855,110
Liabilities in respect of yield-dependent investment contracts(**)	11,917,349	6,396,106	3,537,091	796,645	(466,928)	13,628,925	11,077,440	46,886,628
Liabilities for non-yield-dependent investment contracts	-	1,128,935	-	-	-	-	-	1,128,935
Liabilities for insurance contracts (**)	21,256,517	32,233,865	6,308,973	1,420,945	(832,842)	24,309,389	28,267,595	112,964,442
Liabilities for reinsurance contracts	-	94,810	-	-	-	-	(58,637)	36,173
Total financial and insurance liabilities	**45,342,156**	**43,787,296**	**10,809,243**	**2,331,929**	**1,270,925**	**38,094,940**	**39,327,121**	**180,963,610**
Total on-balance sheet exposure, net	(3,530,700)	(3,786,036)	2,278,494	1,146,038	284,083	6,455,014	(7,666,579)	(4,819,686)
Exposure to underlying assets through derivatives in delta terms	20,254,971	1,151,870	(25,129,532)	(8,789,917)	(2,670,518)	13,353,892	1,829,234	-
Total exposure, net, in delta terms	**16,724,271**	**(2,634,166)**	**(22,851,038)**	**(7,643,879)**	**(2,386,435)**	**19,808,906**	**(5,837,345)**	**(4,819,686)**

(*) The non-monetary items include the service margin component for all insurance contracts portfolios and for a group of contracts measured according to the PAA model, the remaining liability for the remaining coverage (LRC).

(**) The yield-dependent liabilities were attributed pro rata to the linkage bases, similarly to the yield-dependent assets.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

D.1.(2) CPI and foreign currency risks (cont.)

A. Breakdown of the Company's financial and insurance assets and liabilities by linkage bases (*) (cont.)

Linkage balance sheet - Phoenix Financial Consolidated	As of December 31, 2024							
	In NIS - non-linked	In NIS - CPI-linked	In USD or USD-linked	In EUR or EUR-linked	In foreign currency or linked thereto	Non-monetary items in or linked to foreign currency measured at fair value	Other non-monetary items(*)	Total
	NIS thousand							
Financial and insurance assets:								
Other cash and cash equivalents	1,927,839	-	712,508	77,971	23,709	-	-	2,742,027
Other financial investments measured at fair value	4,744,019	12,622,730	1,442,771	698,176	129,458	5,746,626	3,399,185	28,782,965
Other financial investments measured at depreciated cost	1,393,542	2,255,585	400,004	264,743	143,548	-	-	4,457,422
Cash and other cash equivalents and financial investments for yield-dependent contracts	25,958,162	14,350,045	10,017,493	2,208,573	1,011,762	38,829,757	19,126,466	111,502,258
Insurance contract assets	-	3,523,127	-	-	-	-	(2,756,790)	766,337
Reinsurance contract assets	-	2,534,454	-	-	-	-	2,060,101	4,594,555
Total financial and insurance assets	**34,023,562**	**35,285,941**	**12,572,776**	**3,249,463**	**1,308,477**	**44,576,383**	**21,828,962**	**152,845,564**
Financial and insurance liabilities:								
Loans and credit	9,286,507	2,478,172	1,943,854	-	499,187	-	-	14,207,720
Liabilities for derivative instruments	1,194,928	486,224	969,874	44,391	21,719	178,197	86,253	2,981,586
Liabilities in respect of yield-dependent investment contracts(**)	7,552,959	4,200,570	2,585,308	635,612	149,854	11,331,615	6,295,211	32,751,129
Liabilities for non-yield-dependent investment contracts	-	1,101,836	-	-	-	-	-	1,101,836
Liabilities for insurance contracts (**)	18,174,473	29,051,965	6,220,955	1,529,456	360,589	27,266,948	23,944,444	106,548,830
Liabilities for reinsurance contracts	-	90,833	-	-	-	-	(60,671)	30,162
Total financial and insurance liabilities	**36,208,867**	**37,409,600**	**11,719,991**	**2,209,459**	**1,031,349**	**38,776,760**	**30,265,237**	**157,621,263**
Total on-balance sheet exposure, net	(2,185,305)	(2,123,659)	852,785	1,040,004	277,128	5,799,623	(8,436,275)	(4,775,699)
Exposure to underlying assets through derivatives in delta terms	17,772,426	2,083,123	(23,336,564)	(8,621,158)	(2,746,321)	13,063,979	1,784,515	-
Total exposure, net, in delta terms	**15,587,121**	**(40,536)**	**(22,483,779)**	**(7,581,154)**	**(2,469,193)**	**18,863,602**	**(6,651,760)**	**(4,775,699)**

(*) The non-monetary items include the service margin component for all insurance contracts portfolios and for a group of contracts measured according to the PAA model, the remaining liability for the remaining coverage (LRC).

(**) The yield-dependent liabilities were attributed pro rata to the linkage bases, similarly to the yield-dependent assets.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

D.1.(3) Share price risk

A. Details of exposure to economic sectors for investments in shares (without investments against yield-dependent contracts): (*)

Economic sectors - shares	As of December 31, 2025						
	In Israel			Overseas			
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares Index	Illiquid	Traded on stock exchanges around the world	Illiquid	Total	% of total
	NIS thousand						
Economic sector							
Manufacturing	402,788	85,820	19,252	177,824	32,854	718,538	19.60%
Construction & real estate	255,433	184,816	58,868	16,770	38,101	553,988	14.90%
Electricity and water	246,999	58,622	184,090	109,280	-	598,991	16.10%
Commerce	16,510	20,426	-	9,828	-	46,764	1.30%
Communications and IT services	251,194	36,575	25,999	157,614	116,498	587,880	15.80%
Banks	522,597	-	1,716	-	-	524,313	14.10%
Financial Services	100,213	42,336	91,199	34,660	504	268,912	7.20%
Other business services	112,816	80,264	133,636	53,237	29,883	409,836	11.00%
Total	**1,908,550**	**508,859**	**514,760**	**559,213**	**217,840**	**3,709,222**	**100.00%**

Economic sectors - shares	As of December 31, 2024						
	In Israel			Overseas			
	Traded on the TA 125 Index	Included in the Yeter - Rest of Shares Index	Illiquid	Traded on stock exchanges around the world	Illiquid	Total	% of total
	NIS thousand						
Economic sector							
Manufacturing	220,272	55,340	38,633	152,870	63,717	530,832	17.60%
Construction & real estate	328,950	138,862	4,729	30,099	40,805	543,445	18.10%
Electricity and water	263,558	36,093	114,511	22,961	4,530	441,653	14.70%
Commerce	-	12,348	-	-	-	12,348	0.40%
Communications and IT services	167,268	58,193	107,857	269,040	37,548	639,906	21.30%
Banks	355,508	-	1,940	-	-	357,448	11.90%
Financial Services	72,913	21,563	29,874	6,465	45,588	176,403	5.90%
Other business services	114,779	47,365	89,669	23,035	29,605	304,453	10.10%
Total	**1,523,248**	**369,764**	**387,213**	**504,470**	**221,793**	**3,006,488**	**100.00%**

(*) The table includes only direct investments in equity instruments.

B. For further information regarding share price risk sensitivity analyses see Section C above regarding sensitivity analyses in respect of underwriting and market risks.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.1. Market risks (cont.)

D.1.(4) Yield-dependent contracts (as defined by the provisions of the Supervision of Financial Services Regulations (Provident Funds) (Investment Rules Applicable to Institutional Entities), 2012).

The yield-dependent liabilities are liabilities in respect of contracts in which the insurance benefits payable to the beneficiary are dependent on the yield on certain Company investments, net of management fees as detailed below:

- Policies issued through 2004 - fixed management fees and variable management fees at the rate of 15% of the real return net of the fixed management fees.
- Policies issued from 2004 and thereafter - fixed management fees.

The variable management fees are calculated as a percentage of the annual real income (on a cumulative calendar year basis) of the investment portfolio attributed to the insurance policies, net of the fixed management fees collected from those policies. Variable management fees are calculated on a non-linear basis since they can only be collected from a positive real return net of real losses incurred in previous years.

With regard to the net assets and liabilities from insurance contracts and from the financial instruments with respect to those products the insurance companies do not have direct exposure to changes in the interest rates, fair value of the investments or CPI. The effect of the financial results on the insurance company's profits is reduced to exposure derived from the variable management fees in accordance with the volatility in the return paid to the policyholders - only in respect of policies issued through 2004, and from the total amount of the liability from which the insurer's fixed management fees are derived for all yield-dependent products. In addition, it is noted that the management fees are included in the Company's share in the fair value of the underlying items in accordance with the VFA model, and therefore management fees volatility is attributed to CSM and recognized in profit or loss over the service period. Please see Note 2.K.

D.2. Liquidity risks

Group's liquidity risks:

A possible need to dispose of assets at below-market prices, and raising resources unexpectedly and within a short time may lead to losses. The Companies own, among other things, non-marketable assets as well as assets with low marketability. These holdings include corporate bonds, loans, illiquid stocks, stocks with low marketability and alternative investments. The marketability issue is aggravated in times of crisis when the deterioration in the markets affects the ability to liquidate assets.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

The Institutional Entities:

Phoenix Insurance is exposed to risks arising from uncertainty as to when it will be required to pay claims and other benefits to policyholders or other liabilities, in relation to the amount of funds available for that purpose at that date. The need for unexpected and short-term borrowing may require the disposal of assets within very short notice at prices that will not necessarily reflect their market value. In catastrophe events, there is also a liquidity risk arising from timing differences between the gross cash outflows and the expected reinsurance proceeds. However, much of its insurance liabilities in the life insurance sector are not exposed to liquidity risk due to the nature of the insurance contracts; for more information, see Chapter A.

Asset and Liability Management (ALM) by the Insurance Company

The Insurance Company manages its assets and liabilities in accordance with the requirements of the Supervision Law and the regulations promulgated thereunder and in accordance with the Board of Directors' guidelines. The tables below summarize the estimated repayment dates of the uncapitalized insurance and financial liabilities. Since these amounts are not capitalized, there is no adjustment between them and the balance of insurance and financial liabilities as per the balance sheet.

1) The estimated repayment dates for life and health insurance liabilities are included in the tables as follows:

- The repayment dates of all insurance contracts and reinsurance contracts have been included based on an estimated timing of the undiscounted net cash balances, which represent the best estimates of the future cash flows. Paid pensions, PHI and paid long-term care.

- The repayment dates of undiscounted amounts of financial liabilities and liabilities for investment contracts, including interest payments, were included based on the contractual repayment dates. In contracts where the counterparty may choose the timing of payment, the liability is allocated to the earliest period in which the insurance company may be required to pay the liability.

2) The repayment dates of undiscounted amounts of financial assets, including interest proceeds, were included based on the contractual repayment dates.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

A. Insurance contracts

A.1. Maturity analysis of (undiscounted) amounts for insurance contracts

	Estimates of the present value of the future cash flows[1]	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-15 years	Over 15 years	Total
	NIS thousand	NIS thousand (in undiscounted amounts)								
Life Insurance and Long-Term Savings Segment										
As of December 31, 2025										
Liabilities for insurance contracts	93,688,129	7,493,360	6,873,386	6,453,062	5,989,788	5,660,034	23,574,061	19,491,083	47,055,552	122,590,326
Insurance contract assets	(1,543,311)	181,396	50,011	47,499	(99,432)	(102,403)	(490,999)	(506,569)	(1,260,477)	(2,180,974)
Liabilities, net for insurance contracts	92,144,819	7,674,757	6,923,398	6,500,560	5,890,356	5,557,631	23,083,062	18,984,514	45,795,075	120,409,353
Reinsurance contract assets	(512,263)	(121,042)	(91,580)	(77,049)	(22,244)	(18,906)	(83,685)	(63,406)	(108,605)	(586,517)
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	-	-	-
Assets, net for reinsurance contracts	(512,263)	(121,042)	(91,580)	(77,049)	(22,244)	(18,906)	(83,685)	(63,406)	(108,605)	(586,517)
As of December 31, 2024										
Liabilities for insurance contracts	87,069,332	3,019,313	3,907,276	4,531,250	4,635,815	3,063,114	14,792,406	16,967,003	36,455,935	87,372,112
Insurance contract assets	(1,661,497)	(90,808)	(79,230)	(98,264)	(73,923)	(99,265)	(414,321)	(581,413)	(1,164,767)	(2,601,991)
Liabilities, net for insurance contracts	85,407,834	2,928,505	3,828,046	4,432,986	4,561,892	2,963,849	14,378,084	16,385,590	35,291,168	84,770,120
Reinsurance contract assets	(447,215)	(157,191)	(75,836)	(54,404)	(5,200)	(13,726)	(28,977)	(38,973)	(98,544)	(472,851)
Liabilities for reinsurance contracts	-	-	-	-	-	-	-	-	-	-
Assets, net for reinsurance contracts	(447,215)	(157,191)	(75,836)	(54,404)	(5,200)	(13,726)	(28,977)	(38,973)	(98,544)	(472,851)
Health Insurance Segment:										
As of December 31, 2025										
Liabilities for insurance contracts	658,383	171,752	(214,438)	(265,540)	(241,851)	(215,216)	(727,725)	(338,012)	7,316,750	5,485,720
Insurance contract assets	(2,734,092)	(37,931)	(137,209)	(141,549)	(139,904)	(138,900)	(662,741)	(653,523)	(1,959,568)	(3,871,325)
Liabilities, net for insurance contracts	(2,075,709)	133,820	(351,648)	(407,089)	(381,754)	(354,115)	(1,390,466)	(991,535)	5,357,182	1,614,395
Reinsurance contract assets	(916,179)	(57,076)	(13,825)	(8,362)	(8,794)	(9,648)	(65,240)	(98,823)	(1,877,730)	(2,139,498)
Liabilities for reinsurance contracts	102,058	(6,992)	7,363	6,442	6,005	6,097	28,761	24,980	72,563	145,219
Assets, net for reinsurance contracts	(814,120)	(64,068)	(6,462)	(1,920)	(2,788)	(3,551)	(36,479)	(73,843)	(1,805,167)	(1,994,278)
As of December 31, 2024										
Liabilities for insurance contracts	411,362	246,057	(248,933)	(293,480)	(254,604)	(229,562)	(824,831)	(418,056)	7,134,634	5,111,225
Insurance contract assets	(2,279,275)	4,434	(96,361)	(96,782)	(99,745)	(101,038)	(570,988)	(616,724)	(1,679,577)	(3,256,781)
Liabilities, net for insurance contracts	(1,867,913)	250,491	(345,294)	(390,263)	(354,349)	(330,599)	(1,395,819)	(1,034,780)	5,455,057	1,854,444
Reinsurance contract assets	(717,724)	(58,546)	(2,888)	1,044	216	(411)	(20,107)	(57,080)	(1,696,990)	(1,834,762)
Liabilities for reinsurance contracts	97,125	(8,897)	5,889	5,592	4,729	4,710	29,885	27,264	69,870	139,042
Assets, net for reinsurance contracts	(620,599)	(67,443)	3,001	6,636	4,944	4,299	9,778	(29,816)	(1,627,120)	(1,695,721)

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

A. **Insurance contracts** (cont.)

A.1. **Maturity analysis of (undiscounted) amounts for insurance contracts** (cont.)

	Estimates of the present value of the future cash flows[1]	Up to one year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	NIS thousand							
P&C Segment:								
As of December 31, 2025								
Liabilities for insurance contracts	6,666,295	2,106,800	1,315,118	982,426	772,684	544,174	1,312,559	7,033,762
Insurance contract assets								
Liabilities, net for insurance contracts	6,666,295	2,106,800	1,315,118	982,426	772,684	544,174	1,312,559	7,033,762
Reinsurance contract assets	2,520,863	1,075,322	440,677	282,210	251,257	162,650	428,618	2,640,734
Liabilities for reinsurance contracts	(311,314)	(49,646)	(65,554)	(54,409)	(43,935)	(34,949)	(84,210)	(332,703)
Assets, net for reinsurance contracts	2,209,549	1,025,676	375,124	227,801	207,322	127,701	344,408	2,308,032
As of December 31, 2024								
Liabilities for insurance contracts	6,025,764	1,612,405	1,414,220	948,477	707,890	527,405	1,161,613	6,372,009
Insurance contract assets								
Liabilities, net for insurance contracts	6,025,764	1,612,405	1,414,220	948,477	707,890	527,405	1,161,613	6,372,009
Reinsurance contract assets	2,193,063	569,930	634,887	322,200	216,501	168,759	400,799	2,313,076
Liabilities for reinsurance contracts	(340,103)	(29,575)	(78,281)	(66,391)	(53,116)	(42,064)	(96,583)	(366,011)
Assets, net for reinsurance contracts	1,852,960	540,355	556,606	255,809	163,385	126,695	304,216	1,947,065

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

A. Insurance contracts (cont.)

A.2. On-demand amounts of liabilities for insurance contracts

	As of December 31, 2025		As of December 31, 2024	
	Carrying value (*)	On-demand amounts	Carrying value (*)	On-demand amounts
	NIS thousand		NIS thousand	
Policies with a non-yield-dependent savings component	13,533,669	8,371,238	13,453,761	8,431,175
Policies with a yield-dependent savings component	82,011,165	72,491,860	75,591,527	67,950,222

(*) The carrying value is the balance of the liability in the Financial Statements in respect of the relevant insurance contracts group composed of the present value of the fulfilment cash flows (BE + RA) and the contractual service margin (CSM).

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

B. **Financial instruments**

B.1. Maturity analysis of (undiscounted) amounts for financial liabilities (including interest payments)

	As of December 31, 2025					
	Carrying amount	Up to one year	Over one year and up to 5 years	Over 5 years and up to 10 years	Over 10 years and up to 15 years	Total
	NIS thousand	NIS thousand (in undiscounted amounts)				
Loans and credit, excluding designated bonds and lease liabilities	11,907,253	5,508,888	5,036,992	1,952,964	513,988	13,012,832
Bonds	3,883,929	1,466,613	2,281,643	478,200	-	4,226,456
Lease liabilities	182,933	40,752	91,816	50,496	-	183,064
Liabilities for derivative instruments (gross cash flows)	1,855,110	1,855,110	-	-	-	1,855,110
Trade receivables for credit cards	2,118,207	2,118,207	-	-	-	2,118,207
Total financial liabilities	19,947,432	10,989,570	7,410,451	2,481,660	513,988	21,395,669
Liabilities in respect of yield-dependent investment contracts (*) (**)	46,886,628	46,886,628	-	-	-	46,886,628

(*) These liabilities were classified as repayable within up to one year, although actual repayment dates may be in later years.
(**) These liabilities do not include liabilities of management companies, nor do they include all yield-dependent liabilities.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

B. **Financial instruments** (cont.)

B.1. Maturity analysis of (undiscounted) amounts for financial liabilities (including interest payments) (cont.)

	As of December 31, 2024					
	Carrying amount	Up to one year	Over one year and up to 5 years	Over 5 years and up to 10 years	Over 10 years and up to 15 years	Total
	NIS thousand	NIS thousand (in undiscounted amounts)				
Loans and credit, excluding designated bonds and lease liabilities	9,104,870	6,375,501	2,917,917	1,062,530	-	10,355,948
Bonds	3,032,715	196,702	1,313,167	590,630	-	2,100,499
Lease liabilities	168,158	38,394	116,021	29,497	-	183,912
Liabilities for derivative instruments (gross cash flows)	2,981,586	2,981,586	-	-	-	2,981,586
Trade receivables for credit cards	1,901,977	1,901,977	-	-	-	1,901,977
Total financial liabilities	17,189,306	11,494,160	4,347,105	1,682,657	-	17,523,922
Liabilities in respect of yield-dependent investment contracts (*) (**)	32,751,129	32,751,129	-	-	-	32,751,129

(*) These liabilities were classified as repayable within up to one year, although actual repayment dates may be in later years.
(**) These liabilities do not include liabilities of management companies, nor do they include all yield-dependent liabilities.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.2. Liquidity risks (cont.)

The liquidity risks of Gama Management and Clearing and Phoenix Investment House are detailed in Chapter A - Description of risk management procedures and methods of each company.

D.3 **Credit risk**

(1) Exposure to credit risk

A. Maximum exposure to credit risk (excluding assets held against yield-dependent contracts)

	As of December 31	
	2025	2024
	NIS thousand	
Insurance contracts	1,411,422	1,378,316
Reinsurance contracts	4,828,611	4,594,555
Financial assets (*)	4,176,057	4,712,558

(*) Represents the financial assets, the carrying value of which does not represent the maximum credit exposure, regardless of the value of any collateral.

B. Breakdown of assets by ratings:

B.1. Reinsurance

Phoenix Insurance reinsures part of its business - all through foreign reinsurers. However, reinsurance does not release the direct insurers from their obligation to their policyholders under the insurance policies.

Phoenix Insurance is exposed to risks arising from uncertainty about the ability of reinsurers to pay their share of liabilities in respect of insurance contracts (reinsurance assets) and their debts in respect of claims paid. This exposure is managed by ongoing monitoring of the reinsurer's position in the global market as well as the fulfillment of its financial commitments. Phoenix Insurance is exposed to concentration of credit risk in respect of a single reinsurer due to the structure of the reinsurance market and the limited number of reinsurers with satisfactory rating.

In accordance with the Commissioner's directives, Phoenix Insurance's Board of Directors determines, once a year, maximum exposure limits for reinsurers, which Phoenix Insurance has contracted, based on their international rating. These exposures are managed by individually assessing each of the reinsurers. In addition, Phoenix Insurance's exposures are diversified among various reinsurers; the main exposures are in respect of reinsurers who have high international ratings.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.1. Reinsurance (cont.)

Estimates of the present value of the future cash flows of reinsurance contracts by ratings

As of December 31, 2025 (in NIS thousands):

Reinsurer	Rating (c)	Total premiums to reinsurers for 2025	Fulfilment cash flows (FCF) of reinsurance contracts (a)			Total net exposure (b)	Delinquent debt	
			In life insurance	In health insurance	In P&C insurance		Between six months and one year	Over one year
Rating group								
AA and above								
Swiss Re	AA-	216,100	(31,647)	452,539	196,052	616,944	-	15
Munich Re	AA-	222,566	(25,721)	198,418	92,477	265,174		
Lloyd's	AA-	101,682	453	-	306,166	306,619	379	503
Gen Re	AA+	53,929	15,920	53,417	65,391	134,728		
Other		393,496	(11,079)	(67,919)	750,255	671,257	3,034	2,423
Total AA and above		987,773	(52,074)	636,455	1,410,341	1,994,722	3,413	2,941
Group A								
Arundo Re (ccr)	A	23,742	3,411	151,046	20,460	174,917		
Other		677,516	(2,241)	177,010	1,106,616	1,281,385	1,849	596
Total A		701,258	1,170	328,056	1,127,076	1,456,302	1,849	596
Total BBB+		8			(334)	(334)		
Less than BBB - or non-rated		2,075	(53)		1,846	1,793		
Total		1,691,114	(50,957)	964,511	2,538,929	3,452,483	5,262	3,537

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.1. Reinsurance (cont.)

Comments

(a) The amounts in the note include the fulfilment cash flows of reinsurance contracts composed of the estimates of the present value of the future cash flows (BE), the risk adjustment for non-financial risk (RA), and receivable and payable balances and deposits from reinsurers.

(B) Total exposure to reinsurers is as follows: Estimates of the present value of the future cash flows of reinsurance contracts net of the amount of letters of credit received from the reinsurers as guarantee for their undertakings. The deposits from reinsurers are recognized under reinsurance contract assets.

(c) The rating is mainly assigned by the rating agency S&P; where S&P does not assign a rating, it is assigned by another rating agency and converted according to a formula set in the Investment Rules Regulations.

(d) Total exposure of the reinsurers to an earthquake event with maximum potential loss (MPL) of 2% is NIS 13,167 million as of December 31, 2025 (December 31, 2024 - approx. NIS 12,532 million) of which the share of the most significant reinsurer in this exposure is approx. NIS 1,790 million (December 31, 2024 - approx. NIS 1,319 million, respectively).

(e) There are no additional reinsurers in addition to those listed above the exposure to which exceeds 10% of total reinsurance exposure or the premium in respect of which exceeds 10% of total reinsurance premiums for 2025.

(f) In the non-rated companies, the balances include amounts in respect of contingent claims through brokers, for which the exposure totals NIS 1,793 thousand.

B.2. Financial assets by rating in Israel and abroad

1) Financial assets in Israel – by type of assets

The following table presents an analysis of the credit quality of the financial assets for which there is a credit risk measured at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The analysis is presented in a format of a breakdown to the measurement levels of the credit losses.

Generally, the gross carrying amount of financial assets represents the maximum exposure to credit risk, regardless of the value of any collateral or other credit enhancement means.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

1) Financial assets in Israel – by type of assets - December 31, 2025 (cont.)

	As of December 31, 2025 (in NIS thousand):							
	For yield-dependent contracts		Other					
Locally rated group	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost assets for which credit losses are expected for 12 months	Amortized cost assets for which credit losses are expected over the life of the instrument	Amortized cost of credit-impaired financial assets due to credit risk created or acquired	Total	Of which: Internally rated financial assets
Government bonds								
AA and above	13,372,064	-	12,164,324	962,952	-	-	13,127,276	-
A to BBB	-	-	-	-	-	-	-	-
Less than BBB	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total government bonds	**13,372,064**	**-**	**12,164,324**	**962,952**	**-**	**-**	**13,127,276**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	962,952	-	-	962,952	-
Carrying value (fair value or amortized cost)	**13,372,064**	**-**	**12,164,324**	**962,952**	**-**	**-**	**13,127,276**	**-**
Corporate bonds								
AA and above	9,161,683	106,595	1,630,469	25,560	-	-	1,656,029	18,995
A to BBB	2,431,358	-	960,868	12,423	-	-	973,291	-
Less than BBB	15,749	-	10,743	-	-	-	10,743	-
Non-rated	777,871	-	255,171	3,564	3,968	7,785	270,488	-
Total corporate bonds	**12,386,661**	**106,595**	**2,857,251**	**41,547**	**3,968**	**7,785**	**2,910,551**	**18,995**
Provision for loss	-	-	-	109	321	7,538	7,968	-
Amortized cost	-	-	-	41,438	3,647	247	45,332	**-**
Carrying value (fair value or amortized cost)	**12,386,661**	**106,595**	**2,857,251**	**41,438**	**3,647**	**247**	**2,902,583**	**18,995**
Other debt instruments								
AA and above	651,074	159,859	731,530	606,066	-	-	1,337,596	93,923
A to BBB	2,026,122	643,124	2,178,795	577,119	-	-	2,755,914	1,823,552

	As of December 31, 2025 (in NIS thousand):							
	For yield-dependent contracts		Other					
Less than BBB	-	-	-	20,365	-	-	20,365	20,365
Non-rated	1,723,431	-	495,817	1,228,702	31,985	13,384	1,769,888	-
Total other debt instruments	**4,400,627**	**802,983**	**3,406,142**	**2,432,252**	**31,985**	**13,384**	**5,883,763**	**1,937,840**
Provision for loss	-	-	-	10,528	2,560	2,894	15,982	-
Amortized cost	-	-	-	2,421,724	29,425	10,490	2,461,639	-
Carrying value (fair value or amortized cost)	**4,400,627**	**802,983**	**3,406,142**	**2,421,724**	**29,425**	**10,490**	**5,867,781**	**1,937,840**
Other financial assets								
AA and above	24,051,946	-	333,169	1,979,697	-	-	2,312,866	-
A to BBB	-	-	-	-	-	-	-	-
Less than BBB	-	-	-	-	-	-	-	-
Non-rated	794,256	-	182,299	1,554,822	-	-	1,737,121	-
Total other financial assets	**24,846,202**	**-**	**515,468**	**3,534,519**	**-**	**-**	**4,049,987**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	3,534,519	-	-	3,534,519	-
Carrying value (fair value or amortized cost)	**24,846,202**	**-**	**515,468**	**3,534,519**	**-**	**-**	**4,049,987**	**-**
Total carrying value of financial assets in Israel	**55,005,554**	**909,578**	**18,943,185**	**6,960,633**	**33,072**	**10,737**	**25,947,627**	**1,956,835**

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(**) Cash and cash equivalents, receivables and debit balances and other financial investments for which the Company has a credit risk.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

1) Financial assets in Israel – by type of assets - December 31, 2024

	As of December 31, 2024 (in NIS thousand):							
	For yield-dependent contracts		Other					
Locally rated group (*)	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost (b) assets for which credit losses are expected for 12 months	Amortized cost assets for which credit losses are expected over the life of the instrument	Amortized cost of credit-impaired financial assets due to credit risk created or acquired	Total	Of which: Internally rated financial assets
Government bonds (c)								
AA and above	9,745,014	-	12,485,401	945,773	-	-	13,431,174	-
A to BBB	-	-	-	-	-	-	-	-
Less than BBB	-	-	-	-	-	-	-	-
Non-rated	-	-	-	-	-	-	-	-
Total government bonds	**9,745,014**	**-**	**12,485,401**	**945,773**	**-**	**-**	**13,431,174**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	945,773	-	-	945,773	-
Carrying value (fair value or amortized cost)	**9,745,014**	**-**	**12,485,401**	**945,773**	**-**	**-**	**13,431,174**	**-**
Corporate bonds (d)								
AA and above	6,774,198	-	1,160,406	33,387	-	-	1,193,793	-
A to BBB	2,501,057	-	595,467	13,711	-	-	609,178	-
Less than BBB	14,607	-	10,520	-	-	-	10,520	-
Non-rated	748,445	-	175,375	1,787	-	9,031	186,193	-
Total corporate bonds	**10,038,307**	**-**	**1,941,768**	**48,885**	**-**	**9,031**	**1,999,684**	**-**
Provision for loss	-	-		129	-	8,008	8,137	-
Amortized cost	-	-	-	48,756	-	1,023	49,779	-
Carrying value (fair value or amortized cost)	**10,038,307**	**-**	**1,941,768**	**48,756**	**-**	**1,023**	**1,991,547**	**-**
Other debt instruments								
AA and above	880,340	448,396	884,054	902,710	-	-	1,786,764	245,083
A to BBB	2,060,846	1,493,619	2,107,570	598,777	32,771	-	2,739,118	2,333,502
Less than BBB	-	-	-	-	10,824	-	10,824	10,824
Non-rated	1,651,643	-	325,478	1,138,966	35,710	13,457	1,513,611	-
Total other debt instruments	**4,592,829**	**1,942,015**	**3,317,102**	**2,640,453**	**79,305**	**13,457**	**6,050,317**	**2,589,409**
Provision for loss	-	-	-	7,753	1,903	2,503	12,159	-

	As of December 31, 2024 (in NIS thousand):							
	For yield-dependent contracts		Other					
Locally rated group (*)	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost (b) assets for which credit losses are expected for 12 months	Amortized cost assets for which credit losses are expected over the life of the instrument	Amortized cost of credit-impaired financial assets due to credit risk created or acquired	Total	Of which: Internally rated financial assets
Amortized cost	-	-	-	2,632,700	77,402	10,954	2,721,056	-
Carrying value (fair value or amortized cost)	**4,592,829**	**1,942,015**	**3,317,102**	**2,632,700**	**77,402**	**10,954**	**6,038,158**	**2,589,409**
Other financial assets (**)								
AA and above	18,187,695	-	258,288	2,481,172	-	-	2,739,460	-
A to BBB	-	-	-	-	-	-	-	-
Less than BBB	-	-	-	-	-	-	-	-
Non-rated	679,124	-	135,110	1,065,517	-	-	1,200,627	-
Total other financial assets	**18,866,819**	**-**	**393,398**	**3,546,689**	**-**	**-**	**3,940,087**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	3,546,689	-	-	3,546,689	-
Carrying value (fair value or amortized cost)	**18,866,819**	**-**	**393,398**	**3,546,689**	**-**	**-**	**3,940,087**	**-**
Total carrying value of financial assets in Israel	**43,242,969**	**1,942,015**	**18,137,669**	**7,173,918**	**77,402**	**11,977**	**25,400,966**	**2,589,409**

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(**) Cash and cash equivalents, deposits with banks and with financial institutions, receivables and debit balances and other financial investments for which the Company has a credit risk.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

1) Financial assets in Israel – by type of collateral (cont.)

A. Financial assets in Israel held against yield-dependent contracts:

Locally rated groups	As of December 31, 2025				
	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Mortgages	-	-	-	133,720	133,720
Policy loans	-	-	-	964,427	964,427
Loans secured by real estate properties	169,177	272,874	-	226,698	668,749
Other collateral	481,897	1,683,426	-	389,805	2,555,128
Unsecured	-	69,822	-	8,781	78,603
Total other financial assets in Israel held against yield-dependent contracts	**651,074**	**2,026,122**	**-**	**1,723,431**	**4,400,627**

Locally rated groups (*)	As of December 31, 2024				
	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Mortgages	-	-	-	56,076	56,076
Policy loans	-	-	-	843,555	843,555
Loans secured by real estate properties	170,853	252,391	-	194,196	617,440
Loans secured by shares attributable to controlling shareholders	-	56,725	-	43,170	99,895
Other collateral	709,487	1,658,605	-	504,255	2,872,347
Unsecured	-	93,125	-	10,391	103,516
Total other financial assets in Israel held against yield-dependent contracts	**880,340**	**2,060,846**	**-**	**1,651,643**	**4,592,829**

(*) Each rating includes all ranges, for example: A rating includes A- up to A+ and refers to the debt asset rather than to the collateral.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

2) Financial assets in Israel – by type of assets

A. Financial assets in Israel – other - which are not for yield-dependent contracts:

Locally rated groups (*)	As of December 31, 2025				
	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Mortgages	-	-	-	917,843	917,843
Policy loans	-	-	-	40,759	40,759
Loans secured by real estate properties	114,272	1,548,720	20,135	367,560	2,050,687
Other collateral	1,223,322	1,133,521	-	389,155	2,745,998
Unsecured	-	68,784	-	43,710	112,494
Total other financial assets in Israel held against other contracts	**1,337,594**	**2,751,025**	**20,135**	**1,759,027**	**5,867,781**

Locally rated groups (*)	As of December 31, 2024				
	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Mortgages	-	-	-	644,692	644,692
Policy loans	-	-	-	34,624	34,624
Loans secured by real estate properties	191,100	1,471,571	10,655	157,599	1,830,925
Loans secured by shares attributable to controlling shareholders	-	17,976	-	9,942	27,918
Other collateral	1,595,663	1,159,119	-	463,325	3,218,107
Unsecured	-	86,850	-	195,042	281,892
Total other financial assets in Israel held against other contracts	**1,786,763**	**2,735,516**	**10,655**	**1,505,224**	**6,038,158**

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

3) Credit risks for off-balance-sheet instruments (in Israel) - maximum exposure to credit risk

A. Off-balance sheet instruments in Israel held against yield-dependent contracts

	As of December 31, 2025				
Locally rated groups (*)	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	1,965	745,864	-	282,778	1,030,607
Liabilities for investment in investment funds	-	-	-	1,664,961	1,664,961
Total credit exposure for off-balance sheet instruments in Israel held against yield-dependent contracts	**1,965**	**745,864**	**-**	**1,947,739**	**2,695,568**

	As of December 31, 2024				
Locally rated groups (*)	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Unutilized credit facilities	59,575	784,890	-	315,380	1,159,845
Liabilities for investment in investment funds	-	-	-	1,464,373	1,464,373
Total credit exposure for off-balance sheet instruments in Israel held against yield-dependent contracts	**59,575**	**784,890**	**-**	**1,779,753**	**2,624,218**

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

3) Credit risks for off-balance-sheet instruments (in Israel) - maximum exposure to credit risk (cont.)

B. Off-balance sheet instruments in Israel – other (not in respect of yield-dependent contracts)

	As of December 31, 2025				
Locally rated groups (*)	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Financial guarantees provided that are not accounted for as insurance contracts	-	-	-	1,704,049	1,704,049
Unutilized credit facilities	1,680	1,147,817	-	685,784	1,835,281
Liabilities for investment in investment funds	-	-	-	915,762	915,762
Total credit exposure for off-balance sheet instruments in Israel held against other contracts	**1,680**	**1,147,817**	**-**	**3,305,595**	**4,455,092**

	As of December 31, 2024				
Locally rated groups	AA and above	A to BBB	Less than BBB	Unrated	Total
	NIS thousand				
Financial guarantees provided that are not accounted for as insurance contracts	-	500,000	-	1,058,380	1,558,380
Unutilized credit facilities	24,481	1,668,223	-	1,024,276	2,716,980
Liabilities for investment in investment funds	-	-	-	602,938	602,938
Total credit exposure for off-balance sheet instruments in Israel held against other contracts	**24,481**	**2,168,223**	**-**	**2,685,594**	**4,878,298**

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

4) Financial assets abroad – by type of assets - December 31, 2025

	As of December 31, 2025 (in NIS thousand):							
	For yield-dependent contracts		Other					
Globally rated group	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost assets for which credit losses are expected for 12 months	Amortized cost assets for which credit losses are expected over the life of the instrument	Amortized cost of credit-impaired financial assets due to credit risk created or acquired	Total	Of which: Internally rated financial assets
Government bonds								
A and above	677,984	-	234,388	-	-	-	234,388	-
BBB	216,173	-	-	-	-	-	-	-
Less than BBB	12,298	-	-	-	-	-	-	-
Non-rated	64,527	-	-	-	-	-	-	-
Total government bonds	**970,982**	**-**	**234,388**	**-**	**-**	**-**	**234,388**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	-	-	-	-	-
Carrying value (fair value or amortized cost)	**970,982**	**-**	**234,388**	**-**	**-**	**-**	**234,388**	**-**
Corporate bonds								
A and above	388,223	-	16,897	-	-	-	16,897	-
BBB	2,352,254	-	401,759	-	-	-	401,759	-
Less than BBB	1,920,166	-	1,259,170	-	-	-	1,259,170	-
Non-rated	861,804	-	230,743	-	-	-	230,743	-
Total corporate bonds	**5,522,447**	**-**	**1,908,569**	**-**	**-**	**-**	**1,908,569**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	-	-	-	-	-
Carrying value (fair value or amortized cost)	**5,522,447**	**-**	**1,908,569**	**-**	**-**	**-**	**1,908,569**	**-**
Other debt instruments							-	
A and above	562,497	433,348	68,562	224,133	-	-	292,695	212,814
BBB	274,390	113,422	63,129	56,174	-	-	119,303	34,942
Less than BBB	-	-	-	-	-	-	-	-
Non-rated	1,882,999	-	504,903	579,722	42,534	-	1,127,159	-

Globally rated group	As of December 31, 2025 (in NIS thousand): For yield-dependent contracts: Fair value through profit or loss	For yield-dependent contracts: Of which: Internally rated financial assets	Other: Fair value through profit or loss	Other: Amortized cost assets for which credit losses are expected for 12 months	Other: Amortized cost assets for which credit losses are expected over the life of the instrument	Other: Amortized cost of credit-impaired financial assets due to credit risk created or acquired	Other: Total	Other: Of which: Internally rated financial assets
Total other debt instruments	**2,719,886**	**546,770**	**636,594**	**860,029**	**42,534**	**-**	**1,539,157**	**247,756**
Provision for loss	-	-	-	4,232	2,795	-	7,027	-
Amortized cost	-	-	-	855,797	39,739	-	895,536	-
Carrying value (fair value or amortized cost)	**2,719,886**	**546,770**	**636,594**	**855,797**	**39,739**	**-**	**1,532,130**	**247,756**
Other financial assets (**)								
A and above	735,445	-	-	34,641	-	-	34,641	-
BBB	118,768	-	-	-	-	-	-	-
Less than BBB	79,110	-	-	-	-	-	-	-
Non-rated	4,577,807	-	1,636,712	-	-	-	1,636,712	-
Total other financial assets	**5,511,130**	**-**	**1,636,712**	**34,641**	**-**	**-**	**1,671,353**	**-**
Provision for loss	-	-	-	-	-	-	-	-
Amortized cost	-	-	-	34,641	-	-	34,641	-
Carrying value (fair value or amortized cost)	**5,511,130**	**-**	**1,636,712**	**34,641**	**-**	**-**	**1,671,353**	**-**
Total carrying value of financial assets abroad	**14,724,445**	**546,770**	**4,416,263**	**890,438**	**39,739**	**-**	**5,346,440**	**247,756**

(*) Each rating includes all ranges, for example: A rating includes A- up to A+.

(**) Cash and cash equivalents, deposits with banks and with financial institutions, receivables and debit balances and other financial investments for which the Company has a credit risk.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

4) Financial assets abroad – by type of assets - December 31, 2024

	As of December 31, 2024 (in NIS thousand):					
	For yield-dependent contracts		Other			
Globally rated group	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost assets for which credit losses are expected for 12 months	Total	Of which: Internally rated financial assets
Government bonds						
A and above	652,714	-	27,579	-	27,579	-
BBB	199,094	-	-	-	-	-
Less than BBB	32,095	-	-	-	-	-
Non-rated	-	-	-	-	-	-
Total government bonds	**883,903**	**-**	**27,579**	**-**	**27,579**	**-**
Provision for loss	-	-	-	-	-	-
Amortized cost	-	-	-	-	-	-
Carrying value (fair value or amortized cost)	**883,903**	**-**	**27,579**	**-**	**27,579**	**-**
Corporate bonds						
A and above	46,932	-	-	-	-	-
BBB	2,316,551	-	226,275	-	226,275	-
Less than BBB	2,609,499	-	636,061	-	636,061	-
Non-rated	661,128	-	190,583	-	190,583	-
Total corporate bonds	**5,634,110**	**-**	**1,052,919**	**-**	**1,052,919**	**-**
Provision for loss	-	-	-	-	-	-
Amortized cost	-	-	-	-	-	-
Carrying value (fair value or amortized cost)	**5,634,110**	**-**	**1,052,919**	**-**	**1,052,919**	**-**
Other debt instruments					-	
A and above	53,426	23,967	10,610	12,894	23,504	10,610
BBB	645,125	394,405	128,015	199,107	327,122	166,337
Less than BBB	-	-	-	-	-	-
Non-rated	1,790,630	-	333,808	534,028	867,836	-
Total other debt instruments	**2,489,181**	**418,372**	**472,433**	**746,029**	**1,218,462**	**176,947**
Provision for loss	-	-	-	5,215	5,215	-
Amortized cost	-	-	-	740,814	740,814	-
Carrying value (fair value or amortized cost)	**2,489,181**	**418,372**	**472,433**	**740,814**	**1,213,247**	**176,947**
Other financial assets (**)						

	As of December 31, 2024 (in NIS thousand):					
	For yield-dependent contracts		Other			
Globally rated group	Fair value through profit or loss	Of which: Internally rated financial assets	Fair value through profit or loss	Amortized cost assets for which credit losses are expected for 12 months	Total	Of which: Internally rated financial assets
A and above	546,601	-	-	260,855	260,855	-
BBB	18,451	-	-	-	-	-
Less than BBB	124,739	-	4,866	-	4,866	-
Non-rated	5,498,904	-	1,347,588	-	1,347,588	-
Total other financial assets	**6,188,695**	**-**	**1,352,454**	**260,855**	**1,613,309**	**-**
Provision for loss	-	-	-	-	-	-
Amortized cost	-	-	-	260,855	260,855	-
Carrying value (fair value or amortized cost)	**6,188,695**	**-**	**1,352,454**	**260,855**	**1,613,309**	**-**
Total carrying value of financial assets abroad	**15,195,889**	**418,372**	**2,905,385**	**1,001,669**	**3,907,054**	**176,947**

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

5) Financial assets in Israel – by type of collateral

A. Financial assets abroad held against yield-dependent contracts:

	As of December 31, 2025				
Globally rated groups (*)	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Loans secured by real estate properties	140,725	66,362	-	614,077	821,164
Loans secured by shares attributable to controlling shareholders	22,026	21,433	-	156,527	199,986
Other collateral	352,326	158,774	-	491,311	1,002,411
Unsecured	47,420	27,821	-	621,084	696,325
Financial assets abroad held against yield-dependent contracts	**562,497**	**274,390**	**-**	**1,882,999**	**2,719,886**

	As of December 31, 2024				
Globally rated groups (*)	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Loans secured by real estate properties	-	-	-	54,267	54,267
Other collateral	53,426	645,125	-	1,736,363	2,434,914
Financial assets abroad held against yield-dependent contracts	**53,426**	**645,125**	**-**	**1,790,630**	**2,489,181**

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

5) Financial assets in Israel – by type of collateral (cont.)

B. Financial assets abroad – other (not in respect of yield-dependent contracts):

Globally rated groups (*)	As of December 31, 2025				
	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Loans secured by real estate properties	69,734	32,689	-	328,427	430,850
Loans secured by shares attributable to controlling shareholders	10,949	3,530	-	35,096	49,575
Other collateral	187,170	70,251	-	258,760	516,181
Unsecured	24,842	12,833	-	504,876	542,551
Total other financial assets abroad held against other contracts	292,695	119,303	-	1,127,159	1,539,157

Globally rated groups (*)	As of December 31, 2024				
	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Loans secured by real estate properties	-	-	-	201,171	201,171
Other collateral	23,504	327,122	-	661,450	1,012,076
Total other financial assets abroad held against other contracts	**23,504**	**327,122**	**-**	**862,621**	**1,213,247**

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

6) Credit risks for off-balance-sheet instruments abroad - maximum exposure to credit risk

A. Off-balance sheet instruments held against yield-dependent contracts

Globally rated groups (*)	As of December 31, 2025				
	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Financial guarantees provided that are not accounted for as insurance contracts	86,569	9,651	-	-	96,220
Unutilized credit facilities	146,337	78,818	-	530,107	755,262
Liabilities for investment in investment funds	-	-	-	7,114,827	7,114,827
Financial assets abroad held against yield-dependent contracts	**232,906**	**88,469**	**-**	**7,644,934**	**7,966,309**

Globally rated groups (*)	As of December 31, 2024				
	A and above	BBB	Less than BBB	Unrated	Total
			In NIS thousand		
Financial guarantees provided that are not accounted for as insurance contracts	70,000	14,179	-	-	84,179
Unutilized credit facilities	119,804	-	-	240,891	360,695
Liabilities for investment in investment funds	-	-	-	7,168,550	7,168,550
Financial assets abroad held against yield-dependent contracts	**189,804**	**14,179**	**-**	**7,409,441**	**7,613,424**

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

6) Credit risks for off-balance-sheet instruments abroad - maximum exposure to credit risk (cont.)

B. Other off-balance sheet instruments (not in respect of yield-dependent contracts):

	As of December 31, 2025				
Globally rated groups (*)	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Financial guarantees provided that are not accounted for as insurance contracts	31,096	860	-	202,085	234,041
Unutilized credit facilities	68,628	39,089	-	294,969	402,686
Liabilities for investment in investment funds	-	-	-	3,053,678	3,053,678
Total other financial assets abroad held against other contracts	**99,724**	**39,949**	**-**	**3,550,732**	**3,690,405**

	As of December 31, 2024				
Globally rated groups (*)	A and above	BBB	Less than BBB	Unrated	Total
	In NIS thousand				
Financial guarantees provided that are not accounted for as insurance contracts	11,005	8,102	-	255,290	274,397
Unutilized credit facilities	-	77,604	-	85,197	162,801
Liabilities for investment in investment funds	-	-	-	2,792,892	2,792,892
Total other financial assets abroad held against other contracts	**11,005**	**85,706**	**-**	**3,133,379**	**3,230,090**

(*) Each rating includes all ranges, for example: rating A includes from A- to A+.

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(1) Exposure to credit risk (cont.)

B. Breakdown of assets by ratings: (cont.)

B.2. Financial assets by rating in Israel and abroad (cont.)

6) Credit risks for off-balance-sheet instruments abroad - maximum exposure to credit risk (cont.)

Breakdown of exposure to market sectors for investments in liquid and illiquid financial debt assets (excluding investments held against yield-dependent contracts):

	As of December 31, 2025		
	On-balance-sheet credit risk		Off-balance-sheet credit risk
	NIS thousand	% of total	NIS thousand
Economic sector			
Manufacturing	654,735	2.6%	-
Construction & real estate	3,470,215	13.5%	1,781,904
Electricity and water	2,793,363	10.9%	505,834
Commerce	416,147	1.6%	-
Transportation and storage	118,141	0.5%	1,888
Communications and IT services	441,973	1.7%	53,129
Banks	1,452,712	5.7%	-
Financial Services	2,120,784	8.3%	1,653,740
Holding company	166,459	0.7%	-
Other business services	576,534	2.3%	9,028
Total	**12,211,063**	**47.8%**	**4,005,523**
Government bonds and treasury deposits	13,361,664	52.2%	-
Total including government bonds	**25,572,727**	**100.0%**	**4,005,523**

	As of December 31, 2024		
	On-balance-sheet credit risk		Off-balance-sheet credit risk
	NIS thousand	% of total	NIS thousand
Economic sector			
Manufacturing	1,152,261	4.90%	200
Construction & real estate	3,061,152	12.9%	2,951,020
Electricity and water	1,859,610	7.8%	579,969
Commerce	15,905	0.1%	0
Transportation and storage	16,955	0.1%	0
Communications and IT services	170,383	0.7%	27,920
Banks	1,579,079	6.6%	0
Financial Services	889,396	3.7%	1,143,518
Holding company	156,943	0.7%	0
Other business services	1,393,296	5.9%	9,931
	10,295,870	**43.3%**	**4,712,558**
Government bonds and treasury deposits	13,458,753	56.7%	0
Total	**23,754,623**	**100.0%**	**4,712,558**

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(2) Estimation of current expected credit losses

Assets held against yield-dependent contracts:

The Company measures all financial assets held against yield-dependent contracts at fair value through profit and loss and therefore does not recognize a provision for impairment in respect of these assets.

Other financial assets not held against yield-dependent contracts:

Movement in provision for impairment

1. Following is the movement in provision for impairment in respect of debt asset investments (NIS thousand):

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Credit-impaired financial assets	Total
Balance as of January 1, 2025	13,097	1,903	10,511	25,511
Remeasurement of the expected credit losses provision	3,940	1,605	(398)	5,147
Carried to measurement of expected credit losses over the life of the instrument	(2,168)	2,168	-	-
Financial assets acquired or created	-	-	2,656	2,656
Derecognized financial assets	-	-	(2,337)	(2,337)
Balance as of December 31, 2025	**14,869**	**5,676**	**10,432**	**30,977**

NOTE 35 - RISK MANAGEMENT (cont.)

D. Financial risks (cont.)

D.3. Credit risk (cont.)

(2) Estimation of current expected credit losses (cont.)

Other financial assets not held against yield-dependent contracts: (cont.)

Movement in provision for impairment (cont.)

1. Following is the movement in provision for impairment in respect of debt asset investments (NIS thousand): (cont.)

	Expected credit losses for 12 months	Expected credit losses over the life of the instrument	Credit-impaired financial assets	Total
Balance as of January 1, 2024	13,097	1,903	76,620	91,620
Remeasurement of the expected credit losses provision	-	-	1,104	1,104
Financial assets acquired or created	-	-	166	166
Derecognized financial assets	-	-	(67,379)	(67,379)
Balance as of December 31, 2024	**13,097**	**1,903**	**10,511**	**25,511**

NOTE 35 - RISK MANAGEMENT (cont.)

E. Geographical risks (excluding assets held against yield-dependent contracts)

As of December 31, 2025												
	Government bonds	Corporate bonds	Shares	Investment funds	ETFs	Mutual funds	Investment property	Reinsurance assets	Other investments (*)	Total balance sheet exposure	Derivatives in delta terms	Total
	NIS thousand											
Israel	12,398,712	3,030,084	2,667,764	1,612,840	222,315	7,741	1,909,045	-	9,551,132	31,399,633	497,149	31,896,782
USA	-	907,010	840,553	2,951,383	18,409	34,205	-	128,306	1,199,081	6,078,947	403,258	6,482,205
UK	-	176,134	19,787	940,431	-	-	-	-	196,538	1,332,890	-	1,332,890
Germany	-	107,124	57,466	189,370	-	-	-	1,036,978	43,443	1,434,381	-	1,434,381
Switzerland	-	61	10,502	-	-	-	-	1,963,123	28,178	2,001,864	-	2,001,864
Other	-	590,741	113,150	794,672	37,432	-	-	1,700,204	438,911	3,675,110	(5,501)	3,669,609
Total assets	12,398,712	4,811,154	3,709,222	6,488,696	278,156	41,946	1,909,045	4,828,611	11,457,283	45,922,825	894,906	46,817,731

(*) Other investments include investments in associates, cash and other financial investments which were not included in the other columns.

NOTE 35 - RISK MANAGEMENT (cont.)

E. Geographical risks (excluding assets held against yield-dependent contracts) (cont.)

	As of December 31, 2024											
	Government bonds	Corporate bonds	Shares	Investment funds	ETFs	Mutual funds	Investment property	Reinsurance assets	Other investments (*)	Total balance sheet exposure	Derivatives in delta terms	Total
	NIS thousand											
Israel	13,431,174	2,124,209	2,104,820	1,292,323	184,816	1,116	1,323,367	3,132	9,395,864	29,860,821	283,208	30,144,029
USA	27,579	446,468	737,117	2,714,231	25,588	44,590	-	208,277	694,769	4,898,619	1,294,129	6,192,748
UK	-	130,263	22,786	870,474	-	37	-	656,237	286,398	1,966,195	-	1,966,195
Germany	-	17,076	45,120	124,246	-	-	-	1,249,839	50,475	1,486,756	-	1,486,756
Switzerland	-	88	4,620	-	-	-	-	1,028,172	27,917	1,060,797	-	1,060,797
Other	-	326,528	92,025	490,562	10,035	265	-	1,448,898	415,423	2,783,736	-	2,783,736
Total assets	**13,458,753**	**3,044,632**	**3,006,488**	**5,491,836**	**220,439**	**46,008**	**1,323,367**	**4,594,555**	**10,870,846**	**42,056,924**	**1,577,337**	**43,634,261**

(*) Other investments include investments in associates, cash and other financial investments which were not included in the other columns.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES

A. The Company's main interested parties are as follows

The Company does not have a core control core. The Company's interested parties are Harel Insurance Group, Clal Insurance Group, Menora Mivtachim Group, and AP Investments III Ltd.

B. Benefits for key management personnel (including directors)

In addition to their salaries, the Group's CEO and senior executives are entitled to non-cash benefits (such as cars, medical insurance, etc.). Furthermore, the Group makes contributions on behalf of those officers into a post-employment defined benefit plan and a defined contribution plan.

Senior executives also participate in the share option and RSU plan of the Company and of subsidiaries of the Group (see Note 33, Share-Based Payment).

Under law, the Company and several subsidiaries have a compensation policy in place for officers and senior employees. The compensation policy is mainly based on multi-year results, return on equity achieved by the Group, and a series of personal parameters adapted to the various officers, which are based on the work plans to be set by the Board of Directors each year.

Subsequent to the report date, in March 2026, an extraordinary meeting of the Company was held, whose agenda included, among other things, the approval of a revised compensation policy for officers for 2026-2028 (hereinafter - the "**Compensation Policy**").

As to the liability for exemption, indemnification and insurance to directors, officers and other key officers - see Section 7 below.

1. Benefits in respect of employment of key management personnel include:

	For the year ended December 31			
	2025		2024	
	No. of people	Amount	No. of people	Amount
		NIS thousand		NIS thousand
Short-term benefits	30	92,174	30	79,539
Post-employment benefits	28	4,629	26	6,166
Share-based payment (see Note 33)	28	35,115	29	24,337
		131,918		110,042

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

2. Benefits in respect of employment of key management personnel who are directors not employed by the Company:

	For the year ended December 31			
	2025		2024	
	No. of people	Amount NIS thousand	No. of people	Amount NIS thousand
Fees of directors not employed by the Company	10	3,602	9	3,647

3. The Company participates (on its own behalf and on behalf of Group companies) in directors' and officers' insurance

	For the year ended December 31	
	NIS thousand	
	2025	2024
Insurance for board members and officers	2,217	2,473

For information on revision of the insurance coverage of directors and officers, see Section 7 below.

4. Employment agreement of the Chairman of the Board of Directors

Mr. Benjamin Gabbay has been serving as Chairman of the Board of Phoenix Insurance since November 2019, and as the Chairman of the Company's Board of Directors since April 2020. The Company and Phoenix Insurance's Compensation Committees and Boards of Directors approved Mr. Gabbay's terms of employment in meetings held in December 2019 (hereinafter - "**Mr. Gabbay**" and/or "**Company Chairman**" and/or "**Phoenix Insurance's Chairman**").

In respect of his service as the Company's Chairman, he is entitled to an annual compensation and to compensation for participating in meetings (which are not joint meetings of the Company and Phoenix Insurance) in his capacity as an expert director (in accordance with his classification as such by the Compensation Committee), in accordance with the Fourth Addendum to the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000, in accordance with the Company's rank as it shall be determined from time to time. For his service as the Chairman of the Company's Board of Directors, Mr. Benjamin Gabbay was paid in the reporting year a compensation of NIS 237 thousand.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

4. Employment agreement of the Chairman of the Board of Directors (cont.)

As of the reporting year, Mr. Benjamin Gabbay's gross monthly salary for his service as The Phoenix Insurance's Chairman at an appointment percentage of 70% is approx. NIS 129 thousand (hereinafter - the "**Salary**"). The Salary is linked to the Consumer Price Index (hereinafter - the "**CPI**"), and the revision due to changes in the CPI is carried out once a year in the January salary, in accordance with the CPI published on January 15 of that year.

The Salary, as revised from time to time, will serve as the wages on which contributions towards severance pay and pension are based.

Related benefits: Phoenix Insurance's Chairman is entitled to reimbursement of expenses he will incur in respect of fulfilling his role, including entertainment expenses and travel expenses (including travel abroad), all in accordance with the Company's Compensation Policy.

Furthermore, Phoenix Insurance's Chairman is entitled to twenty-one (21) annual leave days per year; any unutilized annual leave shall be deleted once a year. The accrued vacation leave days may not be redeemed except upon termination of employee-employer relations. In addition, Phoenix Insurance's Chairman is entitled to sick leave in accordance with the law and his employment on a part-time basis; he will have a right to accumulate up to ninety (90) calendar days (66 working days), that cannot be redeemed, neither during the course of employment or after termination.

Phoenix Insurance's Chairman is entitled to be included in the officers' insurance arrangement purchased by the Company, and to receive indemnification and exemption letters in accordance with the terms and conditions normally applied to senior Company officers.

Compensation - variable component: as from the reporting year, in accordance with the Company's revised Compensation Policy and subject to the provisions of the applicable law, the Chairman of the Company's Board may be eligible for variable compensation in respect of his service as a director in Group subsidiaries which are unrelated to the insurance businesses.

For further details, see Note 33C

In the reporting year, the Chairman of the Company's Board of Directors was awarded illiquid options in Phoenix Capital Partners Ltd. For further details, see the Meeting Summons Report dated March 13, 2025 (Ref. No.: 2025-01-016869).

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

4. Employment agreement of the Chairman of the Board of Directors (cont.)

Advance notice and non-competition: The Company, Phoenix Insurance and the Company's Chairman have the right to terminate the employment agreement at any time and for any reason whatsoever by giving written advance notice in accordance with the law (hereinafter - the "**Advance Notice Period**"). Upon termination of his employment, for any reason whatsoever, the Company's Chairman will be subject to a non-competition period of six (6) consecutive months starting at the end of the Advance Notice Period (hereinafter - the "**Non-Competition Period**"). During the Non-Competition Period, the Company's Chairman shall not serve in an active managerial position in the insurance sector, without obtaining the Company's and Phoenix Insurance's written consent in advance.

5. CEO's employment agreement

Mr. Eyal Ben Simon has been serving as the Company's CEO since June 2019, and as the CEO of Phoenix Insurance Company Ltd. since May 2019 (hereinafter - "**Mr. Ben Simon**" and/or the "**Company's CEO**"). The Company's Compensation Committee and Board of Directors approved Mr. Ben Simon's terms of employment in meetings held in June 2019. In August 2019, the General Meeting approved the employment terms and conditions of the Company's CEO, and in October 2020 the General Meeting (hereinafter - the "**General Meeting**") approved the revision of his terms of service, as detailed below:

As of the reporting year, the gross monthly salary paid to Mr. Ben Simon for his service as the Company's CEO is approx. NIS 143 thousand, calculated on an annual basis (hereinafter - the "**Total Salary**"). The Total Salary shall be updated in accordance with the increase in the Consumer Price Index (hereinafter - the "**CPI**") on a monthly basis, and the base index will be the known CPI as of the end of May 2019.

The Total Salary, as updated from time to time, will serve as the wage on which contributions for social benefit contributions (severance pay and pension), including advanced education fund are based.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

5. CEO's employment agreement (cont.)

In accordance with the Law of Officer Compensation in Financial Corporations (Special approval and Non-Deductibility for Tax Purposes of Expense in respect of Irregular Compensation) Law, 2016 (hereinafter - the "**Law**"), the Company's Compensation Committee, Board of Directors and General Meeting approved - as part of their approval of the employment agreement - that Mr. Ben Simon's employment terms and conditions are in accordance with Section 2(a) to the Law, such that the projected expense in respect of the offered compensation is expected to exceed NIS 2.5 million per year, but shall not exceed the limit of 35 times the annual expense in respect of the year relevant to the adjustment, based on the cost of a full-time position, paid by the Company to its lowest paid employee, whether directly or indirectly (including an employee of a manpower contractor employed directly by the Company or contract worker employed to provide services at the Company's premises, as defined by law).

It should be clarified that the Company shall bear the tax cost arising from the "excessive expense" in respect of Mr. Ben Simon's cost of employment (i.e., the non-deductibility for tax purposes of the "excessive expense" for the Company, as defined in the Law of Officer Compensation in Financial Corporations).

Related benefits: the CEO is entitled to social benefits, related benefits and reimbursement of expenses, including in respect of meals, entertainment and subsistence as generally accepted in the Company, travel expenses (including travel abroad), car expenses, telephone, internet devices, and other communication expenses. The Company shall provide the CEO a company car (corresponding to Grade 7) for his personal use, and all expenses arising from the car's usage and maintenance shall be incurred by the Company and shall be paid by it, including grossing-up in full of the car's value and use.

Furthermore, the CEO is entitled to twenty four (24) annual leave days per year, with an option to accumulate up to two annual leave quotas; any unutilized annual leave in excess of the said two annual quotas shall be deleted once a year. The accrued vacation leave days may not be redeemed except upon termination of employee-employer relations. Furthermore, the CEO is entitled to convalescence pay, calculated based on fifteen (15) recreation days per year; he will also be entitled to twenty-two (22) sick leave days, which may be accumulated throughout his service as CEO, up to ninety (90) calendar days (66 working days), that cannot be redeemed, neither during the course of employment nor post-employment.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

5. CEO's employment agreement (cont.)

The CEO is entitled to be included in the D&O insurance policy purchased by the Company, as well as letters of indemnification and exemption from liability under standard terms for senior officers in the Company.

Compensation - variable component: The CEO may be entitled to an annual bonus in accordance with the Compensation Policy and at the discretion of the Compensation Committee and Board of Directors. The assessment of the CEO's entitlement to an annual bonus is conditional upon the Company's meeting the threshold targets as set in the Compensation Policy. For further details regarding the award of options to the Company's CEO, see Note 37. For further details, see Section 1.3 to the meeting summons report dated September 16, 2020 (Ref. No. 2020-01-102009). The cost of the annual variable component shall not exceed 100% of the cost of the fixed annual component. To the extent required, the annual bonus paid to the CEO shall be cut such that it does not exceed the compensation limit set in law, including in the Compensation of Officers in Financial Corporations Law, linked to the CPI (to the extent that this is permitted by law). After the amount of the variable compensation is set, including the annual bonus in respect of a certain year, it shall be paid in accordance with the deferral arrangements set in law and in the Compensation Policy. The annual bonus shall be subject to the recovery arrangements which were set in relation to variable compensation in the Company's Compensation Policy.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

5. CEO's employment agreement (cont.)

Advance notice and non-competition: The Company and Company's CEO have the right to terminate the employment agreement at any time and for any reason whatsoever by giving a six-month (6-month) written advance notice (hereinafter - the "**Advance Notice Period**"). Upon termination of the CEO's employment by the Company for any reason whatsoever, other than under circumstances of immediate termination, the Company may decide on the termination date and inform the CEO no later than 7 days after the Advance Notice Period has begun, that the CEO shall be subject to a non-competition period of six (6) consecutive months from the end of the Advance Notice Period and the period of actual utilization of the accumulated annual leave balances, during which the CEO shall not be required to carry out any work for the Company (hereinafter - the "**Non-Competition Period**"). During the Non-Competition Period, the CEO shall receive from the Company his full salary and all payments, contributions, benefits and rights to which he is entitled under his employment agreement, provided that, during the Non-Competition Period, he will not serve as an employee, advisor, partner, contractor, distributor or shareholder in the insurance and finance sectors (including investment houses) (except holding less than 5% of the issued share capital or voting rights in a publicly-traded company). Payment in respect of the Non-Competition Period is conditional upon the CEO's complying with the non-competition terms as set in the agreement. For further details, see the Company's immediate report dated July 1, 2019 (Ref. No. 2019-01-056148).

6. Changes in the status of officers

A. On January 3, 2025, Mr. Richard Kaplan ceased to serve as an external director of the Company.

B. On January 14, 2025, Mr. Zubin Russi Taraporevala started serving as a Company director.

C. On January 14, 2025, Ms. Hanadi Said began to serve as an external director of the Company.

D. On January 14, 2025, Ms. Inbal Kreiss began to serve as an independent director of the Company.

E. On January 14, 2025, Prof. Zohar Goshen began to serve as a director of the Company.

F. On July 3, 2025, Mr. Mishael Vaknin began to serve as an independent director in the Company.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

7. Indemnification agreements and officers' insurance

Insurance, indemnification and exemption

1. In March 2020, the general meeting of the Company's shareholders approved, among other things:
   Award of exemption letters, in the version attached to the meeting summons report, to Company officers and directors who serve or will serve in the Company from time to time, including the CEO or the CEO who will serve from time to time, and including Company officers and directors who serve or will serve in the Company from time to time, which the Company's controlling shareholder may be considered as having a vested interest in the award of the exemption letters. Award of indemnification letters, in the version attached to the meeting summons report, to Company officers and directors who serve or will serve in the Company from time to time, including the CEO or the CEO who will serve from time to time, and including Company officers and directors who serve or will serve in the Company from time to time, which the Company's controlling shareholder may be considered as having a vested interest in the award of the indemnification letters.

2. In November 2025, after the Company's Compensation Committee approved the engagement in an officers liability insurance policy covering the officers of the Company and its subsidiaries, for an annual insurance period starting on November 3, 2025, in accordance with Regulation 1B1 to the Companies Regulations (Exemptions for Interested Party Transactions), 2000. The limit of liability coverage is USD 200 million per case and in total per annual insurance period, together with reimbursement of reasonable legal expenses, in addition to the said limit of liability for claims in Israel.

3. Subsequent to the report date, in March 2026, the Company's shareholders' meeting approved the Compensation Policy for 2026-2028, in which the following issues were revised, among other things:

   A. Payment of expenses arising from participation in meetings of the Board of Directors and its committees by directors residing outside Israel. Such directors will be entitled to full reimbursement of expenses for the total amount of expense per day to be paid by the Company of no more than NIS 2,500 plus VAT per director. The directors shall also be entitled to reimbursement of travel expenses in Israel which are directly related to their participation in such meetings.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

B. Benefits for key management personnel (including directors) (cont.)

7. Indemnification agreements and officers' insurance (cont.)

3. (cont.)

B. Revision to the compensation policy and of the ceiling for insurance coverage of directors, officers, and other key executives was increased to USD 250 million (instead of USD 220 million) and the Company was granted the option to purchase, at its discretion and in accordance with the approvals required by law, a runoff insurance policy for officers for up to seven years, in the scope of the coverage.

C. Balances of related parties and interested parties

Some of the Company's financial and insurance activities are carried out with related parties and interested parties in the ordinary course of business and under market terms, subject to the approvals required as per the Company's procedures.

According to the Securities (Periodic and Immediate Reports) Regulations, 1970 (hereinafter - the "**Securities Regulations**"). Some of the reporting requirements applicable to public companies in connection with transactions with a controlling shareholder or transactions with another person in which the controlling shareholder has vested interest (hereinafter - "**Controlling Shareholder Transactions**"), also apply to transactions which are not extraordinary transactions, as this term is defined in the Companies Law, except for transactions which were designated in the latest financial statements as negligible. In November 2008, the Company's Board of Directors decided to adopt a negligibility threshold as set out in the Securities Regulations in connection with Controlling Shareholder Transactions.

The Company's Board of Directors has determined that a Controlling Shareholder Transaction shall be considered as a negligible transaction if all of the following terms and conditions are met in respect thereof:

- It is not an extraordinary transaction (as the term is defined in the Companies Law).
- In the absence of special qualitative considerations arising from the circumstance of the matter (as described in Section 3 below) its effect on the relevant parameter (as described below) amounts to less than one percent (1%).

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Balances of related parties and interested parties (cont.)

- For each transaction or engagement assessed in relation to the negligibility threshold, the relevant parameters shall be assessed based on the latest consolidated financial statements issued by the Company prior to the event, as detailed below:

  A. Ratio of assets - the total transaction-related assets (acquired or sold assets) divided by total assets.

  B. Ratio of liabilities - the total transaction-related liabilities divided by total liabilities.

  C. Equity ratio - the increase or decrease in equity divided by the equity.

  D. Premium ratio - the total transaction-related premiums divided by the average annual premiums in the relevant segment (life insurance and long-term savings, health insurance, property and casualty insurance) calculated based on the latest 12 quarters for which reviewed or audited financial statements were published.

  E. Ratio of revenues from various services - the total transaction-related revenues divided by the average annual non-premium revenues in the last three years, calculated based on the latest 12 quarters for which reviewed or audited financial statements were published.

- For each transaction or engagement assessed in relation to the negligibility threshold, the relevant parameters shall be assessed based on the latest consolidated financial statements issued by the Company prior to the event, as detailed below: (cont.)

  F. Ratio of expenses in respect of various services - the total transaction-related expenses divided by the average annual general and administrative expenses, calculated based on the latest 12 quarters for which reviewed or audited financial statements were published.

  G. Profit ratio - the total transaction-related profit attributed to the event divided by the average annual comprehensive income for the period (including changes in capital reserves) in the last three years, calculated based on the latest 12 quarters for which reviewed or audited financial statements were published.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Balances of related parties and interested parties (cont.)

- Without prejudice to the need to assess for each event assessed for negligibility which of the above parameters are relevant, the following parameters shall be considered as relevant for the transactions listed below:

  A. Asset purchase - assets ratio.

  B. Asset sale - profit ratio, asset ratio.

  C. Purchase or sale of insurance of reinsurance - premium ratio.

  D. Receiving services - ratio of expenses in respect of various services.

  E. Provision of services (excluding insurance services and including brokerage services in insurance, underwriting, financing transactions, various financial services) - ratio of revenues from various services.

- The transaction is also negligible in qualitative terms.

As part of a qualitative assessment of an event, the following aspects will also be assessed:

1. The event involves significant risks or rewards. The Company will examine whether, and to what extent, the risks that the event involves reflect risk factors to which the Company is exposed.

2. The event may impact the Company's compliance with significant regulatory or contractual requirements.

When assessing the negligibility of a future event, the Company should assess, among other things, the probability that the event will indeed materialize, and the risks embodied therein; the Company should also ensure that these risks do not exceed the risks that it normally undertakes in the ordinary course of its business.

On March 23, 2026, the Audit Committee approved - pursuant to Section 117(1a) to the Companies Law - that the transactions detailed in the appendices to the procedure are not extraordinary transactions, under ordinary commercial terms (such as: insurance, management of provident funds and/or pension funds), the execution of which was approved as long as they comply with all cumulative terms and conditions set out in the procedure.

Subsequently, on March 25, 2026, the Board of Directors approved, following approval by the Audit Committee, that transactions had been approved as negligible for purposes of Regulation 41(a)(6)(a) of the Securities Regulations (Annual Financial Statements), 2010 are also considered negligible transactions in relation to the Company for purposes of Section 117(2a) to the Companies Law, 1999.

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Balances of related parties and interested parties (cont.)

	As of December 31, 2025	
	Associates	Interested party and other related parties
	NIS thousand	
Assets:		
Financial investments for yield-dependent contracts	63,102	1,004,224
Other financial investments	136,843	153,111
Receivables and debit balances	7,383	149,387
Liabilities:		
Liabilities for insurance contracts	142	337
Loans and credit	-	105,018
Payables and credit balances	-	32,191
Highest outstanding debt balance during the year		
Financial investments for yield-dependent contracts	-	42,394
Debt assets	102,280	37,187

	As of December 31, 2024	
	Associates	Interested party and other related parties
	NIS thousand	
Assets:		
Financial investments for yield-dependent contracts	106,213	924,908
Other financial investments	103,576	132,028
Receivables and debit balances	10,816	108,062
Liabilities:		
Liabilities for insurance contracts	1,667	-
Loans and credit	-	81,446
Payables and credit balances	-	50,385
Highest outstanding debt balance during the year		
Financial investments for yield-dependent contracts	-	68,518
Debt assets	221,356	43,302

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Balances of related parties and interested parties (cont.)

Guarantees and pledges provided:

Guarantees provided between related parties in the Group are provided at market prices/conditions

Receiving company	Guarantor company	As of December 31 2025	As of December 31 2024	Description
		NIS thousand		
Excellence Investment Management and Securities	The Company	500,000	500,000	Collateral provided by Phoenix Financial to the TASE in favor of a company which is a TASE member for the purpose of its activities.
Phoenix Pension & Provident	The Company	700,000	480,000	The Company has guarantees for bank credit of up to NIS 700 million. For information regarding the Company's undertaking to supplement the shareholders' equity of Phoenix Pension and Provident Funds, see Note 11F4 above.
One Part	The Company	15,000	15,000	Guarantee of up to NIS 15 million for a bank credit facility. Half of the guarantee amount is pledged under a general floating charge in favor of the Company.
Phoenix Capital Partners	The Company	100,000	-	Guarantee with respect to a credit facility of approx. NIS 100 million to Phoenix Capital Partners.
KKR KIF	The Company	255,200	-	The Company provides guarantees for credit facilities totaling USD 80 million.
Phoenix Capital Partners	The Company	400,000	-	The Company provided a guarantee for a liability of Capital Partners totaling NIS 400 million
Total guaranteed by the Company		**1,970,200**	**995,000**	

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Balances of related parties and interested parties (cont.)

Guarantees and pledges provided: (cont.)

Receiving company	Guarantor company	As of December 31 2025	As of December 31 2024	Description
		NIS thousand		
Excellence Investment Management and Securities Ltd.	Phoenix Insurance - nostro	400,000	400,000	Collateral provided by Phoenix Insurance to the TASE in favor of a company which is a TASE member for the purpose of its activities.
Co-Invest Equity 2	Phoenix Insurance - nostro	20,000	20,000	Credit facility guarantee
Phoenix Construction Financing	Phoenix Insurance - nostro	306,000	306,000	Credit facility guarantee
Phoeniclass	Phoenix Insurance - nostro	52,700	-	Guarantee in favor of Phoeniclass and Kibbutzim College for the Tel Aviv Municipality in respect of development payments.
Phoeniclass	Phoenix Insurance - nostro	280,000	-	Guarantee in favor of Phoeniclass (held by the Company and America Israel) and Kibbutzim College for the Tel Aviv Municipality in respect of construction financing.
King Store	Phoenix Insurance - nostro	7,500	7,500	Guarantee in respect of bank credit through nostro funds
IDE Technologies Ltd.	Phoenix Insurance - nostro	250,000	250,000	Phoenix Insurance provided a guarantee to a banking corporation for the purpose of providing credit to IDE
Anchor fund	Phoenix Insurance - nostro	31,900	146,000	Phoenix Insurance provided a guarantee for a credit facility assumed by the fund totaling USD 10 million
Real estate debt principal	Phoenix Insurance - nostro	191,400	219,000	Credit facility guarantee
Pollen Street feeder fund	Phoenix Insurance - nostro	15,950	18,000	Credit facility guarantee
Smart Capital	Phoenix Insurance - nostro	175,450	201,000	Phoenix Insurance provided a guarantee for a credit facility totaling USD 55 million it has been issued. As of December 31, 2025, credit facilities total only approx. USD 8 million.
Smart Capital	Phoenix Insurance - nostro	210,540	-	Phoenix Insurance provided a guarantee for a credit facility totaling USD 66 million. As of December 31, 2025, credit facilities total only approx. USD 22 million.
Phoenix Mortgages (Gold)	Phoenix Insurance - nostro	150,000	-	Phoenix Insurance provided a guarantee to a banking corporation with respect of provision of loans totaling NIS 150 million.
ICC	Phoenix Insurance - nostro	50,000	-	Phoenix Insurance signed, together with Electra Consumer Products, a guarantee for securing a loan advanced to Global Retail by ICC.
Ad 120	Phoenix Insurance - nostro	404,000	399,000	Phoenix Insurance has guarantees for tenants of Ad 120, to secure deposit balances.
		2,545,440	1,966,500	

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

C. Balances of related parties and interested parties (cont.)

Guarantees and pledges provided: (cont.)

Guarantees given subsequent to the balance sheet date:

Receiving company	Guarantor company	As of December 31		Description
		2025	2024	
		NIS thousand		
Credit facility in favor of CLN	The Company	31,900	-	The Company and Smart Capital advanced a total of NIS 35 million each to Retalix as a loan to finance operating activities.
Smart Capital	The Company	159,500	-	The Company approved a loan to Smart Capital of approx. USD 60 million. As of the financial statements publication date, a total of USD 30 million was utilized.
		191,400	-	

NOTE 36 - BALANCES AND TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (cont.)

D. Transactions with interested parties and related parties

	As of December 31, 2025	
	Associates	Interested party and other related parties
	NIS thousand	
Cash flows for insurance contracts:		
Premiums received net of repayment of premiums	2,444	8,202
Paid claims, including investment components	139,124	148,920
Total cash flows from insurance contracts	(136,680)	(140,718)
Other transactions recognized in the income statement:		
Investment income (losses), net	(3,968)	3,912
Total other transactions recognized in the income statement	(3,968)	3,912
Total	(140,648)	(136,806)

	As of December 31, 2024	
	Associates	Interested party and other related parties
	NIS thousand	
Cash flows for insurance contracts:		
Premiums received net of repayment of premiums	2,204	3,701
Paid claims, including investment components	12,438	126,960
Total cash flows from insurance contracts	(10,234)	(123,259)
Other transactions recognized in the income statement:		
Investment income (losses), net	4,025	18,171
Total other transactions recognized in the income statement	4,025	18,171
Total	(6,209)	(105,088)

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent liabilities

1. Testing materiality for reporting and disclosure purposes regarding class action certification motions, class actions, and legal proceedings outside the ordinary course of business

On March 12, 2025, the Group's Board of Directors approved an update to the guidelines and rules for examining whether a motion to certify a class action and a legal proceeding that is outside the ordinary course of business (hereinafter in this subsection - the "**claims**" or "**claim**") filed against the Group amounts to a material event which is outside the corporation's ordinary course of business with respect to the obligation to publish an immediate report in their respect under Regulation 36 to the Securities Regulations (Periodic and Immediate Reports), 1970, as well as with respect to including a verbal annotation in their respect in this note (hereinafter in this subsection - the "**Reporting and Disclosure Policy**").

As detailed in Section 2 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 7 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 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

1. 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 3 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 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

1. 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.

2. Class actions - motions to certify lawsuits as class actions and lawsuits certified as class actions

In recent years, there has been a significant increase in the number of motions to certify class actions filed against the Group and in the number of lawsuits recognized as class actions. This is part of an overall increase in motions to certify class actions in general, including against companies engaged in the Group's areas of activity, which stems mainly from the enactment of the Class Actions Law, 2006 (hereinafter - the "**Class Actions Law**"). This trend substantially increases the Group's potential exposure to losses in the event of a ruling against the Group companies in class actions.

Motions to certify class actions are filed through the hearing procedure mechanism set forth in the Class Actions Law. The hearing procedure for motions to certify class actions is divided into two main stages: The first stage is the motion to certify the claim as a class action (hereinafter - the "**motion to certify"** or the "**certification stage**", respectively). Provided the motion to certify is denied by the court, the hearing stage at the class action level ends. A ruling at the certification stage may be subject to filing a motion for leave to appeal with the appellate courts. In the second stage, if the motion to certify is accepted, the class action will be heard (hereinafter - the "**class action stage**"). A judgment at the class action stage can be appealed to the appellate courts. Within the mechanism of the Class Actions Law, there are, inter alia, specific settlement agreements, both in the certification stage and in the class action stage, as well as arrangements with regard to the plaintiff's withdrawal of the motion to certify or the class action.

In the State of Israel, filing class action lawsuits does not entail payment of a fee derived from the claimed amount; therefore the amounts of such claims may be significantly higher than the actual exposure for that claim.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

2. Class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Section 3 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**").

In the material claims detailed in Subsections 1-6 under Section 3 below, in which, in management's opinion - that is based, inter alia, on legal opinions - the Group's defense claims are more likely than not to be accepted and the motions to certify lawsuits as class actions to be denied - no provision was included in the financial statements, except for motions to certify lawsuits as class actions in which there is a prospect for a settlement. In material claims (some or all) of which are more likely than not to be denied, and in which the Group is willing to reach a settlement, 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 3 below, 48 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 2.46 billion; in respect of all 54 lawsuits, the total claimed amount specified by the plaintiffs is approx. NIS 3.9 billion (compared to approx. NIS 6.79 billion in respect of all 52 lawsuits as of December 31, 2024).

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

2. Class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

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.

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 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

3. 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 claim amount[3]	Main arguments	Details
1.	January 2008 Tel Aviv District Court Phoenix Insurance and other insurance companies Approx. NIS 1.67 billion of all defendants, with approx. NIS 277 million attributed to Phoenix Insurance.[4]	The claim concerns an allegedly unlawful collection of payments known as "sub-annuals" for life insurance policies, in an amount that exceeds the permitted one.	In May 2018, the Supreme Court granted the defendants' motion for leave to appeal and dismissed the plaintiffs' appeal, such that the District Court's judgment was quashed and the motion to certify the claim as a class action was denied. In July 2019, the Supreme Court upheld the plaintiffs' request for a further hearing on the question set forth in the Judgment regarding the regulator's position filed with the court regarding its instructions, and on the question of de minimis defense in a monetary class action. In July 2021, the Supreme Court handed down its judgment in respect of the further hearing by the Supreme Court (which was concluded at a 4 to 3 majority), whereby the Supreme Court's ruling will be canceled and the District Court's judgment will be reinstated, the motion to certify will be allowed and the class action will be heard by the District Court, excluding the specific claims raised against Phoenix Insurance (and another insurance company) regarding the collection of "sub-annuals" in an amount that exceeds the amount permitted by law - claims which were denied by the court and therefore will not be discussed again by the District Court, and the legal proceedings in respect thereof has ended. The class action continues to be heard in the District Court. At the same time, the parties are conducting a mediation proceeding.

1 The date on which the motion to certify the class action was originally filed.
2 The court with which the motion to certify the class action was originally filed.
3 The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
4 The amounts were assessed by the plaintiffs in the class action statement of claim. It is noted that the amounts specified in the motion to certify the claim as a class action were different and higher and also referred to the claim of collecting sub-annuals at a higher rate than permitted under law, which, as stated, has been denied.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

3. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
2.	May 2013 Tel Aviv District Court Phoenix Insurance Approx. NIS 220 million or alternatively NIS 90 million.[4]	The claim concerns the alleged non-payment of interest in respect of insurance benefits from the date of the insured event, or alternatively from the end of 30 days from the date on which the claim was filed and until actual payment date.	In February 2021, the District Court handed down a partial judgment, according to which it has certified the class action, in respect of any entitled party (policyholder, beneficiary or third party), who - during the period starting three years prior to the filing of the lawsuit and ending on judgment date - received insurance benefits from Phoenix Insurance (not in accordance with a judgment rendered in his case) without being duly paid interest thereon. It was also established that, for the purpose of implementing the judgment, calculation and manner of restitution, an expert will be appointed and that the class plaintiffs will be awarded legal expenses and legal fees. In November 2022, the motion for leave to appeal filed by Phoenix Insurance to the Supreme Court in connection with the partial judgment was denied, noting that the appropriate instance to hear Phoenix Insurance's claims is an appeal against the final judgment, should such an appeal be filed. The proceeding was returned to the District Court, and in accordance with the above an expert was appointed on behalf of the courts, whose identity was agreed by the parties. Concurrently, the parties are conducting a mediation proceeding, under which they reached agreements in principle and they informed the court of this. It is noted that Phoenix Insurance has an adequate provision in respect of the agreements in principal achieved.

1 The date on which the motion to certify the class action was originally filed.
2 The court with which the motion to certify the class action was originally filed.
3 The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
4 The amounts are those estimated by the plaintiff in the class action statement of claim - NIS 220 million (if it was ruled that interest should be calculated from the date of occurrence of the insured event) and NIS 90 million (if it is ruled that interest should be calculated starting 30 days from the delivery date of the claim). It is noted that the amounts in the motion to certify the claim as a class action were different and higher and also related to the linkage claim, which was denied.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

3. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
3.	August 2017 Tel Aviv Regional Labor Court (the hearing was transferred from the Central District Court due to substantive jurisdiction) Excellence Gemel & Hishtalmut Ltd. (currently: Phoenix Pension and Provident Fund Ltd.) The claimed amount was not estimated but it was stated as more than NIS 2.5 million.	The claim concerns an alleged increase of management fees in 2007 without issuing prior notice as required by law.	In March 2022, the court granted the motion to certify as a class action. In June 2022, Excellence Gemel filed a motion for leave to appeal against the certification ruling with the National Labor Court. The hearing of the class action by the Regional Court was delayed until a decision is made regarding the motion for leave to appeal. On May 20, 2025, the parties filed with the Court a settlement agreement approval motion. In accordance with the settlement agreement, which was filed, Phoenix Pension & Provident will pay the class members (as defined in the settlement agreement) a compensation totaling approx. NIS 55 million (cash reimbursement of NIS 46 million and the remaining balance in respect of a future benefit) and will also bear the payment of compensation to the representative plaintiff and their attorney's legal fees, at the rate agreed in the settlement agreement or at the amount, which will be ruled by the court, as well as various immaterial expenses incurred by the representative plaintiff in the course of conducting the proceeding (for further details, see the immediate report of May 20, 2025, Ref. No.: 2025-01-035332). It is noted that in respect of the said settlement agreement, Phoenix Pension & Provident has an adequate provision. The settlement agreement is subject to the Court's approval.

1 The date on which the motion to certify the class action was originally filed.
2 The court with which the motion to certify the class action was originally filed.
3 The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

3. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date,[1] court,[2] defendants and claim 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 concerns Phoenix Insurance's not paying policyholders in participating life insurance policies which include an Rm formula their full share of the profits and full payments to which they are entitled under the insurance contracts; the plaintiff also claims that Phoenix Insurance does not fulfill its reporting and disclosure obligations towards policyholders regarding their policies and rights.	The parties are in mediation. It is noted that the plaintiff stated that a similar motion to certify a claim as class action, which was filed against another insurance company, had recently been granted. It is also noted that in January 2026, the Capital Market, Insurance and Savings Authority had a similar position on a proceeding conducted against another insurance company regarding the fundamental issues arising from the proceeding, which supports Phoenix Insurance's position and its response to said motion to certify.
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. As noted, in January 2026, the Capital Market, Insurance and Savings Authority had a similar position on a proceeding conducted against another insurance company (see Section 4 in the table above). This position supports Phoenix Insurance's position and its response to the abovementioned motion to certify.

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 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

3. Material class actions - motions to certify lawsuits as class actions certified as class actions (cont.)

Serial No.	Date,[1] court,[2] defendants and claim amount[3]	Main arguments	Details
6.	February 2024 Tel Aviv-Jaffa Regional Labor Court Phoenix Pension & Provident NIS 182 million.	The action involves the claim that Phoenix Pension and Provident acted in breach of the law and in breach of the agreement when it transferred in 2018 planholders of the study fund who joined the general track to a short-term investment track without obtaining their express written consent to said change.	In October 2025, the Regional Court granted the motion to certify the claim as a class action (hereinafter - the "**Certification Ruling**"). In the certification ruling, the court held that the class on behalf of which the class action will be litigated comprises "All members of the Excellence Advanced Education fund (Phoenix Pension and Provident's former name) who joined an advanced education fund under a general track before January 1, 2018, and were transferred to a short-term investment track at any time thereafter without obtaining their explicit consent to this change in writing." It was also stipulated that the common questions to the class members are: Did Phoenix Pension and Provident act in contravention of the law, the bylaws, and the contract when it changed the members' investment track, and did it violate its duties towards the planholders? Should Phoenix Pension and Provident have obtained each planholder's explicit written consent for the track change? Did planholders suffer damage due to the move, and if so, what was its extent? On January 4, 2026, Phoenix Pension & Provident filed a motion for leave to appeal the certification ruling with the National Labor Court. On January 21, 2026, the Capital Market, Insurance and Savings Authority filed a motion to join the proceedings as a necessary party (hereinafter - the "**Authority**" and the "**Motion**"). In the Motion, the Authority noted that in its view, errors occurred in the certification ruling, for which it seeks to present its position in the proceeding. On February 18, 2026, the ruling of the National Court was rendered, in which approval was given for the Commissioner to join the proceeding. The Commissioner's position has not yet been submitted. It should be noted that under the ruling of the National Court dated January 28, 2026, the hearing on the procedure at the Regional Court was deferred until the ruling regarding the motion for leave to appeal is given.

[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 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

4. Material concluded claims*

Serial No.	Date,[1] court,[2] defendants and claim 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.	On August 15, 2024, a judgment was rendered by the confirming the settlement agreement filed by the parties. 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 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. As part of the implementation of the settlement agreement, a number of disputes arose between the parties on implementing the settlement agreement and its interpretation, which is still being heard in court, and therefore the settlement agreement has not yet been fully implemented. The parties are negotiating the disputed issues. Phoenix Insurance has an adequate provision in its books of accounts and the decision is therefore not expected to have a material effect on the financial statements.

[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 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

4. Material concluded claims* (cont.)

Serial No.	Date,[1] court,[2] defendants and claim 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 denied the motion to certify the claim as a class action. In January 2023, the plaintiffs filed an appeal to the Supreme Court. On July 7, 2025, the Supreme Court handed down its judgment, which dismissed the plaintiffs' appeal.

1 The date on which the motion to certify the class action was originally filed.
2 The court with which the motion to certify the class action was originally filed.
3 The claimed amount as assessed (if assessed) by the plaintiff(s) in the motion to certify the claim as a class action lawsuit.
* For additional claims concluded between January 1, 2025 and March 13, 2025, see Note 43A3, Sections 17-18 of the table of concluded claims in the Company's Financial Statements as of December 31, 2024, published on March 13, 2025 (Ref. No. 2025-01-016702).

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

5. Legal and other proceedings

Following are legal and other proceedings against the Group, which are deemed material in accordance with the Reporting and Disclosure Policy. For proceedings where, in the opinion of management - which is based, among other things, on the legal opinion it has received - it is more likely than not that the Group's defense claims will be allowed and the proceeding will be dismissed, no provision was included in the financial statements, except procedures with prospects of a settlement.

For proceedings where it is more likely than not that the Group's defense claims will be dismissed, in whole or in part, the financial statements include provisions to cover the exposure estimated by the Group. In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group.

A. In December 2021, Phoenix Insurance received a letter from the Capital Market, Insurance and Savings Authority (hereinafter - the "**Authority**") in connection with the restriction of insurance coverages in accordance with Regulation 45 to the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 1964. As part of the said letter, Phoenix Insurance was requested to transfer information and check whether it acted in accordance with provisions of the law referred to in the letter, and should it failed to act in accordance with the said provisions, to repay the cost of insurance coverage allegedly collected not in accordance with the relevant provisions. The letter states that it was sent, among other things, against the backdrop of a legal proceeding currently being conducted against another insurance company in connection with this issue. On April 28, 2022, Phoenix Insurance responded in writing to this letter.

On November 27, 2025, Phoenix Insurance received a follow-up inquiry from the Authority, whose main points are similar, except for the period during which Phoenix Insurance was asked to address the transfer of information and the question of whether it followed the provisions of the law, which shall apply as from January 1, 2015. On March 3, 2026, Phoenix Insurance filed its response and a hearing call with the Authority is expected to take place.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

5. Legal and other proceedings (cont.)

B. In April 2023, a letter was received from the Authority, along with a draft audit report regarding the collective long-term care insurance plan administered by Phoenix Insurance for members of the Meuhedet HMO. The draft audit report focuses on the adequacy of the management of the money held in the fund between 2017 and 2019, and mainly concerns the manner in which contingent claims funds were managed. In June 2023, Phoenix Insurance responded to the letter and to the draft audit report. In July 2023, Phoenix Insurance added upon its response and a hearing was held before the ISA. The Authority's decision has yet to be issued.

C. On October 30, 2025, Phoenix Insurance received a draft audit report from the Authority regarding the Phoenix Insurance Board of Directors' resolution of December 2024 on the dividend in kind distribution with respect to assets totaling NIS 1.4 billion from Phoenix Insurance to the Company (hereinafter - the "**Draft Audit Report**").

It is clarified that the Authority's claims in the Draft Audit Report do not concern Phoenix Insurance's legitimate ability to distribute dividends in kind nor the distribution's legitimacy per se, only the decision-making process. The Authority's main claims in the Draft Audit Report concern corporate governance deficiencies, such as the Nostro Investment Committee's lack of involvement in the distribution resolution; the issue of the classification of the dividend distribution in kind as a "transaction"; and conflicts of interest affecting Phoenix Insurance officers holding equity instruments in the Company and in other subsidiaries of the Company pursuant to the compensation plan. On December 10, 2025, Phoenix Insurance submitted its response to the Draft Audit Report. A hearing has not yet been held and the Authority's decision has not yet been issued.

D. 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 61.98 million. The causes of action against the Group in these proceedings are different.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

6. Public complaints and regulatory proceedings

Public complaints are filed from time to time against relevant group companies, some of which are public complaints filed with the Capital Market, Insurance and Savings Authority (hereinafter - the "**Authority**") on various issues, including policyholders' rights under insurance policies and/or the law. These complaints are handled, inter alia, on an ongoing basis by the Public Complaints Department. The Authority's decisions in these complaints, if and to the extent they were referred to the Authority for review and a decision was rendered in respect thereof, are sometimes applicable to a group of policyholders. Before issuing a final version of its decisions, the Authority usually publishes a draft decision for comments.

In addition, under the Authority's inquiries, following complaints and/or audits on its behalf, notices are received from time to time regarding the intention to impose a financial sanction and/or demands to receive various data with respect to the various areas of activity, including with respect to the handling - by the relevant group companies - of insurance policies in the past and/or a demand to reimburse funds to groups of policyholders and/or other guidance (hereinafter - "**Regulatory Proceedings**"). Following the Regulatory Proceedings, the Authority has the power to impose financial sanctions on the relevant group companies, including, among other things, in accordance with data, which were and/or will be transferred thereto; the Authority also has the power, subject to statutory provisions, to instruct the implementation of changes with respect to actions taken, both retrospectively and prospectively.

The material Regulatory Proceedings are described in Section 5 above. Furthermore, additional Regulatory Proceedings are pending against the relevant group companies, which, the Company believes, do not amount to material proceedings, in light of the Reporting and Disclosure Policy, and therefore this Note does not include a narrative description of each proceeding.

In management's opinion, which is based, among other things, on legal opinions it received, the financial statements include adequate provisions, where provisions were required, to cover the exposure estimated by the Group with respect to such public complaints and/or regulatory proceedings.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

6. Public complaints and regulatory proceedings (cont.)

In addition to the motions to certify claims as class actions filed against the Group, the legal proceedings, public complaints and regulatory proceedings, there is a general exposure which cannot be assessed and/or quantified, due to, among other things, the complexity of the services provided by the Group to its policyholders. The complexity of these services inevitably leads to interpretive claims and other claims due to information gaps between the Group and third parties to the insurance contracts in connection with a long list of commercial and regulatory terms. This exposure is reflected, among other things, in the areas of pension savings and long-term insurance, including health and long-term care insurance, in which the Group operates. Insurance policies in these areas of activity are assessed over many years in which policies, regulation and legislation change and new court rulings are issued. These changes are implemented by automated systems that undergo frequent changes and adjustments. The complexity of these changes and the application of the changes over many years lead to an increased operational exposure. In addition, allowing new interpretations for the provisions of insurance policies and long-term pension products sometimes affects the Group's future profitability in respect of its existing portfolio, in addition to the exposure embodied in claims for compensation for customers in respect of past activity.

It is impossible to anticipate the types of claims that will be raised in this area or the exposure arising from these and other claims in connection with insurance contracts - claims which are raised through, among other things, the procedural mechanism set forth in the Class Actions Law.

In addition, some of the Group's products have long terms and are particularly complex in light of the various legislative arrangements both in the field of product management and in the field of taxation, attribution of contributions, investment management, the policyholder's employment status, his contributions, etc.

The Wage Protection Law, 1958 imposes a liability on the Group's Institutional Entities, in accordance with the circumstances specified in the law, in respect of employers' debts to the Institutional Entities, where such debts have not been repaid on time. The Group is in the process of improving the data on employers' debts and policyholders' rights, during the course of which lawsuits were filed against employers and the debts of other employers were rescheduled. The Company continues with the ongoing treatment and improvement of employers' debts in accordance with the provisions of the law.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

7. 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.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

A. Contingent liabilities (cont.)

7. Summary table (cont.)

Type	No. of lawsuits	Amount claimed in NIS thousand
Certified class actions:		
A specific amount was attributed to the Company	3	679,043
The claim pertains to several companies and no specific amount was attributed to the Company	2	328,000
No claim amount was specified.	4	-
Pending motions to certify lawsuits as class actions:		
A specific amount was attributed to the Company	11	1,993,074
The claim pertains to several companies and no specific amount was attributed to the Company	6	905,845
No claim amount was specified.	28	-
Other material claims:		
A specific amount was attributed to the Company	-	-
The claim pertains to several companies and no specific amount was attributed to the Company	-	-
No claim amount was specified.	-	-
Claims and other demands	23	61,983

The total provision amount in respect of class actions, legal proceedings and others, filed against the Group as detailed above as of December 31, 2025 and December 31, 2024, amounted to approx. NIS 533,188 thousand (of which a total of approx. NIS 256,651 thousand is for concluded class actions) and approx. NIS 549,943 thousand, respectively.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Guarantees and pledges provided

1) In 2002, the TASE's Board of Directors decided to establish a risk reserve for its clearing house to secure members' undertakings to the clearing house. The share of each TASE member in the fund shall be determined in accordance with its share in the volume of trade taking place on the TASE based on its general daily average acquiring volume. Accordingly, Excellence deposited its share with the TASE risk reserve - amounting to approx. NIS 90 million as of December 31, 2024 (as of December 31, 2023 - approx. NIS 55 million).

2) As of the date on which Amendment No. 28 came into effect, fund managers who opt to do so will be allowed, in accordance with the provisions and conditions set out in the tracker funds regulations, to set variable management fees, which under certain circumstances will allow fund managers to cancel or reduce the difference between the fund's yield and the change in the price of the underlying asset during the calculation period, by increasing the management fees if the fund's yield exceeded the yield on the underlying asset (positive management fees), and by refunding management fees when the difference between the fund's yield and the yield on the underlying asset is negative (negative management fees), by a rate of 0.1%, 0.2% or 0.3%, as a function of the fund's exposure to the indexes listed on the tracker funds regulations. To secure the payment of the variable management fees, fund managers are required to provide a deposit, whose amount will be determined in accordance to a mechanism set in the tracker funds regulations; alternatively, fund managers can provide a bank guarantee. The deposit will be deposited with an account, which is free from any charge, foreclosure, lien or any other third-party right; the trustee shall have exclusive signatory rights in such an account. KSM Mutual Funds decided that some of the tracker funds under its management shall have variable management fees; therefore, KSM Funds provided a bank guarantee in favor of the trustees of the ETFs; the guarantee was issued by Bank Hapoalim Ltd. as collateral for payment of the variable management fees. The amount of the guarantee is calculated by multiplying the rate of variable management fees by total assets under management in the ETF in respect of which variable management fees were determined in accordance with the Joint Investment Trust Regulations (Tracker Funds), 2018. The above – except for a designated deposit (in lieu of a bank guarantee, as stated above) in favor of the trustee for Hermetic (NIS 15.6 million), in favor of the trustee for Almagor (NIS 0.1 million), and in favor of the trustee for U-Bank (NIS 0.004 million).

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

B. Guarantees and pledges provided (cont.)

3) Excellence Investment Management and Securities Ltd. placed charges - unlimited in amount - on its securities account in favor of Mizrahi Tefahot Bank Ltd. and in favor of the TASE Clearing House. The charge in favor of Mizrahi Tefahot Bank Ltd. is designed to secure liabilities in respect of writing MAOF options of Excellence Investment Management and Securities Ltd. and its customers. The charge in favor of the TASE Clearing House is required under the directives of the TASE. As of December 31, 2024, the liability amount is NIS 19 million (December 31, 2023 - approx. NIS 24 million). Furthermore, a guarantee was provided by Mizrahi Tefahot Bank Ltd. in respect of the bank's obligation to the TASE Clearing House for daily monetary acquiring purposes. The maximum guarantee amount is NIS 100 million (as of December 31, 2023 - approx. NIS 50 million), and it varies in accordance with the TASE Clearing House's directives regarding a minimum debit ceiling.

C. Commitments

1) As of December 31 2025, Phoenix Insurance has commitments to acquire investment property and property, plant and equipment totaling approx. NIS 940 million, of which approx. NIS 587 million is in respect of yield-dependent contracts; most of the amount is in respect of an investment in income-generating real estate - the 1000 Complex, see also Section 4 below (as of December 31, 2024, Phoenix Insurance had such commitments totaling approx. NIS 895 million, of which NIS 390 million is in respect of yield-dependent contracts).

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Commitments (cont.)

2) The Group has commitments to pay rent and maintenance in respect of offices in future years (excluding VAT), as follows:

Year	December 31, 2025	December 31, 2024
	NIS thousand (*)	
Up to one year	12,625	20,677
One to two years	9,263	3,975
Two to three years	5,110	3,624
Three years and up	-	302
	26,998	**28,578**

(*) The rent is linked in part to the exchange rate of the US dollar and in part to the CPI. The above amounts do not reflect the effect of future changes in the CPI and/or the exchange rate of foreign currency on the amounts of commitments, and they are presented in nominal values.

3) Phoenix Insurance has undertakings for future investments in investment and venture capital funds totaling approx. NIS 12,749 million as of December 31, 2025, of which approx. NIS 8,779 million is in respect of yield-dependent contracts (as of as of December 31, 2024 - approx. NIS 12,029 million, of which approx. NIS 8,633 million is in respect of yield-dependent contracts). In addition, the Company has undertakings to provide credit totaling approx. NIS 4,023 million as of December 31, 2025, of which approx. NIS 1,757 million is in respect of yield-dependent contracts (as of as of December 31, 2024 - approx. NIS 3,280 million, of which approx. NIS 1,785 million is in respect of yield-dependent contracts).

4) On December 17, 2019, Phoenix Insurance won a tender that relates to an area measuring approx. 60 dunam located in the “Elef Complex” in Rishon Lezion, where the construction rights in the tender pursuant to the present urban building plan amount to a total of approx. 355 thousand sq.m. In accordance with the terms of the tender, the winner undertook to construct about half of the building area within a period of about eight years from the signing date of the agreement with the City of Rishon Lezion, where an obligation for self-use exists for an area measuring about 50 thousand sq.m. in 5 years. With respect to the remaining land, on September 5, 2021, a transaction was signed with Ashtrom for the sale of 26.07% of the land (excluding the portion designated for own use) by the Company and “Acro Landscape, Limited Partnership,” who had won the tender. The remaining estimated cost of construction work with respect of half of the building rights, which the Company undertook to construct within 8 years, is approx. NIS 940 million, of which approx. NIS 60 million is attributed to the construction of the building designated for own use.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Commitments (cont.)

5) Phoenix Pension and Provident Fund Ltd. has an agreement with Malam Provident and Pension Funds Operation Ltd., whereby Malam renders Phoenix Pension and Provident Fund Ltd. operating services for planholders' accounts with the provident fund and the personally managed advanced education fund under its management, in consideration for tiered monthly operating fees derived from the planholders' total assets. The agreement is for an unlimited period; it includes a termination mechanism whereby the parties may terminate it by giving advance notice in accordance with the terms of the agreement. Malam and Pension and Provident also provides operational services to the members' accounts in the veteran pension funds "Magen" and the "Lawyers' Pension Fund."

6) Phoenix Pension and Provident Fund Ltd. and Mizrahi Tefahot Bank Ltd. entered into an agreement for the operating of planholders' accounts with provident funds under its management. In 2021, the term of the agreement was extended until the end of 2026; the agreement has in place a termination mechanism and an automatic extension mechanism.

7) As of the report date, Phoenix Pension and Provident Fund Ltd. entered into distribution agreements with most Israeli banking corporations for the distribution of the provident and pension funds under its management.

8) As part of the operation of the insurance tracks in the supplementary pension fund managed by Phoenix Pension and Provident, as of 2023, the Company has a reinsurance agreement with Phoenix Insurance Company Ltd. which replaced the reinsurance agreement with the SWISS RE company. The new agreement covers all claims whose insured event date was on January 1, 2023 and thereafter. The agreement with Swiss Re will become a run off cover as soon as the agreement with Phoenix Insurance Company Ltd. will come into effect. The said reinsurance agreement includes a mechanism whereby the pension fund bears 10% of the exposure amount, and the remaining balance (approx. 90%) is ceded to the reinsurer - Phoenix Insurance Company Ltd. The agreement remains unchanged in 2025. The reinsurance premium is based on the risk premium set under the provisions of the legislative arrangement. In January 2025, the reinsurance agreement with Phoenix Insurance Company Ltd. was updated such that, effective from January 1, 2025, the agreement does not include coverage for war and terrorism-related events.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Commitments (cont.)

9) In May 2025, a new collective agreement was signed between Phoenix Insurance and Phoenix Pension & Provident and the New Histradrut Workers' Union - MAOF (hereinafter - the "**Histadrut**") and the Workers' Committee, which extended the provisions of the collective agreement, which was in place in the Company through that date, with the exception of changes made under the new collective agreement, as follows: pay rises, allocation of restricted shares, raising the minimum wage for Company's employees, a target-based annual bonus, higher participation amount in the cost of lunch; the agreement also addressed the Company's relocation to the new 1000 Complex. The term of the agreement is three years starting on January 1 2025 through December 31 2027; the agreement applies to all The Phoenix Group employees in the said companies, except for managers at a rank defined in the agreement and employees working in specific positions who were excluded from the agreement. See Section 4.6.4 to the Periodic Report for 2025 (immediate report dated May 18, 2025, Ref. No. 2025-01-034497).

10) Phoenix Investment House Ltd. has taken out professional liability insurance and fidelity insurance with Phoenix Insurance; the insurance covers the employees of Excellence Investments and its subsidiaries for a 12-month period beginning in December 2025. Furthermore, Excellence has taken out crime insurance, which covers it directly, and is also insured - as of October 2018 - under the officers and directors liability insurance of Phoenix group.

11) Excellence Investment Management and Securities Ltd. has an agreement with FMR Computers and Software Ltd. ("FMR"), according to which the consolidated company receives software development services, computer-assisted data processing, including generation of reports, and computer processing based on information received directly from the TASE. The agreement is extended from time to time. In June 2021 the Company signed an agreement to extend the term of the services agreement with FMR through June 2028; as part of the extension, information security and cyber services were added.

12) Phoenix Insurance and Excellence Nessuah Services Ltd. have an agreement with Danel Financial Solutions Ltd., whereby the company has a license to use the Danel FC software for management of financial assets and for provision of software maintenance services. In December 2025, the term of the existing agreement was extended by 5 years through December 31, 2030.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Commitments (cont.)

13) Gama has an acquiring aggregator agreement signed on July 6, 2017 between the Company and Israel Credit Cards Ltd. (hereinafter – "**CAL**"), according to which the Company will act to provide acquiring services as an aggregator to merchants through CAL. The agreement was revised from time to time, and in accordance with its terms and conditions.

On February 27, 2025, the Company signed a renewal of the acquiring aggregator agreement with Israel Credit Cards Ltd. and Diners Club Israel Ltd. (hereinafter jointly - "**CAL**") for a period of 5 additional years, retroactively from January 1, 2025 through December 31, 2029. .

The renewal of the agreement is designed to expand the Company's activity as an acquiring aggregator with CAL. In view of the provisions of Section 7B to the Banking Law (Service to Customers), 1981, an acquirer is prohibited from terminating its agreement with the aggregator on unreasonable grounds. By virtue of the agreement, the Company shall provide acquiring aggregator services to merchants through CAL, which delivers to the Company the transactions' proceeds less a variable fee, which is derived from the overall turnover of all merchants that worked with CAL using the Company's acquiring aggregator services during that month. The Company credits the merchants in accordance with the agreements between the merchants and the Company.

14) In order to provide the vouchers factoring services outside its activity as an acquiring aggregator, Gama has agreements with all leading entities providing acquiring services in Israel: Isracard, Max and CAL; the agreements allow Gama to provide debit card vouchers factoring services to merchants that have in place acquiring agreements with those companies, with the latter undertaking to pay Gama the acquiring proceeds assigned to Gama by the merchants.

15) On November 28, 2022, Gama signed an acquiring aggregator agreement with Premium Express Ltd. (hereinafter - "**Premium**"), a subsidiary of Isracard Ltd., in connection with the American Express brand (hereinafter - the "**Aggregator Agreement**"). Alongside the Aggregator Agreement, Gama has with Israel Credit Cards Ltd. of July 6, 2017, the said engagement with Premium allows Gama to render aggregator acquiring services to all acquiring brands available in Israel. The term of the Aggregator Agreement is 5 years from the date on which it was signed; the agreement may be terminated before the end of its term subject to conditions set out therein.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Commitments (cont.)

16) Gama has agreements for assignment, by way of sale to banks, of credit card transaction vouchers. In 2015-2016 Gama entered into separate agreements with Bank Leumi le-Israel B.M., Bank Hapoalim Ltd., Israel Discount Bank Ltd., and Bank Mizrahi Tefahot Ltd., for the execution of assignment transactions by way of sale of Gama's rights to receive funds in respect of the factoring of payment card transaction vouchers, which were assigned to Gama by merchants. As part of the agreements with the banks, it was agreed that Gama shall irrevocably assign to each of the banks, by way of sale, its rights to receive funds in respect of vouchers cleared for certain merchants by a certain acquiring services entity, in connection with management and factoring agreements signed between Gama and the merchants, whereby the merchants assigned to Gama their rights to receive funds from the acquiring services entities in respect of payment card transaction vouchers executed with cardholders. Pursuant to the provisions of the agreements with the banks, Gama gave the acquiring entities an irrevocable order to deposit the proceeds in respect of the vouchers directly with the bank. Gama makes a representation to each bank regarding the nature of the vouchers, and insofar as the representations are found to be incorrect in respect of any of the vouchers, Gama will refund the voucher's proceeds to the bank that purchased it. Based on past experience, Gama believes that its exposure in respect of those representations is very negligible.

17) Several companies and investment funds engaged in the Group's alternative investments activity have in place an administration services agreement with Tzur Apex Financial Services (Israel) Ltd. for the provision of services in connection with the partnerships' operating activities, and for the purpose of managing the tax arrangement as the partnership's tax trustee. As part of the agreements, the administrator undertook to provide some of the investment funds trust services in connection with the execution of the tax arrangement, including, among other things, assisting the general partner to calculate operating results for tax purposes for each investor on the tax payment date of each tax year, and calculating the tax to be deducted in respect thereof; and, providing any other data in its possession, which is required to the investors in connection with their compliance with the reporting requirements to the tax authorities in respect of their investment in the partnership, upon request by the investors.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

C. Commitments (cont.)

17) (cont.)

Furthermore, the administrator undertook to provide some of the investment funds trust services in connection with the partnership's accounts (the "Transition Account" and the "Activity Accounts"), which include, among other things, the joint signatory right in the partnership's accounts together with the general partner under certain circumstances, and the administrator's function as a trustee in those accounts in accordance with the Partnership Agreement. Furthermore, the administrator will provide the partnerships administration services, which include, among other things, management of the investors register, providing various reports to investors and revelation of the fund's assets, FACTA and prevention of money laundering.

18) As to agreements for investments in investees, and agreements of investees with others, see Note 8.

D. Leases

A. Leases in which the Group is a lessee under an operating lease

The Group is a party to operating lease agreements in respect of vehicles. The average duration of the leases is 3 years, and the leases do not have an extension option. Following is a breakdown of the minimum future lease fees receivable in respect of non-cancelable operating lease contracts as of December 31:

	For the year ended December 31	
	2025	2024
	NIS thousand	
Up to one year	16,261	14,123
From one year to five years	12,133	15,334
	28,394	29,457

B. Leases in which the Group is the lessor:

Phoenix Insurance Company leases several commercial buildings (investment property) to external entities. The lease agreements are for variable periods that cannot be canceled; the rent is linked to the CPI. Renewal of the lease contracts at the end of their term is subject to the consent of the Company and the lessees.

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

D. Leases (cont.)

B. Leases in which the Group is the lessor: (cont.)

Following is a breakdown of the minimum future lease fees receivable in respect of non-cancelable lease contracts (without options):

	For the year ended December 31	
	2025	2024
	NIS thousand	
Up to one year	88,870	88,061
From one year to five years	276,203	260,108
Over five years	123,003	124,825
	488,076	472,994

NOTE 38 - SUBSEQUENT EVENTS

A. For details regarding the Iron Swords War, Operation Rising Lion and Operation Lion's Roar, see Note 1D.

B. For details regarding approval by the Company's Board of Directors for the dividend distribution and share buyback subsequent to balance sheet date, see Note 24H2.

C. For details regarding revisions to the dividend distribution policy such that the distributed dividend will not fall below 45% of income, see Note24H1.

D. For details regarding the Company's Board of Directors approval of the award of options and restricted shares units (RSUs) to employees of the Company and its subsidiaries, some of whom are officers of the Company (including the Company's CEO) and to service providers of the Company, see Note 33B8.

E. For details regarding Phoenix Investment House Board of Directors' approval of the award of (illiquid) options to employees of Phoenix Investment House and other Company subsidiaries, some of whom are Company officers, and to service providers of the Company, see Note 33C2.

F. For details regarding Phoenix Agencies' Board of Directors approval of the award of (illiquid) options and restricted shares units (RSUs) to employees of Phoenix Agencies and its subsidiaries, some of whom are officers of the company and to service providers of the Company, see Note 33C3.

G. For details regarding Capital Partners' Board of Directors approval of the award of (illiquid) options to employees of Phoenix Capital Partners and its subsidiaries, some of whom are officers of the company and to service providers of the Company, see Note 33C4.

H. Subsequent to the report date, Phoenix Services 2025 Ltd. (hereinafter - "**Phoenix Services**") - a wholly-owned subsidiary of the Company. For further details, see Note 11E4.

NOTE 38 - SUBSEQUENT EVENTS (cont.)

I. For details regarding the acquisition of BUYME Technologies Ltd. (BUYME), see Note 4E.

J. For details regarding distribution to the Company of Phoenix Insurance's shares in El Al Frequent Flyer Ltd. (hereinafter - "**El Al Club**"), which constitute approx. 5.1% of the issued and paid-up share capital of El Al Club, as a dividend in kind, see Note 11D2.

K. For details regarding the Company's first-time issuance of convertible Bonds (Series 7) for a total of approx. NIS 416 million, see Note 17E.

L. On February 9, 2026, a sectoral agreement was signed with the Israel Tax Authority with respect to tax years 2023 through 2025, which includes adjustments required following the initial application of IFRS 17 and IFRS 9. For further details, see Note 23A2.

M. In connection with class actions filed and developments in lawsuits after the balance sheet date, see Note 37.

Part 4
Separate Financial Information

Avigdor Arikha, Gardenias, 1989, Oil on canvas, Phoenix Collection

Part 4

Special Report according to Regulation 9C

Separate Financial Information

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Shape the future with confidence

To
The Shareholders of Phoenix Financial Ltd.

Re: Special report of the independent auditor on separate financial information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970

Opinion

We have audited the separate financial information presented in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 of Phoenix Financial Ltd. (hereinafter - the "Company") as of December 31, 2025, and for the year then ended (hereinafter - the "Separate Financial Information").

We did not audit the financial information of the financial statements of equity-accounted investees, the investment in which totaled approx. NIS 1,894,028 thousand as of December 31, 2025, and the Company's share in the profits of which totaled approx. NIS 245,696 thousand for the year ended December 31, 2025. The financial statements of the above companies were audited by other independent auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other independent auditors.

In our opinion, based on our audit and the reports of other independent auditors, the separate financial information has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Basis of the opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel. Our responsibilities under those standards are further described in the independent auditor's responsibilities for the audit of the Separate Financial Information. We are independent of the Company in accordance with statutory provisions applicable in Israel regarding independence and avoidance of conflicts of interest of the independent auditor in Israel. We have also fulfilled our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations promulgated thereunder. We believe that the audit evidence we have obtained, including the reports of the other independent auditors, is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the management for the Separate Financial Information

The Board of Directors and the management are responsible for the preparation and presentation of the Separate Financial Information in accordance with the provisions of Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970, and for such internal controls as the Board of Directors and the management deem necessary to enable the preparation of Separate Financial Information which is free from material misstatement, whether due to fraud or error.

In preparing the Separate Financial Information, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters pertaining to going concern and applying the going concern basis of accounting to the Separate Financial Information unless the Board of Directors and management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Responsibilities of the independent auditor when the auditing of the Separate Financial Information

Our objectives are to obtain reasonable assurance about whether the Separate Financial Information is free from material misstatement, whether due to fraud or error, and to issue an independent auditor's special report which includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an

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audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the Separate Financial Information.

In conducting our audit - including reliance on other independent auditors - in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures which are appropriate under the circumstances, but not in order to provide an opinion regarding the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the Board and the management.
- Conclude on the appropriateness of the Board and the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubts on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to make an emphasis of matter in our independent auditor's special report to the related disclosures in the Separate Financial Information or, if such disclosures are inadequate, to include in our special report a departure from the standard wording. Our conclusions are based on the audit evidence obtained through the date of our special report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Separate Financial Information, including the disclosures, and whether the Separate Financial Information was prepared, in all material respects, in accordance with the provisions of Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970.

We communicate to the Board of Directors and management regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which the independent auditor identifies during the audit.

Tel Aviv,
March 25, 2026

Kost Forer Gabbay & Kasierer
Certified Public Accountants

	Note	As of December 31 (*)2025	As of December 31 2024	As of January 1 2024
		NIS thousand		
Assets				
Cash and cash equivalents	3	147,961	65,494	403,736
Investment in liquid Restricted Tier 1 capital of Phoenix Insurance		1,292,379	1,248,061	1,336,368
Loans and capital notes to investees	9	54,035	52,835	18,650
Other financial investments measured at fair value	4	173,758	85,891	29,964
Other financial investments measured at amortized cost	4	123,918	42,094	5,595
Receivables and debit balances	5	95,503	45,102	14,776
Deferred tax assets	8B	7,606	15,024	24,700
Dividend receivable from Phoenix Insurance		-	573,751	-
Current tax assets		-	14	44
Total current assets		1,895,160	2,128,266	1,833,833
Investments in investees		12,170,813	10,200,568	8,787,948
Loans and capital notes to investees	9	618,712	1,073,102	1,166,632
Other financial investments measured at amortized cost	9	636,875	-	-
Property, plant and equipment		4,180	-	-
Investment property		12,000	-	-
Total non-current assets		13,442,580	11,273,670	9,954,580
Total assets		15,337,740	13,401,936	11,788,413
Current liabilities				
Loans and credit	7	284,923	173,160	67,648
Liability in respect of current taxes		4,442	-	-
Payables and credit balances	6	88,109	19,749	13,212
Total current liabilities		377,474	192,909	80,860
Non-current liabilities				
Loans and credit	7	2,463,832	1,719,133	1,828,678
Total liabilities		2,841,306	1,912,042	1,909,538
Equity attributable to Company's shareholders				
Share capital		317,299	315,764	313,340
Premium on shares and capital reserves		1,251,448	899,856	860,345
Treasury shares		(580,026)	(376,885)	(193,866)
Capital reserves		(1,039,449)	(185,645)	(77,606)
Surplus		12,547,162	10,836,804	8,976,662
Total equity		12,496,434	11,489,894	9,878,875
Total equity and liabilities		15,337,740	13,401,936	11,788,413

(*) See Note 1B below.

Benjamin Gabbay **Chairman of the Board**	**Eyal Ben Simon** **Chief Executive Officer**	**Eli Schwartz** **Executive Vice President, CFO**

Date of approval of the financial statements - March 25, 2026

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

	Note	For the year ended December 31	
		2025	2024
		NIS thousand	
Other investment income from investments		152,237	(*)122,976
Revenue from management fees of investees	9	28,444	23,010
Other revenues	10	10,334	-
Total revenue		191,015	145,986
General and administrative expenses		49,601	32,072
Income from financial investments, net		45,822	(*)3,961
Finance expenses		101,194	87,093
Net income before income tax		86,042	30,782
Expenses for income tax		11,975	9,676
Company's share in the profits of investees, net of tax		3,148,647	2,369,925
Attributable to the Company’s owners		3,222,714	2,391,031

(*) Reclassified.

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

	For the year ended December 31	
	2025	2024
	NIS thousand	
Income attributable to the Company's owners	3,222,714	2,391,031
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	5,066	(12,310)
Items of other comprehensive income which were subsequently carried or will be carried to profit or loss:		
The Group's share in other comprehensive loss of investees	(41,662)	(10,029)
Other comprehensive loss, net	(36,596)	(22,339)
Total comprehensive income	3,186,118	2,368,692

The attached additional information is an integral part of the Company's separate 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, 2025	315,764	899,856	(376,885)	10,836,804	(467,819)	11,000	60,642	212,520	(1,988)	11,489,894
Income	-	-	-	3,222,714	-	-	-	-	-	3,222,714
Other comprehensive income (loss)	-	-	-	80	-	-	-	4,986	(41,662)	(36,596)
Total comprehensive income (loss)	-	-	-	3,222,794	-	-	-	4,986	(41,662)	3,186,118
Share-based payment	-	46,755	-	-	-	-	36,016	-	-	82,771
Acquisition of treasury shares	-	-	(301,752)	-	-	-	-	-	-	(301,752)
Exercise of employee options	1,535	22,163	-	-	-	-	(23,698)	-	-	-
Transfer from revaluation reserve in respect of revaluation of property, plant, and equipment, at the depreciation amount	-	-	-	2,495	-	-	-	(2,495)	-	-
Dividend	-	-	-	(1,514,931)	-	-	-	-	-	(1,514,931)
Acquisition of minority interests	-	282,674	98,611	-	(821,661)	-	-	-	-	(440,376)
Transaction with minority interest	-	-	-	-	(5,290)	-	-	-	-	(5,290)
Balance as of December 31, 2025	317,299	1,251,448	(580,026)	12,547,162	(1,294,770)	11,000	72,960	215,011	(43,650)	12,496,434

The attached additional information is an integral part of the Company's separate 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	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
Balance as of December 31, 2024	315,764	899,856	(376,885)	10,836,804	(467,819)	11,000	60,642	212,520	(1,988)	11,489,894

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

	Appendix	For the year ended December 31	
		2025	2024
		NIS thousand	
Cash flows for operating activities			
Income for the period		3,222,714	2,391,031
Adjustments required to present cash flows for operating activities	(a)	(3,157,982)	(2,390,012)
Net cash provided by operating activities of the Company		64,732	1,019
Cash flows provided by investing activities:			
Repayment of capital notes and loans from investees		120,952	183,948
Dividend received from investees		1,422,730	343,052
Loans and capital notes provided to investees		(25,000)	(125,000)
Investment in Restricted Tier 1 capital - Phoenix Insurance		-	141,150
The merger of Phoenix Investments and Platinum into the Company (*)	(b)	91,197	-
Sales (acquisitions) of financial investments by the Company, net		(132,266)	(91,364)
Net cash provided by (used for) investing activities		1,477,613	451,786
Cash flows used in financing activities			
Dividend paid to shareholders		(1,514,931)	(535,000)
Share buyback by the Company		(301,752)	(183,019)
Acquisition of minority interests		(428,866)	-
Issuance of bonds		1,092,471	-
Repayment of bonds		(284,923)	(68,017)
Repayment of a financial liability		(21,877)	(5,011)
Net cash provided by (used for) financing activities		(1,459,878)	(791,047)
Increase (decrease) in cash and cash equivalents		82,467	(338,242)
Balance of cash and cash equivalents at beginning of period		65,494	403,736
Balance of cash and cash equivalents at end of period		147,961	65,494

(*) For details, see Note 1B.

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

		For the year ended December 31	
		2025	2024
		NIS thousand	
Adjustments required to present cash flows provided by (used for) operating activities:	(a)		
Items not involving cash flows:			
Gains, net on financial investments		(78,946)	(7,429)
Revenue and expense items not involving cash flows:			
Accrued interest and appreciation of bonds		66,144	46,484
Expenses for income tax		11,975	9,676
Company's share in the profits of investees, net of tax		(3,148,647)	(2,369,925)
Changes in other balance sheet line items, net:			
Change in receivables and debit balances		28,296	(30,325)
Change in payables and credit balances		31,895	13,922
Change in loans to investees		(59,688)	(52,445)
Cash paid and received during the period for:			
Taxes received (paid), net		(9,011)	30
Total cash flows for operating activities		(3,157,982)	(2,390,012)
The merger of Phoenix Investments and Platinum into the Company	(b)		
Working capital (excluding cash and cash equivalents)		(13,841)	-
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	-
		91,198	-
Significant non-cash activities:	(c)		
Acquisition of an investee in consideration for reissuance of treasury shares		(381,285)	
Dividend in kind receivable from subsidiaries		-	573,751
Dividend in kind received		204,270	-
Breakdown of amounts included in operating activities	(d)		
Interest paid		51,816	39,510
Dividend paid		1,514,931	535,000
Interest received		81,123	47,821
Dividend received		2,689	230

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

NOTE 1 - GENERAL

Set forth below are financial data taken from the Group's consolidated financial statements as of December 31, 2025 (hereinafter - "**Consolidated Financial Statements**") attributable to the Company itself and published as part of the periodic report (hereinafter - "**Separate Financial Information**").

The separate financial information should be read in conjunction with the Consolidated Financial Statements.

A. Definitions

(1) **The Company** - Phoenix Financial Ltd.

(2) **Investees -** consolidated companies and companies, the Company's investment therein is included in the financial statements using the equity method, whether directly or indirectly.

(3) **Report date** - the date of the Statement of Financial Position.

(4) **Phoenix Insurance** - Phoenix Insurance Company Ltd.

(5) **Phoenix Capital Partners** - Phoenix Capital Partners Ltd.

(6) **Platinum -** Platinum Finance & Factoring Ltd.

(7) **Phoenix Investments** - Phoenix Investments and Finances Ltd.

(8) **Phoenix Agencies** - Phoenix Insurance Agencies (1989) Ltd.

(9) "**Phoenix Pension and Provident**" - Phoenix Pension and Provident Fund Ltd.

(10) **Phoenix Investment House** - Phoenix Investment House Ltd. A company controlled by Phoenix Financial.

(11) **Phoenix Gama** - Phoenix Gama Ltd. A company controlled by Phoenix Financial.

(12) **Consumer Credit** - Phoenix Consumer Check Credit Ltd. A company wholly-owned by Phoenix Gama.

(13) **Phoenix Advanced Investments** - Phoenix Advanced Investments Ltd. A company wholly-owned by Capital Partners Ltd.

(14) **Phoeniclass -** Phoeniclass Ltd., an investee of the Company and Phoenix Insurance.

(15) **Regulation 9(c)** - Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

NOTE 1 - GENERAL (cont.)

B. During the Reporting Period, the Company's merger with Phoenix Investments and Platinum was completed. In addition, the Company transferred to Phoenix Capital Partners - 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 Phoenix Gama, effective January 1, 2025, Phoenix Consumer Check Credit, 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 - PREPARATION OF THE FINANCIAL DATA USED IN THE SEPARATE FINANCIAL INFORMATION

A. The separate financial information has been prepared in conformity with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter - "**Regulation 9C**") including all the particulars specified in the Tenth Addendum to the said regulations (hereinafter - the "**Addendum**"), and subject to the clarifications specified in "Clarification Regarding the Corporation's Separate Financial Statements", which was published on the website of the Israel Securities Authority on January 24, 2010, and which addresses the manner of application of the said Regulation and Addendum (hereinafter - the "**ISA Staff Clarification**").

The separate financial information does not constitute financial statements, including separate financial statements, which are prepared and presented in conformity with International Financial Reporting Standards (hereinafter - "**IFRSs**") in general, and the provisions of IAS 27 - "Consolidated and Separate Financial Statements" in particular. Nevertheless, the accounting policy specified in Note 2 to the Consolidated Financial Statements regarding the significant accounting policies and the method by which the financial data were classified in the Consolidated Financial Statements, were applied for the purpose of presenting the separate financial information, with the necessary changes as stated below.

NOTE 2 - PREPARATION OF THE FINANCIAL DATA USED IN THE SEPARATE FINANCIAL INFORMATION (cont.)

A. (cont.)

The additional information presented below also includes disclosures regarding additional material information, in conformity with the disclosure requirements specified in Regulation 9C and as detailed in the Addendum and subject to the ISA Staff Clarification, to the extent that such information was not included in the Consolidated Financial Statements in a way expressly referring to the Company itself.

1. Assets and liabilities included in the consolidated statements of financial position attributable to the Company:

The separate financial information includes the amounts of the assets and liabilities included in the consolidated financial statements which are attributable to the Company itself - classified according to types of assets and liabilities. The classification of these data is consistent with their classification in the consolidated statements of financial position. In addition, a net amount is presented, based on the Consolidated Financial Statements, which is attributable to the shareholders of the Company itself, of total assets less total liabilities, with respect to investees, including goodwill. Such presentation results with the equity attributable to shareholders of the Company on the basis of the Consolidated Financial Statements being identical to the Company's equity as derived from the separate financial information.

2. Revenues and expenses included in the consolidated statements of other comprehensive income and loss attributable to the Company itself:

The financial data includes amounts of income and expenses, which are included in the Consolidated Financial Statements, categorized in the separate financial information to profit or loss or to other comprehensive income, which are attributable to the Company itself; those income and expenses are categorized according to the type of revenue or expense. The classification of these data is consistent with their classification in the consolidated statement of income and the statement of comprehensive income. The separate financial information also includes – based on the Consolidated Financial Statements - the net amount attributable to shareholders of the Company itself, of total revenue net of total expenses which reflect the operating results of investees in the Consolidated Financial Statements, including impairment of goodwill, impairment of investment in associate or reversal thereof, and impairment of investment in a jointly controlled company accounted for by the equity method, or reversal thereof.

NOTE 2 - PREPARATION OF THE FINANCIAL DATA USED IN THE SEPARATE FINANCIAL INFORMATION (cont.)

A. (cont.)

2. Revenues and expenses included in the consolidated statements of other comprehensive income and loss attributable to the Company itself: (cont.)

Such presentation results with the total income for the year attributable to Company's owners and the total comprehensive income for the year attributable to Company's owners, on the basis of the Consolidated Financial Statements, being identical to total income for the year attributable to Company's owners and total comprehensive income for the year attributable to the Company's owners, respectively, as derived from the separate financial information.

3. Cash flows included in the Consolidated Financial Statements attributable to the Company itself:

Separate financial information amounts which represent cash flows included in the Consolidated Financial Statements attributable to the Company itself are derived from the consolidated statements of cash flows; cash flow amounts are classified into cash flows from operating activities, investing activities and financing activities, and their composition is also disclosed. The classification of these data is consistent with their classification in the consolidated financial statements.

B. Company's transactions with investees

1. Intra-group balances and revenue and expenses arising from intra-group transactions, which were eliminated in the preparation of the Consolidated Financial Statements, were presented separately from the balance in respect of investees and the income in respect of investees, together with similar balances with third parties.

2. Transactions between the Company and its investees were measured in accordance with the measurement principles set in the relevant IFRSs outlining the accounting treatment applicable to such transactions with third parties.

NOTE 3 - CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
	NIS thousand	
Cash and deposits available for immediate withdrawal in banking corporations	99,865	63,442
Short-term deposits	48,096	2,052
Cash and cash equivalents	147,961	65,494

As of balance sheet date, the cash with banks bears current interest based on nominal interest rates applicable to daily deposits with banks of 3.89%-3.95% (December 31, 2024 - 4.14%-4.20%).

NOTE 3 - CASH AND CASH EQUIVALENTS (cont.)

Short-term deposits deposited with banking corporations are for periods ranging between one week and three months. The deposits bear a nominal interest rate of 3.90%-4.41% (December 31, 2024 - 4.20%-4.50%).

NOTE 4 - OTHER FINANCIAL INVESTMENTS

1. Set forth below is a breakdown of the investments in financial assets:

	As of December 31, 2025		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at amortized cost (*)	Total
	NIS thousand		
Liquid debt instruments	101,834	-	101,834
Illiquid debt instruments	-	123,918	123,918
Capital instruments	55,258	-	55,258
Other investments	16,666	-	16,666
Total	173,758	123,918	297,676

	As of December 31, 2024		
	Financial investments measured at fair value through profit or loss	Other financial investments measured at amortized cost (*)	Total
	NIS thousand		
Liquid debt instruments	38,471	-	38,471
Illiquid debt instruments	-	42,094	42,094
Capital instruments	15,722	-	15,722
Other investments	31,698	-	31,698
Total	85,891	42,094	127,985

(*) Including loans to minority shareholders totaling approx. NIS 120 million in 2025 and NIS 40 million in 2024.

2. Fair value of financial investments by level:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Liquid debt instruments	101,834	-	-	101,834
Capital instruments	20,062	-	35,196	55,258
Other investments	4,091	907	11,668	16,666
Total	125,987	907	46,864	173,758
Fair value of illiquid debt instruments	-	489	123,234	123,723

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Liquid debt instruments	38,471	-	-	38,471
Capital instruments	9,829	-	5,893	15,722
Other investments	1,632	-	30,066	31,698
Total	49,932	-	35,959	85,891
Fair value of illiquid debt instruments	-	1,142	40,989	42,131

NOTE 5 - RECEIVABLES AND DEBIT BALANCES

	As of December 31	
	2025	2024
	NIS thousand	
Investees	36,539	31,465
Interest receivable from investees	10,551	13,291
Government authorities	5,396	-
Other	43,017	346
	95,503	45,102

NOTE 6 - PAYABLES AND CREDIT BALANCES

	As of December 31	
	2025	2024
	NIS thousand	
Interest payable - in respect of bonds	3,783	4,556
Liabilities to employees and other liabilities in respect of wages and salaries	12,385	3,945
Accounts payable	4,638	3,895
Investees	22,390	13
Other payables and credit balances	42,665	7,204
Government authorities	2,248	136
	88,109	19,749

NOTE 7 - FINANCIAL LIABILITIES

1. Breakdown of financial liabilities:

	As of December 31	
	2025	2024
	NIS thousand	
Bonds	2,748,485	1,874,793
Other financial liabilities (*)	270	17,500
	2,748,755	1,892,293

(*) Undertaking of a conditional bonus to minority shareholders. For details, see Note 11E(2a) to the Consolidated Financial Statements.

2. Repayment of bonds in years subsequent to the reporting date:

	As of December 31	
	2025	2024
	NIS thousand	
First year	284,923	173,160
Second year	284,923	173,160
Third year	679,929	173,160
Fourth year	610,803	473,006
Fifth year onwards	1,074,239	975,532
	2,934,817	1,968,018
Less current maturities	(284,923)	(173,160)
Less - discount and deferred acquisition costs	(186,332)	(93,225)
	2,463,562	1,701,633

For further details regarding the bonds, see also Note 17 to the Consolidated Financial Statements.

3. Changes in liabilities stemming from financing activity:

	Bonds
	NIS thousand
Balance as of January 1, 2024	1,896,326
Cash flow	(68,017)
Effect of changes in the CPI	32,784
Other changes	13,700
Balance as of December 31, 2024	1,874,793
Cash flow	807,548
Effect of changes in the CPI	29,068
Other changes	37,076
Balance as of December 31, 2025	2,748,485

The balance includes current maturities.

NOTE 8 - INCOME TAXES

A. Tax assessments

The Company has tax assessments, which are considered to by final through tax year 2020, in accordance with Section 145 of the Income Tax Ordinance.

B. Asset and liability in respect of deferred taxes

The balances of deferred tax assets as of December 31, 2025 are mostly from the creation of a tax asset for carryforward business losses.

C. Carryforward losses for tax purposes and other temporary differences

The Company has carry forward business losses totaling approx. NIS 66,934 thousand and approx. NIS 83,668 thousand as of December 31, 2025 and December 31, 2024, respectively. In respect of the balances of losses, deferred taxes totaling approx. NIS 15 million were created as of December 31, 2025 and NIS 15 million as of December 31, 2024.Furthermore, under the merger with Phoenix Investments, a capital loss balance totaling NIS 16,734 thousand was transferred to the Company (for details regarding the merger, see Note 1B). Carryforward capital losses total, as of December 31, 2025 and December 31, 2024, approx. NIS 13,467 thousand and approx. NIS 168 thousand, respectively.

The tax assets amount is equal to the balance of losses which can be offset in the foreseeable future.

D. Taxes on income included in the income statements

	For the year ended December 31	
	2025	2024
	NIS thousand	
Current taxes	6,255	-
Deferred taxes in respect of the creation and reversal of temporary differences	5,720	9,676
Total taxes on income	11,975	9,676

NOTE 9 - BALANCES AND MATERIAL COMMITMENTS WITH INVESTEES

A. Balances with investees

	As of December 31	
	2025	2024
	NIS thousand	
Non-current assets		
Loans and capital notes to investees (see Section D below)	672,747	1,125,937
Other financial investments measured at amortized cost (see section D below)	636,875	-
Less current maturities	(54,035)	(52,835)
	1,255,587	1,073,102
Current assets		
Receivables and debit balances	47,090	44,756
Current maturities of loans to investees (see Section D below)	54,035	52,835
Liquid Restricted Tier 1 capital (see E below)	1,292,379	1,248,061
	1,393,504	1,345,652

NOTE 9 - BALANCES AND MATERIAL COMMITMENTS WITH INVESTEES (cont.)

B. Transactions with investees

	For the year ended December 31	
	2025	2024
	NIS thousand	
Revenues from management fees of investees	28,444	23,010

C. Investment revenues for loans from investees and Restricted Tier 1 capital

	For the year ended December 31	
	2025	2024
	NIS thousand	
Investment income	142,931	116,862

D. Loans and capital notes to consolidated companies controlled by consolidated companies

1. Phoenix Investments

	Interest rate	As of December 31	
		2025	2024
	%	NIS thousand	
Capital notes	-	-	339,000
Loans	2.90	-	82,688
		-	421,688

(1) The company was merged into the Company and ceased to exist. For further details, see Note 1B.

2. Phoenix Pension and Provident Fund

	Interest rate	As of December 31	
		2025	2024
	%	NIS thousand	
Linked loans	0.44-0.45	196,247	187,520
Unlinked loans	1.94	88,205	105,006
		284,452	292,526

(1) In February 2021, Phoenix Pension and Provident Funds took a NIS 100 million loan from the Company. The loan principal is linked to the CPI and carries an annual interest rate of 0.44%; all other terms of the loan are identical to the terms of the Bonds (Series 5).

(2) In March 2021, Phoenix Pension and Provident Funds took a loan of approx. NIS 89 million from the Company. The loan principal is linked to the CPI and carries an annual interest rate of 0.45%; all other terms of the loan are identical to the terms of the Bonds (Series 5).

(3) In September 2021, Phoenix Pension and Provident Funds took a NIS 105 million loan from the Company. The loan principal bears a fixed annual interest of 1.94%; all other terms of the loan are identical to the terms of the Bonds (Series 6).

NOTE 9 - BALANCES AND MATERIAL COMMITMENTS WITH INVESTEES (cont.)

D. Loans and capital notes to consolidated companies (cont.)

3. Platinum

	As of December 31	
	2025	2024
	NIS thousand	
Non-linked capital note	-	30,100

(*) The company was merged into the Company and ceased to exist. For further details, see Note 1B.

4. Phoenix Investment House

	Interest rate	As of December 31	
		2025	2024
	%	NIS thousand	
Unlinked loans	1.94%-5.98%	229,115	258,577

(1) On September 13, 2022, the Company granted Phoenix Investment House a loan totaling NIS 60 million to be repaid in 4 equal payments and bearing an annual interest equal to that of the Bank of Israel interest rate, plus 1.48%.

(2) During 2023, the Company advanced to Phoenix Investment House loans totaling approx. NIS 200 million. The terms of the loan are in accordance with the issuance of Bonds (Series 6). For details regarding the terms of Bonds (Series 6), see Note 17 to the Consolidated Financial Statements.

(3) A loan totaling approx. NIS 10 million, which was advanced during 2022, and is repayable in 9 unequal installments starting from 2024 and through 2027. The loan was transferred to the Company under the merger.

5. Agencies

In December 2023, the Company advanced a loan to Phoenix Agencies totaling approx. NIS 23 million. The loan bears annual interest at a rate of Prime + 3%, which is payable at the beginning of each quarter. The loan principal will be repaid in one lump sum on December 31, 2029. In November 2024, as part of an ongoing process to increase the efficiency of Phoenix Agencies' capital structure, Phoenix Agencies altered its internal debt structure. As part of the change, the company reassigned the loan to two agencies owned by it in equal parts of approx. NIS 11 million per agency. The loans were repaid during 2025.

6. Phoenix Advanced Investments

During 2024, Phoenix Advanced Investments issued the Company a NIS 50 million capital note. The capital note is not linked to the CPI and does not bear interest and with no repayment; in any event, the capital note will not be repaid before five years have elapsed from its issuance date.. In addition, the Company advanced a loan to Phoenix Advanced Investments totaling NIS 40 million. The loan bears an interest of approx. 5% in accordance with Section 3(j).

NOTE 9 - BALANCES AND MATERIAL COMMITMENTS WITH INVESTEES (cont.)

D. Loans and capital notes to consolidated companies (cont.)

6. Phoenix Advanced Investments (cont.)

In February 2025, the Company advanced another loan to Phoenix Advanced Investments totaling NIS 25 million. The loan bears an interest of approx. 5% in accordance with Section 3(j) to the Income Tax Ordinance [New Version], paid at the end of each quarter; the loan is for a period of 5 years and will be repaid in one lump sum.

7. Consumer credit

A capital note totaling NIS 3.2 million and issued by Phoenix Consumer Check Credit was transferred under the merger. The capital note is not linked to the CPI and does not bear interest and with no repayment; in any event, the capital note will not be repaid before five years have elapsed from its issuance date..

8. Phoenix Capital

In 2010, Phoenix Capital Ltd. issued capital notes totaling approx. NIS 11 million. The capital note is not linked to the CPI and does not bear interest and with no repayment; in any event, the capital note will not be repaid before five years have elapsed from its issuance date.. The capital note was transferred to the Company under the merger.

9. Phoeniclass

Loans advanced to Phoeniclass totaling approx. NIS 52 million were transferred under the merger, some of which bear variable annual interest in accordance with the interest rate specified in Section (3J) to the Income Tax Ordinance, and some are CPI-linked and bear annual interest of 5%.

In 2025, the Company advanced to Phoeniclass an additional loan totaling approx. NIS 2 million.

As of December 31, 2025, the total outstanding balance of the loans is approx. NIS 57.8 million.

10. Loan to Phoenix Mortgages (Gold)

On December 30, 2024, Phoenix Insurance's Board of Directors approved the distribution of the loan - totaling approx. NIS 574 million - as a dividend in kind to Gold Mortgages. The transfer of a loan to the company was carried out in practice on January 1, 2025.

E. Liquid Restricted Tier 1 capital in Phoenix Insurance

For details regarding the terms of the PHONIX B12 Bonds, see Note 17 to the Consolidated Annual Financial Statements.

NOTE 9 - BALANCES AND MATERIAL COMMITMENTS WITH INVESTEES (cont.)

F. Guarantees

For details regarding guarantees to investees, see Note 36C to the Consolidated Financial Statements.

NOTE 10 - SIGNIFICANT EVENTS IN THE REPORTING PERIOD AND SUBSEQUENT TO THE REPORTING DATE

1. 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.

2. In January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value. Total gross consideration arising totaled approx. NIS 416,154 thousand. For further details, see Note 17 to the Consolidated Financial Statements.

3. Subsequent to the reporting period, the Company executed a capital injection of approx. NIS 412 million to its subsidiary - Phoenix Capital Partners Ltd. NIS 365 million out of this amount was allocated to the Company against the issuance of cumulative preferred shares, and against options, which were estimated at approx. NIS 47 million as of the balance sheet date. The preferred shares bear a cumulative annual return of 3.5%, and include a step-up mechanism from the end of two and a half to ten years, up to an annual accrual rate of 10%. At the end of the two-and-a-half-year period, Phoenix Capital Partners will have the right to convert the preferred shares into the subsidiary's ordinary shares or redeem them in cash, in accordance with the up-to-date valuation. Furthermore, the options may be settled in cash at the end of the two-and-a-half-year period, or converted into ordinary shares of Phoenix Capital Partners in accordance with the up-to-date valuation.

4. For further details regarding subsequent events, see Note 38 to the consolidated financial statements.

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Shape the future with confidence

March 25, 2026

To
Board of Directors of Phoenix Financial Ltd.

Dear Madam/Sir,

Re: Shelf Prospectus of Phoenix Financial Ltd. (hereinafter - the "Shelf Prospectus") published on July 8, 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 line:

1. The Independent Auditor's Report dated March 25, 2026 on the Company's financial statements as of December 31, 2025 and for the year then ended.

2. The Special Report of March 25, 2026 on the Separate Financial Information of Phoenix Financial in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 as of December 31, 2025 and for the year then ended.

3. The Independent Auditor's Report dated March 25, 2026 on the audit of the components of the internal control over financial reporting of Phoenix Financial Ltd. as of December 31, 2025.

Kost Forer Gabbay & Kasierer
Certified Public Accountants

Part 5

Additional Details about the Corporation. Corporate Governance Questionnaire

Lea Nikel, Composition, 1958, Oil on canvas, Phoenix Collection

Phoenix

Part 5

Additional Details About the Corporation

Regulation 9D - Report of the Status of Liabilities according to Repayment Dates, as of December 31, 2025

For details regarding the status of the Company's liabilities according to repayment dates, see the Company's immediate report dated March 26, 2026.

Regulation 10A - Condensed (Consolidated) Quarterly Income Statements for 2025

	1-3.25 quarter	4-6.25 quarter	7-9.25 quarter	10-12.25 quarter	Total - 2025
Revenues from insurance services	2,361,312	2,448,583	2,489,532	2,502,271	9,801,698
Expenses from insurance services	1,696,230	1,970,275	1,884,674	2,281,308	7,832,487
Income from insurance services before reinsurance policies held	**665,082**	**478,308**	**604,858**	**220,963**	**1,969,211**
Reinsurance expenses	369,262	364,213	369,638	338,478	1,441,591
Reinsurance revenues	142,462	572,537	231,311	487,149	1,433,459
Net expenses from reinsurance contracts held	**(226,800)**	**208,324**	**(138,327)**	**148,671**	**(8,132)**
Income from insurance services	438,282	686,632	466,531	369,634	1,961,079
Investment income, net from assets held against insurance contracts and yield-dependent investment contracts	**807,591**	**5,265,862**	**4,891,756**	**4,475,575**	**15,440,784**
Investment income from other investments, net:					
Interest revenues calculated using the effective interest method	49,673	56,385	72,755	52,045	230,858
Losses (reversal of losses), net from impairment of financial assets	7,873	1,441	(7)	128	9,435
Other investment income, net	178,424	1,415,588	827,715	917,606	3,339,333
Share in earnings of equity-accounted investees	50,463	24,947	31,104	15,828	122,342
Total income from other investments, net	**270,687**	1,495,479	931,581	985,351	3,683,098
Total investment income, net	**1,078,278**	**6,761,341**	**5,823,337**	**5,460,926**	**19,123,882**
Finance expenses, net arising from insurance contracts	665,873	4,462,148	3,525,627	3,254,146	11,907,794
Finance income (expenses), net arising from reinsurance contracts	(3,347)	125,542	40,227	32,808	195,230
Increase in liabilities in respect of investment contracts due to the yield component	(174,352)	(1,546,058)	(1,676,101)	(1,414,570)	(4,815,342)
Net investment and finance income	234,706	878,677	661,836	825,018	2,595,976
Income, net from insurance and investment	**672,988**	**1,565,309**	**1,128,367**	**1,194,652**	**4,557,055**
Revenues from management fees	444,321	450,931	491,067	500,686	1,887,005
Revenues from Wealth & Investments	97,000	109,000	112,000	108,000	426,000
Revenues from credit and acquiring	117,606	119,126	122,884	112,170	471,786
Revenues from Brokers & Advisors commissions	194,309	182,083	201,188	208,047	785,627
Other operating expenses	552,846	619,431	601,190	615,455	2,384,661
Other expenses, net	(8,230)	(32,380)	(29,301)	29,344	(40,567)
Other finance expenses	124,605	206,976	175,724	185,732	693,037
Profit before income tax	**840,543**	**1,567,662**	**1,249,291**	**1,351,712**	**5,009,208**
Taxes on income	249,875	577,859	394,920	445,875	1,668,529
Income for the period	**590,668**	**989,803**	**854,371**	**905,837**	**3,340,679**
Attributable to:					
Company's shareholders	**552,837**	**956,987**	**813,563**	**899,327**	**3,222,714**
Non-controlling interests	**37,831**	**32,816**	**40,808**	**6,510**	**117,965**
Income for the period	**590,668**	**989,803**	**854,371**	**905,837**	**3,340,679**
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	**2.20**	**3.81**	**3.22**	**3.75**	**12.78**
Diluted earnings					
Income from continuing operations	**2.19**	**3.79**	**3.20**	**3.68**	**12.69**

	1-3.25 quarter	4-6.25 quarter	7-9.25 quarter	10-12.25 quarter	Total - 2025
Income for the period	**590,668**	**989,803**	**854,371**	**905,837**	**3,340,679**
				-	-
Items of other comprehensive income not subsequently carried to profit or loss:				-	-
Revaluation of property, plant, and equipment, net	-	-	-	**6,476**	**6,476**
Income from remeasurement of defined benefit plan for employees	-	-	-	**112**	**112**
Total other comprehensive loss not to be subsequently carried to profit or loss before income tax	-	-	-	**6,588**	**6,588**
				-	-
Income tax associated with investment in equity instruments measured at fair value through other comprehensive income	-	-	-	**(1,519)**	**(1,519)**
Income tax associated with items of other comprehensive income not to be subsequently carried to profit or loss	-	-	-	**5,069**	**5,069**
Total other comprehensive loss not to be subsequently carried to profit or loss, net of tax	-	-	-	-	-
				-	-
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	**15,662**	**(29,286)**	**(10,650)**	**(17,388)**	**(41,662)**
Total other comprehensive loss which has been or will be carried to profit or loss, net of tax	**15,662**	**(29,286)**	**(10,650)**	**(17,388)**	**(41,662)**
				-	-
Total other comprehensive income (loss) for the period, net of tax	**15,662**	**(29,286)**	**(10,650)**	**(12,319)**	**(36,593)**
				-	-
Total comprehensive income for the period	**606,330**	**960,517**	**843,721**	**893,518**	**3,304,086**
Attributable to:				-	-
Company's shareholders	**568,499**	**927,701**	**802,913**	**887,005**	**3,186,118**
Non-controlling interests	**37,831**	**32,816**	**40,808**	**6,513**	**117,968**
Comprehensive income for the period	**606,330**	**960,517**	**843,721**	**893,518**	**3,304,086**

Regulation 10C - Use of Proceeds for Securities

Issuance of further series of Bonds (Series 5 and Series 6) by the Company.

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 total consideration arising to the Company from the two expansions amounted to approx. NIS 600,000 thousand. The Company uses the proceeds of the issuance for the purpose of the Company's ongoing activity and in accordance with the Board of Directors' decisions, as applicable from time to time, in accordance with the Company's objectives and strategy.

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 total consideration arising to the Company from the two expansions amounted to approx. NIS 500,000 thousand. The Company uses the proceeds of the issuance for the purpose of the Company's ongoing activity and in accordance with the Board of Directors' decisions, as applicable from time to time, in accordance with the Company's objectives and strategy.

Initial issuance of convertible Bonds (Series 7)

Subsequent to the Reporting Period, in January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand. The bonds shall be convertible into the Company's ordinary shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder. The Company uses the proceeds of the issuance for the purpose of the Company's ongoing activity and in accordance with the Board of Directors' decisions, as applicable from time to time, in accordance with the Company's objectives and strategy.

Regulation 11 - List of Investments in Main Subsidiaries and Affiliated Companies as of the Balance Sheet Date

	Share class in p.v.	Total p.v. in NIS	Value in the Separate Financial Statements in NIS thousand	Holdings rate out of the issued capital, by percentage	
				In voting and in right to appoint directors	In equity
The Company's subsidiaries and affiliates					
Phoenix Insurance Company Ltd.	NIS 1	157,773,522	8,062,989	100	100
Phoenix Insurance Company Ltd.	NIS 5	1,699,452	-	100	100
Phoenix Insurance Agencies 1989 Ltd. (1)	NIS 1	12,839,081	394,960	95	95
Phoenix Pension and Provident Fund Ltd.	NIS 1	7,746,961	1,123,805	100	100
Phoenix Capital Partners Ltd.	NIS 1	109,000,000	192,788	100	100
Phoenix Investment House Ltd.	NIS 1	19,066,024	932,163	88.52	88.52
Phoenix Services Ltd.	NIS 1	100,000	100,000	100	100
Phoenix Gama Ltd.	NIS 0.01	119,182,060	1,415,482	100	100
Subsidiaries and affiliates of Phoenix Insurance Company Ltd.					
Ad 120 Residence Centers for Senior Citizens Ltd.	NIS 1	409	559,275	32	32
Hadar Green Company Properties and Investments Ltd.	NIS 1	8,580,490	185,777	100	100
Phoenix Mortgages (Gold) Ltd.	NIS 0.01	1,000	(910)	51	51
Phoenix Capital Raising (2009) Ltd.	NIS 1	1,000	1	100	100
Subsidiaries and affiliates of Phoenix Capital Partners Ltd.					
Phoenix Advanced Investments Ltd.	NIS 0.05	14,971,725	113,800	100	100
Phoenix Underwriting Ltd.	NIS 1	100,000	10,581	19.99	19.99
Phoenix's subsidiaries and affiliates Gama Ltd.					
El-Al Fly Card (1)	NIS 0.01	19,900	186,926	19.9	19.9
Phoenix Consumer Check Credit Ltd.	NIS 1	100	66,167	100	100
Gama Direct Personal Finance Ltd.	NIS 1	100	59,721	100	100
Phoenix Construction Financing and Guarantees Ltd.	NIS 1	313,285,298	380,054	100	100
Subsidiaries and affiliates of Phoenix Insurance Agencies 1989 Ltd.					
Agam Leaderim (Israel) Insurance Agency (2003) Ltd.	NIS 1	1,000	179,666	100	100
Shekel Insurance Agency (2008) Ltd.	NIS 1	100	84,833	100	100
Oren Mizrach Insurance Agency Ltd. (2)	NIS 1	27,379	268,875	80.6	80.6
Subsidiaries and affiliates of Phoenix Investment House Ltd.					
ESOP Management and Trust Services Ltd.	NIS 1	7,090	66,086	100	100
Excellence Investment Management and Securities Ltd.	NIS 1	15,062,608	282,956	100	100
Excellence Nessuah Services Ltd.	NIS 1	1	71,529	100	100
KSM Mutual Funds Ltd.	NIS 0.001	15,224	323,006	100	100
Phoenix Portfolio Management Ltd.	NIS 1	4,694,518	84,079	100	100

All shares are not listed for trading on the TASE.

(1) In January 2026, subsequent to receiving the required approvals, Phoenix Insurance exercised an option to purchase 5.1% of the issued and paid-up share capital of EL-AL Fly Card. For further details, see Regulation 12 below.

(2) In January 2026, a transaction was completed with minority shareholders in Oren Mizrach such that the Company holds directly and indirectly 90% of the share capital of Phoenix Agencies and Phoenix Agencies wholly owns (100%) of the share capital of Oren Mizrach. For further details, see Note 11E(1) to the Consolidated Financial Statements.

Regulation 11 - Breakdown of Loans and Capital Notes to Subsidiaries and Main Affiliates

The Company's main subsidiaries and affiliates	Balance of loans, bonds and capital notes in NIS thousand	Repayment date
Phoenix Consumer Check Credit Ltd.	3,227	Non-linked interest-free capital notes, with no repayment date; in no case will they be repaid before five years will have elapsed from the signing date of the capital notes.
Phoenix Advanced Investments Ltd.	50,000	The capital note is not linked to the CPI and does not bear interest and with no repayment; in any event, the capital note will not be repaid before five years have elapsed from its issuance date.
Phoenix Advanced Investments Ltd.	65,009	The loan bears an interest of approx. 5% in accordance with Section 3(j) to the Income Tax Ordinance; the loan is for a period of 5 years and will be repaid in one lump sum.
Phoenix Investment House Ltd.	45,439	Loan under the same terms as Bonds (Series 4).
KSM Mutual Funds Ltd.	44,199	Loan under the same terms as the second expansion of Bonds (Series 6).
KSM Mutual Funds Ltd.	131,075	Loan under the same terms as the first expansion of Bonds (Series 6).
Phoenix Insurance Company Ltd.	1,292,379	Tier 1 capital instrument Series L - Security No. 1179225.
Phoenix Pension and Provident Fund Ltd.	284,452	An NIS 196 million loan, at the same terms as the Company's Bonds (Series 5), and approx. NIS 88 million in other loans, at the same terms as the Company's Bonds (Series 6).
Phoenix Capital	11,055	Non-linked interest-free capital notes, with no repayment date; in no case will they be repaid before five years will have elapsed from the signing date of the capital notes.
Phoeniclass	57,810	Approximately 2/3 of the loan bears an interest rate of approx. 5%, in accordance with section 3(j) of the Income Tax Ordinance and approx. 1/3 of the loan is at an index-linked 5% interest rate.

Regulation 12 - Changes in Investments in Main Subsidiaries and Affiliated Companies in the Reporting Period

El Al Frequent Flyer Ltd.

On June 23, 2022, Phoenix Insurance granted a USD 130 million loan using its nostro funds, to El Al Frequent Flyer Ltd. (hereinafter - the "**Frequent Flyer**"). The loan was advanced for a period ending June 30, 2028 (hereinafter - the "**Loan Term**") and is repaid in two equal quarterly principal payments.

Under the loan agreement, Phoenix Insurance has the option to purchase up to 25% of Frequent Flyer's shares; the option may be exercised at any time until the end of the term of the Loan, subject to additional terms and conditions for an additional year. On September 13, 2022, Phoenix Insurance exercised the option and purchased shares at a rate of 19.9% in consideration for an exercise premium of approx. USD 14 million. On December 31, 2024, a partial early repayment of approx. NIS 110 million was received, such that the end of the loan's term was brought forward to June 30, 2027 (instead of June 30, 2028).

On December 30, 2024, Phoenix Insurance's Board approved the distribution of Frequent Flyer's shares (19.9%) as a dividend in kind to the Company. On March 31, 2025, after obtaining the Israel Tax Authority's approval, Phoenix Insurance distributed the investment in Frequent Flyer shares totaling approx. NIS 179 million to the Company. In addition, during the reporting period, the Company transferred the Frequent Flyer's shares to Gama in consideration for the issuance of shares.

On October 29, 2025, Phoenix Insurance notified EL AL Israel Airlines Ltd. (hereinafter - "**EL AL**") of the exercise of the remaining option to purchase 5.1% of the issued and paid-up share capital of Frequent Flyer.

On January 29, 2026, the approvals required to exercise the remaining option were obtained. Since under the Insurance Commissioner's Directives an institutional investor or a group of investors, may hold up to 20% of the interests in a corporation, Phoenix's Board decided to approve the distribution of Frequent Flyer's shares (5.1%) as a dividend in kind to the Company. The value of the shares in accordance with an external valuation, as of December 31, 2025, is approx. NIS 147 million. The distribution was effectively executed in February 2026. Subsequent to the exercise of all abovementioned options, the Company and Gama jointly hold 25% of the Frequent Flyer's shares. The loan's outstanding balance totaling approx. NIS 88 million, as described above, is presented under the financial investments line item and was repaid subsequent to the balance sheet date.

Ad 120 Residence Centers for Senior Citizens Ltd.

Ad 120 Residence Centers for Senior Citizens Ltd. (hereinafter - "**Ad 120**") develops, builds and managers high-end senior housing facilities.

On November 19, 2025, Phoenix Insurance and Shapir Housing and Building Ltd. (hereinafter - "**Shapir**") signed an agreement for the sale of 15% of the shares of Ad 120 in consideration for approx. NIS 280 million. The consideration was paid by Shapir by way of a private placement of bonds totaling approx. NIS 210 million and a loan totaling approx. NIS 70 million bearing Prime interest, which will be repaid in cash or in consideration for the issuance of Shapir shares at the end of 9 months from the transaction completion date. On November 24, 2025, the transaction was completed, such that subsequent to the completion of the transaction, Phoenix Insurance holds

approx. 32% of Ad 120's shares instead of 47% prior to said sale. As a result of the sale, Phoenix Insurance recognized a gain from disposal of an investment in an investee company totaling approx. NIS 19 million, and the company recorded tax expenses totaling approx. NIS 61 million in respect of this sale.

Restructuring in Asset Management and Credit

As part of the implementation of the strategic plan regarding the Asset Management and Credit Activity, and the Company's wish to concentrate each of activities under separate arms, in July 2024, the Company's Board of Directors passed an in-principle resolution regarding a restructuring, which will include statutory mergers in accordance with the Eighth Part of the Companies Law, and the transfer of activities and assets of various group companies, as follows:

First stage - the merger of Phoenix Investments and Platinum into the Company

The Company's Board of Directors approved that statutory mergers will be carried out between the Company and Phoenix Investments and between the Company and Platinum. As a result of the mergers all of the assets and liabilities of Phoenix Investments and Platinum into the Company, and they will cease to exist as separate companies.

The completion of the mergers will be conditional, among other things, on the fulfillment of all of the following conditions: (a) Receipt of the Israel Tax Authority's approval for a restructuring and merger, which is exempted from corporate income tax in respect of each of the mergers, in accordance with Section 103I to the Income Tax Ordinance; and (b) the execution of the actions required to complete each of the mergers in accordance with the Companies Law and Companies Regulations (Merger), 2000.

In March 2025, after obtaining authorization by the Israel Tax Authority and Registrar of Companies for the merger, the Company completed the measures required to complete each of the mergers.

Second stage - in March 2025, after completing the first stage, the Company transferred to Phoenix Capital Partners Ltd. (hereinafter - "**Phoenix Capital Partners**") - a new privately-held subsidiary founded by it, which is wholly-owned by the Company - Phoenix Investments' entire Wealth & Investments business prior to the merger date its holdings in all of Phoenix Advanced Investments' shares and its 19.9% stake in Phoenix Underwriting Ltd. The investment in the shares of Tehuda Management Service 1999 Ltd. and Safra Ltd. were transferred to Phoenix Advanced Investments.

Third stage - After completion of the second stage, In March 2025 the Company transferred to Gama all shares of Phoenix Consumer Check Credit Ltd.

Phoenix Agencies

A. On July 17, 2025, the Company signed an agreement with Yitzhak Oz (hereinafter - "**Oz**"), Chairman of the Board of Directors of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), for the purchase of his entire holding stake in Hagoz (2015) Ltd., which has a stake of approx. 17.19% of Phoenix Agencies' shares; this agreement superseded previous agreements with Oz. The transaction includes allocation of shares and a cash payment totaling approx. NIS 763 million (which reflects a value of approx. NIS 4.4 billion for Phoenix Agencies - fully diluted). According to the Agreement, Mr. Yitzhak Oz will continue to serve as the Chairman of the Board of Phoenix Agencies, and Mr. Oren Cohen, Chairman of the Board of Oren Mizrach Agency, was appointed CEO of Phoenix Agencies. The transaction was completed on August 28, 2025, such that subsequent to the completion of the transaction

the Company holds approx. 95% of Phoenix Agencies' shares. The cash consideration totals approx. NIS 390 million (including interest accrued through the transaction completion date). Mr. Oz was also allocated approx. 4 million ordinary shares of the Company of NIS 1 p.v. each at a value of NIS 96.615 (the share allocation is out of the 2020-2021 treasury shares allocation). As a result of the above, during the reporting period, the Company reduced its equity by approx. NIS 305 million.

B. On December 25, 2025, a share exchange agreement (hereinafter - the "**Share Exchange Agreement**") was signed between Phoenix Agencies, and minority shareholders in Oren Mizrach. Under the Share Exchange Agreement, minority shareholders' holdings in Oren Mizrach shares were converted into holdings in Phoenix Agencies shares through a merger by way of share exchange. Upon completion of the transaction in January 2026, the Company holds, directly and indirectly, approx. 90% of the issued share capital of Phoenix Agencies, and Phoenix Agencies holds 100% of the issued share capital of Oren Mizrach.

Phoenix Gama Ltd.

In March 2025, the Company transferred its 19.9% holding stake in EL AL Club to Gama, in consideration for issuance of shares

Phoenix Services

Subsequent to the report date, Phoenix Services 2025 Ltd. (hereinafter - "**Phoenix Services**") - a wholly-owned subsidiary of the Company - commenced operations; Phoenix Services constitutes a group growth platform for expanding the group's core activities through complementary services.

In February 2026, the Company transferred its holding stake in One Part Ltd. (hereinafter - "**One Part**"), which is held in equal parts by the Company and partners. One Part is engaged in the importation and marketing of automotive bodywork in Israel.

Phoenix Investment House

In November 2024 and February 2025, addendum were signed to the shareholders agreement of Phoenix Investment House - the Company, Mssrs. Boaz Nagar (Chairman of the Board of the Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of the Investment House and KSM Mutual Funds Ltd.); (for Boaz and Avner jointly, hereinafter - the "**Partners**"), which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Partners' holdings in the Investment House, as set forth in the shareholders agreement of May 2022. That is to say, the transactions may be executed from 2026 to 2031 (instead of through 2029). The exercise price of the options will be set in accordance with an agreed valuations-based mechanism, which will be based on Phoenix Investment House's financial statements. The abovementioned options are presented in accordance with their fair value under the financial liability to minority shareholders line item.

Merger between KSM and Phoenix Investment House

The Company holds, through Phoenix Investments, approx. 88% of the shares of Phoenix Investment House. Furthermore, arrangements for the exercise of option from 2026 to 2029 we put in place between the Company and Phoenix Investments and Boaz Nagar (Chairman of the Board of Phoenix Investment House and KSM Mutual Funds Ltd.) and Avner Hadad (CEO of Phoenix Investment House and KSM Mutual Funds Ltd.) (hereinafter - the "**Managers**"). The consideration for exercising the options is determined in accordance with an agreed mechanism, based on

valuations. The said arrangements enable the Company to pay the Managers the consideration by allotting them shares of the Company by way of a private placement, provided the options are exercised and at the Company's discretion.

In November 2024 and February 2025, an addendum was signed to the shareholders agreement of Phoenix Investment House, which, among other things, extends - by three additional years - the term of the put and call options arrangements for the execution of transactions in connection with the Managers' holdings in the Investment House, as set forth in the shareholder agreement of May 2022. That is to say, the transactions may be executed from 2026 to 2031 (instead of through 2029). As a result of this addendum, Phoenix Investments recorded a financial liability to the minority shareholders totaling approx. NIS 15 million.

Phoenix Mortgages (Gold)

Gold Mortgages focuses on advancing loans to people aged 60 and over against a first-degree pledge on their apartment. Furthermore, Gold Mortgages was granted a permit from the Capital Market, Insurance and Savings Authority to provide any type of mortgage.

On December 30, 2024, Phoenix Insurance's Board of Directors approved the distribution of Gold Mortgages' shares to the Company as a dividend in kind, subject to receiving from the Commissioner an extended credit provision license (as defined in the Financial Services Supervision Law (Regulated Financial Services), 2016. As of the report publication date, the abovementioned license has not yet been received, and therefore Gold Mortgages' shares have not yet been distributed.

Regulation 13 - Revenue of Main Subsidiaries and Affiliates and Revenue of the Corporation Therefrom as of the Balance Sheet Date (in NIS thousand)

	Profit (loss) for the period (*)	Other comprehensive income (loss) for the period (*)	Comprehensive income (loss) for the period (*)	Dividend (**)	Management fees	Interest
The Company's subsidiaries and affiliates						
Phoenix Insurance Company Ltd.	2,438,166	(799)	2,437,297	1,174,270	27,044	73,350
Phoenix Insurance Agencies 1989 Ltd. (1)	339,207	123	339,330	204,543	-	510
Phoenix Pension and Provident Fund Ltd.	110,608	-	110,608	-	-	6,926
Phoenix Capital Partners Ltd.	(19,867)	(2,018)	(21,885)	-	600	-
Phoenix Investment House Ltd.	234,000	-	234,000	205,000	-	3,360
Phoenix Services Ltd.	-	-	-	-	-	-
Phoenix Gama Ltd.	183,629	(32,917)	150,712	66,824	-	-
Subsidiaries and affiliates of Phoenix Insurance Company Ltd.						
Ad 120 Residence Centers for Senior Citizens Ltd.	31,404	-	31,404	-	-	-
Hadar Green Company Properties and Investments Ltd.	5,922	-	5,922	-	-	-
Phoenix Mortgages (Gold) Ltd.	809	-	809	-	-	-
Subsidiaries and affiliates of Phoenix Capital Partners Ltd.						
Phoenix Advanced Investments Ltd.	(53,468)	(2,204)	(55,672)	-	-	3,810
Phoenix Underwriting Ltd.	43,787	-	43,787	-	-	-
Phoenix's subsidiaries and affiliates of Phoenix Gama Ltd.						
El-Al Fly Card	60,127	(32,946)	27,181	-	-	-
Phoenix Consumer Check Credit Ltd.	(14,507)	-	(14,507)	-	-	-
Gama Direct Personal Finance Ltd.	6,082	-	6,082	-	-	-
Phoenix Construction Financing and Guarantees Ltd.	48,966	-	48,966	-	-	-

	Profit (loss) for the period (*)	Other comprehensive income (loss) for the period (*)	Comprehensive income (loss) for the period (*)	Dividend (**)	Management fees	Interest
Subsidiaries and affiliates of Phoenix Insurance Agencies 1989 Ltd.						
Agam Leaderim (Israel) Insurance Agency (2003) Ltd.	97,327	-	97,327	-	-	908
Shekel Insurance Agency (2008) Ltd.	54,382	-	54,382	-	-	908
Oren Mizrach Insurance Agency Ltd. (1)	67,607	-	67,607	-	-	-
Subsidiaries and affiliates of Phoenix Investment House Ltd.						
ESOP Management and Trust Services Ltd.	16,571	-	16,571	-	-	-
Excellence Investment Management and Securities Ltd.	72,590	-	72,590	-	-	-
KSM Mutual Funds Ltd.	135,116	-	135,116	-	-	4,360
Excellence Nessuah Services Ltd.	-		-			
Phoenix Portfolio Management Ltd.	(8,487)	-	(8,487)	-	-	-

(*) Reflects the Company's share in the profits (losses) of the investee.

(**) Including distribution of a dividend in kind and excluding a dividend announced subsequent to the reporting date. Regarding the dividend in kind distribution from Phoenix Insurance to the Company, see Note 11F2 to the Consolidated Financial Statements.

Regulation 14 - List of Groups of Balances of Loans as of December 31, 2025

Amount	Balance in NIS thousand	No. of borrowers
NIS 1-100 thousand	-	-
NIS 100-500 thousand	-	-
NIS 500-1,000 thousand	-	-
NIS 1,000-5,000 thousand	693	3
NIS 5,000-12,000 thousand	22,292	3
Over NIS 12,000 thousand	677,440	6

Regulation 20 - Trading on the TASE - Securities Listed for Trading - Dates and Reason for Delisting

Following are the Company's securities as recorded during the reporting period until the report's publication date:

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 il.Aa2 with a stable outlook by Midroog and at ilAA with a stable outlook by Maalot. The total consideration arising to the Company from the two expansions amounted to approx. NIS 600,000 thousand.

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 total consideration arising to the Company from the two expansions amounted to approx. NIS 500,000 thousand.

Subsequent to the Reporting Period, in January 2026, the Company completed the issuance of a series of Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand. The bonds shall be convertible into the Company's ordinary shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder.

Regulation 21 - Compensation of Interested Parties and Senior Officers

Following is a breakdown of the compensation granted to interested parties and officers (in NIS thousand), as detailed in the Sixth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970, and as recognized in the financial statements for the reporting year:

1. For each of the five highest paid senior executives of the Company or companies under its control (the compensation amounts are in NIS thousand and in terms of cost to the corporation, excluding payroll tax and VAT):

2. Each of the three highest paid senior executives in the Company not included in Paragraph 1 above.

3. Any interested party in the Company not listed in Paragraphs 1 and 2 above.

Details of compensation recipients					Compensation for services (1)					Total	Of which: Total in respect of the Compensation for Officers in Financial Corporations Law (***)
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary (*)	Bonus	Share-based compensation (**)	Management fees	Rent	Other		
Benjamin Gabbay (3)	Chairman of the Board of the Company and of Phoenix Insurance Company Ltd.	70%	0.05%	2,229	-	742	-	-	-	2,971	2,741
Eyal Ben Simon (4)	CEO of the Company and the Phoenix Insurance Company Ltd.	100%	0.02%	2,678	230	1,288	-	-	-	4,196	3,914
Haggai Schreiber (5)	Executive VP, Chief Investment Officer of the Company and of Phoenix group	100%	0%	1,995	301	937	-	-	-	3,233	3,019
Eli Schwartz (6)	EVP Chief Financial Officer of the Company and of Phoenix group	100%	0.01%	1,883	419	905	-	-	-	3,208	3,005
Yitzhak Oz (7)	Chairman of the Board, Phoenix Insurance Agencies (1989) Ltd.	100%	1.51%	1,461	-	11,466	6,743	100	8,500	28,270	-
Erez Yosef (8)	Chairman of the Board, Phoenix Gama Ltd.	90%	0%	3,438	1,750	4,115	-	-	150	9,453	-
Oren Cohen (9)	CEO of Phoenix Insurance Agencies (1989) Ltd.	100%	0%	2,313	2,400	3,040	-	-	-	7,753	-
Gil Duek (10)	CEO of Tagmul Life Insurance Agency (2002) Ltd.	100%	0%	-	4,930	-	634	-	-	5,564	-
Asaf Prinz (10)	CEO of Tagmul Life Insurance Agency (2002) Ltd.	100%	0%	-	4,930	-	634	-	-	5,564	-

(*) The salary includes a payment charged in accordance with the employment agreement that does not depend on targets and/or subject to discretion. The salary shown in the above table constitutes 100% of the salary paid to the officer in respect of his functions in Phoenix group and does not constitute the salary paid by the Company alone. It is noted that, as of the report date, the "engagement amount" ceiling (which equals NIS 2.5 million), as defined in Section 2(a) of the Officer Compensation in Financial Corporations Law (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016 (hereinafter – the "**Law**"), linked to the Consumer Price Index published by the Central Bureau of Statistics since the Law has been published, is NIS 3,000 thousand.

(**) This amount reflects the economic value of the options and RSUs allocated to the Company officers and additional equity compensation allocated to the officers of Phoenix Group private subsidiaries during the reporting year. It is clarified that the economic value of the equity compensation - as approved by the Company's Compensation Committee and Board of Directors subsequent to the reporting period and subject to the approval of the Company's general meeting - is not reflected in the regulation and shall be reflected in the Company's Financial Statements for 2026 and onward, if the compensation is approved by the general meeting.

(***) Compensation as defined in the Compensation for Officers in Financial Corporations Law (Special Approval and Non-Authorization of a Deductible Expense Due to Exceptional Compensation), 2016. I.e., total compensation excluding contributions for severance pay and benefits (including disability insurance) pursuant to the law (or contributions to funds as a substitute for these components for those not employed as "employees") and excluding the employer's supplementary contributions for benefits accrued until the law's effective date.

Comments regarding the data in the table:

1. The salary component includes all of the following components: monthly salary, social benefits, social security contributions and related benefits as is customary, and any income credited to the salary due to a component granted to the employee. The expense in respect of share-based payment is based on the valuation of the options as of the grant date, recorded as an expense in the Company's books of accounts in the reporting year.

2. All officers are entitled to be included in the executive insurance policy purchased by the Company, as well as letters of indemnification and exemption from liability under standard terms for senior officers in the Company.

3. Mr. Benjamin Gabbay has been serving as Chairman of the Board of the Company and Phoenix Insurance since November 2019. For details regarding Mr. Benjamin Gabbay's terms of employment, see Note 36 to the Financial Statements. It is noted that for the service of Benjamin Gabbay as chairperson of the Company's Board of Directors, he is entitled to annual compensation in accordance with the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000, and compensation for board of directors' meetings only, in accordance with these regulations.

4. Mr. Eyal Ben Simon has been serving as the Company's CEO since June 2019, and as the CEO of Phoenix Insurance Company Ltd. since May 2019. For details regarding Mr. Eyal Ben Simon's terms of employment, see Note 36 to the Financial Statements.

5. Haggai Schreiber has been serving as Executive VP in The Phoenix Insurance and Chief Investment Officer in the Company and The Phoenix group since December 2019 (hereinafter - "**Mr. Schreiber**"). Mr. Schreiber is entitled to an annual bonus in accordance with the CEO's recommendation and the Company's compensation policy. Upon the end of Mr. Schreiber's employment with the Company, he will be entitled to a specified notice period of 4 months. During the specified notice period, Mr. Schreiber will be entitled to a salary, including all the benefits and related benefits included in the agreement. Mr. Schreiber is also entitled to social benefits, related benefits and reimbursement of expenses as is customary for senior executives in his position.

6. Mr. Eli Schwartz has been serving as Executive Vice President of the Company and Parent Company and Chief Financial Officer of the Company and Phoenix Insurance and CFO of the Company and Phoenix Insurance since April 2017 (hereinafter - "**Mr. Schwartz**"). Mr. Schwartz is entitled to an annual bonus in accordance with the CEO's recommendation and the Company's compensation policy. Upon the end of Mr. Schwartz's employment with the Company, he will be entitled to a specified notice period of 3 months. During the specified notice period, Mr. Schwartz will be entitled to a salary, including all the benefits and related benefits included in the agreement. Mr. Schwartz is also entitled to social benefits, related benefits and reimbursement of expenses as is customary for senior executives in his position.

7. Mr. Yitzhak Oz (hereinafter - "**Mr. Oz**") serves as Chairman of Phoenix Insurance Agencies 1989 Ltd. (hereinafter - "**Phoenix Agencies**"), Chairman of Shekel Insurance Agency (2008) Ltd. and Chairman of Agam Leaderim (Israel) Insurance Agency (2003) Ltd. As detailed in the Company's reports dated July 14, 2025, July 15, 2025 and August 28, 2025 (Ref. Nos.: 2025-01-052174, 2025-01-052179 and 2025-01-064884) in the reporting year, the Company acquired Mr. Oz's holdings in Phoenix Agencies shares as part of a restructuring at Phoenix Agencies. As part of the acquisition agreement, the services agreement with the Company through which Mr. Oz provided services to Phoenix Agencies was terminated and concomitantly a new employment agreement was signed in his capacity as Chairman of Phoenix Agencies. Some of the amounts listed in the table above are with respect to the termination of the services agreement and are one-off amounts. The management fees specified in connection with Mr. Oz's tenure as chairman of the above companies were paid until September 2025 to a privately-held company owned by him. The management fees included fixed annual management fees, CPI-linked. The amount indicated in the table under "Other" is a one-off payment paid to Mr. Oz as part of the settling of various accounts with Phoenix Agencies.

   As of September 2025, Mr. Yitzhak Oz is employed by Phoenix Agencies under a personal contract for a period of 5 years on a fixed salary basis. Mr. Oz's salary is CPI-linked. The employment contract may be terminated by the parties upon 6 months' prior notice. Mr. Oz is also entitled to social benefits, related benefits and reimbursement of expenses as is customary for senior executives in his position. In addition, in the reporting year, an expense for share-based compensation was recorded in respect of options granted to Mr. Oz in Phoenix Agencies under a Phoenix Agencies officer and employee option plan.

8. The Chairman of the Phoenix Gama Board of Directors, Mr. Erez Yosef (hereinafter – "**Mr. Yosef**"), provides services to Phoenix Gama at a 90% appointment percentage. His salary is NIS 200,000 per month, subject to annual linkage to index increases. In addition, Mr. Yosef is entitled to related benefits, such as annual leave, sick leave, convalescence pay, pension insurance, and an advanced education fund. Mr. Yosef is entitled to an NIS 1,250,000 signing bonus, payable in four installments, of which the first installment was paid on the date the amendment to the agreement with him was approved, September 1, 2023, and the remainder – in three annual installments subsequent to the said date.

   Mr. Yosef is entitled to an up to NIS 1.5 million annual bonus, subject to meeting the objectives set by Phoenix Gama.

   In addition, in the reporting year, an expense for share-based compensation was recorded in respect of options granted to Mr. Yosef under Phoenix Gama's officer and employee option plan.

   Special advance notice arrangements have been made between Phoenix Gama and Mr. Yosef as well. In addition, Mr. Yosef is entitled to reimbursement of hospitality and living expenses abroad, according to the custom in Phoenix Gama. The "Other" component specified in the table constitutes an accounting provision for eligibility for a retirement bonus on termination of service.

9. Mr. Oren Cohen (hereinafter - "**Mr. Cohen**") served until the end of the reporting year as Chairman and CEO of Oren Mizrach Insurance Agency Ltd. (hereinafter - "**Oren Mizrach**"). According to the employment agreement between Oren Mizrach and Mr. Cohen, in addition to Mr. Cohen's salary which is index-linked, he was also entitled to an annual bonus of a percentage of Oren Mizrach's pre-tax income, as stipulated in his employment agreement.

   As of January 2026, Mr. Cohen has been serving as CEO of Phoenix Agencies. As part of Mr. Cohen's current employment agreement with Phoenix Agencies, which is for an indefinite term, the parties can terminate the agreement upon 6 months' prior notice. Mr. Cohen's fixed salary is CPI-linked. Mr. Cohen is also entitled to social benefits, related benefits and reimbursement of expenses as is customary for senior executives in his position. In addition, in the reporting year, an expense for share-based compensation was recorded in respect of options granted to Mr. Cohen in Phoenix Agencies under a Phoenix Agencies officer and employee option plan.

10. Mr. Gil Duek and Mr. Asaf Prinz (hereinafter - the "**Managers**") serve as Co-CEOs of Tagmul Life Insurance Agency (2002) Ltd. (hereinafter - "**Tagmul**") in which Phoenix Agencies holds 95%. The Managers hold 2.5% each of Tagmul insurance agency's share capital. According to the management agreement between Tagmul and the Managers, the total monthly cost of each Manager's salary is NIS 48 thousand, unlinked. In addition to their salary, the CEOs are entitled to an annual, results-based bonus, in accordance with the management agreement**.**

Following is a breakdown of the directors' compensation:

In 2025, the Company paid its directors for their service on the Company's Board of Directors a total of approx. NIS 3,494 thousand (the amounts do not include payroll tax or VAT). The compensation given to the directors of the Company, classified as expert directors, is the maximum compensation allowed in accordance with Regulations 1A-1B to the Companies Regulations (Exemptions for Interested Party Transactions), 2000 (hereinafter - the "**Exemption Regulations**") and Regulations 5A and 7 of the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000.

No compensation was granted to the officers subsequent to the reporting year and prior to the reporting date in connection with their service or employment in the reporting year.

Regulation 22 - Transactions with Controlling Shareholders or in which a Controlling Shareholder has a Vested Interest

Transactions listed in Section 270(4) of the Companies Law

Insurance policy, exemption and indemnification letters for board members and officers

Insurance, exemption and indemnification for officers

A. In March 2020, the general meeting of the Company's shareholders (hereinafter in this section - the "**General Meeting**"), approved, among other things:

1. Award of exemption letters, in the version attached to the meeting summons report, to Company officers and directors who serve or will serve in the Company from time to time, including the CEO or the CEO who will serve from time to time, and including Company officers and directors who serve or will serve in the Company from time to time, which the Company's controlling shareholder may be considered as having a vested interest in the award of the exemption letters.

2. Award of indemnification letters, in the version attached to the meeting summons report, to Company officers and directors who serve or will serve in the Company from time to time, including the CEO or the CEO who will serve from time to time, and including Company officers and directors who serve or will serve in the Company from time to time, which the Company's controlling shareholder may be considered as having a vested interest in the award of the indemnification letters.

B. In October 2025, in accordance with Regulation 1B1 of the Companies Regulations (Exemptions for Interested Party Transactions), 2000, the Company's Compensation Committee approved the Company's agreement for the liability insurance policy for officers in the Company and subsidiaries for an annual insurance period beginning on November 3, 2025 and increased the insurance coverage from USD 165 million to USD 200 million.

C. In March 2026, the Company's general meeting approved the Company's revised compensation policy, and the limit for insurance coverage of directors, officers, and other key executives was increased to USD 250 million. For further details, see the Company's immediate report of February 2, 2026 (Ref. No.: 2026-01-011526).

Regulation 24 – Shares and Other Securities Held by Interested Parties and Senior Officers in the Corporation, Subsidiary or Related Company, as Close as Possible to the Report Date, to the Best of the Corporation's Knowledge

For details regarding holdings of interested parties and senior officers in the Company's shares and other securities as close as possible to the report date, see the Company's immediate report dated January 8, 2026 (Ref. No.: 2026-01-003956).

Dormant Corporation shares held by the Corporation, as of the report publication date:

	Phoenix shares - NIS 1 p.v.	Total no. of shares	Holding rate - voting rights and authority to appoint directors	Holding rate - equity	Holding rate - equity (fully diluted)	Holding rate - voting rights and authority to appoint directors (fully diluted)
Phoenix Financial Ltd. (dormant shares)	10,171,851.5	10,171,851.5	0%	3.86%	3.84%	0%

The following are details of the holdings of senior officers in (illiquid) options of subsidiaries as of the report date:

Name of officer	Phoenix Gama Ltd.	Phoenix Investment House Ltd.	Phoenix Insurance Agencies 1989 Ltd.	Phoenix Capital Partners Ltd.
Benjamin Gabbay (Chairman of the Board)	156,325	63,321	7,123	641,025
Eyal Ben Simon	223,322	78,772	10,175	641,025
David Alexander	84,500	30,109	4,070	320,513
Orly Pascal	48,286	18,248	3,053	-
Michal Leshem	-	6,083	4,070	-
Meni Neeman	96,572	36,571	8,140	448,717
Amit Netanel	36,214	14,599	-	192,308
Eli Schwartz	96,572	36,571	8,140	448,718
Haggai Schreiber	96,572	39,689	3,053	1,089,744

Regulation 24A - Authorized Capital, Issued Capital and Convertible Securities of the Corporation

As of the report publication date, the Company's authorized share capital is NIS 300,000,000, composed of 300,000,000 shares of NIS 1 p.v. each. The issued capital of the Company is NIS 263,550,112, composed of 263,550,112 ordinary shares of NIS 1 p.v. each.

The number of the Company's dormant shares which do not confer any rights is 10,171,851.5 ordinary shares of NIS 1 p.v. each.

The Company's issued capital less the dormant shares that do not confer any rights is 253,378,260.50 ordinary shares of NIS 1 p.v. each.

In addition, pursuant to the Company's and Phoenix group's officer and employee option plan, immediately prior to the report publication date, the convertible securities issued by the corporation include 2,175,877 Phoenix Up employee options (Security No. 7670235), 44,209 options - consultants (Security No. 1220086) and 1,537,882 RSUs allocated to employees (Security No. 1211309), and 7,746 RSUs allocated to consultants (Security No. 1211317).

Convertible Bonds (Series 7) totaling NIS 395,208 thousand par value; total gross consideration to the Company stood at approx. NIS 416,154 thousand. The bonds shall be convertible into the Company's ordinary shares subject to the provisions of the Deed of Trust and the TASE Rules and Regulations and guidance issued thereunder. The Company uses the proceeds of the issuance for the purpose of the Company's ongoing activity and in accordance with the Board of Directors' decisions, as applicable from time to time, in accordance with the Company's objectives and strategy.

Regulation 24B - The Corporation's Shareholder Register

For the most recent register of the Company's shareholders, see the immediate report dated March 12, 2026 (Ref. No.: 2026-01-022127), which is included herein by way of reference.

Regulation 25A - Registered Address of the Corporation

The registered address of the Corporation is 53 Derech Hashalom Street, Givatayim. Tel.: +972-3-7332997. Fax.: +972-3-5734516

E-mail: menin@fnx.co.il

Regulation 26- The Directors of the Corporation

	Benjamin Gabbay (Chairman of the Board)	Stella (Amar) Cohen	Dr. Ehud Shapira	Rachel (Rucha) Levine
ID number	022973606	341286003	008370991	022216329
Date of birth	March 16, 1967	September 12, 1980	October 5, 1944	December 9, 1965
Address for serving court documents	Omri 24A, Tel Aviv	Shalva 105, Herzliya	Belkind 1, Tel Aviv	Yeffe Nof 3, Givatayim
Citizenship	Israeli	Israeli, American and French	Israeli	Israeli
Membership in Board committees	Chairman of the Strategy Committee, Member of the Risk Management Committee, Nostro Investment Committee	Risk Management Committee, Strategy Committee	Chairperson of the Audit Committee, Chairperson of the Compensation Committee, member of the Strategy Committee and the Financial Statements Review Committee.	Chair of the Financial Statements Review Committee, and member of the Nostro Investment Committee, Audit Committee, and Compensation Committee.
External Director or Independent Director	No	No	Independent director	ED
Is he/she an employee of the Company, a subsidiary, an affiliate or an interested party	No. Chairman of the Board of the Company and Chairman of the Board of Phoenix Insurance Company Ltd.	No	No	No
The date on which he/she began his/her term as a director	November 3, 2019	September 22, 2022	November 7, 2019	February 24, 2020
Education and occupation in the past five years and a list of corporations in which he/she serves as a director	Education - BA in Accounting and Economics and L.L.M from Tel Aviv University. Current occupation: Chairman of Phoenix Financial Ltd. and Phoenix Insurance Company Ltd, Co-CEO of Universal Motors Israel Ltd. Previously: Partner in Kost Forer Gabbay & Kasierer, provided consulting services in B.G.N.Y. Management Services Ltd. and CEO of Eliahu Issues Ltd. Corporations in which he serves as a director: Phoenix Insurance Company Ltd.; Phoenix Insurance Agencies 1989 Ltd.; Gama Management and Clearing Ltd.; Phoenix Investment House Ltd.; Phoenix Capital Partners Ltd.; UTS Universal Transportation Solutions Ltd. (Chairman); Office 3000 Ltd.; G1 Security Solutions Ltd. (Chairman); Association of Life Insurance Companies of Israel Ltd. (Registered NGO) (Chairman); Association of Insurance Companies of Israel (Registered NGO) (Chairman); B.G.N.Y. Management Services Ltd.; Advancement of Education in Israel Fund (Public Benefit Company).	Education: Master of Law (LL.M.) Columbia University (New York, USA) & Juris Doctor (J.D.), University Pantheon Assas (Paris, France) & Master of Arts (M.A.), Institute of Political Sciences (Paris, France) & Master of Sciences, University Paris Dauphine (Paris, France) Corporations in which she served as a director: Co-Head of Private Equity for Europe, Middle East and Asia, J. Safra GROUP (J. Safra Sarasin Asset Management); Finans2 Kapital, Chairman of the Board; Food Delivery Brand, Director, Zolva Group (member of the investment committee), USI Insurance - director and chair of the audit committee, Sedgwick INC, Director-Observer.	Education - B.Sc in Economics and Statistics from Tel Aviv University, M.Sc in Economics and Performance Research from the Technion, M.Sc. in Economics and Ph.D in Economics and Finance - from New York University. Occupation - director of various companies, as detailed below Corporations in which he serves as a director - Samelet Motors Ltd., Samelet Financing Ltd., Birad - Research and Development Company Ltd., and Dr. Ehud Shapira Management Ltd. Previously - Psagot Investment House Ltd. (Chairman and board member), GoDm	Education - BA in Business with specialization in Accounting - College of Management, Tel Aviv. MBA from Kellogg School of Management, Northwestern University, Chicago CPA license Occupation: Serves as a director of the companies detailed below, and as a professional advisor to companies engaging in fields such as real estate and renewable energy. Corporations in which she serves as a director: AFI Properties Ltd.; Veridis Environment Ltd.; Deputy Chairwoman of the Tidhar Group Ltd. Board of Directors; Phoenix Construction Financing and Guarantees Ltd. Formerly: External Director of Infinya Ltd., Gazit Globe, Chairperson of the Gazit Globe Israel Ltd. Board of Directors; Director of the Finnish Gazit Globe Company Citycon; Deputy Chairwoman of Atrium European Real Estate Ltd.; CEO and Director of Gazit Globe Ltd.
Is he a relative of another interested party in the Company	No	No	No	No
Does he have accounting and financial skills or professional qualifications	Yes	Yes	Yes	Yes

	Zubin Rossi Taraporevala	Inbal Kreiss	Zohar Goshen	Hanadi Said	Mishael Vaknin
ID number	Passport No.: 565682652	022392948	057366767	321451171	28690592
Date of birth	July 3, 1964	June 2, 1966	November 20, 1961	August 24, 1976	June 25, 1971
Address for serving court documents	2 Cumberland Place, London, NW1 4 NA, UK	182 Kedem St., Shoham	456 Riverside Drive, NY, NY 10027	2 Eliahu Hakim Street, 3543002, Haifa	56 Be'eri Street, Rehovot
Citizenship	American	Israeli	Israeli and American	Israeli and Canadian	Israeli
Membership in Board committees	Risk Management Committee, Strategy Committee	Audit Committee, Financial Statements Review Committee, IT Committee	Strategy Committee and Compensation Committee	Audit Committee, Compensation Committee, Committee for Review of the Financial Statements, Risk Management Committee, and IT Committee	Audit Committee, Compensation Committee, and the Financial Statements Review Committee.
External Director or Independent Director	No	Independent director	No	ED	Independent director
Is he/she an employee of the Company, a subsidiary, an affiliate or an interested party	No	No	No	No	No
The date on which he/she began his/her term as a director	January 14, 2025	January 14, 2025	January 14, 2025	January 14, 2025	July 3, 2025
Education and occupation in the past five years and a list of corporations in which he/she serves as a director	Education: BA in Economics, Bombay University MBA - Cornell University. Occupation: Former senior partner (1988-2024) at the McKinsey & Company consulting firm and member of the Shareholders Council for four terms; currently serves as senior advisor to McKinsey's financial services and as director of Phoenix Financial Group; Berry, Palmer and Lyle; Auxmoney. Corporations in which he serves as a director: Auxmoney (Fintech) - Chairman of the Compensation Committee; Berry, Palmer and Lyle	Education: BSc – Chemical Engineering – Technion Executive MBA - Tel Aviv University Occupation: CIO (Chief Innovation Officer) – Israel Aerospace Industries Deputy Manager, Space Division – Israel Aerospace Industries Odysight.ai Ltd. ELTA Systems Ltd. Corporations in which she serves as a director: Institute for National Security Studies – INSS	Education: Professor of Corporate Law, Corporate Governance, Securities Law, Corporate Finance, and Antitrust, at Columbia Law School LLM and SJD in Corporate Law and Corporate Governance – Yale Law School LLB - Hebrew University Occupation: Professor of Law – Columbia Law School Legal and business consulting, self-employed Managed a financial start-up company (until 2022) Corporations in which he serves as a director: No	Education: CPA; Bachelor of Accountancy – McGill University MBA - Bentley University Occupation: Consulting Partner at Etad Business Management Consulting Ltd. Founder and CEO of Sensai Networks (a cloud monitoring company; operated until 2025) Corporations in which she serves as a director: Beyoned Oil – Independent Director (a publicly-traded company in Canada) – termination of service at the end of 2025 Cross-Israel Highway Ltd. – Independent Director – termination of service at the end of 2025	Education: B.A. in Economics, Political Science and Sociology; MBA. LL.M. Occupation: Chairman of the Board of Directors of Israel Post, Chairman of the Board of Directors of IBC, Director of Migdal Insurance. Corporations in which he serves as a director: No C. Mer. Industries Ltd.
Is he a relative of another interested party in the Company	No	No	No	No	No
Does he have accounting and financial skills or professional qualifications	Yes	Yes	Yes	Yes	Yes

Directors who ceased to serve in the Company during the reporting period

1. On January 3, 2025, Mr. Richard Kaplan ceased to serve as an external director of the Company. For further details regarding the end of her term, see the immediate report dated November 24, 2024 (Ref. No.: 2024-01-618264).

Regulation 26A - The Corporation's Senior Officers as of the Report Date

Name	ID No.	Date of birth	Position in the insurer	Position in a subsidiary of the insurer or an interested party therein	Is he a relative of another senior officer or of an interested party	The officer's education and business experience in the past five years	The date on which he began his term
Eyal Ben Simon	025173782	March 12, 1973	The Company's CEO.	CEO of the subsidiary - Phoenix Insurance Company Ltd.; Director of various Phoenix Group companies, the main ones being: Phoenix Capital Partners Ltd., Phoenix Investment House Ltd., Phoenix Capital Raising (2009) Ltd., Phoenix Gama Ltd., Phoenix Services 2025 Ltd., Phoenix Insurance Agencies 1989 Ltd. and other Phoenix Group subsidiaries. In addition, he serves as a member of Phoenix Insurance Company Ltd. Nostro Investment Committee and as a director of the Association of Life Insurance Companies of Israel Ltd.	No	Education - BA in Economics and Accounting and MBA (Finance) from the Hebrew University of Jerusalem, CPA. Business experience - CEO of the Company and CEO of Phoenix Insurance Company Ltd. Formerly: Executive Vice President of Phoenix - Head of Property and Casualty Insurance and Claims	November 7, 2019
Haggai Schreiber	037626546	August 15, 1975	Executive Vice President, the Company's	Executive Vice President, Chief Investment Officer of the following the Phoenix Group companies: The Phoenix Insurance Company Ltd., The Phoenix Pension and	No	Education - BA in Economics and Management and MA in Finance and Accounting, Tel Aviv University	December 5, 2019

			Chief Investment Officer.	Provident Fund Ltd. CEO of Phoenix Capital Partners Ltd. and Phoenix Capital Raising (2009) Ltd. Director of companies in Phoenix group, the main one being Phoenix Investment House Ltd. and Phoenix Gama Ltd.		Business experience: CEO of Phoenix Capital Partners Ltd. and Chief Investment Officer of Phoenix group. Previously - manager of planholders' funds, manager of the nostro portfolio and international markets strategist at Phoenix Capital Partners Ltd.	
Eli Schwartz	032315517	June 10, 1975	EVP, Chief Financial Officer.	Deputy CEO, CFO of the Company and the subsidiary Phoenix Insurance Company Ltd., Director of Phoenix group companies, including, primarily: Phoenix Capital Partners Ltd., Phoenix Pension and Provident Fund Ltd., Phoenix Investment House Ltd., Phoenix Gama Ltd., Phoenix Capital Raising (2009) Ltd., Phoenix Advanced Investments Ltd., Phoenix Services 2025 Ltd., Phoenix Insurance Agencies 1989 Ltd., and several other agencies and companies held by Phoenix. In addition, he serves as a member of the Nostro Investment Committee at Phoenix Insurance Company Ltd.	No	Education - CPA, BA in Accounting and Economics from Ben Gurion University of the Negev and MBA (major in Finance) from Bar Ilan University, member of the steering committee of the Insurance and Capital Markets Sector Committee of the Institute of Certified Public Accountants in Israel Business experience - CFO at the Company and at Phoenix Insurance Company Ltd. Previously: Investment controller and CFO of subsidiaries of Phoenix group, Head of Enterprise Applications in the IT Division of Phoenix Insurance	August 15, 2016
Amit Netanel	028722213	June 2, 1971	EVP, Chief Risk Officer.	Chief Risk Officer at the Company and subsidiaries of Phoenix group	No	Education - Economics and Management, Open University; MA in Finance - Accounting, Tel Aviv University. Business experience - Chief Risk Officer at the Company and at Phoenix Insurance Company Ltd.	September 24, 2012
Menachem (Meni) Neeman	028017523	August 25, 1970	Executive Vice President,	Deputy CEO, Chief Legal Counsel of Phoenix Insurance Company Ltd., in addition, serves as a	No	Education - Adv. LL.B with honors and LL.M from Bar Ilan University. Work experience: Chief Legal Counsel of Phoenix group.	August 1, 2015

			Chief Legal Counsel	director of Phoenix group companies, including, primarily: Phoenix Capital Partners Ltd., Phoenix Advanced Investments Ltd., Phoenix Pension and Provident Fund Ltd., Phoenix Gama Ltd., Phoenix Investment House Ltd., Phoenix Services 2025 Ltd., Phoenix IEC Central Severance Fund Ltd., Phoenix Insurance Agencies 1989 Ltd., ESOP Management and Trust Services Ltd., Ad 120 Residence for Senior Citizens Ltd. and other companies in the Ad 120 Group. He also serves in the Association of Life Insurance Companies of Israel Ltd. and is a member of Bar Ilan University's Executive Committee of a member of the Aluma NGO's Executive Committee			
Michal Leshem	027862721	July 30, 1970	Chief Internal Auditor	Chief Internal Auditor at Phoenix Insurance Company Ltd. and several other companies in the Phoenix group.	No	Education - CPA, B.A in Business Administration and Accounting, College of Management; Business experience - Chief Internal Auditor at Phoenix Financial Company Ltd. and other companies in Phoenix group and ED in Assuta. Previously: Chief Financial Officer in the Paz Group, Chief Internal Auditor in the Migdal Group, ED at Matrix ET Ltd., and ED at weSure Ltd.	September 1, 2020
David Alexander	014690952	June 24, 1972	Deputy CEO, Business Development Manager.	EVP, Head of Business Development at Phoenix Insurance Company Ltd., and serves as a director of other companies in the Group, the main	No	Education: B.S. in Mathematics from MIT; MA. in Political Science from Columbia University; J.D. in Law from Columbia University.	September 1, 2021

				ones being: Phoenix Capital Partners and Phoenix Investment House.		Professional Experience: Manager, VNS Capital Ltd.	
Orly Pascal	025001116	November 30, 1972	Deputy CEO, Head of Human Resources	Deputy CEO, Head of Human Resources, Phoenix Insurance Company Ltd. and several other Phoenix group companies	No	Education: B.A. in Social Sciences, The Hebrew University; M.A. in Business Administration, specializing in Organizational Consulting, The College of Management Professional experience: VP of Human Resources at Teva and Cellcom Israel	August 21, 2024

Regulation 26B - Authorized Signatory of the Corporation

The Corporation does not have independent signatories.

Regulation 27 - The Company's Independent Auditor

Kost Forer Gabbay & Kasierer, 144 Menachem Begin Road, Tel Aviv.

Regulation 28 - Change in the Memorandum or Articles of Association of the Corporation

Subsequent to the reporting period, on March 9, 2026, an extraordinary meeting of the Company was held, the agenda of which included, among other things, the replacement of the Company's Articles of Association. For the Company's current articles of association, see the March 10, 2026 immediate report (Ref. No.: 2026-01-021071).

Regulation 29 - Recommendations and Resolutions of the Board of Directors

The Board of Directors' recommendations to the general meeting and their resolutions that do not require the approval of the general meeting regarding:

1. **Distribution dividend and bonus shares:**

   Subsequent to the report date, on March 25, 2026, concurrently with the approval of the Company's Financial Statements as of December 31, 2025, which are included in this Periodic Report, the Company's Board of Directors decided to distribute a dividend in accordance with the Company's dividend distribution policy, totaling NIS 360 million. Total cash dividend in respect of 2025 profits is NIS 1,310 million, which represents a dividend per share of approx. NIS 5.2. 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. The Company shall publish, as required, a supplementary report for said adjustment on the record date.

2. **Changes in the authorized or issued share capital of the corporation:**

   For details regarding changes in the authorized or issued share capital of the corporation, see Regulation 24 to this report.

   Change in the memorandum or articles of association of the corporation:

   See Note 28 above.

3. **Redemption of shares:**

   None.

4. **Early redemption of bonds:**

   None.

5. (a) **A transaction that is not in accordance with market conditions between the corporation and an interested party therein:** None

(b) **Resolutions of the general meeting in the matters listed which were made other than in accordance with the recommendations of the Board of Directors:** None.

(C) **Resolutions of the extraordinary general meeting:**

Extraordinary general meeting dated January 14, 2025

In January 2025, an extraordinary general meeting of the Company was held, the agenda of which included the appointment of four new directors to the Company's Board of Directors: Prof. Zohar Goshen, Mr. Zubin Taraporevala, Ms. Inbal Kreiss (who was classified as an independent director) and Ms. Hanadi Said (an external director). For further details, including the directors' statements issued as part of the meeting summons report, see immediate reports dated: December 10, 2024 and January 14, 2025 (Ref. Nos.: 2024-01-623250 and 2025-01-004151, respectively).

Extraordinary general meeting dated April 21, 2025

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).

Subsequent to reporting period

Extraordinary general meeting dated March 9, 2026

In March 2026, an extraordinary general meeting of the Company was held, the agenda of which included the renewal of Ms. Rachel Levin's tenure as an external director in the Company, the approval of the provision of indemnity and exemption letters and insurance coverage under the terms generally accepted in the Company, replacing the Company's Articles of Association and approving the compensation policy for 2026-2028. For further details, including the director's statement issued under the Meeting Summons, see the immediate reports dated: February 2, 2026 and March 10, 2026 (Ref. Nos.: 2026-01-011526 and 2026-01-020945, respectively).

Corporate resolutions

1. Approval of transactions under Section 255 to the Companies Law: None.

2. Transaction under Section 254(a) to the Companies Law which has not been approved: None.

3. Exemption from insurance or indemnity undertaking, for an officer effective as of the reporting date:

   Under the Company's compensation policy, directors, senior officers and other key officers shall be entitled to exemption and indemnification insurance, subject to the approvals required by law. For further details, see Regulation 22 above.

Date: March 25, 2026.
Names of the signatories

Eyal Ben Simon - **Chief Executive Officer** _____

Eli Schwartz - **EVP, Chief Financial Officer** _____

Phoenix

Corporate Governance Questionnaire

Sionah Tagger, Calman, 1927, Oil on canvas, Phoenix Collection

Corporate Governance Questionnaire of Phoenix Financial Ltd.[1]

The Board of Directors' independence

			Yes	No
1.		In each reporting year, there were at least two external directors in the corporation. In this question, one may answer "yes" if the period in which there were no two external directors serving on the board did not exceed 90 days, as stated in Section 363A.(b)(10) to the Companies Law. However, any answer (yes or no) must include the length of the period (number of days) in which there were less than two external directors serving during the reporting year (including if the tenure was approved retroactively, for each of the different external directors): Director A: **Rachel Levin**. Director B: **Hanadi Said.** Number of External Directors serving at the corporation as of the date of the publication of this questionnaire: **2.**	✓	
2.		Proportion[2] of independent directors[3] serving in the corporation as of the questionnaire's publication date: **5/9**. The proportion of Independent Directors in the corporation's[4] Articles of Association:[5] _____. **X** N/A (no provision has been made in the Articles of Association).	____	____
3.		In the reporting year, the Bank held checks and found that during the reporting period its external directors (and independent directors) fulfilled the provisions of Section 240(b) and (f) to the Companies Law requiring external directors (and independent directors) not to have an interest in the corporation or its controlling shareholder, and the conditions for service as external directors (or independent directors).	✓	

[1] Published on March 16, 2014, as part of legislative proposals for improvement of reporting.
[2] In this questionnaire, "proportion" is a certain number out of the total. For example - 3/8.
[3] Including "External Directors" within the meaning thereof in the Companies Law. Ms. Rachel Levine, Ms. Hanadi Said, Ms. Inbal Kreiss (Independent Director), Dr. Ehud Shapira (Independent Director) and Mishael Vaknin (Independent Director).
[4] Regarding this question - "Articles of Association" include a specific legal provision applicable to the corporation (for example, in a banking corporation - directives issued by the Banking Supervision Department).
[5] Bonds companies are exempt from answering this section.

			Yes	No
4.		None of the directors who served in the corporation during the reporting year are not subordinate to the President and CEO[6], either directly or indirectly (inapplicable to a director who serves as a representative of the employees, if such representation exists in the corporation). If your answer is "No" (i.e., the director reports to the CEO as aforesaid) - please indicate the proportion of directors who did not meet the said restriction: _____.	✓	
5.		None of the directors who have reported having a vested interest in the approval of a transaction on a meeting's agenda were not present at the discussion or participated in the vote as aforesaid (except for a discussion and/or vote under the circumstances outlined in Section 278(b) to the Companies Law: If your answer is "No" - Was this for the purpose of presenting a specific issue by that director in accordance with the provision of Section 278(a): □ Yes □ No (please check the appropriate box). It should be noted that the proportion of meetings in which such directors were present in a discussion and/or participated in a vote, except for circumstances outlined as aforesaid in Subsection A, was: ___.	✓	
6.		The controlling shareholder (including a relative and/or representative thereof) who is not a director or other senior officer in the Corporation was not present in the meetings of the Board of Directors held during the reporting year. If your answer is "No" (i.e., the controlling shareholder and/or relative and/or representative who is not a member of the Board of Directors and/or a senior officer of the Corporation was present in the Board of Directors' meetings as aforesaid: Name: Role in the Corporation (if any): Information on the relation to the controlling shareholder (if the person present was not the controlling shareholder himself): _____. Was this for the purpose of presenting a specific issue: Yes No (please check the appropriate box).	_____	_____

[6] For the purpose of this question - serving as a director in an investee corporation under the Corporation's control shall not be deemed "subordination"; on the other hand, if a director in the Corporation also serves as an officer (excluding as director) and/or is an employee of an investee corporation under the Corporation's control, they shall be deemed "subordinate" for the purpose of this question.

			Yes	No
		The proportion of Board meetings[7] in which he/she participated during the reporting year for the purpose of presenting a specific issue: ____; otherwise present: **X** N/A (the Corporation has no controlling shareholder).		

[7] Specify separately for each of the controlling shareholders, relative and/or representative.

The Directors' Competency and Qualifications

				Yes	No
7.			The Corporation's Articles of Association do not contain a provision restricting the possibility of immediately terminating the tenure of all directors of the Corporation who are not External Directors (for this purpose - an ordinary majority does not constitute a restriction).[8] If your answer is "No" (i.e., if there is a restriction as aforesaid), please indicate -	✓	
		A.	The period prescribed for a director's tenure by the Articles of Association:		
		B.	The majority required to terminate the tenure of directors by the Articles of Association:		
		C.	The legal quorum required by the general meeting to terminate the directors' appointments according to the Articles of Association:		
		D.	The majority required to change such provisions in the Articles of Association:		
8.			The Corporation has established a program for training new directors on the Corporation's business and the rules that apply to the corporation and directors and also established a follow-up program for training serving directors that is tailored, inter alia, to each director's function in the corporation. If your answer is "Yes" - please indicate if the program was active during the reporting year: **X** Yes □No (please check the appropriate box).	✓	
9.		A.	The Corporation has a minimum number of directors in the Board of Directors who have accounting and financial expertise. If your answer is "Yes" - please indicate the minimum number set: **3**.	✓	
		B.	No. of directors who served in the corporation during the reporting year - Who have accounting and financial expertise: **7**[9] (as of July 3, 2025) As of July 3, 2025 until the end of the reporting year - **8**. Who have professional qualifications: **1.** In case of changes in the number of said directors during the reporting year, please provide the lowest number (except within a period of 60 days from the change date) of directors of any type who served during the reporting year.		
10.		A.	In each reporting year, the Board of Directors included members of both genders. If your answer is "No" - please indicate the period (number of days) in which the aforesaid was not	✓	

[8] Bonds companies are exempt from answering this section.
[9] Following the Board of Directors' assessment, in accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and Director with Professional Qualifications), 2005.

				Yes	No
			met: _____. The question may be answered “Yes” if the period during which the corporation did not have members of both genders serving as directors did not exceed 60 days. However, any answer (Yes or No) must include the length of the period (number of days) in which the corporation did not have members of both genders serving as directors: ____.		
		B.	Number of directors of each gender serving on the Board of Directors as of the questionnaire publication date: Male**:** **5**, female: **4**.	_____	_____

Board of Directors Meetings (and Convening of the General Meeting)

				Yes	No
11.		A.	Number of board meetings held during each quarter in the reporting year: First quarter (**2025**): **5**. Second quarter: **6**. Third quarter: **8.** Fourth quarter: **5.**	_____	_____
		B.	Next to each of the names of the directors who served in the Corporation during the reporting year, please indicate the proportion[10] of board meetings in which he/she participated (in this Subsection - including meetings of Board of Directors’ committees in which he/she is a member, and as indicated below), which took place during the reporting year (during his/her tenure period): (Please add lines according to the number of directors).	_____	_____

[10] See Footnote 2..

Director's name	Rate of participation in board meetings[11]	Rate of participation in meetings of the Audit Committee[12]	Rate of participation in meetings of the Financial Statements Review Committee[13]	Rate of participation in meetings of the Compensation Committee[14]	Rate of participation in meetings of additional board committees in which he/she is not a member (please indicate which committee)
Benjamin Gabbay	24/24 (100%)	-	-	-	Risk Management Committee – 1/2 (50%) Strategy Committee - 10/10 (100%)
Dr. Ehud Shapira	24/24 (100%)	12/13 (92%)	17/17 (100%)	5/5 (100%)	Strategy Committee - 8/9 (89%) Appointment Committee - 1/1 (100%)
Rachel Levine	23/24 (96%)	13/13 (100%)	14/17 (82%)	4/5 (80%)	Appointment Committee - 1/1 (100%)
Stella Cohen	23/24 (96%)		14/14 (100%)		Risk Management Committee – 2/2 (100%) Strategy Committee - 9/9 (100%) IT Committee - 2/2 (100%)
Hanadi Said	21/23 (91%)	13/13 (100%)	17/17 (100%)	5/5 (100%)	Risk Management Committee – 2/2 (100%) IT Committee - 3/3 (100%)
Zohar Goshen	23/23 (100%)			5/5 (100%)	Strategy Committee - 9/9 (100%)
Zubin Rossi Taraporevala	23/23 (100%)				Risk Management Committee – 2/2 (100%) Strategy Committee - 9/9 (100%)
Inbal Kreiss	23/23 (100%)	12/13 (92%)	17/17 (100%)		IT Committee - 3/3 (100%)

[11] The directors are obliged to participate in at least 66% of the board meetings throughout the year.
[12] For a director who is a member of this committee.
[13] For a director who is a member of this committee.
[14] For a director who is a member of this committee.

Director's name	Rate of participation in board meetings[11]	Rate of participation in meetings of the Audit Committee[12]	Rate of participation in meetings of the Financial Statements Review Committee[13]	Rate of participation in meetings of the Compensation Committee[14]	Rate of participation in meetings of additional board committees in which he/she is not a member (please indicate which committee)
Mishael Vaknin	13/13 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	

12.		During the reporting year, the Board of Directors held at least one discussion about the management of the corporation's business by the chief executive officer and the officers reporting thereto without their presence and allowed them to express their positions.[15]	✓	

Separation between the positions of chief executive officer and chairman of the board

			Yes	No
13.		In each reporting year, there was a chairman of the board in place. The question may be answered "Yes" if the period during which the corporation had no chairman of the board in place did not exceed 60 days, as prescribed by Section 363A.(2) to the Companies Law. However, any answer (Yes or No) must include the length of the period (number of days) in which the corporation did not have a chairman of the board in place as aforesaid:	✓	
14.		In each reporting year, there was a chief executive officer in place. The question may be answered "Yes" if the period during which the corporation had no chief executive officer in place did not exceed 90 days, as prescribed by Section 363A.(6) to the Companies Law. However, any answer (Yes or No) must include the length of the period (number of days) in which the corporation did not have a chief executive officer in place as aforesaid:	✓	
15.		In a corporation in which the chairman of the board also serves as the corporation's chief executive		

[15] The discussion was held in March 2025.

			Yes	No
	officer and/or has assumed his/her powers, the dual position has been approved in accordance with the provisions of Section 121(c) to the Companies Law.[16] **X** N/A (insofar as there is no dual position as aforesaid in the corporation).			
16.	The chief executive officer <u>is not</u> a relative of the chairman of the board. If your answer is "No" (i.e., the chief executive officer is a relative of the Chairman of the Board) -		✓	
	A.	Please indicate the nature of the family relationship between the parties: _____.	_____	_____
	B.	The position was approved in accordance with Section 121(c) of the Companies Law:[17] ☐ Yes ☐ No *(Please check the appropriate box)*	_____	_____
17.	A controlling shareholder or his/her relative <u>does not</u> serve as the chief executive officer or senior officer in the corporation, excluding as a director. X - N/A (the Corporation has no controlling shareholder).			

Audit Committee

				Yes	No
18.		During the reporting year, the following <u>did not serve</u> as a member of the Audit Committee -		_____	_____
		A.	The controlling shareholder or his/her relative. X - N/A (the Corporation has no controlling shareholder).		
		B.	The Chairman of the Board.	✓	
		C.	A director employed by the corporation or by the controlling shareholder in the corporation or by a corporation under its control.	✓	

[16] In a bonds company - approval in accordance with Section 121(d) to the Companies Law.
[17] In a bonds company - approval in accordance with Section 121(d) to the Companies Law.

				Yes	No
		D.	A director who provides services to the controlling shareholder in the corporation or a corporation under its control, on a regular basis.	✓	
		E.	A director whose main source of income is the controlling shareholder. X - N/A (the Corporation has no controlling shareholder).		
19.			A person who may not serve as a member of the Audit Committee, including the controlling shareholder or his/her relative, did not participate, during the reporting year, in meetings of the Audit Committee, other than in accordance with the provisions of Section 115(e) to the Companies Law.	✓	
20.			A legal quorum for discussing and reaching decisions in all meetings of the Audit Committee which took place during the reporting year was a majority of the committee members, with most of the participants being independent directors and at least one - an external director. If your answer is "No" - please indicate the proportion of meetings in which the above requirement was not met: _____.	✓	
21.	During the reporting year, the Audit Committee held at least one meeting in which the Chief Internal Auditor and independent auditor were present but in which officers of the corporation who are not members of the Committee did not participate, on the subject of deficiencies in the corporation's business management.			✓	
22.	In all meetings of the Audit Committee in which there was a participant who may not serve as a member of the Committee, his/her participation was approved by the chairman of the Committee and/or he/she was invited by the Committee (as for the Chief Legal Adviser and the corporation's secretary other than a controlling shareholder or his/her relative).			✓	
23.	During the reporting year, there were arrangements in place, approved by the Audit Committee, regarding the manner of handling complaints filed by employees in relation to deficiencies in the managing the corporation's business and the protection provided to employees filing complaints as aforesaid.			✓	
24.	The Audit Committee (and/or the Financial Statement Review Committee) was convinced that the scope of the independent auditor's work and his/her fees in respect of the financial statements during the reporting year were adequate for the purpose of carrying out the audit and review work in an appropriate manner.			✓	

The purview of the Financial Statement Review Committee (hereinafter - the "Committee") in its work prior to approving the financial statements

			Yes	No
25.	A.	Please note the length of the period (in days) which the Board of Directors prescribed as a reasonable time for submitting the Committee's recommendations towards discussion by the Board of Directors for approval of the financial statements: **Quarterly Report: 2 days. Annual report: 3 days.**	_____	_____
	B.	The number of days which elapsed, in effect, from the date of submitting the recommendations to the Board of Directors to the date of discussion of the financial statements towards their approval by the Board: First quarter report: **3.** Second quarter report: **3.** Third quarter report: **1.** Annual Report (2025): **2**.	_____	_____
	C.	The number of days which elapsed from the date of submitting the financial statements' draft to the directors to the date of the financial statements' discussion towards their approval by the Board: First quarter report: **5.** Second quarter report: **4.** Third quarter report: **4.** Annual Report (2025): **6**.		
26.	The corporation's independent auditor participated in all of the meetings of the Committee and Board of Directors in which the corporation' financial statements relating to the periods included in the reporting year were discussed. If your answer is "No", specify the rate of participation: _____		✓	
27.	During the entire reporting year and until the publication of the annual report, the Committee met all of the terms and conditions outlined below:		_____	_____
	A.	It had no less than three members (on the date of discussion by the Committee and approval of the financial statements as aforesaid).	✓	

			Yes	No
	B.	All of the terms and conditions outlined in Section 115(b) and (c) to the Companies Law (regarding tenure of the Audit Committee members).	✓	
	C.	The chairman of the Committee is an external director.	✓	
	D.	All of its members are directors and most of them are independent directors.	✓	
	E.	All of its members have the capacity to read and understand financial statements and at least one of the independent directors has accounting and financial expertise.	✓	
	F.	The members of the Committee gave a statement prior to their appointment.	✓	
	G.	The legal quorum for discussing and reaching decisions by the Committee was a majority of its members, provided that most of the participants were independent directors, including at least one external director.	✓	
	If your answer is “No” on one or more of this question’s subsections, please indicate what type of report (annual or quarterly) did not meet the said condition and which condition was not met:		_____	_____

Compensation Committee

			Yes	No
28.		During the reporting year, the Committee included at least three members, of which the external directors constituted a majority (on the date of discussion by the Committee). □ N/A (no discussion was held).	✓	
29.		During the reporting year, the terms of tenure and employment of all members of the Compensation Committee met the Companies Regulations (Rules Concerning Compensation and Expenses for an External Director), 2000.	✓	
30.		During the reporting year, the following did not serve as a member of the Compensation Committee -	_____	_____
		A. The controlling shareholder or his/her relative. X - N/A (the Corporation has no controlling shareholder).		
		B. The Chairman of the Board.	✓	
		C. A director employed by the corporation or by the controlling shareholder in the corporation or by a corporation under its control.	✓	
		D. A director who provides services to the controlling shareholder in the corporation or a corporation under its control, on a regular basis.	✓	
		E. A director whose main source of income is the controlling shareholder. X - N/A (the Corporation has no controlling shareholder).		
31.		During the reporting year, the controlling shareholder or his/her relative did not participate in meetings of the Compensation Committee, unless the chairman of the board determined that one of them was required to participate in order to present a specific topic.	✓	
32.		The Compensation Committee and Board of Directors did not exercise their power under Sections 267A(C), 272(c)(3) and 272(c1)(1)(c) to approve a transaction or compensation policy, despite objection by the General Meeting. If your answer is "No", please specify - The type of transaction approved as aforesaid: _____ The number of times in which their power was used during the reporting year: ____	✓	

Internal Auditor

		Yes	No
33.	The corporation's Chief Internal Auditor reports to the corporation's chairman of the board or chief executive officer.	✓	
34.	The chairman of the board or audit committee have approved the work plan during the reporting year. In addition, specify the audit topics that the Chief Internal Auditor addressed in the reporting year: _____ (check the appropriate box). The audit matters in the Phoenix group are derived from the multi-year work plan of the corporation and its subsidiaries. The work plan is based on risk surveys conducted from time to time, as well as findings of previous audits, organizational changes and events, regulatory updates, etc. In the Phoenix group, the matters include the Group's various areas of activity, including all types of insurance, investments, finance, IT systems, etc.	✓	
35.	The scope of the Chief Internal Auditor's position in the corporation during the reporting year (in hours[18]): 36,348	_____	_____
	During the reporting year, a discussion was held (by the Audit Committee or Board of Directors) about the Chief Internal Auditor's findings.	✓	
36.	The Chief Internal Auditor is not an interested party in the corporation[19], a relative thereof, an independent auditor or anyone on his/her behalf and therefore has no material business relations with the corporation, its controlling shareholder, his/her relative or corporations under their control.	✓	

[18] Including the no. of working hours dedicated to investees and audits held outside Israel, if any.
[19] The Chief Internal Auditor is an officer of the Company and was awarded options and RSUs as part of the equity compensation awarded to officers and employees of the Company.

Interested party transactions

		Yes	No
37.	The controlling shareholder or his/her relative (including a company under his/her control) is not employed by the corporation or provides it with management services. If your answer is “No” (i.e., the controlling shareholder or his/her relative is employed by the corporation or provides it with management services, please specify - - The number of relatives (including the controlling shareholder) employed by the corporation (including companies under their control and/or through management companies): ____. - Were the employment agreements and/or management services as aforesaid approved by the organs prescribed by law: □ Yes □ No (Please check the appropriate box) X - N/A (the Corporation has no controlling shareholder) _____.		
38.	To the best of the corporation’s knowledge, the controlling shareholder has no additional businesses in the corporation’s line of business (one or more lines). If your answer is “No” - please indicate whether there is an arrangement in place to separate between the activities of the corporation and its controlling shareholder: □ Yes □ No (Check the appropriate box) X - N/A (the corporation has no controlling shareholder).		

Chairman of the Board: Benjamin Gabbay

Chairman of the Audit Committee: Dr. Ehud Shapira

Chair of the Financial Statements Review Committee: Rachel Levin

Part 6

Report and Statements regarding Internal Control over Financial Reporting and Disclosure

Moshe Mokady, View from the Window, ca. 1923, Oil on canvas, Phoenix Collection

Annual Report on Effectiveness of Control over Financial Reporting and Disclosure in accordance with Regulation 9B(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, Executive VP, Chief Legal Counsel of the Company and Phoenix Insurance.
5. Michal Leshem, EVP, Chief Internal Auditor of the Company and Phoenix Insurance.
6. David Alexander, EVP, Head of Business Development of the Company and Phoenix Insurance.
7. Orly Pascal, EVP, Head of Human Resources.
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, summated 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.

Management, under the supervision of the Corporation's Board of Directors, performed an examination and assessment of the Corporation's internal control over financial reporting and disclosure and their effectiveness; the assessment of the effectiveness of internal control over financial reporting and disclosure as performed by management under the supervision of the Board of Directors included the following:

Entity-level controls, controls on the process for compiling and closing the financial statements, general information technology controls (ITGC), and controls over processes which are highly material to financial reporting and disclosure (these processes are carried out within Phoenix Insurance Company Ltd. and its subsidiaries, Phoenix Pension and Provident Fund Ltd. - which are institutional entities to which the following provisions relating to institutional entities apply).

Phoenix Insurance 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.

Regarding the said subsidiary, management - under the supervision of the Board of Directors - examined and assessed the internal control over financial reporting and the effectiveness thereof, based on Institutional Entities Circular 2009-9-10, “Management’s Responsibility for Internal Control over Financial Reporting”; Circular 2010-9-7, “Internal Control over Financial Reporting - Statements, Reports and Disclosures” and amendments to said circulars.

Based on this assessment, the corporations’ boards of directors and managements have concluded that the institutional entity’s internal control over financial reporting as of December 31, 2025 is effective.

Based on the assessment of effectiveness that was performed by management under the supervision of the Board of Directors as detailed above, the Corporation’s Board of Directors and management have concluded that the Corporation’s internal control over financial reporting and disclosure as of December 31, 2025 is effective.

Certification

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 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.

March 25, 2026

_____

Eyal Ben Simon, Chief Executive Officer

Certification

Certification by the Most Senior Financial Officer

I, Eli Schwartz, hereby certify that:

1. I have reviewed the financial statements and other financial information included in the reports of Phoenix Financial Ltd. (hereinafter - the "**Corporation**") for 2025 (hereinafter - the "**Reports**" or "**Interim Reports**");

2. To my knowledge, the 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, that could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial information so as to cast doubt on the reliability of financial reporting and the preparation of the financial statements in accordance with law; and -

   (b) Any fraud, whether material or not, involving the chief executive officer or anyone directly reporting thereto or involving other employees who have a significant role in the internal control over financial reporting and disclosure;

5. I, alone or together with others in the Corporation, state that:

   (a) I have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the Corporation, including its consolidated companies as defined in the Securities Regulations (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) My assessment of the effectiveness of internal control over financial reporting and disclosure, insofar as it relates to the financial statements and other financial information included in the Reports as of the Reports' date. My conclusions regarding my aforesaid assessment have been presented to the Board of Directors and management and are included in this report.

Nothing in the foregoing shall derogate from my responsibility or the responsibility of any other person, under any law.

March 25, 2026

_____

Eli Schwartz, Executive VP, Chief Financial Officer

Part 7

Appendices relating to the Phoenix Insurance Company Ltd.

Sionah Tagger, Ein Karem, 1927, Oil on canvas, Phoenix Collection

Phoenix Insurance Company Ltd.
Certification

I, Eyal Ben Simon, hereby certify that:

1. I have reviewed the annual report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") for 2025 (hereinafter - the "**Report**").

2. To my knowledge, the Report does not contain any misrepresentation of a material fact, 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 at 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 fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and -

5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' 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.

March 25, 2026

_____

Eyal Ben Simon, Chief Executive Officer

Phoenix Insurance Company Ltd.
Certification

I, Eli Schwartz, hereby certify that:

1. I have reviewed the annual report of Phoenix Insurance Company Ltd. (hereinafter - the "**Company**") for 2025 (hereinafter - the "**Report**").

2. To my knowledge, the Report does not contain any misrepresentation of a material fact, 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[1] of the Company; and -

   (a) We have established such controls and procedures, or caused such controls and procedures to be established under our oversight, with the aim of ensuring that material information about the Company and its consolidated companies is brought to our attention by others in the Company and these companies, especially during the preparation of the Report;

   (b) We have established such internal controls over the financial reporting or have overseen the establishment of such controls over financial reporting, with the aim of providing reasonable assurance as to the reliability of the financial reporting and that the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the directives of the Commissioner of the Capital Market, Insurance and Savings;

   (c) We have evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Report our conclusions regarding the effectiveness of the disclosure controls and procedures as of the end of the reporting period according to our evaluation; and -

   (d) The Report discloses any change in the Company's internal control over financial reporting which occurred during the fourth quarter and has materially affected, or is reasonably expected to affect, the Company's internal control over financial reporting; and -

5. I and others at the Company signing this certification have disclosed to the joint independent auditors, the Board of Directors, and the Board of Directors' 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.

March 25, 2026

_____

Eli Schwartz, Executive VP, Chief Financial Officer

[1] As defined in the provisions of the Institutional Entities Circular titled "Internal Controls over Financial Reporting - Statements, Reports and Disclosures".

Supervisor Actuary's Statement - Life Insurance

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

(a) I have been asked by Phoenix Insurance Company to estimate the present value of the best estimate (hereinafter - "**BE**") of future cash flows and risk adjustment (hereinafter – "**RA**"), detailed in Chapter B below with respect to the life insurance subsegments for Phoenix Insurance Company's financial statements as of December 31, 2025, as detailed below.

(b) I have been serving as a supervisor actuary at the Insurance Company since December 2019.

(c) To the best of my knowledge, I am not an interested party of the Insurer or a subsidiary or an affiliate thereof; I do not have business relations with an interested party of the Insurer nor with a family member thereof, nor with a subsidiary or an affiliate of the Insurer. I have been a salaried employee of the Insurer since February 2019.

Chapter B - Scope of the Supervisor Actuary's Opinion

(a) Wording of the scope of the actuarial opinion paragraph:

(1) For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.

(2) The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.

(3) Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.

(4) The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Section B below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

(5) To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the BE and RA values.

(6) The following aspects were also taken into account in my opinion:

(a) The BE and RA calculated in respect of the ceded businesses arrangement is based on a calculation carried out by the actuary.

(b) The BE and RA calculated in respect of co-insurance, in which the Company does not serve as the lead insurer, are based on a calculation made by the lead insurer of the co-insurance.

(b) Data included in the section on the scope of the actuarial opinion:

(1) Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC						
BE	-	-	893	-	2,477,096	-647,543
RA	-	-	0	-	14,601	-7,549
Total BE+RA for LIC/AIC	-	-	893	-	2,491,697	-655,093
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC						
BE	-	-	990	-	89,779,900	137,177
RA	-	-	156	-	632,272	-88,310
Total BE+RA for LRC/ARC	-	-	1,146	-	90,412,173	48,867
Loss component (LC) (loss recovery component - LREC) (PAA)	-	-	-	-	-	-
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**-**	**-**	**2,039**	**-**	**92,903,870**	**-606,226**

(2) Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level for the corresponding period last year included in the financial statements of the initial application year as comparative figures:

	As of December 31, 2024					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC						
BE	-	-	844	-	2,436,385	-587,853
RA	-	-	0	-	14,449	-6,658
Total BE+RA for LIC/AIC	-	-	844	-	2,450,833	-594,511
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC						
BE	-	-	1,035	-	83,181,893	329,271
RA	-	-	150	-	619,964	-93,968
Total BE+RA for LRC/ARC	-	-	1,185	-	83,801,858	235,303
Loss component (LC) (loss recovery component - LREC) (PAA)	-	-	-	-	-	-
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**-**	**-**	**2,029**	**-**	**86,252,691**	**-359,208**

Chapter C - Opinion of the Supervisor Actuary

(a) I hereby state and confirm that regarding the following life insurance subsegments:

(1) I examined the Insurance Company's BE and RA listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:

(a) Provision of the Financial Services Supervision Law (Insurance), 1981;

(b) Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;

(c) Professional standards in the field of actuary;

(2) After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my assessment;

(3) I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.

(4) To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the Insurance Company's liabilities in respect of its undertaking arising from insurance contracts in the life insurance subsegments, in accordance with their value as of the financial statements date;

Chapter D - Comments and Clarifications

(1) Details regarding the calculation of the BE and RA values and the changes therein during the reporting period, including changes arising from a revision to interest rates, are included in the notes to the financial statements.

(2) Exposure to future developments and changes:

Changes and developments may occur in the environment in which the Israeli insurance industry operates due to regulatory changes, judicial decisions, technological developments and changes in social and environmental conditions. These factors cannot be predicted and may impact the final cost of the claims and consequently the actuarial assessment of the BE and RA values.

(3) Statistical and actuarial uncertainty:

In part, the BE and RA values calculated in respect of the insurance coverages are partly based on assumptions as to mortality rates, morbidity rates, which reflect the Company or reinsurers' past experience. The calculations and models, including the work assumptions, were determined based on my understanding of the Company's current business environment, and in accordance with my assessment of are expected to reflect the development of the Company's business environment and policyholders' future behavior. However, it should be acknowledged that it is highly probable that the future business results will vary from those projected by the actuarial models for calculation of the BE and RA values.

(4) Material changes in actuarial assumptions and methods:

The following changes took place in the reporting period:

A. Revision of lapse assumption - During the reporting year, the Company revised the lapse rate assumption. As a result of this revision, there was an increase in BE and RA values by approx. NIS 641 million in gross and a decrease by approx. NIS 9 million in reinsurance.

B. B. Revision of expenses assumption - During the reporting year, the Company revised the expenses assumption. As a result of this revision, there was an increase in BE and RA values by approx. NIS 121 million in gross and an increase by approx. NIS 8 million in reinsurance.

C. C. During the reporting year, the Company revised the RA values in accordance with the Solvency Ratio Report. As a result of this revision, there was an increase in RA values by approx. NIS 40 million in gross and a decrease by approx. NIS 5 million in reinsurance.

D. D. During the reporting year, the Company revised the interest rate curve. As a result of this revision, there was an increase in BE and RA values by approx. NIS 209 million in gross and an increase by approx. NIS 0.3 million in reinsurance.

E. E. During the reporting year, revisions were made to actuarial models and other changes (one-off changes) in the process of calculating BE and RA values. As a result of these revisions, there was a decrease in BE and RA values by approx. NIS 158 million in gross and a decrease by approx. NIS 169 million in reinsurance.

March 25, 2026	Supervising Actuary - Life Insurance	Mark Rabaev	
Date	**Title**	**Actuary's name**	**Signature**

Supervisor Actuary's Statement - Health Insurance

Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

(a) I have been asked by Phoenix Insurance Company to estimate the present value of the best estimate (hereinafter - "**BE**") of future cash flows and risk adjustment (hereinafter – "**RA**"), detailed in Chapter B below with respect to the health insurance subsegments for Phoenix Insurance Company's financial statements as of December 31, 2025, as detailed below.

(b) I have been serving as a supervisor actuary at the insurance company since April 6, 2020.

(c) To the best of my knowledge, I am not an interested party of the Insurer or a subsidiary or a related company thereof; I do not have business relations with an interested party of the Insurer nor with a family member thereof, nor with a subsidiary or a related company of the Insurer. I have been a salaried employee of the Insurer since May 2014.

Chapter B - Scope of the Supervisor Actuary's Opinion

(a) Wording of the scope of the actuarial opinion paragraph:

(1) For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.

(2) The BE and RA are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.

(3) Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.

(4) The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Section B below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

(5) To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the BE and RA values.

(6) The following aspects were also taken into account in my opinion:

(a) The insurance company has no new businesses in the subsegments addressed in this statement.

(b) The insurance company has no co-insurance arrangements under which the company is not the lead insurer in the subsegments addressed in this statement.

(b) Data included in the section on the scope of the actuarial opinion:

(1) Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC						
BE	0	0	3,020,371	-351,215	14,578	-3,332
RA	0	0	21,236	-5,749	363	-126
Total BE+RA for LIC/AIC	0	0	3,041,607	-356,964	14,941	-3,458
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC						
BE	0	0	-3,357,025	-638,749	-131,871	910
RA	0	0	1,521,528	-267,078	9,763	-72
Total BE+RA for LRC/ARC	0	0	-1,835,497	-905,827	-122,108	838
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0	0	0	0	0
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**0**	**0**	**1,206,110**	**-1,262,791**	**-107,167**	**-2,620**

(2) Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level for the corresponding period last year included in the financial statements of the initial application year as comparative figures:

	As of December 31, 2024					
	NIS thousand					
	P&C Insurance		Health Insurance		Life Insurance	
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC						
BE	0	0	3,846,382	-425,895	11,816	-2,509
RA	0	0	23,382	-7,099	300	-95
Total BE+RA for LIC/AIC	0	0	3,869,764	-432,994	12,116	-2,604
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC						
BE	0	0	-3,083,467	-455,648	-137,126	767
RA	0	0	1,318,195	-239,085	10,111	-103
Total BE+RA for LRC/ARC	0	0	-1,765,272	-694,733	-127,014	664
Loss component (LC) (loss recovery component - LREC) (PAA)	0	0	0	0	0	0
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**0**	**0**	**2,104,492**	**-1,127,726**	**-114,899**	**-1,940**

Chapter C - Opinion of the Supervisor Actuary

(a) I hereby state and confirm that for the health insurance subsegments:

(1) I examined the Insurance Company's BE and RA listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:

(a) Provision of the Financial Services Supervision Law (Insurance), 1981;

(b) Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;

(c) Professional standards in the field of actuary;

(2) After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my assessment;

(3) I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.

(4) To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the insurance company's liabilities in respect of its undertaking arising from insurance contracts in the long-term care, medical expenses, critical illness, personal accidents, travel and dental insurance, in accordance with their value as of the financial statements date.

Chapter D - Comments and Clarifications

(1) Details regarding the calculation of the BE and RA values and the changes therein during the reporting period, including changes arising from a revision to interest rates, are included in the notes to the financial statements.

(2) Exposure to future developments and changes:

Changes and developments may occur in the environment in which the Israeli insurance industry operates due to regulatory changes, judicial decisions, technological developments and changes in social and environmental conditions. These factors cannot be predicted and may impact the final cost of the claims and consequently the actuarial assessment of the BE and RA values.

(3) Statistical and actuarial uncertainty:

In part, the BE and RA values calculated in respect of the insurance coverages are partly based on assumptions as to mortality rates, morbidity rates, which reflect the Company or reinsurers' past experience. The calculations and models, including the work assumptions, were determined based on my understanding of the Company's current business environment, and in accordance with my assessment of are expected to reflect the development of the Company's business environment and policyholders' future behavior. However, it should be acknowledged that it is highly probable that the future business results will vary from those projected by the actuarial models for calculation of the BE and RA values.

(4) Material changes in actuarial assumptions and methods compared to the previous annual actuarial assessment.

During the reporting period, the following changes occurred in actuarial assumptions and methods. The nature of the changes and their effect on the company's BE and RA values are detailed below:[1]

- Revision of morbidity study for medications coverage - As a result of the change in morbidity assumptions for medications coverage, there was an increase in BE values (decrease in asset) of approx. NIS 423 million at the gross level and a decrease in BE values (increase in asset) of approx. NIS 136 million at the reinsurance level. In addition, there was an increase in RA values (increase in liability) of approx. NIS 16 million at the gross level and a decrease in RA values (increase in asset) of approx. NIS 4 million at the reinsurance level.

- Revision of the morbidity assumption for critical illness - As a result of a change in the morbidity assumptions for critical illness, there was a decrease in BE values (increase in asset) of approx. 20 million NIS at the gross level and an increase in BE values (decrease in asset) of approx. NIS 1 million at the reinsurance level. In addition, there was an insignificant change in RA values at the gross level and at the reinsurance level.

- Revision of lapse assumption - As a result of the change in the expected lapse rates across all subsegments, there was a decrease in BE values (increase in asset) of approx. NIS 609 million at the gross level and a decrease in BE values (increase in asset) of approx. NIS 16 million at the reinsurance level. In addition, there was an increase in RA values (increase in liability) of approx. NIS 71 million at the gross level and an insignificant change in RA values at the reinsurance level.

- Revision of the expenses assumption for claims administration - As a result of a change in the expenses assumption for claims administration across all subsegments, there was an increase in BE values (decrease in asset) of approx. NIS 42 million at the gross level and an increase in BE values (decrease in asset) of approx. NIS 9 million at the reinsurance level. In addition, there was a decrease in RA values (decrease in liability) of approx. NIS 6 million at the gross level and an increase in RA values (decrease in asset) of approx. NIS 2 million at the reinsurance level.

- Revision of expenses assumption for policies administration - As a result of the change in the expenses assumption for policies administration across all subsegments, there was a decrease in BE values (increase in asset) of approx. NIS 34 million at the gross level and no change in BE values at the reinsurance level. In addition, there was no insignificant change in RA values at the gross level and at the reinsurance level.

- The revision to the risk adjustment estimate resulted in an increase in RA values (increase in liability) totaling approx. NIS 30 million at the gross level and a decrease in RA values (increase in asset) totaling approx. NIS 14 million at the reinsurance level.

- A change in the supplier's costs in one of the riders resulted in an increase in BE values (decrease in asset) totaling approx. NIS 17 million at the gross level without change in

[1] The effects are presented based on the revised interest rate used to estimate these liabilities.

BE values at the reinsurance level. In addition, there was no insignificant change in RA values at the gross level and at the reinsurance level.

- As a result of the change in the risk-free interest rate curve and the illiquidity premium used in the estimation process of BE and RA values there was a decrease in BE values (increase in asset) totaling approx. NIS 15 million at the gross level and a decrease in BE values (increase in asset) totaling approx. NIS 8 million at the reinsurance level. In addition, there was an increase in RA values (increase in liability) of approx. NIS 18 million at the gross level and a decrease in RA values (increase in asset) of approx. NIS 4 million at the reinsurance level.

March 25, 2026	Supervisory Actuary for Health Insurance	Luba Sharapov	
Date	**Title**	**Actuary's name**	**Signature**

Actuary's Statement - Property and Casualty Insurance

(1) Chapter A - the Supervisor Actuary's identity and relations with the Insurance Company

(a) I have been asked by Phoenix Insurance Company Ltd. to estimate the present value of the best estimate (hereinafter - "**BE**") of future cash flows and risk adjustment (hereinafter – "**RA**"), detailed in Chapter B below with respect to the life insurance subsegments for Phoenix Insurance Company Ltd.'s financial statements as of December 31, 2025, as detailed below.

(b) I have been serving as a supervisor actuary at the Insurance Company since July 10, 2001.

(c) To the best of my knowledge, I do not have business relations with an interested party of the Insurer or a family member thereof, nor with a related company of the Insurer.

(2) Chapter B - Scope of the Supervisor Actuary's Opinion

(a) Wording of the scope of the actuarial opinion paragraph

(1) For the purpose of calculating the Insurance Company's BE and RA, I relied on data provided to me by the Insurance Company. My requests for information and data were adequately satisfied to enable me to calculate the BE and RA for the purpose of the financial statements. I examined the data's reasonableness and adequacy; this included comparing the said data to the data of the reporting period and the data for previous periods.

(2) The BE and RA of the Insurance Company are discounted using risk-free interest rate curves plus an illiquidity premium, in accordance with the provisions of Chapter 1 to Part 2 of Section 5 to the Consolidated Circular - Measurement.

(3) Where necessary, my assessment also relied on data received from other reliable sources, including the discount vector I used to discount the BE and RA. In addition, I examined the consistency and adequacy of the data and their relevance.

(4) The actuarial assumptions I used in my work, as well as the methods for assessing the BE and RA values listed in Section B below were determined by me, to the best of my professional judgment, and subject to the directives, guidelines and principles listed in Section 1 to Chapter C below.

(5) To calculate the BE and RA for retention, I asked the Insurance Company's functions charged with reinsurance for information concerning the Insurance Company's reinsurance arrangements, the ability to collect claims and issues concerning the reinsurers' payment policies. Based on the information provided to me, I reviewed the reinsurance arrangements' implications and effects on the BE and RA values.

(6) The following aspects were also taken into account in my opinion:

(a) The BE and RA in respect of retention insurance arrangement (hereinafter - the "**Pool**") are based on a calculation carried out by the Pool.

(b) The BE and RA were not calculated in respect of ceded businesses as defined in the Supervision of Insurance Business Regulations (Methods of Calculation of Reserves for Future Claims in Property and Casualty Insurance), 1984.

(c) The BE and RA calculated in respect of co-insurance, in which the Company does not serve as the lead insurer, were calculated by me in accordance with information provided by the lead insurer.

(b) Data included in the section on the scope of the actuarial opinion

(1) Following are the values of liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me at the operating segment level included in the financial statements:

	As of December 31, 2025	
	NIS thousand	
	P&C Insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	6,169,503	2,319,580
RA	496,792	201,283
Total BE+RA for LIC/AIC	6,666,295	2,520,863
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE	-	-
RA	-	-
Total BE+RA for LRC/ARC	**-**	**-**
Loss component (LC) (loss recovery component - LREC) (PAA)	5,198	1,837
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**6,671,493**	**2,522,700**

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

(2) Following are the comparative values of BE and RA at the gross and reinsurance level for the corresponding period last year:

	As of December 31, 2024	
	NIS thousand	
	P&C Insurance	
	Gross	Reinsurance
Liabilities (assets) for incurred claims LIC/AIC		
BE	5,578,386	1,678,073
RA	447,263	174,887
Total BE+RA for LIC/AIC	6,025,649	1,852,960
Liabilities (assets) for remaining coverage (GMM/VFA) LRC/ARC		
BE	-	-
RA	-	-
Total BE+RA for LRC/ARC	**-**	**-**
Loss component (LC) (loss recovery component - LREC) (PAA)	5,233	115
Total liabilities (assets) for insurance contracts and reinsurance contracts, calculated by me	**6,030,882**	**1,853,075**

Total liabilities (assets) in respect of insurance contracts and reinsurance contracts, calculated by me do not include the following components: contractual service margin (CSM), balances of payables and receivables including collectible premium and sub-deposits and for liabilities (assets) in respect of the remaining coverage, excluding the loss component (loss recovery component).

(3) Chapter C - Opinion of the Supervisor Actuary

(a) I hereby declare and confirm that in the following subsegments, as defined in the Notice of the Commissioner of Insurance Business (Insurance Subsegments), -1985:

A. Employers' liability insurance (Section 1(a)(7)

B. Insurance pursuant to the Motor Insurance Ordinance [New Version], 1970 (Section 1(a)(8)

C. Motor insurance - property (self and third party) - (Section 1(a)(9)

D. Comprehensive home and business insurance - Section 1(a)(12)

E. Third-party liability insurance (Section 1(a)(14)

F. Loss of property insurance (Section 1(a)(15)

G. Engineering insurance – Section 1(a)(18)

H. Product liability insurance (Section1(a)(22)

I. Insurance against other risks – Section 1(a)(25)

J. Personal accidents insurance

(1) I examined the Insurance Company's BE and RA listed in Chapter B in accordance with the directives, guidelines and principles set forth below, all in effect as of the financial statements date:

(a) Provision of the Financial Services Supervision Law (Insurance), 1981;

(b) Directives and guidance by the Commissioner of the Capital Market, Insurance and Savings;

(c) Professional standards in the field of actuary;

(2) After reviewing the data mentioned in Chapter B, I concluded that the data are reasonable and adequate, and that they can be relied on for the purpose of my assessment;

(3) I determined the assumptions and methods used to calculate the BE and RA values, to the best of my professional judgment, and in accordance with the directives and guidelines and principles specified above.

(4) To the best of my knowledge and assessment, the BE and RA components detailed in Chapter B have been calculated in an appropriate manner to cover the Insurance Company's liabilities in respect of its undertaking arising from the insurance subsegments listed in Section 3(a), in accordance with their value as of the financial statements date;

(4) Chapter D - Comments and Clarifications

(a) The calculation of the cost of contingent claims is based on actuarial assessments which are inherently uncertain. Therefore, even if the claims' distribution remains unchanged, the ultimate cost of the claims may differ from the actuarial assessment. Furthermore, unpredictable changes may occur in connection with risks, environmental factors, case law and precedents. The actual cost of the claims may be higher or lower. Therefore, this assessment may increase or decrease over time.

(b) When calculating the reserves, we have taken into account the variance of claim payouts' development (which is inevitable) as well as the projected payment period (for discounting purposes).

(c) In June 2023, the Capital Market, Insurance and Savings Authority published a paper titled Roadmap for the Adoption of IFRS 17. According to the Revised Roadmap, the companies were required to implement the New Standard for the first time as of January 1, 2025, reporting comparative figures for 2024. In order to implement the standard, the Company chose a system-based solution by Moody's. The system is mainly for presenting the results and formatting the new reports in accordance with the requirements of the Standard. The system is not a substitute for actuarial calculations. In the process of implementing the New Standard, the Company, and the actuarial department in particular, faced a number of challenges. For the purposes of the calculations, a number of modifications are required to the models in order to meet the Standard's requirements. In the balance sheet as of March 2025, IFRS 17 was implemented for the first time; in the transition, there were no changes in assumptions for the calculation of BE before discounting. However, following the transition, there was

a change in the calculation of the risk adjustment (RA), discount and the loss component including reinsurers' participation.

(d) A provision in respect of agricultural insurance, excluding natural hazards insurance, is included in the business subsegment. In the following subsegments: aircraft and marine vessel insurance, including third-party liability insurance, Sale Law guarantees, ceded businesses, other risks and marine freight insurance, no actuarial valuation was carried out in respect of contingent claims due to lack of statistical significance. Total contingent claims in these subsegments constitutes approx. 0.4% of the reserve for contingent claims (retention).

March 25, 2026	Actuary for Property and Casualty Insurance	Anna Nahum	
Date	**Title**	**Actuary's name**	**Signature**